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# Factors Affecting Human Resources Management Policy Implementation in Small and Medium Enterprises (SMEs) in Sri Lanka

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**Abstract:** Policy implementation in SMEs related to Human Resource Management in Sri Lanka is often ignored because the issues are indirect and hidden. The main objective of this paper to review and understand theories and models related to the policy implementation and develop conceptual framework describing the factors affecting successful policy implementation in SMEs in Sri Lanka. Literature related to policy implementation as well as policy implementation models were analyzed and illustrated a conceptual framework. This framework directs attention to eight major variables that affect implementation of public policy. The three intervening variables showed that without implementing agency capacity, negotiation ability, and sector awareness, policy implementation might be weakened. Further, this conceptual model offers a blueprint for the successful policy implementation to solve the HRM issues in the SMEs in Sri Lanka.

**Keywords:** Policy Implementation, Small and Medium Enterprises, Human Resource Management, Sri Lanka

## INTRODUCTION

The Sri Lankan economy is considered the economy of small and medium enterprises just because of more than 75% of businesses are engaged in the Small and Medium Enterprises (SMEs), which play an intense role in boosting the economic growth. An important contribution to national economy is SMEs represent 52% in the GDP and it provides a more than 45% employment to the labor force, which helps in improving the standard of living of the country peoples and brings prosperity in the national economy. (Ministry of Industry and Commerce, 2016). The SMEs are also considering as a roadmap for the economic growth of Sri Lanka through its vital importance in the national economy.

The Sri Lankan economy almost depends on the small and medium enterprises. The government of Sri Lanka considers SMEs as driving force for economic growth, rural development, reduction of unemployment and poverty reduction. Small and medium enterprises help to reduce unemployment, develop new entrepreneurs, and reduce poverty as well as improve living standards, especially among poor people. In addition, SMEs contribute GDP, ultimately boost Sri Lankan economy. Women participation in the economic development

also broadly based on SMEs. 22-39% enterprises are owned by women. (Wijayasiri, 2016). Therefore, Government of Sri Lanka recognizes the importance of this sector for the economic development as well as poverty reduction.

SMEs contribution for economic development is the very high rate in Sri Lanka. SMEs create creating employment opportunities, raised domestic savings, reduced poverty, facilitate income distribution and regional development as well as training of workers and entrepreneurs and creating an environment in which large firms flourish and contributing to export earnings. Even though these benefits, it has been recognized that Human Resource Management (HRM) in these enterprises are still in a dark.

The success of the most ranked enterprises depends on select and retention of qualified employees. The challenges of SMEs are lack of dedicated HR staff or HR is usually not a high priority for them. Successful small-and medium-sized enterprises (SMEs) place a great importance on HRM practices like; training and development, performance appraisals, recruitment packages, maintaining morale, and setting competitive compensation levels. Effective HRM can be a condition for getting and keeping big customers. In addition, Trend toward international quality standards means even small businesses must attend to HR processes. However, due to lack of proper HR activities, it has been recognized that job dissatisfaction, less commitment, absenteeism as well as employee turnover is high in this sector.

To solve those issues, Sri Lankan government has been regulated many policies. Among them, National Policy Framework for SME Development is important. This policy framework focuses on two basic areas; Policy Interventions and Strategies and Implementation Arrangements. However, the sector still plugged with many HR issues, especially high employee turnover. Even though these HR issues have financial consequences, the problem is often ignored because the issues are indirect and hidden. Furthermore, many enterprises might consider it simply as part of the 'doing business' in this sector. Recently, line ministry like Ministry of Traditional Industries and Small enterprises focus on issues related to SMEs. However, key issues are still not been solved. Proper government intervention and policy implementation are therefore needed to overcome these issues. It might be led to reduce unemployment and accelerate the economic growth of the country.

