Building an Effective Framework for Small-to-Medium Scale Enterprises Policy Evaluation in Zimbabwe

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Abstract: This paper examines the SME policy landscape in Zimbabwe, looking at the prospects and challenges of the SMEs sector. It places particular accent on the role of SMEs policy evaluation in ensuring that the policy answers to its intended objective. Having noted the paucity of robust policy evaluation in Zimbabwe, the paper recommends the use of comprehensive criteria for policy evaluation, incorporating variables such as effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability. Application of such comprehensive criteria could help to ensure that the SME policy in Zimbabwe realizes its stated objectives, and could generally guide public policy formulation, analysis, reform and evaluation in Zimbabwe.

Keywords: public policy, policy analysis, evaluation criteria, policy implementation

1. Introduction

This paper examines theories that explain the emergence, characteristics and performance of SMEs. It notes that while the rise of SMEs is important, evaluating their performance is far more important, given their high failure rate. While several theories and empirical studies have been used to explain the rise and performance of SMEs, there is a paucity of research on the effectiveness of SME policy in the Zimbabwean context based on known policy evaluation criteria. The OECD (2020) stresses the importance of policy evaluation, submitting that it fundamentally contributes to sound public governance, as it helps governments to improve the design and implementation of public policies, leading to prosperity for their countries and well-being for citizens. In view of the critical role public policy evaluation plays in fostering effective public administration and in the creation of conducive policy environments for businesses, especially SMEs, which by their fragile nature require sufficient and appropriate government support, this paper, thus, proposes a framework for evaluating the SME policy in Zimbabwe based on extant evaluation theories.

2. Definition of SMEs

As a point of departure, there is need to examine the definition of SMEs given the proliferation of definitions in the literature. According to Ward (2005) there is no universal definition for SMEs since the definition depends on who is defining it and where it is being defined considering that some SMEs are formal and others are informal. Overall, small and medium-sized enterprises are nonsubsidiary, independent firms, which employ less than a given number of employees. This number varies across countries. For example, in Canada a medium enterprise is defined as an enterprise that has fewer than 500 employees and small enterprise as one that has less than 100 employees. On the other hand, Hudson, Williams, Orviska and Nadin (2012) define SMEs as having no more than 500 employees. SMEs can be defined in two ways, that is, based on the number of employees in an enterprise and/or the enterprise’s fixed assets. Generally, the size of the enterprise’s employment is the most important criterion used to define SMEs in most countries. However, with respect to use of fixed assets to define SMEs, one must be cautious because of continuous fluctuations in the exchange rates, which often makes such definition outdated.
UNIDO (2004) which has a lot of interest in SMEs defines a small enterprise as having between 5 and 19 workers and gives the example of the ubiquitous small shops in the cities, such as hair dressing saloons and chop bars. A medium enterprise has 20 to 99 workers and these include manufacturing firm and exporting companies. In the European Union, the most frequent upper limit designating an SME is 250 employees.

The International Labour Organization (ILO), with its interest in the employment aspects of the SMEs, first defined the informal sector in 1972. It characterized the sector based on seven factors: ease of entry; reliance on indigenous resources; family ownership of enterprises; small scale of operations; labour-intensive and adapted technology; skills acquired outside the formal school system; and unregulated and competitive markets.

The International Labour Organization later defined the informal sector mainly according to the legal status of an economic enterprise. Its definition refers to the economic activities that take place in household enterprises or unincorporated enterprises, where unincorporated enterprises are defined as: “Enterprises owned by individuals or households that are not constituted as separate legal entities independent of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). ILO’s’ definition of the informal sector sees the nature of employment as not the only consideration. For labour statisticians as well as policymakers, the interests were on economic activities more generally. As a result it was concluded that the definition comprises activities that involve the provision of goods and services in exchange for remuneration, but which are not covered or are insufficiently covered by formal arrangements (International Labour Organization, 2013). The definition includes all private unincorporated enterprises or which do not register their paid employees or under a certain size threshold that produce at least some of their goods and services for sale or barter, and which are not registered (no business license) or which do not register their paid employees or that are under a certain size threshold and are engaged in non-agricultural activities (Hudson et al, 2012).

In 2010, the ILO broadened the definition to include “informal employment” both inside and outside of informal enterprises. According to the International Labour Organization (2014) informal employment comprises the total number of informal jobs that are, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits, whether carried out in formal sector enterprises, informal sector enterprises, or households. It includes: own-account workers and employers employed in their own informal sector enterprises, members of informal procedures’ cooperatives, own-account workers engaged in the production of goods exclusively for their final use by their household, contributing family workers in formal or informal sector enterprises, and employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises or as paid domestic workers by households.

Important distinctions exist between SMEs in the informal economy, the informal sector and informal employment (International Labour Organization, 2013). According to the ILO, these terms are used interchangeably, but should not be. Indeed, informal employment exists both in the formal and informal sectors. In fact, according to ILO (2013), research established that people who work as formal employees in the formal sector may at the same time – also be entrepreneurs in the informal sector. The employment in the informal economy is defined as the formal and informal employment in the informal sector as well as the informal employment in the formal sector (ILO, 2013).

According to Ruzvidzo Trust (2012), the definition of SMEs in Zimbabwe is based on the number of employees, asset base and the legal structure as follows:

For all sectors a business with less than 5 employees is considered as micro.

1. Any business with more than 5 employees is considered as an SME;
2. In Zimbabwe, an informal enterprise is defined as one whose operations are not registered in terms of the Company Act (Chapter 24.01) and the Factory and Works Act (Chapter 28.03).
3. Formal small and medium enterprises are those which are 'registered in terms of their legal status' and 'employing anywhere between 6 to 100 workers'.

