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Policy Implementation Practice in Ethiopia: The Case of Industrial Policy

By: Abdurahman Hassen

Advisor: Dr. Terefe Zeleke

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ADDIS ABABA UNIVERSITY FACULITY OF BUSINESS AND ECONOMICS

College of Business and Economics
Department of Public Administration and Development Management

This is to certify that the thesis prepared by Abdurahman Hassen Ali entitled "Policy Implementation Practice in Ethiopia: The Case of Industrial Policy", which is submitted in partial fulfillment of the requirements for the Degree of Master in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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_____ Signature _____Date _____
Advisor
_____ Signature _____ Date _____
External Examiner
_____ Signature _____Date _____
Internal Examiner

Chair of Department or Graduate Programs Coordinator

Policy Implementation Practice in Ethiopia: The Case of Industrial Policy

By

Abdurahman Hassen

Advisor

Terefe Zeleke

(PhD)

A thesis submitted to the Department of Public Administration and Development Management of Addis Ababa University in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy

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Declaration

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of materials used for the thesis have been duly acknowledged.

Declared by:	Confirmed by Advisor:
Name: _____	Name: _____
Signature: _____	Signature: _____
Date: _____	Date: _____

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List of Tables

Table 2.1: Summary of historical evolution of Industrial Policy……..……..24

Table 3.1: Stratum and number of samples……..……..38

Table 4.1: Background characteristics of respondents……40

Table 4.2: Performance of the industrial sector and other economic sectors……...42

Table 4.3: Explicit statement of goals and its concreteness for evaluation……..47

Table 4.4: Clarity of mechanisms to achieve the desired goals of the policy ……..…48

Table 4.5: Development of the industrial policy based on scientific grounds……..49

Table 4.6: Internal validity of the policy in logically drawing outcomes from the goals…….50

Table 4.7: Comprehensiveness of the industrial policy…….51

Table 4.8: Rational Factors Influencing policy implementation……...…52

Table 4.9: Management Factors Influencing policy implementation……..…….54

Table 4.10: Organizational Factors Influencing policy implementation…….…….57

Table 4.11: Bureaucratic Factors Influencing policy implementation…….……58

Table 4.12: Political Factors Influencing policy implementation……..60

List of Figures

Figure 4.1: GDP share of industrial and other sectors……..……43

Abbreviations

GTP: Growth and Transformation plan

IDS: Industrial development strategy

IMF: International Monetary fund

NBE: National Bank of Ethiopia

NPC: National Planning Commission

UNCTAD: United Nations Conference on Trade and Development

UNDP: United Nations Development Programme

UNIDO: United Nations Industrial Development Organization

Abstract

Recently, the call for more industrialization in Africa is becoming stronger than ever. Policy makers acknowledged ability of industrialization through industrial policies to bring prosperity, new jobs, and better economies for all. Nonetheless, for different policies including industrial policy, little attention is paid to the subject of policy implementation by policy makers. This study tried to examine the implementation practice of Ethiopia's Industrial policy. The study do have three specific objectives to evaluate the performance of industrial sector under GTP II, to assess the internal validity, clarity and comprehensiveness of industrial policy and to examine factors influencing the successful implementation of industrial policy. In order to attain the objective of the study and answer the research questions, both descriptive and exploratory research methods were used. The study employed mixed research approach to collect, analyze and interpret the date. Both primary and secondary sources of data were employed in order to obtain relevant data to the study. In this regard, in order to collect primary data, questionnaire survey and interview techniques were used and the questionnaire was self-administered. The study also adopted a face-face interview. Non-probability sampling method was employed to select the samples in order to achieve the objective the research. From the non- probability sampling method quota sampling was employed. Accordingly, 90 samples were selected from the Ministry of Trade and Industry five institutions accountable to the Ministry. The data collected was analyzed using descriptive statistics. Based on the above mention methodology and design the study found that the performance of the industrial sector found to be disappointing in achieving its targets set in the second Growth and Transformation Plan (GTPII). The study revealed that the goals of the Industrial policy found to be explicitly stated and concrete enough. Regarding the internal validity, the study finds out that the policy is supported by internal validity in logically drawing outcome from the goals and strategy priorities. Evidence from the analysis of findings from this study suggested that the industrial policy/strategy is comprehensive enough to cover issues related to the industrial sector. And finally the study identified a number of factors influencing industrial policy implementation. The study recommended that the development of new industrial policy document, good coordination mechanisms and monitoring and evaluation mechanisms should be implemented.

Table of Contents

Acknowledgements v

List of Tables vi

List of Figures vi

Abbreviations vii

Abstract viii

Chapter One: Introduction 1

1.1. Background of the study 1

1.2. Statement of the Problem 3

1.3. Objective of the study 5

1.4. Research Questions 5

1.5. Significance of the Study 6

1.6. Scope of the Study 6

1.7. Limitation of the study 6

1.8. Organization of the Study 7

Chapter Two: Literature Review 8

Introduction 8

2.1 Policy Implementation 8

2.2 Industrial Policy 18

2.3 Historical Evolution of Industrial Policy in Ethiopia 20

2.4 Industrial Development Strategy (IDS) 25

2.5 Review of related Empirical Studies 29

2.6 Analytical framework for successful policy implementation 30

Chapter Three: Research Design & Methodology 34

Introduction 34

3.1 Research design 34
3.2 Research approach 35
3.3 Sources of Data and Data Collection Instruments 36
3.4 Population and Sampling 37
3.5 Method of Data Analysis 38
Chapter Four: Data Analysis, Interpretation and Discussions 39
Introduction 39
4.1 Background characteristics of respondents 39
4.2 Performance of the Industrial sector 41
4.3 Policy Clarity, Internal Validity and Comprehensiveness 47
4.4 Factors Influencing Industrial Policy Implementation 51
Chapter Five: Conclusion and Recommendation 63
5.1 Conclusion 63
5.2 Recommendations 64

Chapter One: Introduction

1.1. Background of the study

Industrialization is the engine for socio-economic transformation of a country. Positive trends of industrialization had strong association with wealth, economic development, technological leadership, political power and international dominance. Literature shows that countries that failed to industrialized were perceived to be on an unsustainable development path (UNIDO, 2018).

Recently, the call for more industrialization in Africa is becoming stronger than ever. Policy makers acknowledged ability of industrialization through industrial policies to bring prosperity, new jobs, and better economies for all (Tafirenyika, 2016). In this regard, a number of countries in the developing world and particularly in Africa have shown a renewed interest and started to reintroduce industrial policy.

Despite its widespread use, the use industrial policy lack consensus about its definition with several possible definitions for industrial policy by different writers and policy makers (Di Maio, 2014). While it is important to acknowledge these different possible definitions, this study used the definition given by Oqubay in which Industrial policy is defined as "a strategy that includes a range of implicit or explicit policy instruments selectively focused on specific industrial sectors for the purpose of structural change in line with a broader national vision and strategy" (Oqubay 2015).

While initially industrial policy was about economic growth and employment, its sphere is growing to solve critical challenges that countries face comprising social and environmental hurdles. Emerging and developing economies are in need of industrial policy to help them move closer to the world technology frontier and help them address their social and environmental challenges. Yet, the effectiveness of industrial policy in achieving these objectives depends a great deal on the institutional context and its effective implementation (Berglof and Cable, 2018).

Nonetheless, for different policies including industrial policy, little attention is paid to the subject of policy implementation by policy makers. Once policies are adopted by government, it is often taken for granted that the policy will be implemented as designed and desired goals will be achieved. Implementation often turns out to be the graveyard of many policies. In most cases little or no attention is paid to the problems and complexities associated with execution of policies (Ahmed and Dantana, 2016).

Presseman and Wildavsky define implementation as "a process of interaction between the setting of goals and actions geared to achieving them." They further note: "Implementation, then, is the ability to forge subsequent links in the causal chain so as to obtain the desired results" (Pressman and Wildavsky, 1974).

Until the late 1960s, there were few studies of policy implementation. In the United States in the early 1970s and in Europe later in that decade, there were emerged wave of studies examining the implementation of public policy. The reason was that there had been in the study of public policy, a 'missing link' between concern with policy making and the evaluation of policy outcomes.

Ethiopia is one of the few African countries that have formulated and implemented a full-fledged Industrial Development Strategy (IDS) since the early 2000s when industrial policy had been a taboo in the international policy forums. Unlike other reform policies that needs international financial institution support in the development, the IDS was designed by the Ethiopian government and it is founded on its broad development vision of Agricultural Development Led Industrialization (ADLI) (Gebreeyesus, 2013).

However, in spite of what is arguably an unusual degree of coherence in industrial policy, the design and execution of this policy has continued to exhibit many weaknesses (Oqubay 2018). The performance of the industrial sector showed a shortfall compared to the targeted goals in the national plans (GTP I and II). Mostly, the short falls in the performance of the industrial policy caused at the implementation stage. Thus, this study tried to examine the implementation practice of Ethiopia's Industrial policy.

1.2. Statement of the Problem

Ethiopia is aiming to become a lower middle income and carbon neutral economy by 2025. To achieve this, the Government has been formulating and implementing ambitious and robust midterm plans, strategies and polices since the mid-2000s. In 2002/03, Ethiopia formulated a comprehensive industrial policy entitled Industrial Development Strategy (IDS). Ethiopia is one of the few African countries that have formulated and implemented a full-fledged industrial policy since the early 2000s (UNDP, 2018; Gebreeyesus, 2013).

The Industrial Development Strategy (IDS) was more concretized into action by various sub-sector strategies and by the successive development plans such as Sustainable Development and Poverty Reduction Program (SDPRP) 2002/03-2004/05, the Plan of Action for Sustainable Development and Eradication of Poverty (PASDEP) 2005/06-2009/10, the first Growth and Transformation Plan (GTP I) 2010/11-2014/15, and from 2015/16 – 2019/20 the second Growth and Transformation Plan (GTP II).

Despite the determined efforts through industrial policy, the performance of Industrial sector has been unimpressive with the slow growth output and export. In the GTP I period, the manufacturing industry was planned to earn 2.3 billion US$ per year. Out of the planned 2.3 billion US$, industrial export was only $ 402 million. In 2016/17 fiscal year the manufacturing industry was planned to earn $1.3 billion. However, it only secured $374 million which account the achievement of 28.5 % of its target (NPC, 2018).

In addition to unimpressive growth of output and export, the performance of the industrial sector in the creation of employment opportunities in Ethiopia is sluggish. Manufacturing industry employed 4.5 percent of the total workforce in 2013. The total active workforce increased from 24.9 million to 42.4 million between 2005 and 2013. The share of agriculture decreased from 79.8 to 72.7 percent, while construction doubled from 0.9 to 1.9 percent, and the service sector increased from 14.8 to 20.4 percent. Even though the industrial policy emphasizes on increasing job opportunity, the share of manufacturing employment remained the same, 4.5 percent, during this period (NPC 2018).

In general, the overall implementation of the Ethiopia's Industrial policy short falls to reach its targets set at the National Plans and different annual plans. Thus, this research tried to assess in detail the performance of implementation of the industrial policy and the factors influencing the extent of its implementation.

Policy implementation related researches are new phenomenon, mostly it started to take shape in US and Europe after 1970s, and in Ethiopian case it is a very new research area where there are only very few researches conducted in the area of policy implementation. Furthermore, when it comes to industrial policy implementation, the knowledge gap widens more. The analysis of Industrial policy implementation has given attention by very few researchers (Gebreeyesus, 2013; Mitiku, 2015; Altenburg, 2010; Fenta, 2014; Mekonnen and Rockey, 2015; Oqubay, 2015, 2018).

Gebreeyesus (2013) tries to analyze implementation process and outcomes of Ethiopian industrial policy. This research is more concerned about the performance of the industrial policy without giving due attention to the overall policy implementation and to the factors influencing the policy implementation. Mitiku (2015) tries to point out the draw-backs of the industrial policy there by to show the gap in the document and calling to add new policy elements. The focus of his research was on the policy document and the contents within it without further analyzing the implementation of the policy elements in the document.

Altenburg (2010) assesses policymaking process in the industrial sector; the case of leather/leather produces and cut flower sub-sectors. The research only focused on the policy making process of the two sectors without any room for the policy implementation. Fenta (2014) explores the formulation of industrial policy and the spatial distribution of industries and Mekonnen and Rockey (2015) examined the effectiveness of industrial policy by examining linkage between productivity and subsidy. Both studies were not concerned with the overall policy implementation. Besides, the focus was at the micro level analysis of the policy performance in which both studies lack deep analysis of the policy implementation at macro level.

Last but not least, Oqubay (2015; 2018) tries to study pace of manufacturing growth and patterns of industrial development in Ethiopia. The researcher examines the structure of the Ethiopian manufacturing sector with a particular focus on firms' dynamics and experience of industrialization and industrial policy in the early twenty-first century. Even though Oqubay is one of the prominent contributors in the field of industrial policy in Ethiopia, in his aforementioned studies, policy implementation practice of industrial policy and its challenges gain very little attention.

To sum up, few attempts were made to examine the policy implementation practice of industrial policy in a case of Ethiopia. Those attempts were made by Gebreeyesus (2013), Mitiku (2015), Altenburg (2010), Fenta (2014), Mekonnen and Rockey (2015), Oqubay (2015, 2018). However, these studies have their own knowledge gaps. So this study will fill these gaps and extends the literature of policy implementation in Ethiopia using available theoretical and empirical data the case of industrial policy.

1.3. Objective of the study

1.3.1 General Objective

The general objective of this study is to examine policy implementation practice of Industrial policy in Ethiopia.

1.3.2 Specific Objectives

With the above mentioned general objective, the study has the following specific objectives: -

- To evaluate the performance of industrial sector under GTP II
- To assess the internal validity, clarity and comprehensiveness of industrial policy
- To examine factors influencing the successful implementation of industrial policy

1.4. Research Questions

To address the research objectives, the following research questions were administered: -

- How is the performance of the industrial sector under GTP II?