Other than this, many other rules and regulations have been approved by the government. Some of these are related to security of employment, but not directly focus on SMEs. These regulations apply to all employees who are in SME sector in Sri Lanka. The Shops and Office Workers Ordinance Act No.19 of 1954 (regulating services and wages) were designed to provide security of employment. The Employees Provident Fund (EPF) Act No.15 of 1958 and the act of Employees Trust Fund (ETF) No.46 of 1980, focus on employees' retirement benefits. The Industrial Dispute Act No.43 of 1950, protect employees right with the disputes and the Wages Board Ordinance protect their minimum wages. Maternity Aid Ordinance No.32 of 1939 and Shops and Office Workers Ordinance No. 60 of 1957 have been implemented to secure women workers maternity rights. The environment of workers has been secured by the Factory Ordinance of 1965 and 1980. The Workshops Ordinance No.45 of 1942 defines the legal aspect

of laws imposed in order to avoid physical harm and health hazards factory workers may have to face. (Rajapakshe, 2002).

In addition, many other state and government-related institutions are provided support to implement policies. Among them, the department of small industries, Ceylon Institute of Scientific and Industrial Research (CISIR), Export Development Board (EDB), Sri Lanka Standards Institution (SLSI), Industrial development Board (IDB), Sri Lanka Export Credit Insurance Corporation (SLECIC), Textile Department, National Gem and Jewelry Authority, National Enterprise Development Authority (NEDA), Development Finance Corporation of Ceylon (DFCC), National Development Bank (NDB), SME Bank and later renamed as Lankaputhra and today, the powerful bank called Regional Development Bank (RDB) to name the key institutions.

However, the quality of work life of the employees' has not been protected and proper HRM practices unable to recognize in this sector. As a result, high turnover, lack of commitment and dissatisfaction is still high. One of the main challenges is no clear policy for SMEs and those existing policies not been implemented properly in this sector. (Athukorala, 2017). Therefore, the need of study to identify and determine real causes of the effectiveness of government policy implementation is essential in this sector. This lack of research could be attributed to the fact that, even though HR related issues cause financial losses and social issues, the problem is often ignored because the issues are indirect and hidden. Thus, the need for an empirical survey in this sector is essential to identify real causes for reduce the effectiveness of policy implementation. Until now, no other researchers have attempted to do this sort of comprehensive study and this is the first step to be developed conceptual framework for this phenomena to highlight factors affected to policy implementation.

### **OBJECTIVES OF THE STUDY**

The main objective of this study were:

- to identify factors affecting the successful policy implementation in the SMEs in Sri Lanka to enhance the effectiveness of the sector; and
- to develop a conceptual framework to highlight which factors has influenced to effectiveness of policy implementation.

### **SIGNIFICANCE OF THE STUDY**

It is hoped that the study has yielded information that is useful for future proper policy implementation in order to achieve high performance in SMEs in Sri Lanka. The proposed model of the study may also be useful to the management in SMEs. This may lead to the generation of new ideas for better and more efficient management in SMEs and other organizations in Sri Lanka and globally.

### **RESEARCH METHODOLOGY**

This is study is primarily a desk research relying mainly on the collection and analyze secondary data collected through literature. The sources included government documents and research literature regarding policy implementation generally, and within the SME sector in particular. To maintain the validity, the selected literature were collected from various

published documents such as books, journal articles, newspaper articles, various valid websites such as newspapers, online journals and online official websites etc. and further reviewed the research methodologies used by the primary researcher. To check the reliability, collected data were cross-checked by two or three sources and when there was some serious anomalies, those were excluded.

The key issues examined in this study were current issues in Human Resource Management Practices in SMEs in Sri Lanka, Theoretical aspects of the Policy Implementation in generally and Policy Implementation issues in Sri Lanka particularly. The explanations of this study take the form of deductive explanation, which approaches a causal model. After analyzing the literature this study identified various factors affected to effectiveness of the policy implementation. The study attempt to presents the intervening variables such as Degree of Implementers' Compliance, Negotiation Ability and SMEs sector awareness and how independent variables influence policy implementation through these factors.

## **LITERATURE SURVEY**

### **Definition of Policy Implementation**

Nagel (1984) defined public policy as "governmental approaches designed to formally resolve or deal with various problems in or threat to society". Policy implementation has been referred to carrying out of a basic policy decision take the form of executive decrees or court decisions. Implementation processes consist of basic steps such as a passage of the basic statute, policy output of the implementing agency, the compliance of target group, actual impact, perceive impact and revisions to propose statute. The dependent variable of the implementation process is policy output of implementing agencies, compliance of target groups with policy, the real impact of decisions, compliance of target groups with policy, the real impact of decisions and revisions of a statute.

