

An Assessment of the Impact of Foreign Businesses on Financial Performance of Small and Medium Enterprises in Zambia - A Case of Chain Stores in Lusaka, Zambia

Judith Banda*

Graduate School of Business, The University of Zambia, Lusaka, Zambia

*Corresponding Author

Article DOI: [10.59413/eafj/v5.i1.2](https://doi.org/10.59413/eafj/v5.i1.2)

Abstract:

This study is an assessment of the impact of foreign businesses on the financial performance of Small and Medium Businesses in Zambia. The study employs a sample of 18 SMEs whose businesses are premised near the foreign chain stores all picked through purposive sampling and based on relevance to the research objectives. Using a mixed-methods approach grounded in positivist philosophy, the research investigates the extent of exposure to foreign competition, its financial implications, and strategies for enhancing SME competitiveness. The study's findings indicate that foreign business presence doesn't significantly impact SMEs' short-term financial performance, but rather affects their long-term growth trajectory. Additionally, the presence of foreign businesses has no statistically significant impact on domestic businesses' Return on Assets (ROA) and Return on Equity (ROE), as evidenced by regression analysis showing positive but insignificant coefficients for both metrics. Furthermore, the study reviews that SMEs have been negatively affected in terms of access to capital, technology, and trading infrastructure, which are essential resources for business growth and development. The study provides insights on the impact of foreign competition on SMEs in developing countries like Zambia in comparison with the findings in the literature from other countries. The study recommends that policy makers set policies that are intended at ensuring SMEs have access to capital, trading infrastructure and support through training, sourcing of technological tools and partnership opportunities. This recommendation is crucial in creating an enabling environment for SMEs to thrive as a back bone of Zambian economy, employment creation, innovation and economic growth. Overall, this study provides a comprehensive understanding of the impact of foreign businesses on SMEs in Zambia and highlights the need for policymakers to create a supportive environment that enables SMEs to thrive thereby enabling SMEs overcome the challenges posed by foreign businesses and contribute to the growth of Zambian economy.

Keywords: Competition, Small and Medium Enterprises, Foreign Businesses, Financial Performance, Growth

1. Introduction

The globalization of markets has led to increased penetration of foreign businesses into developing economies. In Zambia, the rise of foreign chain stores has sparked debate over their impact on local SMEs, which are critical to economic development and employment. Globalization of retail markets has equally led to the expansion of foreign chain stores in Zambia, posing significant challenges to local small and medium-sized enterprises (SMEs). Despite government initiatives to support SMEs, they continue to face difficulties competing with international companies. Historical factors, such as colonial restrictions and trade policies, have contributed to

the struggles of Zambian businesses. SMEs are crucial to Zambia's economy, contributing to GDP, employment, and export earnings. However, they face challenges such as limited access to finance, lack of managerial skills, and power outages. This study investigates the impact of foreign businesses on the financial performance of Zambian SMEs and identifies strategies to enhance their competitiveness, addressing a significant gap.

1.2 Statement of the Problem

One of Zambia's visions for the national vision 2030 is to become a prosperous middle-income country by 2030 (Republic of Zambia, n.d). In order to attain the vision 2030 goals, Zambia is among other things focusing on enhancing the effective running of domestic businesses to bring growth in the economy.

Zambian Small businesses increasingly face challenges ranging from limited access to finance, infrastructure constraints, complex regulations, and limited market access and competition from foreign businesses participating in niche markets once regarded as a preserve for small businesses (Chewe, 2020). Anon (2010), further alludes to a vast productivity gap existing between Zambian businesses and international competitors. To reduce this gap the government has come up with several mechanisms among them was an introduction of a ban on importation of fruits and vegetables mainly sold in foreign chain stores (Lusaka Times, 2017). Despite these interventions, there is a huge variance in SMEs performance when compared to that of foreign businesses. For instance, the shutdown of Ulendo following Yango's market entry illustrates how foreign business presence can impact local enterprises. Ideally, SMEs should perform at par with foreign businesses as they are at an advantage with certain incentives and access to various markets, policymakers should also have a clear understanding of the impact of foreign businesses on SMEs, enabling them to develop evidence-based policies to promote local business growth and development, However, this is not the case as the specific impact of foreign businesses on SMEs' financial performance remains unclear, the existing empirical evidence is limited in its ability to fully capture the impact of foreign businesses on SMEs in Zambia. This study thus, seeks to build on existing knowledge by providing further insights into the relationship between foreign businesses and SME financial performance, and identifying mechanisms to foster their development.

