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## Article

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RESEARCH

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# Establishment of a Zimbabwe National SME sector: a major priority to enhance the performance of the national economy

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## Abstract

A sound administration strategy is an effective tool to improve the performance SMEs. The establishment of a national SME sector will assist in the implementation, monitoring and evaluation of programmes that aim to improve the performance of SMEs. The administration of the SMEs by the Ministry of Women affairs, Community and Small and Medium Enterprises Development has failed to improve the performance of SMEs. This study established that the administration of SMEs by the ministry lacks value addition and value creation, technological innovation and research and development and it is disjointed from the implementers, hence the need to establish a new Zimbabwe National SME sector which can improve the performance of SMEs. The mixed method research was used in the study following the sequential exploratory strategy which employed both qualitative and quantitative data collection methods. The study followed the dominant sequential mixed strategy which collected data in two phases. The findings of the study will assist the government to establish a new SME sector that will address the plight of the SMEs. From the study, the researcher deduces that the ministry responsible for SMEs is overwhelmed with responsibilities and is not reaching out to the SMEs. The researcher proposed the structure of a new Zimbabwe National SME sector that focusses on the improvement of SME performance.

**Keywords:** SME sector, Value addition and creation, Technological innovation, Research and development

## Introduction

The administration of the SMEs in Zimbabwe is under the Ministry of Women affairs, Community and Small and Medium Enterprises Development which covers a number of departments. The ministry is overburdened with a lot of departments under its umbrella and this makes it difficult to pay attention to the needs of a particular sector like the SMEs. The grouping of a number of departments under one ministry has led to a number of challenges that have spilled over and affected the performance of SMEs and the ministry is overwhelmed with a lot of responsibilities hence it cannot focus on the plight of SMEs. It is against this backdrop that this paper seeks to address the SME challenges through the establishment of a parastatal that focuses primarily on SME issues.

The government has to establish a parastatal within its structures to administer the SMEs. This would follow the idea of the Asian Development Bank (2016), which states that government policy and the government itself exert a strong influence on the innovation capacity of SMEs and have a critical role to play in every sphere of innovation via different policies and schemes, including access to finance and technology, capacity building and human resources, market linkages, availability of research facilities, and access to key information, among others. The new Zimbabwe National SME sector (ZNSS) that would be administered by the Ministry of SMEs would establish departments that support the function of SMEs. This development would facilitate the management, monitoring and growth of SMEs which would positively change the economy of the country.

The current challenges of small and medium enterprises as alluded by Magaisa and Matipira (2019) include the inability to identify sources of technology appropriate to their specific activities and the Scientific Industrial Research and Development Centre (SIRDC) and the Centre for Innovation and Enterprise Development need to strengthen their programmes to assist SMEs. The SME sector in Zimbabwe is, furthermore, experiencing problems such as a lack of appropriate management skills to run their business entities, access to loans, inhibiting legal frameworks, access to markets, quality products and registration bureaucracy (Masuko & Marufu, 2003, p. 29). Small and medium enterprises in Zimbabwe lack the necessary human resources skills, marketing skills, financial management skills and general management skills to ensure the continued survival of the sector in the country. Insufficient management skills therefore have a negative effect on the growth of the SME sector in Zimbabwe (Zindiye et al., 2012). The sentiments of these authorities reveal that there is a great need for Zimbabwe to re-think about its support to SMEs performance and come up with a new Zimbabwe National SME sector that is going to administer the activities of SMEs, which is the main objective of this study.

### **Aims of the study**

The aim of this research study is to design a new Zimbabwe National SME sector that would be responsible for administering the SMEs, operating under the Ministry of Women affairs, Community and Small and Medium Enterprises Development.

### **Objectives of the study**

#### ***The primary objective***

The prime objective of the research is to produce a new Zimbabwe National SME sector that Zimbabwe can be utilise in order to improve the performance of SMEs. In order to address the stated primary objective, the following secondary objectives were put forward:

#### ***Secondary objectives***

1. To assess if the Ministry of Women affairs, Community and Small and Medium Enterprises Development has full information about the operations of SMEs in Zimbabwe.

2. To assess the extent to which government provides adequate resources for the SMEs in Zimbabwe.
3. To identify the departments that would constitute the new Zimbabwe National SME sector.

### Research questions

The primary research question in this study is stated as follows: is the Ministry of Women affairs, Community and Small and Medium Enterprises Development providing adequate support to enhance SME performance in Zimbabwe?

The specific secondary research questions to be answered are as follows:

1. Does the government has full information about the performance of SMEs in Zimbabwe?
2. To what extent does government provide resources to the SMEs in Zimbabwe?
3. What should be incorporated in the structure of the new Zimbabwe National SME sector in order to improve SME performance?

### Literature review

The new Zimbabwe National SME sector would be hinged on value addition and value creation, technological innovation and research and development. The value creation process could be described as a spectrum ranging from core value, to added value, to future value (Moller & Torronen, 2003). Lepak et. al. (2007) defines value creation as the “process” (how value is created) and the “content” (what is of value). These sentiments were shared by various scholars who elaborated that value creation is divided into content (what is value) and the process (how this value is created), firstly, we consider “What is value?” as a question of worth, and intimately linked with the divergent perception of project success (Kreiner, 2014; Laursen & Svejvig, 2016). When studying the project risk management literature through the lens of value creation, content is often assumed to be the project output, success, or benefits, while process is described as the best practices for performance (Willumsen et al., 2019).

Prim (2007) identified the three broad categories of value creation strategies are growing consumers’ human capital, reducing demands on consumers, and focusing on member-specific human capital in multimember households. Moller and Torronen (2003) emphasised that most value-adding process takes place in an incremental fashion in relatively established relationships, which enables the actors to form reasonable estimates of their functional and economic value. Value creation involves innovation that establishes or increases the consumer’s valuation of the benefits of consumption, when value is created, the consumer either will be willing to pay for a novel benefit, will be willing to pay more for something perceived to be better, or will choose to receive a previously available benefit at a lower unit cost, which often results in a greater volume purchased (Prim, 2007). Value creation, rather than value appropriation, lies at the heart of effective firm strategies and strategies that focus on creating new value undoubtedly lead to some of that value spilling over to other firms and to society as a whole (Moran & Ghoshal, 2016).

