



## LEVERAGING SMALL BUSINESS DEVELOPMENT THROUGH EMPLOYMENT CONTRACTS: THE MEDIATION EFFECT OF JOB INSECURITY

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**ABSTRACT:** *Following enormous de-industrialisation and a series of industrial offshoring of big corporate entities over the past decade, Small Medium and Micro Enterprises have risen into prominence by their inert abilities of employment creation and poverty mitigation, particularly in the context of developing countries such as Zimbabwe. However, their continued failure has left the nation's economy tottering at the brink of collapse, hence piling the vision 2030 of engineering the country's economy towards attaining upper-middle income status beyond visibility and feasibility. High labour turnover is attributed as the chief cause of this phenomenon. In view of that, the current study sought to assess the moderating role of job insecurity on the nature of employment contracts and SMME development. The nature of the employment contract is deemed instrumental in promoting work commitment towards SMME development. This work commitment is anchored on an individual's perceptions of job security. As such, for some, the nature of the employment contract becomes the sole driver to display extra effort at work in fear of losing a job. At times, such job loss fears are largely determined by one's family needs and responsibilities. The hypotheses are tested using a sample size of 256 individuals working and owning SMMEs. The Raosoft sample size calculator was used for the sample size determination. SPSS Process was used to test if job insecurity mediates employment contracts and small business development. The empirical outcome suggests that employment contracts have a predictive effect on SMME development and that the turnover intention had a full mediation effect between employment contracts and small business development.*

**KEYWORDS:** Small business development, Employment contract, job insecurity, Small medium, and micro enterprise.



## INTRODUCTION

Small Medium and Micro Enterprises (SMMEs) are globally touted as champions of economic prosperity for their substantial contribution towards employment creation, poverty alleviation, promotion of trade, and nurturing sustainable entrepreneurial spirit (Zhang, Zhao, Niu, Xu & Wang, 2021). They are widely regarded as pillars of economic growth, a survivalist area for the retrenched and jobless through the creation of employment opportunities and consequent alleviation of poverty (Chiwara, 2015). SMMEs are regarded as vehicles for economic prosperity, seedbeds for gainful employment creation, and decent living for entrepreneurs. Noteworthy, these small business entities contribute more than 55% of the country's domestically produced goods (GDP) and an overwhelming 65% of the total job opportunities in the European countries, Japan leading the pack with a lion's share of 99.7% of total enterprises (Manzini, Nsenduluka & Bbenkele, 2020). Whereas in African countries, they remarkably cover more than over 70% of total employment and 60% of the goods produced locally (Andalib & Halim, 2019). In South Africa, small and medium entities constitute 91% of the formally registered businesses, contributing an average of 57% of the GDP and creating 60% of total job opportunities (Chisiri & Manzini, 2021). The United Nations Industrial Development Organisation further cements the pivotal role played by these small business entities by estimating that on average they contribute above 50% of employment and GDP in most African countries (Godfrey, 2018). With reference to the Zimbabwean context, small and medium businesses contribute 60% of the country's workforce and 50% of the GDP (Chisiri & Manzini, 2021). Further, Zimbabwe Revenue Authority defines SMMEs as entities that engage between 1-40 people with an annual revenue generation and tangible assets from as low as \$50 000 to \$2 million and these small businesses constitute 70% of ZIMRA tax-paying clients (Chisiri & Manzini, 2021).

In Zimbabwe, the definition is derived from the Small and Medium Enterprises Act (Chapter 24:12) which explains that an SMME is a legal business entity defined by the number of permanent workers, annual turnover, and value of assets excluding fixed assets. They are defined as entities with less than 100 employees (Gombarume and Mavhundutse, 2014). There are more than 5 800 000 SMMEs operating in Zimbabwe, directly and indirectly benefiting the majority of the populace (Gombarume, 2014).