1.3 Objectives of the Study

To address this, the following are the objectives and research questions;

Specific Objectives

- To determine the extent of exposure of local SMEs to foreign competition.
- To evaluate the effect of foreign competition on the financial performance of SMEs.
- To explore strategies that will enhance the financial competitiveness of SMEs

Research Questions

- What is the extent of SMEs exposure to foreign competition?
- Why is their financial performance affected?
- How can SMEs improve their financial competitiveness?

1.4 Scope of the Study

The study focused on Small and Medium-sized Enterprises (SMEs) in Lusaka Province, Zambia, to investigate the impact of foreign businesses and chain stores on their financial performance. The study used a mixed-methods approach, combining primary and secondary data from questionnaires, online journals, reports, and government websites. Financial data from 2022-2024 was analyzed using financial ratios to assess SME performance.

1.5 Limitations of the Study

The study faced limitations, including:

- Difficulty administering questionnaires due to lack of interest from SMEs
- Delays in receiving responses
- Confidentiality concerns and lack of financial records limiting access to necessary data.

1.6 Theoretical Framework

The study is guided by the Resource-Based View (RBV) theory, which posits that a firm's competitive advantage stems from its unique resources and capabilities. According to RBV, resources must be valuable, rare, imperfectly imitable, and non-substitutable (VRIN) to provide a sustained competitive advantage. The theory suggests that SMEs can resist foreign competition by leveraging their internal strengths and building unique competencies. RBV emphasizes the importance of resource heterogeneity and immobility in achieving competitive advantage. The theory has been challenged, with some arguing that rare resources may not exist or guarantee good performance. Further, Innovation is considered a crucial resource for competitive advantage.

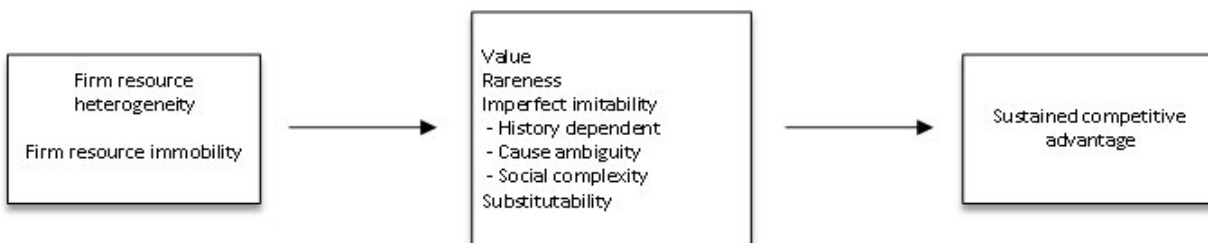


Figure 1: Resource Based View of the firm

Source: (Utami & Alamanos, 2023)

The RBV theory is used to analyze how foreign businesses' resources (e.g., technology, economies of scale, management skills) impact SME financial performance in Zambia. The study aims to explore how SMEs can leverage their unique resources and capabilities to improve financial performance in the face of foreign competition.

1.7 Conceptual Framework

The conceptual framework posits that foreign business presence affects SME financial performance, which is influenced by factors such as access to finance, technology, business acumen, and competition strategies. The study measures SME financial performance using Return on Equity (ROE) and Return on Assets (ROA).

