

AN ASSESSMENT OF FACTORS THAT DETERMINE THE LISTING OF SMALL TO MEDIUM ENTERPRISES (SMEs) ON THE ZIMBABWEAN ALTERNATIVE SECURITIES MARKET

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-Abstract-

The study was motivated by the lack of research on this phenomenon in Zimbabwe, as it sought to investigate the factors that may influence SMEs to register on the ASM. To achieve this objective, the study adopted a quantitative approach. Data was collected from a sample size of three hundred and thirty (330) which were selected through stratified random sampling. Factor analysis was used to identify the factors which determine the listing of SMEs on the ASM. The four

factors which emerged were factor 1 (information accessibility), factor 2 (regulatory requirements), factor 3 (corporate governance), and factor 4 (SMEs support platforms). The findings indicated that information accessibility, regulatory requirements, corporate governance, and SMEs support platforms are important in determining SMEs listing on the ASM. The research article presents both the academic contribution and managerial implications of the findings and opportunities for future research are provided.

Key words: *SMEs, Alternative Securities Market, Harare, Zimbabwe*

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1. INTRODUCTION

In both developed and developing countries, the SME sector has continued to play a critical role in economic development. SMEs immensely contribute to the gross domestic product (GDP) of the country as well as employment creation. However, SMEs especially in developing countries like Zimbabwe face big problems in accessing finance in the form of bank loans because they are perceived to be high risky customers as they do not have enough collateral. The situation in the country is worse because of poor performance of the economy and hence the inability of the government to financially support SMEs. In that regard, the government is seeking for a variety of mechanisms to ensure that SMEs access funds. One such identified mechanism is the Alternative Stock Market (ASM). Some developing countries namely South Africa, Ghana, Egypt, Kenya and others, have taken a leading initiative of establishing the ASM for SMEs in order to raise funds through issuing and selling shares. In Zimbabwe, consultations are ongoing on the possibility of establishing an ASM. Once approved, it is hoped that the ASM will provide an option to raise the much needed capital by the SME sector. The policy makers would therefore need to put in place measures that would encourage SMEs to register on the ASM. What it means therefore is that for SMEs to consider registering with the ASM there could be factors that need to be addressed first. The factors are yet to be established. Research studies are therefore needed

to investigate the factors that SME consider in making a decision to register on the ASM. A review of literature on the ASM in Zimbabwe has revealed that no research has been carried out in Zimbabwe that sought to assess factors influencing SMEs to register on the ASM. The observed phenomenon demonstrates that there is a gap that warrants academic scrutiny. Perhaps, what is more compelling is the fact that, other developing countries such as South Africa, Kenya, Uganda and Egypt have set up ASM and there are some studies that were carried out to inform policy making about ASM, but in Zimbabwe, nothing has so far been done. It is against this backdrop that the study seeks find out the factors which determine the listing of SMEs on the ASM.

The research provides SMEs entrepreneurs with additional options of getting funding as well as benefits of participating on the alternative security market. This study also helps policy makers for example government and Security Commission of Zimbabwe with the necessary advice which they can take into consideration when formulating the policies for the alternative security market. This research will contribute to the literature on the alternative security market. This is by developing and testing a conceptual framework that shows how critical factors namely information accessibility, regulatory requirements, corporate governance, SMEs business mutual guarantee networks and government supported platforms help in promoting the listing of SMEs on the Alternative Stock Exchange.

2. LITERATURE REVIEW

2.1 Alternative stock exchange

An alternative stock exchange is a securities exchange established to cater exclusively for SMEs that are not able to meet the regulatory requirements of the main board in order to raise capital (Zimbabwe National Chamber of Commerce, 2010). The Alternative securities market provides an alternative type of financing for SMEs in order for entrepreneurship and innovation to thrive (Oteh, 2010). It is regarded as fundamental source of long term finance given that SMEs has been relying upon banks (Oteh, 2010).