**Table 1: SMME Profiling**

	Number of workers	Annual Turnover	Value of Assets
Micro	1 to 5	Up to 30 000	Up to 10 000
Small	6-30	500 000	250 000
Medium	31-75	1 000 000	500 000

**Source:** *Small and Medium Enterprises Act (Chapter 24:12)*

Small business development refers to the gradual growth in sales volumes which enhances the business's capability to diversify and grow its operations and portfolio to match international standards (Manzini, Nsenduluka & Bbenkele, 2020). It measures the firm's ability to expand as a result of meeting its set targets, objectives, and goals. However, despite their enormous contribution to different economies, the same cannot be said about these small business enterprises in the context of developing countries such as Zimbabwe (Ndlovu, Shumba &



Vakira, 2018). For instance, a number of them are failing to survive and those who survive are still failing to develop into either medium or big corporate entities. In the same vein, statistics indicate that about 15 out of 100 small business entities hardly survive beyond five years, with a few graduating to either medium or big entities (Ndlovu, Shumba & Vakira, 2018). Prior literature suggests that these small business entities are bedevilled by a myriad of challenges associated with the entrepreneur's lack of capacity, particularly financial, lack of know-how, high rate of employee turnover, failure the craft strategic plans, lack of zeal and strength to both forms and nurture a successful business in the long run (Gukurume, 2018). This phenomenon has greatly compromised economic prosperity, particularly in the context of developing countries.

Gombarume and Mavhundutse (2014) hold the view that most owners of these small business entities have limited know-how in governing their businesses which have been the chief cause of their high failure rate. Similarly, lack of skill, education, miscalculations, and poor decision-making significantly contributed to the lack of development of these small businesses (Chiwara, 2015). Consenting to the view around education and skill, Ndlovu, Shumba and Vakira (2018) argue that highly skilled and educated owners embrace and promote the concept of business continuity as compared to the less educated. By the same token, a lack of adequate skills in terms of managerial competencies and strategic management has been cited as the major challenge deterring the development of these small business entities (Karedza, Sikwila, Mporu & Makurumidze, 2014). Undoubtedly, one of the primary reasons behind the failure of SMMEs revolves around the capacity and ability of owner-managers to decisively manage their small businesses (Ndlovu, Shumba & Vakira, 2018).

While the contention that these small business entities exhibit varying degrees of failure is well established (Gukurume, 2018), the main objective of realising business development remains unfulfilled and incoherent in different contexts. In some cases, the environment is characterised by a lack of employee commitment, pointing to challenges associated with the nature of employment contracts (Victoria, Samuel, Lloyd & Lazarus, 2011; Zhang et al., 2021). A contract of employment is a legally binding document between the two parties that stipulates the terms and conditions that will govern their mutual relationship (El-Sahli, Gullstrand & Olofsdotter, 2022). It can either be a permanent or temporary employment contract. Nonetheless, short-term employment contracts are the most common in small business enterprises due to their flexibility and cost-effectiveness (Manzini, Nsenduluka & Bbenkele, 2020). The employment relationship is characterized by hostility between the two parties who seek to maximise outputs with minimum inputs (Gukurume, 2018). Employers who are in this case 'entrepreneurs' want employees that are committed and productive at work in return for low pay so as to maximise profits, yet employees want secure jobs with minimum work effort required whilst paying them high salaries.

In view of the ever-changing highly competitive business (Gukurume, 2018), many small business entities have adopted the casualisation of employment as a strategy for responding to dynamic economic and technological changes. This strategy is suggested to be a panacea for the promotion and sustenance of profitability and business continuity (Zhang, 2021). Prior literature further suggests that a number of SMMEs engage their employees on a short-term contractual basis in order to minimise recruitment costs whilst maximising profitability (Chakawa, Murambi, Mutongi & Sikomwe, n.d.). Likewise in Zimbabwe, short-term employment contracts enable SMMEs to react effectively to the ever-changing business environment due to their affordability and numeric flexibility in terms of engaging and laying



off when the need arises (Adhola & Raphael, 2019). Notably, a number of SMMEs offer their employees two monthly contracts whose renewal largely depends on the pressure from the external business environment and demand by customers (Sverke, Låstad, Hellgren, Richter & Näswall, 2019). The owner-managers assess the business environment and choose whether to renew them or not once they have expired. As a result, it becomes easier for small businesses to manage organizational labour costs and sustain business continuity which makes them highly favourably in SMMEs.

