

# An Evaluation of the Effectiveness of the SMEs Public Policy in Zimbabwe.

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**Abstract:** The purpose of this study was to evaluate the effectiveness of the Small and Medium Scale Enterprises (SMEs) public policy in Zimbabwe. The Delphi Technique was adopted as the methodology for the study. The Delphi technique is a group process used to survey and collect the opinions of experts on a particular subject. The technique was considered appropriate for policy evaluation since expert opinions are critical in policy evaluation. Two rounds of data collection and analysis of data from a purposively selected panel of 35 experts from Harare were conducted. Overall, the study indicated that the SME policy was largely ineffective. The findings with regard to the lack of equitable distribution of the costs and benefits of the policy were also enlightening. Essentially, the study revealed that the development of a comprehensive SME policy that fosters training, skills transfer, and succession planning is key to enabling SMEs to grow and continue to survive beyond the death of the founder.

**Keywords:** policy evaluation, Delphi technique, small and medium enterprises, policy implementation

## I. INTRODUCTION

Criticism of public policies in Africa in general is well documented. 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 et al., 2014). In support of this view, Moharir (2002) notes that there is a paucity of qualified policy analysts in Africa. As a result, Moharir observes that only a few countries in sub-Saharan Africa (e.g. Botswana) have set up policy centers to stimulate research and new ideas in policymaking. However, Moharir argues that the impact of these measures is still limited. In Zimbabwe, Makumbe (2001) notes 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.

In Zimbabwe, Small and Medium Scale Enterprises (SMEs) are regarded as the pillars of the country's economy (Gukurume, 2018). Their economic importance has been heightened by the rapid shrinking of the formal sector, which has engendered a corresponding astronomic rise in unemployment against the backdrop of a flourishing informal sector. The Government of Zimbabwe (2016) reports that in Zimbabwe there are over 2.8 million SME owners. The SMEs sector employs almost 6 million (Zimbabwe Government, 2013) out of about 7.1 million people who are economically active (Zimstat, 2015). In year 2022 ZIMSTAT (2022) reports that 97,4 percent of the

population is informally employed while ILO (2021) estimated that almost 5.2 million people trade in the informal economy in Zimbabwe, 65 percent of which are women. The sector also contributes more than 60% of GDP (Finscope, 2012). In light of these developments, Zimbabwe has made gigantic strides in developing and implementing various policies, which promote the development of SMEs. For instance, the National Micro, Small and Medium Scale Enterprises Policy Framework was crafted to provide an enabling environment for people to develop and promote diverse economic opportunities (Government of Zimbabwe, 2013).

However, in spite of their recognized importance and the deliberate support given to them by the government, SMEs in Zimbabwe invariably seem to be realizing limited success (Maseko et al. 2012); (Musabayana, Mutambara & Ngwenya, 2022). Maseko et al. maintain that in Zimbabwe, the SMEs sector is failing to contribute meaningfully to the national economy as was experienced elsewhere when governments advanced targeted support, noting that 48-60% of SMEs closures in Zimbabwe occur within the first three years.

A report presented to the Zimbabwe Parliamentary Portfolio Committee on Small and Medium enterprises and Cooperatives Development by the Ministry of Small and Medium Enterprises on 27<sup>th</sup> October 2016 revealed that despite the dominance of the sector in the economy, most of the businesses have failed to realize their full potential because of informality. The report noted that 85% of SMEs are not registered or licensed. Informality is when economic activities, in law or practice are not covered or are insufficiently covered by formal arrangements (ILO, 2013). Of great concern in the report, is that informality in employment is very high in the country, with the portion of the total employed population aged 15 years and above in informal employment having increased from 82, 2% in 2011 to 94, 5% in 2014. In May 2014, of the total 1, 5 million paid employees, 1, 4 million (93%) were in informal employment (ZIMSTAT, 2015). In response to the negativities, according to the report, the Ministry has therefore embarked on an aggressive strategy to formalize the SMEs sector. It noted that the transition to formality requires an integrated strategy, which can bring informal workers and entrepreneurs into formal channels of protection and support while preserving existing dynamics potentials, which may include registration, taxation, organization and representation, legal and social protection, business incentives, finances and business development support and more.

The benefits of operating formally were reported to include access to finance and market information, access to public infrastructure and services, membership in formal business associations, access to a formal system of social security and access to Government subsidies and incentives, including procurement bids and export promotion packages. The Ministry's key result area, according to the report include development, implementation, monitoring and evaluation of SMEs and Cooperatives policies and programs, resource mobilization and project management for SMEs and Cooperatives.

The report also highlighted challenges such as erratic funds releases, lack of cash to support the released funds, lack of adequate resources in the Ministry, lack of appropriate infrastructure and/or workplace for both the Ministry and SMEs, and erratic budget releases. These challenges underscored in the report call into question the effectiveness of the SMEs policy in enhancing the growth and development of SMEs as well as their contribution to national economic development, hence the need for an evaluative study of the SME policy in Zimbabwe.

It would appear that one key factor that has been ignored in the endeavours to stimulate the development of SMEs is evaluation of the SME public policy. This study is thus focused on evaluating the effectiveness of SME public policy framework in Zimbabwe in an endeavour to unravel whether the policy is meeting its intended goal of providing a robust enabling environment for SMEs to develop and promote the diverse opportunities outlined in Zimbabwe's Agenda for Sustainable Socio-Economic Transformation (ZIMASSET).

In an effort to improve performance of SMEs, some researchers have come up with business models. For example, Schneider, Buehn and Montenegro (2010) and Asikhia (2014), after a synthesis of literature on SME business performance, came up with six major domains or areas of focus that could enhance the performance of SMEs and these include human resources, technology, innovation and creativity, unit cost economies, organizational infrastructure and strategy. Despite the importance of all these domains or models, an area that has been ignored has been the role of public policy especially the effectiveness of public policy. It would appear that the area of SME public policy analysis has been ignored in the literature. This is a serious gap because even with all the other conditions in place, bad policies will definitely negatively impact on SMEs or any other business. In fact, one major reason why Asian Tigers were successful was good market-oriented SME policies.

In addition, one factor which has often been taken for granted has been the role of government in the SMEs development process. One possible main assumption has been that, once policies are in place SMEs will work successfully. However, this has not been the case. Evaluating the SMEs public policy, instituted by the Government of Zimbabwe in promoting the growth of SMEs, is one area of research which has been lacking. This aspect is very important because not all policies are effective. In fact, the issue of poor policies in Africa is not

surprising given previous observation by Ayee (2002) who noted poor policy making in Africa. Most specifically, Ayee contends that most African countries lack policy making competencies. Given this situation, evaluation of SMEs policy has become an important issue after Moharir (2002) published criteria of good policy. Using the policy evaluation criteria by Dunn (2012) the study therefore sought to evaluate the extent to which Zimbabwe's SME policy has been effective in addressing the needs and challenges of small and medium businesses as highlighted in the policy document.

## II. IMPORTANCE OF SMES AND INTERVENTIONS

SMEs have historically played an important role in contributing to economic development of many countries around the world (OECD, 2004). Generally, all businesses start as small businesses or even start out of small businesses initiated by individuals (Fida, 2008). According to Fida, SMEs contribute to economic development in various ways, which include creating employment for the growing rural and urban labour force, providing desirable sustainability and innovation in the economy as a whole. Additionally, the development of SMEs is seen as a way of accelerating the achievement of wider socio-economic goals, including poverty alleviation (Conroy, 2010). Overall, the importance of SMEs has become a global phenomenon. In almost all continents, in both developed and developing countries, SMEs have become a critical aspect of national development (World Bank, 2009).