The Association of Southeast Asian Nations (ASEAN) countries have adopted the value addition and value creation processes to grow the economies of the member states. The ASEAN countries touted SMEs as the engine of economic growth and development, the backbone of national economies, the highest employment-generating sector, and a potential tool of poverty alleviation by creating self-employment avenues (Tambunan, 2008). Small and medium enterprises also play an irreplaceable role in promoting technological innovation and invigorating the national economy and China and the ASEAN countries are increasingly aware of the important role played by SMEs in promoting international economic and trade cooperation, promoting complementary advantages, enhancing bilateral trade, promoting economic restructuring, reducing poverty and narrowing the gap between rich and poor (Liao & Luo, 2020). The ASEAN countries developed two tools that they used in order to achieve high performance of the SMEs: the ASEAN Policy Blueprint for SME Development for SME Development (APBSD) 2004–2014 and the ASEAN Strategic Action Plan for SME Development.

The ASEAN Policy Blueprint for SME Development for SME Development (APBSD) 2004–2014 aims to accelerate the pace of SME development and enhance the competitiveness and dynamism of ASEAN SMEs by facilitating their access to information, market, human resource development and skills, finance, and technology (Rafaelita, 2013). The APBSD 2004–2014 is summarised in Table 1:

Building on the progressive work under the APBSD, the ASEAN Strategic Action Plan for SME Development aims to further enhance the competitiveness and flexibility of SMEs in moving towards a single market and production base in ASEAN (Rafaelita, 2013). The key policy measures and activities provide the road map which the SME implementers would follow to achieve the SME goals.

In recent years technological innovation has taken the grand stage across the global village and internet technology and ICT has brought the whole world together. Digital

**Table 1** ASEAN policy blueprint for SME development. Source: Aldaba (2013)

Programme area activities	Programme area activities
Human resource development and capacity building	Entrepreneurship development programme Enhancing SME sector skills in management and organisation on a self-reliant basis Fostering SME capabilities for inter-firm networking and linkages Tracking and benchmarking SME capabilities, dynamism and competitiveness
Enhancing SME marketing capabilities	Setting up regional and sub regional networks of interlinked, online clearing points or trading houses for SME businesses Enhancing SME capabilities in and reliance on ICT and e-commerce Tracking and benchmarking SME readiness as subcontractors and compliance to non-negotiable subcontracting preconditions or compliance requirements on the demand side
Access to financing	Capacity building for improved SME access to financing Financial institutional capacity building for improved SME financing Widening and deepening SME access to credit
Access to technology	Small and medium enterprises technology upgrading and transfer of innovative technologies
Creating conducive environment	Simplification, streamlining and rationalisation of procedures for SME registration and process for SME support services Fine-tune policy and regulatory framework for SME development Promotion of public–private synergies and partnerships for SME development and integration

technologies and their applications are systematically altering established practices and making new ones emerge in different realms of society. The field of social sciences in general and management in particular, together with several examples that span a variety of fields, are the main beneficiaries of the technological innovations (Fini et al., 2017). Digitalisation affects individual and team behaviours, organisation strategies, practices and processes, industry dynamics and competition among entrepreneurs (Droll et al., 2017). The recent advent of remote sensing, mobile technologies, novel transaction systems and high-performance computing offers opportunities to understand trends, behaviours, and actions in a manner that was not previously possible (West et al., 2006). The related literature indicates that the establishment of an effective ITC department is a vital development in any economic sector.

Governments have come up with strategic plans that are designed to improve the performance of SMEs. The Indonesian government, for example, initiated knowledge and technology transfer programmes and has provided training programmes, expertise transfer and training centres, as well as physical equipment (machinery and tools) for use by SMEs (Handoko et al., 2019). The Malawian government has embarked on programmes to develop the entrepreneurial mindset of the population through the revamping and restructuring of public organisations entrusted with national entrepreneurship development such as the Technical Education, Vocational and Entrepreneurial Training Authority (TEVETA), Small and Medium Enterprise Development Institute (SMEDI) and Malawi Rural Development and Enterprise Fund (MARDEF) (Ndala & Pelser, 2019). The Zimbabwe SME capacity development department will have to borrow ideas from Indonesia and Malawi to strengthen capacity building.

The SMEs in Indonesia are given priority by government policymakers. These policy interventions designed to support them are very popular, given the role of SMEs in the economy in Indonesia (Feranita et al., 2020). The government-initiated knowledge and technology transfer programmes have provided training programmes and expertise transfer, as well as physical equipment (machinery and tools) to SMEs (Handoko et al., 2019). The government policies of Indonesia thus support SMEs towards the high contribution of the sector to the economy of the country.

The Indonesian government has a strategy to improve the performance of SMEs through its ministries. Government-initiated knowledge and technology transfer in Indonesia is normally completed through government ministries and their associated agencies, inter-ministry departments and local government (Handoko et al., 2019). The ministries include the Ministry of Research and Technology, Ministry of Cooperation and Small to Medium Enterprises, Ministry of Industry, and Ministry of Trade (Handoko et al., 2019). They work in collaboration and the atmosphere has promoted the growth of SMEs.

Cohen and Levinthal (1990) state that entrepreneurs that invest in research and development increase the capacity to adapt knowledge developed in other organisations and are able to appropriate some of the profits gained to external investments in new knowledge. Cockburn and Henderson (1998) worked on this concept and suggested that firms that are connected to the community of open science are able to increase their investment in research and development. Research and development workers who move between firms are capable of diffusing knowledge and improving

the matching of individuals' heterogeneous knowledge, thereby generating more innovation.

A good practice that can be considered in the SME sector is the establishment of a strategic framework. A practical example of a strategic framework that has produced positive results is the Green Action Plan for SMEs that was crafted by the European Commission. The European Union adopted a Green Action Plan (GAP) for SMEs in 2014, with the goal of helping SMEs to improve their green performance and take advantage of opportunities presented by the global transition to a greener economy (European Commission, 2017). Its objectives and actions are grouped in five thematic areas:

1. *Greening SMEs for more competitiveness and sustainability.* Actions to help SMEs reduce production costs and increase productivity through better resource efficiency, supported by information, advice, access to finance and technology transfer mechanisms.
2. *Green entrepreneurship for the companies of the future.* Support for SMEs in accessing opportunities in the environmental goods and services market through the development of eco-innovation clusters and the facilitation of business partnering for skills and knowledge exchange.
3. *Opportunities for SMEs in a greener value chain.* Support for SMEs in entering circular economy activities such as re-manufacturing, repair, maintenance, recycling and eco-design by addressing value chain barriers, promoting collaboration and promoting new business models based on efficiency and the reuse of materials and/or waste.
4. *Access to new markets for green SMEs.* Growth-supporting actions to help SMEs access new markets by promoting a greener internal market, enabling access to international markets and facilitating green technology uptake in partner countries.
5. *Governance.* Monitoring and evaluation, co-ordination between EU member states and SME stakeholders, and consultations on SME policy developments.

