

# The 2000–2008 Economic Crisis in Zimbabwe: Status and Survival Strategies of Business Survivors in Rural Areas

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**Abstract**—Between 2000 and 2008, Zimbabwe was hit by one of the devastating economic situations which threatened the lives of businesses and also led to the closure of several businesses. The main purpose of this paper was to trace the survivors of Zimbabwe's 2000–2008 economic distress and establish the strategies they employ to avert future economic pandemics in the country. A mixed research approach was utilized to carry out the study, with data being collected from a sample of 105 business people and their employees in rural Zimbabwe. A self-designed questionnaire and interview guide were used to solicit data from participants with descriptive and thematic data analysis methods being utilized as the main data analysis tools. The study revealed that while a significant number of businesses closed their businesses due to the economic downturn a reasonable number survived and self-rejuvenated and moved on in 2009 when the economy stabilized. The strategies most businesses in rural areas employ to avert the effects of future economic distress include among others; diversification, trading in foreign currency, avoiding selling goods on credit, and keeping savings in United States of America Dollar and traditional banks. It was recommended that businesses in rural areas need to manage their businesses in a more professional way so that they do not easily get affected by socioeconomic shocks and political upheavals.

**Keywords**—Business survivors, Economic crisis, Entrepreneurs, Operations, Survival strategies.

## I. INTRODUCTION

Between 2000 and 2008, the Zimbabwe economy went through a severe economic depression that was characterized by large-scale destructions of wealth, closure of companies and declines in the production of essential goods and services, the decline in international trade (Murigo, 2010; Clemens and Moss, 2005; Nyanga, 2019; Zirima et al., 2013; Mudzingiri, 2014). Mudzingiri (2014) further established that the 2000–2008 recessions in Zimbabwe bred a host of socioeconomic and political challenges, trials, and tribulations to the government, political parties, business community, and the generality of Zimbabweans. The ramifications of the economic depression severely affected Zimbabweans at individual, organizational, and community levels. Zimbabweans experienced a precipitous economic depression which left many businesses withering in financial, marketing, operational, and human resource management agony. Due to the economic meltdown, businesses slowed down operations and even lost a significant amount if not all the revenue they had generated over the years. The continuous

devaluation of the Zimbabwean dollar directly impacted the flow of remittances, trade, and foreign direct investments. SMEs based in growth points and surrounding rural areas were not immune to the economic distress and turmoil, but they were rather the hardest hit due to the slow rate at which information on inflation was flowing from urban to rural areas. Financial reserves dried up in most businesses in rural areas which consequently made it impossible for them to operate their business. The purpose of this study was to establish the status of businesses that survived the 2000–2008 economic distress and how they hoped to hedge their businesses from similar pandemics in case of recurrence of such situations. Furthermore, the study aimed at establishing the experiences of business operators in rural areas during the 2000–2008 economic meltdowns in Zimbabwe.

## II. LITERATURE REVIEW

This study is guided by the Keynesian economic theory which was developed by John Maynard Keynes, a British

economics. The theory is a macroeconomic theory that focuses on total spending in the economy and its effects on output, employment, and inflation. It argues that government intervention has a significant potential of stabilizing the economy. Stabilization of the economy has an effect on the survival and growth of businesses in rural areas. An economic crisis is a situation where the normal working economic system is disrupted and or badly threatened by depression, hyperinflation, the collapse of the banking and trade systems, and low productivity (Nyanga et al., 2018; Mudzingiri, 2014). Economic crisis is characterized by the sudden crush of the prices of stocks and real estates and precarious balance of payment. Economic depression in any country can be propelled by the political crisis (Nyanga et al., 2012; Hanke and Kwok, 2009; Mutsau and Billiat, 2017) poor economic policies, bad economic ideologies, and bad relations with other countries (Nyanga et al., 2019; Nyanga et al., 2018). Hooghe and Okolikj (2020) also observed that there is a relationship between economic crisis and politics. Studies (Mudzingiri, 2014; Nyanga, 2019; IMF, 2008) have further shown that Zimbabwe is among a few countries that experienced unprecedented economic crisis for a period of almost a decade. The economic crisis in Zimbabwe resulted in several businesses wilting because they could not wither the pressure exerted on them by the unstable economic situation. Doom and gloom became the order of the day for business operators since they were failing to trade due to the runaway inflation rate (Mudzingiri, 2014; Nyanga, 2019). The effects of the economic turmoil stretched deep and wide and left most businesses bleeding in debts. The political and economic crisis characterized by skyrocketing inflation that unfolded in Zimbabwe crippling affected businesses of all sizes and types. Mudzingiri (2014) argues that the downward trend that was witnessed in almost all the economic indicators from 2000 to 2008 was a clear sign of an ailing economy. Ailing economies make it difficult for organizations to survive and grow. For the economic situation to be transformed Zimbabwe needed to bring together and engage all the key stakeholders to the development of the economy for the purposes of developing a strategy that gives the economy a new lease of life. Darwish et al. (2020) also observed that during and after recession family businesses become the main source of income and livelihood. Al-Manasrah (2020) reiterated that family businesses' performance depends on the organization's capabilities and are bound to suffer if they do not have a capable and motivated workforce.