The Organization for Economic Co-operation and Development (OECD) countries, which comprises Europe, North America, Australia, New Zealand, Japan and South Korea held a conference of ministers responsible for SMEs in Bologna, Italy, in June 2000, and adopted the "OECD Bologna Process", in which several policies and strategies to promote SMEs were designed. The policies sought to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, thus contributing to the development of the world economy (OECD, 2004). The strategies include: (1) Embedding national private sector/SME development strategies in the broader national development and/or poverty reduction and growth strategy through institutionalized participatory processes. (2) Increasing efforts to develop and strengthen enabling legal, regulatory and administrative environments at local, regional and national levels. (3) Facilitating availability of and access to loans and equity finance. (4) Strengthening infrastructure services delivery to facilitate market access and reduce the cost of doing business. (5) Reinforcing support structures for private sector/SME development, particularly institutional support. (6) Strengthening the gender, environment and health, for example, HIV/AIDS, and malaria dimensions of SME development. (7) Enhancing policy coherence at regional, national and internal level and actively managing aid effectively.

Recent empirical studies show that SMEs contribute to over 55% of GDP and 65% of total employment in the high-income countries (World Bank, 2014). SMEs feature as a dominant

force in all the successful economies of the world. The impressive industrial performance of some Asian countries, for example, Taiwan, Singapore, Hong Kong, Japan and western countries has focused attention of policy makers and academic analysts on the prominent role played by SMEs in industrial development (Rogerson, 2008).

The importance of SMEs in industrial development through public policy came to light following the success stories of some East Asian and Western European countries such as Singapore, Taiwan, North Korea, Germany and Italy. After the failure of large-scale enterprises to generate meaningful employment and industrial development, most governments in the developing countries have turned to SMEs as an option. In fact, Saed (2002) observes that the SME sector is regarded as the solution to most development challenges in developing countries.

(SMEs, as part of the private sector, have also become important developmental tools in Africa as a continent. The private sector has become the central focus for economic and industrial development in African countries. Two factors account for much of this new emphasis: the failure of the public sector-led economic and industrial development and globalization (Charmes, 2011).

A study by Rogerson (2008) on SMEs sector in South Africa, reveal that access to finance, training opportunities and an appropriate regulatory environment were key to SMEs development and survival. As a result, SMEs which are the backbone of the private sector, have been widely recognized at all levels of development and make a significant contribution to economic development in general and industrial development in particular (Charmes, 2011; Rogerson, 2008). On the continent of Africa, particularly in Sub-Saharan Africa, small firms are regarded as the driving force for economic growth, job generation, and poverty reduction (Okpara, 2007; Sam, 2007; Fatoki, 2010).

Economists, researchers, donor agencies and development analysts argue that SMEs development should be a priority in the developmental policies in Africa (Grimm, van der Hoeven, Lay & Roubaud, 2012). With respect to Botswana, Temtime and Pansiri (2004) note that after realizing great contributions of SMEs to economic diversification, employment creation, income generation, and poverty alleviation, the government of Botswana has been putting much effort and resources to promote the development of entrepreneurship and SMEs through public policy.

### III. RESEARCH PROBLEM

A survey conducted by ZIMSTAT (2012) reveals that SMEs are regarded as key drivers of economic growth and employment creation in Zimbabwe. The Government of Zimbabwe formally acknowledged the critical importance of SMEs by setting up a ministry responsible for addressing their concerns and by crafting a specific policy meant to address challenges facing them and to strengthen them. However, it has been noted that SME policies do not always deliver the desired results (Nyamwanza, 2014) and that Zimbabwe is good at

developing brilliant and well-thought-out policies but has problems with regard to implementation of the policies (Nyamwanza et al., 2015). Since the SME policy had not been evaluated, it is not clear whether it has been effectively implemented or whether it has achieved its intended goals. The research problem of this study was, thus, the extent to which the SMEs policy was enabling SMEs to access finance and markets, among other necessary resources, in order to enhance their performance. In sum, there was paucity of information on the effectiveness of the SME policy in Zimbabwe. In particular, there was need to assess the effectiveness of the SME policy in Zimbabwe to establish whether it was achieving its stated goals. Patton, Sawicki and Clark (2016) argued that even after a policy has been implemented, doubt may remain as to whether the proper problem was identified, whether an important aspect of the problem was overlooked, or whether the policy conclusion or recommendations might have been different had better, more recent data been available. These concerns according to Brightman (1980) require that monitoring and evaluating of policies and programmes be executed to see that the correct alternative is implemented, to assure that it does not haphazardly change form, and to determine whether it is having the desired impact, whether it should be redesigned or modified, or whether it should be terminated. Policies and programmes fail because either the programme could not be implemented as designed (programme failure) or the programme was run as designed but did not produce the desired results (theory failure) (Weiss, 1989 in Patton, Sawicki & Clark, 2016). With respect to the SME policies, it is critical to examine the extent to which the policies meet basic criteria of effective public policies. In Zimbabwe, there is a SMEs policy in place, but its effectiveness had not been adequately assessed hence this study sought to unpack the performance of this policy.

## IV. METHODOLOGY

### 4.1. Research Design

The qualitative approach, an umbrella of various research methods was adopted for this study because it is context-specific and provides flexibility and gave the researcher the ability to conduct an in-depth research on selected SMEs. This was particularly important on a subject like public policy, which requires in-depth understanding. The main advantage of qualitative research is that it enables the collection of rich and detailed data, which affords a detailed understanding of the phenomenon under study. Qualitative research is particularly appropriate in case studies, a strategy used in this research, where the aim was to understand phenomena in detail within their natural context.

### 4.2 Data Collection Method

A methodology was needed to create a 'virtual round table' to collect data and for exchange of ideas to clarify misconceptions, misunderstanding, wrong assumptions and toxic attitudes to arrive at a consensus about the effectiveness of the Zimbabwe SMEs public policy. This was essentially a virtual multi-stakeholder information exchange. The Delphi technique was used in this study. The Delphi technique is a group process used

to survey and collect the opinions of experts on a particular subject. This technique is also useful where the opinions and judgments of experts and practitioners are needed but time, distance, and other factors make it unlikely or impossible for the panel to work together in the same physical location.

The Delphi technique was selected because it enabled stakeholder views to be exchanged at arm's length without the emotions that would arise once participants saw what the others felt on an issue. The iteration provided exchange of opinion to higher and higher levels via thought through responses by the Delphi team members, an outcome that could not be achieved through a normal one-off survey. Key components of the Delphi technique include the communication process, a group of experts, and essential feedback. Warner (2014) observes that when using the Delphi Technique usually the researcher defines the qualifications of an expert in terms of the topic at hand and seeks out individuals who meet the qualifications. In this study the experts were deemed to be people involved in or familiar with the operations of SMEs in Zimbabwe as well as those familiar with the SME policy framework.

#### 4.3 Study Population and sample

The sample was made up of 35 participants selected from registered and unregistered SMEs in furniture manufacturing and welding sectors in Harare, officials in the ministry responsible for SMEs, the City of Harare, the Association of SMEs, and Zimbabwe Revenue Authority as well as the academia.

#### 4.4 Sampling Technique for this Study

This study used purposive sampling, a variant of non-probability sampling. This sampling method was used since, as argued by Creswell (2003), it enables the researcher to select SMEs respondents who possess the most appropriate characteristics to provide the required insights of the policy implementation and its effectiveness in terms of impact on SMEs performance.

#### 4.5 Steps followed in data collection

Using the Delphi Technique, the following steps were followed in the collection of data.

1. Identifying the panel of experts.
2. Determining the willingness of individuals to serve on the panel.
3. Gathering individual input on the specific issue and then compiling it into basic statements.
4. Analyzing data from the panel.
5. Compiling information on a new questionnaire and sending to each panel member for review.
6. Analyzing the new input and returning to the panel members the distribution of the responses.
7. Asking each panel member to study the data and evaluate their own position based on the responses from the group. When individual responses vary significantly from that of the group norm, the

individual was asked to provide a rationale for their differing viewpoint.

8. Analyzing the input, and sharing the minority supporting statements with the panel. Panel members were again asked to review their position.