The nature of employment in SMMEs is regarded as highly unfavourable towards employees, and it does not guarantee any sense of security in the job (El-Sahli, Gullstrand & Olofsson, 2022). Some employees are even made to work without contracts, the arrangement becomes a verbal engagement, which leaves employees vulnerable and exposed to risks of losing their jobs on short notice or without notice. Further, this situation would present implications associated with financial deprivation on the employees' end (Chakawa, Murambi, Mutongi & Sikomwe, n.d.). This has been exacerbated by the owner managers' exploitative characteristics, who believe that employees should just be grateful for the job opportunities available to them (Ofosuhene & Sammo, 2020). Consequently, they should not expect comfort or dictate employment terms as their duties are to follow instructions and take orders from either owners or managers (Ndlovu, Shumba & Vakira, 2018).

In some cases, SMMEs largely make use of short-term employment contracts as a strategy for employee assessment, in terms of their capabilities before they could offer long-term contracts of employment. Resultantly, this phenomenon associated with the nature of working conditions has led to an increase in labour turnover rate in SMMEs, particularly in Zimbabwe (Ndlovu, Shumba & Vakira, 2018). In fact, this engagement of employees either on a short-term basis, casual or informal has promoted labour exploitation, with managers taking advantage of the flooded labour market to maximise productivity and profitability through cheap labour (Adhola & Raphael, 2019). However, despite such unfavourable employment characteristics by SMMEs, literature suggests that the malevolent strategy has not spared some small business entities from failure (Manzini, Nsenduluka & Bbenkele, 2020).

A global snapshot perspective with regard to the nature of employment contracts indicates that in the United Kingdom short-term workers are preferred due to their flexibility and ease of termination of employment contract (Rohlfers, 2018). Whereas in the United States of America, employers prefer contract workers due to their cost effectiveness which enhances business growth (Godfrey, 2018). However, this remains debatable as it has been argued that short-term workers may be actually more expensive to an organization due to increased marginal costs as a result of high employee turnover (Gukurume, 2018). Simply put, the amount of time taken during the orientation and induction processes partly contributes towards less productivity, thereby leading to failure by these small business entities (Gukurume, 2018).

Arguably, the nature of these contacts of employment has promoted a lack of employee commitment, thereby promoting job quits or job insecurity. Job insecurity refers to workers' lack of power to minimise uncertainty and sustain employment in a threatening job situation (Sulkowski, 2020). In essence, job insecurity relates to a lack of employee authority to prevent loss of employment. However, on one hand, the concept of 'job insecurity' is regarded as a motivator for employees to work harder in demonstrating their value to the organization so that they are spared from being laid off. It further enhances employee commitment and loyalty to their jobs as they intend to impress and please the owner managers to appoint them on a



permanent basis (Gukurume, 2018). In consensus, the fear of job loss acts as a stimulant that motivates employees to improve their performance at work (Adhola & Raphael, 2019). Therefore, it remains debatable how fear caused by perceived job loss impacts employee behaviour.

Contrary, 'job insecurity' is regarded as damaging and stress-inflicting, harmful to workers' well-being which brings forth undesirable outcomes at the workplace (Gombarume & Mavhundutse, 2014). Sadly, that will ultimately promote inefficiency and ineffectiveness in performing the task. Further, employees tend to be withdrawn at work displaying little or no commitment or enthusiasm in executing their duties, something which may derail the prospects of realising small business development.

Simply stated, it implies that 'job insecurity' is stressful and demeaning, negatively affecting employees' loyalty, and resultantly driving them towards quitting their jobs. Job insecurity is harmful to employees' physical and psychological health. This is because they are always subjected to constant fear of losing their jobs. Given the burdensome family responsibilities that employees have, they will be constantly worried about their future employment which compels them to quit their current jobs in search of secure ones (Ofosuhene & Sammo, 2020). The environment is exacerbated by the fact that many small businesses lack a basic understanding of basic management concepts, hence they view employees as a liability rather than an asset. By doing so, it has seen an unprecedented growth in the tendency of treating employees as tools and means to achieve their own personal goals without catering to their needs (Zacharia, 2020). They strongly refute investment in human capital arguing that it's a waste of time and resources.

Prior literature affirms that the nature of employee contracts has a psychological, physical, and emotional impact on employee well-being and the quality of work produced (Chakawa, Murambi, Mutongi & Sikomwe, n.d.). Employees affected by job insecurity tend to exhibit reduced creative thinking and ability to solve challenges which negatively affects business development (Chiwara, 2015); and as such, it impairs employee performance. Incontestably, employee performance is significantly influenced by the terms and conditions of the contract as well as the related benefits (Halim, 2019). Offering favourable contracts of employment improves employee performance, loyalty, and affective commitment, and is arguably regarded as the best driver for promoting small business development (Manzini, Nsenduluka & Bbenkele, 2020). It is against this backdrop that motivated the current study to investigate the moderating role of job insecurity on the nature of employment contracts and SMMEs' development.