- How is the internal validity, clarity and comprehensiveness of the industrial policy to achieve the intended goals?
- What are the factors influencing the successful implementation of the country's industrial policy?

1.5. Significance of the Study

The study examined the implementation practice of Industrial policy in Ethiopia. By doing so, it will provide invaluable insights and reliable guide to evaluate how the policy implementation for the industrial policy is going on. This study will thus assist policy makers to improve the chances of successful implementation of policy by revealing opportunities where enhancements to policy documents may be made.

The research will also assist for improved implementation of the industrial policy by pointing out the factors influencing the successful implementation of the policy. Moreover, it will add to the existing stock of knowledge on the policy implementation and industrial policy researches. The conclusions and policy recommendations of the study will help bodies concerned to develop appropriate measures for the effective implementation of industrial policy. This study will also give insights and information for other researchers who are interested in this area.

1.6. Scope of the Study

Due to time and budget constraints, the scope of the study will be limited to only the implementation practice of Industrial policy in the Ministry of Trade and Industry and the Institutions that are accountable to Ministry of Trade and Industry related to industry (Institutes under the former Ministry of Industry) which are located only in Addis Ababa.

1.7. Limitation of the study

The study was not without limitations. The first challenge was the schedule of interview appointments, where interview sessions had to be postponed for later dates due to the tight schedules of some respondents. The other challenge was there were not enough documents

available at the research sites, and studies on the implementation practice were very limited specially focusing on the industrial policy.

1.8. Organization of the Study

This study comprises of five chapters. The first chapter presents background of the study, statement of the problem, research questions, objectives, significance, scope and limitation of the study. The second Chapter review the related literature focusing on policy implementation, industrial policy, theoretical and empirical reviews. The third chapter discuss on the methodology and data description which includes research design, sampling technique, and instrument of data collection among others. The fourth chapter presents data interpretation and analysis. The last chapter makes conclusions and recommendations.

Chapter Two: Literature Review

Introduction

The purpose of this section is to outline the theoretical and empirical framework of this study and to put the whole study into perspective. It begins by introducing policy implementation, in which its definition, the approaches and challenges of policy implementation will be discussed. Followed by, Industrial policy definitions, concepts and models. The next section illustrates the historical evolution and reviews the key features of the Ethiopian industrial policy, throughout the Imperial and Derg eras, and into the post-1991 EPRDF period. Subsequently, the Industrial Development Strategy (IDS) of the country will be reviewed.

Followed by, review of related empirical researches and specification of conceptual frameworks. Conceptual framework has been developed by reviewing relevant academic literature that theoretically underlies the models for successful policy implementation. These help the reader get clearer understanding of the theoretical foundation of the study. These ground setting fundamentals as a framework and guide to examine factors influencing industrial policy implementation.

2.1 Policy Implementation

2.1.1 Definition of Policy Implementation

Policy implementation is an important stage in the policy making process. However, until the early 1970s, application was considered unproblematic and considered only putting theory into practice. This viewpoint changed with the publication of Pressman and Wildavsky's case study "Implementation: How Great Expectations in Washington are dashed in Oakland." This work explored the difficulties encountered by the Economic Development Administration in Oakland, California, when trying to implement a job-creation programme during the 1960s. The research resulted in that there is now an enhanced understanding of the meaning of implementation and how it varies across time, policies and government (Khan and Khandaker, 2016)

Presseman and Wildavsky (1974) define implementation as "a process of interaction between the setting of goals and actions geared to achieving them." They further note: "Implementation, then, is the ability to forge subsequent links in the causal chain so as to obtain the desired results"(Pressman and Wildavsky, 1974).

After this scholars come up with differing definitions of what policy implementation is and what it constitutes. Mazmanian and Sabatier are among the most often cited authors in the field; they define implementation as “the carrying out of a basic policy decision, usually incorporated in a statute but which can also take the form of important executive orders or court decisions” (Mazmanian and Sabatier,1983).

Van Meter and Van Horn attempt to provide a conceptual framework to the process of implementation by stating, "Policy implementation encompasses those actions by public and private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions". Barrett and Fudge describe the implementation process as “a sequence of events 'triggered' by a policy decision, involving the translation of policy into operational tasks, to be carried out by a variety of actors and agencies, and substantial coordinating activity to ensure that resources are available and that things happen as intended" (Poornima and Uma, 2012).

According to Landry Signé (2017) the clearest definition of implementation that points both to how important it can be and how much of a gap exists in typical planning models is the one proposed by Wanderman et al. (2008). Current models help uncover “what” needs to happen, be it the creation of an intervention to respond to a specific problem or the type of practices best suited for intervening based on specific contexts. Implementation, on the other hand, “speak[s] to the ‘how’ these things will happen” (Signé, 2017)

2.1.2 Approaches for policy Implementation

After mid-1970s researchers sought to create systematic theories of the policy process that were generalizable to many cases, rather than focused on one or a few cases. As this research progressed, two separate research approaches emerged. The first of these approaches emphasizes a “top-down” perspective on policy implementation. These studies focus on the gaps between the

goals set by a policy's drafters and the actual implementation and outcomes of the policy. The second approach emphasizes a "bottom-up" perspective, which suggests that implementation is best studied by starting at the lowest levels of the implementation system and moving upward to see where implementation is more or less successful (Birkland, 2015). These two approaches and three additional approaches will be discussed in the section below.

I. Top-down Approach

Top-down approach, also called forward mapping, is a way of studying policy design and implementation that considers the goals of the highest-level policy designers, and traces the design and implementation of the policy through the lowest-level implementers (Birkland, 2015).

This approach use the decision of an authority as a starting point, identifying the tractability of the problem and the ability to structure implementation, as well as the non-statutory variables affecting implementation. Most top-down models advise governments to have clear and consistent goals, to limit the extent of change necessary, and to place the responsibility for implementation with an agency sympathetic with the policy's goals (Signé, 2017).

According to Birkland (2015), the top-down approach is based on a set of important assumptions, which are presented as follows:-

- Policies contain clearly defied goals against which performance can be measured.
- Policies contain clearly defied policy tools for the accomplishment of goals.
- The policy is characterized by the existence of a single statute or other authoritative statement of policy.
- Policy There is an "implementation chain" that "starts with a policy message at the top and sees implementation as occurring in a chain."
- Designers have good knowledge of the capacity and commitment of the implementers. Capacity encompasses the availability of resources for an implementing organization to carry out its tasks, including monetary and human resources, legal authority and autonomy, and the knowledge needed to effectively implement policy.
- The implementer assumes that these features are present or that any problems suggested by these assumptions can be overcome.

- The focus then is on creating the proper structures and controls to encourage or compel compliance with the goals set at the top.

Top-down policy implementation models have largely fallen out of favor because of assumptions that have been disproven (Signé, 2017). Perhaps the most problematic feature of top-down models is the emphasis on clear objectives or goals. Without a consensus on what program goals are, it is hard to set a benchmark for program success and failure. Another problem with top-down models is the assumption that there is a single national government that can successfully structure policy implementation and provide for direct delivery of services. But most policies made by the federal government require considerable state and, in many cases, local governmental cooperation (Hill, 2005)

II. Bottom-up approach

Bottom-up approach, also called (action-centered) or backward mapping/ 'backward reasoning', is a way of studying policy design and implementation that considers the abilities and motivations of the lowest-level implementers, and tracks policy design from that level to the highest levels of government (Birkland, 2015). Bottom-up is an implementation approach in which the implementation process and the relevant relationships are mapped backward, from the ultimate implementer to the topmost policy designers.

One difference between the top-down and bottom-up approaches is the metrics that are selected for evaluation. Top-down models typically see legislative objectives as the metric that should determine success or failure. Top-down models see evaluation as determinant on goals achievement. Bottom-up approaches also use legislative objectives to assess policy success or failure, but explain that the gap between legislative (top-down) objectives and resources changes the nature of implementation (Signé, 2017).

Some criticisms have been advanced against the bottom-up models. Street level bureaucrats have a great discretion in their interactions with clients, and are likely to abdicate the goals of their clients and ascend their own in their place (Mugambwa et al, 2018). Local implementers may resist policies handed down from above. In some cases, the street-level bureaucrat may also want

to follow the lead of the top-level designers, supporting the goals handed down from higher up, and working as best they can to implement national goals (Birkland, 2015).

III. Synthesis: A Third Generation of Implementation Research

Because of the relative strengths and weaknesses of the top-down and bottom-up approaches, researchers have sought to combine the benefits of these approaches into one model or synthesis that can address the structuring of policy from the top as well as the likelihood of its subversion or at least its alteration at the point of implementation.

Richard Elmore has sought to combine his idea of "backward mapping" with a "forward mapping element." By looking both forward and backward, we can understand that top policy makers can make choices of policy instruments or tools to structure implementation, while realizing that the motivations and needs of lower-level implementers must be taken into account (Birkland, 2015).

Broadly speaking, there are two primary factors that help explain the success or failure of implementing various policies in this model. These factors are the degree of policy ambiguity and the degree of policy conflict. The policy ambiguity evolves when goals or means to a related policy are unclear. When the levels of both conflict and ambiguity are low, the implementation is administrative and will be successful if resources are available. When the levels of both conflict and ambiguity are high, the implementation is symbolic, and its success will depend on the strength of the coalition. When the conflict is high and the ambiguity low, the implementation is political, and power is the prime determinant of a successful implementation. Finally, when conflict is low and the ambiguity high, the implementation is experimental and will depend (Signé, 2017).

IV. Inter-Organizational Interaction Approach

Implementation is also described as a process that involves interactions within a multiplicity of organizations, in this context, there are two approaches, which are mentioned below.

a) Power-Dependency Approach: According to this approach implementation takes place in the context of interaction of organizations. Such interaction produces power relationships in which organizations can induce other less powerful organizations to interact with them.
b) Organizational Exchange Approach: This view holds that organizations collaborate with their counter parts for mutual benefit. Whereas in the power-dependency approach; the organizational relations are based on dominance and dependence, interaction in the organizational exchange approach is based on exchange for mutual benefit.

V. Policy-Action Relationship Model

Policy-Action Relationship Model views implementation as action by actors that is, constrained by the world outside their organizations. The model emphasis on interaction with the outside world, and the organization's institutional context imply that policy goals are not the only guides to action.

Implementation may be best understood in tens of a 'policy-action-continum‘ in which an interactive and bargaining process takes place over time between those who are responsible for enacting policy and those who have control over resources. The policy-action model shows that policy is something that evolves (Poornima and Uma, 2012).

2.1.3 Problems in policy Implementation

Problems in the implementation of policy are common in all countries, be they developed or developing. Even with relatively good administrative structures, public policy often does not have its intended impact due to conceptual and political problems. Implementation deficit may be due to insufficiency of the requisite resources of time, material, money or manpower. Under following headings, problems in policy implementation will be discussed which are adopted from (Poornima and Uma, 2012).

I. Conceptual Problems

Implementation of public policy has been hindered by conceptual problems in understanding the nature of contextual problems, and the kinds of policies and procedures necessary to address

these problems. These conceptual problems may be related to policy design, policy analysis or policy statement.

i. Policy Design

Hogwood and Gunn argue that the chances of a successful outcome will be increased if, at the stage of policy design, attention is given to potential problems of implementation. In order to avoid major shortfalls in implementation, they offer ten propositions that policy makers should ensure that. It is obvious that these preconditions are at the same time the reasons as to why, in practice, the implementation does not take place as expected.

ii. Policy Analysis

Implementation of public policies has also been hampered by conceptual weaknesses in policy analysis. The inability to set priorities and evolve appropriate strategies has resulted partly from inadequate policy analysis. In addition, major policies have been adopted without due deliberation on various policy alternatives. Often, this was due to strong adherence to secrecy within the bureaucracy.

iii. Policy Statement

Often policy statements announced by the government contain ambiguous and contradictory terms, posing problems in implementation. The implementers at the field level often face a variety of problems because the policy statements lack clarity. Consequently, implementers use their own discretion while implementing them or they refer the statements back to the higher rungs of administration for clarification. In such instances, policy implementation is adversely affected.

II. Political Problems

Political problems in the implementation of public policies are grave and complex. These hamper effective implementation as discussed in the following areas of politics.

a) Centralized Policy Process

Friction between central and state government relations has affected the policy implementation processes adversely. In the area of environmental protection, Policymakers at the central level do realize that wide gaps in implementation exist in regard to several social policies. As a whole, the organizational structure for implementation of social policies is in better shape at the central level than at the state level, especially with regard to technical expertise, and the linkage between various ministries. Indeed, most state governments do not allocate sufficient funds for education health, environment, and population since these are perceived as a nonproductive investment.

b) Unionization of Bureaucracy

Another glaring implementation gap is due to the unionization of civil services, at the lower levels in particular. This has destroyed not only the work culture and discipline, but it also demoralized, considerably the supervisory levels into withdrawal and prompting them to take the line of least resistance. The higher and the middle levels of bureaucracy are too powerless and marginalized to give any relief to citizens in cases of corruption and unresponsiveness by lower level staff at the cutting edge of administration. Further, endemic political interference by the political executive has compounded the marginalization of the higher bureaucracy, thereby undermining its capacity to implement public policies effectively.

c) Interest Group Politics

In many cases, it is observed that the policies are not implemented because of interest group politics. For example, several industries have little concern about the environmental consequences of siting decisions, retrofitting old technology buildings, or introducing new technology. Industrialists influence the environmental policy-implementation process either directly or through business lobbies and representatives of the business interests concerned.

Honest policy implementers face many problems and challenges from the vested interests. To protect their profit margins the industrialists go to any extent. They enlist the support of the corrupt officials and put obstacles in the way of honest officials. Every effort is made to get the policies implemented in a way, which meets their specific interests. Consequently, the implementation process remains weak and tardy.

