ZEGU
ZIMBABWE
EZEKIEL GUTI
UNIVERSITY

Committed to Excellence

# FUTURES

THE ZIMBABWE EZEKIEL GUTI UNIVERSITY
JOURNAL OF LEADERSHIP, GOVERNANCE AND DEVELOPMENT

ISSN 2954-8450 (Print)
ISSN 3007-2190 (Online)

Vol. 3 Issues (1&2), 2024

ISSN 2954-8450 (Print)
ISSN 3007-2190 (Online)

# FUTURES
# Journal of Leadership, Governance and Development

Vol. 3 Issue (1&2), 2024

©ZEGU Press 2024

Published by the Zimbabwe Ezekiel Guti University Press
Stand No. 1901 Barrassie Rd,
Off Shamva Road
Box 350
Bindura, Zimbabwe

All rights reserved

"DISCLAIMER: The views and opinions expressed in this journal are those of the authors and do not necessarily reflect the official position of funding partners"

Typeset by Divine Graphics
Printed by Divine Graphics

EDITOR-IN-CHIEF
Dr Noah Maringe, Zimbabwe Ezekiel Guti University, Zimbabwe

MANAGING EDITOR
Mr Elisha Mutigwe, Zimbabwe Ezekiel Guti University, Zimbabwe

EDITORIAL ADVISORY BOARD
Professor Francis Machingura, University of Zimbabwe, Zimbabwe
Dr Aaram Gwiza, Marondera University of Agricultural Science Technology, Zimbabwe
Dr Joe Guti, Zimbabwe Ezekiel Guti University, Zimbabwe
Professor Makaye, Great Zimbabwe University, Zimbabwe
Dr Joachim Kwaramba, University of Zimbabwe, Zimbabwe
Dr Vincent Chakunda, Midlands State University, Zimbabwe
Dr Clemencia Mukenge, University of Zimbabwe, Zimbabwe

SUBSCRIPTION AND RATES
Zimbabwe Ezekiel Guti University Press Office
Stand No. 1901 Barrassie Rd,
Off Shamva Road
Box 350
Bindura, Zimbabwe
Telephone: ++263 8 677 006 136 | +263 779 279 912
E-mail: zegupress@admin.uz.ac.zw
http://wwwzegu.ac.zw/press

# About the Journal

## JOURNAL PURPOSE

*The Futures - Ezekiel Guti University Journal of Leadership, Governance and Development* aims to provide a forum for eldership, development and governance solutions based on a systems approach and thinking.

## CONTRIBUTION AND READERSHIP

Leaders (coming from various circles of life), professional associations, students, researchers and practitioners will be the primary contributors and consumers.

## JOURNAL SPECIFICATIONS

*Futures - Zimbabwe Ezekiel Guti University Journal of Leadership, Governance and Development*

ISSN 2954-8450 (Print)
ISSN 3007-2190 (Online)

## SCOPE AND FOCUS

The journal is a forum for the discussion of ideas, scholarly opinions and case studies of leadership, development and governance at local, national and supranational levels and also coming from across various sectors of the economy. It is premised on the idea that leadership is meant to create anticipated futures by leaders. Development is a revelationist endeavour that must be governed well for the sake of intergenerational equity. The journal is produced bi-annually.

# Guidelines for Authors for the Futures Journal

Articles must be original contributions, not previously published and should not be under consideration for publishing elsewhere.

**Manuscript Submission:** Articles submitted to the *Futures - Ezekiel Guti University Journal of Leadership, Governance and Development are* reviewed using the double-blind peer review system. The author's name(s) must not be included in the main text or running heads and footers.

**A total number of words:** 5000-7000 words and set in 12-point font size width with 1.5 line spacing.
**Language:** British/UK English
**Title:** must capture the gist and scope of the article
**Names of authors**: beginning with the first name and ending with the surname
**Affiliation of authors**: must be footnoted, showing the department and institution or organisation.
**Abstract:** must be 200 words
**Keywords:** must be five or six containing words that are not in the title
**Body**: Where the authors are more than three, use *et al.,*
Italicise *et al., ibid.,* words that are not English, not names of people or organisations, etc. When you use several authors confirming the same point, state the point and bracket them in one bracket and ascending order of dates and alphabetically separated by semi-colon e.g. (Falkenmark, 1989, 1990; Reddy, 2002; Dagdeviren and Robertson, 2011; Jacobsen *et al.,* 2012).

**Referencing Style:** Please follow the Harvard referencing style in that:
— In-text, citations should state the author, date and sometimes the page numbers.
— the reference list entered alphabetically, must include all the works cited in the article.

In the reference list, use the following guidelines, religiously:

## Source from a Journal

Anim, D.O and Ofori-Asenso, R (2020). Water Scarcity and COVID-19 in Sub-Saharan Africa. *The Journal of Infection*, *81*(2), 108-09.

Banana, E, Chitekwe-Biti, B and Walnycki, A (2015). Co-Producing Inclusive City-Wide Sanitation Strategies: Lessons from Chinhoyi, Zimbabwe. *Environment and Urbanisation*, *27*(1), 35-54.

Neal, M.J. (2020). COVID-19 and Water Resources Management: Reframing Our Priorities as a Water Sector. *Water International*, *45*(5), 435-440.

### *Source from an Online Link*

Armitage, N, Fisher-Jeffes L, Carden K, Winter K. (2014). Water Research Commission: Water-sensitive Urban Design (WSUD) for South Africa: Framework and Guidelines. Available online: https://www.greencape.co.za/assets/Water-Sector-Desk-Content/WRC-Water-sensitive-urban-design-WSUD-for-South-Africa-framework-and-guidelines-2014.pdf. Accessed on 23 July 2020.

### *Source from a Published Book*

Max-Neef, M. (1991). *Human Scale Development: Concepts, Applications and Further Reflections,* London: Apex Press.

### *Source from a Government Department (Reports or Plans)*

National Water Commission (2004). Intergovernmental Agreement on a National Water Initiative. Commonwealth of Australia and the Governments of New South Wales, Victoria, Queensland, South Australia, the Australian Capital Territory and the Northern Territory. Available online: https://www.pc.gov.au/inquiries/completed/water-reform/national-water-initiative-agreement-2004.pdf. Accessed on 27 June 2020.

