Business Management and Entrepreneurship Academic Journal
Vol.4, Issue:04; April-2022
ISSN (5345–3327);
p –ISSN (9313–4225)

CRITICAL ISSUES IN SMES AND INNOVATION IN CONTEMPORARY ZIMBABWE: A LITERATURE REVIEW

Grace Chikomborero Ndafira, Professor Jiang Cai Lou, and Isaiah Adegoke
Business School, Nanjing University of Information Science and Technology
Corresponding author: Grace Chikomborero Ndafira

Abstract: This article examines critical issues in the deployment of innovation in facilitating SME activities in the Zimbabwean economy. The study focuses on key elements that affect the acceptance and effective utilization of innovation capabilities and its impacts in improving performance of SMEs in Zimbabwe. The study deployed a qualitative research approach relying on secondary data on performance of SMEs in the context of innovation use in contemporary Zimbabwe. The findings obtained from the investigation revealed that the main barriers to innovation and adoption in Zimbabwean SMEs are unfavorable government policy; lack of technological and market information; high cost of innovation; organizational culture; size of enterprises; the lack of financing; and poor cooperation amongst the SMEs. However, the study also found that SMEs that successfully integrate innovation enjoy relatively better performance than those that resist its integration. Overall, these findings highlight the importance of innovations on SMEs performance. The study concludes by drawing some important recommendations on the need for enhancing the connection between innovation and SMEs in the country.

Key words: Economy, Innovation, Performance, SMEs, Zimbabwe.

1. Introduction

The invaluable role played by Small and Medium-sized Enterprises (SMEs) in job creation and development of innovation has rendered SMEs a top priority for many governments across the globe. For example, OECD (2015) contends that SMEs have proved to be important globally in employment creation and contributing more than 60 percent to Gross Domestic Product (GDP). Consequently, as governments try to create ways of ensuring that economies become enabling for the effectiveness of the SMEs, deliberate attempts are being made to ensure that the operations of SMEs remain mired in innovation as a critical element that is vital for business success (Makiwa & Steyn, 2016). Innovation has emerged globally as a critical ingredient for long term sustainability of SMEs in any economy. Various studies show that Small and Medium-sized Enterprises' performance is enhanced by different types of innovation capabilities (Ali, Hao, & Aijuan, 2020). Overtime, it has thus become apparent that the growth and development of developing nations is in the citizens' innovative ability (Maletic, Dahlgaard & Gomiscek, 2014).

Innovation can be understood as the implementation of a new or significantly improved product or process, a new marketing, or organizational method in business practices" (OCED, 2005:46). It is widely regarded as the most important competitive advantage that enables a company to thrive in today's dynamic business environment. It is undutiful that innovation derives prosperity for organizations and nations (Mugogo & Midala, 2020). As argued by Haneda, Motheb and Thic (2014), the ultimate

goal of innovation therefore lies in the desire to improve business performance. The increasing interest in the connection between innovation and business performance of SMEs has led to the emergence of various studies that have tempted to examine the nexus in existence between innovation and the performance of SMEs around the world (Lendel, Varmus, 2013; Dastgerdi, 2012; Gunday, Ulusoy, Kilic & Alpkan, 2011). Consequently, understanding innovation and its connection with SMEs performance has becomes more pertinent in recent years, with the purpose of encouraging innovation that may result in better SMEs performance in their operations (Kajongwe & Chinyena, 2020). It is thus worth mentioning that the values exhibited by innovation serve as a catalyst for new ways of doing things, new products, and new processes that are of immense value to the economy. In some countries, non-subsidiary independent enterprises with fewer than 250 people are classified as SMES, however some nations limit the number of employees to 500 (Kajongwe & Chinyena, 2020).