III. Administrative Problems

One way of analyzing implementation problems is to begin by thinking about the limits of administration. Christopher Hood uses the term 'perfect administration' in comparison to economists' use of 'perfect competition'. He defines 'perfect administration' as a condition in which 'external' elements of resource availability and political acceptability combine with 'administration' to produce 'perfect policy implementation'. Some of the administrative problems that occur in the policy implementation are discussed below: -

i. Lack of adequate institutional Capacity

The institutional structure and administrative capabilities for implementation of environmental laws and policies, for example, are by no means adequate in the face of the complexities of environmental, political, social, and economic problems. Here, the institutional structure includes the whole system of rules and regulations by which administrative tasks and responsibilities are clearly defined and compared with the capabilities of the administrator concerned.

ii. Lack of Personnel and Financial Resources

Further, it is observed that most of the policies are not implemented because of deficient staff, and lack of financial resources. Social policies in many developing countries have not been implemented in full scale owing to lick of trained staff. Well planned policies fail to attain the proper goals without competent personnel. Implementation implies allocating personnel resources to the appropriate tasks and activities, motivating them to do well and rewarding them for their action. Regardless of their status, specialized knowledge, experience and qualifications, the programme personnel need to work as a cohesive team for the purpose of achieving policy results. But often there is no proper allocation of tasks to the personnel.

For moving into the implementation phases of the policies, implementers need financial and infrastructural resources. Of course, the policy makers do make provision for money for carrying out the policies. However, provision of funds in the budget does not mean much when the sanctioned amount do not usually reach the implementing agencies on time. Furthermore, the amounts sanctioned are not generally adequate to meet the requirements. At the state level,

serious financial problems exist due to deficit budgets. Part of the deficit is made up by central grant. Despite this, financial problems persist in health, and education sectors.

iii. Pressure of Time

It is observed that the pressure of time often creates the implementation gap. Normally, while fixing the time frame, the policy formulators do not take into consideration the prevailing conditions. They tend to be idealistic while setting the targets, and forget the workload of the respective implementing agencies. Consequently, the Head Offices press the agencies for speedy implementation. The implementation agencies, under such conditions are unable to fulfill the targets allocated under the said policy, let alone carrying out the other works on hand.

iv. Lack of Administrative Will and Motivation

Without the conscious cooperation of implementers, nothing can be done. It is found that social policies have remained unimplemented largely for lack of administrative will and motivation. In the present environment, officials are not likely to feel enthusiastic about implementing policies, especially in enforcing environmental laws. Even in cases where public officials are inclined to implement the environmental laws, their authority is often undermined by the maneuvers of industrial bigwigs. Many of them fall to the dominance of economic interests and monetary temptations and end up in formalistic enforcement of the regulations.

v. Lack of Coordination and Cooperation

Poor coordination and missing links among the administrative agencies have also stood in the way of adequate and appropriate policy actions.

IV. Lack of Public Involvement

Public involvement in policy implementation programmes, such as, education, health, population control, pollution control, forest conservation, etc. puts tremendous pressure on administrative staff to produce results. By staging demonstrations and protests, and by launching mass movements, the public has tried to offset the power base of interest groups and lobbies that tend to influence policy implementation in their favor.

2.2 Industrial Policy

2.2.1 Definition of industrial policies

There is no consensual definition of industrial policy, which reflects the controversy surrounding this concept. Adopting a broad definition, Warwick (2013) defines industrial policy as "any type of intervention or government policy that attempts to improve the business environment or to alter the structure of economic activity toward sectors, technologies or tasks that are expected to offer better prospects for economic growth or societal welfare than would occur in the absence of such intervention". Other authors (Chang, 2009; Landesmann, 1992; Pack and Saggi, 2006) provide narrower definitions of industrial policy. For instance, Pack and Saggi (2006: 2) consider industrial policy to be "any type of selective intervention or government policy that attempts to alter the structure of production toward sectors that are expected to offer better prospects for economic growth than would occur in the absence of such intervention, i.e. in the market equilibrium" (UNCTAD, 2016).

While it is important to acknowledge these different possible definitions, this study will use the definition given by Oqubay in which Industrial policy is defined as "a strategy that includes a range of implicit or explicit policy instruments selectively focused on specific industrial sectors for the purpose of structural change in line with a broader national vision and strategy" (Oqubay 2015).

2.2.2 Types of industrial policies

According to Caves (1987) and Gual (1995) there are three different types of industrial policies to increase economic efficiency. They are horizontal (as one of example, despite the sector of economy to support innovation that will address to knowledge externalities); vertical (e.g., supporting a specific industry sector to capture some profits or so-called strategic trade policy); structural change (e.g., in order to prevent too fast adaptation to changes of new technologies and comparative advantages and temporarily support a declining industry). Additionally besides improving economic efficiency, industrial policy also plays an important role in increasing equity (e.g., instead of supporting economic efficiency to support uncompetitive sectors based on

social and regional income distribution (Mukashev, 2015). All abovementioned four types are briefly discussed below.

(i) Horizontal industrial policy

The meaning of "horizontal" in the frame of industrial policy indicates that there is no any selectivity approach during supporting the individual firms or sectors in the country. Put differently, horizontal type of the policy applies to a broad range of sectors or firms.

European Commission (2005), the horizontal policy covers the broad set of conditions for sectors to operate, including rule of law, defense of property rights, macroeconomic stability, absence of administrative obstacles and bureaucracy, good public management of sectors and others. To be more precise, horizontal industrial policy denotes the measures of the economic activities that are generic to most of the sectors and firms in the national economy.

(ii) Vertical industrial policy

In comparison with the horizontal approach of industrial policy, vertical one intends to support a specific industry, sector or individual firm. There are three main economic grounds to conduct such selectivity: spatial externalities; the shifting of the benefits from foreign rivals with market power to local producer or so-called "strategic trade policy"; last but not least "domestic merger" meaning the process of domestic merger to a local producer.

(iii) Industrial policy to support structural change

It is well-known fact that industrial policy also plays an important role in contributing structural changes in the national economy of the country. The idea of that is the policy can motivate some changes, which by the government intervention tries to ease the market failure that leads to slow down or prevent the development of new sectors in the economy. However, it can be vice-versa, when the intervention seeks to prevent failures in the market from devastating or declining industries in the economy.

(iv) Industrial policy to support equity objectives

It is worth mentioning that industrial policy that equity-oriented is one of the widespread used approaches in the global economy. During evaluation of industrial policy based on its merits and failures it is crucial to remember the difference between the policy that seeks to force efficiency and industrial policy that tries to support equity purposes. According to Gual (2000) as an example of equity - oriented policy can be the EU state aid that supports steel, shipbuilding and coal sectors of the economy. In the same time, aids that relate to railway and regional support are both equity and efficiency basis. As for efficiency grounds, support of small and medium businesses, innovation and foreign trade can be a good example of it.

2.3 Historical Evolution of Industrial Policy in Ethiopia

In Ethiopia, industry in the modern sense of the term emerged as an economic entity only at the turn of the 20th century. The establishment of a strong central government, expansion of cities associated with the installation of railways and the strengthening of foreign relations increased the demand for imported manufacturing commodities. This, in turn, encouraged the establishment of import-substituting factories domestically and as a result modern manufacturing enterprises began to emerge in the 1920s.

Industrialization in Ethiopia is largely a post-Second World War phenomenon and underwent evolution throughout the Imperial era, the Derg military regime (1975–1991), and the post-1991 period. During this period a number of new industries which significantly contributed to the development of the national economy were established. The 1950s are also marked by the start of a comprehensive plan to stimulate and guide the country's industrial and economic development in general (Gebreeyesus, 2013 and Oqubay 2018).

Ethiopia has seen three regimes over the last eight decades. The industrial policies under these three regimes have distinctive features when looking at the guiding vision (policy), ownership structure, and market orientation. Broadly, they can be characterized as the import substitution and private sector-led (from early 1950s to 1974, the Imperial regime); the import substitution and state-led (from 1974 to 1991, the Dergue regime), and the export-orientated and private

sector-led (since 1991, the Ethiopian People's Revolutionary Democratic Front, (EPRDF)-led government). In what follows, the salient features of the industrial policies of these three periods will briefly be reviewed.

2.3.1. Imperial era (1930–74)

A conscious move to stimulate industrial growth began in the mid-1950s with the formulation of the First Five-Year Plan (FFYP) that covered the period 1958-62. The plan envisaged to achieve industrial development through the development of import-substituting light industries which produced consumer goods for the domestic market. In the plan it was anticipated that foreign direct private investment would play the leading role in financing the investment capital required for the sector. Various policy measures were introduced to encourage investment in manufacturing including protection of the domestic industry through high tariff and banning of certain imports, fiscal incentives, and provision of credit.

Two more five-year plans, the Second Five-Year Plan (SFYP) and the Third Five-Year Plan (TFYP), were launched between 1963 and 1973. During this period the government extended the incentives to attract investors and continued to strengthen its presence in economic activities by making direct investment in manufacturing. The driving philosophy of the industrial policy in the imperial period can be characterized as in favour of market and private sector but sought gaps whereby the government should play a role including direct ownership in selected sectors. In practice, the incentive structure was biased towards import-substituting, larger, capital-intensive, and foreign-dominated industrial activities (Gebreeyesus, 2013).

The principal weakness of industrial policy on this era was it is limited to the domestic consumer market, with no export horizons for manufactured goods that could have increased demand and enhanced productivity. A more fundamental structural problem was the complete neglect of agriculture and the lack of land reform. The stagnation of agriculture resulted in endemic food shortages and balance of payments issues, and had dramatic political consequences (Oqubay, 2018).

2.3.2. Derg era (1975–91)

In 1974 the Ethiopian Revolution erupted while the country was preparing the fourth five-year development plan. The military government nationalized most of the enterprises, which were later reorganized under state corporations.

Central planning, social ownership, self-reliance, and import substitution were the key principles behind the Derg's industrial policy. All firms were nationalized in 1975 and public enterprises were established that operated under a centrally planned quota system independent of the rules of the market economy (Gebreeyesus, 2013 and Oqubay 2018).

A central planning body was established in 1984 and a Ten-Year Perspective Plan (TYPP) was formulated. This comprises a macro-economic framework, a public investment programme, an indicative portfolio of projects and production targets for the period 1984/85-1993/94. The main focus of the industrial development plan in this period was to promote the import-substituting and labour-intensive industries. The public sector investment was considered as the main mechanism in the progress toward industrialization (World Bank, 1985).

The nationalization and continued systematic restriction of the private sector from engaging in major economic activities had virtually reduced the emerging vibrant sector into micro- and small-scale manufacturing activities. In contrast the state became the sole responsible organ owning and operating the medium and large scale manufacturing activities.

The last years of the Dergue regime sought another sharp decline in the Ethiopian economy. The number of establishments in the MLSM sector also shrunk from about 380 in 1987/88 to 275 in 1990/91 with a corresponding decline in employment. The hostile policies toward the private sector, large inefficiency in the public sector and intensification of the then undergoing conflict in the country were some of the major causes of this decline.

In March 1990, the regime adopted a mixed economic policy to shift the country from one of a centrally managed economy to a modest liberal economy. This initiative was, however, too late and short-lived without bearing fruit, as there was a regime change in May 1991 (Gebreeyesus, 2013 and Oqubay 2018).

2.3.3. EPRDF era (Post 1991)

The EPRDF-led transitional government soon after it seized power announced that the country will follow a market-led economic policy. The first decade of the EPRDF regime (1991-99) was marked by a series of reforms under the Structural Adjustment Program (SAP) with the aim of reversing the command economic system by the way of fostering competition, opening the economy and promoting the private sector. In this period the government implemented three phases of IMF/WB sponsored reform programmes. The first phase of the structural and economic reform programme took place during 1992/93-1994/95.

The second phase of the economic reform programme (1994/95-1996/97) aimed at limiting the role of the state in the economic activities and promotion of greater private capital participation. By October 1996, the country entered a three-year Enhanced Structural Adjustment Facility (ESAF) arrangement with the IMF and began the third phase of the reform programme spanning the period 1996/97-1998/99. Under this arrangement, the government committed itself to achieve broad-based economic growth with a stable macro-economic environment, while the liberalization measures were further strengthened.

A comprehensive industrial policy was formulated in 2003. The industrial development strategy (IDS) emphasized export-led industrialization, and focused on labor-intensive industries, the development of infrastructure to support rapid economic growth, and the development of small enterprises for massive job creation and poverty reduction (FDRE 2002).

The industrial policy was more concretized into action by various sub-sector strategies and by the successive development plans such as Sustainable Development and Poverty Reduction Program (SDPRP) 2002/03-2004/05, the Plan of Action for Sustainable Development and Eradication of Poverty (PASDEP) 2005/06-2009/10, the first Growth and Transformation Plan (GTP I) 2010/11-2014/15 and the second Growth and Transformation Plan (GTP) 2015/16-2019/2020. The first development plan gave great emphasis to smallholder agriculture, while in the second and third ones the policy scope was broadened to encompass urban and the industrial sector development.

Table 2.1: Summary of historical evolution of Industrial Policy

	Imperial period (pre-1974)	The Dergue regime (1975-91)	The EPRDF regime (post-1992)
Guiding policy/vision	Market-oriented	Command economy	Market-oriented
Public/private role	Private-led	State-led	Private-led but also strong state role
Ownership structure	Dominance of foreign-owned enterprises	Dominance of public-owned enterprise	Dominance of domestic private-owned enterprises
Target industries	Import-substituting and labour-intensive industries (e.g. textile, food, cement)	Import-substituting and labour-intensive industries but also basic industries	Export-oriented & labour-intensive industries (e.g. Textile, leather, agro-processing, cement)
Envisaged key player	Foreign investment	Public sector investment	Domestic private sector
Policy instruments	Protection of domestic market through high tariff and banning of certain imports Provision of economic incentives (tax holidays, remission of	Protection of domestic market through high tariff and quantitative restrictions Financing, subsidizing, and	Direct support for selected export sectors through capacity building and other means Provision of economic incentives (tax

	indirect tax on capital goods etc.) & preferential credit scheme	ensuring monopoly power for the state-owned enterprises	holidays, remission of indirect tax on capital goods etc.) & preferential credit scheme
Government role	Infrastructure & human resource development and ownership of selective industries	Mainly government ownership	Infrastructure & human resource development, ownership of selective industries, and capacity building of the private sector

Source: Gebreeyesus (2013)

2.4 Industrial Development Strategy (IDS)

2.4.1 Introduction

The Industry Development Strategy of the country has put in place the principles that primarily focus on the promotion of agricultural-led industrialization, export led development, and expansion of labour intensive industries.