1. Establish a panel of experts and secure participants willing to engage in the process



2. Generative Round: Expert panellists complete an Initial questionnaire



3. Analyse the responses and use the findings to build the succeeding questionnaire



4. Panellists complete the succeeding questionnaire



5. Repeat steps 3 and 4 until consensus is reached



6. Report findings to stakeholders and use the findings to support decision-making activities

Source: Warner (2014). The Delphi Process

#### 4.6 The Delphi Process

The process of data collection was as follows:

Round 1: In the first round, an initial open-ended questionnaire was developed with input from pilot study and Delphi participants. The use of open-ended questions was meant to enable the collection of in-depth data. After receiving the participants' responses to the questionnaire, the data were analysed and a summary of the responses was compiled and the questionnaire for Round 2 was designed, with special focus on issues where consensus was not realized in Round 1.

Round 2: In the second round, each Delphi participant received second questionnaire and the summary of responses to the Round 1 questionnaire. Each participant was asked to review go through the summary of responses before responding to the Round 2 questionnaire. The participants then completed the questionnaire for Round 2 and returned it. In Round 2 there was general convergence of views on most of the issues that were outstanding from Round 1. There was, therefore no need for further iteration, so the study was concluded in Round 2.

## V. RESULTS

### 5.1 Challenges faced by SMEs

There was a general convergence among the participants with regard to challenges faced by SMEs in Zimbabwe. The panellists predominantly indicated that the major challenges confronting SMEs in Zimbabwe include lack of capital, mainly due to lack of credit facilities, collateral security and high lending rates, lack of access to markets, inadequate skills, and high rentals and inadequate infrastructure. The issue of lack of access to funding was particularly stressed by most panellists, along with the issue of access to markets, especially international markets. Other participants also mentioned intense competition due to low barriers to entry as well as lack of regulations pertaining to business ethics. High formalization costs. High taxation by the Zimbabwe Revenue Authority and

prohibitive council by-laws were also mentioned considerably by the participants as inhibiting the operations of SMEs. Lack of continuity after the death of the founder was also indicated as a challenge confronting SMEs, together with poor government support for the sector, poor premises and corruption.

Since there was a general confluence of ideas on the challenges facing SMEs this question was not carried over to Delphi Round 2. However, the related theme of continuity after death of the entrepreneur was carried over to round 2 as it was only mentioned by a few panellists. There was need to establish the extent to which this challenge was prevalent among SMEs in Zimbabwe.

### 5.2 Addressing the Challenges of SMEs

The panellists predominantly indicated that the SMEs policy was not addressing the challenges confronting SMEs in Zimbabwe. The participants highlighted that the policy does not address issues like hygiene, safety, high taxation and inadequate and expensive premises.

Lack of government support to access local and international markets, lack of ease of doing business were particularly underlined. A few respondents even professed ignorance of the existence of the SMEs policy. It was generally indicated that although on paper the policy addressed most of the challenges, implementation of the policy was seriously lacking. One of the participants remarked,

*“The policy is addressing the challenges to a lesser extent because what is needed is implementation, although the policy sets the tone for a productive environment”.*

Lack of equity in policy implementation was also highlighted as an area of concern. Some panellists also indicated that the SMEs sector is highly informal since there is no structured government supported way of getting markets locally and internationally. This finding clearly dovetails with what was established in the reviewed existing literature. For instance, OECD (2017), opines that policies targeting SMEs should foster innovation, enhance business dynamism, support skills development, and facilitate access to finance, and aid access to public markets, although they oftentimes fail in this regard due to their poor conception.

Considering that consensus on whether the policy was addressing the challenges of SMEs has been established in round 1, round 2 did not carry the question on addressing challenges as it was deemed redundant.

### 5.3 Strategies to Mitigate Challenges

Almost all respondents suggested the need for formalization of SME's and reduction of process costs and regular meetings with key officials and National Chamber of SMEs. They also recommended improved access to funding at low interest rates and alternative collateral security, relaxation of tax regulation at early stages, involvement of SMEs at policy formulation. Dialogue between SMEs and Government, joint ventures, financial inclusion of SMEs and the availing conducive premises for SMEs were also recommended as strategies for

mitigating the challenges faced by SMEs. There was general consensus on the strategies. A few respondents mentioned the need to instil discipline in SMEs. One panellist wrote,

*“...Government needs to instil discipline in SMEs by formalizing their operations through company registration, tax registration and offering business training...”*

### 5.4 Efficiency of the Policy

There was a general confluence on ideas on efficiency of the policy. The panellists predominantly characterised the policy as inefficient, citing reasons such as difficulties in obtaining business licenses, numerous and unaffordable license fees, lack of policy coherence in the government systems, complicated registration procedures and lack of ease of doing business. One panellist remarked,

*“...Just like everywhere else in the country ease of doing business is a challenge. There is need to improve the policy to address that issue...”*

Some panellists pointed out the policy is ineffective because of corruption and unequal distribution of resources.

A few panellists, however, indicated that the policy was efficient, arguing that it provides easy access to capital, technology, infrastructure and that there is coordination of policies at national level. Since there was a semblance of consensus on the issue of efficiency, it was not carried over to Delphi Round 2.

### 5.5 Yielding Intended Goals

The panellists were predominantly of the view that the policy was not yielding its intended goals. They pointed out that there was need for policy implementation and ease of doing business. Harsh Zimbabwe Revenue Authority and council license laws were characterized as prohibitive to SMEs growth and continuity. Some panellists felt that only big and formalized companies are benefiting from loans. They also pointed out that some SMEs were accessing loans but are failing to pay back, resulting in property attachment. These results indicate that there was a general consensus that the policy did not yield its intended goals.

However, a few participants indicated that they are yielding their intended goals, citing access to Reserve Bank of Zimbabwe cheap loans and government support. One respondent even indicated that the policy was yielding the intended results because SMEs were contributing 80% of GDP.

### 5.6 Satisfying the Needs of SMEs Sector

The responses showed that there was consensus around the idea that the policy was failing to satisfy the needs of the informal sector. In this regard the respondents pointed out that the policy objectives were good but there was no implementation, hence there was failure to address challenges like lack of access to capital, high interest rates, and inadequate working premises. It was predominantly indicated that the policy was failing to satisfy the needs of SMEs because there were no research and development facilities, no financial facilities and no readily available markets. It can thus be concluded that consensus was

reached on this particular aspect. One of the panellists said, *“...The policy is divorced from the needs of SMEs, SMEs do not need policy documents on the shelf just like Zimbabwe Agenda for Sustainable Socio-economic Transformation...”* ZIMASSET.

However, some respondents indicated that the policy satisfied the needs of the SMEs sector by guaranteeing formalization of the sector and enabling SMEs to access finance and markets. The contribution of the policy to formalization of SMEs was assessed in Delphi Round 2 in order to explore the issue and determine whether there was consensus.

#### 5.7 Satisfying the Preferences of the SMEs Sector

The panellists were predominantly of the view that the policy objectives were noble, but they were not operationalized and as a result they failed to address the preferences of the SMEs sector. Some participants indicated that there were no clear objectives to grow SMEs business and no capacity building. They also characterized the demand for collateral as an impediment to the development of SMEs. They felt that largely the policy was failing to satisfy the preferences of the SMEs sector. There was general consensus that the policy failed to satisfy the preferences of the SMEs, therefore the question on preference was not included in the questionnaire for Delphi Round 2.

#### 5.8 Fair Distribution of Policy Costs

Virtually all the respondents expressed the view that there was no fair distribution of costs of the policy across all types of SMEs. They argued that the cost of acquiring resources was high for the unregistered SMEs, while registered SMEs got a fair deal. The cost of doing business was also generally high. They argued that SMEs from outside Harare found it expensive for they had to travel to Harare for approval. One of the respondents remarked, *“...The costs of the policy are allocated according to certain groups, leaving out the general SMEs that are operating without the knowledge of how they can be granted access...”* The respondents underscored the need for decentralisation of SMEs offices and decision-making. Another respondent mentioned that, *“...Zimbabwean SMEs operate single-handedly and access to loan resources is an individual's risk, hence they cannot acquire good tools of trade. There is high cost of acquiring resources, hence some SMEs close shop and die or shrink to vendor levels...”*

On the issue of policy costs, it was apparent that there was consensus so there was no need to belabour the point by asking another question on this aspect in Delphi Round 2.