While informal SMEs in Zimbabwe have managed to offer 90% of jobs, the sector has failed to provide meaningful returns to entrepreneurs and other stakeholders. At a time when SMEs employ 50% of the population, their performance has been a key roadblock to fulfilling their full potential (Manyati & Mutsau, 2020). The formal industrial sector has arguably collapsed as a result of several years of economic suffering. The collapse of the formal industry, combined with small-scale farmers' demand for intermediate agricultural technologies, has created opportunities for informal business enterprises to produce and supply intermediate agricultural technologies to the new crop of farmers who emerged after the agrarian reform of 2000, also known as the Fast Track Land Reform Programme (FTLRP) (Makate, Makate, Siziba, & Sadomba, 2019).

With rising global competitiveness and rapid knowledge dissemination, many businesses' future success is dependent on their ability to innovate (Mugogo & Midala, 2020). If governments are unable to engage effectively in innovation activities, they will ultimately become reliant on products developed in other countries and imported in hard currency from developed and developing countries. This is usually the case in countries like Zimbabwe. Similarly, firms must engage in such operations unless they risk losing market share and consumers in the future due to a shift in existing customers' need for new technologies. As a result, innovation aids in meeting client needs and allows businesses to incorporate technology, which has become one of the most pressing challenges for businesses. Consequently, a company's ability to not only maintain its existing commercial performance, but also to exceed its own and its competitors' expectations is vital to survival (Mugogo & Midala, 2020).

According to a 2014 Finscope Survey, 80 percent of Zimbabwe's informal SMEs are unable to pay livable wages due to low returns on investment. The findings were backed up by statistics from the World Bank (2016), which revealed that SMEs in Zimbabwe generated less than US$5000 in monthly sales. This is, of course, a direct outcome of the economy, which has impacted established firms as well. According to a 2016 World Bank report, most informal SMEs in the country fail to employ a significant number of people, and so their contribution to the economy is negligible. While innovative techniques are at the heart of any company's growth and success, it remains to be seen whether adopting innovative systems can help informal SMEs improve their performance (Muparangi & Makudza, 2020). Given the existence of a number of studies examining various aspects of innovation in relation to SME success in Zimbabwe, it is critical that the current situation be investigated further. This will provide clear insights into the debates and discourses that shape economic performance at the micro level, as measured by the performance of diverse SMEs around the country.

2. Methodology

The study relied on secondary data on innovation and its deployment in the operation of SMEs in contemporary Zimbabwe. The focus was therefore on how the innovations contribute to SMEs performance as well as the main issues that arise in SMEs deliberate efforts of integrating the innovations in their operations. Deploying document analysis for the qualitative approach adopted by the researcher, the study used multiple print and digital sources for generation of the data on Zimbabwe and its related global literature. Thus, the study largely used articles from both print and online academic journals, books and book chapters, articles in periodicals as well as other online and print news sources. Table 1 below shows the sources that have been used for this analysis:

Author	Title	Year	Journal/Publisher	Volume & Issue
Kajongwe, C., & Chinyena, E.	The Efficacy of Innovation Practices on Performance of Small and Medium Enterprises (SMEs) in Mashonaland West Province, Zimbabwe.	2020	Journal of African Interdisciplinary Studies	4 (3)
Makanyeza, C., & Dzvuke, G.	The influence of innovation on the performance of small and medium enterprises in Zimbabwe.	2015	Journal of African Business	16 (1-2)
Makate, C., Makate, M., Siziba, S., & Sadomba, A.	The impact of innovation on the performance of small-to-medium informal metal-trade enterprises in Zimbabwe.	2019	Cogent Business & Management	*6*(1625095)
Makiwa, P., & Steyn, A. A.	ICT Adoption and Use in Zimbabwean SMEs.	2019	IST-Africa 2016 Conference Proceedings	N/A
Manyati, T. K., & Mutsau, M.	Factors that limit the development, prototyping and adoption of informal innovations in Zimbabwe: Lessons for policymakers.	2020	African Journal of Science, Technology, Innovation and Development	N/A
Marima, N. E.	Innovation as a strategy for Small to Medium Enterprises' (SMEs) survival and growth in Mashonaland West Province, Zimbabwe.	2018	University of Kwazulu Natal	N/A

