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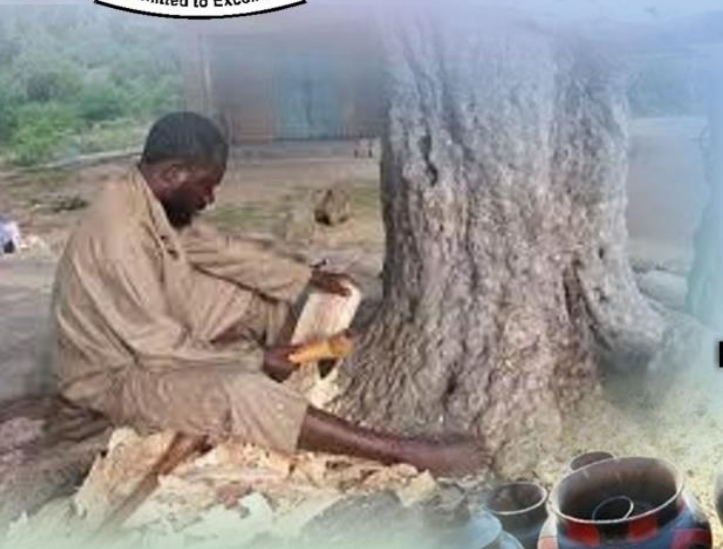
JOURNAL OF DESIGN, INNOVATIVE THINKING AND PRACTICE



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From Survivalism to Entrepreneurship, Disclosure and Accountability: Rethinking the African Urban Economies of Sustainability

GIFT MANHIMANZI[1], EDSON CHAGWEDERA[2] AND UPENYU SAKAROMBE[3]

Abstract

The entrepreneurial potential of the informal sector is becoming more widely acknowledged. However, empirical research on the effectiveness of small and medium enterprises (SMEs) in Africa's informal economy is generally lacking. In light of this research vacuum, this article examines entrepreneurial enabling factors in the setting of Zimbabwean townships to ascertain how they affect the performance of SMEs, which eventually lead to the formalisation of these SMEs, resulting in disclosure of financial information. In Harare, the capital of Zimbabwe, SMEs headquartered in townships are surveyed and correlation and regression analysis is used to evaluate hypotheses. The findings show that enterprise performance is significantly predicted by institutional support, talent and competency development, and access to markets and financing. It is a crucial strategy which considers the range of enabling environment elements that affect enterprise performance in Zimbabwe, a country beset by high unemployment, poverty, inequality and other socioeconomic issues.

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INTRODUCTION

Many people in developing or emerging markets can make a living through the informal sector, a significant but well understood source of income (Gerxhani, 2004; Venter and Urban, 2015; Mukorera, 2019). Some studies have found out that approximately two-thirds of enterprise start-ups are unregistered, not only in emerging and transition economies, but also in the Organisation for Economic Cooperation and Development (OECD) countries. Comprehensive cross-national studies of the extent of informal entrepreneurship, using longitudinal panel data, show that "3.37 informal enterprises are created annually for every 100 people" (Williams and Kedir, 2018).

Even though some authors claim that informal SMEs account for half of all economic activity in developing countries on average, many of these businesses are unproductive in comparison to formal ones; they primarily function as a social safety net that keeps millions of people alive but eventually vanishes (La Porta and Schleifer, 2008). Despite this anomaly, the informal sector is becoming more widely acknowledged for its potential for entrepreneurship, with many developing and emerging markets having informal businesses at the "epicentre of the economy" due to their dynamic nature (Webb *et al.,* 2009; Williams and Nadin, 2010; Venter and Urban, 2015; Armanios *et al.*, 2017). An opportunity to empirically examine the enterprise performance of SMEs in the Zimbabwean township context is presented by this acknowledgment of the informal sector.