### *The source being an online Newspaper article*

*The Herald* (2020). Harare City Could Have Used Lockdown to Clean Mbare Market. *The Herald*, 14 April 2020. Available online: https://www.herald.co.zw/harare-city-could-have-used-lockdown-to-clean-mbare-market/. Accessed on 24 June 2020.

# NOVATION AND PERFORMANCE OF RETAIL SMALL TO MEDIUM ENTERPRISES IN HARARE METROPOLITAN PROVINCE, ZIMBABWE

TERRENCE MASAMBA,[1] THOMAS BHEBHE [2] AND COLLEN KAJONGWE[3]

## Abstract

The integration of innovation into various aspects of society and the economy has the potential to transform industries and re-define business models. The study aims at assessing effects of innovation and the performance of retail Small to Medium Enterprises (SMEs) in Harare Metropolitan Province. The study is guided by Pragmatism Research Philosophy. Structured questionnaires and structured interview guides were used to collect quantitative and qualitative data from 60 respondents. Quantitative data were analysed using descriptive statistics and correlations while qualitative data were analysed using NVivo. The main study findings establish that there is a positive relationship between innovation and performance of retail SMEs. Study findings show that innovation promotes the adoption of advanced technologies within the retail sector. This includes technologies such as artificial intelligence (AI), big data analytics, the Internet of Things (IoT) and cloud computing. These technologies can enhance the efficiency and effectiveness of retail operations, streamline supply chains, improve customer experience and support data-driven decision-making. The study also reveals that innovation optimises retail operations and improves efficiency. By automating manual processes and integrating systems, SMEs reduce costs, minimise errors and enhance productivity. For instance, adopting inventory management systems and point of sale (POS) solutions can streamline inventory control, reduce stock outs and improve overall operational performance. The recommendations proffered by the study is that government should provide the necessary support such as digital skills training and favourable policies that enhance retail SMEs productivity.

[1] Graduate School of Business Management and Entrepreneurship, Chinhoyi University of Technology, Zimbabwe (https://orcid.org/0000-0002-8692-3062).
[2] Graduate School of Business Management and Entrepreneurship, Chinhoyi University of Technology, Zimbabwe (https://orcid.org/0000-0001-6035-8723).
[3] Department of Applied Psychology, Manicaland State University, Zimbabwe (https://orcid.org/0000-0001-6163-4064).

**Keywords:** small business, productivity, creation, technology, efficiency

## INTRODUCTION

The expansion and improvement of small to medium enterprises (SMEs) are crucial to the world's economy (Manuere and Sifile, 2016; Kajongwe *et al.*, 2021; Masamba *et al.*, 2022). It is crucial to invest heavily in the establishment of effective SMEs since these companies are the backbone of most economies, providing jobs, GDP and innovation. Mashavira *et al.* (2019) and Chada *et al.* (2022) agree that in today's business climate, innovation is crucial for SMEs. These companies' overall success can be greatly enhanced by a high degree of innovation (Manuere *et al.*, 2017; ZEDCO, 2023)

According to Mashingaidze *et al.* (2021), innovation is crucial since it can lead to a competitive edge and higher profits. There is a positive correlation between innovation and company performance, according to much research. Zimbabwe has acknowledged that SMEs are key to reducing poverty and boosting economic growth. According to Nyamwanza (2014) and Mashingaidze *et al.* (2021), SMEs outperform large enterprises in terms of innovation. This is because SMEs are more adaptable and can efficiently implement the innovations that come from company development activities. Those SMEs that participate in innovative activities tend to have superior performance, according to research (Mapetere, 2019, Karedza and Govender, 2020). We can learn more about the development and growth requirements of SMEs from research. Scientists, practitioners and policy-makers can build effective methods to help SMEs with this knowledge (Masamba *et al.*, 2022). Improving sales, costs, profits or market, performance can be achieved by innovation, which involves doing new things or repurposing old things through new strategies (Abdilahi, Hassan and Muhumed, 2017).

Another definition of innovation put forth by Abdulahi, Hassan and Muhumed (*ibid.*) is that it is the process by which new goods, services and business models are developed via the application of existing human, technological or institutional resources. New services or products, methods of technological production, organisational structures or management systems, programmes or plans, are all examples of innovation (Yu, 2020). While most studies on innovation have concentrated on new product and

process types, academics have recently begun to pay attention to organisational innovation as a facet of innovation (Masamba, Bhebhe and Kajongwe, 2023). Although SMEs play a significant role in any economy, many of these businesses fail to grow into larger corporations due to the challenges they encounter (Nyanga *et al.*, 2019, Kajongwe, Munoneka and Masamba, 2022). Innovation is one of the key strategies for overcoming these challenging conditions. People also claim that most SMEs are not innovative (Yu, 2020). Because they stick to one method of business, they are unable to keep up with the dynamic global economy. To stay competitive and grow into a larger business with a sizable customer base, they will need to make some changes.

According to Koirala (2019), SMEs, along with the retail sector, are the main engines of economic growth and development in a country. A Finscope survey (2022) states that while 85% of Zimbabwe's businesses are small-to-medium-sized, just 15% of the country's revenue comes from sales. Studies show that SMEs can alleviate poverty and increase wealth for owners and employees (Manuere *et al.*, 2018; Nyoni and Bonga, 2018). According to several studies (Zindiye *et al.*, 2012), experts in economic planning and development are starting to acknowledge that SMEs are the main engines of global economic growth. The need for providing SMEs with competent and innovative workers is being recognised by an increasing number of nations, according to a global survey (Boulin, 2016).