The economic crisis the country faced from 2000 to 2008 almost brought all businesses to a grinding halt. Due to the liquidity crunch, several companies almost lost all the profits they had generated over the years. The 2000 to 2008 economic instability deprived several businesses from tapping on business opportunities created by the change in sociopolitical directions such as the land reform program. The economic situation which Zimbabwe experienced also resulted in businesses failing to give their workers living wages thereby relegating workers to beggars and destitute. Shoniwa et al. (2013) observed that the economic situation demoralized workers and also instilled in workers the spirit

of stealing from their employers. Companies lost their skilled, motivated, and loyal workforce due to unbearable economic pressures exerted on them. Shoniwa et al. (2013) further observed that the economic situation in Zimbabwe slithered very swift which in turn resulted in the plummeting of production in almost all the key industries such as mining and agriculture. Investor confidence dwindled as most investors started to view Zimbabwe as a high-risk business investment destination (Nyanga et al., 2012; Dekker, 2009). The economic meltdown was so intense to the extent of putting the agriculture sector to a standstill; yet, it is the main supplier of raw materials to local processing industries. The economic challenges faced by many countries are consistent with inconsistent fiscal and monetary policies, unstable power supply, unstable water supply, and ever-increasing costs of fuel. Nyanga et al. (2012) added brain drain to the list of factors that crippled several businesses and sustainable economic development and poverty eradication in Zimbabwe.

A study by Zirima et al. (2013) indicated that the key challenges that impacted small to medium enterprises during recession in Zimbabwe were among others frequent power shortages, inadequate working capital, unavailability of recapitalization systems, inefficient infrastructure, and brain drain. Most rural areas in Zimbabwe are home to small to medium enterprises; hence the economic problems experienced in Zimbabwe principally affected operations of SMEs. Most growth points and surrounding rural areas grappled with power and water outages which generally affected operations of businesses. A significant number of firms, businesses, and companies in both rural and urban areas stopped operations due to the bullying economic crisis in Zimbabwe. Shortage of funds for recapitalization and working capital was a huge challenge that was faced by businesses in Zimbabwe. Literature has shown that several businesses in rural Zimbabwe were heavily affected by the economic crisis that bedeviled the country for slightly over a decade. There are however some few businesses in rural areas that survived the economic crisis. There is limited information on the status of those businesses that survived the economic downturn and the strategies that they employ to hedge their businesses from future economic challenges. It was therefore the aim of this study to establish the experiences and status of businesses that survived the 2000–2008 economic crises in Zimbabwe and the strategies they employ to avert future economic crisis.

#### *A. Hypothesis*

- a.  $H_0$  Business operators in rural areas had no nasty experiences caused by the 2000–2008 economic challenges in Zimbabwe.  
 $H_1$  Business operators in rural areas had nasty experiences caused by the 2000–2008 economic challenges in Zimbabwe.
- b.  $H_0$  The status of businesses that survived the 2000–2008 economic crisis in rural areas is different but was not influenced by the economic challenges.  
 $H_1$  The status of businesses that survived the 2000–2008 economic crisis in rural areas is different and their status was influenced by the economic challenges.

c.  $H_0$  There is no relationship between the 2000 and 2008 economic crisis to the survival strategies employed by survivors.