With its holistic approach to supporting the greening of SMEs, the Green Action Plan demonstrates the benefits of coordinating action to reduce duplication and enhance impact and the approach could also be replicated at the national level and in other nations (European Commission, 2017). The Green Action Plan is expected to raise awareness among SMEs of the benefits of resource efficiency, the improved productivity and competitiveness stemming from the circular economy and the existence of a range of resource efficiency actions that can be accessed under different EU programmes (European Commission, 2017).

The rapidly developing Chinese SMEs, especially the privately owned enterprises, are currently the dynamic facet of the Chinese economy and are a product of a strategic framework that targets high performance of SMEs. By the mid-2000s, private SMEs had become the backbone of the local economy in some areas and/or regions and since 1992, the Chinese government focused mainly on enhancing the overall quality and competitiveness of the domestic SME sector (Chen, 2006). Today's SMEs are benefactors of these developments. One of the important reasons for the growth of Chinese SMEs is the implementation of a strategy, which encouraged SMEs to develop according to their unique nature and circumstances (Li, 2004).



Guanxi is the essence of the Chinese approach to business and is defined as the “existence of direct particularistic ties between one or more individuals” (Tsui & Farh, 2007). It is evident that guanxi relationships play major roles in the success of the development of local SMEs in China (Clegg et al., 2007). The following attributes were the main drivers of the Chinese SME sector strategic framework that forms their operationalisation standards:

- a) Chinese dependency on this particular form of social capital means that internal management processes tend to be more flexible and dynamic compared to similar processes in the West, where the emphasis is on formal, explicit and information-loaded procedures (Gibbs, 2006).
- b) The minimisation of transaction costs via informal relationship development is characteristic of the Chinese system. Connections between firms are highly personalised and fluid. In the start-up period, most of the town and village enterprises (TVEs) under observation aimed to create capabilities to minimise costs (Li et al., 2016).
- c) Their strategic intent was to develop cost minimisation capabilities rather than make short-term profits. Such capabilities to minimise costs help enterprises of this type survive the competition from well-established international joint ventures and the Chinese state-owned enterprises (SOEs) (Chen, 2006).
- d) In addition to the inherent low-cost advantages of SMEs generally, TVEs endeavoured to reduce further their operation costs by sourcing cheap materials, simplifying production processes and duplicating Western product designs. Most TVEs under observation produced no-brand products with cheap materials and competed on price rather than quality (Chen, 2006).

The Nigeria SME sector strategic framework was developed with an aim of improving the performance of SMEs. Osinbajo (2015) states that Nigerian economy faced by serious challenges due to negligence in SMEs sector for over four decades and the government and its stakeholders came up with a strategic framework to improve the performance of the SMEs. The following points were included in the strategic plan that was going to be implemented:

- a) An affirmative action to overcome the challenges (Wakili, 2016).
- b) Government commitment to diversify more on SMEs,
- c) The President of Nigeria reaffirmed at the 2016 Economic Summit Retreat in Abuja, Nigeria, that more incentives to SMEs so as to prove themselves capable of manufacturing quality products good enough for export.
- d) The Federal government of Nigeria announced the reduction of taxes for SMEs to thrive and promote inclusive economic growth (Wakili, 2016).
- e) The Nigerian government through the Nigerian Customs Services banned the importation of goods that can be sourced and produced in Nigeria. This policy aims at encouraging the indigenous SMEs to strengthen their market potentials which will subsequently improve their productivity and performance (Omonobi & Bivbere, 2016).



- f) Consequently, the government of Nigeria resolves to engage more with SMEs and entrepreneurial activities towards ensuring viable economic development and wealth creation by supporting the sector (Osinbajo, 2015).

In view of the Nigerian government's commitment to improve the performance of the SMEs, a lot of positive results were recorded as stated by Okeke et. al. (2016) that according to available statistics, SMEs provide gainful employment for about 90% of the Nigerian population therefore, a well-developed and supported SME strategic framework will yield positive results. The Zimbabwean government can borrow some ideas from the success story of Nigeria and incorporate them in the new Zimbabwe National SME sector which will improve the performance of SMEs.

The potential for growth and development of the world economy nowadays and for the coming decades resides in some fast-developing countries and Brazil, Russia, India, China, and South Africa (BRICS) have displayed such potential for dynamic change (Arroio & Scerri, 2014). The BRICS countries are now playing a major role in alleviating the current global crisis whilst revealing new and alternative progressive paradigms (Arroio & Scerri, 2014). In this regard, this research is going to provide evidence from the five nations which form the BRICS on the contributions of SMEs in the development of their economies through the National System of Innovation (NSI).

The central focus of the BRICs economic policies is rooted in the National System of Innovation (NSI) with a key focus on the innovation system, analysing on the role played by the state, the financing, direct investment and the small and medium enterprises (SMEs) performance (Arroio & Scerri, 2014). Arroio and Scerri (2014) postulates that the NSI takes into account not only the role of firms, education and research organisations and science and technology institution (STI) policies, but includes government policies as a whole, financing organisations, and other actors and elements that influence the acquisition, use and diffusion of innovations. The emphasis is also put on the role of historical processes, which account for differences in socio-economic capabilities and for different development trajectories and institutional evolution, creating SI with very specific local features and dynamics and as a result, a national character of SI is justified.

According to Cassiolato and Lastres (2008a, 2008b), the broad perspective of NSI includes different, connecting sub-systems that are influenced by various contexts which include geopolitical, institutional, macroeconomic, social, cultural aspects and describes the three sub-systems of the NSI as follows: the first sub-system is the production and innovation sub-system which contemplates the structure of economic activities, their sectoral distribution, degree of informality and spatial and size distribution, the level and quality of employment, the type and quality of innovative effort. Second, there is a sub-system of science and technology which includes education (basic, technical, undergraduate, and postgraduate), research, training, and other elements of the scientific and technological infrastructure such as information, metrology, consulting, and intellectual property. Third, there is a policy, promotion, financing, representation, and regulation sub-system that encompasses the different forms of public and private policies both explicitly geared towards innovation or implicitly, that is, those that although not necessarily geared towards it, affect strategies for innovation. Finally, there is the role of demand, which most of the time is surprisingly absent from most analyses of SI. This

dimension includes patterns of income distribution, structure of consumption, social organisation and social demand (basic infrastructure, health, education).