The following main hypothesis guided the analysis of the data:

**H<sub>1</sub>:** There is no positive relationship between employment contracts and small business development.

**H<sub>2</sub>:** There is no positive relationship between employment contracts and job insecurity.

**H<sub>3</sub>:** There is no positive relationship between job insecurity and small business development.

**H<sub>4</sub>:** There is no positive mediation effect of job insecurity between employment contracts and small business development.

## THEORETICAL UNDERPINNINGS AND RESEARCH MODEL

By examining the literature on contracts of employment, job insecurity and small business development, this research focuses on investigating the influence of contracts of employment on small business development in the context of developing countries. According to Hamilton (1974), the contract of employment process addresses two fundamental issues which provides grounding to the theoretical underpinnings: the first is anchored on the permanent employees who possess critical skills needed by the organisation to succeed. Businesses would always try to retain these employees in view of the nature of contract of employment. The second set of employees are those at the peripheral. These are the contract employees regarded to possess less critical skills. Their input to the organization is limited therefore they are given short term contracts for ease of layoff and they constitute the majority of employees in entities such as small businesses. The core employees are exposed to high pay, and more opportunities for growth and development, yet the peripheral employees are lowly paid with limited career growth opportunities. Notwithstanding this, Hambrick and Mason (1984) argue that managers play a key role in promoting organisational efficiency through implementing proper management practices. They decide on different contracts of employment to offer as well as the amount of remuneration and benefits to be offered to employees.

Lazarus and Folkman (1984) suggest that the impact of job insecurity depends on the individual's perception. It is premised on an individual appraisal of a certain encounter at work as the basic process. It explains how employees react to job insecurity at work. It states that employees can choose to categorise it as irrelevant to their well-being and adapt to it particularly if they are subjected to an unfavourable working environment. Simply stated, once the work environment becomes insecure, employees tend to work hard in order to impress the owner-managers, so as to avert lay-offs. Contrary, employees may as well view job insecurity as a destructive stressor, harmful to their well-being which brings forth negative results. Notably, the theory explains that employees react differently to job insecurity, and the outcome is not only limited to employee resignations or withdrawal behaviours but also to a lack of employee commitment.



**Figure 1. Research Framework: Adapted from Chiwara (2015) and El-Sahli, Gullstrand and Olofsdotter (2022).**

The conceptual framework explains the role played by the nature of employment contracts in the overall development of small business entities. As presented in Figure 1, the conceptual framework highlights the interrelationship between the nature of employment contracts and



small business development. However, the relationship between employment contracts and small business development to job insecurity.

## METHOD

### *Study Population and Sample Size*

The data was quantified and examined to provide insights that were used to form the conclusion. The population under study was the SMMEs which included those in steel manufacturing, in trading, whether in food, beverages or clothing at the Kelvin West cluster. Information obtained from the Small and Medium Enterprises Association of Zimbabwe (SMEAZ) highlighted that the Kelvin West cluster has 37 entities that manufacture steel products with a total of 317 employees. There are 30 registered SMMEs in the food and beverages retail with a staff complement of 239. It was also indicated that the Flea market section which trades in second-hand clothing and footwear had 206 employees. The population for this study was therefore 762.

The study used a multi-stratified random sampling method. The sample was grouped according to their functions and nature of services, and these are vending, clothing retailing, and manufacturing and wholesaling. After that, the study used a simple random sampling technique to select SMMEs and administered questionnaires. A sample size of 256 small businesses was calculated using the Raosoft formula for the determination of sample size. The accepted margin error was 5 percent, and the confidence level at 95 percent. The desired sample size is 256 from a total population size of 762.

**Table 2:** SMME Categories

Category	Number of employees
Food and Beverages	239
Clothing Retail	206
Steel Manufacturing	317

**Source:** *Small and Medium Enterprises Association of Zimbabwe (SMEAZ)*

The researcher used close-ended coded questionnaires for ease of quantitative analysis. Furthermore, questionnaires are easy and cost effective to administer as compared to other research instruments and they cover a lot of participants. Researchers are able to collect data from a large number of respondents within a short period of time with minimum costs incurred (Pallant, 2010).