$H_1$  There is a relationship between the 2000 and 2008 economic crisis to the survival strategies employed by survivors.

### III. METHODOLOGY

The study used a mixed research approach, employing the descriptive survey design and soliciting data using a self-designed questionnaire and interview guide. A descriptive survey design embedded in a mixed research approach was utilized to carry out the study. A mixed research approach was chosen because the researcher intended to collect data in a balanced fashion. Mixing quantitative and qualitative research help in ensuring that data are reliable, authentic, and fully addresses in depth all the issues the study intends to address. Some of the members of the population were semi-literate; hence, they would make meaningful contributions to the study through interviews.

#### A. Participants

The population of the study comprised all the business people in the Midlands, Masvingo, and Matabeleland South Provinces. The researcher decided to delimit the study to the three provinces because they were the hardest hit by economic challenges due to their proximity to South Africa. The provinces lost a lot of manpower to the neighboring countries and also lost a significant market share as most of the customers opted to buy their goods in South Africa other than from local shops. The exact number of the population could not be established because there was no database for businesses that were operating during the 2000–2008 economic period. Two sampling techniques were used to select participants for the study. First, a convenient sampling technique was used to choose the provinces and districts that participated in the study. The districts that were selected were Mberengwa and Zvishavane (Midlands province), Chivi and Masvingo (Masvingo province) and Gwanda and Insiza (Matabeleland South province). The researcher opted to collect data from the six districts because he is a resident of Masvingo town which is geographically strategically convenient for him to visit the four districts. Second, the snowballing technique was utilized to select participants from the chosen districts. The reason for using the snowballing technique was that there was no database for enterprises that survived the 2000–2008 economic crisis; hence, the researcher could only identify participants through snowballing sampling technique. With the assistance of local leadership such as village heads, the researcher identified a few business enterprises that were operating during the economic period under review. The identified business people would refer the researchers to other business people and their workers who were operating businesses during the 2000–2008 economic period. The process went on until 116 participants were selected.

#### B. Instruments

A questionnaire and an interview guide were used to solicit quantitative and qualitative data participants, respectively. A self-designed questionnaire with four sections was distributed to 116 participants and 105 were duly completed and returned to the researcher. Participants were asked to complete and return the questionnaire to the researcher within an hour. Participants were only given an hour to complete the questionnaire because the researcher wanted to reduce transport and other logistical costs of returning to the same area to collect the completed questionnaire. The interview guide was used to interview 11 participants who were semi-literate and could not complete a questionnaire. The interviews were conducted using local languages such as Chishona, Isindebele, and Sotho. Each interview session lasted approximately 30 min.

#### C. Data Analysis

Quantitative and qualitative data were concurrently analyzed using descriptive statistics and thematic data analysis methods. Quantitative data were presented in tables and charts and analyzed using descriptive statistics, while qualitative data were presented using descriptive notes including verbatim quotations. The researcher promoted the validity and reliability of the data collection instruments by pilot testing them. The pilot study was conducted in the southern part of Gwanda district.

### IV. RESULTS

#### A. Bio-Data for Participants

Expectedly, just like in many business ventures in the global south societies where gender inequality is prominent, the male (65.7%) participants were almost double the number of their female (34.3%) counterparts (Table I). Nyanga (2020) observed that due to gender disparity which is tilted in favor of men, there were generally fewer female than male entrepreneurs in Zimbabwe. The economic challenges that characterized the Zimbabwean economy between 2000 and 2008 made a significant number of women to become risk-averse and decided not to venture into businesses. Nyanga et al. (2019) observed that during economic and political crisis many women prefer to be employed other than to start their businesses. Probably this explains why there were fewer women entrepreneurs during the 2000–2008 economic period in Zimbabwe.

The 61 and above age group (44.8%) dominated all the age groups followed by the 51–60 (32.4) age groups. The results suggest that most people who were running businesses in rural areas during the period under study were in their middle 30s and early 40s.

The 25 and below years category garnered the highest 39% while the 26–35 and 36–45 accumulated 36.2% and 21%, respectively. Expectedly, there were very few 3.8% participants who were in the 45 years and above business experience category. The 45 and above category comprise of people who are above the age of 65 years hence it is most likely that the majority of them have already quit businesses and retired.