The general dearth of empirical research on the efficacy of entrepreneurship in Africa's informal sector serves as the driving force behind this piece (Zoogah *et al.*, 2015; Urban,

2019). Given that the majority of entrepreneurship research is primarily conducted in the West (Bruton *et al.*, 2008), this essay focuses on the entrepreneurial environment of SMEs in a little-studied national context — Zimbabwean townships. In Zimbabwe, SMEs, primarily survivalist in nature and not registered with official agencies, are typically considered to be part of the informal sector (Rogerson, 2004). It has been demonstrated that SMEs significantly contribute to job creation, economic growth and more equitable income distribution in many emerging economies, including Zimbabwe (Schneider *et al.*, 2010).

One of the most important areas for addressing the actual issues of poverty and inequality in emerging countries like Zimbabwe and Africa is the development and entrepreneurship of SMEs (GEM, 2018). The goal of this work is to examine the entrepreneurial environmental elements that Zimbabwean township entrepreneurs face and their effect on SME performance, given the paucity of research on SMEs in the township context in Zimbabwe (GDED, 2015). The importance of creating an environment that supports informal entrepreneurship has come to light more and more in recent years (Venter and Urban, 2015; GEM, 2018).

There is a highly developed economic sector on one side of Zimbabwe's dual-logic economy and an informal sector that is fighting for its life on the other (Venter and Urban, 2015). In this regard, it has been determined that the expansion and advancement of the SME sector is crucial to the endeavours to alleviate poverty and generate employment (Devey *et al.*, 2006; Malefane, 2013). In Zimbabwe, the state actively encourages people and businesses to join the informal sector, with a particular emphasis on township entrepreneurs, in addition to the informal economy being driven by the formal economy's decline (Gerxhani, 2004; GDED, 2015).

This study is conducted in an understudied country where empirical research can help guide policy-makers on the enabling variables which are essential for improved SME performance and inform the foundation for company sustainability. Therefore, by examining the impact of several environmental elements intended to unlock entrepreneurial potential in townships, the study discovers which particular characteristics are positively related to SME performance, offering entrepreneurs and policy-makers useful information. The article initially describes the theoretical underpinnings of the study hypotheses and then it goes on to outline the technique utilised for data collecting and measurement. The results are presented, analysed and the final section provides insights on the findings. Study implications and future research suggestions follow.

Many SMEs have collapsed due to numerous challenges, the aspect of informal and formalisations being thrown up as some of the reasons. Numerous studies show that the presence of an enabling environment is a crucial requirement for a flourishing company sector in any nation (Estrin *et al.*, 2013; Valliere, 2010; GEM, 2018). The phrase "entrepreneurial ecosystem" is frequently used interchangeably to refer to a collection of interdependent actors and factors which are coordinated in such a way as to enable productive entrepreneurship within a particular territory. The term "entrepreneurial environment" refers to a combination of factors which play a role in the development of entrepreneurship (Isenberg, 2010; Stam and Bosma, 2015; Mack and Mayer, 2016). Researchers concur that many elements of the entrepreneurial environment are required to support entrepreneurial activity and hence boost economic growth (Valliere, 2010; Urban, 2019). Therefore, the study seeks to unravel the relationship between informal entrepreneurship and the performance of companies which enhances disclosure and accountability in its operations.

LITERATURE REVIEW

Informal entrepreneurship is perceived by some as a by-product of societies' "under-development", "backwardness" and "traditionalism", and as a holdover from a previous way of production. Others see informal entrepreneurship as "necessity-driven", driven into it by their inability to obtain formal employment. They see it as low-paid, unregulated and an unstable form of survival-driven self-employment carried out by marginalised groups, shut out of the formal labour market in "sweatshop-like" conditions.

Others see informal entrepreneurship as the path to advancement and as an example of how formal entrepreneurship could be structured if it were regulated. They see it as a logical economic strategy which entrepreneurs pursue when their spirit is crushed by institutional restrictions imposed by the state (De Soto, 2001; Gallin, 2001; Maloney, 2004; Perry and Maloney, 2007; Venter and Urban, 2015; Williams and Nadin, 2010).

