

## **CHALLENGES AND SURVIVAL STRATEGIES FOR WOMEN IN SMALL SCALE CATERING BUSINESS: A CASE STUDY OF SIYASO MAGABA, MBARE**

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### **ABSTRACT**

*Small businesses in the informal sector are increasingly being recognized as generating meaningful and sustainable employment opportunities for women in Zimbabwe. However, women operating small business face many challenges that negatively impact on the viability of those businesses. In order to mitigate those challenges women in small catering business at Siyaso Magaba home industrial area in Mbare Township in Harare (simply known as Siyaso), employ a number of strategies that enable them to survive and continue operating. This paper presents findings from a research carried out at Siyaso to identify those challenges and survival strategies. The challenges include lack of funding, lack of business management skills, stiff competition, stringent requirements for registering a business, defaulting customers and difficulties in balancing work and domestic commitments. These are the challenges that informal business operators have to grapple with in Zimbabwe in general. Over and above these challenges women at Siyaso also face specific challenges that include poor infrastructure in the business area, unaffordable rentals and lack of basic amenities. In order for the women operating catering business at Siyaso to survive they apply a number of strategies which include borrowing money from relatives at no interest being charged, taking turns to give each member an agreed amount of money every month, purchasing supplies on a daily basis instead of buying in bulk, purchasing food items on credit, borrowing from loan sharks and serving extras to clients as a way of luring them from competition. The study concludes by suggesting that in order for the businesses to improve their performance the women should form themselves into a cooperative and register it. They should continue offering a wide variety of meals to customers so as to compete better. The Harare City Council should establish more premises which can be rented at affordable rates from which women can conduct their catering businesses. The city council should also improve amenities at Siyaso Magaba home industrial area.*

**Keywords:** Informal sector, Small business, Women, Challenges, Survival strategies.

**JEL classification:** M10, O17, J16.

### **Contribution/ Originality**

This study is one of the very few studies which have investigated the challenges that women running small businesses in Zimbabwe face. It documents those challenges and the strategies that the women use in order for them to survive in the harsh economic environment as they try to empower themselves.

## 1. INTRODUCTION

This paper presents findings of a research that was carried out to investigate challenges that threaten the viability of small catering businesses run by women at Siyaso Magaba home industrial area in Mbare Township in Harare. The study also identifies survival strategies adopted by those women in mitigating the challenges. The paper then concludes by making recommendations aimed at improving the viability of the small scale catering businesses run by the women at Siyaso home industrial area.

## 2. BACKGROUND TO THE STUDY

### 2.1. Siyaso Home Industry

The Siyaso Magaba home industrial area (simply known as Siyaso) was opened in the 1950s in Mbare as a way of promoting self help employment for those Africans who could not be absorbed into the formal employment system. Mbare Township is a high density suburb originally designed to house black Africans working in the city of Harare. Siyaso is a large business complex stretching from Mbare Township to the Central Business District of the city of Harare, the capital of Zimbabwe. It is filled with entrepreneurs who run informal businesses of various trades ranging from welding, tinkering, motor mechanics to selling of building materials and catering. There are more men than women running small businesses in the Siyaso complex. This is attributed to the nature of businesses in the complex which are mainly heavy duty in nature and which also require technical skills and physical power, attributes that are mainly a preserve of men in the Zimbabwean society. Women on the other hand, are mainly involved in providing support services such as laundry and catering. Most of the businesses are unregistered and therefore unrecognised in the economy. The complex offers relatively cheaper goods than those found in the formal sector. It is said that if one needs anything, one is likely to find it at Siyaso. There are about 500 women in the catering industry at Siyaso. This study focuses on those women.

### 2.2. Women and the Informal Sector in Zimbabwe

Starting small businesses in the informal sector is an important livelihood strategy for women as it has the potential to economically empower them. It has been observed that entrepreneurial initiatives increase their income, enable them to provide for their families, reduce dependency on their husbands, foster self esteem and greater participation in household decision making. Entrepreneurship in the informal economy has been used as a tool to get women out of poverty by encouraging them to start self help income generating projects that are meant to empower them economically. ESAP followed by the economic and political hardships of the past two decades redefined the role played by women in the household as women become more and more active in the informal economy. Due to their spouses struggling to obtain employment in the formal sector, some women even became the breadwinners of their families. The informal

sector provides employment for those women with little education and little or no skills. Even though most women can now access primary and secondary education many fail to proceed to tertiary institutions. According to the Ministry of Higher and Tertiary Education 2011 statistics, although female university enrolment increased from 23% in 2006 to 41% in 2011, the figures fell below the targeted 50%. For this reason some women in Zimbabwe lack the sufficient education qualifications and skills to compete in the formal job sector. Since women make up the majority of enterprise owners in the informal sector it can be concluded that a very high percentage of women lack skills and that is why they are concentrated in the informal sector (Luebker, 2008).