### B. Status of Organizations that Survived the Meltdown

As shown on Table II, the study revealed that the majority, 70.5% of businesses in rural areas were still operating at the same location they were operating at during the 2000–2008 economic turmoil period. Only a paltry, 7.6% relocated to urban centers while the other 21.9% remained at the same location but went on to establish satellite shops in urban centers or growth points or even other better developed business centers in rural areas. There are a number of advantages associated with keeping a business at same location for a long time, chief among them being maintaining a loyal customer base. Most small businesses in rural areas are general dealers; hence, they sell an assorted number of products to their loyal clients and so relocation makes them lose a significant market share. Changing the site of the business may require the organization to do massive marketing and promotion activities such as lowering prices of certain commodities and also creating social media platforms for their customers, which costly and taxing. When economic normalcy resumed in 2009 most businesses decided to resume their businesses at the same locations because it was cost, and management convenient to do so. Consistent with the above view below are some of the remarks of the interviewees; *“Many people decided not to relocate their businesses because it was cheaper to remain at the same location since most business people owned the buildings where their businesses were operating from.”*; *“It was cheaper and convenient to remain at the same location because most people owned the buildings where their shops were operating from and also that most businesses were located in the home areas of business owners. Such scenarios motivated business people not to relocate because they could do their businesses while also attending to their subsistence crop production and animal husbandry projects.”* The findings from both qualitative and quantitative data collection methods show that it was a strategic move for most businesses not to relocate their businesses. There was no relationship between the demise of businesses and the locations but it was the economic distortion that had a relationship with the demise of businesses. There was therefore no reason for to change business locations.

### C. Business Line and Scale of Operation

As indicated on Tables III and IV, results have shown that the majority (62.9%) of the enterprises were pursuing the same business lines that they were pursuing during the economic meltdown period in Zimbabwe. Most businesses decided to continue with their buying and selling businesses because they viewed it as the most viable in rural areas. The main reason for maintaining the same business lines was that most businesses were familiar with the systems of their businesses hence changing would need them to create totally new business contacts. 21% of the businesses diversified and introduced more business lines while 16.1% moved into totally new business lines. The changes that were done in business lines were mainly motivated by newly identified niches or market. Changes were done to maximize

on identified business opportunities in the same market or in a totally new market. The strategies worked well for various enterprises as witnessed by a significant increase in the growth of businesses. 55.3% of the businesses increased the scales of their operations and marked significant growth in various facets of their operations. The increase in scale of operation was attributed to careful analysis of business opportunities and maximizing on them. Participant 7 remarked, *“Most businesses that survived the 2000–2008 economic scourge in Zimbabwe grasped a lot of business survival strategies hence when the economy was revived in 2009 they quickly grew their businesses by maximizing all the business opportunities that came their way.”* Most organizations have increased their scale of operations with some businesses opening satellite branches in urban centers and some totally relocating to urban areas where there are more economic activities than in rural areas. The hypothesis that the status of businesses that survived the 2000–2008 economic crisis in rural areas is different and that their status was influenced by the economic challenges was confirmed.

### D. Business Survivors' Experiences

#### *Erosion of working capital and price distortions*

Results showed that businesses that were operating in rural areas during the 2000–2008 economic distress period in Zimbabwe were adversely affected by the economic meltdown that affected the country. Table V showed the majority, 95.2% indicated that the 2000–2008 economic meltdown heavily eroded various organizations' working capital. The economic distortions which characterized the Zimbabwean economic environment destabilized almost all the businesses and in the worst scenarios resulted in the closure of businesses. The continuous rise in inflation, shortage of foreign currency, and political disruptions made businesses in rural areas to lose their hard-earned liquid and fixed assets. Businesses in rural areas could not keep pace with the galloping rate of inflation, ever-changing monetary and fiscal policies. Consistent with this view, participant 3 had this to say, *“We sold most of our goods at a loss due to the ever-rising manufacturers and wholesalers' prices. One would only discover that he had sold at a loss when he/she wants to reorder the same product. The order price would be higher than the price the product would have been sold at.”* The findings are consistent with (Nyanga et al., 2012) who argued that any form of economic crisis erodes the capital for any business and destabilizes operations of almost all businesses. The erosion of working capital put to a halt all the business operations such as restocking and meeting other operational expenses such as wage, water, and electricity bills. A hyperinflationary economy breeds productivity and profitability distortions and results in businesses failing to restock and meeting their monthly financial obligations such as rent, salaries, and electricity and water expenses. The economic upheavals that characterized the country for almost a decade did not spare any business from experiencing operational challenges. The hyperinflation-induced erosion of working capital was so horrific to the extent of relegating

small to medium enterprises in rural areas to small tuck shops and in some cases led to the closure of businesses.