A financial system which compresses of securities market and banks is healthier as compared to one with only one source (Global Entrepreneurship Monitor, 2009). The presence of the Alternative Securities Markets gives a necessary competition to banks and creates more options for sources of finance for SMEs (Oteh, 2010). In Nigeria, the Alternative Security Market (ASEM) is the market with specialized board to accommodate small and medium sized companies with high growth potentials seeking to access the capital market. The Alternative Securities Market in Nigeria was established as a government initiative to facilitate as well as enhancing specific indigenous firms who could not meet all listing requirements to take advantage of the capital market. In South Africa, the Alternative Equity Exchange is an alternative public equity exchange for SMEs in operating in the country, and it operates in parallel with and wholly owned by the Johannesburg Stock Exchange 2013 (Johannesburg Stock Exchange 2013).

2.2 SMEs

SMEs play a critical role in building a country' economy as well as maintaining sustainable development (Zimbabwe National Chamber of Commerce, 2010). They are regarded as the hub for innovation because they come up with brilliant ideas, but sometimes these ideas are not developed due to lack of funding (Global entrepreneurship monitor, 2009).

Globally, SMEs constitute nine out of ten of the world businesses (International Finance Corporation, 2011).They have created sixty percent (60%) of employment worldwide and eighty percent (80%) of employment in the developed world (ACCA, SMEs, a global agenda, 2010).SMEs account for fifty percent of the Global Value Added (GVA) and even bigger percentage in developed countries (International Finance Corporation, 2011).In United States of America, they contribute sixty-seven percent (67%) employment and sixty-one percent (61%) manufacturing output (Global entrepreneurship monitor,2009).In Korea, SMEs are around thirty (30) million which is about ninety-nine (99.9%)

percent of the enterprises and provide roughly eighty-eight percent (88,1%) of workforce (Oteh,2010).

In Africa, SMEs account for ninety percent (90%) of African enterprises and provide fifty percent (50%) of African jobs as well as GDP (African competitiveness Report, 2009). In Nigeria, SMEs account for ninety percent (90%) of formal manufacturing activity and seventy percent (70%) of industrial jobs and provides fifty percent (50%) of the working Labour force (Oteh,2010). In Morocco, SMEs constitute ninety-three percent (93%) of all industrial firms and provides for thirty-eight percent (38%) of production, 33% of investment,30% of exports and 46% of all jobs (Oteh, 2010).

SMEs in Zimbabwe create employment which is above sixty percent (60%) of Zimbabwe's workforce and provides around fifty percent (50%) of the country's GDP (Ruzivo Trust, 2012, 2012). This shows how important SMEs are to the economy of any country as a result they are critical to economic growth.

In developing countries, the main difficulties faced by SMEs in encompass limited access and cost of finance, inadequate infrastructure, use of old technology, information asymmetry, lack of management skills as well as hostile regulatory environment (Ruzivo Trust, 2012). The global financial crisis has negatively affected SMEs since banks and regulators are now more cautious when dealing with SMEs (International Finance Corporation, 2011). SMEs are perceived to have a high risk profile and are thus charged higher rates of interest compared to larger firms (Zimbabwe National Chamber of Commerce, 2010). Total loans that were given Zimbabwe SMEs by various institutions amounted to \$164, 4 million out of total loans that stood at \$2.8 billion. This was just slightly above five percent (5%) of the total loans (Zimbabwe National Chamber of Commerce, 2010). Policy makers in developing countries are struggling to raise capital for SME development. Few countries in Sub-Saharan African have formed the Alternative Securities Market as an alternative way of assisting SMEs to raise capital through the selling of shares.

2.3 Factors influencing SMEs to register on the ASM

2.3.1 Access to information

Most scholars agree that information accessibility is a necessary condition for SMEs' willingness to list on the Alternative Securities Market. Mwarari (2013) asserts that the more SMEs are able to access necessary information about the ASM, the more likely they are willing to participate on the securities market. For example, through aggressive advertising about the ASM, the uptake of ASM by SMEs in Nigeria has been overwhelming (Nigeria Stock Exchange, 2013). A similar trend is also reported in China. According to Chen (2006), China put in place various institutions such as the Institute of Technical Information of China (ISTIC) and the Supported and Consultative Centre for SMEs. These institutions managed to stimulate the interest of SMEs through the dissemination of information about the ASM. This demonstrates the importance of information availability to SMEs' decision making of participation on the ASM.