There are many other definitions of policy implementation. Pressman and Wildavsky (1973) defined policy implementation as "a process of interaction between the set of goals and the actions geared to achieve them". Van Meter and Van Horn (1975) defined as "policy implementation encompass those actions by public and private individuals (or group) that affect the achievement of objectives set forth in prior policy decisions". Williams (1971) defined as "implementation seek to determine whether an organization can bring together men an material in a cohesive organizational unit and motive them in such a way as to carry out the organization's stated objectives". Bardach (1980) viewed as "part of the business of the political process".

Other than the definitions there are numerous models were developed in the field. The next part of the paper explains most important conceptual frameworks.

### **Models of Policy Implementations**

The classical models of administrations had been basically ignored the implementers of the policy process. Weber (1864-1920) described the ideal bureaucracy as a highly rationalized, legalistic kind of authority and structure controlled at the top by a small group decision makers whose policies were dutifully implemented by 'subordinate administrators whose obedience to

commands should be prompt, automatic and unquestioning. (Nakamura and Smallwood, 1980:7) Woodrow Wilson (1856-1924) identified that need for power separation between politicians and administrators. Another major classical theory is Taylor's (1911) Scientific Management stressed "efficiency" as the basic criterion against which to evaluate administrative performance. (Nakamura and Smallwood, 1980:8) Thus, it is clear that classical model minimized the significance of implementation in the policy process. The major reason is, those theories were based on top-down command structure. Rourke (1976) points out that, "in the traditional theory of public administration in the United States, it was assumed that the administrator's discretion extended only to decisions on means, while the ends or goals of administrative action were fixed by statute or by the directives of a responsible political official". (Rourke, 1976:33)

However, during the 1970s many scholars were involved to develop various type of policy models. Allison (1971) proposed three models to make government decisions. Taking examples of the case of nuclear issue between the USSR and US, he explained the rational actor or classic model, the organizational process model, and the governmental politics model.

Van Meter and Van Horn (1975) proposed a model named as 'A Model of Inter-Governmental Policy Implementation'. This model was based on various incremental developments involved in the process. Those are namely, organizational changes, the development of organizational controls, the impact of judicial decisions and the analysis of inter-governmental relations. The second model developed by them was a model of the policy implementation process. It has explained the major factors affecting the policy implementation process. Those are 1) policy goal and standards, 2) resources and inter-organizational communications, 3) enforcement activities, 4) characteristics of implementing agencies, 5) prevailing economic, social and political conditions and 6) the disposition of the implanting parties. Van Meter and Van Horn identified personal and psychological complexities that influence the actors in the implementation arena. These participants were considered as players who can play a crucial role in shaping the policy process.

Milbrey (1976) identified policy implementation as a "mutual adaptation" by using data collected from RND Corporation study federal programs involving educational change, focused on the interpersonal relationships between implementers and policy formulators as a key factor in program success. It has further clarified that lack of receptivity leads to change the policy. The amount of interest, commitment, and support evidenced by the principal actors were considered as a major influence on the prospects for success. This study further identified implementers as a crucial actor in the policy process and three different types of potential interactions between policy makers and implementers. 1) Mutual adaptation (it involved both modifications of the project design and changes in the local institutional setting and personnel during the course of implementation), 2) Co-optation (it signified adaptation of the project design, but no changes on the part of the local staff or the institutional setting) and 3) Non-implementation (it described the experience of projects that either broke down during the course of implementation or simply were ignored by project participants).

Hood (1976) suggests that successful policy implementation as a perfect 'administration'. *"It incurred a unitary administrative system with a single line of authority,*

*enforcement of uniform rules of objectives, a set of clear and authoritative objectives implementable on the basis of perfect obedience or perfect administrative control, perfect coordination and perfect information within and between administrative units, an absence of time pressure, unlimited material resources for tackling the problem and unambiguous overall objectives and perfect political acceptability of the policies pursued".*

Kerr (1976) identified three main types of policy success: implementation success, instrumental success, and justificatory success. According to the study, implementation success depends on the following condition. "The agent must be able to do actions (alpha) and it must be possible in practice for the agent, in general, to do actions whenever conditions (beta) obtains".