#### *Destruction of economic infrastructure*

About 84.7% of participants indicated that the 2000–2008 economic crisis in Zimbabwe crippled business operations in rural areas because it destroyed the economic infrastructure such as transport and communication network which were mainly used by enterprises in rural areas to do their businesses. The soaring costs of repairing roads and other economic infrastructure made it difficult for most local authorities and the Ministry of Transport and Infrastructure Development to maintain roads and other essential infrastructure needed by enterprises in rural areas. The destruction or the collapse of the critical economic infrastructure impeded business activities in rural areas because all enterprises heavily relied on the efficiency and effectiveness of the transport and communication systems that they used to ferry their goods from wholesalers in urban centers to their shops in rural areas. The findings are consistent with (Nyanga et al., 2019) who argued that the destruction of the economic infrastructure such as roads, dams, and power systems put all business operations and activities to a halt. The economic meltdown made both public and private transport to become inefficient and exorbitantly expensive to the extent that enterprises ended up failing to restock their shops. The ever-rising price of fuel made it difficult if not impossible for small firms to make economic orders that would make them generate enough income that would make them make meaningful profits or get to a breakeven point. The business community experienced serious shortage of transport and communication systems which they needed to operate their businesses. The shortage was so severe that most businesses ended up closing their businesses while others resorted to ordering goods from other local shops that were not very far from theirs but had enough stock. The study showed that shops that had enough stock to sell to their counterparts were ordering their goods from South Africa and Botswana where prices were slightly lower and stable. Enterprises that were using their own transport also managed to survive because their transport component was significantly reduced.

#### *Lowly satisfied and motivated human capital*

The study also revealed that the 2000–2008 economic crisis in Zimbabwe made several businesses in rural areas to have a nasty experience of working with lowly motivated and satisfied human capital. The human capital became very mobile because they were not satisfied with their salaries and other conditions of service. An unprecedented and unmanageable level of human capital flight was experienced by almost all businesses. About 73.3% of the respondents indicated that almost all the businesses in rural areas lost their highly competent, skilled, loyal, and committed staff that relocated to neighboring countries in search of better economic fortunes. The findings are consistent with (Mundia et al., 2017; Nyanga et al., 2012; Nyanga et al., 2020) who observed that several businesses lost their most sought-after human capital to South Africa, Zambia, Botswana, and other neighboring countries and abroad when the economic crisis

continued to bite. Counseling during emergency and disaster periods is also essential in conducting almost all the businesses (Mutsau and Billiat, 2017). (Nyanga et al., 2012) also noted that brain drain was one of the factors that contributed to the total collapse of the Zimbabwe economy between 2000 and 2008. Although the whole country was affected by the brain drain, rural areas in Midlands, Masvingo, and Matabeleland regions were the hardest hit due to their proximity to South Africa which had become a major economic attraction for most people from struggling economies in Africa. In their study on the well-being and human resource management in a changing workplace Kowalski *et al* (2015) established that employee well-being is very essential and needs to be managed appropriately. Furthermore, Navare (2008)'s findings are also in sync with the results of the current study when he argued that human resource management practitioners need to be proactive in providing counselling services to workers.