SMEs in the Netherlands are vital to the country's economic and social development. Netherlands supports local startups and small and medium-sized enterprises (SMEs) that want to grow (Oktavi, Marimin and Djohar, 2017). They help companies to do business internationally, boosting local economies and sustainable trade with their innovative solutions. In the Netherlands' 'non-financial business economy', SMEs account for 62.3% of value added, above the EU average of 56.4% (ILO, 2022). Vosko (2018) claims that innovation and decent work in France has improved dignity, created jobs, increased social security and sparked discussions amongst the general public, all while reducing brain drain. Retail SMEs are vulnerable to the effects of poor employee wellness on company dedication and output, that threatens their long-term viability (Velho, 2019). Workers' contentment is impacted by how much their expectations and their actual work experiences differ, according to a Bolivian research (McShane, 2016).

On a global scale, the success and expansion of SME retail businesses hinge on their capacity to maintain a high level of organisational performance and adhere to ethical standards in the workplace (Oktavi, Marimin and Djohar 2017; Jachi and Muchongwe, 2019). Oktavi, Marimin and Djohar (*ibid.*) and Njanike (2019) list several issues that SMEs face, including a lack of flexibility, inefficient management and the absence of human resources departments. Their ongoing objective is to determine the optimal point at which their supply of goods and services matches their demand (Oktavi, Marimin and Djohar, 2017). It usually takes much hard work for small and medium enterprises to figure out how to balance supply and demand. Those who work in retail service industries put in long hours to satisfy their employers' needs (Mashavira *et al*, 2021; Masamba *et al.* (2022). They display symptoms of stress, including fatigue, agitation and lethargy (Berisha and Pula,2015; Mabenge *et al*., 2020).

SMEs are in a unique situation due to the fact that most of their valued assets are intangible, consisting primarily of information (Abdilahi, Hassan and Muhumed, 2017). The most crucial component in obtaining a competitive advantage for SMEs is innovation and organisational knowledge. Makanyeza *et al.* (2022) argue that this problem is caused mainly by the rapid expansion of the factor and goods markets. More so than ever before, it is critical for SMEs to maximise the use of their existing knowledge and innovation to compete with larger organisations that possess more resources (Manyati and Mutsau, 2019). Nevertheless, Sustainable Development Goals (SDGs) 8 and 9 now acknowledges the importance of decent work and innovation for poverty reduction and advocate sustained inclusive and sustainable economic growth, full and productive employment and decent work for all (ILO, 2022). It aims to strengthen economic development alongside productivity.

There is global consensus that achieving decent work and innovation should be a priority for development initiatives and this is especially true of the Millennium Development Goals (MDGs) (OECD, 2018). To reduce poverty and ensure sustainability, decent work is an important component of MDG 1, which includes a target to "achieve full and productive employment and decent work for all, including women and young people", along with four measurable indicators (ILO, 2023).Various factors, such as evolving legal frameworks, changing demographics, evolving consumer preferences,

increased awareness of the need for sustainable practices and technological innovation, are identified as driving factors in the retail industry's SMEs labour demand and employment practices (Nyanga *et al.*, 2019); (Pereira *et al.*, 2019; ZEDCON, 2023).

The SMEs retail sector faces both opportunities and threats from these sources (Karedza, 2018; Mashavira *et al.*, 2019;Kajongwe *et al.*, 2021). Rising worldwide incomes and the increasing demand for consumer products and services among the world's expanding middle-class, present substantial prospects for SMEs in the retail sector (Karedza, 2018; Mashavira *et al.*, 2019). The expansion of powerful multinational competitors into new markets from their own saturated domestic markets is another challenge that the industry faces because of globalisation. This challenge also increases the breadth of brands, products and services available to global consumers that, in turn, calls into question the sustainability of decent work (Gowan, 2014; Christie *et al.*, 2021; ILO, 2022).

There is a great deal of uncertainty and turmoil in Zimbabwe's corporate climate (Karedza, 2018; Mashavira *et al.*, 2019; Kajongwe *et al.*, 2021;). Most SMEs are surviving with almost little cash on hand, therefore there is no guarantee of employment or income stability in the retail sector (Mucheche, 2015). Several organisations were unable to adapt to the new challenges and went out of business because of the 2019 coronavirus infection (COVID-19) (Ncube, 2017, Mashavira 2020). Because of these difficulties, the workplace has taken a new turn. There is no longer any guarantee of employment or safety for employees because of the new nature of work (Booth, 2019). Nonetheless, due to deindustrialisation and manufacturers' discounts to tuck-shop owners and retailers, the role of the SME retail sector has grown (Chada *et al*, 2022).

The Harare Metropolitan Province is home to more than 611 000 SMEs (Finscope, 2022). The rapid expansion of these enterprises in Zimbabwe's retail sector, including tuck shops and boot shops, is a key factor in the country's GDP growth, which reached 60% in 2022 (*ibid.*). The government recognises the importance of SMEs as a growth engine and job creator, particularly due to their high labour-to-capital ratio, that offers a strategy for a rapid economic turnaround (ZEDCO, 2023). Most Zimbabwe's SMEs retail establishments put their employees in precarious employment

situations, making it hard for them to find decent jobs. These include conditions such as bad lighting, poor workplace hygiene, poor employee benefits and poor workplace culture (Gukurume, 2018; Masamba *et al.* 2022).

Most Zimbabweans are not formally employed due to the high unemployment rate of around 19.3%; creating an ideal environment for exploitative labour practices, such as low wages and lengthy hours (Gukurume, 2018; Zimstat, 2022). The 2016 survey on access to decent work practices by the Zimbabwean Environmental Law Association and the Danish Institute for Human Rights characterised it as "a pipe dream" and said that it has an impact on the performance and sustainability of small and medium enterprise retail workers. This is because of low wages and poor standards, these workers are unable to meet their physiological needs which, in turn, causes psychosocial problems. There is a dearth of information on enhancing innovation, performance and sustainability in the Zimbabwean context that the study sought to close the knowledge gap on.

## STATEMENT OF THE PROBLEM

There is lack of supportive government policies and initiatives to foster innovation, entrepreneurship and the growth of the retail SMEs sector (Karedza, 2018; Mashavira *et al.*, 2019; Kajongwe *et al.*, 2021;). These are caused by a complex, bureaucratic and ever-changing regulatory environment, including licensing requirements, taxes and trade policies. This hinders the growth and contribution to the country's economic development (Gukurume, 2018; Zimstat, 2022). Most SMEs are surviving from hand to mouth. Because of these difficulties, the workplace has taken a new turn. There is no longer any guarantee of engagement or safety for employees because of the new nature of work (Booth, 2019) Addressing these innovation challenges through targeted interventions such as technology adoption, supply chain optimisation, capacity-building, access to financing and supportive policies significantly enhance the performance and competitiveness of retail SMEs in Zimbabwe (Kajongwe *et al.*, 2021).