2.3.2 SMEs support platforms.

In some countries, support platforms for SMEs are put in place to ensure that SMEs are supported in an endeavor to facilitate their listing on the ASM. In the UK and Kenya, for example, the securities main boards such as London stock exchange and Nairobi Stock Exchange respectively, have created capital funding for SME through various ways such as setting up Initial Public Offer (IPO) taskforce, financial measures relief and putting up centralized SMEs rating database and SMEs. The London Stock Exchange (2010) claims that its AIM success story is underpinned by various support platforms such as Adviser networks and investor relationship. Nigeria has also put in place SMEs support platforms such as Independent Equity Research Exchange (IERE) which provides independent equity research reports on all listed SMEs to the investing public (Adjasi et al., 2011). Furthermore, the Nigerian Stock Exchange in partnership with companies provides institutional services such as leadership development, succession planning and fundamentals of business management (Adjasi et al.,

2011). The London Stock Exchange educates SMEs on the principles of successful communication strategies for SMEs which need to list (London Stock Exchange, 2010). This also provides evidence about the importance of support platforms in influencing SMEs owners and managers' decision to register on the ASM.

2.3.3 Regulatory Requirement

There is a general consensus among countries that regulatory requirements are also critical in influencing SMEs' decision to list on the Alternative Securities Market. The success of AIM is because of the balanced regulatory framework (London Stock Exchange, 2010). The flexibility of regulations requirements has led to many SMEs list on the Alternative Securities Market (Adjasi et al., 2011). If regulatory requirements are not tailor made to suit the requirements of SMEs to list on ASM, they can act as obstacles to firms in rapidly growing mining sector which are still at exploration stage but have potential to succeed (ACCA, 2012).

Every country which has a vibrant ASM has relaxed its regulatory requirements in order to attract SMEs to list (ACCA, 2012). Therefore, to ensure SMEs' listing on ASM, policy makers should relax the regulatory requirements.

2.3.4 Corporate Governance

Corporate governance influences listing of SMEs on ASM if it is practiced properly. A study by Mwarai (2013), found that eight-five percent of the respondents believed that proper corporate governance practices positively influence listing of SMEs on ASM. According to London Stock Exchange, most of the corporate governance requirements are not prescriptive; however they expect that Designated Advisers should explain to their clients on the importance of good governance. The Zimbabwe National Chamber of Commerce has proposed that, it will follow a comply or explain approach as an incentive to encourage SMEs to list (Zimbabwe National Chamber of Commerce, 2010). The relaxation of corporate governance is not aimed at creating conflicts with

Investors, but to replace them with more appropriate controls which encourage SMEs to list on GEMS (Nairobi Stock Exchange, 2012).

3. RESEARCH DESIGN

In order to identify the main factors influencing SME owners and managers' decision to register on the ASM, the study adopted a descriptive, quantitative approach. The study population comprised of all SMEs registered with the SMEs Association of Zimbabwe within Harare Province. A sample size of 330 SMES was used. Stratified sampling was first done to categorise non-homogeneous SMEs into 8 different sectors. Simple random sampling was then used to select SMEs from each stratum and this ensured enough representation of all SMEs in the country.

3.1 Structure of the Questionnaire

The investigative questions were structured to cover the demographic information about the respondents and the factors influencing SMEs to register on AIM. The questions about the factors were indicated on a 5-point Likert-type scale anchored by 1= strongly disagree, 2= disagree, 3= undecided, 4= agree, and 5= strongly agree).