Townships are the primary setting for informal entrepreneurship in Zimbabwe (Venter and Urban, 2015). As argued by SACN (2015), a township is a "suburb or city of predominantly black occupation, formerly officially designated for black occupation by apartheid legislation". The township economy is made up of businesses and markets located within townships, run and exploited by township entrepreneurs to primarily meet the needs within and outside of the township (DTI, 1995; DED, 2015; GDED, 2015). As argued in research, the township informal economy is a breeding ground for entrepreneurs (Williams and Nadin, 2010; Venter and Urban, 2015). As such, government policy clearly needs to change from considering these businesses to be marginal and separated from the "primary economy" (Devey *et al.*, 2006). Instead, more thought must be given to how the environment affects the informal sector in the township.

“In the corporate world, financial disclosures are primarily designed to give investors a clear picture of a company's financial health and business risks” (Tran and Nguyen 2016). These disclosures include income statements, balance sheets and risk management strategies. Unerman and Deegan (2017) submit that the Securities and Exchange Commission (SEC) in the U.S. requires companies to submit regular financial statements that include not only standard financial metrics, but also additional disclosures related to emerging risks and uncertainties, such as cybersecurity threats and the financial impact of climate change. These trends have grown significantly in recent years, particularly in 2023, when there was a notable increase in disclosures regarding artificial intelligence (AI) usage, cybersecurity strategies and corporate sustainability efforts. Additionally, companies are required to disclose any material risks that could affect their future performance, including financial implications of global tax regulations like the OECD's Pillar Two tax framework which aims to enforce a global minimum tax rate. Therefore, as SMEs grow formally, there is need to prepare financial statements which are then used to attract potential investors and financial institutions.

As argued by earlier research, SMEs success in both developed and developing economies is positively impacted by the entrepreneurial climate (Urban, 2019). A growing body of research demonstrates the importance of several environmental factors in creating an atmosphere that supports entrepreneurship. For example, the World Economic Forum's Global Competitiveness Index (GCI) and the Global Entrepreneurial Monitor (GEM) report have both identified and measured specific entrepreneurial environment conditions that focus on infrastructure, the macroeconomic environment, health and primary education, higher education and training, technology readiness, market size, business sophistication and

innovation, good market efficiency, labour market efficiency and financial market development (GEM, 2018; WEF, 2018).

Researchers have also identified a myriad of factors that influence the growth of the informal sector in Zimbabwe which include increased urbanisation, slow pace of economic growth, incidence of jobless growth, decreased incidence of formal employment, costs and regulatory barriers of entry into the formal economy, limited education and training opportunities, increasing demand for low-cost goods and services and migration motivated by economic hardships and poverty, among others (Rogerson, 2004; Malefane, 2013; Peterson and Charman, 2018). Furthermore, the relationship between entrepreneurial environment and SME performance depends on the interrelationship between multiple entrepreneurial environment factors and not on a single attribute (Urban, 2019).

Although there is much consensus that access to financial resources is an important determinant of entrepreneurship (Anton and Bostan, 2017), SMEs in Africa usually face financial constraints and are unable to raise sufficient financing through loans, retained earnings or equity financing (Fatoki and Odeyemi, 2010; Schneider *et al.*, 2010; Matshekga and Urban, 2013). Research shows that problems related to access to finance include the lack of collateral, excessive outstanding debt and a lack of proven business skills of the entrepreneur (Urban and Ratsimanetrimanana, 2019). In developing countries, start-up funding for SMEs often comes from personal savings or money from families, the youth, women and people in townships, and rural areas are likely to be particularly disadvantaged when it comes to financing start-ups (Matshekga and Urban, 2013; Lee *et al.*, 2015). Studies such as that by Shree and Urban (2012), provide evidence that financial capital, together with other resources such as human and social

capital, are effective in influencing positive entrepreneurial commitment performance. The more access there is to financial resources, the greater the opportunities for the SMEs to convert financial capital into other resources needed by the enterprise, such as increasing levels of human capital (Seghers *et al.*, 2009). Consequently, in line with prior studies indicating that higher SME performance can be ascribed to access to finance, the first hypothesis predicts that:

Hypothesis 1: Access to finance has a positive influence on SME performance in the context of Zimbabwean townships.