Mpando, I. T.	An assessment of the impact of innovation and business networks on the performance of SMEs in the Harare Metropolitan.	2015	University of Zimbabwe	N/A
Mugogo, M.	Innovation and Firm Performance: What Must SMEs Learn from the Experience in Zimbabwean Manufacturing SMEs?	2020	International Journal of Economics, Commerce and Management	*III* (12)
Mugogo, M., & Midala, A. S.	Barriers to SME innovation for performance: evidence from Zimbabwe.	2020	International Journal of Education and Research	*8* (11)

Table 1: Summary of journal articles and reports on innovation and SMEs in contemporary Zimbabwe examined in this study.

From the table above, it can be observed that the study relied on an examination of 9 sources (7 of which were journal articles and 2 were dissertations) on the nexus between innovation and operations of SMEs in contemporary Zimbabwe. In terms of years of publication, these works cover a period of 5 years, from 2015 to 2020. These data sources were selected through purposive random sampling where their choice was largely determined in terms of their direct relevance to the study. However, the study also used numerous other articles, reports, and books to build a stronger perspective of the connection between innovation and SMEs in developing economies.

3. Related literature

On the African continent, numerous studies have been conducted on various areas of innovation and SMEs. Nduati (2020) used a literature-based critical review to assess the impact of strategic innovation on manufacturing firm performance in Kenya. Product, process, market, and technological innovation initiatives all had a favorable impact on manufacturing business success. It was demonstrated that major business performance areas had significantly and positively improved, owing in part to the implementation of market and product innovation initiatives. However, because the research was based on desk literature reviews, it was difficult to quantify the impact of strategic innovation on firm performance in Kenya, resulting in a methodological gap (Nduati, 2020).

Similarly, Abdilahi, Hassan, and Muhumed (2017) conducted a study on the influence of innovation on SME performance using empirical evidence from Hargeisa, Somaliland. The researchers employed descriptive and regression analysis to determine the impact of innovation. According to regression data from 378 SMEs in Hargeisa, innovation has a significant impact on SME success. Product innovation, marketing innovation, and organizational innovation all had a significant impact on the performance of these SMEs, according to the study (Abdilahi, Hassan, & Muhumed, 2017).

Further, a similar study in Uganda looked at the adoption of innovation strategy among SMEs in the Nakawa division of Kampala, using descriptive statistics (Isiagi, 2019). Data was collected from 86 respondents using self-administered structured questionnaires. The results demonstrated a strong link between innovation strategy and performance. It was also discovered that new product innovation is critical for businesses to stay competitive. It was shown that SMEs who improved their inventive capabilities through new product development and modification of existing items performed better (Isiagi, 2019).

In the Sekondi-Takoradi Metropolis, Ghana, Mensah and Acquah (2017) evaluated the impact of several types of innovation on SME performance. The study took a quantitative method. The hypotheses were investigated using structural equation modeling with partial least squares (PLS) (SEM). Despite the fact that innovation was shown to account for over 51% of the variation in organizational performance, the relationship between product innovation and organizational performance was found to be favorable but not significant (Mensah & Acquah, 2017).

Likewise, another study by Onikoyi (2017) used 340 questionnaires to study the impact of product innovation on Nestle Nigeria Plc's organizational performance. Product innovation was found to increase the company's market share and profitability using regression and correlation analysis. It was also discovered that there was a considerable link between product innovation and competitiveness (Onikoyi, 2017).

In Zimbabwe, a number of studies on innovation and SMEs have also been carried out by various scholars. According to Chadamoyo and Dumbu (2012), SMEs in poor countries such as Zimbabwe are mostly untapped in terms of empirical study. The SMEs sector in the country operates in a dynamic and competitive environment (Chidoko et al., 2011). They are, nevertheless, the breeding grounds for indigenous entrepreneurship because they are responsible for mobilizing hitherto untapped ability and contribute to industrial decentralization. However, it has to be noted that research on SMEs in the country, though extant, has not been extensively conducted (Marima, 2018). Among the most prominent ones, Zindiye (2008) and Mudavanhu et al. (2011), for example, looked into the causes of small and medium-sized business failure in Harare and Bindura, respectively. Maseko et al. (2011) investigated the influence of targeted government support on SMEs growth and development in Mashonaland Central province of Zimbabwe; Chipangura and Kaseke (2012) examined the growth restrictions of Small and Medium-sized Enterprises at the Glenview Furniture Complex in Harare. Chidoko et al. (2011) explored the impact of the informal sector on Zimbabwe's present economic situation (Marima, 2018).