## RESEARCH OBJECTIVES

- To determine the effects of innovation on the performance of SMEs in the retail sector of Zimbabwe.

## RESEARCH METHODOLOGY

The study is guided by Pragmatism Research Philosophy. A two-staged sampling approach was used, both probability and nonprobability. Structured questionnaires and structured interview guides were used to collect quantitative and qualitative data from 60 respondents. Quantitative data were analysed using descriptive statistics and correlations, while qualitative data were analysed using NVivo. Cronbach's alpha coefficient of reliability was used in this study to test validity and reliability of data instruments. Ethics at each stage of conducting this study were observed.

## THEORETICAL FRAMEWORK

The study is anchored on the Systems Theory which views an organisation as a complex system made up of interconnected and interrelated parts (L'Écuyer *et al.*, 2019). It suggests that for optimal performance and innovation, all elements within the system must work together effectively. In the context of innovation and performance, the Systems Theory emphasizes the importance of considering various interconnected factors that contribute to overall outcomes (Sheehan, 2014). The theory encourages a holistic approach to innovation and performance. It recognises that multiple factors, such as machinery, processes, human resources and work environment, interact with each other and influence overall outcomes. It emphasizes the need to consider the entire system rather than focusing on individual components in isolation (Duffy *et al*, 2019). The theory highlights the interdependencies within the system. In retail SMEs, this means recognising that innovation and performance are not isolated concerns, but are closely linked. For example, innovation can enhance employee morale and motivation, leading to improved productivity and performance.

The Systems Theory recognises the presence of feedback loops within a system. In the context of innovation and performance, this means that actions taken to improve innovation can have a positive impact on performance, and vice versa (Unnikrishnan *et al.*, 2015). It promotes a focus on continuous improvement. It emphasizes the need for on-going evaluation and adaptation of innovation and performance measures. By collecting feedback, monitoring outcomes and making necessary adjustments, retail SMEs can continually enhance innovation and performance.

The theory underscores the importance of effective communication and collaboration within the system. In retail SMEs, this involves fostering open lines of communication between employees, supervisors and management regarding safety concerns, performance goals and best practices (Arocena and Núñez, 2020). Collaboration among different departments can help identify potential benefits of innovation and develop effective protocols. By applying the Systems Theory, SMEs can develop a comprehensive understanding of the interconnected factors that influence innovation and performance. This holistic perspective enables them to implement targeted interventions and continuously improve their systems to promote innovation and more productive work environments.

## REVIEW OF RELATED LITERATURE

The effects of innovation on innovation and productivity of SMEs are the primary subject of this literature study. Topics covered include various forms of innovation and how they are used by SMEs, the factors that impact innovation and the opportunities and obstacles that SMEs have when it comes to innovation. Innovations also include things like technology, IP, commerce or even physical exertion (ILO, 2022). Most research focuses on product and process innovation, both of which are critical for national or organisational development. According to Wadho and Chaudhry (2018), innovation is crucial to a country's economic growth and industry's competitiveness. Whether a company is big or small, innovation is crucial (Anderson, 2019; Wallalage and Locke, 2020). According to Zubielqui *et al.* (2019), innovation is often considered a company's core value competency and a crucial competitive weapon. Because of the problem of limited resources, innovation is also thought of as a good method for boosting a company's output. For a company to take advantage of new chances and stay ahead of the competition, Bakar and Ahmad (2018) state that the capacity to innovate both products and businesses is essential. Tobiassen and Pettersen (2018) state that performance is the usual metric by which outsiders judge a company's competence. For this reason, performance serves as a reflection of a company. In most cases, a company's performance is defined by how well it achieves its objectives.

According to Tont and Tont (2016), a firm's performance can be defined as the results it achieves in relation to its internal and external objectives. Historically, Pharm *et al.* (2023) found that variations in business

performance are often linked to differences in industrial structure. According to neo-classical economic theory, a company expands when its average cost drops to its lowest possible level (Wadho and Chaudhry, 2018) . To rephrase, optimising profits is comparable to the process of a company's growth. Before businesses expand, Mbira (2024) argues that they need to get access to resources, gather them and put them to use. Firm performance is also affected by the tactics that firms choose to implement. A company's success is highly dependent on its performance plan, since every company takes a unique approach (Ramadani *et al.*, 2019).

Depending on their character, goods, activities and sector, SMEs innovate in a variety of ways. There are four main categories of innovation models, according to Le *et al.* (2022): radical, incremental, disruptive and open innovation. When new goods, services or technology are developed, they have the potential to revolutionise the market (Jenkin and McKelvie, 2017). Market leadership and high profitability are possible outcomes for SMEs that engage in radical innovation. Enhancements to pre-existing goods, services or technologies are the building blocks of incremental innovation. To maintain their market position, SMEs often engage in this type of innovation (Baldwin and Gellatly, 2015). The advent of novel goods that cause a stir in an established market is what defines disruptive innovation (Damanpour, 2014). It frequently follows a period of revolutionary product development during which the new offering simplifies, lowers and better satisfies customer demands (Liu *et al.*, 2018). In open innovation, third parties are brought in to help create new goods and services (Alam and Adeyinka, 2021). Through collaborative innovation, SMEs can tap into untapped markets, resources and expertise. Three main forms of innovation are the subject of this research.

There is a robust relationship between innovation and performance of SMEs, according to research by Ackelsberg and McGinnis (2011). Based on their answers to six different questions, Ackelsberg and McGinnis (*ibid.*) ranked 1 757 organisations that took part in the survey, selecting the top 20% of creative businesses. They compared the bottom 20%'s performance over three years with the top 20%'s revenue growth using publicly available data. The findings indicate that the most innovative 20% surpassed the least creative 20% in growth rate, achieving a difference of 16%.By this measure, the most inventive companies would have brought an additional $0.25

billion in revenue during the past three years, while the least innovative would have brought an equal amount.