Arroio and Scerri (2014) acknowledge that the context of the national innovation system framework is built around the following school of thought and an understanding that:

- a) Innovation capacity derives from the confluence of economic, social, political, institutional, and culture-specific factors and from the environment in which they operate, implying the need for an analytical framework broader than that offered by traditional economics (Freeman, 1982, 1987; Lundvall, 1988);
- b) The number of firms or organisations such as teaching, training and research institutes is far less important than the habits and practices of such actors with respect to learning, linkage formation and investment. These shape the nature and extensiveness of their interactions and their propensity to innovate (Johnson & Lundvall, 2009; Mytelka, 2000);
- c) Main elements of knowledge are embodied in minds and bodies of agents or embedded in routines of firms and in relationships between firms and organisations. Therefore, they are localised and not easily transferred from one place/context to another, for knowledge is something more than information and includes tacit elements (Lundvall, 1988);
- d) The focus on interactive learning and on the localised nature of the generation, assimilation and diffusion of innovation implies that the acquisition of foreign technology abroad is not a substitute for local efforts (Cassiolato & Lastres, 1999);
- e) National framework matters, as development trajectories contribute to shape specific systems of innovation. The diversity of NSIs is a product of different combinations of their main features that characterise their micro, meso and macroeconomic levels, as well as the articulations among these levels (Freeman 1987; Lastres 1994).

Arroio and Scerri (2014) argue that for the less developed countries (LDCs), the usefulness of the SI approach resides precisely in the two fundamental principles that (a) its central building blocks allow for their socio-economic and political specificities to be taken into account and (b) it does not ignore the power relations in discussing innovation and knowledge accumulation. It also takes into consideration their social, political and historical complexity, policy prescriptions are based on the assumption that the process of development is influenced by and reflects the particular environment of each country, rather than on recommendations derived from the reality of advanced countries (Cassiolato & Lastres, 2008a, 2008b). It forms the foundation on which homegrown strategic frameworks can be built and implemented emanating from the indigenous resources, ideas and locally produced innovative ideas. This study will borrow a lot of ideas from the FSI and develop a new Zimbabwe National SME sector that will improve the performance of the SME sector.

The Botswana government encouraged research and development on its policies in order to improve its delivery. The Botswana Institute for Development Policy Analysis (BIDPA) is an independent trust, which started operations in 1995 as a non-governmental policy research institution with a mission to inform policy and build capacity through

research and consultancy services (Khanie, 2018). The trust is part-funded by the Government of Botswana, as it supports it to be more objective in its policy creation, implementation and evaluation.

The Indian government provided the funds for research and development (R&D). Miglani (2019) states that the concept of upgrading the SMEs involved the capacity of firms to make better products, more efficiently, and move into more skilled activities and the government has been encouraging R&D in this sector by offering tax cuts on such expenditure. The NATRIP project, initiated in 2005, was set up to enable the industry to adopt and implement global performance standards and provide low-cost manufacturing and product development solutions (Saon & Miglani, 2018). Among Indian companies, M&M and Ashok Leyland have made significant investment in R&D centres and technology development and testing centres and have ventured abroad (OECD/ETF/EU/EBRD, 2019).

## Methodology

The study used mixed research method following the sequential exploratory strategy. Mixed methods research is a research methodology that involves collecting, analysing and interpreting quantitative and qualitative data in a single study or in a series of studies in order to investigate the same underlying phenomenon (Leech & Onwuegbuzie, 2009, p. 267). Teddlie and Tashakkori (2006, p. 15) proffered this definition: “mixed methods research is defined as research in which the investigator collects and analyses data, integrates the findings, and draws inferences using both qualitative and quantitative approaches or methods in a single study or programme of enquiry.” Mixed methods designs can be classified according to the order or timing of implementation of the data collection which are sequential explanatory design, sequential exploratory design and sequential transformative design (Teddlie & Tashakkori, 2009). Sequential explanatory design involves quantitative data that are collected in a first instance followed by qualitative data collection. Sequential transformative design implies that the order of data collection is determined by the theoretical perspective of the researcher. Sequential exploratory design implies that qualitative data are collected first followed by quantitative data collection (Kimmons, 2021). This was the strategy that was used in this study.

A combination both qualitative and quantitative research methods in a single study enabled the researcher to elicit rich information on the topic under investigation. The strength of this approach was further emphasised by Addae and Quan-Baffour (2015) when they stated that mixed approach enables a researcher to view the world in two lenses namely the positivist and interpretivist and as such the researcher gains a better understanding of the world in general and in particular the phenomenon under investigation. It is from this rich package of the mixed approach that this researcher is able to select a wider and more diverse sample that allows the collection of diverse information on the topic under study. The study used mixed research method.

This research followed the dominant sequential mixed strategy, which used both the qualitative and the quantitative research methods at different stages, of which the quantitative method took precedence over the qualitative method. The strategy consists of two phases of which the first phase uses qualitative data collection methods and analysis followed by the second phase which is quantitative in nature and builds on

the information obtained in phase one (Creswell, 2009). The first phase of the qualitative research involved in-depth interviews in order to develop a practical understanding of the administration of the SMEs by the government. In in-depth interviews the researcher looked for rich in-depth answers which tap deeply into the respondents own experiences, feelings and opinions (Lee, 2007). The information from the interviews was analysed and developed some themes that were used in the interviews. The second phase used the results obtained in phase one and developed a survey to test the generalisability of the findings. The researcher selected the key results findings from the first phase and used them to develop the questionnaires which were used to solicit information from SME implementers which was quantitative in nature.

### Research profile

The research was conducted in Zimbabwe in 2020. The target population consisted of all the registered Small and Medium Enterprises in Zimbabwe. There are 73 603 registered SMES with the Zimbabwean Government (Ministry of Women Affairs, Community SME Development, 2020). The Ministry of Women Affairs, Community and SME Development has offices in all the provinces that register SMEs under the main sectors which are agriculture, mining, manufacturing, Information Technology, retail and wholesale and food outlet. The provincial offices report to the regional offices that compile all the information for the national office.

The sample size as proposed by Dooley (1990) is a representative group from the population to serve as respondents. For the first phase of the interviews, the recommendations of Mason (2010), the sample size has a minimum of 15 participants and a maximum of 50 participants were followed. For the purpose of this study, a total of 16 participants were interviewed, taking four participants from each of the four regions of Zimbabwe.

