

# AN INVESTIGATION OF THE AVAILABILITY OF E-BUSINESS TOOLS AND USE IN SMES IN GWERU ZIMBABWE

<sup>1</sup>Gumbo Raviro, <sup>2</sup>Musungwini Samuel, <sup>3</sup>Zhou Gwendolyn Tinashe,  
<sup>4</sup>Rebanowako Taurai George, <sup>5</sup>Mzikamwi Tinomuda

<sup>1,2,3,4,5</sup>Department of Computer Science and Information Systems  
Faculty of Science and Technology  
Midlands State University  
Gweru Zimbabwe

---

**Abstract:** The focus of the study was on the investigation of the availability of electronic business tools and the extent to which they are used by SMEs in Gweru. In Zimbabwe, an SME is described as enterprises with a maximum of not more than 100 permanent employees and SEDCO actually dropped the use of capital turnover base after the adoption of multi-currency due to valuation system (SEDCO 2011). The researchers used interviews and questionnaires to draw out information from the subjects. Contributors to the investigation were owners of SMEs and workers of those SMEs. Findings reveal that most of the SMEs in Zimbabwe are still in the infancy stage of electronic business adoption and have potential for growth as a result of electronic business use evidenced by their awareness of the benefits of electronic business tools in current use. The researchers concluded that SMEs are e-ready regardless of the slow uptake of electronic business.

**Keywords:** SMEs, E-Business tools, E-readiness, Internet.

---

## I. INTRODUCTION

Small and Medium Enterprises play a critical role in invigorating development and alleviating poverty in both developed and developing countries. The SMEs sector plays a critical role in Zimbabwe Economic Development framework because theoretically SMEs absorb more labour and produce more output per unit capital compared to large firms (Amit. R and Zhou C. (2001)). SMEs are responsible for the livelihood of 80% of the total population following the shrinkage of the formal sector since the year 2000 (Zimbabwe's Monetary Police Statement, February 2006). In this piece of work the researchers sought to investigate the availability and use of electronic business tools in SMEs in Zimbabwe. The electronic business tools are usually presented as an opportunity for small to medium sized enterprises (SMEs) for several reasons as they help to reduce transaction costs and level the playing field, expanding the scope of marketing, reaching new markets, reducing the cost of operations and with suppliers and other collaborators (Taylor, M & Murphy, A 2004,). The opportunity of SMEs to exploit information communication technology has increased due to the improved affordability and ubiquitous of computing equipment, along with the development and utilisation of Internet.

The explosion in the field of Information Technology, advent of internet and the emergence of e-business have transformed the way in which business is conducted by organizations, and the SME sector is of no exception. Integration of e-business and supply chain enhances the flow of information from suppliers to customer service network, through the internet to improve efficiency and responsiveness (Kumaran and Ganesan, 2011). Modern businesses are not possible without help of Information Technology, which is having a significant impact on the operations of Small and Medium Sized Enterprises (SME) and it is claimed to be essential for the survival and growth of economies in general (Berisha - Namani, 2009).

## II. LITERATURE REVIEW

### *SMEs Defined*

SMEs are defined in a variety of ways by different countries using parameters such as number of persons employed, amount of capital invested, and amount of turnover or nature of the business (Gamage, 2003). He argued that countries with strong SME sectors have very clear definitions. Different regions and industries might have slightly different variations of the definitions.

**Table 1** Definition of terms

Micro Enterprise	Within SMEs category, micro enterprises are enterprises with fewer than 10 employees.
Small Enterprises	Small enterprises have between 10 and 49 employees
Medium-sized Enterprises	Medium Sized Enterprises have fewer than 250 employees.

**SMEs** (adapted from European Union, 2003; Gamage, 2003) for this study the researchers consider the following criteria to define the SMEs in Zimbabwe.

However for the purpose of clarity this research defines an SME as a business which employees not more than 50 permanent employees and is not a subsidiary of large corporation (Chitura and T. Mupemhi )

### *E-Business tools –definition and Discussion*

These primarily constitute of the E-mail, EDI, EFT (electronic funds transfer), websites enterprises resource planning system, legacy systems and internet (N. Sanders, 2007). Smchy-Levi and Kaminisky (2008) term e-business like: “.. a collection of business models and process motivated by the internet technology and focusing improvement of extended enterprises performances. E-business (electronic business), derived from such terms as "e-mail" and "e-commerce," is the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners (Nelson, 2001). Electronic business involves conducting a spectrum business functions such as marketing, human resources, finance, information technology and general management using online enabled applications executing tasks over the internet. Drawing from these definitions, it is readily discernible that internet is the word staying behind the “e-“. This gives rise to make a suggestion that the terms internet and e-business can be used interchangeably. On the other hand neither of the above definition sets off the importance of e-business in fostering small medium sized enterprise with suppliers and customers. Therefore, in this paper the researchers propose to define e-business as;