#### *Increased cases of theft*

Both qualitative and quantitative results showed that most businesses in rural areas recorded a sharp increase in the number of pilferage cases. The majority of theft cases were instigated by the economic crisis-induced poverty in rural areas. Earlier studies (Shoniwa et al., 2013) have shown that the 2000–2008 economic crisis in Zimbabwe brought untold suffering of people in both rural and urban areas and significantly affected the operation of the banking sector. The economic crisis-induced poverty made most young people to use robbery and theft as the main survival strategies. Most businesses therefore lost a lot of stock through pilferage. The majority of thievery in shops was done or organized by disgruntled workers who felt that their salaries were way below the poverty datum line. The Japanese business thinking that if the employer gives his/her workers nuts he will attract monkeys became true since most employees were stealing from their employers. In line with this view, participants 11 and 1 had this to say, *"I lost 90% of my stock to my worker who stole it and sold it to raise money to relocate to South Africa to look for employment. The incident led to the total collapse of my business and I only resumed operations after borrowing money from a financial institution in 2009."*

*"Many businesses in Gwanda south were closed between 2005 and 2008 due to the economic depression induced pilferage. The economic situation subjected almost all people to abject poverty, which in turn motivated them to use stealing from local shops as the only survival strategy."*

The increase in the cases of pilferage in shops in rural areas during the 2000–2008 economic depression period led to the demise of several businesses. A significant number of businesses folded because they had lost their stock and capital to thieves. Underhand dealings and pilferage by workers and outsiders seriously and significantly affected the stock of business enterprises. Nyanga et al., (2018) also observed that the armed conflict in South Sudan heavily affected the economy to the extent that workers' level of satisfaction became heavily compromised. The low level of satisfaction coupled with poor remuneration led workers to organize with robbers to steal from the companies they were working for. The findings are however, contrary to Nyanga et al., (2019)

who argue that the civil war-induced economic meltdown in Mozambique motivated workers to become faithful and loyal to their employers and also to glue to their lowly paying jobs. The alternative hypothesis that business operators in rural areas had nasty experiences caused by the 2000–2008 economic challenges in Zimbabwe was confirmed.

#### *E. Survival Strategies to Avert Future Crisis*

For businesses in rural areas to hedge their businesses against future economic crisis, they had to come up with well-thought-out measures and strategies that help their businesses to wither economic distress pressure. Table VI shows strategies employed by enterprises to hedge their businesses from future economic threats;

One of the most favored (90.5%) strategies to hedge businesses based in rural areas from future economic crisis in Zimbabwe was to trade in foreign currency. From 2009 to 2018, the Zimbabwean economy was dollarized which implied that all the businesses were trading using a multi-currency system. The most preferred currencies were the United States of America Dollar (USD), Botswana pula and South African rand. In 2019, the government changed the modus operandi and reverted to the use of the local currency. The reintroduction of the local currency made the state to encourage businesses to trade using the local currency, but what remained appalling is that the majority (90.5%) of the 2000–2008 economic crisis survivors decided to continue trading in foreign currency even after the government had made it reintroduced the local currency. Taking advantages of remittances sent to people in rural areas by their relatives from foreign countries, most enterprises in rural areas in Masvingo, Midlands and Matabeleland regions continued to trade in foreign currency. Money was changed from the local to foreign currency on the illegal market, commonly referred to as the black market. The few shops that traded in local currency would quickly change the money they earned from their sales into more stable currencies so as to hedge it from being eroded by inflation. The findings are consistent with Nyanga and Zirima (2020) who observed that trading in foreign currency was one of the most useful strategies to use during economic pandemics. COVID-19 unsettled almost all the businesses throughout the world; hence those businesses which reverted to the use of foreign currency were bound to survive while those trading in local currency were bound to sink. Trading in foreign currency and keeping money in more stable currencies such as USD and South African rand helps businesses in rural areas to survive future economic disturbances. For instance from 2019 to date inflation in Zimbabwe has been increasing and the economy was generally unstable but all the businesses in rural areas that were trading in foreign currency remained stable and viable. It was therefore confirmed that there is a relationship between the 2000 and 2008 economic crisis to the survival strategies employed by survivors.

The other strategy that was employed by almost all the businesses in rural areas (93.3%) was reverting to the use of “traditional banks” where people would not bank

their money in commercial banks and other legal financial institutions but would rather keep it at what they referred to “pillow case banks.” All the generated income was kept at home as a way of avoiding bank charges and also losing the money in case banks collapse like what happened in 2008 or in case there is change in policy. Business people lost a lot of money when the Zimbabwean economy collapsed in 2008, which consequently led most of them to develop a phobia of banking their money in commercial banks. In line with this idea participant 3 said, “*I will never put my money in the bank because I lost a lot of money which was in my bank account when the economy crushed. I keep my money in USD form at home.*” The sentiments clearly showed that most business people in rural areas lost confidence in the banking sector; hence though highly risk, they prefer keeping their money in the “pillow case bank” at home. The other traditional bank that was used, especially in the Matabeleland region was keeping wealth in the form of livestock. Business people ventured into animal husbandry business as a way of banking their money in a more reliable way. A business man at Hwali business centre in Gwanda district remarked that he had over 70 cattle which he bought using the money he generated from his shop. He sells them as and when he wants to inject more capital in his business. Traditional banking methods were found to be very useful and reliable because there are limited chances of losing capital due to inflation.