#### 5.9 Fair Distribution of Benefits of Policy

The respondents predominantly indicated that policy benefits are not fairly distributed, arguing that there was corruption in the system. They posited that SMEs had limited access to technology and appropriate equipment. They also pointed out that the SMEs Ministry did not give adequate information to some SMEs and they lack knowledge of what SMEs require in order to succeed. One of the participants had this to say about the distribution of benefits of the policy, *“...Benefits of the SMEs policy are not distributed fairly due to elements of*

*corruption in their processing. Government has to guard against this by establishing consortia of SMEs. Some Furniture SMEs are run by politically connected people; hence benefits are not fairly distributed...”*

Nonetheless, a few respondents were of the opinion that benefits such as infrastructure development were fairly distributed. They also argued that the policy led to a decrease in the unemployment rate and an increase in the availability of goods and service at all levels.

However, the predominant position expressed by the participant was that the benefits of the policy were not fairly distributed. This shows that there was a semblance of consensus on the issue, so it was not pursued in round 2.

#### 5.10 Suggestions for Improving the Overall Performance of the SME Public Policy

Almost all respondents suggested the following:

**(1) Provision of business premises to some SMEs at affordable rentals,**The majority of the respondents indicated that lack of business premises was seriously affecting the success of SMEs, implying that the policy was not being effectively implemented, since one of its goals was to provide working premises for SMEs.**(2) Provision of government support on access to markets,**Lack of government support on access to markets was decried by most of the participants. They submitted that government support was required for SME businesses to access local and international markets.**(3) Provision government support on access to funding at low interest rates,**As it noted that SMEs are affected by lack of capital, mainly due to lack of credit facilities, collateral security and high lending rates, most participants pointed out that the government needed to be more proactive in availing funding to SMEs.**(4) Formalization of SMEs at affordable costs ,**The participants generally felt that formalization of SMEs was a compelling strategy for developing them, as it enhances their capacity to access funding, business premises and markets. **(5) Facilitation of joint ventures with international partners by the government,**Facilitation of joint venture with international partners by government was recommended by most participants as a strategy for developing SMEs. **(6) Relaxation of tax,** Most of the participants submitted that high taxation by the Zimbabwe Revenue Authority was inhibiting the operations of SMEs. The decried the existing complex taxation system, suggesting that the process should be simplified and appropriate tax relief mechanisms for SMEs should be introduced. **(7)Council by-laws,**Most of the sampled experts described the council licensing laws as colonial, antiquated and prohibitive to SMEs growth and continuity. The council by-laws were crafted and instituted during the colonial era, which was typified by ruthless suppression, segregation and discrimination of black Africans, who were the majority. Poignantly, the repressive and discriminatory by-laws are still in existence 45 years after independence, with adversative effects on the operations of SMEs. The participants pointed out the need for realignment of the by-laws. **(8) Improving on ease of doing business,**The respondents also stressed the need for government to promote ease of doing business in the SME

sector. This also dovetailed with their call for the relaxation of Zimbabwe Revenue Authority laws and council license laws which they perceived as retarding SMEs growth and continuity. (9)**Implementing the policy**, a significant percentage of the respondents, (46%) did not affirm that the policy was being implemented, which may imply that the implementation was either inadequate or it failed to cover all the SMEs. The participants stressed the importance of ensuring that the policy is fully implemented in order for it to achieve its stated goals. (10) **Involvement of SMEs in crafting the policy**, Some participants were of the view that involving SMEs in crafting the SME policy could enhance its effectiveness by ensuring that interests and views of SMEs are sufficiently represented in the policy. They felt that such a participatory approach could make the policy more acceptable to SMEs and therefore easier to implement. (11)**Institutional Reform**, according to the respondents, the existing institutional infrastructure for SME support in Zimbabwe is fragmented and needs to be rationalised to ensure better coordination. The structures in place are not suitable for the growth and development of SMEs in Zimbabwe. The applied strategies to enhance capacity should be through organised training programmes, attachments, hands on technical assistance, and study tours. Capacity building programmes should include policy formulation techniques, research methods, advocacy skills and business consultancy techniques. Structures to establish an institutional framework which facilitates the growth and development of an SME sector in Zimbabwe should include the Ministry of Industry and International Trade, Ministry of Youth, Gender and Employment Creation, Small Business Advisory Council, Small Business Authority, National Association of SMEs, Business Associations, ZimTrade, Scientific Industrial Development and Research Centre, Standards, Association of Zimbabwe, Export Processing Zone, Zimbabwe Investment Centre, The National Productivity Centre, Financial Institutions, and Industrial Task Force. (12) **Investment Promotion**, the respondents cited investment promotion as critical to the development of SMEs. High interest rates and high inflation adversely affect the growth and development of the SME sector in Zimbabwe as such it becomes critical for macroeconomic policies to create a conducive environment for SME development. In order to attract foreign investors, it was suggested that the government should formulate deliberate strategies to stimulate the growth and development of the SMEs sector in the country. (13)**Market penetration/Access to Markets**, the respondents outlined that both local and foreign markets, remains a serious constraint facing SMEs. They observed that many SMEs in Zimbabwe have failed to operate successfully because they do not have adequate information and intelligence on market opportunities and market trends. The SME sector is also not geared for export and most entrepreneurs find the costs and complications of exporting onerous. To counter the market penetration challenges being encountered by SMEs, it was suggested that the Government should come up with intervention strategies. (14) **Relationships and Partnerships**, in order to equip SMEs to deal with the new economic environment in Zimbabwe,

technical and managerial knowledge over a wide range of business areas must be expanded. A large proportion of SMEs have limited range of skills, managerial knowledge and scarce resources to deal with these new challenges such as the emergence of global competition. SMEs should be encouraged to network and establish partnerships and joint ventures at local, regional and international levels with large businesses. It was suggested that these partnerships will facilitate the provision of capital injections, market access, managerial expertise and the transfer of technology. This will increase the survival rate of SMEs and result in them being successful and competitive in a global environment. (15)**Creating and Maintaining Synergies at both levels**, To ensure that the contributions of the SME sector are fully realised, it was suggested that the Zimbabwean government should join hands with supporting institutions such as ZIMTRADE, EMPRETEC, ILO and SEDCO to help the SME sector. (16) **Enabling Legal and Regulatory Environment**, The respondents suggested an overhaul and removal of the complexity of the regulatory environment and the multiplicity of bureaucratic requirements which were constraining SMEs in Zimbabwe. They cited as examples, the onerous process of registering a business, getting the necessary licences and the cost of compliance as major deterrent for small scale entrepreneurs.

## VI. SUMMARY OF DELPHI ROUND 1

Foregoing analysis of Delphi Round 1 has shown that the general view of the participants was that the SMEs policy in Zimbabwe was ineffective mainly due to poor implementation or non-implementation. It can therefore be concluded that there was consensus on these issues. However, some questions required further exploration in Delphi Round 2. In Round 1 all the questions were open-ended to enable a broad exploration and generation of ideas that engendered a comprehensive analysis of the policy. The questions enabled the experts to bring on board a broad spectrum of issues pertaining to the SMEs policy in Zimbabwe. Issues that were not in the Round 1 questionnaire, like survival of SMEs after the death of their founders, contribution of the SME policy to the formalization of SMEs, shortage of working space and access to markets were raised. Most of the new issues that were raised in Round 1 were pursued in Round 2 in an effort to determine whether there was consensus on those issues among the experts. In Round 2 it was necessary to blend closed and open-ended questions in Round 2 to enable the quantification of responses. Quantification of responses helped to determine the degree of consensus on the various issues in question. On the other hand, open-ended questions enabled the panellists to elaborate and justifying their views.