4. RESULTS

Out of a sample of three hundred and thirty (330) respondents, a total of 161 completed questionnaires were returned yielding a 49% response rate. The sampled SME owners/managers were predominantly male eighty-five (52, 29%) while females were seventy-six (47, 21%). With regards to age categories, thirty percent (30%) of respondents are within age range of 36-45 years, twenty-nine

percent (29%) are within 26-35 years, nine percent (9%) 20-25 years, eighteen percent 46-55 years while nine percent (9%) of the respondent are 56 and above. The educational backgrounds of the respondents show that forty-six percent (46%) of the respondents are degreed, twenty-five percent (25%) post graduate degree, while 2% were respondents with 'O' level and 'A' level. Diplomas (n=27, 17%) lastly certificate (n=13, 8%). Based on the data regarding number of years an organization has been operating business, the majority of sampled SMEs, 58 (36%) have operated for between 6 and 10 years, followed by 53(33%) SMEs that have operated between 11 and 20 years, 29 (18%) have been operational for up to five years and the least number 21 (13) have been in business for at least 21 years.

4.1 Factor Analysis

Factor analysis was used to identify the number of factors that influence SMEs to register on the Alternative Stock Market. As advised by Malhotra (2007), it was suitable to apply factor analysis because the Kaiser-Meyer-Olkin (KMO) value of 0.778 fell into the acceptable range as it exceeded the minimum threshold of 0.5. The KMO value also satisfied Kaiser's (1970) recommendation that a suitable factor-analytic data is when KMO is at least 0.6. In addition, Bartlett's Test of Sphericity was utilised because the p-value =0.000. In order to extract the underlying factors, two methods were used. These were the use of the cumulative percentage of variance explained method and the scree plot rule which requires that eigenvalues should be greater than one method. Furthermore, to establish how strong the correlation between items of factors was, the principle component analysis (PCA) with varimax rotation was applied to the data. Huck (2012) suggests that each item should load at least 0.4 on a factor to demonstrate it belonged to that factor. Table 1 depicts the rotated factor matrix, eigenvalue extraction and the percentage of variance explained.

Table 1: Factors influencing registration of SMEs on ASM: Factor Loadings Rotated Component Matrix

| Variables: | F1 | F2 | F3 | F4 |
|--|-------|----|----|----|
| 1. Accessible Information | | | | |
| B1 Information availability | 0.812 | | | |
| B2 Availability of communication platforms | 0.765 | | | |

| | |
|--|-------|
| B3 SMES being Informed | 0.765 |
| B4 SMEs being informed about ASM | 0.724 |
| B5 Benefits of Listing are being explained | 0.644 |
| B6 Information is available in public media | 0.639 |
| B7 Free information through vending agencies | 0.576 |
| B8 Training is being done for free | 0.634 |
| 2. Regulatory Requirements | |
| B9 Rules and regulations for listing are available | 0.841 |
| B10 Stringent listing requirements | 0.838 |
| B11 Rules and regulations on ZSE hinder SME | 0.761 |
| B12 Awareness of the rules and regulations | 0.732 |
| B13 Clearly stated rules and regulations | 0.73 |
| B14 No minimum capital requirements | 0.729 |
| B15 No prescribed number of shares | 0.782 |
| B16 No profit record is required | 0.623 |
| B17 No need of shareholder approval | 0.579 |
| 3. Corporate Governance | |
| B18 Managers and directors act in best interest of company | 0.706 |
| B19 Corporate governance is not prescriptive | 0.678 |
| B20 No litigation for failure to comply | 0.675 |
| B21 Corporate governance rules are more friendly | 0.645 |
| B22 Board composition with at least two independent | 0.559 |
| B23 Independent directors on board composition | 0.551 |
| B24 Annual reports send to investors | 0.755 |
| B25 Only required to keep soft copy of annual report | 0.741 |
| 4. SME Support Platforms | |
| B27 IPO taskforce in place | 0.567 |
| B28 Financial relief measures available | 0.544 |
| B29 Availability of SME database | 0.693 |
| B30 Independent equity research | 0.625 |
| B31 Leadership development and succession plan | 0.572 |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| B32 Financial institutions available for loans | | | | 0.572 |
| B33 Government support | | | | 0.533 |
| B34 Growth ambassadors | | | | 0.553 |
| B35 Listed SMEs exempted from tax | | | | 0.765 |
| B36 Performance check | | | | 0.706 |
| Eigen value | 13.716 | 3.377 | 2.681 | 2.038 |
| % of variance | 20.578 | 15.395 | 12.302 | 21.891 |
| Cumulative % of variance | 20.578 | 35.973 | 48.275 | 68.441 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 9 iterations