One of the major challenges facing women running small businesses is lack of funding. Most small businesses are not registered and this makes it difficult for them to access finance from financial institutions. The issue of lack of enterprise registration posed a challenge that hindered the success of many women owned enterprises.

The Ministry of Small to Medium Enterprises and Cooperative Development (SMECD) has a policy and strategy framework aimed at economic empowerment of micro, small to medium enterprises in Zimbabwe. However, this is not specifically for women. The Ministry issues out loans that are administered by the Small Enterprises Development Corporation (SEDCO) but collateral is still required as one of the conditions before qualifying to obtain a loan. Many women are at a disadvantage as they do not own any property such as land and other valuable assets which can be used as collateral.

However, there are organisations offering various opportunities to women running small enterprises in the informal sector. The Ministry of Women, Gender and Community Development (MWAGCD) assists women to start income generating projects such as peanut butter making cross border trading and even mining. MWAGCD also organises and links women to national, regional and international exhibitions for women in informal trading.

Having failed to access bank financing and to guarantee survival some women have resorted to the use of social capital (Kuada, 2009). This involves women cultivating social relationships and using the social capital derived from them as a resource leveraging mechanism. Social capital emerges from the norms, networks and relationships of the social structure in which an individual lives, potentially producing useful resources for business through development of sets of obligations and expectations, information channels and social norms that reinforce certain type of behaviour. The women pool resources together and support each other's business ventures through lending each other money and information sharing on how and where a person can get relevant assistance for their business ventures.

The Herald (December 13, 2013) reported that ZB bank unveiled an interest free informal traders loans facility aimed at tapping deposits from the informal sector and improve the bank's liquidity position. A Memorandum of Understanding (MOU) was signed between ZB bank and Harare Home Industries Association and the loan facility was to be launched in phases beginning at Siyaso. This will definitely ease the challenge of lack of finance.

### **3. PURPOSE OF THE STUDY**

The purpose of this study was to investigate challenges that women entrepreneurs in catering businesses at Siyaso are facing and the strategies that they use to survive and to make recommendations that may help in improving the performance of the catering businesses.

#### **3.1. Specific Objectives**

The research specifically focused on the following objectives:

1. Determining the challenges faced by women operating small catering businesses at Siyaso and the effect of those challenges on the viability of the small catering businesses.
2. Finding out the survival strategies adopted by women in small scale catering business at Siyaso in mitigating the challenges that they face.
3. Making recommendations aimed at improving the viability of women running small catering businesses at Siyaso

### **4. RESEARCH METHODOLOGY**

A random sample of 40 out of 500 women participated in the research. The sample size was fairly large and representative, as it fitted well with the definition of a large sample as one with more than 30 sampling units. The sample was sufficiently large to reduce the standard error in sampling. A questionnaire was self administered to the 40 participants and there was a 100% response rate. Follow up interviews were conducted to clarify responses to certain questions on the questionnaire.

### **5. FINDINGS**

#### **5.1. Profile of Respondents**

The majority of women who participated in the survey were between the age range of 31-40 years old. This shows that most of the women are middle aged. Most women (47.5%) indicated that they had been operating their small catering businesses at Siyaso for one to 5 years. This coincides with the period when the Zimbabwean economy drastically plunged. Very few of the women (2.5 %) had been operating for over 26 years.

#### **5.2 Motivation to Start Small Catering Business**

The majority of the women started their small catering businesses at Siyaso due to poverty (73%) and unemployment. A further 25 % wanted to exploit a gap in the market at Siyaso. Men entrepreneurs at Siyaso needed to be supplied with food. The women realized a market opportunity. Only 2% joined the business in order to gain experience.