## VII. DELPHI ROUND 2 REPORT

### 7.1 Overview

After realization of consensus as regards most of the questions in Round 1, the remaining questions where there was no consensus were carried over to round 2. In Round 1 consensus was obtained on issues to do with effectiveness of the policy, satisfying the needs of SMEs, satisfying the preferences on of

SMEs, yielding the intended results, fair distribution of policy costs and fair distribution of policy benefits. It was predominantly felt by the respondents that the policy was generally failing in all these aspects, and there was consensus in this regard. These issues were, therefore, not carried forward to Round 2. However, there were some unresolved questions, which were carried over to Round 2. These included continuity of SMEs after the death of the founders, the contribution of the policy towards formalization of SMEs, implementation of the policy and lack of business premises. Generally, these were issues that were not part of the Round 1 questionnaire but were raised by the participants in their responses.

7.2 Contribution of the Policy to Formalization

As shown in Figure 4.2, the majority of the respondents (54%) indicated that the SMEs policy was significantly contributing to the formalization of SMEs. However, 23% of the respondents were neutral, while 22% indicated that the policy did not significantly contribute to the formalization of SMEs. The fact that 46% of the respondents did not affirm that the policy significantly contributed to the formalization of SMEs shows that although the policy contributed to formalization its contribution in this regard was rather moderate.

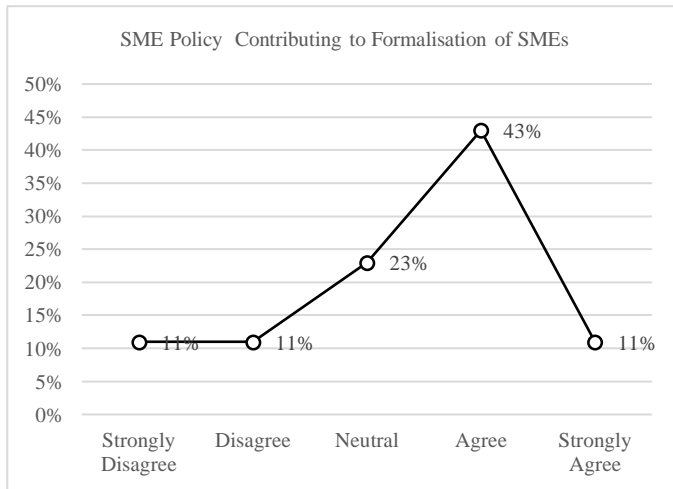


Figure 4.1: Contribution of SMEs Policy to Formalization

Responses to open-ended questions, which were analysed through the Nvivo Data Analysis Software indicated that the respondents predominantly felt that the SME policy contributed significantly to the formalization of SMEs. For instance, one participant remarked: *“Yes, it helps to formalize the SMEs, since most SMEs are now operating formally thanks to the policy implementation that states rules and laws that compels formalization...”*. Similarly, another respondents opined, *“...Yes, the policy is helping to formalize because it outlines the rules and regulations to be followed and its guidelines...”* Likewise, another participant remarked, *“...It helps since it urges SMEs to operate officially to enable them to get access to funds and training programmes on how best they can do their business...”*. Another participant felt that the policy enhanced formalization of SMEs since it encouraged SMEs to operate in designated areas and to comply with business laws and regulations. One respondent had this to say:

From a policy point of view, several measures were adopted to address the situation of the SMEs formalization, where most SMEs were formalized and registered. This means that before the implementation of the policy, the vast majority of the SMEs were operating outside the parameters of the formal sector. However, Zimbabwe has adopted policy driven support to business to enhance formalization of the SMEs.

The views expressed by the respondents predominantly indicate that the SMEs policy enhanced the formalization of SMEs. However, a few participants were of the view that the policy did not effectively contribute to formalization of SMEs. For instance, one respondent remarked, *“...It is not helping because the process of formalizing an SME it is very cumbersome especially the requirements needed are not easy to acquire...”*. In the same vein, another participant opined, *“...The SMEs policy is not really promoting formalization, since other SMEs are resisting. The government faces resistance from other SMEs, which are unwilling to register and operate in a formal way...”* However, it can be concluded that the majority of the participants felt that the policy enhanced formalization of SMEs, so in this regard the policy was effective, to some extent.

7.3 Implementation of the SME Policy

As shown in Figure 4.3, the majority of the respondents (54%) were in disagreement with the assertion that the SME policy was never implemented. On the other hand, 31% of the respondents were neutral, while 15% indicated that the policy was never implemented. These statistics show that the majority of the respondents were of the view that the policy was implemented. However, the fact that 46% of the respondents did not affirm this position could indicate that the implementation was inadequate or was not felt by a significant segment of stakeholders.

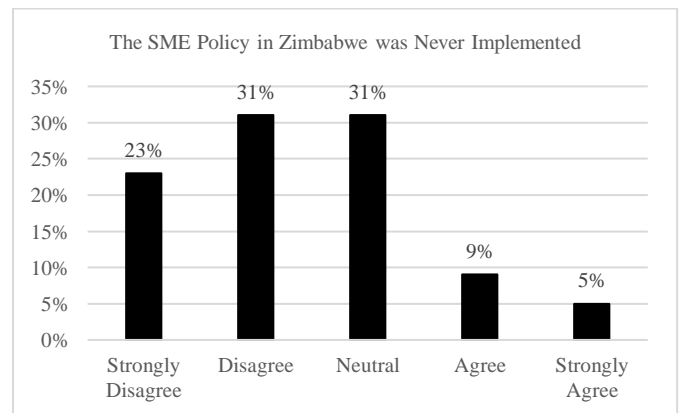


Figure 4.2: Implementation of the SMEs Policy

An analysis of responses to open-ended questions indicated that the participants were predominantly of the view that the SME policy was implemented. One participant remarked:

*“...It was implemented because incubation centres were opened for SMEs where they are equipped with skill, especially technical skills. For example, Indo-Zim Incubation Centre in Belvedere...”*



Similarly, another respondent commented,

***“...It has been implemented as SEMDCO gives funding to SMEs. SMEs were trained in various skills such as management and accounting. Skills were imparted to SMEs Incubation Centres...”*** In a similar vein, one welder remarked, ***“...Yes, SMEs are afforded cheap loans through SMEDCO, access to markets nationally, regionally and internationally by organising agricultural shows and trade fairs...”***

Another respondents remarked:

***“...It has been implemented because we were notified, told and got some hard copies from the Ministry and government officials clearly shed light on that”***. One respondent put it elaborately:

***“...It has been implemented, since it is now widely used in SMEs sectors and some SMEs are now showing a sign of compliance. This implies that SMEs are now complying with the policy since the problems that government used to face with the SMEs are now lessened thanks to the implementation of the policy. For instance, the problem of not registering SMEs has been solved...”***

In the same vein, another respondent had this to say:

***“...It has been implemented because there is a complete turnaround in the SMEs operationalization process, meaning those who were used to operate informally are now operating formally. In addition, the SMEs policy has been implemented because there is now a funding arrangement for distress industries and there is now internationalization of the SMEs markets...”***

However, a few respondents were of the view that the policy was not implemented. One participant remarked, ***“I do not think it has been fully implemented because other SMEs still break the rules, they are still unregistered and informal.”***

Another respondent retorted, ***“...It is partially implemented SMEs are still facing challenges in getting loans, working space, markets to mention just a few problems..”***. One participant said:

In a nutshell, a comparison of SMEs operations in countries like India, Korea, Kenya, Rwanda, and Indonesia shows that SMEs policy in Zimbabwe has never been pragmatically implemented, hence the sector, despite having the potential, remains operating under harsh conditions and contributing virtually nothing to GDP and poverty alleviation as focus is put on the formal collapsing sector. Implementation has been affected by worrisome policy inconsistencies by government. This dovetailed with Nyamwanza et al.'s (2015) that the development of SMEs and their contribution the country's GDP is below expectation owing to policy inconsistency and bad governance, among other factors. Nyamwanza et al. also pertinently remark that Zimbabwe is famed for developing brilliant policies, but the problem is with regard to policy implementation. However, it can be concluded that the participants were predominantly of the view that the policy was

implemented, since 54% of the participants were in disagreement with the assertion that the policy was never implemented. It can, thus, be concluded that there was general agreement that the policy was implemented. Nonetheless, that fact that 46% of the respondents indicated otherwise could suggest that the implementation was not quite effective or did not cover all the SMEs.