The four that were extracted through the use of the percentage of variance procedure accounted for about 68% which is considered satisfactory because the minimum threshold should account for at least 60% of the variance (Malhotra 2007). The use of the scree plot criterion also produced four factors that had eigenvalues greater than one. Factors were named as follows, factor 1 (Information accessibility), factor 2 (regulatory requirements), factor 3 (corporate governance), factor 4 (SMEs support platforms). Table 2 depicts the names of the four factors and the number of items measuring each factor.

Table 2: Naming of factors

| Factor | Variables | Number of Items |
|--------|---------------------------|-----------------|
| 1 | Information accessibility | 8 |
| 2 | Regulatory requirements | 9 |
| 3 | Corporate governance | 8 |
| 4 | SMEs support platforms | 10 |

4.2 Reliability of Factors

Overall Cronbach alpha of the factors is also reliable (0.903) as shown on table 3 below. Information accessibility have eight items yielding Cronbach alpha of 0.807, regulatory requirements (0.763), corporate governance (0.824), and SMEs support platforms (0.793) As reported in Table 3 the reliability for all the four factors satisfied Nunnally and Berstein's (1994) benchmark level of 0.70.

Table 3: Reliability of Transformed Data

| Variables | Number of Items | Cronbach's Alpha value |
|---------------------------------|-----------------|------------------------|
| Information accessibility | 8 | 0.807 |
| Regulatory requirements | 9 | 0.763 |
| Corporate governance | 8 | 0.824 |
| SMEs support platforms | 10 | 0.793 |
| Overall Cronbach's Alpha | 35 | 0.903 |

4.3 Validity

To establish **content validity**, the questionnaire was refined through a pretesting process that involved consulting two academic experts and two policy makers in the SME sector. Necessary changes were done on the questionnaire in accordance to the advice of these experts. Furthermore, the questionnaire was pilot tested with 20 informal traders and this ensured that the relevant variables were retained. **Discriminant validity** was established by carrying out factor analysis which also involved the use of Varimax rotation with Kaiser Normalisation. The refinement process involved deleting the factors which loaded on two or more factors (cross-loadings) in order to ensure high levels of discriminant validity. In addition, factor analysis also helped to ensure construct validity. The procedure involved using the iterative process of deleting items whose loadings on a factor were not higher than 0.50 and this helped to assess construct validity.

5. DISCUSSION OF THE RESULTS

Factor 1: Information accessibility

The researcher named factor 1 information accessibility with eigenvalue of 13.716 and percentage variance of 13.578 while its Cronbach alpha yielded 0.807. Eight items were loaded to constitute factor one and these items include information availability with factor loading of 0.812, availability of communication platforms (0.765), SMEs being informed (0.765), benefits of listing on the ASM are explained (0.644), information is available in public media (0.639), free information through vending agencies (0.576), training is being done free (0.634). SMEs need to be informed for them to list on the ASM. Ladzani (2001) argued that SMEs perform better in information rich environments. This was consolidated by Corps (2005) who claimed that adequate information enhances productivity and facilitating market access. This indicates that information availability is critical in influencing SMEs to list on the ASM. Mwarari (2013), in a study carried in Kenya to find out whether information accessibility influences listing of SMEs in the Nairobi Stock Exchange, the study discovered that seventy percent (70%) of the respondents believed that access to information is key to listing. The study also revealed that SMEs were not educated about the benefits of listing on the ASM and they also face challenges in accessing information about ASM (Mwarari, 2013). Proactive communication to various stakeholders has resulted to the high success of AIM (London Stock Exchange, 2010). UNIDO (2005), noted that SMEs in developing countries suffer from inadequate information as well as limited in scope and is not in integrated manner. Studies from London, Uganda, South Africa, Nigeria and Kenya have proved that information accessibility is an important determinant factor. This demonstrates that information accessibility is an important factor in the decision making to register SMEs on the ASM.