About 83.8% of participants indicated that businesses in rural areas had to spread the risk by diversifying their business activities by introducing more business lines that would anchor the main business line in times of crisis. The Zimbabwean economy is very fragile and would easily brake if it is exerted to unfavorable economic forces. It is therefore prudent for businesses to diversify so as to spread the risk of being affected by environmental threats. Participant 6 commented, “*The 2000–2008 economic meltdown clearly demonstrated that the Zimbabwe economy could not withstand the pressure exerted on it by other forces. Despite being rich in minerals and also enjoying good agricultural climatic conditions the economy continued to depend on developed economies for financial aid and other forms of support.*” Regular environmental scanning to identify new markets, opportunities and threats help organizations to identify and maximize on new business lines and niches. For instance, when the government dollarized in 2009 some enterprises in rural areas ventured into real estate businesses in nearby urban centers so as to spread the risk of their wealth. Diversification coupled with aggressive marketing boost the enterprise’s market share and its probability of generating enough wealth to cover their operational and investment needs. Less expensive promotional strategies such as the use of social media were embraced so as to reduce marketing and promotion costs while at the same time effectively reaching out to clients. Aggressive marketing helps firms to grow and wither the economic storm as and when it emerges. For example, several businesses in both urban and rural areas were shaken by the COVID-19 pandemic. The shops that had badly strategically positioned themselves stopped operating because they did not have enough working

TABLE I  
DEMOGRAPHICAL DATA OF PARTICIPANTS

Biographical Variable	Category	Frequency	Percentage
Gender	Male	69	65.7
	Female	36	34.3
Age	>40	10	9.5
	41–50	14	13.3
	51–60	34	32.4
	<61	47	44.8
Period in Business	>25	41	39
	26–35	38	36.2
	36–45	22	21
	<45	4	3.8

TABLE II  
GEOGRAPHICAL LOCATION OF BUSINESSES

Location	Frequency	%
Same location	74	70.5
Re-located to urban areas	8	7.6
Same location and satellite branch in town	23	21.9

TABLE III  
CURRENT TYPE OF BUSINESS BEING PURSUED

Business	Frequency	%
Same business line	66	62.9
Diversified and introduced more business lines	22	21
Totally changed the business line	17	16.1

TABLE IV  
SCALE OF OPERATION

Scale	Frequency	%
Operating at a larger scale	58	55.3
Operating at the same scale	27	25.7
Operating at a lower scale	20	19

TABLE V  
2000–2008 BUSINESS SURVIVORS' BUSINESS EXPERIENCES

Experiences	Yes	No	Yes %	No %
Erosion of working capital and price distortions	100	5	95.2	4.8
Destruction of economic infrastructure	89	16	84.7	15.3
Lowered human capital motivation and satisfaction	77	28	73.3	26.7
Increased cases of theft	88	17	83.8	16.2

TABLE VI  
2000–2008 BUSINESS SURVIVORS' BUSINESS EXPERIENCES

Strategy	Yes	No	Yes (%)	No (%)
Trading in foreign currency & keeping money in stable currencies	95	10	90.5	9.5
Use of traditional banks	98	7	93.3	6.7
Diversification and Aggressive marketing	88	17	83.8	16.2
Avoiding selling on hire purchase and borrowing from financial institutions	100	5	95.2	4.8

capital to meet financial needs of their organizations (Nyanga and Zirima 2020). For any organization to effectively diversify there is need for it to regularly scan the macro and micro environment, because environmental scanning is the main tool that shapes the strategic direction of the business.

Environmental scanning helps businesses to exercise their minds on which business and operational strategies best suits their situations. Strategic management is the heart and soul of any business; hence, organizations need to develop strategic minds that help businesses to get a competitive advantage.