#### 7.4 Impact of Lack of Business Premises

As shown in Figure 4.4, the majority of the respondents indicated that lack of business premises was seriously affecting the success of SMEs. Seventy one percent of the respondents were in agreement with the assertion that lack of business premises was seriously affecting SMEs. This could imply that the policy was not being effectively implemented, since one of the goals was to provide working premises for SME businesses.

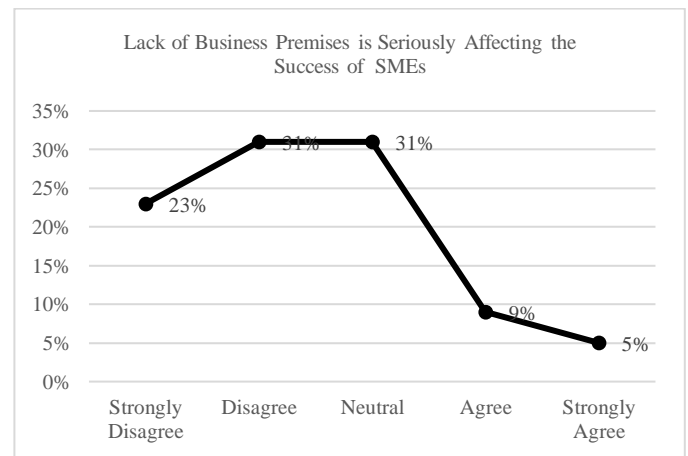


Figure 4.3: Lack of Business Premises Affecting SMEs

An analysis of the participants' responses to open-ended questions indicated a general convergence of the findings from qualitative with those from quantitative data. It showed that most of the participants felt that lack of business premises was seriously affecting the success of SMEs. One of the respondents argued, ***“Yes. Lack of business premises is seriously undermining the success of SMEs because here at Glenview we are congested, we have limited space, so it affects us. We end up going outside renting a space to operate in, which is expensive”***. In the same vein, another participant remarked:

***“...It is seriously affecting the success of SMEs. We operate in an environment, which is not conducive and in an environment that looks unattractive to customers. For example, those operating in Mbare Matapi...”***(Matapi is a squalid and poverty-stricken high-density residential area in Harare). Another participant aptly expressed the same view:

***“...To a greater extent, SMEs are affected by poor infrastructure hence even if their products meet competitive levels they are judged by where they originate”***. One respondent remarked, ***“...Yes, it seriously affects because here at Glenview we are congested, we have limited space, so it affects us. We end up going outside renting a space to***

*operate from, which is expensive...*” Another respondent quipped:

Lack of business premises is seriously affecting the success of the SMEs because some SMEs operate in environments which are not attractive, resulting in loss of customers. Some SMEs do not have funds to rent good-looking premises. This undermines their success. Eventually other SMEs operate in dilapidated premises that need refurbishment.

Nevertheless, some participants were of the view that lack of business premises was not seriously affecting the success of SMEs. They felt that there were other factors with more negative impacts on SMEs. One of them said, “...*There are other factors seriously affecting SMEs other than the lack of premises, such as lack of funds and lack of technology...*” In the same vein, one participant argued, “...*No. Lack of premises does not seriously affect the success of SMEs. Even on a small space, you can do business. The success lies in the way one handles his/ her finance, the profit and expenditure balance...*” Likewise, another respondent said, “...*lack of business premises does not exactly undermine the success of SMEs, rather lack of competitive advantage and limited access to international markets are the major factors affecting SMEs...*”

**7.5 Collapse of Business after the Death of the Founder**

The majority of the respondents (60%) indicated that SMEs generally collapse upon the death of the founder, as shown in Figure 4.5. This indicates that SMEs generally collapsed due to the death of their founders. This shows that there was a semblance of consensus on the issue among the sampled participants. However, this was apparently not a major problem since it was not affirmed by 40% of the respondents.

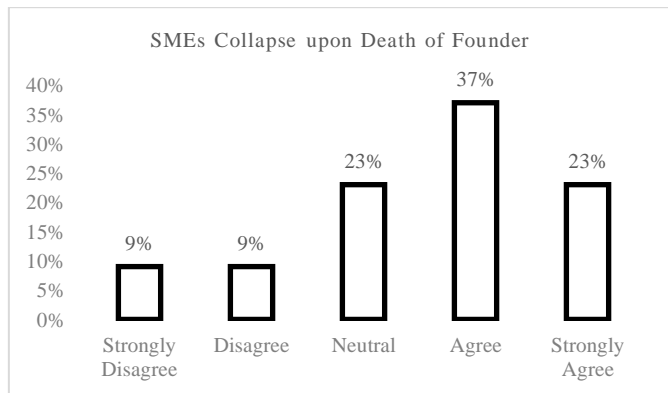


Figure 4.4: SMEs Collapse upon Death of Founder

Responses to open-ended questions generally indicated that most of the participants felt that SMEs generally collapse upon the death of the founder. One respondent said, “...*Most SMEs have no perpetual life due to the fact they are not registered so at the death of the initiator everything falls apart. Therefore, one would urge authorities like local government and legislators to promulgate laws, which are user friendly to grow the sector so that it can ultimately realize its potential for national good...*”

...*Most SMEs have no perpetual life due to the fact they are not registered so at the death of the initiator everything falls apart. Therefore, one would urge authorities like local government and legislators to promulgate laws, which are user friendly to grow the sector so that it can ultimately realize its potential for national good...*”

Likewise, another participant remarked “...*Yes, SMEs in Zimbabwe collapse at the death of the owner since the owner is the engine or the vehicle that drives the business so that it continues to exist. They generally collapse because SMEs are owned by one person mostly, so the death of that person marks the end of the business. Also, some SMEs in Zimbabwe do not let their businesses be inherited by their next of kin, which is a big prevailing problem...*”

Similarly, another participant remarked: “...*Yes, most of them they collapse even though not all. Mostly, Zimbabweans do not groom youngsters and teach them how to handle business so at the death of the owner the business lacks management and knowledgeable personnel and result closure...*”

However, some respondents were of the view that SMEs do not always collapse at the death of the founder. For instance, one respondent remarked,

“...*Not really. Family owned mostly survive as inheritance occurs. Those that are not family owned end up being taken over by employees...*” Similarly, another participant said, “...*Not at all, most of them now realize that upon death of an owner a business should continue. They operate professionally by recruiting outsiders who will run the business well after the death of an owner...*”

In conclusion, it is apparent that most of the participants felt that SMEs tend to collapse due to the death of the founder. This indicates that this was a challenge, which was not addressed by the SMEs policy. The existence of this problem could, therefore, indicate the ineffectiveness of the policy in ensuring continued in SMEs even after the death of the founder.

**7.6 Conclusion**

There was a general convergence of views among the participants on issues that were not resolved in round one, in terms of attainment of consensus. The issues comprise the contribution of the policy to formalization of SMEs, implementation of the policy, lack of business premises and survival of businesses after the death of the founder. It was stated by the experts that, the SMEs policy significantly contributed to the formalization of SMEs. Formalization facilitates the growth and strengthening of SMEs as it enhances their chances of obtaining formal technical and financial support from the government and other critical stakeholders. In this regard, the policy was, therefore considerably effective, although there was need for improvement, since only 54% of the respondents indicated that the policy was contributing to formalization. To determine the degree of consensus on the issues the mean was used. Respondents used a five-point scale, ranging from 1 to 5, where one denoted strong disagreement and 5 denoted strong agreement with the given statements. The scale was as follows:

1 = Strongly disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly agree
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As regards the contribution of the policy to formalization of SMEs the mean score was 3.31, as shown in Table 4.2, indicating that the contribution of the policy to formalization was rather minimal, as the responses bordered on neutrality.