These principles are inter-dependent and inter-linked one with another. The strategy has also set the other principles that clearly stated the pivotal contribution of the private sector, the leader ship role of the government, and the integrated and coordinated participation of the public at large in nurturing the strategy. This strategy refers to those industries which are primarily involved in the production of manufactured goods. It is also tried to include other industrial classified sectors in the document other than the manufacturing industries.

2.4.2 Fundamental Principles of the Strategy

I. Considering the Private Sector as an Engine of the IDS

The strategy recognizes the role of the private sector as an engine in the industrialization process. Thus, the strategy aims to create conducive environments that help to encourage the private sector to play its active role in this regard.

The strategy cites two important mechanisms in which the government could engage and promote the private sector; creating conducive environment, and providing direct support for selected sectors. The following two sub-sections examine the policy practices under two broad headings, i.e. creating conducive environment and direct support for selected sectors. The last sub-section provides industry case studies on the implementation of the sectoral support.

II. Implementing Agricultural Development Led Industrialization Principle

Since Ethiopia is an agrarian country the building up of industrialized Ethiopia can be realized only through the implementation of agricultural and rural centered economic and industrial development strategy.

It must be underlined that the implementation of agricultural development led industrialization would at the same time mean that fostering the expansion of the growth of industry side by side to the agricultural development Thus, it is true that the general economic development of the country as well as the pace of the growth of the industrial sector is determined by the development of the agricultural sector. If the agricultural development- led industrialization strategy can be successfully practiced, the developmental strategy would be gradually transformed-in to industrial-led development strategy.

III. Implement Export-led industrialization principle

The foreign market plays a crucial role in securing dependable market for value added agricultural products, the pace and the direction of the growth of the industrial sector is also determined by successful implementation of this achievements. On this connection, to encourage the investor's competitiveness in the world market, available information with regard to the type of products, price, and timely supply of products in the required area should be availed to them. The industrial competitive capacity would be achieved only when it is possible to promote strong export oriented industry and be able to transform to and implement this industrial

competitiveness in other industrial sectors too. In fact, in competitiveness the presence of skilled managerial personnel, active involvement of the workers and other factors could be taken in to consideration.

IV. Focusing on the expansion of labour intensive industry direction

Abundant and hardworking labour force is the basis of the competitiveness of companies. Industries may take the opportunity of becoming competitive by utilizing this abundant and hardworking force. Unless this abundant and hardworking force is promoted into productive citizens, the presence of abundant labour force alone could not be served as a means of reaching to the desired good.

V. Implementing effective domestic-foreign investment partnership method

It is known that foreign investors mostly have huge capital and strong world market network coverage. Thus in Ethiopia where there is scarcity of investment capital and market access, the inflow of foreign investment to the country, has an important contribution in the promotion of the Industrial Development Strategy by way of transferring advanced technology, acquiring modern management system, activating the investment capital and helping to successfully penetrate into the global market.

VI. Implementing the direction where, the government will play a leading managerial role

The government should not intervene in the investment areas where the private sector can successfully involve. Thus the government of Ethiopia has to limit itself in the identification of problems to be posed in connection with market failure and find ways of solving the constraints based on its execution and financial capacity and appropriate experiences gained from those countries which successfully complemented industrial development.

In its short intervention, the government is to play a role in designing a system that help fill market failure gap and in its long plan, it should involve in face-lifting the mechanisms that encourage the private entrepreneurs to file the market failure gap by itself.

In short, the role of the government in the industrial development would focus on the formulation of favorable condition for private sector development and involve in the activities where the private sector is unable to participate.

VII. Implementing the principle that encourage the active participation of the public

As the experiences of those countries that have secured rapid economic development shown, the government or the private investor could not separately register a desired sustainable economic development. It is with a concerted and active participation of the government, the private sector and the public that a swift industrial development has been achieved in these countries.

To achieve the strategy outlines the following actions: -

a. Government-private sector forum
b. Peasants and industrialists Integration
c. Employer- Employee Relation

2.4.3 Creating favorable condition for industrial development and developmental entrepreneurs

In order to enable the developmental entrepreneurs to serve as an engine of the industrial development, a better enabling environment for the development of the private sector have to be facilitated by way of creating macroeconomic stability, modernizing the financial system, creating dependable physical infrastructure services, developing effective human resource and creating efficient civil service and judiciary system that supports development.

a) Creating macro-economic stability
b) Creation of modern financial system
c) Development of infrastructures such as road and road transport, railway and railway transport, telecommunication, electric power and water supply service
d) Manpower development
e) Creating efficient civil service and judiciary system that supports development

2.4.4 Directly support genuine investors

To expedite the development in accordance with the direction put in place a concerted effort has to be made towards supporting strengthening of genuine developers. It is also necessary to support the promotion of small, medium and large scale industry operations and encourage the most of trained manpower to join the industry sector. Accordingly, some of the industry sub-sectors that are given top primary in the development effort of the Government are out lined below.

1. Textile and Garment Industry
2. Meat, Leather and Leather Products Industry
3. Agro Processing Industries
4. Construction Industry
5. Strengthen Micro and Small Companies

2.5 Review of related Empirical Studies

Policy implementation literature dates at least as far back as Phillip Selznick's (Selznick, 1949) analysis of the Tennessee Valley Authority (TVA). Selznick observed that the goals and outcomes of the federal economic development initiative were shaped substantially by the local implementation context, where local leaders altered and influenced the process. However, the structured study on policy implementation is traced to Pressman and Wildavsky's 1973 examination of a federal jobs program on Oakland, California. Pressman and Wildavsky (1973), in their book "Implementation", called attention to the joint action required for the successful execution of policy.

By 1975, Hargroe (1975) cited implementation as a missing link in the study of public policy. Efforts were made to identify factors that contribute to effectiveness (or ineffectiveness) of government interventions and thus secure (or eliminate) continued funding (Pressman and Wildavsky, 1973; Saetren, 2005; Mugambaw J. et al, 2018).

By the late 1980s, a number of variables were identified that could affect desired results, beginning with factors related to policy design at the top of implementation systems (Bardach, 1977; Mazmanian & Sabatier, 1989; Sabatier & Mazmanian, 1980; VanMeter & VanHorn, 1975) and local implementation contexts at the bottom of implementation systems (Berman, 1981; Elmore, 1979-80; Lipsky, 1980). In 1990, Goggin et.al. (1990) called for the third-generation policy implementation (Ingram & Schneider, 1990; Sabatier, 1988).

In the Ethiopian case, the literature of policy implementation is at its early stage. This study will try to review the some of the studies with the focus on industrial policies. Altenburg (2010) assesses policymaking process in the industrial sector; the case of leather/leather produces and cut flower sub-sectors. The research only focused on the policy making process of the two sectors without any room for the policy implementation. Fenta (2014) explores the formulation of industrial policy and the spatial distribution of industries and Mekonnen and Rockey (2015) examined the effectiveness of industrial policy by examining linkage between productivity and subsidy. Both studies were not concerned with the overall policy implementation. Besides, the focus was at the micro level analysis of the policy performance in which both studies lack deep analysis of the policy implementation at macro level.

Last but not least, Oqubay (2015) tries to study pace of manufacturing growth and patterns of industrial development in Ethiopia. The researcher examines the structure of the Ethiopian manufacturing sector with a particular focus on firms' dynamics and experience of industrialization and industrial policy in the early twenty-first century. Even though Oqubay is one of the prominent contributors in the field of industrial policy in Ethiopia, in his aforementioned studies, policy implementation practice of industrial policy and its challenges gain very little attention.

2.6 Analytical framework for successful policy implementation

Anisur Rahman Khan and Shahriar Khandaker (2016) took a critical look at the theoretical aspects of policy implementation, and issues associated with its performance. On this basis the researchers developed models to provide guidelines for successful implementation. Five models have been designed to accelerate implementation performance.

The variables of the study this study were adopted from the models developed by Anisur Rahman Khan and Shahriar Khandaker (2016). The models are merged in to one model and contextualized in relation with the objectives of the study. The model comprises a rational, management, organizational development, bureaucratic and political factors as an independent variables and implementation performance as dependent variable. Relevant hypotheses have also been formulated with regard to each factor so they can be tested to comprehend the effect of implementation performance.

2.6.1 Rational Factors

This model is primarily based on the assumption that policy implementation requires the clarification of goals, missions and objectives, detailed planning, appropriate job assignments, effective monitoring and evaluation, comprehensive and efficient operating procedures, and techniques required to assist implementers to define the scope of their responsibilities in line with policy objectives.

Rational Factors

1. Clarity of policy goals targets and objectives
2. Accurate and consistent planning
3. Clear and detailed task assignments
4. Accurate standardization
5. Proper monitoring

2.6.2 Management Factors

This model is based on the belief that the performance of policy implementation depends on many factors such as organizational structure, personnel and human resources, the activities of front-line implementers, equipment and technology, the level of coordination and cooperation, the exercise of authority, and place/location as implementation infrastructure. This model also attempts to identify problems or obstacles to policy implementation caused by any shortages in resources or delays to resource acquisition.

Management Factors

1. Sufficient and effective use of budget
2. Right organizational structure
3. Quick, clear and two-way communication
4. Involvement of people as co-producers
5. Adequate equipment and appropriate technology

2.6.3 Organizational Factors

This model assumes that the performance of policy implementation debunks on organizational leadership capacity, team building, the engagement of the various parties involved, participation, motivation, coordination and commitment.

Organizational Factors

1. Effective leadership
2. Motivation
3. Engagement of people
4. Team building
5. Accuracy of decisions

2.6.4 Bureaucratic Factors

The bureaucratic model considers the role of front-line staff members in the implementation of policy. The idea is that successful policy implementation relies heavily on the role of members of staff who directly come into contact with people and other stakeholders. This model is intended to ascertain social reality with regard to the discretionary power of front-line implementers. This model is based on the bottom-up theory of policy implementation.

Bureaucratic Factors

1. Proper discretion of frontline implementers
2. Competency of front-line implementers
3. Control of the behavior of front-line implementers
4. Commitment of front-line implementers

2.6.5 Political Factors

This model hypothesizes that the performance of policy implementation depends on the outcome of interactions between agent capacity, either institutional or representative, bargaining power, conflict resolution, and outside environmental factors from an economic, political and social perspective. The performance of policy implementation is an outcome of the degree of conflict and the efficiency of conflict management in society. The implication of this model for policy implementation depends on the interplay among agencies, actors and interest groups.

Political Factors

1. Avoiding complexity of joint actions
2. Higher bargaining capacity
3. Harmony among political actors
4. Active political motivation
5. Minimizing the influence of pressure politics

Chapter Three: Research Design & Methodology

Introduction

The aim of this section is to highlight the overall methodological considerations of the thesis which is used in the problem study. The research design and methodology section is divided into five subsections. The next section outlines the research design which the paper relies on, and the second encompass a discussion of the research approach. The following third section elaborates instruments of data collection and data source. The following forth section outlines on the population and sampling method used and the justification for it and the sample size determined for the research. Finally, section five, constitute the description of the data analysis method used.

3.1 Research design

A research design refers to the overall strategy that will integrate the different components of the study in a coherent and logical way, thereby, ensuring the study effectively address the research problem. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The function of a research design is to ensure that the evidence obtained enables to effectively address the research problem logically and as unambiguously as possible. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money (Kothari, 2004).

In order to attain the objective of the study and answer the research questions, both descriptive and exploratory research methods were used. Descriptive research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists (Zegeye et al, 2009). Thus, this research employed descriptive research design to describe internal

validity, clarity and comprehensiveness of the industrial policy of Ethiopia and to assess the performance and outcomes of current industrial policy.

On the other hand, explanatory research, aims to know and explain "why". It is a continuation of descriptive research and builds on it and goes on to identify the reasons for something that occurs. The researcher goes beyond merely describing the characteristics, to analyze and explain why or how something is happening (Zegeye et al, 2009). In this regard, this study employed explanatory research design to build up on the descriptive study and tries to explore factors influencing the successful implementation of industrial policy in Ethiopia.

3.2 Research approach

The study employed mixed research approach to collect, analyze and interpret the date. Mixed methods research involves the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Thus, it is more than simply collecting and analyzing both kinds of data; it also involves the use of both approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative research.

Quantitative research relies on the collection of quantitative data (i.e., numerical data) and is consider being of primary importance to state one's hypotheses and then testing those hypotheses with empirical data to see if they are supported. Quantitative methods are fairly inflexible; the advantage of this inflexibility is that it allows for meaningful comparison of responses across participants and study sites (Zegeye et al, 2009). Quantitative approach was used to analyze the performance of the industrial policy and assess factors that influence the successful implementation of the industrial policy by quantifying the results obtained from data collection through statistical summary and analysis.

Qualitative research relies on the collection of qualitative data (i.e., non-numerical data such as words and pictures). The main focus in qualitative research is to understand, explain, explore, discover and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people (Kumar, 2011). Qualitative research approach was used to analyze the second objective of the study, which is to assess internal validity, clarity and comprehensiveness of the

industrial policy document, and to complement the findings of the quantitative approach in assessing the factors that influence the successful implementation of the industrial policy.

To sum up, both quantitative and qualitative approaches were employed to complement the findings of each approach and to enrich the findings of the study. The combination of research methods in a study is called triangulation and it will be done to improve the validity of the research. Triangulation simply refers to the use of more than one approach to the investigation of a research question in order to enhance confidence in the findings (Zegeye et al, 2009). Therefore, a mixed research approach is the method the researcher employed for this study.

3.3 Sources of Data and Data Collection Instruments

Both primary and secondary sources of data were employed in order to obtain relevant data to the study. In this regard, in order to collect primary data, questionnaire survey and interview techniques were used and the questionnaire was self-administered. The study adopted a face-face interview with semi structured open ended questions because it enables the researcher to ask the respondent a series of questions pertaining to the topic of the study.