### 5.3. Challenges Faced By the Women in Operating Their Small Catering Businesses

Table 1 is a summary of challenges faced by women in small scale catering business at Siyaso. The challenges are listed below in their order of priority:

1. Lack of finance
2. Poor access to training
3. Stiff competition
4. Conflict between work and domestic demands
5. Lack of basic amenities such as electricity and water
6. lack of experience
7. Un affordable rents
8. Gender Discrimination

Table-1. Challenges

Challenge	No of women	Percentage
Lack of finance	37	92.5
Poor access to training	32	80
Stiff competition	29	72.5
Conflict between work and domestic demands	22	55
Lack of basic amenities such as electricity and water	19	47.5
lack of education and experience	15	37.5
Un affordable rents	18	45
Gender Discrimination	1	2.5
Other	2	5

The major challenge facing women in the small scale catering business at Siyaso was that of lack of finance that constituted of 92, 5 % of the responses. Follow up interviews indicated that the women did not have enough funds to purchase catering equipment and to buy food items in bulk. Money was needed to buy such catering equipment as refrigerators and food warmers. Food items were being bought in small quantities which is more expensive than bulk buying. This is the reason why the businesses do not grow as most of the women survive on a hand to mouth basis. The study noted the fact that the women were not registered. They were operating illegally. Lack of registration is a drawback as most financial institutions prefer to deal with registered businesses.

There are no entry barriers to the small scale catering business at Siyaso. The women just start operating without any experience or prior training in how to run a catering business. Because there are no entry barriers, there is stiff competition among the women caterers themselves. There is no control as to how many caterers should be operating in the Siyaso complex. The main meal being served is the staple food beef stew or chicken served with "sadza" or rice. No particular skills are required for one to prepare these basic meals. It's a matter of experience and having the right ingredients. This supports the argument that the reason why

there is overcrowding and competition of small business in the informal sector is because they are small, there is disregard of legal requirements in starting the businesses and they require little or no capital (Chen *et al.*, 2004). However the study established that the more years the women had been operated their catering businesses at Siyaso, the less they were affected by stiff competition because they would have already established loyal clientele.

Another big challenge facing the women is that of conflict between domestic commitments and work responsibilities. Work life balance is a common problem to women in both the formal and informal sectors. The traditional Zimbabwean culture and gender role requires women to be responsible for all house chores which include caring for the children, the sick, general housewifery and preparing meals for the family among other things (Zinyemba, 2013)

Lack of basic amenities especially water, and electricity and garbage collection amongst others is a big problem at Siyaso. Catering business requires the premises to be very clean so as to avoid health hazards.

The women also pay monthly rentals to the city council and many of them indicated that the rentals are too high. Monthly income from the sale of meals is unpredictable and the women struggle to pay the rentals.

Although these challenges were all said to be affecting the viability of the catering businesses lack of funding was the major general constraint mentioned by most of the women.

The study concluded that the major effects of the identified challenges on the viability of the small scale catering business at Siyaso were as follows:

1. stunted growth of the businesses due to lack of finance;
2. loss of sales due to stiff competition;
3. lack of funding from reputable financial institutions making it difficult to buy better catering equipment and bulk buying;
4. Continuous harassment from local authorities due to lack of registration meant irregular business operation and increased down time;
5. health hazards caused by dilapidated structures and poor supply of water drives away some customers leading to reduced sales;
6. the challenge of work life balance reduces time to fully attend to business demands

#### **5.4. Survival Strategies in Mitigating the Challenges**

Women in the small scale catering business have adopted a number of survival strategies that keep them going.

##### **5.4.1. Participating in Saving Clubs Termed “*Maraundi*” in Shona**

The women take turns to give each other equal monthly contributions of money. This means that one has a lot of money when it is her turn to receive the contributions. This strategy militates against lack of funding. It is regarded as a much better strategy than having to borrow

from financial institutions which require collateral and demand high interests on the loans. It is a cheap way of funding as no interest is charged.

#### **5.4.2. Good Customer Care**

In order to address stiff competition amongst themselves the women at Siyaso have a number of strategies that they use which all centre on good customer care. They have resorted to preparing a variety of meals in order for the customers to have a wide selection of meals to choose from. They also maintain a high level of hygiene in order to lure customers. This as an effective strategy for retaining existing customers and for luring new ones.

#### **5.4.3. Hide and Seek with Security**

Lack of registration with the city council means that the women have to always play hide and seek with the authorities, dodging them. This is not an effective strategy as the women cannot continue to run away from the law. One way or the other they end up getting caught by the authorities and made to pay heavy fines.

### **6. RECOMMENDATIONS TO OVERCOME CHALLENGES AND IMPROVE VIABILITY**

The study recommends the following interventions as a way of strengthening the women's small catering businesses in general and for women at Siyaso in particular.