Table 4.1: Mean Scores on Round 2 Questions

	The SME Policy in Zimbabwe is effective	The SME policy is contributing to formalization	Lack of business premises is affecting SMEs	The SME policy was never implemented	SMEs collapse upon the death of the founder
Total No. of Respondents	35	35	35	35	35
Mean	3.09	3.31	3.83	2.43	3.57

As regards the implementation of the policy, the majority of the experts (54%) indicated that the policy was being implemented. However, the fact that 46% of the respondents did not affirm that the policy was being implemented could imply that the implementation was either inadequate or it failed to cover all the SMEs. Overall, this could imply that the implementation mechanism was in need of improvement, although there was considerable consensus among the participants that the policy was being implemented. Implementation of the policy is clearly a step in the right direction. What is needed is to enhance the effectiveness of the implementation in order to improve the policy’s effectiveness. The mean score on implementation of the policy was 2.43, indicating that the respondents generally disagreed with the assertion that policy was never implemented, thus indicating that the policy was implemented to some extent.

There was greater consensus with regard to the impact of lack of business on the success of SMEs. The general sentiment was that shortage of business premises was seriously affecting the success of SMEs. On the negative impact of lack of business premises on the success of SMEs the mean score was 3.83, indicating that the experts were generally in agreement with the

assertion that lack of business premises seriously affected the success of SMEs, as shown in Table 4.2. The problem of shortage of business premises attests to the ineffectiveness of the SME policy or its implementation.

On the issue of collapse of SMEs after the death of the contributor there was considerable consensus that SMEs usually do not survive after the death of the founder, owing to a number of factors, including lack of succession planning and skills transfer. The mean score on the collapse of SMEs upon the death of the founder was 3.57, as shown in Table 4.2. This indicates that there was a general agreement among the participants that SMEs generally collapse upon the death of the founder. The existence of this grave challenge may indicate a weakness in the policy or its implementation. Put simply, it indicates the ineffectiveness of the SME policy.

Multiple regression analysis was conducted to determine the relationship between issues such as contribution to formalization, lack of business premises and policy effectiveness. As shown in table 4.3 the regression model was quite effective as it had an R of .659.

Table 4.2: Model Summary

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics		
					R Square Change	F Change	df1
1	.659a	.434	.358	1.053	.434	5.746	4

Contribution to formalization had a beta coefficient of .774, as shown in Table 4.3. This shows a strong positive relationship between contribution of the policy to formalization of SMEs and effectiveness of the policy. It implies contribution of the policy to formalization made it effective or is an indicator of effectiveness of the policy. There was also a positive relationship between policy implementation and policy effectiveness, with beta coefficient of .302. However, the relation was not quite strong. Lack of business premises had a

negative beta coefficient of -.138, showing that it was negatively affecting policy effectiveness. Collapse of SMEs upon the death of the founder had a beta coefficient of .067, showing a positive, but weak, relationship between collapse of SMEs upon the death of the founder and effectiveness of the policy. This could indicate that the problem of collapse of SMEs due to the death of the founder was not very pronounced or had limited effect on the effectiveness of the policy.

Table 4.3: Multiple Linear Regression Coefficients of Round 2 Questions

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. error	Beta		
1 (Constant)	.176	1.371		.128	.899
The SMEs policy in Zimbabwe is significantly contributing to the formalization of SMEs	.744	.161	.669	4.621	.000
The SMEs policy in Zimbabwe was never implemented	.302	.210	.257	1.434	.162
Lack of business premises for SMEs is seriously affecting the success of SMEs	-.138	.155	-.128	-.890	.380
SMEs in Zimbabwe generally collapse upon the death of the founder	.067	.199	.061	.337	.739

a. Independent Variable: The SMEs Policy in Zimbabwe is effective

Since there was relative consensus on all the issues that were outstanding from Delphi Round 1, after realizing convergence of expert views on most of the issues, there was no need for further iteration. The study, therefore, ended with Delphi Round 2, in terms of collection and analysis of data from the participating experts. However, the summary, conclusions of the study are succinctly presented in the next chapter, thereby ending the research report.

## VIII. DISCUSSION

### 8.1 Challenges and Strategies to Address Them

In Round 1, the panellists predominantly indicated that the major challenges confronting SMEs in Zimbabwe include lack of capital, mainly due to lack of credit facilities, collateral security and high lending rates, lack of access to markets, inadequate skills, and high rentals and inadequate infrastructure. Most participants placed accent on lack of financial resources and lack of access to markets, especially international markets. Other challenges included competition due to low barriers to entry, lack of regulations pertaining to business ethics, high costs of formalization, high taxation, unfriendly by-laws, lack of continuity after the death of the founder and poor business premises. There was a general confluence of ideas among the experts with regard to the challenges faced by SMEs. Consequently, the issue of challenges was not pursued in Round 2, as there was no need for further iteration, since there was consensus on these issues. Nonetheless, the issues continuity of enterprises after the death of the entrepreneur, which was raised by experts in Round 1 was pursued in Round 2 to determine the extent of its impact on SMEs and its implications for the effectiveness of the SME policy.

Generally, the experts were of the view that the SMEs policy was not addressing the challenges confronting SMEs in Zimbabwe. They noted that that policy does not address issues like hygiene, safety, high taxation and inadequate and expensive premises. Lack of government support to access local and international markets, lack of ease of doing business were particularly emphasized by the respondents. The predominant view was that, the policy existed on paper, but was not properly implemented. Inequity in policy implementation was also noted. Some panellists also indicated that the SMEs sector is highly informal, since there is no structured government support to get markets locally and internationally. In view of the considerable consensus on the ineffectiveness of the policy with regard to addressing challenges the issue was deemed concluded in Round 1 and was therefore not pursued in Round 2.

On the issue of strategies to mitigate challenges encountered by SMEs there was general confluence of views among the participants. Formalization of SME's and reduction of process costs and regular meetings with key officials and National Chamber of SMEs were stressed as compelling strategies. In addition, the participants recommended improved access to funding at low interest rates and alternative collateral security, relaxation of tax regulation at early stages and involvement of

SMEs in the formulation of policies that affect them. The participants also recommended dialogue between SMEs and Government, joint ventures, financial inclusion of SMEs and availing conducive premises for SMEs. The government and local authorities play a cardinal role in giving effect to these strategies.

### 8.2 Efficiency of the Policy

Largely, the experts perceived the policy as inefficient. Difficulties in obtaining business licenses, numerous and unaffordable license fees, lack of policy coherence in the government systems, complicated registration procedures and lack of ease of doing business were seen as indicators of the ineffectiveness of the policy. It was also noted that the policy was ineffective because of corruption and the resultant unequal distribution of resources. Nevertheless, a few participants argued that policy was efficient to the extent that it facilitates easy access to capital, technology and infrastructure. Most of the participants pointed out that there was lack of policy implementation and ease of doing business. They maintained that the Zimbabwe Revenue Authority laws and council license laws were retarding SMEs growth and continuity. Some panellists felt that only big and formalized companies are benefiting from loans. In the final analysis, there was a general consensus that the policy was not yielding its intended goals. It, therefore, follows that in this regard the policy was ineffective, it is of crucial importance for the policy to realize its intended goals. Overall, there was considerable consensus that the policy was inefficient, so the issue of efficiency was not carried over to Round 2, as it was deemed to be sufficiently resolved.

### 8.3 Satisfying the Needs of SMEs and Preferences of the SMEs Sector

In Round 1, there was a general consensus that the policy was not satisfying the needs and preferences of the SMEs. The participants noted that the policy objectives were good but there was no implementation, hence it did not address challenges like lack of access to capital, high interest rates and inadequate working premises. It was indicated by most experts that the policy was failing to satisfy the needs of SMEs, owing to lack of research and development facilities, financial facilities and readily available markets. They also cited lack of implementation of the policy as a cause of its failure to address the preferences of the SMEs sector. It was noted that the demand for collateral by funding institutions was a major hindrance to the development of SMEs. They also characterized the demand for collateral as an impediment to the development of SMEs. Largely, it was felt that the needs and preferences of SMEs were not addressed by the policy, showing that there was a semblance of consensus in this regard. Questions on satisfaction of the needs and preferences of SMEs were, therefore, not carried over to Round 2 since they were adequately addressed in Round 1.