To innovate, Liu *et al.* (2018), contend that idea generation is just half the battle. To innovate more effectively, one must follow a systematic procedure that involves finding, collecting and identification of the greatest idea from a set of potential ideas (Cohendet and Simon, 2015; Liu *et al.*, 2018). Despite their best efforts to involve customers in their unique innovation processes, SMEs often struggle to establish or adequately staff research and development departments due to budgetary restrictions (Lee *et al.*, 2019). Large corporations' research and development and technology management departments have long been the primary subjects of studies aimed at understanding innovation. The world of innovation has grown in recent years, thanks to the proliferation of SMEs and the expansion of this sector.

Regardless of the company's size, Mbira (2024) found that R&D planning requires competent individuals, yet SMEs often lack this expertise due to resource constraints. Kiveu, Namusonge and Muathe (2019) found a similar pattern while studying SMEs in Tanzania, another developing economy. They found that SMEs lack the human capital necessary to properly convert R&D into innovation. There is a positive association between R&D spending and innovation, so when a small or medium-sized enterprise invests in R&D, it demonstrates that its management is committed to taking the company to new heights. Still, there is no silver bullet when it comes to gauging innovation. The easiest way to gauge a company's innovation drive is to look at its R&D investment levels and its outputs, such as products, new services and patents.

Mbira (2024) found that most innovations and new products generated by SMEs are cumulative, based on incremental modifications in ideas. This is despite the fact that SMEs often have an advantage when it comes to radical innovation since they are more adaptable. Open innovation, on the other hand, allows SMEs to boost their innovation capacity, allowing them to participate in more revolutionary and game-changing inventions. According to McAdam *et al.* (2017), many SMEs are founded following a single technological invention by the owner. As soon as it enters the production process, it becomes the paramount product of the company. According to Cohendet and Simon (2015), SMEs can boost their expertise, inventive

capacity and productivity through R&D investments. Many SMEs, particularly in developing countries, are wary of investing in R&D because of the risks involved. There is some evidence that suggests a correlation between the degree of innovation and the performance of SMEs (Silva *et al.*, 2011.Kiveu *et al.*, 2019).

## INNOVATION AND PERFORMANCE OF SMES

Compared to SMEs that do not incorporate decent work practices into their business model, SMEs that do so tend to have higher performance rates, according to a World Bank research (OECD, 2018). Profitability, innovation, satisfied employees, loyal customers and low employee turnover are all outcomes of these companies' well-oiled machines. According to Manuere *et al.* (2019), SMEs were responsible for most inventions in the twentieth century and played a significant role in introducing competition in different market categories. Research by Hajar (2015), an SME established a critical connection between innovation and the SME's performance. Hajar (*ibid.)* argues that a company's strategy and its culture of innovation are the two most important factors in anSME's performance and success.

Research conducted in Kenya by Ndesaulwa and Kikula (2016) found that SMEs run by innovators fared better than their counterparts in similar studies. Even fewer studies in Africa have addressed the performance and creativity of SMEs, according to Ndesaulwa and Kikula (*ibid.*). Big business competitiveness is one of the main obstacles SMEs encounter. Companies with a larger financial base are better able to invest in technological advancements. Existing literature suggests that innovation affects a company's success by assisting in coping with the unpredictability of external environments that could have an effect on the company (Radici and Djalilov, 2019). Kajongwe (2022) agrees, arguing that for companies to thrive in today's unpredictable and ever-changing markets, innovation is essential. Firms which are innovative in these types of environments are better prepared to take advantage of new goods, processes and market opportunities to deal with the growing complexity and change. Another important source of long-term success for small enterprises is innovationwhich that can lead to rents through the temporary development of a monopoly (Tobiassen and Pettersen, 2018).

Furthermore, small businesses can thrive in highly competitive industries, even when faced with price wars, by constantly innovating their products and services. This allows them to stand out from the crowd and attract loyal customers who appreciate their unique offerings (Wadho and Chaudhry, 2018). These advantages are more likely to accrue to creative small firms than to their less inventive competitors. In addition, innovative organisations possess dynamic skills that allow them to create wealth through recombination, improvement or other value-creating methods (Wellage and Locke, 2020). As a result, these firms are likely to have a competitive edge over non-innovating firms. Scale economies, standard setting, learning economies, advantages in innovation proficiency and pre-emption of scarce resources are further benefits of innovation (Manuere *et al.*, 2019).

## Challenges And Opportunities For Retail SMES In Innovation

Despite innovation's many advantages, SMEs confront formidable obstacles when trying to innovate. According to Tarafdar *et al.* (2018) and Nyanga *et al.* (2019), the absence of resources, such as money, human resources and technology, poses the greatest obstacle to innovation. When it comes to innovation, SMEs have it the worst in funding. Additionally, thanks to innovations in technology, shifts in consumer tastes and intense competition, SMEs face ever-evolving market conditions. To a lesser extent, these external factors may impede SMEs' innovation efforts (Roper, 2018).

On the other hand, according to Baldwin and Gellatly (2015) and Kajongwe (2021), SMEs have a great deal of room to grow, acquire an edge over rivals and stand out from the crowd through innovation. This study postulates that innovation and the performance of SMEs are positively correlated, with innovative firms having an advantage over non-innovative firms in terms of competitiveness (Manuere *et al.*, 2019; Chada *et al.*, 2022; Thornhill and Amit, 2023) and that there is a positive relationship between innovation and SMEs' performance. Not only do the results bolster the current hypothesis on innovation's significance for explaining firm performance variation, but also educate policy-makers and SMEs on the relevance of innovation in modern entrepreneurial endeavours. While it it true that innovation has the potential to boost company performance in theory (Masamba *et al.*, 2022), in practice, innovative companies tend to do better. In the current cut-throat market, this is great news for companies. But businesses need to consider the

true consequences of their strategy shift before deciding if it is worth it (Vrontis *et al.*, 2021).