### Data Collection

Questionnaires were administered by the investigator to 256 employees from the selected three main SMME categories. It was a self-administered questionnaire. Researchers availed their services to respondents to offer any clarity where possible. Of the 256 self-administered distributed questionnaires, 241 were returned, adequately completed. That gave a response rate of 94 percent, deemed appropriate for further data handling (Pallant, 2010). The researcher utilised a quantitative research method. A figure of 256 questionnaires were handed out to the participants at Kelvin SMMEs and 241 responded positively which gave a total response rate



of 94%. The researcher employed the survey strategy to the size of the population of 241 employees from Bulawayo Metropolitan SMMEs at Kelvin West. The answers to the questions were entered into a spreadsheet, extracted to SPSS, and analysed statistically

### **Data Analysis**

Data was entered in IBM Statistical Package for Social Sciences (SPSS) Statistics version 25 and analysed using SPSS PROCESS version 4.2. The next section presents the results.

## **RESULTS**

The researchers utilised quantitative research methods. Of the 256 questionnaires distributed to participants at Bulawayo Metropolitan Kelvin SMEs, 241 responded positively, presenting a total response rate of 94%. The answers to the questions were entered into a spreadsheet, extracted to SPSS, and analysed statistically.

### **Demographic Analysis**

#### **Gender**

Of the total number of 241 participants, 164 (68%) were male respondents, whereas 77 (32%) were female participants. The results of the study indicated that SMMEs are widely dominated by male workers as indicated from the analysis.

#### **Age**

The study indicated that 38.8% of the participants were from the ages of 18-24 years, followed by 23.2% in the age range of 25-34 years. The age group of 35 years and above accounted for 38%.

#### **Level of Education**

The Table 1 below shows the frequency of employee level of education in SMMEs. In the study carried out, it was revealed that 23% of the employees ended their education at the primary level, whereas 43% ended at secondary education, with 34% having had an opportunity to proceed beyond secondary up to tertiary. The results reflect that SMMEs in Bulawayo are predominantly occupied by semi-educated and uneducated employees as indicated by the percentages. The results state that small business enterprises are preoccupied with employees who still need further development in their academics which partially explains their nomadic behaviours (Ndlovu, Shumba & Vakira, 2018). They use SMMEs as a stepping stone to budget tuition fees to further their academics and gather work experience that will qualify them for big corporate entities (Ofosuhene & Sammo, 2020).

#### **Employment Contract**

The research outcomes indicated that SMMEs at Kelvin are predominantly on short-term contracts (temporary) as indicated by 82.6%. Whereas employees on a long-term contract (permanent) account for 17.4%. Irrefutably, one will concur with the results, partly due to the prevailing economic turbulence which has compelled many businesses to adopt the strategy of engaging employees on a contractual basis (Zhang et al., 2021). Further, it could be due to their



ease of termination and cost-effectiveness as and when it becomes necessary (Gombarume & Mavunduse, 2014). In view of the aforementioned statement, it could suggest that many of SMMEs' failures could be associated with job insecurity on the part of employees.

**Table 3. Demographic Characteristics**

Variable	Description	Percentage %
Gender	Male	68
	Female	32
Age (Years)	18-24 years	38.8
	25-34 years	23.2
	35-44 years	29
	45 + years	70
Level of Education	Primary	23
	Secondary	43
	Tertiary	34
Employment contract	Short-term	82.6
	Long-term	17.4

### Reliability and Validity

All five constructs had reliability values of greater than 0.7, which is considered acceptable according to (Pallant, 2010). The outcome of the tests reflects the internal consistency of the items purported to measure a construct. The rule of thumb suggests that an alpha coefficient of at least 0.7 reflects acceptable levels of reliability (Pallant, 2010). With reliability tests having been found to meet the minimum requirements, the data was subjected to further analysis.