Yin (1977) explained that success of the implementation as a result of incorporation and service improvement. Service improvement is depending on transitivity, practitioner training, and rich, innovative environment. Incorporation depends on eight major factors. Increases in agency staff, chief executive support, no implementation delay, practitioner training, federal support, main actors within agency, cosmopolitan innovator and excess resources.

Bardach (1977) described policy implementation process as "system of games". This system of games, however, itself can be an obstacle to policy implementation because of diversion of resources, deflection from goals, administrative dilemmas, dissipation of energy, or the use of obstructive plays and strategies. This study clarified that how to make better implementation machines. There were two ways, 1) limit policy goals in recognition of the shortcoming of social theories and 2) plan ground the pitfalls represented by the various implementation games. Bardach (1977) further highlighted that many of the implementation games might be found in all complex policy areas. He identified many kinds of games, such as 1) easy money-tactic to obtain and misuse funds, 2) easy life-participation in policy implementation for the purpose of gaining fringe benefits at the expenses of full participation, 3) goal deflection-subversion of the process for personal benefits, 4) tokenism- agreement to implement policy without any real intent to follow through, 5) tenacity-attempts to block or delay implementation through strenuous argument and rhetoric, and 6) odd man out- setting conditions which allow for a convenient escape from any real commitment to policy implementation.

Pfeffer and Salancik (1978) developed the basic concept of external control of organizations. The most important factors, which have been identified by them are organizational effectiveness, organizational survival, and competition for scarce resources and competition demand. Further, they proposed three strategies, which organization needs to use for organizational survival and effectiveness. Those are 1) management of the external environment, 2) response to the external environment and 3) degree of influence over the external environment.

Rein and Robinovitz (1978) defined implementation as "a declaration of government preferences, mediated by a number of actors who create a circular process characterized by reciprocal power relations and negotiations". The study highlighted that the implementation process has dominated by three potentially conflicting imperatives; 1) the legal imperative, 2) the rational- bureaucratic imperative and 3) the consensual imperative. Further, it was

characterized that entire implementation process as a principle of circularity, because, it needs to reconcile these potentially conflicting imperatives. The authors give high priority to bureaucratic and consensual initiatives as two of the three basic imperatives that help to shape policy.

Elmore (1985) considered implementation as backward mapping. The backward mapping perspective aims at reversing the tendency of implementation models to take a top-down approach. Pressman and Wildavsky (1973) proposed a model for successful policy implementation. The model has four major factors, which were affected by the successful policy implementation considering the task of developing job opportunities for minority groups in Oakland, California. The four major factors are; 1) the existence of key actors or participants, 2) the phenomenon that the greater the complexity of any joint action or the more agencies involved, the lower the chances of success were for the implementation process, 3) the suitability of the project, and 4) the soundness of the implementation theory employed.

They further explained the importance of the clear strategy, clear goals and clear guidelines. The reduction of the complexity of the implementation processes also important. "Simplicity in policies is much to be desired". Thus, they said that if we can follow those factors, the success of the implementation is simple. They conclude that "implementation should not be divorced from policy and must not be conceived as a process that takes place after and independent of, the design of policy". Further, "design of policy must consider direct means for achieving their ends and continuity of leadership is important to successful implementation".

Causal models have not been developed by them. However, their explanations through observations provide clear guidelines for policy implementation process. They accepted that the policy process as unidirectional. First, leaders have formulated policies and then intermediaries have implemented them. They emphasized the close interrelationship between policy design and implementation.

Sabatier and Mazmanian (1980) considered implementation as policy management. The program is based on a sound theory relating changes in target group behavior to the achievement of the desired objectives. There should be ambiguous policy directives and structures to achieve the desired end. The model highlighted that 1) socioeconomic conditions and technology, 2) media attention, 3) public support, 4) attitudes and resources of constituency groups, 5) support for sovereigns, and 6) the commitment and leadership skills of implementing officials as factors affected to successful policy implementation. Tractability of the problem (i.e. valid technical theory and technology, diversity of target group behavior, target group as percentage of population and extent of behavioral change required), the ability of legislation to structure implementation (i.e. causal theory, policy directives, financial resources, hierarchical integration, decision making procedures, recruitment procedures for official and the level formal access given to outsiders), and non-statutory variables affecting successful implementation have been synthesized under the independent variables.