4. Understanding critical concepts

Knowledge of SMEs and the nexus between them and innovation requires a basic understanding of some critical concepts that we often encounter in discourses of Small and Medium-sized Enterprises as well as the use of innovation to improve SMEs' performance. Some of these key concepts include: SMEs, innovation, and business performance.

4.1. Small and Medium-sized Enterprises (SMEs)

SME stands for small and medium-sized enterprises, however there is no commonly accepted definition of the term. This is due to the fact that definitions vary greatly among places and are dependent on both economic growth and social factors. The term small and medium-sized enterprises (SMEs) has numerous definitions that differ from country to country. In Zimbabwe which is the main focus of the present study, an SME is defined as a registered company with no more than 100 employees and a maximum annual sales turnover of US$830,000 (Manyani et al., 2014; Zindiye, 2008). It is also considered "a formal enterprise with yearly turnover, in US dollar terms, of between 10 and 1,000 times the mean per capita gross national income, at buying power parity, of the country in which it operates," according to Gibson and van der Vaart (2008, p. 18). Further, for the Zimbabwean context therefore, Makanyeza and Dzvuke (2015, p.200) define an SME as "a registered enterprise in Zimbabwe that employs not more than 100 employees and whose activities are not dominant in the sector in which it operates".

4.2. Innovation

According to OECD (2005), innovation is defined as the use of a new or significantly enhanced product (good or service), process, marketing method, or organizational strategy in company processes, workplace organization, or

external relations. Creating something new and successfully implementing it on the market is what innovation is all about. When knowledge is monetized, such as in the form of new products, services, processes, or business models, innovation occurs in businesses (Baldwin & Gellatly 2003). Because it provides a comprehensive, uniform, and globally accepted framework for understanding and evaluating innovation, this study also adopts the same OECD Oslo Manual (2005) definition. In this respect, we must also understand SMEs are more innovative than larger corporations since they are more adaptable and quicker to integrate invention efforts (Verhees & Meulenberg, 2004).

In this sense, different types of innovation are used in different business models. From a general perspective, there are two types of innovation: radical and incremental. Radical innovations are new technology, processes, or products that address demands that are not yet identified, whereas incremental innovations improve what already exists (Chetty & Stangl, 2010). Product innovation, process innovation, marketing innovation, and organizational innovation are the four categories of innovation identified by the OECD Oslo Manual (2005). They're all aiming to improve existing technology while also developing new ones (Mpando, 2015). Product innovation means introducing the new or significantly improved products or services (Polder, Leeuwen, Mohnen, & Raymond, 2010). Furthermore, the OECD (2005) defines process innovation as the deployment of a novel or significantly enhanced production or delivery technique. Marketing innovation, on the other hand, is described as identifying new markets and determining how they might be better served or become more responsive to present products (Shergill & Nargundkar, 2005). It is characterized as the implementation of new business practices, workplace organizing methods, decision-making systems, and new methods of managing external relations (Polder, Leeuwen, Mohnen, & Raymond, 2010).

Innovation as can be deployed in an SME's operations stems from various sources. Oluwajoba (2007) cited in Mpando (2015) argues there are internal and external sources of innovation capabilities. The internal sources are as follows:

i. The educational background and prior working experience of the leader(s)
ii. The professional credentials of the personnel.
iii. The various kinds of technological effort which prompt further accumulation of technological capabilities for instance research and development.