The non-probability method was selected for the first section of the study because it provided the researcher with data from the experts from the government and private sector who were knowledgeable with the SME operations in Zimbabwe. The elite group had hands-on experience with the SME sector and its operations. It allowed the researcher to identify and select participants who were able to articulate the SME issues both at policy level and implementation level. The participating respondents could be described as the employees of the government departments, non-governmental organisations and leaders of SME organisations. The respondents were knowledgeable of government processes of policy formulation, information dissemination and the general implementation processes. The interviews brought up three main themes, policy implementation, availability of resources and capacity building programmes which were used to generate the questioners for the second phase of the research,

This research used interviews in the first phase and questionnaires in the second phase to solicit information from the respondents. For the first phase, the interview guide was used as data collection instruments to guide the researcher on the handling of the discussions and interviews, respectively. The interview guide had leading questions that helped the interviewer to keep track and remain focused on the subject matter under discussion. An interview guide with short questions facilitated a detailed soliciting of data from the informants. The interview guide provided a quick recall of the interview

process that comes out automatically as it had been practised (Lee, 2007). The guide was written on a single page because a big document would waste time for the interview when flicking through the several pages and reading from the list. The interview guide questions were as follows:

### Interview guide questions

1. Please describe in your own words what you understand by the following policies:

The Indigenous and empowerment policy

The Industrial policy?

2. What pushed the government to develop these policies?
3. How did the government disseminate the policy information to the SME operators and other stakeholders?
4. How did the SMEs in Zimbabwe benefit from the policies?
5. Elaborate the ways the SMEs benefited from the policies.
6. How did the government support the SMEs?
7. Which methods did the government use to disburse funds to support SMEs?
8. What were the challenges that the government faced in supporting SMEs?
9. In your opinion, what could the government had done to improve the SMEs?
10. What can be included in a new strategic framework that aims to improve performance of SMEs?

It is of great significance to note that the researcher rehearsed the whole process several times through pilot trials of the whole process using the directors from various manufacturing industries. The consent of the participants was sought on the use of the recording instruments and if participants did not agree, detailed notes were written down and a narrative report was produced soon after the interview.

Krejcie and Morgan (1970) table was adopted to arrive at the sample size for the second phase as shown in Table 2

### Results presentation, analysis and interpretation of data

The second section presents the quantitative data obtained from the questionnaires. From the 1500 administered questionnaires, 526 were returned which constitutes 35.07% of the distributed questionnaires. Through the data cleaning process, 27 questionnaires were discarded because they were either spoiled or were incompletely filled

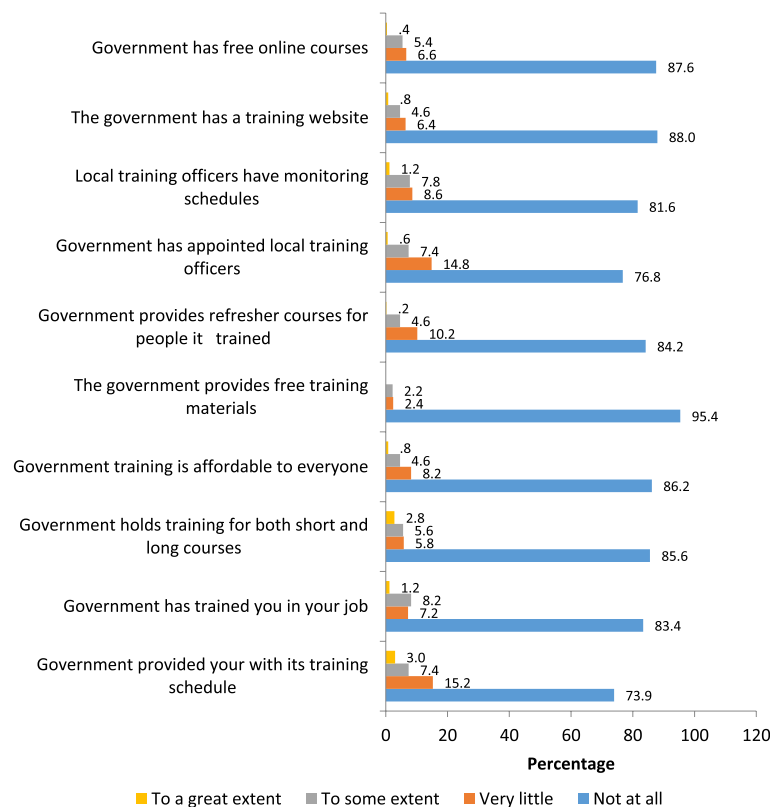
**Table 2** Population and sample size. Source: Researcher's own work

Region	Population	Sample size
Bulawayo	9834	368
Harare	17,249	375
Matabeleland	6638	364
Mashonaland	39,882	380
Total	73,603	1487

which means that a total of 499 valid questionnaires were available for analysis. From the 499 respondents, 75.2% (n373) were males and 24.8% (n124) were females. The findings show that the majority of the Zimbabweans that are engaged in the SME activities are males. Very few females (25%) are SME entrepreneurs which is an indicator of gender imbalance. The low percentage of women being involved in the entrepreneurial activities points to the fact that in most African states women are involved in agricultural production and gender inequality and lack of access to resources hinder them from following their desires and they end up pursuing other goals which are not in line with their priorities (McCaston & Rewald, 2005, p. 17).

Most of the respondents that were interviewed concurred that the government did not do enough to provide SME implementers with capacity building programmes, ICT support and did not have any information dissemination programmes. It did not have enough human resources to disseminate information to the stakeholders, to train SME implementers, to work in local areas and to monitor and evaluate the implementation process. Moreover, the government did not follow up any inputs it distributed to find out whether it was put to good use. The tree diagram in Fig. 1 shows the respondents' views on government's resources support.

The themes that were used to develop the questionnaire were drawn from the key words that came out of the interviews. The interviews brought up three main themes, capacity building programmes, availability of resources and policy implementation. The questionnaires were designed in line with the themes that emerged



**Fig. 1** Government support in SME skills training (source: Researcher's own work)

**Table 3** Groupings of the composite variables of government general support. Source: Researcher's own work

Construct	Label	Items included	Cronbach's alpha
Training	GEN_TRAIN	Government has monitoring and evaluation programmes at local level Government has training programmes for support service staff (administrators and drivers)	0.533
Technological support	GEN_TECH	Government has no facilities to provide on line courses Government does not communicate with implementers through social media	0.481
Research and development	GEN_RESEARH	Government has provided us with new information on business management Small businesses are prioritised new information is researched	0.354

**Table 4** The binomial test of general government support. Source: Researcher's own work

Item	Frequency (%)		n	p-value
	Never	> Never		
Training (GEN_TRAIN)	337 (68)	162 (32)	499	< 0.0005*
Technological support (GEN_TECH)	360(72)	139 (28)	499	< 0.0005*
Research and development (GEN_RESEARCH)	370 (74)	129 (26)	499	< 0.0005*

from the interviews. The questions are based on the themes developed from the interviews. The questionnaire developed asked respondents to indicate their views on capacity building programmes which included the training and any relevant support that they received from the government, using the responses *Not at all*, *Very little*, *To some extent* and *To a great extent*.