The questionnaire included both close and open ended questions to use the advantages of both of the two approaches and to minimize its shortcomings. The Close ended section of the questionnaire employed the five point likert scale and fixed- response alternative questions from which require the respondent to select from a predetermined set of answers to every question. A likert-scale is 5-point scale with assigned numeric value ranging from strongly agree, agree, neutral, disagree and strongly disagree. Open ended section of the questionnaire is used solicit additional information from the respondents and to give opportunity for the respondent to clarify and qualify their answers.

The questionnaire was distributed and filled by the Ministry of Trade and Industry, Leather Industry Development Institute, Textile Industry Development Institute, Metal Industry Development Institute, Chemical and Construction inputs Industry Development Institute, and Food, Beverage and Pharmaceutical Industry Development Institute.

On the other hand, the secondary data sources which include policy documents, periodic reports, journals, books, published and unpublished materials and different websites were employed. The secondary data was collected from Ministry of Trade and Industry, National Bank of Ethiopia, Planning and Development Commission, Ministry of Finance, World Bank, IMF and other relevant Offices.

3.4 Population and Sampling

The target population for the study consists of employees' from Ministry of Trade and Industry, Leather Industry Development Institute, Textile Industry Development Institute, Metal Industry Development Institute, Chemical and Construction inputs Industry Development Institute, and Food, Beverage and Pharmaceutical Industry Development Institute.

The selection process of sampling in a given study requires considering of a number of issues which include the nature of the study, the objective of the study, the time and budget available to conduct the research . Moreover, the appropriate number of respondents chosen for research will depend on the type of research question, the type of research approach used in the study, material and time resources as well as the number of researchers involved in the study.

In this regard, the sample for the research consists of management staffs and experts/ officers from Ministry of Trade and Industry and each of the five institutions accountable to Ministry of Trade and Industry in the industrial section.

Non-probability sampling method was employed to select the samples in order to achieve the objective the research. From the non- probability sampling method quota sampling was employed, which means the researcher first identifies the stratums and their proportions as they are represented in the population. Then convenience or judgment sampling is used to select the required number of subjects from each stratum.

In this regard, the stratums were the Ministry of Trade and Industry and the five institutions accountable to the Ministry. The quotas from the stratums were as follows: -

Table 3.1: Stratum and number of samples

S/N	Stratum	Number of Samples
1	Ministry of Trade and Industry	40
2	Leather Industry Development Institute	10
3	Textile Industry Development Institute	10
4	Metal Industry Development Institute	10
5	Chemical and Construction inputs Industry Development Institute	10
6	Food, Beverage and Pharmaceutical Industry Development Institute	10
	Total Sample	90

3.5 Method of Data Analysis

The data collected in the study that was collected using the above mentioned methods were analyzed using descriptive analysis method which is used to analysis, summarize and describe the data collected. The data collected from the questionnaire was analyzed using descriptive statistics which is summarized by employing frequency distributions, tables and percentages. Moreover, the data collected about background characteristics of respondents is also summarized. Besides, thematic content analysis was also used to analyze responses to the open ended questionnaire and interviews.

Chapter Four: Data Analysis, Interpretation and Discussions

Introduction

Based on the research and sampling method selected in the previous section this study, ninety questionnaires were distributed to the six stratums selected. From the total questionnaires distributed seventy eight were retrieved (the response rate was 86.7%). The study also conducted an interview with seven key respondents from the selected institutions.

This chapter reports on the results of the empirical investigation conducted. The first section presented background of the respondents, which include educational level, duration in the work, position /management or expert/, age group and gender. The performance of the industrial sector is presented in the following section. Followed by, analysis of the data collected on internal validity, clarity and comprehensiveness of the industrial policy and on the factors influencing the successful implementation of the industrial policy.

4.1 Background characteristics of respondents

Descriptive statistics was applied to summarize frequencies and percentages of profiles of the respondents related to the educational level, duration in the work, position /management or expert/, age group and gender of the respondents.

Therefore based on the descriptive analysis; from the ninety distributed questionnaires, 78 (86.6%) have been collected. From these respondents fifty two (66.7%) of them are male and twenty six (33.3%) of them are female. With regard to the age of the respondents twenty nine (37.2%) are from 18-29 years, thirty five (44.9%) are from 30-39 years, ten (12.8%) are from 40-49 years, and four (5.1%) are from 50-60 years.

The educational levels of the respondents are categorized in to four. Sixty one (78.2%) of the respondents are BA/BSC and the other seventeen (21.8%) of the respondents are MA post graduate degree holders. None of the respondents have educational level of certificate/Diploma and PhD.

Table 4.1: Background characteristics of respondents

		Frequency	Percentage	Valid Percent	Cumulative Percent
Gender	Male	52	66.7	66.7	66.7
	Female	26	33.3	33.3	100
	Total	78	100	100	
Age Group	18-29	29	37.2	37.2	37.2
	30-39	35	44.9	44.9	82.1
	40-49	10	12.8	12.8	94.9
	Above 50	4	5.1	5.1	100
	Total	78	100	100	
Educational level	BA/BSC	61	78.2	78.2	78.2
	MA/MSC	17	21.8	21.8	100
	Total	78	100	100	
Duration in the work	Below 1 year	6	7.7	7.7	7.7
	1-5 year	47	60.3	60.3	67.9
	5-10 year	17	21.8	21.8	89.7
	Above 10 year	8	10.3	10.3	100
	Total	78	100	100	
Position	Management	23	29.5	29.5	29.5
	Expert	55	70.5	70.5	100
	Total	78	100	100	

Source: Field survey, 2019

The duration time of respondents worked with the Ministry of Trade and Industry, and accountable organizations implies that six (7.7%) of them have stayed within the Ministry of Trade and Industry and accountable organizations for less than a year. Forty seven (60.3%) of the respondents have 1 to 5 years of experience, seventeen (21.8%) of the respondents have 5 to

10 years of experience and eight (10.3%) of the respondents have got an experience of above ten years.

With regards to the position of the respondents, twenty three (29.5%) of the respondents are managers and the rest fifty five (70.5%) of the respondents are working as experts in the Ministry of Trade and Industry, and the institutions accountable to the Ministry.

4.2 Performance of the Industrial sector

The global patterns of change suggest that industrialization continuous to be the potential engine for growth and catch-up. Industrialization brings with it special opportunities for reaping economies of scale, technological progress, profit spillover to other sectors and providing job opportunity for variously skilled levels of labour (UNCTAD, 2016)

In this regard, Ethiopia is implementing industrial policy/strategy and programs to reap the benefits from the industrial sector. However, it is important to assess the performance of the industrial sector if the sector is performing as deliberated to achieve the desired goals from the sector.

This section briefly presents the performance of the industrial policy based on the secondary data obtained from National Planning Commission, National Bank of Ethiopia, IMF and the Ministry of Trade and Industry. In addition to presenting the general performance of the industrial sector, this section will also briefly present the performance of the industrial sub-sectors.

4.2.1 Performance of the industrial sector

The Ethiopian economy which had exhibited 9.9 percent average annual growth during 2012/13-2016/17, registered 10.9 percent growth in 2016/17 (NBE, 2018). The registered growth rate in real GDP was 0.2 percentage point lower than base case scenario GTPII target set for the fiscal year although it was significantly higher than 2.6 percent average growth estimated for Sub - Saharan Africa (World Economic Outlook Update, 2017).

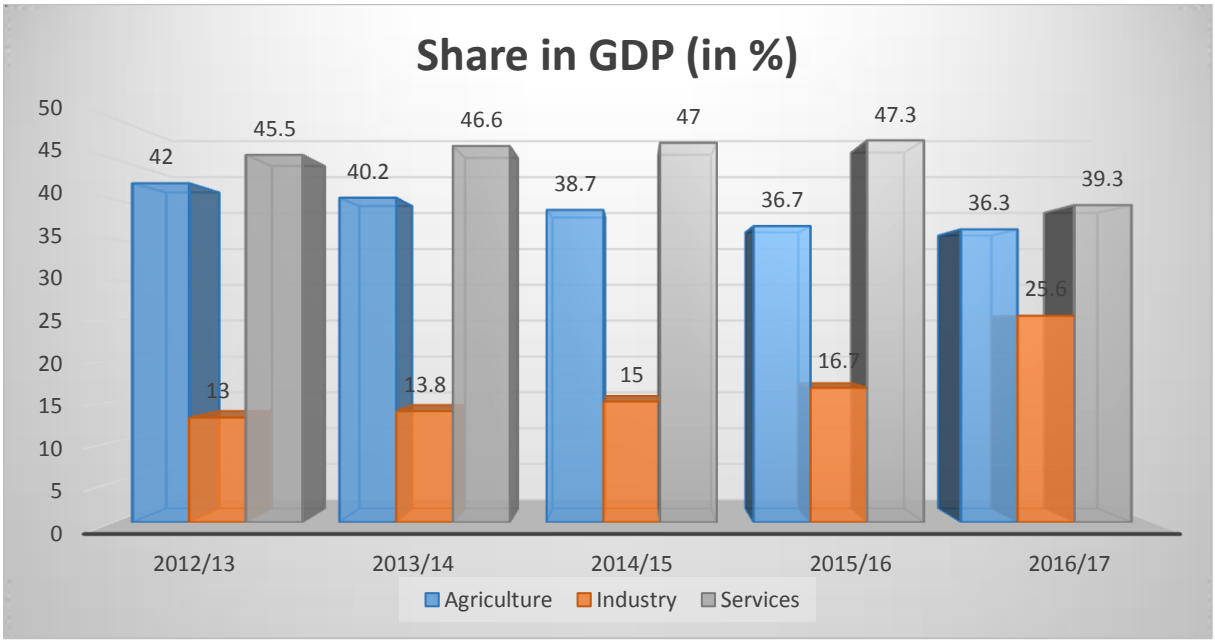
Table 4.2: Performance of the industrial sector and other economic sectors

Items		2012/13	2013/14	2014/15	2015/16	2016/17
Sector	Agriculture	238.8	251.8	267.8	274.0	573.1
	Industry	73.9	86.5	103.7	125.0	404.3
	Services	259.0	292.0	325.0	353.0	620.2
Total		571.7	630.3	696.5	752.0	1,597.6
Real GDP		568.0	627.0	692.0	747.0	1,577.1
Share in GDP (in %)	Agriculture	42.0	40.2	38.7	36.7	36.3
	Industry	13.0	13.8	15.0	16.7	25.6
	Services	45.5	46.6	47.0	47.3	39.3
Agriculture	Absolute Growth	7.1	5.4	6.4	2.3	6.7
	Contribution to GDP growth	3.1	2.3	2.5	0.9	2.5
	Contribution in %	31.2	22.3	24.0	11.3	22.9
Industry	Absolute Growth	24.1	17.0	19.8	20.6	18.7
	Contribution to GDP growth	2.8	2.2	2.7	3.1	4.4
	Contribution in %	27.9	21.4	26.0	38.8	40.4
Services	Absolute Growth	9.0	13.0	11.2	8.7	10.3
	Contribution to GDP growth	4.1	5.8	5.2	4.0	4.0
	Contribution in %	41	56.3	50.0	50.0	36.7

Source: National Bank of Ethiopia (NBE, 2018)

The industrial sector registered a rapid growth of 18.7 percent in 2016/17 and made a significant contribution to the 10.9 percent growth in the overall GDP. However, despite this rapid pace of growth, it not only failed to achieve the plan target of 20.6 percent for the year under review but also experienced a reduction in its growth rate compared to its performance in the preceding year. This was mainly attributed to the slower-than-expected performance of the manufacturing sub-sector, whose growth rate of 17.4 percent during the year was below the plan target of 20.6 percent, in addition to being slower than its performance in the preceding two years.

Figure 4.1: GDP share of industrial and other sectors



Source: National Bank of Ethiopia (NBE, 2018)

The failure of the manufacturing industry to meet its growth target for the fiscal year under review reflected in part the sluggish performance of the micro and small-scale industries, as well as the low production capacity utilization of the country's existing manufacturing plants. During the year under review, the micro and small-scale industries registered a growth rate of 2.5 percent, which was far below the plan target of 21.3 percent, suggesting that they had not been receiving adequate support especially by the regional administrations. Similarly, existing manufacturing establishments were able to utilize only about 57 percent of their existing production capacity, despite the plan target of raising it to 68 percent.

Similarly, although foreign exchange earnings from the export of manufacturing industry products increased by 7.1 percent, compared to their level in the preceding fiscal year, the outcome was disappointing as only 28.5 percent of the sector's USD 1.3 billion export target was achieved.

4.2.2 Performance of the industrial sub-sectors

The following section briefly presents the performance industrial sub-sectors during the fiscal year 2016/17 based on the secondary data collected from the National Planning Commission GTP II mid-term review report (NPC, 2018).

1) Textile and garment industry - During the fiscal year 2016/17, production capacity utilization of the existing manufacturing plants reached 57 percent, compared to the target of 68 percent, while, in the same period, 19 of the expected 23 new projects started production. Export earnings of this branch of the manufacturing industry reached USD 89.3 million in contrast to the planned target of USD 270.5 million.

The textile and garment industries were expected to create 34,000 additional jobs during the fiscal year, but they actually created about half that number of new jobs, employing 17,447 new workers (of whom 1,319 male and 16,128 female). Raw material supply seemed to have impacted on the performance of the branch. It was planned to supply 300 thousand tons of lint cotton to the textile factories during the fiscal year, while the actual supply amounted to 138 thousand tons, or less than half of the target. This indicates that the domestic cotton supply is far from satisfying the demand of the textile plants.

2) Leather and leather products industry - the gross value of production of this branch of the manufacturing industry during the fiscal year 2016/17 amounted to USD 0.23 billion (i.e., 6 percent of the target) and export earnings from the branch stood at USD 114 million (41.8 percent of the planned target).