**Table 4: Reliability test**

Variables	Cronbach's Alpha	Number of items
<b>Employment contract</b>		
Short-term contract	0.851	4
Long-term contract	0.903	4
<b>Job insecurity</b>		
Turnover intention	0.944	4
Employee commitment	0.917	4
<b>SMME development</b>		
Sales	0.924	4



## Exploratory Factor Analysis Results

All construct variables were tested for validity. Exploratory factor analysis was used to assess convergent and discriminant validity. Convergent validity conditions are satisfactory if variables within a single factor are highly correlated and factor loadings are at least 0.5. Lastly, discriminant validity is satisfactory if variables load significantly on one factor. Variables should relate stronger to their own factor (Field, 2009). The results in Table 4 indicate that the factor analysis procedure was appropriate for this data.

**Table 5: Factor Loadings**

Construct	Items	Factor loadings
Short-term contracts	STC1	.747
	STC2	.745
	STC3	.916
	STC4	.422
Long-term contracts	LTC1	.679
	LTC2	.799
	LTC3	.819
	LTC4	.631
Turnover intention	TI1	.682
	TI2	.699
	TI3	.835
	TI4	.864
Employee commitment	EC1	.856
	EC2	.904
	EC3	.734
	EC4	.953
SMME sales	SL1	.694
	SL2	.925
	SL3	.784
	SL4	.640

*NB Factor loadings less than 0.4 were suppressed*

## SPSS-PROCESS analysis

### Mediation Analysis

Regression analysis was used to test if job insecurity mediates employment contract and small business development. According to Hayes and Rockwood (2020), the mediation test should meet three conditions in the regression analyses: For a mediation effect to be confirmed, the predictor X (Employment contract) must predict M (Job insecurity), and the M (Mediator) must predict the outcome Y (Small business development). For full mediation to be confirmed, the predictor variable (Employment contract) must not have a significant predictive effect on the outcome variable (Small business development) in the presence of the mediator variable (Job insecurity). Where the predictor variable is still significant, then partial mediation is confirmed

**Table 6: Regression coefficients and p-values**

Constructs	Regression coefficients	P-values
Short term contract – SMME sales	0.231	0.000
Long term contract – SMME sales	0.238	0.000
Short term contract–Turnover Intention	0.353	0.000
Short term contract–Employee commitment	0.0001	0.8573
Long term contract – Turnover Intention	0.302	0.000
Long term contract–Employee commitment	0.0073	0.2008
Turnover Intention – SMME sales	0.609	0.000
Employee commitment – SMME sales	0.002	0.530

**H<sub>1</sub>:** *There is no positive relationship between employment contracts and small business development*

The results indicate a positive relationship between employment contracts and small business development. The relationship between short-term contract and small business development was found to be statistically significant ( $B=0.231$ ;  $p=0.000$ ). Another construct for an employment contract (long term) had a positive relationship and a statistically significant coefficient with small business development (sales) ( $B=0.238$ ;  $p=0.000$ ). These results are consistent with findings from a study by Jonathan (2019). The scholar holds the view that employees on short-term contracts exert more effort in their workplaces to impress the owner-managers, and in the process, they engage in productive behaviors in advertising and persuading customers to buy their services and products consequently leading to an increase in sales growth. Contrary to the aforementioned argument, employees on short-term contracts tend to work extra hard due to fears associated with getting laid off as a result of poor performance (Gukurume, 2018). In that case, they are left with no option but to work harder so as to fend for their families more than to impress owner-managers.

**H<sub>2</sub>:** *There is no positive relationship between employment contracts and job insecurity.*

The results indicate that short-term contracts had a positive relationship with turnover intention, and the relationship was also statistically significant ( $B = 0.353$ ;  $p = 0.000$ ). These results are in line with Wandera (2011) who argues that employees on short-term contracts have a tendency of exhibiting characteristics of workaholic at first with the hope of impressing managers and obtaining employment on a permanent basis in the long run. Nevertheless, the scholar further argues that the aforementioned status quo may change due to the longevity of the same contract type.

The relationship between short-term contract and employee commitment had a weak positive relationship and it was not statistically significant ( $B=0.0001$ ;  $p=0.8573$ ). Employees on short-term work arrangements are more positive and have higher satisfaction and well-being than employees engaged on a permanent basis (Ochieng & Nyonje, 2019). This explains why employees in the private sector, especially NGOs or the private sector, are perceived to be more hard-working than their counterparts in the public sector. The results show that as SMMEs



employees engage on short-term contracts for prolonged periods, they tend to become reluctant, exhibit low morale, and are less comfortable (Wandera, 2011). By and large, such characteristics predominantly manifest through low-production activities. In consensus, employees on short-term contracts with time develop a sense of insecurity driven by non-union memberships (Ofosuhene & Sammo, 2020). In many cases, employees on short-term contracts are denied the right to join their respective trade union, something that has a bearing on their performance. Subsequently, in the context of a business, short-term contracts are widely preferred over long term because they enable staff flexibility, they are also used as a cost reduction strategy, and employees on such contracts can easily be dismissed from work (Wandera, 2011; Sheikh & Naveed, 2011).