As argued by research, one of the most important success factors for SME performance is market access which encompasses the capability to learn and adapt in open marketplaces, join a business network and obtain market knowledge (Herrington *et al.*, 2017; Urban, 2019). In Zimbabwe, where research indicates that one of the major barriers to the expansion of SMEs is access to markets, SME growth and performance are significantly influenced by open market accessibility (Herrington *et al.*, 2017).

Considering market attractiveness is a multidimensional phenomenon comprising four factors — size of market, growth, stability and competition, many SMEs are faced with restricted market attractiveness and subsequently access, given their inadequate asset threshold to enable them to meaningfully participate in market exchanges (Shree and Urban, 2012; Ashman and Newman, 2018). Recognising the importance of access to markets as an antecedent to SME performance, it is hypothesised that:

Hypothesis 2: Access to markets has a positive influence on SME performance in the context of Zimbabwean townships.

Research confirms the existence of a positive relationship between institutional support and SME performance and

growth (Urban, 2019). This positive relationship is fostered by an accessible and supportive infrastructure which produces a conducive environment for flourishing SMEs, thereby increasing prospects and modernisation, accrual of assets and solid future opportunities (Malefane, 2013; Mason and Brown, 2013).

In the sub-Saharan African context, Biggs and Shah (2006) highlight how "antiquated laws and procedures and poor management and corruption, plague legal and judicial systems in the region". Similar to many African markets, Zimbabwean entrepreneurs typically face many regulatory obstacles, reflecting the rapidly changing economic climate and vicissitudes of government interference (Herrington *et al.*, 2017; Urban, 2019). Following the growing number of studies on the benefit of institutional and infrastructural support on SME performance, it is hypothesised that:
Hypothesis 3: Access to (a) institutional and (b) infrastructural support has a positive influence on SME performance in the context of Zimbabwean townships.

Technical, management, personal maturity, leadership and entrepreneurial personal skills are only a few of the many skillsets that make up entrepreneurial abilities. The fundamental qualities which lead to the creation, survival and/or expansion of a business are known as entrepreneurial competences. These include particular knowledge, motivations, attributes, self-images, social roles and abilities (Seghers *et al.*, 2009; Shree and Urban, 2012; Chell, 2013;). Numerous studies have demonstrated the beneficial relationships between human capital and entrepreneurial success and the development of entrepreneurial skills and competences is essential to the foundation and operation of SMEs (Unger *et al.*, 2011). In pursuit of entrepreneurial growth and opportunity, human capital development can greatly enhance an individual's information capacity, abilities and entrepreneurial judgment (Herrington *et al.*, 2017; Urban, 2019).

Hypothesis 4: Access to entrepreneurial skills and competencies development has a positive influence on SME performance in the context of Zimbabwean townships.

RESEARCH METHODOLOGY

In the Harare Metropolitan Province, in Zimbabwe, three municipalities: Harare, Chitungwiza and Norton, were the focus of a cross-sectional survey study design that concentrated on township-based SMEs. With over 2.2 million residents, Harare is the most densely populated province in Zimbabwe, while having the smallest land area (GSDF, 2011; GEDE, 2015).

The unit of analysis and sampling selection criteria were the township entrepreneur operationalised as a business established and managed by township-based entrepreneurs to meet primarily the needs of predominantly African, Coloured and Indian township communities (GDED, 2015). Moreover, SMEs were selected in accordance with the common method of defining SMEs in Zimbabwe by many pre-determined sets of thresholds in terms of number of employees, turnover and assets per each sector or subsector as per the Schedule of the National Small Business Amendment Act No. 29 (NSBC, 2016).
The study sampling frame was obtained from the Department of Statistics which compiled an attendance register comprising 2 924 township SMEs, while running the township economy revitalisation roadshow (GDED, 2015). Because of practical and time constraints, a non-probability sampling technique was used and an online electronic questionnaire link was sent to 350 township enterprises via email or a WhatsApp message. The questionnaire was computed into both Qualtrics and Google forms in Google drive, where both survey tools had capabilities to enable the study to submit their responses online. This afforded gratitude feedback upon completion of the survey and also advanced the technical tracking abilities for the delivery or undelivered, opening, responded to and/or deleted status of the survey (Cooper and Schindler, 2014; Urban, 2019).