Those which have not yet placed an emphasis on innovation, must first weigh the benefits of innovation against its costs. This decision poses a significant risk to the enterprises because of the high costs of innovation, both in terms of R&D spending and the manpower and resource constraints that SMEs face (Braunerhjelm *et al.*, 2016). Considering the current state of global competitiveness, a lack of focus on innovation also carries a significant risk (Abdilahi *et al.*, 2017, Mapetere and Manhiwa, 2019). Consequently, before making any decisions, SMEs must invest time and resources int collecting sufficient data regarding product demand and trends, competition and innovation sources. Further investigation into this innovation decision-making process is warranted.

## RESULTS

The questionnaires were completed for 48 respondents selected in this study constituting 80% response rate. The objective of the study was to determine the effects of innovation on the performance of SMEs in the retail sector of Harare Metropolitan Province Zimbabwe.

### DESCRIPTIVE STATISTICS

#### *MEAN AND STANDARD DEVIATION*

In this study, descriptive statistics are utilised, including the mean and standard deviation (SD), to present a comprehensive overview of the sample data. Data were collected using a 5-point Likert scale, ranging from "Strongly disagree" to "Strongly agree." In examining the mean score values and SD values, the study gained insights into both the level of agreement among respondents and the variability in their responses.

## EFFECTS OF INNOVATION ON THE PERFORMANCE OF SMES IN THE RETAIL SECTOR OF ZIMBABWE

### INNOVATION'S DESCRIPTIVE STATISTICS

To see how innovation affected the performance of small to medium-retail enterprises , the stufy looked at the innovation variable and found its descriptive statistics in Table 1. These included the SD. To better understand the connection between innovation and the performance of SMEs in the

retail sector, these statistics provide light on the innovation scores' central tendency and variability.

**Table 1:** Innovation's descriptive statistics (n=48) *(Primary Data, 2024)*

| Items | Mean | SD |
|---|---|---|
| Cost benefits and operational efficiency | 4.318 | 0.560 |
| Stimulates business growth | 4.723 | 0.579 |
| Reduced costs and increased revenue | 4.599 | 0.648 |
| Promotes work place safety | 4.783 | 0.497 |
| Costly in terms of implementation | 4.659 | 0.605 |
| Lack of human capital to implement innovation | 4.643 | 0.650 |
| Stiff competition | 4.589 | 0.649 |
| There is high risk of failure if the project fails | 4.611 | 0.670 |
| Intellectual property in protecting innovative ideas, products or processes is costly | 4.443 | 0.672 |

The descriptive statistics for the variable "innovation", using the measurements of SD and mean, are summarised in Table 1. Respondents generally agreed with all items utilised to measure innovation in this study, as indicated by the mean scores ranging from 4.318 to 4.783 for the variable. The responses show a constant level of agreement across participants, as indicated by the low standard deviation values (ranging from 0.497 to 0.670). All of the items examined had a SD that was less than one, as shown in Table 1, indicating that the data distribution exhibited low variation. Respondents' agreement regarding innovation is solid, as seen by the consistency across items. The low variety in the SD values and the high level of unanimity among participants in their judgements of innovation are, confirmed by the results in Table 1.

Furthermore NVivo software facilitated thematic analysis, revealing 10 themes: workplace safety, increased production, sales and profits; new ideas and corporate image enhancement; motivation and empowerment of employees; accountability through objectives; growth, competitive advantage and revenue increase; costs and challenges; market reach and competitiveness; efficiency, cost reduction and talent retention; and shared ideas and customer satisfaction. These visual representations were created to provide a collective overview of thoughts shared by participants, offering a quick insight into the content of the qualitative responses. The process of creating word clouds for each question is illustrated in Figure 1.


**Figure 1:** Process of creating word clouds *(Primary Data, 2024)*

### ADOPTED INNOVATIONS DESCRIPTIVE STATISTICS

Presented in Table 2 shows the aggregated statistics for the many forms of innovation that the retail SMEs sector has embraced. These numbers provide light on the range and frequency of innovative practices in the retail industry by offering a synopsis of the many forms of innovation adopted by SMEs.

**Table 2:** Adopted innovations descriptive statistics (N=48) *(Primary Data, 2024)*

| | | |
|---|---|---|
| Technological innovation | 4.446 | 0.613 |
| Product innovation | 4.627 | 0.623 |
| Process innovation | 4.545 | 0.697 |
| Market innovation | 4.596 | 0.649 |

The results shown in Table 2 clearly show that the variable of interest has mean scores ranging from 4.446 to 4.627. According to these findings, there

is much consensus among respondents about the criteria used to evaluate retail SMEs' use of new technologies. Most participants were positive about these innovations. In addition, the replies show very little variability, as seen by the low SD values (ranging from 0.613 to 0.697).

### SAMPLE ADEQUACY TESTS

The Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity (BTS) were used as statistical tools to evaluate the data's suitability for factor analysis and the sample's appropriateness. To better understand the data set and its suitability for further analysis, researchers run these tests. This is especially true when trying to uncover hidden dimensions or components within the variables of interest. To derive meaningful inferences from the data and to ensure that the subsequent factor analysis is conducted on a firm foundation, these statistical assessments are necessary.

**Table 3:** .... *(Primary Data, 2024)*

| Innovation | | |
|---|---|---|
| KMO | | 0.672 |
| BTS | Approx. Chi-Square | 671.610 |
| | Df | 78 |
| | Sig. | 0.000 |

Table 3 further shows that the inter-correlation matrix is not an identity matrix, as confirmed by the significant p-values (Sig. = 0.000) in the Bartlett's test of sphericity (BTS). This result provides more evidence that the data are suitable for component analysis by confirming the existence of linear combinations and sufficient correlation among variables. Table 3's findings point to a significant association between the variables, suggesting that SEM and factorability analyses are good fits for the correlation matrix.

### RELIABILITY RESULTS FOR INNOVATION

An extensive reliability test was conducted on the innovation construct, which was the independent variable and the results showed an admirably high level of internal consistency. With a total of nine items, the innovation construct's intricate details and results were caefully recorded in Table 4, offering a thorough and illuminating overview of its reliability examination.

