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INVESTIGATION OF BUSINESS FUNDING OPTIONS ON SMALL TO MEDIUM ENTERPRISES (SMEs) IN BULAWAYO-ZIMBABWE

BY

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ABSTRACT

The study was undertaken to investigate the issues facing SMEs in Bulawayo, Zimbabwe in their quest to access business funding options to undertake various activities in their operations and fulfilling the objectives of being employment creators and help in poverty reduction in the country. SMEs in Bulawayo, are compromised by the limited access to business funding options available to them as in most cases the financial market prescribes unfavorable conditions to SMEs which are a draw back to them to access funding. A case study was used as it was appropriate in conducting the study. The study adopted a random efficiency sample technique to collect data using questionnaires and interviews and the data was analysed in SPSS version 16. Based on the responses received through these questionnaires, the following major findings came to the fore. The financial institutions are willing to provide funds to SMEs but the SMEs were not able to meet the requirements of these financial institutions. Chief among these requirements is the issue of collateral, which most SMEs cannot provide. The study found out that SMEs faced a number of challenges in accessing funding options not because funding options were not readily available but because there was finance option knowledge gap that existed for firms in the SMEs sector starting or wishing to expand their business. The findings also indicated that SMEs did not keep proper books of records for their credit worthiness when borrowing from financial institutions. The study concluded that the constraints faced in accessing business funding from financial institutions inhibit the growth of SMEs. The study recommends that there is a need for SMEs to keep proper books of accounts and reinforcing the flexibility by financial institutions to accommodate SMEs. Furthermore, the government has to guarantee loans for the SMEs. SMEs should consider partnership with established companies.