After screening the data for missing data, outliers and poor-quality responses, a final sample of 154 responses emerged (37%response rate). One issue commonly raised concerning survey methodology is non-response bias (Cooper and Schindler, 2014) which was countered by comparing responding and non-responding individuals along attributes of age and gender (p > 0:10), using the t-test that was insignificant in both cases. Table 1 shows the number of SMEs sampled in which metro and the number of successful responses received across regions. The overall sample characteristics reveal that the majority of respondents were males (66.23%) in the 25-35 age group (56.26%), with a high-school certificate completed (58.51%) and where most enterprises were in the 1-3 years established category (38.57%).

Table 1: *Sampling* (Authors, 2024)

	SME's sampled	**Number of responses**	**% of respondents**
Chitungwiza	90	41	46
Harare	160	75	46
Norton	83	39	47
Sub-Total	333	154	-

A self-administered closed-ended questionnaire was constructed based on prior literature. Questionnaire items were measured on a seven-point Likert scale in which "1" represented "strongly disagree" and "7" represented "strongly agree". Furthermore, the widely employed method that uses means of all items to operationalise multi-item constructs was used (*ibid.*). Data were collected over a three-week period, and ethical concerns were taken into consideration where respondents were assured of confidentiality and anonymity in terms of their responses. The first section measured the independent variables (IVs) in terms of the entrepreneurial environment factors as identified in the literature review section in relation to access to finance, access to markets, institutional and infrastructure support.

TABLE 1: SAMPLING

INFORMAL ENTREPRENEURSHIP

Items were adopted from the questionnaire used in the GEM Adult Population Survey (GEM, 2018) to reflect each of the constructs as per the study hypotheses. For instance, five items measured perceptions of 'access to finance' and included questions such as, "If I wish to grow my business, I will succeed in obtaining necessary funds to do so." For the dependent variable (DV), both internal performance (financial) and external performance (marketing) were measured. Taking into consideration the multidimensional nature of performance, questions concentrated on various subjective, self-reported growth and performance indicators (Steffens *et al.*, 2009). Research supports the fact there is a high level of consistency between perception and actual objective firm performance measures (Urban, 2019). Both financial and non-financial indicators were used and included items such as sales growth, the number of returning customers and profitability. These measures were surveyed for the past three years because performance over three years is wide-ranging enough to account for seasonal and cyclical variations in most business practices. Absolute growth was simply computed as the size at one year minus the size of the previous year.

Control variables were included where there was prior theoretical basis for expecting these variables to have a systematic relationship with either the DV or IVs, or both (Venter and Urban, 2015; GEM, 2018). These included the age and gender of the individual, level of education and age of the enterprise (less than 1 year, 1-3 years, 4-7 years, more than 8 years). All analyses were performed with SPSS 21. First measures were subjected to validity and reliability testing. Next, descriptive data were calculated and to test the hypotheses, regression analyses were used. Considering the nature of data

collected, all from the same source, to check for common-method bias (Podsakoff *et al.*, 2012), several procedural and statistical steps were taken. First, all the questions were required to be answered anonymously, thus reducing any need for respondents' social desirability bias (Cooper and Schindler, 2014). Second, a pilot study (n ¼ 30) was conducted resulting in minor changes but helped to ensure the validity of measures. Statistically, as discussed in the following section, the measures were subjected to validity testing using a principal component analysis (PCA) to ensure no single factor accounted for the majority of the variance.