Those generated from external sources included:

i. Frequency of networking with a variety of other players and various institutions
ii. Any geographical proximity advantages associated with networking
iii. The nature and extent of institutional support received.

4.3. Business performance

We can define business performance as a measure of how well organizations are managed and the value they deliver to customers and other stakeholders (Mpando, 2015). It should be understood that performance remains a critical indicator for success using both empirical and theoretical models (Man, Lau & Chan 2002). Increases in earnings, sales revenues, and employment are also indicators of performance (Pangarkar 2008). According to Mansury and Love (2008), the most commonly used indicators of business performance are Return on Investment (ROI), Turnover or number of customers, efficiency as measured by growth in profitability, and effectiveness as measured by growth in sales and product range (Mpando, 2015). Innovative, production, market, and financial success are the other factors of evaluating business performance (Hagedoorn & Cloodt 2003; Yilmaz, Alpkan & Ergun 2005). Companies evaluate business for a variety of reasons, including enabling order for proactive monitoring and control, rewarding, driving progress, maximizing the

impact of any improvement activities, and aligning company goals and objectives (Mpando, 2015).

5. SMEs and innovation in Zimbabwe

Zimbabwe's informal economy is fully functional and contributes significantly to socioeconomic growth. According to recent estimates, Zimbabwe's informal sector produces more than 60% of the country's GDP and slightly more than 80% of employment (Government of Zimbabwe, 2011). The sector continues to flourish in Zimbabwe, despite the country's economic woes. Small businesses in the sector are particularly essential since they assist smallholder farmers in obtaining intermediate agricultural technologies (Makate, Makate, Siziba, & Sadomba, 2019). From a cross-section of the extant studies, we find that organizational innovation, marketing innovation, process innovation, and product innovation, as defined by the OECD (2005), are moderately prominent among SMEs in the country. It also becomes evident that SME performance in Zimbabwe has improved slightly over the innovation period (Makanyeza & Dzvuke, 2015). It is from this context that our study dives deeper to understand the impacts that innovation has on the SMEs performance as well as the recurring critical issues regarding the innovation and its resulting consequences pertaining to operations and performance of the SMEs.

5.1. Innovation and its impacts on SMEs

Generally, an examination of available research revealed that innovation has a beneficial impact on the performance of SMEs (Mugogo, 2020). In the manufacturing and service industries, innovation has a significant impact on firm success, but not in the agricultural sector. Only organizational and product innovation have a favorable impact on SMEs' performance, while marketing and process innovation have little impact (Makanyeza & Dzvuke, 2015). Furthermore, only product and process improvements, not organizational or marketing innovations, have a substantial impact on SMEs' manufacturing success. Only organizational innovation, out of the four types of innovation, has a significant impact on the performance of SMEs in the services industry. In the agricultural business, none of the innovation categories had a significant impact on firm performance (Makanyeza & Dzvuke, 2015).

An exploration of the available data from numerous studies reveals that innovation has a favorable impact on the operations and performance of Zimbabwe's Small and Medium-sized Enterprises (Kajongwe & Chinyena, 2020; Makanyeza & Dzvuke, 2015; Makanyeza & Dzvuke, 2015). Makate, Makate, Siziba, and Sadomba (2019), for example, found that innovation increases the number of months with above-average revenues by 1.96 months and overall business expenditures by 31.50 percentage points. In Zimbabwe, the second quarter (May to August) corresponds to the primary crop harvesting and selling seasons. Innovators may gain more at this time due to their ability to create unique items that meet the needs of farmers and other clients, thereby improving their performance (Makate, Makate, Siziba, & Sadomba, 2019).