In this study, an SME is defined as any enterprise that employs 6-100 workers.
3. The Economic and Social Significance of SMEs

Hudson et al. (2012) and ILO (2013) established that measuring informal employment and informal economic activity is challenging because most activities in the SMEs are not recorded in the official national statistics. They observed that researchers have, therefore, relied on the direct method of conducting surveys to collect relevant information, or the indirect method of deducing conclusions about the SMEs by extrapolating and modelling from available data pertaining to formal employment and economic activity.

Charmes (2004) argues that measuring the SMEs, like defining it, often begins with labour and employment related data. He notes that the SME market is an important and growing segment of the world’s labour markets. Based on available data, informal employment increased in the 1970s, 1980s and 1990s, although it was noted that the trend became less clear after year 2000, due to the limited availability of data (Charmes 2009; OECD 2009a). Chen (2005) notes that initially, many observers perceived the SMEs as marginal, only loosely connected to the formal economy, and often associated with survivalist and unregulated activities deterrent to investment, growth and development. In this view, informal firms: (1) prefer to stay small; (2) have less access to inputs; and (3) cannot engage in formal business relationships. It is argued that those factors can inhibit informal firms, but available evidence, according to Perry, Maloney, Arias and Manon (2007) and OECD (2009b), shows that efficiency gains could be derived by transferring production from low productivity informal firms to more productive formal firms or by facilitating the formalization of informal firms. Of late the informal economy was often understood as an undesirable element of developing country economies that would gradually fade away (Grimm, van der Hoeven, Lay and Roubaud, 2012). However, SMEs are increasingly being recognized as key drivers of economies.

In European economies, SMEs are seen as key drivers in employment generation and general economic growth (Ramona, 2011). Arasti, Zandi and Talebi (2012) observe that in the European Union more than 99% of existing firms are SMEs, representing two-thirds of all employment possibilities and accounting for 60% of value addition. According to these authors, SMEs are also seen as the main drivers of employment generation, innovation, regional economic integration and social stability. In a similar vein, Kerr (2006) and Rosli and Mahmood (2013) notes that in the European Union SMEs account for more than 99.8% of all enterprises, 65% of total employment and 65% of total turnover. Arasti et al (2012) however, point out that in spite of the widely recognized importance of SMEs; they continue to be neglected by policymakers, who tend to focus attention on large enterprises.

As is the case in the European Union, in the United States of America the economy depends on the health of small businesses (Chawla, Khanna & Chen, 2010). Chawla et al (2010) further note that from 1998 to 2004, small business produced half of the non-farm United States of America GDP. As early as 1982 the United States of America recognized the importance of small businesses to its economic system (World Bank, 2009). Former United States President, Ronald Reagan is quoted as having said that the success of the economy depended upon the preservation of SMEs (World Bank, 2009). However, the World Bank notes that in spite of the recognition of the importance of SMEs, in most countries they lack supportive policy frameworks. Thus, in this paper, the focus is on SME policy evaluation criteria in the Zimbabwean context. In the Zimbabwean context, the Ministry of Finance notes that the sector employs more than 60% of the country’s workforce and contributes about 50% of the country’s Gross Domestic Product (Zimbabwe National Budget Statement 2015). It has been pointed out by researchers that the Government of Zimbabwe has shown its recognition of the critical importance of SMEs to the economy by setting up a ministry responsible for the operations of SMEs in 2002 (Ruzzvidzo Trust, 2012). However, there is need to assess whether the SME policy has been effective in achieving its stated goals.

In less developed countries, small businesses are the major engine for economic growth and employment creation (Coy, Shirley, Omer & Kan, 2007; Wingwom, 2013). For instance, Coy et al, in a study of critical success factors for SMEs in Pakistan, discovered that 85% of the entrepreneurial business sector in that country is comprised of SMEs. They, however, note that the sector suffers from insufficient funding, low technological capabilities, outdated production facilities, noncompetitive products and shortage of trained work force.

Research has shown that in China small enterprises account for 62.5% of the country’s total industry output and 73.6% of the country’s industrial employment (Chawla et al. 2010). Chawla et al. further, note that no research has been carried out in China to review the factors affecting the survival of SMEs. Against this backdrop, this
paper seeks to explore the possibilities of developing a framework for evaluating the SME public policies. To this end, this study is specifically designed to come up with a comprehensive set of criteria for assessing the effectiveness of SMEs public policies.

On the continent of Africa, particularly in Sub-Saharan Africa, small businesses are regarded as the driving force for economic growth, job generation, and poverty reduction (Okpara & Wynn, 2007; Sam 2007; Fatoki & Odeyemi, 2010). This is presumably a result of the fact that the SMEs sector is characterized by low barriers to entry, as it requires small capital and basic skills. Okpara and Wynn (2007) assert that SMEs are the means through which accelerated economic growth and rapid industrialization have been achieved. They, however, note that in spite of being recognized as important, SMEs face obstacles that threaten and limit their survival and development (Okpara & Wynn, 2007). They further assert that in Nigeria very little research has been conducted on the growth constraints of SMEs. In a similar vein, Mambula (2008), in a research on SMEs in Senegal, observed that in Sub-Saharan Africa, both Francophone and Anglophone, the development of SMEs is still very basic, pointing out that most of them have not progressed beyond basic craft, promotional and artisan levels. Against this backdrop, this paper submits that an effective enabling policy framework as well as appropriate evaluation are required to enable SMEs to develop their skills base and resolutely their performance. In reference to South Africa, Fakoti and Odeyemi (2010) observe that SMEs contribute to that country 56% of private sector employment and 36% of gross domestic product. They, however, note that there are various challenges preventing the creation of new SMEs, apart from causing high failure rates of SMEs in South Africa.