***E-business can be defined as an internet enabled tools that facilitates the Small Medium Sized with integration with key suppliers and customers helping them by executing transactions, coordinate and collaborate for achieving better supply chain performance.***

As the main subject is the investigation of of the availability of electronic business tools, there is need for further clarification of this term. Generally a tool can be defined as an instrument used by a person to achieve certain operation. For the context of this study the researchers regard the definition of e-business tools by Salo (2007) as quite appropriate. ..e-business tools are defined as a combination of computers, software, telecommunication networks, that provide IT infrastructure for a Small Medium Sized Enterprises (Salo 2007). The main application of e-business tools is streamlining information flows between partners. The vital utilization of the e-business tools is however that of the market mechanism. The typical examples of such tools supporting this claim are electronic marketplace, hubs and portals. Following this discussion e-business tools should be systems that integrates the technologies like XML, web services and enterprise application integration will not be regarded as tools, but systems or platforms will be regarded as tools.

## III. RESEARCH OBJECTIVES

In this paper the researchers’ objectives were to establish what are the e-business tools available in SMEs in Zimbabwe and to what extent are they being used to promote the growth of small medium industries of Zimbabwe. Research objectives are the accomplishments researchers can point out to illustrate achievements made in implementing the research

project. Objectives depict the endpoints that researchers will be responsible for. In order to realize the objectives the researchers used the following questions:

- What are the e-business tools available and in use in SMEs in Gweru?
- Are SMES aware of the benefits associated with the use of electronic business?
- How does the use of electronic business tools influence the growth of SMEs?
- What is the possible impact of e-business tools on the growth of SMEs in Gweru?
- What are the challenges to full utilization of electronic business tools and their relationship with SMEs growth?

#### IV. METHODOLOGY

Qualitative approach is the investigation in which the researcher attempts to understand some larger reality by examining it in a holistic way or by examining components of that reality within their contextual setting. This research was conducted within a broadly post-positivist paradigm, as defined by Carson et al (2001), combining deductive and inductive methods, with view that “true quantitative understanding might emerge from rich qualitative understandings”. With a deductive and inductive reasoning the researcher was able to use numerical analysis through the use of statistical tools; this objectivity, reliability and enabled replication of findings. Since post positivism also encompasses the interpretive research philosophy, the advantages of both the interpretive and positivist research philosophy were merged to obtain quality research results.

Gweru Central Business Development has around 100 SMEs and only 25% of these SMEs were considered for the study. The interviews and questionnaires were used to identify and categorises the sector. Questionnaires were distributed to the business owners of SMEs, managers and supervisors to elicit information from each sector. Participants to the questionnaires were Managers, Supervisors and staff that were working in SMEs and Business owners that were actively running the SMEs. A questionnaire is a research instrument consisting of series of questions and other prompts for the purpose of gathering information from respondents (Chaudhuri, Ghosh & Mukhopadhyay, 2010). The primary purpose of survey was to elicit information which, after evaluation, results in a profile). The rapid proliferation of internet has turned the growth of electronic business into a global phenomenon including both, in the developed and developing countries (Baig et al 2011)

The names of the SMEs were drawn from the data base that was provided by the Ministry of Small and Medium Enterprise development and its financing team, Small Enterprise Development Corporation (SEDCO).The descriptive study design which is comparative in nature was used because it permitted the researchers to have a cross sectional data gathering by asking some set of questions to the respondents. Questionnaires were sent to the selected SMEs and responses were collected. Also interviews were conducted to the employees, managers and owners of the SMEs.

#### V. FINDINGS

Research findings gave answers to the research questions and research objectives raised presented in the stage of the study:

##### *Analysis Electronic Business Tools Usage and Their Relationship to SMEs Growth*

The first step in determining the potential of electronic business tools in SMEs growth was done by conducting an assessment of the e-business tools that SMEs are currently using. The respondents indicated (Yes) where an e-business tool was in use and (No) for non-usage of the e-business tool. (N) Represents the Sample of respondents for a particular e-business tool. N represents the sample number of the respondents for a particular electronic business tool. The information that was obtained from the sample is shown overleaf.

e-Business Tools & Applications	Yes	% Using Tools	No	% Using Tools	N
<b>Internal Computer Use</b>					
• Computer use within Organisation	70	88%	10	13%	80
• Local Area Network	55	69%	25	31%	80
• Computer linking to Business (EDI	7	9%	73	91%	80

<b>Internal Use</b>					
• Connected to internet	65	81%	15	19%	80
• Online website	75	94%	5	6%	80
• Online Business Research	71	89%	9	11%	80
<b>Payment System</b>					
• Electronic Funds Transfer	68	85%	12	15%	80
• Debit Cards/ Smart Cards	5	6%	75	94%	80
• EcoCash	71	89%	9	11%	80
<b>Social Networking</b>					
• Facebook/Twitter	54	68%	26	35%	80
• E-mail	60	75%	20	25%	80
• Blogs	25	31%	25	69%	80
<b>E-business Model: Online interaction</b>					
• Online info Exchange with Government					
• Interaction with Business(banks, Customer)	0	0%	80	100%	80
• Online Business Exchange with Customers	15	19%	65	81%	80
	24	30%	56	70%	80

## VI. DISCUSSION

In this paper the researcher's findings revealed that the electronic business tools, such as wireless technology boom has also equipped every household with internet access, hence electronic business tools were accessible to most average Zimbabweans. According to RBZ (2006) revealed that lack of infrastructure, lack of security and lack of expertise weigh down the growth of SMEs in Gweru. Also the researchers noted that most of the SMEs are still at the infancy stage of the use of the electronic business tools for the growth of the business. Despite the slow uptake of electronic business, most of the SMEs have necessary electronic business tools such as hardware and software requirements.