FINDINGS

For construct validity testing, the Kaiser-Meyer-Olkin (KMO) sample adequacy measure was used to verify the sampling adequacy for using factor analysis (Cooper and Schindler, 2014). Results across all of the constructs provided satisfactory KMO values (0.801), where the Bartlett's test of sphericity was significant (Chi squared ¼ 998:648, p < 0:000).

Exploratory Factor Analysis (EFA), using the PCA method with Promax rotation, was used where six factors (loadings 0.80) and with eigenvalues >1 emerged with a percentage of variability equivalent to 69.89%. To check for internal consistency and reliability, scale reliabilities were calculated on these retained factors using Cronbach's alpha coefficient (*ibid.*). In this regard, satisfactory results were obtained (> 0:70) in terms of: Factor 1: Access to finance ðATFÞ ¼ 0:774; Factor 2: Access to markets ðATMÞ ¼ 0:743; Factor 3: Access to institutional support ðAISÞ ¼ 0:747; Factor 4: Access to infrastructural support ðAIFÞ ¼ 0:753; Factor 5: Access to entrepreneurial skills and competencies development ðASCÞ ¼ 0:743; Factor 6: Enterprise performance ðEPÞ ¼ 0:812.

Table 2 displays the mean scores, standard deviations and Pearson's correlation coefficients. The results show that all the variables had, on average, above mid-point (1-7) scale mean scores and relatively high standard deviations, with the highest mean score observed for ASC (M ¼ 5:03, SD ¼ 2:226) and lowest for EP (M ¼ 4:03, SD ¼ 1:005), respectively. The table further shows several positive and significant correlations between the variables, in particular with the DV, where this pattern of correlations highlights relatively high levels of associations between the variables and EP, and vice versa. Despite the high incidence of inter-correlations, collinearity diagnostics were calculated and show relatively low variance proportions across the factors. These diagnostics, when read in combination with collinearity statistics, show variable inflation factor (VIF) values of >1 which are deemed as acceptable and can be interpreted as no incidence of multi-collinearity amongst study variables (*ibid.*).

Table 2: Mean scores, standard deviations (SD) and correlation coefficients.

Variables		Descriptive Statistics				Correlations		
	Mean scores	standard deviations (SD)	Access to finance	Access to markets	Access to institutional support	Access to infrastructure support	Access to entrepreneurial skills and competencies	Enterprise Performance
Access to finance	4.57	2.401	1					
Access to markets	4.80	2.227	0.767	1				
Access to institutional support	4.76	2.335	0.738	0.669	1			
Access to infrastructure support	4.99	2.208	0.666	0.733	0.633	1		
Access to entrepreneurial skills and competencies	5.03	2.226	0.639	0.747	0.722	0.771	1	
Enterprise Performance	4.03	1.005	0.870	0.896	0.858	0.869	0.887	1

Note: ** Correlation is significant at the 0.01 level (2-tailed).

Furthermore, to determine the effect of the control variables, the age and gender of the individual, level of education and age of the enterprise, and comparisons of means tests, were carried out to evaluate the effects of single control variables on the DV in separation to other control variables. No significant results in terms of each of the control variables was detected, and additional tests, including one-way ANOVA test, did not find any statistical differences in the DV on any of the control variables. Subsequently, for the sake of parsimony, control variables were not factored into the regression analysis.

In line with the study hypotheses, the regression model focused on the DV-EP and the effect of ATF, ATM, AIS, AIF and ASC, respectively. Table 3, in terms of summary results, shows an overall significant F value (1,528) and associated beta weight of 3.121 ($p < 0:001$). The adjusted R 2 of 0.329 means this model explains 32.9%variance in terms of the IVs on the DV. In terms of H1, where it was predicted that ATF has a positive influence on SME performance in the context of Zimbabwean townships, positive and significant findings of β ¼ 0:123 ($p < 0:001$) support H1.

In terms of H2, where it was predicted that ATM has a positive influence on SME performance in the context of South African townships, positive and significant findings of β ¼ 0:300 ($p <$ 0:01) support H2.