Studies by OECD (2009) suggest that most SMEs need supportive policy environments, in the form of favorable registration procedures, licensing rules, trading and other business regulations, in order to guarantee their continued survival. OECD further asserts that in countries such as Zimbabwe, where inflation once reached 230% per annum due to political, economic and social crises, it is extremely difficult for businesses to succeed. This resulted in failure of numerous SMEs, owing to increasing prices in both local and imported goods, which made production and marketing difficult (Ruzvidzo Trust, 2012). However, it is pertinent to note that the suspension of the use of the Zimbabwe dollar and the introduction of the multicurrency system in February 2009 effectively addressed the problem of hyperinflation in Zimbabwe. Nevertheless, the country reverted to the use of the Zimbabwe dollar in 2019 resulting in the resurgence of inflation, although it has not reached alarming level as yet.

4. Challenges encountered by SMEs

Despite the pivotal role that SMEs are expected to play around the globe, most of these establishments face various problems, which emanate from both internal and external environments, which contribute to some SMEs remaining informal. External factors include, declining markets, uncompetitive costs, financial issues, poor government policies and competition (European Commission, 2006). On the other hand, internal factors include, lack of proper management, financial management, errors in marketing and sales administration, human resource management, and organizational issues and weak management of information systems and technological change (Hepeng, 2014; European Commission, 2006). Studies by Pandya (2012) and Rahman and Ramos (2013) also indicated that the major constraints faced by SMEs are lack of finance, low human resource capabilities and technological capabilities. According to Pandya (2012) poor management competences, lack of skilled work force, deficiencies in marketing strategies, and lack of innovation technology are prominent factors responsible for unstable growth of SMEs. It should, however, be noted that the applicability of these problems varies according to countries.

With respect to Zimbabwe, Ruzvidzo Trust (2012) observes that the major challenges faced by SMEs include limited access and cost of finance; lack of proper and adequate infrastructure; use of old technology; information asymmetry; lack of marketing skills and market knowledge; inadequate management and entrepreneurial skills and a hostile regulatory environment. The Zimbabwe Government (2016) observes that most SMEs fail to reach their full potential due to informality, noting that 85% of SMEs are not registered or licensed.

In Zimbabwe, challenges facing SMEs include competition from imports, inadequate education and skills, technological changes, lack of managerial training and experience, lack of credit facilities, lack of market information and an inadequate policy and regulatory environment. With respect to national policy and regulatory environment, findings in a study by Wanjohi and Mugure (2008) indicated that business environment is among the key factors that affect the growth of SMEs. Unpredictable government policies coupled with ‘grand
corruption, high taxation rates, all continue to pose great threat, not only to the sustainability of SMEs, but also to the economy (Farsi & Toghraee, 2015). This phenomenon became a public problem requiring public policy intervention in Zimbabwe.

5. Definition of public problem

It is argued that, in order to come up with good policies, it is important for the policy analyst to have an understanding of a public problem. Some scholars have come up with several definitions and features of public problem. A public problem is a condition or situation that creates a need or dissatisfaction among the people and for which relief or redress by governmental action is sought (Anderson, 2005). A policy problem is a condition or situation in society that causes distress or dissatisfaction and for which relief is sought (Anderson, 2005). Dunn (2012) sees a problem or issue as a threat, opportunity or trend, which calls for action or response.

In view of the foregoing definitions and features of public problem, a public problem is likely to be difficult to be resolved by individuals and examples of such public problem include dirty air, urban traffic congestion and crowded prisons, unemployment and hunger. Such public problems are capable of producing sufficient anxiety, discontent or dissatisfaction to cause many people to seek governmental action. In Zimbabwe, for example, high unemployment is a cause for concern, needing government intervention; hence the SMEs public policy was developed as a strategy to alleviate hunger and poverty, on one hand and to engender economic development, on the other hand.

People can also view a problem as a question or situation that presents uncertainty, perplexity, or difficulty or source of trouble, crisis, danger, threat, or annoyance. The problem should affect a considerable number of people and the affected people would want to see governmental action to resolve the problem. Given the multi-faceted nature of public policy, public policies can be found in various forms such as acts of parliament, statutes, presidential directives, ministerial statements or other executive orders (Anderson, 2005). In order to adequately address the public problem, there is need for policy analysis. Policy analysis as described by Dye (2004) has six steps namely: problem identification, determination of evaluation criteria, identification of alternatives, evaluation of alternatives, and assessment of outcomes which is the focus of this paper.

6. The public policy problem

The challenges identified above call for action. The challenges constitute public problems that need action. In public administration, public problems are addressed through public policies. This is important because public policies are solutions to problems. In Zimbabwe, there is a SMEs policy in place, but its effectiveness had not been adequately assessed, owing mainly to lack of appropriate policy evaluation criteria.