Leather shoes, finished leather and other leather products contributed 33.4%, 59.8% and 6.7%, respectively, of the branch's total export earnings. With respect to job creation, the branch was expected to create 30,998 new jobs during the fiscal year under review, while the actual number of job opportunities it created added up to only 9,157, or around 30% of the planned target.

3) Metals, engineering and electronics industry - during the fiscal year 2016/17, this branch of the manufacturing industry supplied 985,293 tons of iron and steel products, out of the country's total consumption of 2,238,753 tons, as well as earning USD 0.8 million (compared to the planned target of USD 121.1 million) from the export of iron and steel products. During the same period, USD 3.77 million was earned from the export of ornaments, trailers, tankers, machinery, home utensils, mill and zink ash exports. Earnings from electric and electronic products export reached USD 44.14 million.

The main export products were electric cables and mobile cellphones. Export of cellphones accounted for 91.4% of the total iron and steel, engineering, and electronics industry product exports earnings. In terms of new job creation, only 518 permanent jobs and 629 temporary job opportunities were created during the fiscal year, which was much lower than the 8,000 job opportunities expected to be created in the same period.

4) Meat, milk, fish, and honey and wax industry - during the fiscal year 2016/17, it was planned to earn USD 146 million from the export of meat, milk, fish, honey and wax while the actual earnings amounted to USD 103.5 million, or 70.9% of the planned target. The export performance for the fiscal year has shown an improvement compared to the preceding two fiscal years. Planned production of milk for the fiscal year was 110.0 million liters of processed milk, while the actual production did not exceed 81.4 million liters. Similarly, it was planned to produce 1,849.6 tons of chicken meat and the actual production was 1,091.2 tons. Moreover, for the fiscal year under review, it was planned to produce 486,316 quintals of fodder, while the actual production was 632,958 quintals, which exceeded the planned target by 30%.

5) Food and beverage (agro-processing) industry - during the fiscal year 2016/17, it was planned to increase the capacity utilization of the existing factories in the food industry from around 57 percent in 2015/16 to 80 percent. However, capacity utilization rather declined to 50.62 percent during the fiscal year 2016/17. It was also expected that the branch would generate USD 44.3 million foreign exchange revenue from export, while the actual performance amounted to USD 35.5 million, or 81.3% of the planned target. Although the branch's export earnings in the fiscal year 2016/17 fell short of the planned target, it surpassed the preceding fiscal years earning by 8.6%.

6) Pharmaceutical industry - The objective of the pharmaceutical industry during the fiscal year 2016/17 was to increase capacity utilization of the existing pharmaceutical plants, enhance import substitution and increase pharmaceutical exports to generate foreign exchange earnings. The plan for the year 2016/17 was to increase capacity utilization of the pharmaceutical industry from 57 percent in 2015/16 to 65 percent. However, capacity utilization declined to 50.6 percent. The export revenue earnings remained very low and stood at USD 3.1 million against the target of USD 54.8 million for the fiscal year. On the other hand, the plan to increase the domestic market share of the products of the pharmaceutical industry to 20 percent has been fully achieved. With respect to employment, the industry created 2,400 new job opportunities during the fiscal year under review, compared to the planned target of 2,800.

7) Chemical and construction inputs industry - efforts in this branch during the fiscal year 2016/17 focused on improving production capacity utilization of the existing plants and on increasing export earnings. However, success was not met on both fronts. Production capacity utilization not only failed to rise to the planned level of 80 percent in the fiscal year 2016/17 but actually declined to 72 percent, which was even less than the 73 percent capacity utilization achieved in the preceding fiscal year. Regarding export earnings, it was planned to generate USD 49.8 million, but the actual earnings stood at USD 14.1 million (or 28.3 percent of the target). On the other hand, the branch performed comparatively better in terms of employment creation. While it was expected to generate 6,438 new job opportunities in the fiscal year under review, it actually employed 5,859 new workers (of whom 45% were women), thus fulfilling 91 percent of the target.

8) Sugar manufacturing industry - The plan target for sugar production during the fiscal year 2016/17 was 564,205 tons, excluding Tendaho I, while the actual production amounted to 351,504 tons, falling short of the target by 36.8 percent of the planned target, though it exceeded the preceding fiscal year's production by 14.9%. In addition to the sugar, the factories also produced 12,370 cubic meters (48 percent of the target) of ethanol, as well as 150,740.3 tons of molasses.

The government has been investing heavily in sugar development. However, progress in project implementation has been very slow. Their completion and commissioning dates were long

overdue. This clearly implies that mega projects of the country are not completed on the basis of the schedule that might aggravate the cost.

To summarize, the above section implies that the industrial sector performance is sluggish in achieving its targets set in the GTP II with respect to export performance, employment creation, and improving production capacity utilization.

4.3 Policy Clarity, Internal Validity and Comprehensiveness

4.3.1 Policy Clarity

Implementers often face a variety of problems because the policy statements lack clarity. Consequently, implementers use their own discretion while implementing them or they refer the statements back to the higher rungs of administration for clarification. In such instances, policy implementation is adversely affected (Poornima and Uma, 2012). Thus, it is important to assess the clarity of the policy to understand the implementation. In this regard, the findings of this study regarding policy clarity are presented below. The following Table 4.3 presents the views of respondents on explicit statement of goals and its concreteness.

Table 4.3: Explicit statement of goals and its concreteness for evaluation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Strongly Agree**	5	6.4	6.4	6.4
	Agree	35	44.9	44.9	51.3
	Neutral	13	16.7	16.7	67.9
	Disagree	20	25.6	25.6	93.6
	Strongly disagree	5	6.4	6.4	100.0
	Total	**78**	**100**	**100**	

Source: Field survey, 2019

Table 4.3 indicates that five (6.4%) of the respondents strongly agree, thirty five (44.9%) of the respondents agree, thirteen (16.7%) of the respondents remain neutral, twenty (25.6%) of the respondents disagree, and five (6.4%) of the respondents strongly disagree. Therefore it can be

said that the majority of the respondents which accounts for 51.3% confirmed that the goals of the industrial policy are explicitly stated and are concrete enough to be evaluated.

This implies that the policy goals are clearly and explicitly stated so there is no ambiguity in what the policy intended to achieve and the action implemented can be evaluated as per means of measurements of each goals/activities presented in the policy.

The study also addressed whether the policy has clarity of mechanisms to achieve the desired goals of the policy. In this regard, Table 4.4 presents the views of respondents as follows:

Table 4.4: Clarity of mechanisms to achieve the desired goals of the policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Strongly Agree**	7	9.0	9.0	9.0
	Agree	37	47.4	47.4	56.4
	Neutral	11	14.1	14.1	70.5
	Disagree	18	23.1	23.1	93.6
	Strongly disagree	5	6.4	6.4	100.0
	Total	**78**	**100**	**100**	

Source: Field survey, 2019

Table 4.4 indicates that seven (9.0%) of the respondents strongly agree, thirty seven (47.4%) of the respondents agree, eleven (14.1%) of the respondents remain neutral, eighteen (23.1%) of the respondents disagree, and five (6.4%) of the respondents strongly disagree. Therefore it can be said that the majority of the respondents which accounts for 56.4% confirmed that the goals of the industrial policy are clear in their intent and in the mechanism with which to achieve the desired goals.

This indicates that the policy is not only clear in goal statement and its concreteness for evaluation it is also clear in its mechanism to achieve the desired goals.

4.3.2 Internal Validity of the Industrial Policy

Analysis of the internal validity of policy documents is one approach to achieving enhancements to policy documents. Internal validity, in this context, refers to the scientific grounds and the conclusiveness of reviewed literatures in drawing the goals and the logicality of the document in drawing outcomes form the goals. Policy documents do not always articulate intended outcomes optimally; policy writers are not commonly responsible for implementing the policy, and details that can affect the ease with which a policy is implemented and thus its success may not be known or may be overlooked (Cheung, 2010).

In this regard, the findings of this study regarding internal validity of the industrial policy are presented below. The following Table 4.5 presents the views of respondents on the development of the industrial policy on scientific grounds:

Table 4.5: Development of the industrial policy based on scientific grounds

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Strongly Agree**	14	17.9	17.9	17.9
	Agree	24	30.8	30.8	48.7
	Neutral	23	29.5	29.5	78.2
	Disagree	14	17.9	17.9	96.2
	Strongly disagree	3	3.8	3.8	100.0
	Total	**78**	**100**	**100**	

Source: Field survey, 2019

Table 4.5 indicates that fourteen (17.9%) of the respondents strongly agree, twenty four (30.8%) of the respondents agree, twenty three (29.5%) of the respondents remain neutral, fourteen (17.9%) of the respondents disagree, and three (3.8%) of the respondents strongly disagree. Therefore it can be said that the majority of the respondents which accounts for 48.7% confirmed that the Industrial policy/strategy is developed on scientific grounds and, goals are drawn from a conclusive review of literature.

In addition to the development of the policy on scientific grounds, the study also assessed the views of the respondents on the internal validity of the policy in logically drawing outcomes from the goals. The following Table 4.6 the views of the respondents on it:

Table 4.6: Internal validity of the policy in logically drawing outcomes from the goals

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Strongly Agree**	4	5.1	5.1	5.1
	Agree	35	44.9	44.9	50.0
	Neutral	13	16.7	16.7	66.7
	Disagree	26	33.3	33.3	100.0
	Total	**78**	**100**	**100**	

Source: Field survey, 2019

Table 4.6 indicates that four (5.1%) of the respondents strongly agree, thirty five (44.9%) of the respondents agree, thirteen (16.7%) of the respondents remain neutral, and twenty six (33.3%) of the respondents disagree. Therefore it can be concluded that the majority of the respondents which accounts for 50% confirmed that the industrial policy is supported by internal validity in logically drawing outcome from the goals.

However, key respondents from the interview mentioned that the policy lacks strategic prioritization of activities which leads to delay of implementation of some activities due to lack of ground works (prior implementation) of other activities. In addition to lack strategic prioritization, the literatures that the industrial policy contemplates are mostly taken from East Asian countries and their experience in industrial policy. This led to copy their experience without contextualizing it to the countries situation.

4.3.3 Comprehensiveness of the Industrial Policy

A policy needs to be comprehensive in addressing issues related to the sector or the issue it is developed. The following Table 4.7 presents the views of respondents on the comprehensiveness of the industrial policy:

Table 4.7: Comprehensiveness of the industrial policy					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	**Strongly Agree**	5	6.4	6.4	6.4
	Agree	31	39.7	39.7	46.2
	Neutral	12	15.4	15.4	61.5
	Disagree	29	37.2	37.2	98.7
	Strongly disagree	1	1.3	1.3	100.0
	Total	**78**	**100**	**100**	

Source: Field survey, 2019

Table 4.7 indicates that five (6.4%) of the respondents strongly agree, thirty one (39.7%) of the respondents agree, twelve (15.4%) of the respondents remain neutral, twenty nine (37.2%) of the respondents disagree, and one (1.3%) of the respondents strongly disagree. Therefore it can be said that the majority of the respondents which accounts for 46.2% confirmed that the industrial policy/strategy is comprehensive enough to cover issues related to the industrial sector.

Nevertheless, key respondents from the interview responded that as the country's situation in general and the industrial sector in particular are continually changing the industrial policy didn't comprehend the current situations and needs of the country, as it was developed in 2003. It also lacks flexibility of instruments to cop up with continually changing needs of the industrial sector.

4.4 Factors Influencing Industrial Policy Implementation

Various factors influence the successful implementation policy. As elaborated in the conceptual framework of this study, the factors influencing successful policy implementation are presented in to five sub-sections. Namely, rational, management, organizational, bureaucratic and political factors. The following section presents some of the critical factors that influence the success of policy implementation.

4.4.1 Rational Factors

Policy implementation requires the clarification of goals, missions and objectives, detailed planning, appropriate job assignments, effective monitoring and evaluation, comprehensive and efficient operating procedures, and techniques required to assist implementers to define the scope of their responsibilities in line with policy objectives (Khan A. and Khandaker S., 2016). The following table 4.8 presents the findings of the study on rational factors influencing successful policy implementation.

Table 4.8: Rational Factors Influencing policy implementation

	Rational Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	The goals, targets and objectives of the industrial policy/strategy and its implementation plans are clear identified	10 (12.8%)	40 (51.3%)	6 (7.7%)	20 (25.6%)	2 (2.6%)
2	Accurate and consistent planning for the implementation of industrial policy/strategy, plans and programs	0 (0%)	24 (30.8%)	13 (16.7%)	35 (44.9%)	6 (7.7%)
3	Clear and detailed task assignments are stated for the implementation of industrial policy/strategy, plans and programs	1 (1.3%)	25 (32.1%)	11 (14.1%)	30 (38.5%)	11 (14.1%)
4	Accurate standardization are there for implementation of activities	2 (2.6%)	15 (19.2%)	19 (24.4%)	28 (35.9%)	14 (17.9%)
5	The level of monitoring on implementation of the industrial policy/strategy, and plans is low	13 (16.7%)	45 (57.7%)	9 (11.5%)	6 (7.7%)	5 (6.4%)

Source: Field survey, 2019

Regarding clarification of goals, targets and objectives, table 4.8 indicates that ten (12.8%) of the respondents strongly agree, forty (51.3%) of the respondents agree, six (7.7%) of the respondents remain neutral, twenty (25.6%) of the respondents disagree, and two (2.6%) of the respondents strongly disagree. Therefore it can be said that the majority of the respondents which accounts for 64.1% confirmed that the goals, targets and objectives of the industrial policy/strategy and its implementation plans are clearly identified.

Regarding accurate and consistent planning, table 4.8 indicates that twenty four (30.8%) of the respondents agree, thirteen (16.7%) of the respondents remain neutral, thirty five (44.9%) of the respondents disagree, and six (7.7%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 52.6% rejected that there is accurate and consistent planning for the implementation of industrial policy/strategy, plans and programs.