In terms of H3, where it was predicted that AIS has a positive influence on SME performance in the context of Zimbabwean townships, positive and significant findings of β ¼ 0:192 ($p <$ 0:001) support H3. In terms of H4, where it was predicted that AIF has a positive influence on SME performance in the context of Zimbabwean townships, negative and insignificant findings of β ¼ 2:250 ($p < 0:001$) do not support H4. In terms of H5 where it was predicted that ACS has a positive influence on SME

performance in the context of Zimbabwe townships, positive and significant findings of β ¼ 0:122 (p < 0:001) support H5.

DISCUSSION

The purpose of the article is to examine how much the success of township SMEs in Zimbabwe is influenced by enabling environment characteristics. As argued by the article's empirical findings, SMEs performance is significantly and favourably impacted by four of the five enabling elements, supporting the hypothesis. As argued by the study hypotheses, each construct is briefly examined in light of current theory and literature. Enterprise performance was found to be significantly influenced by access to financing (H1). This encouraging result supports the idea that township SMEs benefit greatly from having access to credit and financing which enhances their performance (Matshekga and Urban, 2013). SMEs performance in the township context often is hampered by access to finance because they are unable to obtain financing through conventional banking channels or equity financing and typically lack any collateral, have excessive outstanding debt and generally do not keep business financial records (Urban and Ratsimanetrimanana, 2019). Scholars agree to the fact that the lack of finance is a major problem for SMEs where such a financial deficit hinders the contribution of other factors to SME success, as the "interconnectedness of exogenous institutional processes in Africa makes it difficult to isolate unique strands as determinants of organisational effectiveness" (Zoogah *et al.*, 2015).

Table 3: Summary regression results for DV: Enterprise performance.

	Beta (β	**p-value**
Constant	0.995	0.000***
Access to finance	0.123	0.000***
Access to markets	0.300	0.089*
Access to institutional support	0.192	0.001***

Access to infrastructure support	2.250	0.149
Access to entrepreneurial skills and competencies	0.122	0.001***
Model Stratistics	R 2 0.368 —	
Adjusted R	2 0.329 —	
F(1.528)	3.121*** —	

Note: β ¼ standardised effect; * ¼ p < 0:01; *** ¼ p < 0:001.

In terms of H3, where it was predicted that AIS has a positive influence on SME performance in the context of Zimbabwean townships, positive and significant findings of β ¼ 0:192 (p < 0:001) support H3. In terms of H4, where it was predicted that AIF has a positive influence on SME performance in the context of Zimbabwe townships, negative and insignificant findings of β ¼ 2:250 (p < 0:001) do not support H4. In terms of H5, where it was predicted that ACS has a positive influence on SME performance in the context of Zimbabwean townships, positive and significant findings of β ¼ 0:122 (p < 0:001) support H5. Access to markets (H2) and enterprise performance are related in an equally significant way and the article's positive significant findings are consistent with previous research showing that access to markets improves performance and that lack of access to markets clearly hinders growth (Ashman and Newman, 2018).

CONCLUSION AND RECOMMENDATIONS

The literature has shown that the regulatory environment has a considerable impact on the success of SMEs and the positive and significant findings for access to institutional support (H3) as a predictor of enterprise performance align with this finding (Urban, 2019). Entrepreneurs often encounter many institutional obstacles in many African markets, such as unstable economic conditions and government meddling that

leading to regulatory issues with regard to the application of business law, increased transaction costs and operational difficulties (Peng *et al.*, 2009). It has also been proposed that business ecosystems in subsistence markets, like township economies, are frequently characterised by a higher prevalence of structural holes, with institutional gaps also frequently present (Khanna and Palepu, 2010).