Criticism of public policies in Africa in general is well-documented. While most governments in Africa have established departments responsible for policy development and implementation, most of these departments are staffed by senior civil servants without any professional training in policy development. These policy officers are expected to carry out policy analysis aimed at advising policymakers. It would, therefore, appear that most of these public managers involved in policy development rely largely on “common sense” to analyze policies. Unlike in most developed countries where policy analysis is treated as a professional area deserving specialist training, in most African countries professional training in policy analysis is still lagging behind (Mathias, Lux, Russell Crook, Autry & Zaretzki, 2014). In support of this view, Moharrir (2002) notes that there is a paucity of qualified policy analysts in Africa. As a result, Moharrir observes that only a few countries in sub-Saharan Africa, such as Botswana, have set up policy centers to stimulate research and new ideas in policymaking. However, Moharrir argues that the impact of these measures is still limited. In Zimbabwe, Makumbe (2001) observes a lack of understanding of policy analysis at both local and national levels. A similar observation was made by Ayee (2002) in Ghana. Ayee noted that most public service institutions lack expertise in critical areas such as policy analysis, budgeting and accounting but are overstaffed at the lower semi-skilled and functional levels. With respect to the SME policies, it is critical to develop appropriate policy evaluation criteria for assessing the effectiveness of public policies.

Some countries in the region have policies that are well crafted and based on United Nations Industrial Development Organization (UNIDO). A good example is Tanzania with SME policies, which are based on
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UNIDO standards. The policies emphasize, inter alia, establishing differential taxation and other incentives favorable to SMEs, easing access to credit, equity and guarantees, facilitating access to business advisory services, improving the physical infrastructure and business facilities, supporting access to technology, encouraging joint ventures, supporting SME exports and training in entrepreneurship, skills and management. Such a targeted thrust aimed at engendering the cap citation and development of SMEs could go some way in enhancing the sustainable development of SMEs and consequently their contribution to overall economic development. The focus of the Tanzanian policy could, therefore, be used as part of the framework for evaluating the effectiveness of the SME policy in Zimbabwe.

7. The Traditional SMEs Policy Framework

Neither current policy documents nor academic literature proposes an agreed SME policy framework. Studies covering the last decades show that national policy approaches of developing countries have typically been aimed at the formal sector, largely ignoring SMEs (Muwonge, Obwona & Nambwaa, 2007; IDRC, 2011). In addition, the studies discovered that, the few laws and policies that are aimed at the SMEs are often described as ad hoc, unstructured and not coordinated between ministries, institutions and various government levels. A typical policy coherence problem is that economic development resources are concentrated in the national and provincial spheres, but the regulatory and management responsibility, and knowledge generation, is local (World Bank, 2009; Mogotsi, 2012). Indeed, it is municipalities and city councils, which engage with the SMEs in different ways (Salga & Uclga, 2010 cited in De Beers, Kun Fu & Vincent, 2013).

In addition, De Beers et al. argue that existing SMEs policies primarily have not been aimed at fostering existing informal structures and promoting their expansion. Instead, they observed that, their declared policy objective has mostly been to suppress or regulate the SMEs. In particular, the focus has been on increasing compliance with the rules and regulations in the following areas: business registration, taxation, labour, health and safety, environment, consumer protection, intellectual property protection or sector-specific laws (De Beers and Vincent, 2013). The common assumption of informal entrepreneurs is that public policy works against them (Mogotsi, 2012).

At times policies have gone beyond the desire to “suppress the informal economy” and have had an explicit mandate to gradually convert the informal economy into a part of the informal sector, the so-called “formalization” of the informal Economy (Funds, 2008). According to Mogotsi (2012), the goal was to diminish the underlying causes of informality by reducing regulations or market conditions that encourage firms to operate informally. Examples were suppressing regulations that make business registration inefficient and costly or simplifying other administrative and tax laws. Mogotsi (2012) observes that, at the international level, notably through the ILO, particular attention has been paid to the enforcement of labour rights and the social protection of informal workers.

Katwalo (2010), on studying SMEs in Africa, concluded that the factors accounting for SMEs’ success in Africa include supportive policies. He further pointed out that in Africa, policies for supporting SMEs were largely rhetorical and the question of survival and development of SMEs remained a question of individual ingenuity (Katwalo, 2010). Likewise, Benjamin and Mbaye (2012), in a study of SMEs in Africa, maintain that the factors for SMEs’ survival in Africa are financial support, economic infrastructure and policy coherence. Writing on SMEs in Africa, Mathias et al. (2014) tersely presented the survival factors for SMEs as a conducive policy environment, clarity of vision and mission and capacity for efficiency and increase in outreach. Rogerson (2008) notes with regard to the SMEs sector in South Africa, that access to finance, training opportunities and an appropriate regulatory environment were key to SMEs development and survival.

With respect to Zimbabwe, the two authors note that the failure rate of Zimbabwean SMEs continues to surge. It would appear the factors for SMEs’ failure in Zimbabwe are similar to those pertaining to other countries, particularly African countries. The major similarity is that, just as is the case in Zimbabwe, in other African countries factors influencing SMEs’ success generally relate to issues to do with supportive policies (Katwalo, 2010; Rogerson, 2008). It is therefore appropriate for this paper to focus on a framework for assessing the effectiveness of SME public policy in Zimbabwe.
8. Characteristics of Public Policy

Dye (2004) points out that public policy is about what governments do, why they do it, and what difference it makes, and posits that public policy is whatever governments choose to do or not to do. For Anderson (2005), a guru in public policy, defines it as: a purposive course of action taken by an actor or set of actors in dealing with a problem or matter of concern, and a course of action or statement of intent proposed or adopted by government or political party.

According to Anderson (2005), the following basic elements of public policy can be identified:

- Public policy is policy developed by government role players, although non-government role players, such as interest groups, can also influence the formulation and development of policy.
- Public policy is a purposive or goal-oriented action rather than a random one.
- Public policy generally consists of a series of decisions taken jointly by politicians and/or officials rather than individual decisions.
- Policy is what governments actually do, for example, protecting the environment.

Overall, public policy refers to the decisions, laws, programs and other actions governments take to address public problems. Public policies affect the economy, national security, education, health and other areas. Through public policy, government strives to advance the collective well-being of society with respect to its social, political and economic aspirations.