#### **6.1. Registration of Businesses**

Registration of small scale businesses brings about several benefits to women. Access to finance is made easier as institutions that provide loans need to deal with a registered organisation.

The burden of having to pay fines and constant evictions by the Harare City Council will be removed. This will also benefit the economy at large since they will be paying operating licences.

The government should also play its part by making the registration of small enterprises in the informal economy easier. The women at Siyaso expressed ignorance of the registration process and the requirements of registration. They need to be informed and educated about the registration process.

#### **6.2. Forming Cooperatives**

The women should consider getting together and starting cooperatives in order to help each other pool financial resources and also complement each other's different skills. This will ease the individual burden of having to raise capital and also a variety of new ideas are brought to the table since women of different skills and background will be brought together.

### **6.3. Financial Assistance**

Financial institutions should consider relaxing the requirements for obtaining a loan for women such as collateral. In Zimbabwe women's property rights depends on the type of marriage union that she has. The majority of the women in Zimbabwe are married under Customary Law and are therefore not entitled to property. Because of this reason, there is need to be sincere and relax the conditions of collateral to enable women to borrow.

Consideration should be given to providing women in small scale businesses with loans that have favourable interest rates and flexible repayment terms in order to encourage the women to borrow. The research findings showed that some women are aware of institutions that offer financial assistance but are afraid to borrow because of the stringent repayment terms which they fear and that they might not be able to pay back the debt. The government could also initiate programs whereby they liaise with the banking sector and develop to develop a credit system where women can borrow small loans with low interest rates and flexible repayment terms.

### **6.4. Training and Advice**

Women at Siyaso would welcome training but they cannot afford it. Government institutions such as the Ministry of Small and Medium Enterprises and the Ministry of Women, Gender and Community Development, the private sector and non-governmental organisations should work in partnership towards offering skills development and training in business management and entrepreneurial skills for women. Training will enhance the skills of the women and impart knowledge on how to run their businesses successfully. For example the trainings could include knowledge in basic accounting and maintenance of books, good customer care techniques and how to prepare business plans in a professional manner which will assist them in getting financial assistance easily. Trainings should also basically cover confidence building, compensate for basic educational disadvantages and impart business skills in order to enhance the performance of the businesses run by the women.

Sometimes women at Siyaso do not take up opportunities for training when they arise because of the challenge of work life balance because the trainings are offered during times when home demands are pressing. A holistic approach should be adopted taking account of women's other responsibilities as well as of cultural constraints so that courses are designed in a manner and organised at times of the day or week that make allowance for these constraints.

### **6.5. Formation of Saving Clubs**

As indicated in the research findings the women find participating in saving clubs as very effective as it eases the cash constraints they face in their businesses. However, this requires a high level of cooperation amongst the women for the scheme to be successful.



### **6.6. Support from Spouses and Family Members**

For the women entrepreneurs to be successful they require support from their spouses as well as family members in order to boost their confidence. Unsupportive behaviour from close people in their lives only dampens their spirits which negatively impacts on their businesses. Therefore, there is need to educate the community at large on the benefits women entrepreneurship brings to the society.

### **6.7. Diversification**

The women at Siyaso indicated that stiff competition was one of the challenges hampering on the viability of their businesses as it leads to reaping low profits. The women should consider diversifying by starting other businesses in order to supplement the income they get from catering. These income generating activities would include starting poultry projects or vegetable and fruit selling.

### **6.8. Government Should Continue Placing Women Empowerment as a Priority**

The government should continue to promoting empowerment of women. The government should continue addressing the needs of women and see that they also get equal opportunities in education.

### **6.9. Establishment of Premises Where Women Can Conduct their Businesses.**

The Harare City Council should make an effort to establish more affordable premises where small enterprises run by women can operate from. They should also make sure that the places are conducive to conduct business by ensuring adequate structures such as toilets and supply of adequate water especially for women running catering businesses at Siyaso in order to prevent the outbreak of diseases.

## **7. CONCLUSION**

The challenges that women operating small scale catering businesses at Siyaso in Mbare face are characteristic of the challenges that impact on the viability of small businesses in the informal sector in general in Zimbabwe. In order for them to financially survive they depend on social capital and good customer care that creates customer loyalty. Over and above those challenges the women at Siyaso have to contend with poor and dilapidated amenities that threaten public health. Their businesses would become more viable if they were registered and the women received training in basic business management skills and pooled their resources together to form cooperatives. The Harare city council should improve public amenities at Siyaso and offer affordable renting places.

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