In Zimbabwe, where the weight of administrative rules and the poor functioning of formal institutions frequently impede SME growth and performance, it is, therefore, recommended that legislative interventions and policy decisions to simplify the situation for township SMEs be made immediately. Others have noted that the development of infrastructure, such as public transportation and pedestrian movement, is crucial to the growth of SMEs in the African market context, even though the study's findings did not support H4 in terms of infrastructure support and SME performance (Peng *et al.*, 2009; Urban and Ratsimanetrimanana (2019). Regarding H5, the study's findings demonstrate a favourable and significant correlation between township firms' performance and their ability to acquire and improve entrepreneurial skills and competences.

These findings resonate with prior studies that emphasise entrepreneurial skills and competencies development are the results of investment in targeted learning and work experience (Unger *et al.*, 2011; Chell, 2013;). The entrepreneur’s capacity to gain new knowledge and skills is seen as critical for SME performance where such skills and knowledge are essential to control and apply to resources that may lead to superior performance (Shree and Urban, 2012). It is possible skills and competencies help to reduce the liability of SME newness and smallness and improve their chances for success, especially when considering failures and false starts are a normal part of the entrepreneurship process and the knowledge gained from

such experiences often leads to more sustainable future gains (Low and MacMillan, 1988). In terms of the study sample characteristics, where the majority of respondents were males (66.23%) in the 25-35 age group (56.26%), with a high-school certificate completed (58.51%), the results generally reflect broader Zimbabwean SME owner profiles where fewer women than men are owners of businesses in townships in Zimbabwe.

Comparing the results with previous literature and research findings mostly conducted in a western context, highlights some important differences in terms of the African enabling environment in the SME context. The differences between these contexts underline how Zimbabwe is a particularly interesting case study given its excessive level of inequality and unexpectedly low level entrepreneurial activity in comparison to many developed western countries (Herrington *et al.*, 2017). Not only does the informal sector and township economy in African markets remain marginalised despite being important centres of commerce for a large section of the population (Venter and Urban, 2015), but also, compared to western contexts, the external environment constraints an individual may face are always a concern. For instance, findings show that the prevailing environment in many African contexts suffers from deficits in various forms of capital available for SME performance and growth (Zoogah *et al.*, 2015; Urban, 2019). These capitals relate to human, social and financial resources, where entrepreneurs in African contexts typically experience difficulties in accessing finance as a result of a lack of appropriate collateral, weak network ties and a lack of proven business skills (Matshekga and Urban, 2013).

Moreover, researchers suggest that in emerging markets, the interaction between the environmental context and entrepreneurial behaviour may result in an 'unproductive dark side of entrepreneurship' that stifles productive entrepreneurship and

hinders economic development (Bruton *et al.*, 2013). In particular, corruption and weak legal institutions prevent entrepreneurs from to obtaining contracts, acquiring resources and growing their businesses. Researchers note that firms in Africa often have to deal with unfriendly legislative requirements, where such requirements are sometimes unresponsive to contingencies (e.g., business growth) or provide insufficient protection for business (Zoogah *et al.*, 2015; Urban, 2019). However, despite these challenges entrepreneurs face in the African market context, one positive sociocultural institutional factor is the concept of *ubuntu*, which literally means "I am who I am through others." Although the concept originated from the Zulu language in South Africa, it is now widely appreciated throughout the continent as a strong form of collectivism. Under *ubuntu*, members demonstrate caring, respect and compassion which ensure a high-quality community life and create networks of social obligations which can contribute to SME competitive advantages in terms of sharing resources and supporting each other in exchange for unquestioning loyalty (Mangaliso, 2001).

Furthermore, the study depended on perceptual data where responses may have been influenced by perceptual biases. However, such bias was curtailed to some extent through the main method of countering common method bias. Moreover, the sample was based on a single province, albeit the economic capital of Zimbabwe, which limits the generalisability of the findings. Future research could take into account specific regional and situational factors influencing township entrepreneurs, such as local and regional institutional frameworks. Additionally, future researchers could examine the interconnectedness of different entrepreneurial environmental factors with personal factors such as entrepreneurial self-efficacy, as determinants of SME performance and sustainability. In general, entrepreneurship

research and the validation of perspectives on informal township SMEs would be useful in African country contexts.

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