Public policy can be generally defined as the course of action or inaction taken by governmental entities with regard to a particular issue or set of issues (Dunn, 2012). Other scholars define it as a system of courses of action, regulatory measures, laws, and funding priorities concerning a given topic promulgated by governmental entity or its representatives.

9. Public Policy Analysis

Policy analysis is the process through which we identify and evaluate alternative policies or programs that are intended to lessen or resolve social, economic, or physical problems (Dye 2004). Dye argued that the term policy analysis is also commonly used to refer to the product or outcome of the analytical process. Policy analysis is, according to Dunn (2012), the activity of creating knowledge of the policy making process. In creating such knowledge, policy analysts investigate the causes, consequences and performance of public policies or programs. The main purpose of policy analysis is to improve policymaking. Dunn (2012) argues that it is not a simple task considering that many of the most important policy changes are gradual, disjointed and incremental. Dunn observed that large discontinuous changes are relatively rare, and they stem from shocks that are exogenous to the policymaking process. Nevertheless, Dunn contended that multidisciplinary policy analysis is important because of the potential uses of policy relevant information to improve policymaking. Policy analysis can be done before or after the policy has been implemented. An analysis can be conducted to anticipate the results of alternative policies in order to choose among them or it can be conducted to describe the consequences of a policy. Dye (2004) posits that policy analysis can be broken down into retrospective and evaluative policy analysis, with the retrospective analysis referring to the description and interpretation of past policies and evaluative policy analysis referring to program evaluation. In Zimbabwe, this process is rarely done yet it is fundamental to the assessment of public policy effectiveness in order to come up with alternatives in the case of policy failure. This paper, thus seeks to propose a framework for the analysis and evaluation of the SMEs policy in Zimbabwe with special focus on its effectiveness in order to assess the extent to which it was realizing its intended goals.

10. Policy Implementation

Love (2004) observes that policy implementation is at the center of the success of any policy and he describes it as the mechanisms, resources and relationships that link SMEs policies to program action. Put simply, implementation, according to him, is the process of carrying out and accomplishing a policy. More specifically, policy implementation is the set of activities and operations undertaken by various stakeholders toward the achievement of goals and objectives defined in an authorized policy. Chukwuemeka (2013) notes that the
Implementation stage is the hub of the policy process, further observing that it is the process of translating a policy into actions and presumptions into results through various programmes and projects. She submits that the nature and pattern of policy implementation is the major explanation for the success or failure of any given policy and that the implementation of a policy is the most crucial phase in the policy process as it is at this stage that the success or failure of a policy is determined. Policy implementation includes a variety of activities such as issuing and enforcing directives, disbursing funds, signing contracts, collecting data and analyzing problems, hiring and assigning personnel, setting committees and commissions, assigning duties and responsibilities and making interim decisions (Chukwuemeka 2013). In Zimbabwe, SMEs policymakers and implementers are key stakeholders in the success of the policy. Understanding the nature of policy implementation is important because international experience shows that policies, once adopted, are not always implemented as envisioned and do not necessarily achieve the intended results (O’Toole, 2004). Policymakers and implementers often have limited understanding of how broader policies might help overcome service delivery obstacles. The Zimbabwe SME policy was formulated in 2002, but its implementation took time to take off. Many factors may have accounted for the inaction, chief among them being liquidity challenges.

Too often, policy and programme assessment emphasize outputs. For example, numbers of people trained or outcomes, such as increased knowledge among trained, but neglect the policy implementation process which could shed light on barriers or facilitators of more effective implementation. USAID (2010) argues that, assessing policy implementation process opens up the “black box” to provide greater understanding of why programs work or do not work and the factors that contribute to programme success.

It is argued that assessing policy implementation is essential because it: (1) promotes accountability in that; by holding policy makers and implementers accountable for achieving stated goals and by reinvigorating commitment,(2) enhances effectiveness since understanding and addressing barriers to policy implementation can improve programme delivery, (3) fosters equity and quality as effective policy implementation can establish minimum standards for quality and promote access, reducing inconsistence among service providers and SMEs sectors.

Various factors influence policy implementation, including the content of the policy, the nature of the policy process, actors involved in the process, and the context in which the policy is designed and must be implemented (USAID, 2010). Various theories and perspectives exist on the key components of policy implementation and the way in which to judge successful implementation.

Brynard and De Coning (2006), as cited in Dunn (2012), identified five critical variables of policy implementation, which they termed the 5-C protocol. The five variables are content, context, commitment, capacity and clients / coalitions. Submitting that policy implementation is a complex process rather than a mechanical administrative one, the two authors contend that policy implementation is a dynamic process, which changes itself as well as its surroundings. They maintain that each of the five variables is linked to and is influenced by others depending on the specific implementation situation. We look at these variables one-by-one hereunder.