The other strategy that was employed by most enterprises in rural areas to hedge future economic challenges was to avoid selling goods on hire purchase. Goods were sold on a cash basis because enterprises preferred to use their money to generate more income rather than keeping it on hire-purchased goods. An unstable economic environment also increases the chances of people failing to settle their hire purchase bills within the prescribed period. Failure to pay on time or totally failing to settle the hire purchase bill is a huge setback for most enterprises in rural areas. It is therefore a good strategy for organizations to avoid selling goods on credit and also excessive borrowing from financial institutions to recapitalize their businesses. There are a number of financial institutions in Zimbabwe that finance small to medium enterprises but they do that with stringent conditions such request for collateral security which most businesses in rural areas do not have. In line with this view (Nyanga, 2020) observed that one of the major impediments of small to medium enterprises was lack of funding. He observed that most organizations do not have assets to use as collateral security to borrow from banks. Servicing loans is also another huge hurdle which enterprises in rural areas had to contend with, so to avoid the hurdle they decided to avoid borrowing from banks. A study by Nyanga and Zirima (2020) on the reaction of organizations to COVID-19 established that most small to medium enterprises faced serious problems to raise enough money to service their business loans since their businesses were closed due to COVID-19-induced lockdown. Borrowing is viewed by many rural areas business operators as a huge risk to their businesses and personal assets. Most rural areas operators' trade as sole traders hence their businesses do not enjoy the legal personality right, which imply that if businesses fail to settle their debts creditors can go for the personal properties of business owners. The results also confirmed that there is a relationship between the 2000 and 2008 economic crisis to the survival strategies employed by survivors.

## V. CONCLUSION

The study made the following conclusions; (1) the business enterprises that survived the 2000–2008 economic turmoil have different statuses in terms of growth, location and business lines. Some businesses reorganized themselves in 2009 when the economy was revived and made remarkable progress while others failed to rejuvenate themselves due to lack of capital. Most enterprises continued to pursue the same business lines they were pursuing during the economic meltdown period in Zimbabwe. Most businesses decided to continue with their buying and selling businesses because they viewed it as the most viable in rural areas. Most enterprises did also not change their business locations. The main reason for not changing locations was to maintain their market share and also take advantage of the loyalty of their customers to their businesses and products.

It was also observed that changing the site of the business was not necessary because there was no relationship between failure of business and the location of the business. The growth status of businesses also differed from one business to the other, but on the whole most businesses were flourishing and witnessing phenomenal growth; (2) the economic depression which was experienced in Zimbabwe between 2000 and 2008 significantly injured and destroyed several businesses that were operating in rural areas during that period. Organizations lost working capital, assets and human capital due to the economic meltdown which resulted in the destruction of infrastructure needed by enterprises to do their businesses. The reminiscence of the effects of the economic challenges that characterized the 2000–2008 economic depression are still visible in businesses that are operating in rural areas in 2020; (3) the most viable strategies to hedge businesses located in rural areas from the future economic crisis in Zimbabwe were: (a) To trade in foreign currency, (b) use of “traditional banks,” (c) spread the risk by introducing more business lines that would anchor the main business line in times of crisis, and (d) avoiding selling goods on hire purchase.

#### A. Recommendations

The following recommendations were made:

- Businesses operating in rural areas should spread the risk of losing their wealth by diversifying and entering into more than one business line.
- The government should ensure that the infrastructure needed by businesses operating in rural areas is in a usable state.
- Financial institutions should ease and soften their borrowing conditions so that small businesses in rural areas such as sole traders can borrow money to boost their capital.
- Future studies should focus on a comparative study on survival and growth strategies employed by businesses that survived the 2000–2008 economic turmoil and those that were established from 2009 to date.

#### B. Implication to the Body of Knowledge and Managerial Practices

This study contributes to the body of knowledge by providing new information about the status of business enterprise in rural areas that survived the 2000–2008 economic challenges. This area had been starved of information since most studies focused on interrogating the impact and implications of economic challenges in organizations in urban areas. The managerial implications of this study are that it equips business entrepreneurs in rural areas with survival skills and knowledge of averting future economic disturbances to their businesses.

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