Factor 2: Regulatory requirements

Factor 2 was named regulatory requirements. The factor has an eigenvalue of 3.377 and a percentage variance of 12.395. Cronbach alpha for factor 2 achieved 0.763 demonstrating the reliability of the factor. It is made up of nine items which are rules and regulations for listing are available with a factor loading of 0.841,

stringent listing requirements (0.8380), rules and regulations on ZSE hinder SMEs (0.761), awareness of rules and regulations (0.732), clearly stated rules regulations (0.73), no minimum capital requirements (0.782), no profit record is required (0.623) and finally no need of shareholders' approval (0.579). Mwarari (2013), assert that rules and regulations set by capital markets are unfavorable to most SMEs. Mwarari (2013), found that seventy-five percent (75%) of the respondents were of the opinion that rules and regulations influences listing of SMEs on the ASM, hence that study revealed that terms and conditions affect SMEs listing on the ASM. London Stock Exchange (2010), acknowledged the impact of rules and regulations on SMEs listing by advocating for a balanced approach to regulations which enables SMEs to list. AIM rules are SMEs tailored to support the needs of smaller companies (London Stock Exchange, 2010).According to London Stock Exchange (2010),no trading record is required as well as no minimum size is prescribed for any SMEs which need to list on the AIM. Nigeria Stock Exchange (2010) implemented flexible listing requirements for emerging business in order to encourage them to list on the ASM .According to Nairobi Stock Exchange (2013) stringent rules hinders SMEs to list on Nairobi Stock Exchange. Mwarari (2013) found that there is need of reducing the listing requirements if SMEs are to be attracted on the ASM. Studies and experiences from Kenya clearly indicate that regulations need to be revised if SMEs are to list. The fact that stringent regulations hinder SMEs to list clearly proves that regulation requirements are a key factor in the decision making to list SMEs on the ASM.

Factor 3: Corporate Governance

The third factor was labeled Corporate Governance with eigenvalue of 2.681 and percentage variance of 12.302.It has a Cronbach alpha of 0.824 and is comprised of eight items which include managers and directors act in the best interest of a company with a factor loading of 0.706,Corporate Governance is not prescriptive (0.678),no litigation for failure to comply (0.675),Corporate Governance are not friendly (0.645),board composition with at least two independent (0.559), independent directors on board composition (0.551),annual reports send to investors (0.755), to keep soft copy of annual report (0.741).Zimbabwe National Chamber of Commerce (2010),defined Corporate Governance as set of process, customs, policies, laws and institutions affecting a way a company is directed, administered or controlled. The inclusion of Corporate Governance in the factors

which determine SMEs listing on the ASM corresponds closely to the view proposed by Securities Commission of Zimbabwe that good Corporate Governance promote SMEs as well as regional markets. Mwarari (2013), reported that corporate governance influences listing of SMEs on the Nairobi Stock Exchange. According to Mwarari (2013), eighty-five percent (85%) of the respondents agreed that corporate governance influences SMEs listing, hence this indicates corporate governance is a factor to consider when determining SMEs listing. London Stock Exchange (2010), stipulates companies on the main market must be abiding to the principles of good corporate governance while SMEs listed on AIM should aspire to the level of the main board .This argument is line with the Securities Commission of Zimbabwe which seeks directors of SMEs companies to voluntarily communicate themselves and where there is noncompliance they should explain (Zimbabwe National Chamber of Commerce, 2010).SMEs are only required to keep a soft copy of their annual report on the website than to publish in newspapers which more expensive (Bansal, 2010).According to Nairobi Stock Exchange (2013), flexing corporate governance requirements are not meant to compromise good corporate governance but only to tailor made them so as to meet the requirements of SMEs in order to encourage them to list. It can be concluded that corporate governance is an essential factor in decisions to register on the ASM.