**Table 4:** Reliability results for Innovation *(Primary Data, 2024)*

| **Cronbach's Alpha** | **Cronbach's Alpha Based on Standardised Items** | | **N of Items** | |
|---|---|---|---|---|
| 0.966 | 0.966 | | 7 | |
| **Item-Total Statistics** | | | | |
| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| Reduced costs and increased revenue | 20.968 | 49.756 | 0.854 | 0.737 | 0.962 |
| Promotes work place safety | 21.041 | 50.168 | 0.879 | 0.782 | 0.960 |
| Costly in terms of implementation | 21.045 | 49.659 | 0.885 | 0.797 | 0.959 |
| Lack of human capital to implement innovation | 21.032 | 49.149 | 0.887 | 0.799 | 0.959 |
| Stiff competition | 21.000 | 50.696 | 0.873 | 0.777 | 0.960 |
| There is high risk of failure if the project fails | 21.000 | 49.923 | 0.891 | 0.799 | 0.959 |
| Intellectual property in protecting innovative ideas, products or processes is costly | 21.029 | 49.862 | 0.870 | 0.770 | 0.961 |

The removal of two items with lower adjusted item-total correlations allowed for a Cronbach's alpha of 0.966, as shown in Table 4. According to Hair *et al.* (2011), a robust internal consistency is indicated when this value is greater than or equal to 0.70. According to Pallant (2016), the corrected item-total correlations ranged from 0.854 to 0.891, that is well over the acceptable threshold of 0.30. This indicates that the shared construct was

effectively measured. In addition, the squared multiple correlations, that range from 0.737 to 0.799, further support the validity of the construct.

### PERFORMANCE MANAGEMENT

The Performance Management construct, which includes six separate components, was subjected to a comprehensive reliability analysis. Table 4. displays the exhaustive results of this reliability evaluation, that provide a thorough understanding of the Performance Management dimension's robustness and dependability.

**Table 5:** Reliability results for Performance Management *(Primary Data, 2024)*

| Cronbach's Alpha | | Cronbach's Alpha Based on Standardised Items | | N of Items | |
|---|---|---|---|---|---|
| 0.926 | | 0.926 | | 6 | |
| Item-Total Statistics | | | | | |
| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| Innovativeness | 19.6783 | 18.289 | .781 | .665 | .913 |
| Return on Asset | 19.6943 | 19.203 | .786 | .639 | .913 |
| Return on Equity | 19.6369 | 18.475 | .796 | .645 | .911 |
| Return on Investment | 19.7420 | 19.304 | .761 | .599 | .916 |
| Quality service delivery | 19.5796 | 18.110 | .814 | .696 | .909 |
| Product lead time | 19.7420 | 18.588 | .780 | .654 | .913 |

Each item significantly contributed to the total Cronbach's alpha value of 0.926, as seen in Table 5, which displays the item-total data. All of the individual items' corrected item-total correlations were higher and above the acceptable threshold of 0.300, ranging from 0.761 to 0.814. This finding is consistent with Pallant's (2016) observations and highlights how these items effectively measure a shared construct. Additional strong evidence supporting the construct's validity was provided by the items' squared multiple correlations that ranged from 0.599 to 0.696.

**Table 6:** SEM path coefficients.

| Hypothesis | Relationship | Coefficient | SE | T statistic | P-values | Decision |
|---|---|---|---|---|---|---|
| H1 | INN --> PF | 0.729 | 0.051 | 14.331 | <0.001 | Supported |

The results displayed in Table 6 reveal a strong and positive correlation between innovation (INN) and the performance (PF) of SMEs in Zimbabwe's thriving retail industry ($\beta = 0.729$, $t = 14.331$, $p < 0.001$). This significant discovery emphasizes the crucial importance of innovation in defining and improving the PF of these SMEs. Therefore, the findings clearly support the idea of prioritising the development of innovation to achieve significant enhancements in the operational and market performance of SMEs in Zimbabwe's ever-changing retail industry. This essential information acts as a guiding beacon for decision-makers looking to enhance the overall success of retail SMEs.

## DISCUSSION

Literature supports the fact that innovation has the potential to boost operational efficiency and cost benefits, enabling businesses to better use their resources and save costs without sacrificing production (Dziallas and Blind, 2019; Dewagam, 2020). Innovation is also critical in driving company success, according to the survey. According to the literature review (Barros and Ferreira, 2019; Bedford, 2019 and Adams, 2020), SMEs in the retail sector have been able to gain an advantage over larger competitors due to their innovative spirit. A variety of techniques, prescriptions and practices have been characterised by the measurement of innovation in retail SMEs due to its complex and multidimensional nature (Dziallas and Blind, Dewagam, 2020; ).

## CONCLUSION AND RECOMMENDATIONS

The study concludes that innovation has a beneficial effect on performance by providing novel techniques, products or services, enhancing competitiveness, increasing efficiency and efficiently adapting to evolving market demands. The distinctiveness of this resides in its capacity to stimulate innovation and adaptation, resulting in enhanced organisational performance and long-term growth. The study suggests that SMEs should cultivate a culture of innovation by actively promoting employee participation in generating innovative ideas and suggestions. This can be facilitated by establishing a conducive environment that encourages experimentation and embraces the willingness to take risks. It is necessary to create channels for feedback and cooperation to utilise the team's collective creative potential.

It is advisable for SMEs to adopt digital transformation by utilising digital technologies, data analytics and internet platforms to broaden the scope of retail company. It appeals to a broader range of customers. Data analytics enhances inventory management, minimises inefficiencies and enhances the effectiveness of the supply chain. The Decent Work Practice Framework Model should be adopted and implemented by the Zimbabwean government through the Ministry of Women Affairs, Small and Medium Enterprises and Cooperative Development to accomplish the objectives of NDS1, SDGs 8 and 9 and the Vision 2030 target roadmap.

## REFERENCES


Abdilahi, M.H., Hassan, A.A. Muhumed, M.M. (2017) The Impact of Innovation on Small and Medium Enterprises Performance: Empirical Evidence from Hargeisa, Somaliland. *International Journal of Academic Research in Business and Social Sciences,* 7 (8).