Hjern and Porter (1981) considered implementation as a structure. According to the authors, implementation structures are not organizations. It's comprised of parts of many organizations and subsets of members within organizations, which view a program as the



primary interest. Fudge and Barrett (1981) stated implementation as an outcome. According to this concept, to implement a policy successfully, it needs to put policy into the desired outcome. Walter (1980) argued that implementation as a perspective. For Williams, the implementation perspective is the perspective of the practitioners.

Sorg (1983) explained that the factors affected to the success of implementation. According to Sorg, a behavior of the frontline implementers is the main causes for the success or failure of the implementation. The front line implementer is a lower participant in the organization. They are directly dealing with the citizen. Even though the policy well plans, the compliance of the front line implementer will affect the failure of the policy. They are the ultimate implementers. Thus, according to the Sorg, success or failure of the implementation depends on the compliance of the front line implementers. Sorg identified four types of front-line implementers such as internal compliance, unintentional non-compliance, unintentional compliance, and intentional non-compliance. Under that ten types of implementers' behaviors were explained, i.e. conforming, excessive, deficient, replacement, ritualism, delay, voice 1, voice 11, bluffing and exist.

Cheema and Rondinelli (1983) established a conceptual framework for an improved decentralization program of the implementation process. They identified four sets of factors, which were affected by the implementation of decentralization policies by studying rural development in Asia. Those are named Environmental Conditions, Inter-Organizational Relationships and Linkages, Resources for Policy and Program Implementation and Characteristics of Implementing Agencies.

Chandarasorn (1984) propose six policy implementation models; rational, management, organizational development, bureaucratic process, political and general. The Rational model is emphases that performance of the policy implementation depends on the efficiency of the planning and control. The intervening variables of the models were mission assignment, evaluation, clear policy objectives, work standards and reward and punishment. According to the management model, performance of the policy implementation depends on the capability of the organization. He explained five variables as intervening variables which are affected to determine organizational capabilities, such as structure, personnel, budget, infrastructure and machinery, and equipment.

The third model, organizational development model emphasizes that how to create a better relationship and improve cooperation in order to fulfill various psychological and sociological needs. It stresses participation, on the assumption that this is strongly related to the efficient running of the organization. He explained how motivation, teamwork, leadership, participation, and human relations and acceptance interact each other to achieve successful policy implementation.

According to the bureaucratic process model, the success of the policy implementation depends on service provider capability and the implementation policy acceptance level. He further explained that failure of the policy implementation does not only depend on the inefficient administration but also the result of the attitudes and actions of policymakers, administrative and staff at lower levels.

The political model explained that success of policy implementation depends on personality, knowledge and ability and power of the involving parties. If those parties who are involving to make policies unable to negotiate with each other or cannot be resolved the conflict the implementation can be failed. Therefore it needs to help of media, politicians, agency heads, interest groups, political action groups and important persons to implement the policy successfully. This model is basically based on the different conceptual frameworks like Allison (1971); Pressman and Wildavsky (1973); Bardach (1980) and Sabatier and Mazmanian (1980).

According to the general model, policy implementation depends on 1) Mode and Policy Objective, 2) Resources, 3) Communication Procedures, 4) Enforcement Activity, 5) Characteristics of Implementing Organization, 6) Socio-Economic Conditions, 7) Political Conditions and 8) Support from Implementers. The Integrative Model was introduced by Chandarasorn in 1984, reflects all characteristics of the five models, the rational model, the management model, the organization development model, the bureaucratic processes model, and the political model. According to this model, policy implementation is depending on Capability of Implementers, Efficiency in Planning and Control, Leadership and Cooperation, Politics and External Environment Management.

Pressman and Wildavsky (1984) proposed that the theory of a process of implementation as necessarily resulting not in implementation but in a redefinition of objectives and reinterpretation of outcomes. The main idea behind this is an implementation will always be an evolutionary process.