Further, long-term contract was positively related to turnover intention, and the relationship was statistically significant ( $B=0.302$ ;  $p=0.000$ ). Undeniably, a large number of employees on long term contracts rarely bother about quitting their current jobs, except when one finds something with better conditions. Interestingly, Rohlfer (2018) holds the view that employees on long-term contracts are more likely to quit their jobs due to the need for a more challenging environment and the possible need for self-actualization. Further, this drive could be partly associated with the amount of experience gathered over the years, hence the edge for one to start up own business venture. However, this is contrary to the belief that employees on long-term contracts are more productive, loyal, and bound to remain for a long time. In view of the aforementioned statement, the drive to stay pivots around a category of employment conditions not available to employees on short-term contracts (Ofosuhene & Sammo, 2020).

The relationship between long term contract and employee commitment had a weak positive coefficient and was not statistically significant ( $B=0.0073$ ;  $p=0.2008$ ). Employees engaged on a long-term basis have a high sense of achievement and ownership (Chiwara, 2015). As a result, they tend to be committed to their organizations in order to establish and decorate their personal profiles for future recommendations.

### *H<sub>3</sub>: There is no positive relationship between job insecurity and small business development*

The results indicate that there is a positive relationship between turnover intention and small business development, and the relationship is statistically significant ( $B=0.609$ ;  $p=0.000$ ). Employees with high intention to quit their jobs tend to exhibit poor customer service or poor quality in the production processes in the manufacturing sector (Karedza, Sikwila, Mpofu & Makurumidze, 2014). This phenomenon may lead to drop in sales thereby adversely affecting the development of small businesses. Primarily, these short-term contract employees are rarely motivated as compared to permanent employees. They are considered to be at the periphery, and as such many do not invest so much in training them (Ofosuhene & Sammo, 2020). These are the very employees who would feel insecure, and exhibit retrogression tendencies over time, something that may militate against the objective of developing a business.

Findings from the current study also reveal that there is a weak positive relationship between employee commitment and small business development. Further, the relationship was found not to be statistically significant ( $B=0.002$ ;  $p=0.530$ ). Conflicting, Andrew (2017) explored several facets of employee commitment to the organisation instrumental in promoting organisational performance. The scholar found that affective, normative, and continuous commitment exhibited by employees promote organisation performance. However, findings from the current study suggest that the weak relationship could be associated with the edge to



quit as a result of accumulated individual knowledge, which may reduce levels of commitment (Oriazowanlan & Erah, 2019). Simply put, one would have reached a saturation stage where the job seizes to challenge anymore, hence the reason for reduced commitment.

**H<sub>4</sub>:** *There is no positive mediation effect of job insecurity between employment contracts and small business development*

**Table 7: Turnover intention mediating short-term contract and sales**

SMME SALES							
Model summary	R .7806	R-sq .6093	MSE 4.3244	F 114.887 2	df 1 3.0000	df 2 221.0000	P .0000
	coeff.	se	t	p	LLCI	ULCI	
Constant	.5651	1.0343	.5464	.5854	-1.4732	2.6034	
Short-Term Contract	.0225	.0470	.4789	.6325	-.0701	.1151	
Turnover Intention	.6111	.0418	14.6131	.0000	.5287	.6935	
Employee Commitment	.0012	.0293	.0424	.9662	-.0564	.0589	

## INTERPRETATION AND DISCUSSIONS

Regression analysis was used to investigate the hypothesis that job insecurity mediates the effect of employment contracts on small business development (Sales). Results indicated that short term contract did not have a significant predictive effect on small business development (Sales),  $B = .0225$ ,  $SE = .0470$ ,  $p = .6325$ , and that turnover intention had a significant predictive effect on small business development (Sales),  $B = .6111$ ,  $SE = .0418$ ,  $p = 0.000$ . These results support the mediational hypothesis. Short-term contracts had a non-significant predictive effect on small business development (Sales) in the presence of the mediator turnover intention, and this outcome is consistent with full mediation.