**Content**

Brynard and De Coning (2006) point out that content basically denotes the level or type of coercion by government, further noting that a policy can be either distributive, regulatory or redistributive. The SME public policy in Zimbabwe is distributive, regulatory and redistributive as it seeks to create an enabling environment for the growth of SMEs, to distribute resources and to economically empower the black majority who were disadvantaged during the colonial period. This view is also expressed by Zhou and Zvoushe (2012) who contend that policies made in Zimbabwe since independence have the broad attributes of being distributive, redistributive and regulatory in orientation. In this paper, the thrust is to propose a comprehensive framework for determining the extent to which the policy has been successful in regulating SMEs, distributing or redistributing resources and opportunities against the backdrop of inherited colonial imbalances. The framework consists of criteria such as effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability, as recommended by Dunn (2012) and OECD (2021). These parameters could help in assessing whether the content of the SME policy in Zimbabwe is appropriate and effective in realizing its intended objectives.
Context

Context refers to the wider social, political, legal and economic environment which impacts policy implementation (Brynard & De Coning, 2006). For instance, in Zimbabwe, the economy has been unstable for the past two decades and this has undoubtedly affected the implementation of the SMEs public policy. An exploration of this critical variable can therefore help to give insight on the effectiveness of the SMEs public policy in Zimbabwe. To that end, policy evaluation criteria such as effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability could be handy in assessing the contextual relevance of the Zimbabwean SME policy. In particular, criteria such as appropriateness, responsiveness and equity are crucial in evaluating the contextual relevance of the policy, that is, its social, political, legal and economic suitability.

Commitment

Brynard and De Coning (2006) assert that government may have the most logical public policies imaginable as well as the necessary bureaucratic structures to back it, but if the people responsible for implementing them are unwilling or unable to do so, they will have limited success. The two authors contend that commitment is critical at all levels through which the policy passes, including the street level, the state level and all the levels in between. Commitment is also influenced by the other four variables, namely, content, context, capacity and clients and coalitions. The policy evaluation criteria of effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability could be useful in assessing the commitment to the implementation of the Zimbabwean SME policy. Components of the evaluation framework such as effectiveness, efficiency and responsiveness are particularly germane to the assessment of commitment to policy implementation.

Capacity

The capacity to implement a policy is conceptualized as the structural, functional and cultural ability to implement the policy objectives of the government, which is the ability to deliver those public services aimed at raising the quality of life of citizens, which the government has set out to deliver, effectively as planned in a sustainable way. This entails the availability of and access to concrete or tangible resources, be they human, financial, material, technological or logistical. Capacity also includes the intangible requirements of leadership, motivation, commitment, willingness and endurance. In Zimbabwe, lack of capacity could have severely affected the implementation of the SMEs public policy since the country has been facing severe economic and political challenges for the past two decades. The policy evaluation criteria such effectiveness, efficiency, adequacy, equity, responsiveness, coherence and appropriateness are clearly useful in assessing policy implementation capacity. In Zimbabwe, the need for the application of these policy evaluation criteria is accentuated by the countries’ longstanding political and economic challenges, as well as inherited colonial imbalances that the country seeks to address. Addressing this myriad of challenges requires capacity in terms of resources and expertise in policy formulation and implementation. In that regard, a set of appropriate policy evaluation criteria is essential.

Clients and coalitions

The support of clients and outside coalitions is the final crucial variable. While implementing policies, it is important to catalogue the potentially influential clients and coalitions. Brynard and De Coning (2006) as cited in Dunn (2012) suggest that it is critical for the government to join coalitions of interest groups, opinion leaders and other actors who support a particular implementation process.

USAID (2010) puts emphasis on the following key seven dimensions of policy implementation namely; (1) the policy, its formulation and dissemination,(2) social, political and economic context,(3) leadership for policy implementation,(4) stakeholder involvement in policy implementation,(5) planning for implementation and resource mobilization,(6) operations and services, (7) feedback on progress and results. As opposed to progress reports by implementers, feedback on progress and results is best achieved through monitoring and evaluation. During the implementation process, monitoring and evaluation is fundamental to the realization of the intended objectives as detailed in the section below. For effective monitoring and evaluation to take place, there is need for inappropriate monitoring and evaluation framework, such as the one recommended by Dunn (2012) and OECD (2021), consisting of eight criteria, namely, effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability.
11. Monitoring and Evaluating Policy outcomes

The primary aim of monitoring is to make sound claims about the consequences of policies (Dunn, 2012). Monitoring is about facts; evaluation is about facts and values. According to Patton and Sawicki (1986) even after a policy has been implemented, there may be some doubt as to whether the problem was resolved appropriately and whether the selected policy is being implemented properly. Patton and Sawicki observed that these concerns require that policies and programs be maintained and monitored during implementation to assure that they do not change form unintentionally, to measure the impact they are having, to determine whether they are having the impact intended, and to decide whether they should be continued, modified, or terminated. In Africa, Ayee (2002) observed a gap in policy monitoring and evaluation, which also holds true about Zimbabwe due to inadequate resources. Policy evaluation is learning about the consequences of public policy. Dye (2004) defines policy evaluation as the assessment of the overall effectiveness of a national program in meeting its objectives or assessment of the relative effectiveness of two or more programs in meeting common objectives. The linchpin in the policy analysis process is the nature of evaluation and alternative policies and the packaging of policies into strategies and programs. Furthermore, there is need for proper monitoring and evaluation of policy outcomes to ensure that the policy achieves its intended objectives. In that regard, a sufficiently comprehensive policy evaluation framework, comprising such criteria as effectiveness, efficiency, adequacy, equity, responsiveness and appropriateness, is required.