### *Electronic business tools in use by SMEs in Gweru.*

From previous researcher (Thong, J. & Yap, C. (1996) it shows that the ICT tools penetration is gradually upwards in the Southern Africa especially looking at websites, web tools 2.0 and mobile subscription was on the increase. From the table on page 4 the questionnaires and interview conducted indicate that computer system, internet connections, and online website were very popular with SMEs in Gweru. From the researchers' finding on the selected sectors shows that majority of SMEs has at least one computer, and the use is generally high. The researchers also found out that the SMEs are still at their early childhood stage but looks like they have the potential for growth.

## VII. LIMITATIONS

This research was conducted at time when Financial Economic Climate of Zimbabwe was in a wretched state and SMEs were threatening to close businesses and also the other challenge was that some of the archival material which needed more time for perusal by the researchers was streamlined to permit the research to complete in time. In this paper the research was confined to questionnaires and interviews instruments and the researcher believe in future research can be extended to other instruments. The researchers also believe that sector specific research can be conducted for better understanding.

## VIII. CONCLUSION

The aim of this study was to investigate the potential of e-business tools in promoting growth to SMEs in Gweru. Most of the SMEs in Zimbabwe are still in the childhood stage of electronic business adoption and have potential for growth as a result of electronic business use evidenced by their awareness of the benefits of electronic business tools in current use.

The researchers concludes SMEs are e-ready regardless of the slow uptake of electronic business; most SMEs have the electronic business tools necessary (hardware, basic software requirements) and knowledge of the benefits of using electronic business.

## REFERENCES

- [1] Amit. R and Zhou C. (2001) value creation in E-business, Strategic Management journal pp 482, vol. 21 journey Willey and Sons Ltd.
- [2] Chitura, T, Mupemhi, S, Dube, T & Bolongkikit, J 2008, „Barriers to electronic commerce adoption in small medium enterprises: A critical literature review“, *Journal of Internet Banking and Commerce*, vol.13, no.2, pp. 1-13.
- [3] Taylor, M & Murphy, A 2004, „SMEs and e-business“, *Journal of Small Business and Enterprise Development*, vol. 11, no. 3, pp. 280-289.
- [4] Thong, J. & Yap, C. (1996) Information Technology Adoption by Small Business: An Empirical Study. In K. Kautz & J. Pries-Heje (Eds.), *Diffusion and Adoption of Information Technology*, Chapman & Hall, London.
- [5] Reserve Bank of Zimbabwe (RBZ) (2006) “Small to medium enterprises (SMEs)
- [6] Reserve Bank of Zimbabwe (RBZ) (2007) “Rural banking, financial inclusion and review” Available at: <http://www.biz.meijo-u> revolving fund: Operational guidelines and disbursement modalities”.
- [7] Neumann W.L (2000) social research methods in Quantitative and Quantitative approaches London: Ally and Beacon Reynolds, P.D. Camp, S.M. Bygrave, W.D., Aution, E. & Hay, M. (2002) Global Enterprenurship Monitor 2001, Executive Support. Babson College, London Business School.
- [8] Lawrence, J.E., (2002), *The Use of Internet in Small to Medium-Sized Enterprises*, PhD thesis, Paper presented at the 8th Australasian Conference on Information Systems, Adelaide.
- [9] Pease, W and Rowe M. (nd) e-commerce and Small and Medium Enterprises (SMEs) in regional communities, University of Southern Queensland.
- [10] Windischhofer R., 2003. The Role of E-Business for Competitive Advantage in the Transforming European Food and Non-Food Retail Business. e-Business Research Center [Online] [Accessed 10 October 2012] from [http://www.ebrc.fi/kuvat/eBRC\\_rr5.pdf](http://www.ebrc.fi/kuvat/eBRC_rr5.pdf)
- [11] Zimbabwe Ministry of Information Communication Technology (MICT), 2010. Strategic Plan 2010 – 2014. [Online] [Accessed 10 October 2012] From [http://www.techzim.co.zw/wpcontent/uploads/2010/02/zimbabwe\\_mict\\_strategic\\_plan2010-2014.pdf](http://www.techzim.co.zw/wpcontent/uploads/2010/02/zimbabwe_mict_strategic_plan2010-2014.pdf)