Furthermore, SMEs profit from innovation as a result of the increased demand from small-scale farmers who are updating their technology in preparation for the following planting season. Farmers, for example, go to Magaba Industries in Mbare Harare to acquire plough parts that have been won out. This finding could also be due to an innovator's culture of striving to do things differently (Makate, Makate, Siziba, & Sadomba, 2019). Also, large-scale formal producers, for example, frequently color their implements yellow. However, exploiting farmer feedback, innovators in the informal economy had to change this usual appearance to brown or green because the colour yellow attracts bees and often results in attacks (Manyati, 2014a; Mujeyi et al., 2015). They are bound to manufacture more equipment and technologies suited to farmer demands as a result of responding to client needs, which will enhance sales during a period when farmers are more liquid (i.e. have cash from selling their crop harvest). This study supports Verhees and Meulenberg's (2004) theory that small enterprises that generate unique items can

innovate on their own by tailoring products to the needs of their customers (Verhees & Meulenberg, 2004), resulting in increased sales.

The findings of the various works studied corroborate Porter's (2008) conclusion that innovative businesses are more effective at serving attractive niches with their unique products and enjoy brand loyalty from customers who respect their unique innovations (Porter, 2008). Similarly, the findings support those of Geroski et al. (1993), who observed that innovative businesses had a short-term competitive advantage over their competitors. Furthermore, according to several studies, innovative businesses can improve their market and financial performance (Koellinger, 2008; Marques et al., 2011; Peters, 2008).

5.2. Critical issues in innovation and SMEs performance

To begin, an examination of various studies on SMEs and innovation in contemporary Zimbabwe revealed that SMEs in Zimbabwe have only moderately adopted innovation in their businesses, owing to the fact that the majority of them are new and young businesses that are still grappling with innovation challenges. As a result, the majority of the SMEs in the study are not doing anything new, which is a key attribute of innovative businesses (Abdilahi, Hassan, & Muhumed, 2017)). As Mugogo (2020) argues, this can only suggest that such SMEs are failing to generate new products in order to access new markets, as well as failing to embrace technology in their activities, both of which are key benefits obtained by an innovative organization.

The study also found that one of the major critical issues regarding innovation and SMEs performance relate to barriers that are faced in integration of the innovations. A number of issues were identified as recurrent throughout the secondary data. For example, the study discovered a number of barriers in technological innovation, such as those related to policy. Unfavorable government policy and regulation, according to the report, constitute a barrier to SME industry technical innovation. This was highlighted by issues such as a lack of patent protection, a lack of government funding, a lack of financial regulation assurance, a lack of support for doing and expanding innovation, a lack of access to and use of government loans, a lack of tax reform to encourage innovators, and unequal support for all businesses (Mugogo & Midala, Barriers to SME innovation for performance: evidence from Zimbabwe, 2020).

Lack of technological and market information was also identified as a major barrier to SME industry-level technological innovation in the study (Marima, 2018). This was discovered to be due to factors such as a lack of access to and use of current technological information and materials, a lack of technological transfer institutions, a lack of access to and use of internet service, a lack of knowledge of market and demand, and a lack of effort to serve new technological markets. Similar issues have been noted as a barrier to innovation by Silva et al., (2007) and Jaramillo et al., (2001) (Mugogo & Midala, Barriers to SME innovation for performance: evidence from Zimbabwe, 2020).

Similarly, the high cost of innovation was identified as another barrier to industry technological innovation. The inability to hire and purchase necessary skilled human power and equipment, the cost of innovation is not tolerated by enterprises, the inability of enterprises to acquire external competence, the lack of budgeted money for innovation activities, the inability of enterprises to innovate on a continuous basis, and the failure of enterprises to take risks are all significant barriers to SME industry level technological innovation (Mpando, 2015). In line with this finding, Lim and Shyamala (2007) and Silva et al. (2007) highlighted cost as a barrier to technology adoption (Mugogo & Midala, 2020).

Further, the high cost of innovation has been identified as a barrier to industry technological innovation. The inability to hire and purchase necessary skilled human power and equipment, the cost of innovation is not tolerated by

enterprises, the inability of enterprises to acquire external competence, the lack of budgeted money for innovation activities, the inability of enterprises to innovate on a continuous basis, and the failure of enterprises to take risks are all significant barriers to SME industry level technological innovation. In line with this finding, Lim and Shyamala (2007) and Silva et al. (2007) highlighted cost as a barrier to technology adoption (Mugogo & Midala, 2020).