The results are shown in Fig. 1

Figure 1 shows the responses of the respondents in relation to the training received from the government officials, financial support that the SME implementers received from the government's finance department and the general support that the government gave the SMEs.

As shown in Table 3, some groupings were made of the composite variables of the general support that was provided by the government. These groupings of the items were done in order to carry out the binomial analysis of the results.

Table 4 shows the results of the binomial test that was used to test if a significant proportion rated the general government support as *Never* (group 1) or *More than never* (group 2). Significant proportions indicate that the government never provides the services selected in Table 4. The results indicate that the government did not provide much general support to the SME operators. Cronbach's alpha values of > 0.4 are acceptable is a measure of the reliability of the composite variable because there are only two items being considered.

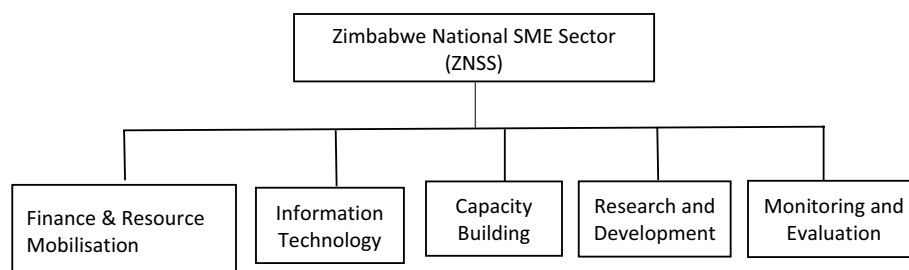


### Discussion of the findings

The conclusions that were drawn from the data analysis are that a significant number of respondents selected ‘not at all’ as their option and very few stated that the government supported them financially and training in the management of finances. The statistics from the data indicate that 92% of the respondents stated that government never informed them of its funding programmes, 92% stated that the government never facilitated any loans for them from the banks. This quantitative data concur with the qualitative data from one of the interviewees who stated that the government should have provided more money/investment start-up capital for the historically disadvantaged Zimbabweans who had viable business ideas. The triangulation of data improves the authenticity of the results. Further consideration of the respondents who received the money, 91.8% stated that there are some corrupt practices in the process of fund disbursement. A total of 91.4% of the respondents stated that the government has no training programme for the accountants. The empirical evidence show that the government did not do much to support the SMEs financially yet this area is the most deciding factor in improving the performance of the SMEs. Further analysis of Table 2 on data analysis indicates that the government never provides training, technical support and research and development services to the SME operators.

It is from this backdrop that the government has to establish a parastatal within its structures to administer the SME activities. This would follow the idea of the Asian Development Bank (2016), which states that government policy and the government itself exert a strong influence on the innovation capacity of SMEs and have a critical role to play in every sphere of innovation via different policies and schemes, including access to finance and technology, capacity building and human resources, market linkages, availability of research facilities, and access to key information, among others. The new Zimbabwe National SME sector (ZNSS) that would be administered by the Ministry of SMEs would establish the following five departments that support the function of SMEs: Finance and Resource Mobilisation, Information Technology, Capacity Building, Research and Development and Monitoring and Evaluation. Each of these departments would carry out a special mandate to support the SME sector. Figure 2 illustrates the proposed departments of the ZNSS.

The ZNSS would be led by the chief executive officer who reports to the Minister of SMEs and the SME board of governors. The board of governors would be appointed by the government to monitor the proceedings of the national SME sector. The



**Fig. 2** Proposed departments of the new Zimbabwe National SME sector (source: Researcher's own work)

function of each of the proposed departments is briefly described in the next section: the national SME strategic framework implementing guidelines.

#### **The functions of the Zimbabwe National SME sector (ZNSS) departments**

The national SME strategic framework implementing guidelines discuss the functions of each department of the ZNSS. Each of the five departments has a special function that will assist SMEs to improve on their performance. Each will be headed by a professional manager, who will continuously report on the progress of the respective department to the chief executive officer. The national office will house the five departments, which will be duplicated at all levels, cascading down to the last level in the districts. The district managers will have hands-on information of what is happening among the SME implementers and relay the information to the provincial office, which, in turn, reports to the national office; the departmental head will report to the chief executive officer, who sits on the board of directors and in government meetings, to furnish them with the progress being made by the SME sector. This reporting structure will ensure that accurate reports are provided and each department is accountable for any activities being carried out in support of SMEs. This process employs the evidence-based system of implementing the SME programmes.

#### ***The finance and resource mobilisation department***

As stated earlier, financial resources are the major input required for the high performance of SMEs. The management of the SME levy would have to be done in a professional and transparent manner by the finance department. The results of the data collected indicate that SME implementers (78%) showed a great dissatisfaction with the manner in which the current system is administering SME funds. In the same section of financial support, the questionnaire the respondents pointed out that there are high incidences of corruption (79%), favouritism (87%) and manipulation in the disbursement of funds (89%). These results will be used as checks and balances in the execution of programmes involving money. The department will be expected to execute its duties professionally and both internal and external regular audits will have to be carried out. The Finance and Resource Mobilisation department will house a number of sections which include the revenue collection, disbursement, audits and the like. These will operate professionally, guided by the basic accounting systems. All the sections will report to the finance and resource mobilisation manager, a highly qualified practitioner with the technical knowledge of administering financial business. This department holds the key for the success of the implementation of the SME strategic framework, as revealed by both the primary and secondary data concerning financial resources.

#### ***The information technological communication department***

In recent years, technological innovation has taken the grand stage across the global village and internet technology and ICT has brought the whole world together. Digital technologies and their applications are systematically altering established practices and making new ones emerge in different realms of society. The field of social sciences in general and management in particular, together with several examples that span a variety of fields, are the main beneficiaries of the technological innovations (Fini et al., 2017).

Digitalisation affects individual and team behaviours, organisation strategies, practices and processes, industry dynamics and competition among entrepreneurs (Droll et al., 2017). The recent advent of remote sensing, mobile technologies, novel transaction systems and high-performance computing offers opportunities to understand trends, behaviours, and actions in a manner that was not previously possible (West et al., 2006). The related literature indicates that the establishment of an effective ITC department is a vital development in any economic sector.