### 8.4 Fair Distribution of Policy Costs and Benefits

There was general consensus that the policy did not engender fair distribution of its costs and benefits among SMEs. It was

noted that the cost of acquiring resources was high for the unregistered SMEs than for their registered counterparts. The experts also pointed out that SMEs from outside Harare found it expensive to travel to Harare for approval. The need for decentralization of SMEs offices and decision-making was highlighted by some respondents. Generally, the participants opined that policy benefits are not fairly distributed owing to corruption, among other factors. Nevertheless, a few participants opined that benefits like infrastructure development were fairly distributed, further maintaining that the policy engendered a decrease in the rate of unemployment and an increase in the availability of goods and service at all levels. Overall, the main position expressed by the participants was that the benefits of the policy were not fairly distributed among SMEs. It was, therefore, apparent that there was consensus on the issue, so there was no need for its further pursuance in Delphi Round 2. The researcher, thus, concluded that there was consensus on the twin issues of distribution of cost and benefits of the policy.

#### *8.5 Suggestions for Improving the Overall Performance of the SME Public Policy*

In Delphi Round 1 the participants were asked to proffer suggestions for the improvement of the performance of the SMEs policy. A wide range of suggestions, which were almost uniform among the respondents, were made. These included provision of business premises, government support on access to market, affordable formalization of SMEs, facilitation of joint ventures with international partners by government, relaxation of tax and council by-laws, improving ease of doing business, implementing the policy and involving SMEs in crafting policies. Other suggestions included reducing the registration process, simplifying the taxation process, and improving access to loans. Since uniformity in the suggestions was perceptible among the experts, it was apparent that there was consensus in terms of what the participants thought should be done to improve the performance of the policy. The question on suggestions for improvement was therefore, not included in Delphi Round 2.

In Delphi Round 2, there was a general confluence of opinion among the experts on issues that were not resolved in Delphi Round 1. The issues include the contribution of SMEs to formalization of SMEs, implementation of the policy, survival of businesses after the death of the founder lack of business premises. Since these outstanding issues were resolved, the iterations ended in Delphi Round 2.

#### *8.6 Contribution to Formalization*

The experts were predominantly of the view that the SMEs policy significantly contributed to the formalization of SMEs. Formalization is crucial in so far as it facilitates the growth and strengthening of SMEs by enhancing their chances of obtaining formal business premises, the much needed technical and financial support from the government and other critical stakeholders. On this aspect, the policy was, therefore to some extent effective. However, it must be noted that although there was need for improvement, since only 54% of the respondents

indicated that the policy was contributing to formalization. This means almost half of the respondents had a different position. There is, therefore, need for caution in acknowledging the achievements of the policy in this regard.

#### *8.7 Implementation of the SMEs Public Policy*

The majority of the experts (54%) were of the view that the policy was being implemented. This shows that there was considerable implementation, although some participants in Delphi Round 1 indicated that the policy was not being implemented at all. There is therefore an apparent shift on opinions on this particular issue in Delphi Round 2. However, the fact that 46% of the respondents did not affirm that the policy was being implemented could imply that the implementation was either inadequate or it failed to cover all the SMEs. It also coheres with the fact that some participants in Delphi Round 1 decried the non-implementation of the policy, although they acknowledged its existence on paper. On the whole, this may suggest that implementation was lacking, although it was effected to some extent, since there was a semblance of consensus among the participants that the policy was in deed implemented. Implementation of the policy is crucial in ensuring that it achieves its intended goals. Without achievement of its intended goals, a policy's effectiveness is rendered questionable. The acknowledged implementation of the SMEs policy is therefore an important step towards ensuring policy performance, which could be an indicator of considerable effectiveness of the policy.

#### *8.8 Lack of Business Premises*

In respect of the impact of lack of business premises on the success of SMEs, there was considerable consensus, as 71% of the experts indicated that lack of business premises was seriously affecting the success of SMEs. Shortage of business premises was seen as drastically affecting the success of SMEs. The problem of shortage of business premises could be a manifestation of the ineffectiveness of the policy, as it is expected to provide for material technical support to SMEs by the government and local authorities, which provide stands for business premises to SMEs, which can afford them. In this regard the policy can, thus, be taken as weak and ineffective.

#### *8.9 Continuity after Death of Entrepreneur*

Regarding the issue of collapse of SMEs after the death of the founding entrepreneurs, there was considerable consensus. Sixty percent (60%) of the experts indicated that SMEs usually do not survive after the death of the founder, due to a multiplicity of factors, including lack of skills transfer and lack of succession planning. Failure to ensure the continuity of SMEs in the event of the death of their founders could signify the ineffectiveness of the policy or its implementation, as an effective policy is expected to ensure the sustainability of SMEs in any circumstances of life. It is therefore apparent that the policy does not adequately speak to issues of continuity and sustainability, which are crucial for the survival of SMEs and other types of businesses for that matter.

### 8.10 Conclusion

The foregoing analysis and discussion have shown that there is considerable consensus on all the issues that were outstanding from Delphi Round 1. Cognizant of this general convergence of expert views on most of the issues, further iteration was deemed unnecessary as reasonable consensus had been realized on these issues. The views expressed by the participants generally point to the ineffectiveness of the SME policy in Zimbabwe. However, this does not mean that the policy completely and dismally failed to achieve any of its stated objectives, as considerable achievements in the area of formalization were acknowledged by some of the experts. Acknowledging the general concurrence among the experts that the policy was ineffective, the study, therefore, ended data collection and analysis in Delphi Round 2. The analysis of Round I and Round 2 data constitutes the penultimate chapter of this research report.

## IX. RECOMMENDATIONS

### 9.1 Strategies to Mitigate Challenges

It is manifest in the strategies that were recommended by the experts that the policy framework or its implementation mechanism was deficient. There is evident disjuncture between the policy and the needs of the SMEs. It is, therefore, recommended that the policy should be adjusted so that it squarely addresses peculiar needs and realities of the SMEs sector.

### 9.2 Continuity after death of the founder

The study has indicated that due to lack of skills transfer and succession planning, generally SMEs do not survive after the death of the founder. It is recommended that the SME policy be fine-tuned to foster business management principles in SMEs to enable them to morph into organized business entities with proper succession planning and internal skills transfer mechanisms that ensure their sustainability and continuity. There is need to provide simple and easy business transfer and liquidation procedures as well as second chance options after the death of the owner for continuity

### 9.3 Lack of Business Premises

In view of the fact that the study established that lack of business premises was quite prevalent and was indicative of the general ineffectiveness of the policy, there is need for the government, through collaboration of the ministry responsible for SMEs and local authorities to ensure the provision of adequate business premises for SMEs. This could go a long way in creating an enabling environment for SMEs in line with the stated objectives of the policy.

### 9.4 Equitable Distribution of Benefits of the Policy

Given that the benefits of the policy were not equitably distributed mainly due to corruption in the system, and as a result most SMEs lacked the requisite information for operating effectively and had limited access to technology as well as limited access to appropriate equipment, there is need to fine-

tune the policy to ensure that it frontally addresses equity issues. This will be complemented by stepping up the government's anti-corruption drive.

### 9.5 Satisfying the Needs and Preferences of SMEs

Given that the policy generally failed to satisfy the needs and preferences of SMEs, owing mainly to lack of implementation, there is need to strengthen the implementation mechanism. Considering that most of the experts noted that the objectives of the policy were good but implementation was deficient, full implementation of the policy is recommended so that it can realize its intended objectives.

### 9.6 Policy Efficiency

Since the study indicated that the policy lacked efficiency, which is one of the fundamental ingredients of an effective policy (Dunn 2012), owing to rampant corruption, there is need for the country to step up anti-corruption measures to strengthen the implementation of the policy. This could mitigate corruption, which engendered the misuse of resources, thereby compromising the implementation of the policy. In this regard, the new government's current thrust of fostering democratic governance and opening the country for business can be leveraged upon.

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