Arocena, P. and Núñez, I. (2020). An Empirical Analysis of the Effectiveness of Occupational Health and Safety Management Systems in SMEs. *International Small Business Journal*, *28*(4), 398-419.

Duffy, R. D., Gensmer, D. L. and Allan, K. L. (2019). The Psychology of Working Theory. *Journal Of Counseling Psychology, 63*(2), 127-148.

ILO. 2022. A Fair Globalization: Creating Opportunities for All, World Commission on the Social Dimension of Globalization, Geneva.

Kajongwe. C. Machaka H T. and Chibhoyi D. (2021). Dynamics of Food Safety Management Strategies on Sustainability of Selected Manufacturing Small to Medium Size Enterprises (SMES) in Harare Metropolitan Province, Zimbabwe. *Journal of African Interdisciplinary Studies, 5*(12), 4-22.

Karedza. G. and Govender, K.K. (2020). The Impact of Organisational Capabilities on SMEs' Export Performance; Application of the Resource Based View Theory. *International Journal of Entrepreneurial Research, 3*(3), 68-75.

Kiveu, M. N., Namusonge, M. and Muathe, S. (2019). Effect of Innovation on Firm Competitiveness: The Case of Manufacturing SMEs in Nairobi County, Kenya. *International Journal of Business Innovation and Research*, *18*(3), 307-327.

Koirala, S. (2019), SMEs: Key Drivers of Green and Inclusive Growth, OECD Green Growth Papers, No. 2019/03, OECD Publishing, Paris, https://doi.org/10.1787/8a51fc0c-en.

L'Écuyer, F. *et al.* (2019). Strategic Alignment of IT and Human Resources Management in Manufacturing SMEs: Empirical Test of a Mediation Model. *Employee Relations: The International Journal*, *41*(5), 830-850.

Manuere, F. *et al.* (2018). Today's Knowledge Economy and Firm Growth: A Study of Small to Medium Enterprises in the Manufacturing Sector of Zimbabwe. *Journal of Public Administration and Governance*, *8*(2), 341. https://doi.org/10.5296/jpag.v8i2.13318.

Mapetere D, Manhiwa T E R (2019). An Evaluation of the Resource Based View Strategies Adopted by Furniture Manufacturing SMEs in Zimbabwe. *International Journal of Economics, Commerce and Management, 11*(7), 437-450.

Masamba ,T, Bhebhe, T.B. and Kajongwe (2023) Decent Work Practices and Performance Framework Model for Retail SMEs in Zimbabwe, Registrar of Patents, Trade Mark, Industrial Designs and Copyrights: Causeway, Harare: Zimbabwe

Masamba, T, Mathe, P. and Kapangura, T.R. (2022) An assessment of Occupational Standards, Stress and Performance of Employees in Small and Medium Enterprise in Zimbabwe: *Global Journal of Arts Humanity and Social Sciences* 2(6), 344-354.

Mashavira, N., Nyanga, S., Nyanga, T. (2019). Dynamics of Human Resource Development on Small and Medium Enterprises (SMEs) Performance in Masvingo Urban, Zimbabwe. *Journal of African Interdisciplinary Studies, 3*(5), 4-15.

Mashingaidze M, Bomani M, Derera E. (2021), Marketing Practices for Small and Medium Enterprises; An Exploratory Study of Manufacturing Firms in Zimbabwe. *Journal of Contemporary Management, 18*(,1), 582-507.

Mbira, L. (2024). Unlocking Rural Entrepreneurship Access to Microfinance Services in Zimbabwe - The Moderating Role of Business Performance. *Journal of Management and Science*, *14*(1), 1-11.

McAdam, R. *ert al.* (2017). Absorbing New Knowledge in Small and Medium-sized Enterprises: A Multiple Case Analysis of Six Sigma. *International Small Business Journal*, *32*(1), 81-109.

Mucheche, C. (2015). Amendments to the Labour Act 28.01 and their Implications on Employment Relationship. Public Lecture by Advocate Caleb Mucheche of Matsikidze and Mucheche Commercial and Labour Law Chambers on 15 September 2015. School of Social Sciences, Great Zimbabwe University.

Ncube, F., Tsandukwa, R. and Ndlovu, P. (2021) Right at the Eye of the Storm: Human Resources Management Challenges Amid COVID-19 Outbreak in Zimbabwe (2021).. *ADRRI Journal Ghana* 30: 1(7)):1-15. 1-15.

Ndesaulwa, A.P. and Kikula, J. (2016)/ The Impact of Innovation on Performance of Small and Medium Enterprises (SMEs) in Tanzania: A Review of Empirical Evidence. *Journal of Business and Management Sciences, 4*(1. 1-6. doi: 10.12691/jbms-4-1-1.

Nyamwanza. T. (2014). Strategy Implementation for Survival and Growth among Small to Medium-sized Enterprises (SMEs) in Zimbabwe. Doctoral Thesis: Midlands State University, Zimbabwe.

Nyoni, S. and Bonga, T. (2018). National Economic Consultative Forum. Report on the Policy Implementation Workshop for SMEs 25-27 October, 2018.

Oktavia, E., Marimin, M. and Djohar, S. (2017). Strategic Architecture in Poultry Company. *JDM (Jurnal Dinamika Manajemen)*, *8*(2), 245-258.

Sheehan, M. (2014). Human Resource Management and Performance: Evidence from Small and Medium-sized Firms. *International Small Business Journal*, *32*(5), 545-570.

Unnikrishnan, S. *et al.* (2015). Safety Management Practices in Small and Medium Enterprises in India. *Safety and Health at Work*, *6*(1), 46-55.

Vosko, L.F. (2018). Precarious Employment, Understanding Labour Market Insecurity in Canada, Montreal: Mcgill Queen University Press.

Yu, F. (2020). R&D Investment and Chinese Manufacturing SMEs' Corporate Social Responsibility: The Moderating Role of Regional Innovative Milieu. *Journal Of Cleaner Production*, *258*, 120840.