Browne and Wildavsky (1984) outlined that implementation as a learning process where the implementers through continuous search processes come up with improved goal functions and more reliable program technologies. Hogwood and Gunn (1984) proposed four approaches for the study of policy implementation. 1) A procedural and managerial approach with an emphasis on control factors, 2) an examination of organizational structures, 3) behavioral studies in relation to participants, 4) an examination of participant understanding of the implementing authority with regards to policy. Alexander (1985) developed the "Policy Program Implementation Process (PPIP)" model. This model shows how policy factors, planning factors, and implementation factors form a single inter-linked process. The important factors in this process to stimulate policy, plan and the implementation. The linkages between these factors are as follows. Link 1: occurs between stimulus and policy i.e. the policy environment; Link 2: occurs between policy and plan – it establishes the basic plan and the main actors and Link 3: the structure of the implementation process.

Jane- Erik Lane (2000) introduced a new formula to explain the implementation. According to that, "implementation is a function of policy, outcomes, formator, implementer, initiator and time. Further, implementation processes involve coalitions, learning, political symbolism, implementation perspectives as well as control.

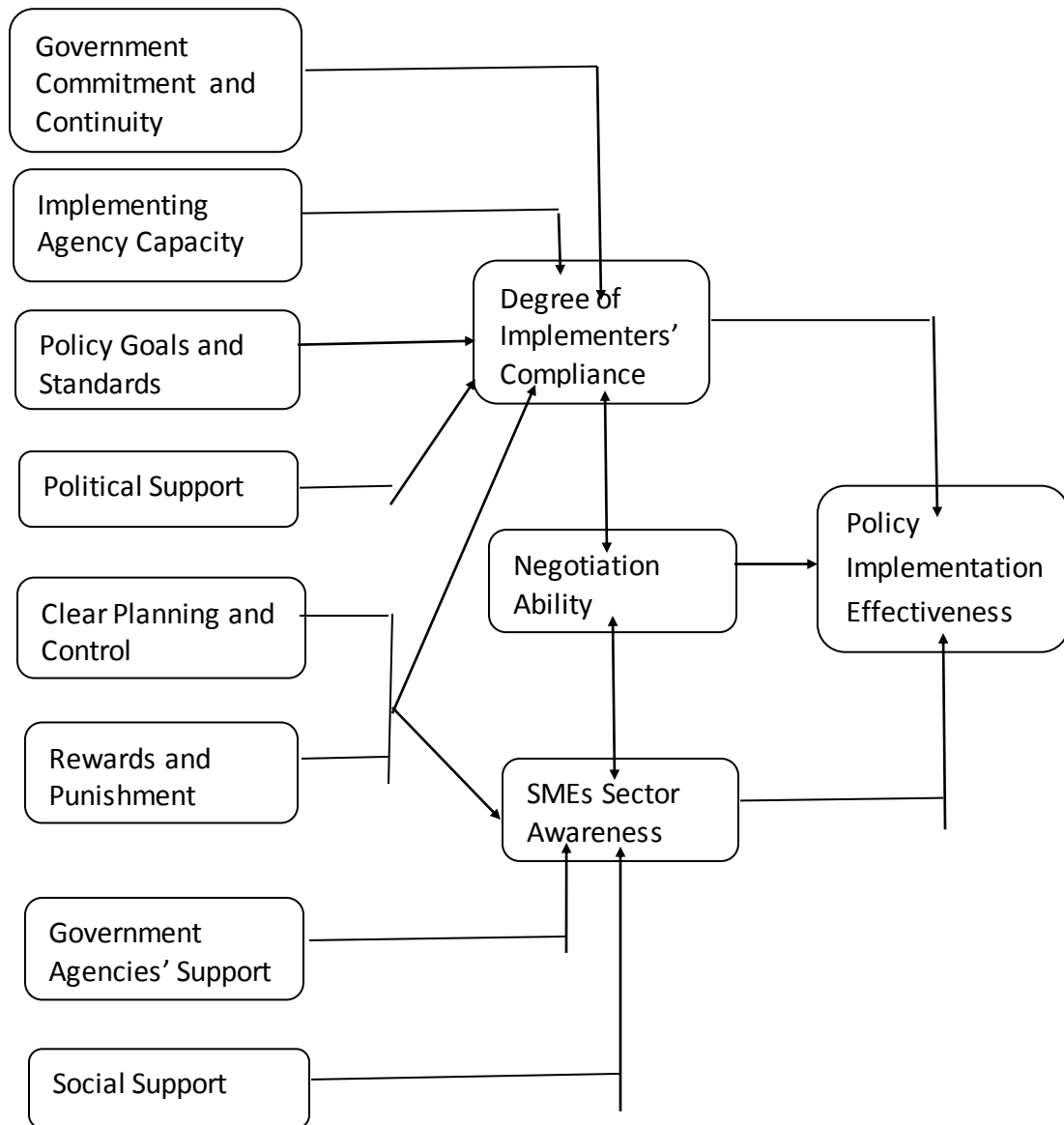
### **Factors affected by the failure of Policy Implementation**

