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### POLICY ANALYSIS

## Navigating the Institutional Environment

*A Policy Analysis of Zimbabwean Enterprise Diagnostics and Growth Trajectories (2000–2026)*

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### ABSTRACT

The institutional environment in Zimbabwe presents a complex and often challenging landscape for enterprise development. Policy uncertainty, regulatory constraints, and macroeconomic volatility have historically shaped business diagnostics and growth potential, yet a systematic analysis of policy impacts over an extended period is lacking. This policy analysis aims to critically evaluate the relationship between the institutional policy framework and enterprise diagnostic outcomes, tracing their influence on firm growth trajectories. It seeks to identify specific policy mechanisms that have most significantly constrained or enabled business expansion. The analysis employs a mixed-methods approach, synthesising longitudinal policy document analysis with cross-sectional enterprise survey data. A novel diagnostic framework is applied to assess firm-level capabilities against evolving institutional conditions. A predominant theme identified is that policy-induced uncertainty, rather than regulatory stringency per se, is the primary constraint on investment for over 70% of surveyed firms with growth potential. The analysis reveals a critical misalignment between diagnostic tools used by support agencies and the actual institutional barriers firms navigate. Enterprise growth trajectories are profoundly mediated by the perceived stability and predictability of the institutional environment. Conventional diagnostic models fail to adequately account for this dynamic, leading to ineffective policy interventions. Policymakers should prioritise enhancing policy predictability and coherence. Support programmes must integrate institutional risk assessment into diagnostic tools. A shift towards outcome-based, rather than compliance-based, regulatory frameworks is advised to foster adaptive enterprise growth. institutional environment, policy analysis, enterprise diagnostics, growth trajectories, business climate, Zimbabwe This article provides a novel longitudinal policy mechanism analysis, introducing a diagnostic framework that explicitly links micro-level enterprise capabilities to macro-level institutional policy shifts, offering a new tool for policymakers and business support agencies.

**Keywords:** *Institutional environment, Policy analysis, Enterprise development, Sub-Saharan Africa, Business diagnostics, Regulatory constraints, Macroeconomic volatility*

#### Article Highlights

- A critical misalignment exists between diagnostic tools and the actual institutional barriers firms navigate.
- Enterprise growth is profoundly mediated by the perceived stability of the institutional environment.

#### Core Recommendation

Policymakers should prioritise enhancing policy predictability and coherence, while support programmes must integrate institutional risk assessment into diagnostic tools.

- Conventional diagnostic models fail to account for institutional dynamics, leading to ineffective policy.
- The analysis introduces a novel framework linking micro-level capabilities to macro-level policy shifts.

*This analysis offers a new diagnostic tool for policymakers and business support agencies.*

## ABSTRACT-ONLY PUBLICATION

This is an abstract-only publication. The complete research paper with full methodology, results, discussion, and references is available upon request.

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