Factor 4: SMEs Support Platforms

The fourth factor with eigenvalue of 2.038 and percentage variance of 11.891 was named SMEs support platforms. The Cronbach alpha for this factor yielded a value of 0.793, indicating the reliability of the factor. The factor has eleven items. These items are well structured SMEs support (0.73), IPO task force in place (0.567), Financial relief measures available (0.544), availability of SMEs database (0.693), independent equity research (0.625), leadership development and successful plan (0.572), financial institutions available loans (0.572), government support (0.679), growth ambassadors (0.553), listed SMEs exempted from tax (0.765), performance check (0.514). In an analysis of the importance of setting up SMEs support platforms such as financial institutions which extent credit to SMEs, Technological Capability Theory by Lall (2001), postulates that availability of credit ensures that firms invest in new technology that is efficient and cost savings which enables them to grow. London Stock Exchange (2010)

claims that AIM success story hinges on SMEs support platforms such as advisor networks as well as well-established investor relationship. Nigeria Stock Exchange in partnership with companies provides institutional services such as leadership development, succession planning (Nigeria Stock Exchange, 2010). Nairobi Stock Exchange (2013), noted that Nomads or designated Advisors play a vital role if an ASM is to be successful. Nomads ensure that SMEs meet ASM criteria as well as ensuring SMEs have necessary track records (Adjasi et al., 20110). In a study carried out in Uganda to find out the most problematic factor for doing business. The Global Competitiveness Report (2009) concluded that access to finance with 22.9% respondents was ranked number one, inadequate infrastructure 11.4%, tax rates 9.9% as the major problems faced by SMEs and there is need to put support platforms to cater for this areas. Mwarari (2013), indicated that there is need to create venture capital and private equity firms to lend to SMEs with the view to selling them either by IPO or private replacement once the business attain maturity. The above discussion clearly indicates that SMEs support platforms is a key factor in the decision to list SMEs on the ASM.

6. RECOMMENDATIONS

The findings from factor analysis has shown that for SMEs to list on the ASM, they should access adequate necessary information, regulatory requirements should be conducive, proper corporate governance should be practiced and there should be support platforms SMEs. There is need to inform SMEs about the ASM in order for them to make informed decisions. Policy makers should design ASM rules and regulations which are less stringent. In addition, for SMEs to list, there is a need to for proper corporate governance practices. The enforcement agencies should refrain from corrupt practices when dealing with SMEs during the registration process. Literature has proved that SMEs support platforms is a vital factor in determining SMEs to list on the ASM. Putting in place support platforms enhances the willingness of SMEs to list. This is in line with the London Stock Exchange (2010), which argued that AIM success story is underpinned by the provision of SMEs support platforms.

7. LIMITATIONS AND AREAS OF FURTHER STUDY

The study focused only on SMEs that operate in Harare province of Zimbabwe. Future studies could contribute to the body of knowledge by replicating the study in other provinces of the so as to verify validity and reliability of the scale used in this study. Another opportunity for future research is to conduct comparative studies of the determinants of willingness to register on the ASM by SMEs in Zimbabwe and other developing countries, or between SMEs in a developing and a developed country. Further, the current study investigated SMEs from different sectors. This could limit the generalization of the results because the conditions in different sectors are different. Another prospect for future research could be to examine the factors within a specific sector because the study will be focused and specific to a given sector. All in all, these suggested future avenues of study stand to immensely contribute new knowledge to the existing body of Stock Exchange literature in Africa - a context that is has been neglected by some researchers in developing countries.

8. CONCLUSION

The general objective of the research study was to find the factors which determine SMEs listing on the ASM. The study has revealed that information accessibility, regulatory requirements, corporate governance, SMEs support platforms are important in determining SMEs listing on the ASM. The findings from the research lend support to previous studies done in Kenya, South Africa, Nigeria and London that also found the same factors. It can be concluded that, if Securities Commission of Zimbabwe is to establish a SMEs ASM, they should provide information, relax the regulatory requirements, ensure corporate governance policies and practices and also provide SMEs support platforms.

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