Hogwood and Gunn (1984) explain many factors which were affected to unattainable of the implementation. (1) The circumstances external to the implementing agency do not impose

crippling constraints; (2) The adequate time and sufficient resources are made available to the program; (3) That the required combination of resources is actually available; (4) That the policy to be implemented is based upon a valid theory of cause and effect; (5) That the relationship between cause and effect is direct and that there are few, if any, intervening links; (6) That dependency relationship is minimal; (7) That there is understanding of, and agreement on, objectives; (8) That tasks are fully specified in correct sequence; (9) That there are perfect communication and co-ordination and (10) That those in authority can demand and obtain perfect compliance

It is clear that even though there are many models were developed, weakness also can be identified. Different models explain different perspectives. In the real world, the policies were changed with the circumstances. Thus, sometimes it is unable to use those models directly to all of these situations

After reviewing the literature, this study has proposed a conceptual framework as shown in Figure 01 for successful policy implementation in SMEs sector in Sri Lanka. The independent variables of the proposed model are; 1) government commitment and continuity, 2) implementing agency capacity, 3) policy goals and standards, 4) political support, 5) clear planning and control, 6) rewards and punishments, 7) directly related government agencies' support, 8) indirectly related government agencies support, and 9) social support. These variables all have an indirect effect on successful policy implementation. The intervening variables are; 1) degree of implementers' compliance, 2) negotiation ability, and 3) SME sector awareness.



**Figure 01:** Proposed Conceptual Framework: Factors Affecting Human Resources Management Policy Implementation in Small and Medium Enterprises in Sri Lanka

**DEPENDENT VARIABLE: POLICY IMPLEMENTATION EFFECTIVENESS**

Policy implementation defined as a process of interaction between stated public policy and the actions geared to achieve them. (Pressman and Wildavsky, 1973:8). Effectiveness depends on the extent to which policy achieves its intended goals with respect to the benefits of any given policy. (Pressman and Wildavsky, 1973:8).

The policy implementation effectiveness of this proposed model depends on the degree of implementers' compliance, SMEs sector awareness, and their negotiating ability. As a result of weaknesses of policy implementation of this sector, employee dissatisfaction, lack of

commitment as well as labor turnover raised up. The ultimate consequences are the SMEs sector in Sri Lanka depends mainly on the retail sector, but not been focused on value-added industries. Other than this lack of innovations, new entrepreneurship, less contribution to the GDP and lack of demand for employment are some of the issue faced by this sector.

Thus, the effectiveness of the policy implementation can be measured in terms of employee satisfaction and commitment, innovation, various new types of entrepreneurship, contribution to GDP and unemployment rate.

## **LOGICAL RELATIONSHIP BETWEEN INDEPENDENT AND DEPENDENT VARIABLES**

### **Government Commitment and Continuity**

This is the most important variable for the successful policy implementation in this sector. All successive government introduced many types of policies, however, due to lack of government commitment and continuity, most of them were failed. Labor Charter was introduced in 1996 also not implemented successfully. Athukorala (2017) highlighted that no directly focuses theories to SMEs in Sri Lanka. Thus, the government commitment and continuity is essential to propose and implement a successful policy.

### **Implementing Agency Capacity**

The capacity of implementing agency is also important for successful policy implementation (Van Meter and Van Horn 1975; Sabatier and Mazmanian, 1983). It helps to overcome pressures from within and outside the organizations. It may help to compromise or doing changes for the weak public policy. Thus, the greater the implementing agency capacity, leads to the more successful policy implementation.

### **Policy Goals and Standards**

Van Meter and Van Horn (1975), Sabatier and Mazmanian (1980), Chandarasorn (1984) emphasized that clear policy goals and standards are general for every type of successful policy implementation. Clear policy goals and standards provide clear insight to the implementers to implement the policy in systematic and unambiguity manner. Van Meter and Van Horn (1975) explained that 'effective implementation requires that program standards and objectives be understood by those individuals responsible for the achievement of policy'. Chandarasorn (1984) mentioned that unambiguous of policy objectives and clearly set policy standards will lead to easy and successful implementation.