11.1 The Nature of Evaluation

Dye (2004) who sees policy evaluation research as the objective, systematic, empirical examination of the effects ongoing policies and public programs have on their targets in terms of the goals they are meant to achieve. Dye argues that the impacts of a policy is all its effects on real-world conditions, including; impact on the target situation or group, impact on situations or groups other than the target (spillover effects), impact on future as well as immediate conditions, direct costs, in terms of resources devoted to the program, and indirect costs, including loss of opportunities to do other things. Dunn (2012) sees evaluation as having several characteristics that distinguish it from other policy-analytic methods, which are as follows:

- **Value focus**: Evaluation, as contrasted with monitoring, focuses on judgments regarding the desirability or value of policies and programs. Evaluation is primarily an effort to determine the worth or utility of a policy or program, and not simply an effort to collect information about the anticipated and unanticipated outcomes. Dye sees evaluation as measuring impacts, not output.
- **Fact-value interdependence**: Evaluation depends as much on facts as it does on values. To claim that a particular policy or program has attained a high (or low) level of performance requires not only that policy outcomes are valuable to some individual, group or society as a whole, but it also requires that policy outcomes are actually a consequence of actions under-taken to resolve a particular problem. Hence monitoring is prerequisite of evaluation.
- **Present and past orientation**: Evaluative claims, as contrasted with advocative claims produced through recommendation, are oriented toward present and past outcomes, rather than future ones. Evaluation is retrospective and occurs after actions have been taken (ex-post).
- **Value validity**: The values underlying evaluative claims have a dual quality, because they may be regarded, as ends and means. Values are often arranged in a hierarchy that reflects the relative importance and interdependence of goals and objectives.

11.2 Functions of Evaluation

Dunn (2012) argued that evaluation performs several main functions in policy analysis, asserting that first and most important, evaluation provides reliable and valid information about policy performance, that is, the extent to which needs, values, and opportunities have been realized through public policies. Evaluation reveals the extent to which particular goals have been attained.

Second, evaluation contributes to the clarification and critique of values that underlie the selection of goals and objectives. Here, Dunn sees that values are clarified by defining and operationalizing goals and objectives. Values are also criticized by systematically questioning the appropriateness of goals and objectives in relation to the problem being addressed. In questioning the appropriateness of goals and objectives, analysts, may examine
alternative sources of values (e.g., public officials, vested interests, client groups) as well as their grounds in different forms of rationality (technical, economic, legal, social, substantive).

Third, evaluation may contribute to the application of other policy-analytic methods, including problem structuring and prescription. Information about inadequate policy performance may contribute to the restructuring of policy problems, for example by showing that goals and objectives should be redefined. In Zimbabwe, redefining policy options is rarely done leading to reactive approach to problems for example, the flight of the US dollar and the sudden cash shortages against the absence of local currency, which affected the SMEs and the ordinary citizen. Evaluation can also contribute to the definition of new or revised policy alternatives by showing that a previously favored policy alternative should be abandoned and replaced with another one. For an evaluation to be effective there is need for setting criteria.

11.3 Policy Evaluation Criteria

Patton and Sawicki (1986) argue that in order to compare and measure the performance or effectiveness of a policy, relevant evaluation criteria must be established. Dunn (2012), who supports this view, argues that in producing information about policy performance or effectiveness, analysts use different types of criteria to evaluate policy outcomes. Criteria for evaluation are applied retrospectively (ex-post). Accordingly, Scot and Garrison (2010) and Dunn (2012) argue that policy performance may be viewed in terms of meeting the following criteria:

- Effectiveness: It refers to whether a given alternative results in the achievement or realization of valued outcome of action. Effectiveness, which is synonymous with technical rationality, is often measured in terms of units or products or services or their monetary value for example, an effective health policy is one that provides more quality health care to more people. With regard to SMEs, an effective SME policy is one that provides formalisation of SMEs and quality service delivery, while meeting the intended goals.

- Efficiency: It refers to the amount of effort required to achieve a specific level of effectiveness. Efficiency has a monetary implication. Policies in the public sector are considered efficient if they are, amongst other things, cost-effective. Efficiency, which is synonymous with economic rationality, is the relationship between effectiveness and effort, with the later often measured in terms of monetary benefits at a given level of costs. Efficiency may be determined by calculating the costs per unit of a product or a service. Policies that achieve the larger net benefits per unit cost are said to be efficient. One way to determine efficiency is to compare the opportunity costs of an alternative against its rival.

- Adequacy: It refers to the degree to which any level of effectiveness satisfies a particular standard, the needs, values or opportunity that started off the problem in the first place. For example, it questions the extent to which the problem is solved. The criterion of adequacy specifies expectations about the strength of a relationship between policy alternatives and a fixed or variable value of a desired outcome.

- Equity: The criterion of equity is closely related to legal and social rationality and refers to the distribution of effects and effort among different groups in society. An equitable policy is one for which, for example, units in service or monetary benefits, or efforts, for example, monetary costs, are fairly or justly distributed. Policies designed to redistribute income, educational opportunity, or public services are sometimes prescribed on the basis of the criterion of equity. A given program might be effective, efficient, and adequate, for example, the benefit-cost ratio and net benefit may be superior to those of all other programs, yet it might still be rejected on the grounds that it will produce an inequitable distribution of costs and benefits. The criterion of equity is closely related to competing conceptions of justice or fairness and to ethical conflicts surrounding the appropriate basis for distributing resources in society.

- Responsiveness: It refers to the extent that a policy satisfies the needs, preferences or values of particular groups. The criterion of responsiveness is important because an analyst can satisfy all other criteria, like effectiveness, efficiency, adequacy, equity, yet still fail to respond to the stated needs of a group that is supposed to benefit from a policy. The responsiveness criterion asks a practical question: Do the criteria
of effectiveness, efficiency, adequacy, and equity actually reflect the needs, preferences, and values of particular groups?

- Appropriateness: The criterion of appropriateness is closely related to substantive rationality, because questions about the appropriateness of a policy are not concerned with an individual criterion but with two or more criteria taken together. Appropriateness refers to the value or worth of a program’s objectives and the tenability of assumptions underlying these objectives.