Likewise, the size of businesses, which can be measured in terms of financial and human resources, is a major barrier to technological innovation. As a result, facing innovation-related issues, inadequate internal funding for innovation (both small and medium businesses), and limited innovation engagement are impediments to technical innovation at the industry level (Kajongwe & Chinyena, 2020). Inadequate numbers of trained personnel for technological innovation, a lack of individuals with creative and innovative ideas, managerial incapability to manage the innovation process, and a lack of qualified employees within the enterprise are all significant barriers to industry engaging in technological innovation. This observation is consistent with those of Aminreza et al (2011).

Another major barrier in as far as innovation is concerned in the operations and performance of SMEs in Zimbabwe is the lack of financing (Mugogo & Midala, Barriers to SME innovation for performance: evidence from Zimbabwe, 2020). Insufficient funds for innovation, lack of access to long-term loans for innovation, lack of funds from outside sources, lack of investors who encourage firms through financing, and insufficient support from banks and financial institutions to collateral requirements have all been noted as impeding industry-level technological innovation. Similar findings from numerous research (Mohd & Syed, 2010; OCED, 2005; Aminreza K et al., 2011; and Silva et al., 2007) and Lim and Shyamala (2007), all of which agree that economic constraints such as a lack of capital tend to limit SME innovation.

A reading of various existing studies leads us to poor cooperation among SMEs as the final obstacle to innovation influencing SMEs' performance in Zimbabwe (Manyati & Mutsau, 2020). Thus, difficulty in locating innovation partners, low cooperation with institutions and business service providers, limited access to expertise from other firms, a lack of relationships with various associations, and a lack of collaboration with government, private institutions, and nongovernmental organizations in relation to innovation are all significant barriers to industry technological innovation (Mugogo & Midala, 2020). This was consistent with the findings of other research, such as Mulu (2009), who identified lack of cooperation as one of the key impediments to SMEs improving their performance and operations.

6. Recommendations

In the study, through an exploration of various studies on innovation and SMEs in contemporary Zimbabwe, we note that a lot of barriers to innovation exist. Consequently, these barriers stifle the growth, operations, and performance of the Small and Medium-sized Enterprises in Zimbabwe, with the various SMEs failing be involved or to integrate various types of innovation. The study therefore finds it pertinent that policy and regulation be redeveloped to ensure that it allows for maximum possibility in SMEs engagements in innovative ideas and activities. Similarly, the study also recommends an improved funding to SMEs through deliberate fiscal measures put in place by relevant stakeholders. Further to that, the study also recommends the need deliberate strategies aimed at enhancing cooperation between various SMEs in the industry as the lack of was noted to be one of the most pressing challenges in as far as innovation in SMEs and their performance is concerned. From a general perspective, the study suggests that, despite these obstacles, SMEs in Zimbabwe should explicitly integrate innovation as part of their business goals, especially product and process innovations. As Mugogo (2020) argues, SMEs ought to invest in innovation programs such

as procuring necessary technologies and funding projects to produce new products. Through this, they may be able to endure internal and external pressures acting against their success, as well as reach new markets.

7. Conclusion

To sum up, the article examined critical issues in the deployment of innovation in facilitating SME operations and performance in Zimbabwe. This is against the context of a frail economy that Zimbabwe has remained for the last two decades, attracting scholarly attention especially on how SMEs are faring in such a struggling economy. The study thus dealt with critical areas that that affect the acceptance and effective utilization of innovation capabilities and their impacts in improving performance of SMEs in Zimbabwe. The findings from the study revealed that the main barriers to innovation and adoption in Zimbabwean SMEs are unfavorable government policy, a lack of technological and market information, a high cost of innovation, organizational culture, the size of enterprises, a lack of financing, and poor cooperation among SMEs. The study also discovered that SMEs that successfully integrate innovation do significantly better than those that do not.