Further, short-term contract was not a significant predictor of small business development (Sales),  $B = .0225$ ,  $SE = .0470$ ,  $p = .6325$ , and employee commitment was not a significant predictor of small business development (Sales),  $B = .0012$ ,  $SE = .0293$ ,  $p = 0.9662$ . These results are indicative of the absence of a mediation effect. Approximately 60.1% of the variance in small business development (Sales) was accounted for by the predictors ( $R^2 = .6093$ ). The indirect effect was tested using a percentile bootstrap estimation approach with 5000 samples implemented with the PROCESS macro Version 4.2 (Hayes & Rockwood, 2020). These results also indicated that the indirect coefficient was significant,  $B = .409$ ,  $SE = .0560$ . The short-term contract was associated with small business development (Sales) scores that were approximately .41 points higher as mediated by turnover intention.

**Table 8: Employee commitment mediating long term contract and sales**

SMME SALES							
Model summary	R .7835	R-sq .6139	MSE 4.2738	F 117.1190	df 1 3.0000	df 2 221.0000	P .0000
	coeff.	se	t	p	LLCI	ULCI	
Constant	-.2804	1.1468	-.2445	.8071	-2.5406	1.9797	
Long-Term Contract	.0703	.0417	1.6875	.0929	-.0118	.1525	
Turnover Intention	.5851	.0403	14.5352	.0000	.5058	.6644	
Employee Commitment	-.0053	.0294	-.1813	.8563	-.0632	.0525	

## INTERPRETATION AND DISCUSSIONS

Regression analysis was used to investigate the hypothesis that job insecurity mediates the effect of employment contracts on small business development (Sales). Results indicated that long-term contract had no significant predictive effect on small business development (Sales),  $B = .0703$ ,  $SE = .0417$ ,  $p = 0.929$ , and that turnover intention was a significant predictor of small business development (Sales),  $B = .5851$ ,  $SE = .0403$ ,  $p = 0.000$ . Long-term contracts had no significant predictive effect on small business development (Sales) in the presence of the mediator, turnover intention, consistent with full mediation.

Further, long-term contract was not a significant predictor of small business development (Sales),  $B = .0703$ ,  $SE = .0417$ ,  $p = 0.929$ , and that employee commitment was not a significant predictor of small business development (Sales),  $B = .0053$ ,  $SE = .0294$ ,  $p = 0.8563$ . These results indicate that there is no mediation supported. Approximately 61.4% of the variance in small business development (Sales) was accounted for by the predictor ( $R^2 = .6139$ ). The indirect effect was tested using a percentile bootstrap estimation approach with 5000 samples implemented with the PROCESS macro Version 3 (Hayes and Rockwood, 2020). These results indicated the indirect coefficient was significant,  $B = .331$ ,  $SE = .0$ . Long-term term contract was associated with small business development (Sales) scores that were approximately .33 points higher as mediated by turnover intention.

## CONCLUSION AND IMPLICATIONS

This study has provided an empirical overview and relevant discussion on different employment contracts, turnover intentions, employee commitment, and small business development and their relationships at the Bulawayo Metropolitan Kelvin West. The paper focused on predicting the effect of employment contracts (short-term and long-term) on small business development mediated by job insecurity. Overall, the study found a significant effect of employment contracts on SMME development, employment contract on turnover intention, and turnover intention on SMME development. The turnover intention had a full mediation



effect between employment contracts and small business development, yet employee commitment did not have a mediation effect between employment contracts and small business development. Therefore, this study concludes that employment contracts significantly predict employees' turnover intentions and small business development. Conversely, though part of the findings of the current study was inconsistent with outcomes from the extant literature, this study found a positive relationship between employment contracts and the variables analysed.

The study thus recommends that the management of SMMEs improve the contractual engagement of employees so as to realise the best in them and enhance employee commitment towards business development. Moreover, employees, especially those on long-term contracts should be encouraged to continue showing seamless commitment to the business. The study finally recommends the need to conduct more context-based empirical studies to discover other facets that account for the differing research findings with respect to the outcomes from different employment contracts. Further, this study is important as the management of SMMEs can use the findings to enhance their employee contractual terms and conditions to enhance the commitment of employees.

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