The foregoing criteria provide attributes that could be used to measure the effectiveness of the SME policy in Zimbabwe. These evaluation criteria are the central nuggets that could provide a general comprehensive public policy evaluation framework. OECD (2021) proposes a similar, six-criteria framework, consisting of relevance, coherence, effectiveness, efficiency, impact and sustainability. To broaden the criteria for SME policy analysis in Zimbabwe, we recommend borrowing two criteria from OECD, namely, coherence and sustainability, and adding them to the six criteria proposed by Dunn, to make them eight. The remaining OECD criteria, such as, relevance, effectiveness, efficiency and impact, already roughly correspond to Dunn’s criteria. Thus, the recommended 8 criteria, consisting of elements from Dunn (2012) and OECD (2021), include effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability.

According to OECD (2021) coherence relates to the examination of the extent to which other interventions support or undermine the intervention. It includes concepts to do with complimentarily, harmonisation and coordination, with emphasis on an integrated approach that avoids duplication of effort. With regard to the SME sector in Zimbabwe, policy coherence is very crucial since there are several government departments and government agencies with an interest in the implementation of the SME policy such as the Ministry of Finance and Economic Development, the Ministry of Women’s Affairs, Community, Small and Medium Enterprises Development and the Ministry of Public Service, Labour and Social Welfare, as well as a host of parastatal entities.

Sustainability relates to the extent to which the net benefits of the policy continue or are likely to continue (OECD, 2021). It encompasses various elements for analysis such as financial, economic, social and environmental elements, and how they interact. Sustainability is important in the evaluation of a public policy like the SME policy in Zimbabwe, which is expected to yield its intended benefits continuously over the long term.

12. Operationalization of evaluation criteria

0.1 Table 2.1: Operationalization of Evaluation Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Question</th>
<th>Illustration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness</td>
<td>Has a valued outcome been achieved? How much effort was required to achieve a valued outcome?</td>
<td>Units of service Value addition</td>
</tr>
<tr>
<td>Efficiency</td>
<td>How much effort was required to achieve a valued outcome?</td>
<td>Unit cost Net benefits</td>
</tr>
<tr>
<td>Adequacy</td>
<td>To what extent does the achievement of a valued outcome resolve the problem?</td>
<td>Fixed cost Fixed effectiveness</td>
</tr>
<tr>
<td>Equity</td>
<td>Are costs and benefits distributed equitably among different groups?</td>
<td>Pareto criterion Kaldor criterion Rawls’s criterion</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Do policy outcomes satisfy the needs, preferences, or values of particular groups?</td>
<td>Consistency with citizen survey</td>
</tr>
</tbody>
</table>
Appropriateness

- Are desired outcomes (objectives) actually worth or valuable?
- Do other policies or interventions support or undermine this policy?

Coherence

- Are the net benefits continuing or likely to continue?

Sustainability

- Public programs should be equitable as well as efficient
- Public policies should be complementary, harmonised, coordinated and integrated.
- The policy should continue to yield its intended benefits.

Source: Adapted from Dunn (2012) and OECD (2021)

Methods for evaluating observed policy outcomes yield policy-relevant information about discrepancies between expected and actual policy performance, thus assisting in the policy assessment, policy adoption, policy succession, and policy termination phase (Dunn 2012). Policy evaluation not only results in conclusions about the extent to which problems have been alleviated but may also contribute to the clarification and critique of values driving a policy, besides aiding in the adjustment or reformulation of policies.

13. Conclusions

One area of research that has been lacking is evaluation of the policies instituted by the Government of Zimbabwe in promoting the growth of SMEs. This aspect is very important because not all policies are appropriate and effective. In fact, the issue of poor policies in Africa is not surprising given previous observations by Ayee (2002) who noted poor policy making in Africa. Most specifically, Ayee (2002) contends that most African countries lack policy-making competencies. Evaluation of SMEs policy has also become an important issue after Dunn (2012) published criteria of good policy.

This paper has delineated key aspects of SMEs policies and public policy in general, including theoretical perspectives on the rise and performance of SMEs, and public policy effectiveness, examining the concept of SMEs, the importance of SMEs and the challenges they face locally and globally. The paper indicated that SMEs challenges are public problem leading to hunger and poverty. The challenges range from lack of support from Government to access finance and markets, lack of technological and infrastructure support, managerial training deficits and lack of institutional reforms.

In Africa, in general, and in Zimbabwe in particular, although there are policies in place it was observed that there is a dearth in policy analysis and policy evaluation. There is a paucity of qualified policy analysts. The paper has established that, while research has focused on main managerial theories that affect SMEs, it has tended to ignore the assessment/evaluation of SME policies. This paper submits that this problem can be addressed through the application of comprehensive and robust policy evaluation criteria, focusing on crucial variables such as effectiveness, efficiency, adequacy, equity, responsiveness, appropriateness, coherence and sustainability.

Such evaluation criteria would constitute a robust and apposite framework for evaluating the SME policy in Zimbabwe. Use of an appropriate SME policy evaluation framework could engender increased transparency and wider dissemination of results, leading to greater efficiency and effectiveness of the policy by ensuring that it is informed by concrete evidence of what really works, for whom, in what conditions, with what resources, and at what cost. Greater policy performance, anchored on an appropriate comprehensive evaluation framework, plays a pivotal role in constructing the necessary evidence base to ensure the relevance, effectiveness and efficiency of the policy and to provide all the relevant departments and levels of government, enterprises and other key stakeholders with the requisite information for developing initiatives that enable more to be attained with limited resources, while promoting public accountability, learning, public sector and business effectiveness through more informed decision-making. Ultimately, the application of an appropriate evaluation framework can enhance the
prosperity of the country and resultantly the well-being of the citizens.

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