The Zimbabwe SME sector will need to develop a well-established, robust ITC department to keep pace with the advancements in technology. There is increasing evidence of entrepreneurs' growing use of WhatsApp, Facebook, LinkedIn, Instagram, Twitter and other social network sites, which have the capacity to link local entrepreneurs with each other and with the global village. Therefore, this department will need to be equipped with state of the art ICT equipment and highly qualified professional ITC officers to provide a system that will reach out to every SME stakeholder at an affordable price. An ITC department is capable of changing the current negative perceptions of the SME implementers, as the changes it will bring should have a direct effect in their work, life and future. The department will be the centre of information dissemination and, through it, all stakeholders should be able to access SME information and improve the current situation whereby 79.2% of the respondents from Table 2 selected *Not at all* on the question that solicited information on the government's distribution of information (gazette, brochures, fliers) about the two policies. This lack of information dissemination, and therefore, lack of knowledge, will become a thing of the past because a department reaching out to all stakeholders with information will have been established.

#### ***The capacity building department***

Institutional theory is used as a lens to understand how the environment influences the capacity of an organisation to learn effectively in order to achieve sustainability performance (Crews, 2010). Normative isomorphism in industries is associated with professionalisation, which is imagined as the impact of formal learning, especially in colleges and in the standard working groups where affiliations are the daily practices (Mushtaq, 2020). Today, learning has moved to the top of the business priority list in terms of sharpening skills, enlarging the leadership pipeline, and stimulating employee incentives (Xing et al., 2018). Every organisation has to reassess its learning environment and to implement a fresh vision to create a conducive learning experience that touches everyone involved in the learning system (Olivier & Page, 2017). The literature from cited scholars provides the primary foundation on which the capacity building department will be based.

The Indonesian government, for example, initiated knowledge and technology transfer programmes and has provided training programmes, expertise transfer and training centres, as well as physical equipment (machinery and tools) for use by SMEs (Handoko et al., 2019). The Malawian government has embarked on programmes to develop the entrepreneurial mindset of the population through the revamping and restructuring of public organisations entrusted with national entrepreneurship development, such as the Technical Education, Vocational and Entrepreneurial Training Authority (TEVETA), Small and Medium Enterprise Development Institute (SMEDI) and Malawi Rural

Development and Enterprise Fund (MARDEF) (Ndala & Pelser, 2019). The Zimbabwe SME capacity development department will have to borrow ideas from Indonesia and Malawi to strengthen capacity building.

The SMEs in Indonesia are given priority by government policymakers. These policy interventions designed to support them are very popular, given the role of SMEs in the economy in Indonesia (Feranita et al., 2020). The government-initiated knowledge and technology transfer programmes have provided training programmes and expertise transfer, as well as physical equipment (machinery and tools) to SMEs (Handoko et al., 2019). The government policies of Indonesia thus support SMEs towards the high contribution of the sector to the economy of the country.

The Indonesian government has a strategy to improve the performance of SMEs through its ministries. Government-initiated knowledge and technology transfer in Indonesia is normally completed through government ministries and their associated agencies, inter-ministry departments and local government (Handoko et al., 2019). The ministries include the Ministry of Research and Technology, Ministry of Cooperation and Small to Medium Enterprises, Ministry of Industry, and Ministry of Trade (Handoko et al., 2019). They work in collaboration and the atmosphere has promoted the growth of SMEs.

Capacity development should target stakeholders at all levels. This should include advocating and sensitising stakeholders including SME implementing partners, policy-makers and decision-makers at all levels. The gender mainstreaming programmes in all SME programmes and activities should be prioritised, as indicated in the biographic data that a paltry 25% of women are involved with SMEs. A production of a tool kit for gender mainstreaming with gender-sensitive results indicators and provision of appropriate training and orientation on gender and SME activities will need to be implemented.

This department will need to work closely with experts from finance, ITC, research and development and monitoring and evaluation. Its aim will be to coordinate the training programmes and their rollout for entrepreneurs, which will also benefit SME operators. A well-coordinated programme will see most entrepreneurs gaining knowledge in areas not previously addressed by the current system, which include business management, financial management, marketing and ICT. The department will need to be an associate member of the entrepreneurship department of the institutions of higher learning in the country, which include universities, and technical, vocational and entrepreneurial training colleges.

Capacity building of the SME business operators will enable the implementers to be accountable to the government, their communities, stakeholders and partners that are either directly or indirectly involved with SMEs. Capacity building will also focus on leadership building, team building, development of accountability systems and participatory decision-making arrangements (especially for SME owners and their employees), human resources management and financial management in order to strengthen the credibility of SMEs in their endeavour to improve the performance of their businesses.

#### ***The research and development department***

Research and development has evolved to be an integral part of any system that aims to keep pace with the dynamic changes in the environment. Cohen and Levinthal (1990)

state that entrepreneurs that invest in research and development increase their capacity to adapt knowledge developed in other organisations and are able to appropriate some of the profits gained to external investments in new knowledge. Universities provide the opportunities for research and development in linking entrepreneurship and innovation. Some countries have invested in it and it has paid some dividends.

An example is the Botswana Institute for Development Policy Analysis (BIDPA) is an independent trust, which started operations in 1995 as a non-governmental policy research institution with a mission is to inform policy and build capacity through research and consultancy services (Khanie, 2018). The BIDPA is partly funded by the Government of Botswana, as it supports the government to be more objective in its policy creation, implementation and evaluation. In Brazil, SME performance continues to grow due to continued support and research and development programmes that have been prioritised by the government. In 2005, these businesses accounted for approximately 52.5% of the Brazilian labour market (Beck & Demircuc-Kunt, 2006).

The Zimbabwe SME sector has to develop a research and development department that keeps in touch with the dynamic world. The department will need to be linked with the higher institutes of learning and funding for research activities across the SME sectors has to be made available. Such a department will help the SME sector to grow, following the endogenous growth theory, which states that research and development investments and knowledge spillovers are capable of generating high degrees of innovation, increased productivity and higher growth (Romer, 1990). A research and development programme will usher in new horizons in the performance of SMEs, which are non-existent in the current strategic framework.