### **Political Support**

Allison (1971), Van Meter and Van Horn (1975), Chandarasorn (1984) emphasized that, the importance of the political support for successful policy implementation. There are many political organizations which are in the opposition of the parliament as well as other political parties who are not in the parliament. Without proper consensus and support, it is unable to implement the policy successfully. Conflicts among them may be pulled out the policy from the process.

### **Clear Planning and Control**

Allison (1971), Van Meter and Van Horn (1975), Chandarasorn (1984) revealed that clear planning and control is important for the successful policy implementation. Without a clear plan, implementers may not be able to determine how to do and what to do. Effective control helps to identify whether the program is functioning successfully or not.

### **Rewards and Punishment**

Chandarasorn (1984) explained that how effective reward and punishment system affected by successful policy implementation. To make a rational policy implementation, it needs to give punishment those who are unaware of the policy implementation and need to give punishment those who are involved to implement policy successfully.

### **Government Agencies' Support**

Many government agencies are involved to support policy implementation in SMEs sector. Among them, the department of small industries, Ceylon Institute of Scientific and Industrial Research (CISIR), Export Development Board (EDB), Sri Lanka Standards Institution (SLSI), Industrial development Board (IDB), Sri Lanka Export Credit Insurance Corporation (SLECIC), Textile Department, National Gem and Jewelry Authority, National Enterprise Development Authority (NEDA), Development Finance Corporation of Ceylon (DFCC), National Development Bank (NDB), SME Bank and later renamed as Lankaputhra and today, the powerful bank called Regional Development Bank (RDB) to name the key institutions. The support from these agencies is essential to implement policy successfully.

### **Social Support**

Social awareness is another important factor for successful policy implementation. Sabatier and Mazmanian (1980) identified media attention to the problem, public support or their voice, attitudes, and resources of constituency groups as an important factor for the policy implementation. Van Meter and Van Horn (1975) and Chandarasorn (1984) were emphasized that the importance of the social support. The problems occur in the SME sector unable to solve without getting support from the community. It helps to the government to implement and continue the policy without disappearing after the changes of the implementers.

### **Degree of Implementers' Compliance**

Implementers' compliance is very important for the success of the policy implementation. Sorg (1983) emphasized that complains of the front line implementer might be directly affected by the success of the policy implementation. Some type of behaviors of front-line implementer's occurred as a result of their "intentionally non-compliance" perception. It is not easy to control these kinds of situations. Thus, the degree of complaints to implement policy is very important to its success.

### **Negotiation Ability**

Negotiation ability among implementing agencies is more important. Allison (1971), Pressman and Wildavsky (1973), Bardach (1980), Chandarasorn (1984) have supported this idea. Without negotiating with involved parties, the conflicts arisen among them cannot be solved. This might be led to failing the implementation. The labor unions, rural development banks, export development bank, as well as various line ministries, are involving policy implementation. Their influence might be led to deny policies implementation.

### **SMEs Sector Awareness**

Awareness of the sector is important to solve this problem. The SMEs sector today uses a slogan for the problem, "that is simply part of doing the business". It shows that still, they are not aware to solve the problem. Thus, it needs to comply in a satisfactory manner with government policy to solve this problem.

### **CONCLUSION**

The proposed conceptual framework presented in this paper would be provided a more comprehensive understanding of the successful policy implementation for the HRM issues in the SMEs sector in Sri Lanka or elsewhere. This model directs attention to eight major variables that affect implementation of public policy. The three intervening variables showed that without implementing agency capacity, negotiation ability and sector awareness, it is difficult to implement policy successfully. Further, this model offers a blueprint for the successful policy implementation to solve the HRM issues in the SMEs in Sri Lanka.

### **LIMITATIONS AND FURTHER RESEARCH**

This study is based on the data collected from the literature and focus only HRM issues in SMEs in Sri Lanka. The study could have included other countries and other industries also. Further researchers can conduct survey research to test the proposed model to determine which factors directly affect policy implementation.

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