Regarding clear and detailed task assignments table 4.8 indicates that one (1.3%) of the respondents strongly agree, twenty five (32.1%) of the respondents agree, eleven (14.1%) of the respondents remain neutral, thirty (38.5%) of the respondents disagree, and eleven (14.1%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 52.6% rejected that clear and detailed task assignments are stated for the implementation of industrial policy/strategy, plans and programs.

Regarding accurate standardization of activities, table 4.8 indicates that two (2.6%) of the respondents strongly agree, fifteen (19.2%) of the respondents agree, nineteen (24.4%) of the respondents remain neutral, twenty eight (35.9%) of the respondents disagree, and fourteen (17.9) of the respondents strongly disagree. Therefore it can be said that the majority of the respondents which accounts for 53.8% rejected that there are accurate standardization of activities for implementation.

Regarding level of monitoring, table 4.8 indicates that thirteen (16.7%) of the respondents strongly agree, forty five (57.7%) of the respondents agree, nine (11.5%) of the respondents remain neutral, six (7.7%) of the respondents disagree, and five (6.4%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 74.4% confirmed that there is low level of monitoring on implementation of the industrial policy/strategy, and plans.

Key respondents also added that the monitoring and evaluation mechanism of the industrial policy implementation is very weak. They also mentioned that it lack regularity. The respondents also mentioned that there is data accuracy and reliability problems on the reports. Some

interviewees also added the evaluations are mostly at output level without looking at the general pictures and lacking impact level assessment.

To summarize, from rational factors lack of accurate and consistent planning for the implementation of industrial policy/strategy, plans and programs, absence of clear and detailed task assignments, inaccurate standardization of implementation activities and low level of monitoring on implementation of the industrial policy/strategy, and plans found to influence the successful implementation of industrial policy.

4.4.2 Management Factors

Policy implementation depends on management factors such as organizational structure, personnel and human resources, the activities of front-line implementers, equipment and technology, the level of coordination and cooperation, the exercise of authority, and place/location as implementation infrastructure (Khan A. and Khandaker S., 2016). The following table 4.9 presents the findings of the study on management factors influencing successful policy implementation.

Table 4.9: Management Factors Influencing policy implementation

	Management Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	Efficient and effective use of budget allocated to the industrial policy/strategy, plans and programs	3 (3.8%)	8 (10.3%)	8 (10.3%)	47 (60.3%)	12 (15.4%)
2	The organizational structure is suitable for implementation of industrial policy/strategy, plans and programs	2 (2.6%)	16 (20.5%)	12 (15.4%)	28 (35.9%)	20 (25.6%)
3	Quick, clear and two-way communication in the organization	3 (3.8%)	10 (12.8%)	25 (32.1%)	28 (35.9%)	12 (15.4%)
4	The involvement of key stakeholders as co-producers is very limited in the implementation of industrial policy/strategy, plans and programs	14 (17.9%)	36 (46.2%)	12 (15.4%)	10 (12.8%)	6 (7.7%)
5	Adequate equipment and appropriate technology for the implementation industrial policy/strategy, plans and	2 (2.6%)	11 (14.1%)	21 (26.9%)	32 (41%)	12 (15.4%)

	programs					
6	Activities are implemented by the correct official at the correct place.	1 (1.3%)	22 (28.2%)	12 (15.4%)	32 (41%)	11 (14.1%)

Source: Field survey, 2019

Regarding efficient and effective use of budget, table 4.9 indicates that three (3.8 %) of the respondents strongly agree, eight (10.3%) of the respondents agree, eight (10.3%) of the respondents remain neutral, forty seven (60.3%) of the respondents disagree, and twelve (15.4%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 75.6% rejected that there is efficient and effective use of budget allocated to the industrial policy/strategy, plans and programs.

Regarding organizational structure, table 4.9 indicates that two (2.6%) of the respondents strongly agree, sixteen (20.5%) of the respondents agree, twelve (15.4%) of the respondents remain neutral, twenty eight (35.9%) of the respondents disagree, and twenty (25.6%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 61.5% rejected that the organizational structure is suitable for implementation of industrial policy/strategy, plans and programs.

Regarding communication in the organization, table 4.9 indicates that three (3.8%) of the respondents strongly agree, ten (12.8%) of the respondents agree, twenty five (32.1%) of the respondents remain neutral, twenty eight (35.9%) of the respondents disagree, and twelve (15.4%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 51.3% rejected that there quick, clear and two-way communication in the organization.

Regarding involvement of key stakeholders, table 4.9 indicates that fourteen (17.9%) of the respondents strongly agree, thirty six (46.2%) of the respondents agree, twelve (15.4%) of the respondents remain neutral, ten (12.8%) of the respondents disagree, and six (7.7%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents

which accounts for 64.1% confirmed that the involvement of key stakeholders as co-producers is very limited in the implementation of industrial policy/strategy, plans and programs.

Regarding appropriate technology, table 4.9 indicates that two (2.6%) of the respondents strongly agree, eleven (14.1%) of the respondents agree, twenty one (26.9%) of the respondents remain neutral, thirty two (41%) of the respondents disagree, and twelve (15.4%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 56.4% rejected that there is adequate equipment and appropriate technology for the implementation industrial policy/strategy, plans and programs.

Regarding place of implementation, table 4.9 indicates that one (1.3%) of the respondents strongly agree, twenty two (28.2%) of the respondents agree, twelve (15.4%) of the respondents remain neutral, thirty two (41%) of the respondents disagree, and eleven (14.1%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 55.1% rejected that activities are implemented by the correct official at the correct place.

To summarize, from the management factors inefficient and ineffective use of budget allocated, unsuitable organizational structure for implementation, lack of quick, clear and two-way communication, very limited involvement of key stakeholders as co-producers and lack adequate equipment and appropriate technology for the implementation plans found to influence the successful implementation of industrial policy.

4.4.3 Organizational Factors

Policy implementation debunks on organizational leadership capacity, team building, the engagement of the various parties involved, participation, motivation, coordination and commitment (Khan A. and Khandaker S., 2016). The following table 4.10 presents the findings of the study on organizational factors influencing successful policy implementation.

Table 4.10: Organizational Factors Influencing policy implementation

	Organizational Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	There is effective leadership for the successful implementation of policies/plans	5 (6.4%)	8 (10.3%)	7 (9%)	40 (51.3%)	18 (23.1%)
2	There is low motivation to implement the industrial policy/strategy and plans	25 (32.1%)	38 (48.7%)	7 (9%)	4 (5.1%)	4 (5.1%)
3	There is good engagement of staffs in decision making	5 (6.4%)	13 (16.7%)	16 (20.5%)	32 (41%)	12 (15.4%)
4	The commitment among teams and individuals to deliver the policy is good	0 (0%)	21 (26.9%)	20 (25.6%)	31 (39.7%)	6 (7.7%)
5	Decisions made by the leadership are accurate and timely	7 (9%)	8 (10.3%)	18 (23.1%)	37 (47.4%)	8 (10.3%)

Source: Field survey, 2019

Regarding effective leadership, table 4.10 indicates that five (6.4%) of the respondents strongly agree, eight (10.3%) of the respondents agree, seven (9%) of the respondents remain neutral, forty (51.3%) of the respondents disagree, and eighteen (23.1%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 74.4% rejected that there is effective leadership for the successful implementation of policies/plans.

Regarding motivation, table 4.10 indicates that twenty five (32.1%) of the respondents strongly agree, thirty eight (48.7%) of the respondents agree, seven (9%) of the respondents remain neutral, four (5.1%) of the respondents disagree, and four (5.1%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 80.8% confirmed that there is low motivation to implement the industrial policy/strategy and plans.

Regarding decision making, table 4.10 indicates that five (6.4%) of the respondents strongly agree, thirteen (16.7%) of the respondents agree, sixteen (20.5%) of the respondents remain neutral, thirty two (41.5%) of the respondents disagree, and twelve (15.4%) of the respondents

strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 56.4% rejected that there is good engagement of staffs in decision making.

Regarding commitment, table 4.10 indicates that twenty one (26.9%) of the respondents agree, twenty (25.6%) of the respondents remain neutral, thirty one (39.7%) of the respondents disagree, and six (7.7%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 47.4% rejected that the commitment among teams and individuals to deliver the policy is good.

Regarding decisions made by the leadership, table 4.10 indicates that seven (9%) of the respondents strongly agree, eight (10.3%) of the respondents agree, eighteen (23.1%) of the respondents remain neutral, thirty seven (47.4%) of the respondents disagree, and eight (10.3%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 57.7% rejected that the decisions made by the leadership are accurate and timely.

To summarize, from the organizational factors lack of effective leadership, low motivation of implementers, deficiency of engagement of staffs in decision making, and lack of accurate and timely decisions by the leadership found to influence the successful implementation of industrial policy.

4.4.4 Bureaucratic Factors

The bureaucratic factors consider the role of front-line staff members in the implementation of policy. The idea is that successful policy implementation relies heavily on the role of members of staff who directly come into contact with people and other stakeholders (Khan A. and Khandaker S., 2016). The following table 4.11 presents the findings of the study on bureaucratic factors influencing successful policy implementation.

Table 4.11: Bureaucratic Factors Influencing policy implementation

	Bureaucratic Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	There is good discretionary power for the front-line implementers	5 (6.4%)	14 (17.9%	21 (26.9%)	34 (43.6%)	4 (5.1%)

2	Front-line implementers are competent to implement the policy/strategy, plans and programs	6 (7.7%)	23 (29.5%)	14 (17.9%)	29 (37.2%)	6 (7.7%)
3	The behavior and communication of front-line implementers is good	1 (1.3%)	26 (33.3%)	22 (28.2%)	25 (32.1%)	4 (5.1%)
4	There is commitment by front-line implementers to discharge their responsibility properly	3 (3.8%)	24 (30.8%)	21 (26.9%)	23 (29.5%)	7 (9%)

Source: Field survey, 2019

Regarding discretionary power, table 4.11 indicates that five (6.4%) of the respondents strongly agree, fourteen (17.9%) of the respondents agree, twenty one (26.9%) of the respondents remain neutral, thirty four (43.6%) of the respondents disagree, and four (5.1%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 48.7% rejected that there is good discretionary power for the front-line implementers.

Regarding competency of implementers, table 4.11 indicates that six (7.7%) of the respondents strongly agree, twenty three (29.5%) of the respondents agree, fourteen (17.9%) of the respondents remain neutral, twenty nine (37.2%) of the respondents disagree, and six (7.7%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 44.9% rejected that the front-line implementers are competent to implement the policy/strategy, plans and programs.

Regarding behavior and communication of front-line implementers, table 4.11 indicates that one (1.3%) of the respondents strongly agree, twenty six (33.3%) of the respondents agree, twenty two (28.2%) of the respondents remain neutral, twenty five (32.1%) of the respondents disagree, and four (5.1%) of the respondents strongly disagree. Therefore it can be concluded that the slight majority of the respondents which accounts for 37.2% rejected that the behavior and communication of front-line implementers is good.

Regarding commitment by front-line implementers, table 4.11 indicates that three (3.8%) of the respondents strongly agree, twenty four (30.8%) of the respondents agree, twenty one (26.9%) of the respondents remain neutral, twenty three (29.5%) of the respondents disagree, and seven (9%) of the respondents strongly disagree. Therefore it can be concluded that the slight majority

of the respondents which accounts for 38.5% rejected that there is commitment by front-line implementers to discharge their responsibility properly.

To summarize, from the bureaucratic factors lack of good discretionary power for the front-line implementers and incompetency of front-line implementers found to influence the successful implementation of industrial policy.

4.4.5 Political Factors

Policy implementation depends on political factors such as, the outcome of interactions between agent capacity, either institutional or representative, bargaining power, conflict resolution, and outside environmental factors from an economic, political and social perspective (Khan A. and Khandaker S., 2016). The following table 4.12 presents the findings of the study on political factors influencing successful policy implementation.

Table 4.12: Political Factors Influencing policy implementation

	Political Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	There are lots of complex joint actions among stakeholders to implement industrial policy/strategy, plans and programs	13 (16.7%)	36 (46.2%)	12 (15.4%)	16 (20.5%)	1 (1.3%)
2	There is greater bargaining power by the staff with high level leadership on the implementation of industrial policy/strategy, plans and programs	7 (9%)	19 (24.4%)	23 (29.5%)	21 (26.9%)	8 (10.3%)
3	There is harmony among political actors in decision making and implementation	2 (2.6%)	22 (28.2%)	22 (28.2%)	19 (24.4%)	13 (16.7%)
4	Implementation is carried out with a positive political motivation	7 (9%)	24 (30.8%)	22 (28.2%)	17 (21.9%)	8 (10.3%)
5	There is maximum influence of political pressures on the implementation of industrial policy/strategy, plans and programs	18 (23.1%)	28 (35.9%)	14 (17.9%)	13 (16.7%)	5 (6.4%)

Source: Field survey, 2019

Regarding joint actions among stakeholders, table 4.12 indicates that thirteen (16.7%) of the respondents strongly agree, thirty six (46.2%) of the respondents agree, twelve (15.4%) of the respondents remain neutral, sixteen (20.5%) of the respondents disagree, and one (1.3) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 62.8% confirmed that there are lots of complex joint actions among stakeholders to implement industrial policy/strategy, plans and programs.

Regarding bargaining power, table 4.12 indicates that seven (9%) of the respondents strongly agree, nineteen (24.4%) of the respondents agree, twenty three (29.5%) of the respondents remain neutral, twenty one (26.9%) of the respondents disagree, and eight (10.3%) of the respondents strongly disagree. Therefore it can be concluded that the slight majority of the respondents which accounts for 37.2% rejected that there is greater bargaining power by the staff with high level leadership on the implementation of industrial policy/strategy, plans and programs.

Regarding harmony among political actors, table 4.12 indicates that two (2.6%) of the respondents strongly agree, twenty two (28.2%) of the respondents agree, twenty two (28.2%) of the respondents remain neutral, nineteen (24.4%) of the respondents disagree, and thirteen (16.7%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 41% rejected that there is harmony among political actors in decision making and implementation.