References

Abdilahi, M. H., Hassan, A. A., & Muhumed, M. M. (2017). The impact of innovation on small and medium enterprises performance: Empirical evidence from Hargeisa, Somaliland. *International Journal of Academic Research in Business and Social Sciences, 7*(8), 14-28.

Ali, H., Hao, Y., & Aijuan, C. (2020). Innovation Capabilities and Small and Medium Enterprises' Performance: An Exploratory Study. *Journal of Asian Finance, Economics and Business, 7* (10), 959–968.

Chetty, K., & Stangl, L. (2010). Internationalization and innovation in a network relationship context. *European Journal of Marketing, 44*(11/12), 1725-1743.

Isiagi, E. (2019). *Strategic Choices and Performance of Small and Medium Enterprises in Uganda. A case of Nakawa Division.* Kyambogo University. Kampala: Kyambogo University.

Kajongwe, C., & Chinyena, E. (2020). The Efficacy of Innovation Practices on Performance of Small and Medium Enterprises (SMEs) in Mashonaland West Province, Zimbabwe. *Journal of African Interdisciplinary Studies, 4*(3), 64 – 75.

Makanyeza, C., & Dzvuke, G. (2015). The influence of innovation on the performance of small and medium enterprises in Zimbabwe. *Journal of African Business, 16*(1-2), 198-214. doi:10.1080/15228916.2015.1061406

Makate, C., Makate, M., Siziba, S., & Sadomba, a. (2019). The impact of innovation on the performance of small-to-medium informal metal-trade enterprises in Zimbabwe. *Cogent Business & Management, 6*(1625095), 1-18. Retrieved from https://doi.org/10.1080/23311975.2019.1625095

Makiwa, P., & Steyn, A. A. (2016). ICT Adoption and Use in Zimbabwean SMEs. *IST-Africa 2016 Conference Proceedings* (pp. 1-8). Durban : IIMC International Information Management Corporation.

Manyati, T. K., & Mutsau, M. (2020). Factors that limit the development, prototyping and adoption of informal innovations in Zimbabwe: Lessons for

policymakers. *African Journal of Science, Technology, Innovation and Development*, 1-7.

Marima, N. E. (2018). *Innovation as a strategy for Small to Medium Enterprises' (SMEs) survival and growth in Mashonaland West Province, Zimbabwe.* University of Kwazulu Natal, School of Management, IT and Governance. Durban: University of Kwazulu Natal.

Mensah, F., & Acquah, I. S. (2017). The effect of innovation types on the performance of small and medium-sized enterprises in the Sekondi-Takoradi Metropolis. *Archives of Business Research, 3*(3), 77-98.

Mpando, I. T. (2015). *An assessment of the impact of innovation and business networks on the performance of SMEs in the Harare Metropolitan.* University of Zimbabwe , Graduate School of Management. Harare: University of Zimbabwe.

Mugogo, M. (2020). Innovation and Firm Performance: What Must SMEs Learn from the Experience in Zimbabwean Manufacturing SMEs? *International Journal of Economics, Commerce and Management, III*(12), 260-276.

Mugogo, M., & Midala, A. S. (2020). Barriers to SME innovation for performance: evidence from Zimbabwe. *nternational Journal of Education and Research, 8*(11), 45-58.

Muparangi, S., & Makudza, F. (2020). The Driving Force for Entrepreneurial Performance among Small, Informal Businesses. *Sustainable Business and Society in Emerging Economies, 2*(2), 1-11.

Nduati, P. M. (2020). Influence Of Strategic Innovation On Performance Of Manufacturing Firms In Kenya: A Literature Based Review. *African Journal of Emerging Issues, 2*(6), 55-66.

Onikoyi, I. A. (2017). Impact of product innovation on organizational performance (A Survey of Nestle Nigeria Plc). *Journal of Marketing and Consumer Research, 37*(1), 2422-8451.

Polder, M., Leeuwen, G., Mohnen, P., & Raymond, W. (2010). *Product, process and organizational innovation: drivers, complementarity and productivity effects.* Maastricht: UNU-MERIT.