#### ***The monitoring and evaluation department***

An effective SME strategic framework requires monitoring and evaluation (M&E) of programmes that would provide guidance to the improvement of the performance of SMEs. This department would develop SME monitoring tools based on the activities being done by SMEs. An SME monitoring and evaluation system has been implemented in the EU, as reported by the OECD/ETF/EU/EBRD (2019); EU policymakers have come up with SME monitoring and evaluation tools which contain the following key programmes that will be monitored: regulatory conditions for SMEs, expanding regional cooperation of SME development, making women's entrepreneurship participation one of its priority areas and supporting SMEs to scale up in order to enhance their productivity. A department of M&E will therefore provide the benchmarks for the development of the SME sector. A stakeholder consultative meeting will be held to develop SME performance M&E tools, which will be printed and distributed to all the SME structures from the national office down to the district offices.

A national M&E framework needs to be developed and a set of core indicators have to be identified, described and communicated to all the stakeholders. In addition, a comprehensive M&E plan for SME activities needs to be developed. The overall goal of the national M&E system would be to provide a comprehensive tracking system to collect, enter, analyse and share information on SME performance that will enhance decision-making at all levels in the implementation of interventions under the national SME strategic framework. A national M&E work plan that clearly states agreed indicators and

M&E activities during the year will be developed in collaboration with all partners and disseminated to all sectors. The plan will state the responsibility of different stakeholders participating in SME activities. Planning and review meetings with stakeholders are crucial and so is the scale-up of harmonised M&E tools to all levels. Strengthened M&E systems, coupled with facilitative supervision, will ensure accountability in service delivery as well as improved performance of SMEs.

After the government has put together the homegrown national SME sector, developed the strategic road map, established the support structures and developed the implementing guidelines, the final action is to bring the SME sector to the people through the rollout programme. This programme consists of coordinated sequential steps to be followed to ensure that the people will embrace it, own it and support it through a mutual relationship because they were involved in all the stages of establishing it. The process will lead to the improvement in the SME performance nationwide.

### **Contributions of the study**

The study will contribute to the body of knowledge especially the existing literature of SMEs, focusing on government's contribution towards the performance of the SMEs. The findings would influence the legislature to directly support the SMEs in order to improve their performance. The results would provide insights for policymakers and all SME stakeholders on possible ways to improve on the performance of their economies through planning, implementation, monitoring and evaluation schedules of SME operations.

This study which proposed a new national SME sector that enhances the performance of Small and Medium Enterprises will significantly contribute towards high performance of SMEs in Zimbabwe. The study developed a national SME sector that the Ministry of Ministry of Women affairs, Community and Small and Medium Enterprises Development can adopt in order to exploit the full potential of SMEs. The improved performance of SMEs will serve the community at large with the provision of goods and services, provide employment opportunities for the nation and provide more business to the banking facilities. In addition, it contributed to the body of knowledge through the insights gained from SMEs that are operating in the poor economic conditions of the country and provided the areas for further study.

The results, therefore, provided insights to policymakers and all SME stakeholders on possible ways to improve on the performance of their economies. This study developed and outlined the main tenants of the national SME sector that can also be duplicated in other African states and developing countries on how they can improve the performance of their SME sector. It provided a framework on how the Government institutions can integrate the resource adequacy as a priority agenda item in all their planning and implementation schedules.

### **Conclusion**

The information obtained from data analysis indicated that the government did not do enough to provide SME implementers with capacity building programmes, ICT support and did not have any information dissemination programmes. Further analysis of the data revealed that the government did not provide human resources to disseminate any

new and relevant information to the stakeholders, train SME implementers, and work in local areas to mentor the SME operators and to monitor and evaluate the processes of the SME operators. The empirical evidence obtained from the analysis show that there is a gap between the SMEs and the government involvement hence the need to address this inadequacy through bringing in a structure that mainly focus on the SMEs. The government has no programmes on finance and Resource Mobilisation, Information Technology, Capacity Building, Research and Development and Monitoring and Evaluation. The government has to address the gap through establishment of a new SME sector. Each of these departments would be the pillars of the new SME sector and they would carry out a specialised mandate to support the SME sector. The government did not make any consultations with the SME implementers, it only operated from the office and used a desk top approach in the administration of the SMEs. The implementers did not benefit much from their related ministry and their operations are not guided by the government. In summary, the government of Zimbabwe failed to administer, monitor and evaluate what it developed hence the need to come up with a new structure to address the problem.

### Recommendations

For the SMEs to contribute towards improved performance, job creation and poverty alleviation, it is recommended that the government needs to create a new national SME sector. This has to be done through a rigorous consultative process of all the stakeholders in the SME sector. The government has to go to the local communities, carry out the needs assessment, hold meetings in each region with SME implementers, employees and other stakeholders like the community leaders, suppliers and incorporate their findings in the development of a new policy framework. This process will produce a Zimbabwean homegrown SME sector which would be owned by both the government and the SME stakeholder.

It is recommended that Zimbabwean government should re-focus and craft an SME sector that will support the SMEs. The new SME sector will be closely linked to the strategic framework and the policy. The new SME sector will be the mirror of the SME policy developed. The two documents will work together and will be complementing each other.

It is recommended that a new SME sector should contain the views of all the stakeholders. It will be an all-inclusive sector that will have been developed through the concerted efforts of all the stakeholders. After the government has put together the homegrown SME sector, it will develop the strategic road map, establish the support structures and develop the implementing guidelines which provide the model that will be adopted by the strategic framework rollout programme. The new SME sector rollout plan will contain the logical processes that have to be followed by the stakeholders and each participant of the programme will be well informed about all the contents and the procedure of implementing the SME sector.

### Abbreviations

APDSD	ASEAN Policy Blueprint for SME Development for SME Development
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, and South Africa



EBRD	European Bank for Reconstruction and Development
ETF	European Training Foundation
EU	European Commission
GAP	Green Action Plan
ICT	Information communication and technological
LDCs	Less developed countries
MARDEF	Malawi Rural Development and Enterprise Fund
M&E	Monitoring and evaluation
NSI	National System of Innovation
OECD	Organisations for Economic Co-operation and Development (OECD/ETF/EU/EBRD)
SME	Small and Medium Enterprises
SMEDI	Small and Medium Enterprise Development Institute
STI	Science and Technology Institution
TEVETA	Technical Education, Vocational and Entrepreneurial Training Authority
ZNSS	Zimbabwe National SME sector

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### Author contributions

GTM collected the data and organised the literature review section. Put together the final document. EM came up with the methodology of the study, drafted the interview guide questions and also analysed the data. TN looked at the discussion of the study, the recommendations and proof reading of the study. All authors read and approved the final manuscript.

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### Declarations

#### Competing interests

The authors declare no competing interests.

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