Regarding political motivation, table 4.12 indicates that seven (9%) of the respondents strongly agree, twenty four (30.8%) of the respondents agree, twenty two (28.2%) of the respondents remain neutral, seventeen (21.8%) of the respondents disagree, and eight (10.3%) of the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 39.7% confirmed that implementation is carried out with a positive political motivation.

Regarding influence of political pressures, table 4.12 indicates that eighteen (23.1%) of the respondents strongly agree, twenty eight (35.9%) of the respondents agree, fourteen (17.9%) of the respondents remain neutral, thirteen (16.7%) of the respondents disagree, and five (6.4%) of

the respondents strongly disagree. Therefore it can be concluded that the majority of the respondents which accounts for 59% confirmed that there is maximum influence of political pressures on the implementation of industrial policy/strategy, plans and programs.

To summarize, from the political factors, lots of complex joint actions among stakeholders, lack of harmony among political actors in decision making, maximum influence of political pressures on the implementation, lack of commitment by top level management and political leaders lack of strong legal framework for the implementation and coordination of activities implementation of the industrial policy/strategy, and plans found to influence the successful implementation of industrial policy.

Chapter Five: Conclusion and Recommendation

5.1 Conclusion

This study assessed the policy implementation practice of the industrial policy of Ethiopia with specific objectives of evaluating the performance and outcomes of industrial sector, assessing the internal validity, clarity and comprehensiveness and examining factors influencing industrial policy implementation. After collection of primary and secondary data and analyzing data collected the following conclusions are drawn: -

- The performance of the industrial sector found to be disappointing in achieving its targets set in the second Growth and Transformation Plan (GTPII). As shown, in the analysis section of this study the industrial sector performance fall behind in achieving its target in foreign currency generation (Export performance), employment creation, value addition in the general economy of the country and facilitating the structural transformation of the economy.
- The study revealed that the goals of the Industrial policy found to be explicitly stated and concrete enough. In addition to clarity of goal, the implementation mechanism of the goals also found to be clear.
- Regarding the internal validity, the study finds out that the policy is supported by internal validity in logically drawing outcome from the goals and strategy priorities. The Industrial policy/strategy is also developed on scientific grounds and, goals are drawn from a conclusive review of literature.
- Evidence from the analysis of findings from this study suggested that the industrial policy/strategy is comprehensive enough to cover issues related to the industrial sector. With reservations from key informants that the policy needs to incorporate the current situation of the country as it was developed in 2003.
- Regarding the factors influencing industrial policy implementation, the study categorizes the factors in to five sections namely rational, management, organizational, bureaucratic and political factors.

- From the rational factors, lack of accurate and consistent planning for the implementation of industrial policy/strategy, plans and programs, absence of clear and detailed task assignments, inaccurate standardization of implementation activities and low level of monitoring on implementation of the industrial policy/strategy, and plans found to influence the successful implementation of industrial policy.
- From the management factors, inefficient and ineffective use of budget allocated, unsuitable organizational structure for implementation, lack of quick, clear and two-way communication, very limited involvement of key stakeholders as co-producers and lack adequate equipment and appropriate technology for the implementation plans found to influence the successful implementation of industrial policy.
- From the organizational factors, lack of effective leadership, low motivation of implementers, deficiency of engagement of staffs in decision making, and lack of accurate and timely decisions by the leadership found to influence the successful implementation of industrial policy.
- From the bureaucratic factors, lack of good discretionary power for the front-line implementers, incompetency of front-line implementers, and long bureaucracy
- From the political factors, lots of complex joint actions among stakeholders, lack of harmony among political actors in decision making, maximum influence of political pressures on the implementation, lack of commitment by top level management and political leaders lack of strong legal framework for the implementation and coordination of activities implementation of the industrial policy/strategy, and plans found to influence the successful implementation of industrial policy.

5.2 Recommendations

- Developing new industrial policy. As the industrial sector is very crucial for the overall development of the country, the government needs to analyze deeply the current challenges the sector facing, analyze the current context of the country, and develop a new full-fledged industrial policy with its implementation strategy. Sound and flexible industrial policy would cure unhealthy, distorted and unbalanced status of the industrial sector.

- Development of good coordination and communication mechanism. Given that the industrial policy covers a wide range of topics which involve a number of organizations/institutions, a clear communication strategy among these stakeholders needs to be developed.
- Creating strong Monitoring & Evaluation mechanism. To monitor the progress of industrial policy (and implementation of industrial programs and plans), the Key Performance Indicators need to be developed and disclosed to the public, together with their progress. This could potentially help to inform future policy making.
- Establishing accurate and reliable data source. The Ministry of Trade and Transport and institutions accountable to it needs to develop a platform for an accurate and reliable information sharing which will be vital for informed decision for the top level management and policy makers.
- Establishing feedback mechanism from the private sector. Given the crucial role that the industrial policy plays in the move towards an export led industrial growth transformation, the implementation of the policy needs to have clear ownership from the private sector.
- Capacitate the implementers. In order to equip employees with the basic skills and knowledge of the industrial policy implementation and to boost their utilization of discretion and autonomy, trainings and other awareness creation need to be done by identifying their respective needs and capabilities.
- Strengthen intergovernmental co-ordination and capability. Co-ordination and alignment is crucial to ensure industrial policy's successful implementation, Industrial Policy was not intended to stand alone, hence the alignment of economic policies (e.g. trade facilitation, competition policy, small business development, investment promotion and facilitation, higher education, infrastructure development and macroeconomic policy) becomes critical.
- Prioritize interventions and objectives. Industrial policy cannot be used to transform every aspect of the economy all at once. Government needs to strengthen the differentiation between the objectives of different interventions and make prioritization.

- Conduct a series of studies. Practitioners and academia's needs to work closely to develop a series of studies focusing on the industrial policy implementation and other aspects of the policy.

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Annex I

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

Department of Public Administration and Development Management
Masters of Public Management and Policy (MPMP)

Questionnaire for the employees of Ministry of Trade and Industry, Leather Industry Development Institute, Textile Industry Development Institute, Metal Industry Development Institute, Chemical and Construction inputs Industry Development Institute, and Food, Beverage and Pharmaceutical Industry Development Institute,

Dear respondent;

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Policy Implementation Practice in Ethiopia; the Case of Industrial policy "as partial fulfillment to the completion of the Masters of public management and policy Program at Addis Ababa University. This study is purely for academic purpose and in no ways that affects the respondent's personality. It will be kept confidential. So that, you're genuine view, frank opinion & timely responses are very valuable in determining the success of the study. Therefore you are kindly requested to extend your cooperation honestly by providing relevant information and filling out the following questionnaires that are prepared for this intention. Kindly put a (✓) mark on your answer from the given choices.

Part I: Respondents Information

1. Your gender?

Male ☐ Female ☐

2. Your age group?

18-29 ☐ 30-39 ☐ 40-49 ☐ above 50 ☐

3. Your educational level

Certificate/Diploma ☐

BA/BSC Bachelor degree ☐

MSC/MA Post graduate degree ☐

PhD ☐

4. Duration in the work (How long have you been working in the current office?)

Below 1 year ☐ 1-5 year ☐ 5-10 year ☐ above 10 years ☐

5. Position

Management level ☐ Expert level ☐

Part II: Policy clarity, internal validity and comprehensiveness

Please, show the extent to which you agree/disagree towards factors influencing industrial policy implementation in Ethiopia. Put a (✓) mark on the table for strongly disagree, disagree, neutral, agree and strongly agree respectively.

	Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The goals of the Industrial policy are explicitly stated and are concrete enough to be evaluated					
2	The goals are clear in their intent and in the mechanism with which to achieve the desired goals					
3	The Industrial policy/strategy is developed on scientific grounds and, goals are drawn from a conclusive review of literature					
4	The policy is supported by internal validity in logically drawing outcome from the goals and strategy priorities					
5	The industrial policy/strategy is comprehensive enough to cover issues related to the industrial sector					

Part III: Factors influencing industrial policy implementation

	Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Rational Factors						
1	The goals, targets and objectives of the industrial policy/strategy and its implementation plans are clear identified					
2	There is accurate and consistent planning for the implementation of industrial policy/strategy, plans and programs					
3	Clear and detailed task assignments are stated for the implementation of industrial policy/strategy, plans and programs					
4	Accurate standardization are there for implementation of activities					
5	The level of monitoring on implementation of the industrial policy/strategy, and plans is low					
Management factors						
6	There is efficient and effective use of budget allocated to the industrial policy/strategy, plans and programs					
7	The organizational structure is suitable for implementation of industrial policy/strategy, plans and programs					
8	There is quick, clear and two-way communication in the organization					
9	The involvement of key stakeholders as co-producers is very limited in the implementation of industrial policy/strategy, plans and programs					
10	There is adequate equipment and appropriate technology for the implementation industrial policy/strategy, plans and programs					
11	Activities are implemented by the correct official at the correct place.					

Organizational factors						
12	There is effective leadership for the successful implementation of policies/plans					
13	There is low motivation to implement the industrial policy/strategy and plans					
14	There is good engagement of staffs in decision making					
15	The commitment among teams and individuals to deliver the policy is good					
16	Decisions made by the leadership are accurate and timely					
Bureaucratic factors						
17	There is good discretionary power for the front-line implementers					
18	Front-line implementers are competent to implement the policy/strategy, plans and programs					
19	The behavior and communication of front-line implementers is good					
20	There is commitment by front-line implementers to discharge their responsibility properly					
Political Factors						
21	There are lots of complex joint actions among stakeholders to implement industrial policy/strategy, plans and programs					
22	There is greater bargaining power by the staff with high level leadership on the implementation of industrial policy/strategy, plans and programs					
23	There is harmony among political actors in decision making and implementation					
24	Implementation is carried out with a positive political motivation					
25	There is maximum influence of political pressures on the implementation of industrial policy/strategy, plans and programs					

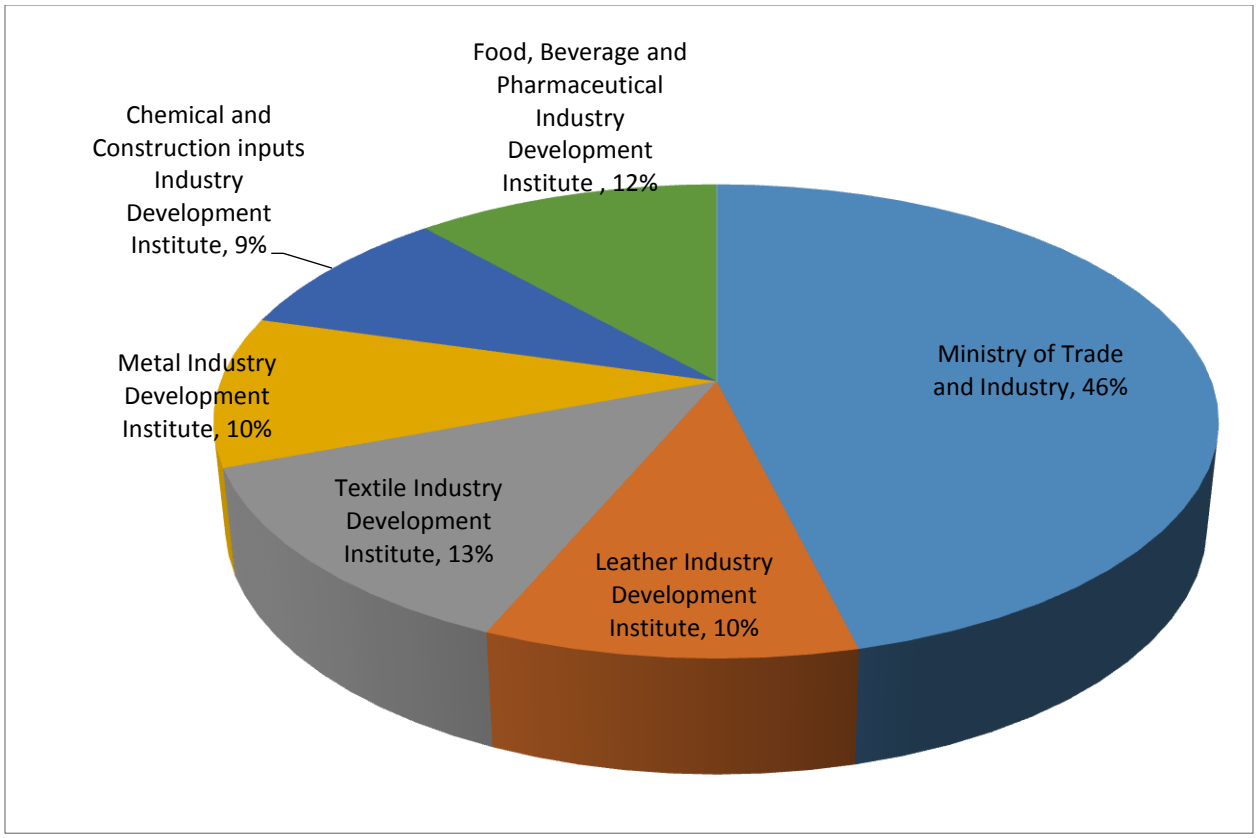
Part III: Open ended question

What do you think are the factors influencing industrial policy/strategy, plans and programs implementation in Ethiopia?

Annex II

Distribution patterns of responses

S/N	Ministry of Trade and Industry and accountable institutions	No. of Questionnaires distributed	No. of Respondents	Percentage (%) Response
1	Ministry of Trade and Industry	40	36	90%
2	Leather Industry Development Institute	10	8	80%
3	Textile Industry Development Institute	10	10	100%
4	Metal Industry Development Institute	10	8	80%
5	Chemical and Construction inputs Industry Development Institute	10	7	70%
6	Food, Beverage and Pharmaceutical Industry Development Institute	10	9	90%
	Total	90	78	87%


Food, Beverage and Pharmaceutical Industry Development Institute , 12%
Chemical and Construction inputs Industry Development Institute, 9%
Metal Industry Development Institute, 10%
Textile Industry Development Institute, 13%
Leather Industry Development Institute, 10%
Ministry of Trade and Industry, 46%