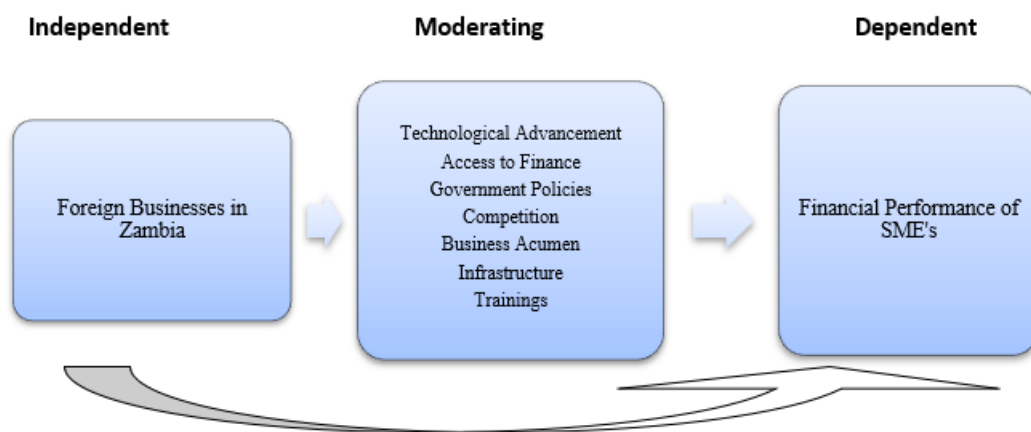


Figure 2: Conceptual Framework

Source: (Author,2025)

Figure 2 above shows the relationship between the dependent variable i.e. financial performance and foreign businesses in Zambia as the Independent Variable.

The conceptual framework postulates that the presence of foreign businesses in a sector significantly impacts the financial performance of Small and Medium-sized Enterprises (SMEs). The dependent variable, financial performance of SMEs, is influenced by the independent variable, foreign business presence, which introduces both competitive pressures and potential business opportunities. Key factors that determine SMEs' financial success include acquiring relevant training, leveraging proper infrastructure and technology, aligning with favourable government policies, accessing finance, and implementing effective competition strategies. (Chisala, 2008), identified several key strategies to unlock the potential of its small and medium enterprises (SMEs) including investment in education and training, promotion of research and development, expansion of market access, and advancement in technology. These efforts, supported by the creation of industrial linkages and the formation of business clusters, were seen as vital to achieving the United Nations Millennium Development Goals particularly the goal of halving poverty by 2015 and to realizing the nation's aspiration of attaining middle-income status by 2030. (W-SME Survey Report, 2021), on their study on women SMEs in Zambia identified social economic norms, electricity, market competition, access to finance, collateral requirements and high interests as part of the hinderances to SME growth. According to (Hymer, 1976), market flaws are the foundation for multinational corporations' very existence. particularly significant are two kinds of market flaws: transaction-cost imperfections and structural imperfections. Economies of scale, knowledge advantages, distribution networks, product diversification, and credit advantages all contribute to structural flaws that assist

the multinational corporation gain more market dominance. However, the global corporation finds it beneficial to replace external transactions with an internal "market" due to transaction costs.

This study aims to investigate how the interaction of these variables affects the performance of both local SMEs and foreign businesses operating within the same sector. By examining the interplay between factors such as business acumen, management practices, innovation, government policies, exchange rates, technological advancements, capital access, and business infrastructure, the research seeks to provide insights into the dynamics influencing SMEs' financial performance in the context of foreign business presence. Ultimately, the financial performance of SMEs is contingent upon their ability to effectively navigate and manage these influencing factors, underscoring the importance of strategic adaptation and resilience in a competitive business environment.

2. Literature Review

2.1 Empirical Review

The impact of foreign businesses on the financial performance of domestic Small and Medium-sized Enterprises (SMEs) has been extensively studied, revealing both positive and negative effects. This review examines existing literature from global, regional, and local perspectives, highlighting the challenges domestic SMEs face in competing with foreign businesses.

Foreign businesses can significantly impact local SMEs, affecting their demand, visibility, and supply chain dynamics. SMEs often struggle to penetrate markets dominated by foreign chain stores, which tend to prioritize imported goods over local products. Stringent standards and requirements imposed by foreign businesses can be discriminatory, further hindering SMEs ability to compete effectively.

Despite the existing body of research, there is a need for further investigation into strategies that domestic SMEs can employ to effectively compete with foreign businesses, particularly in the Zambian context. This study aims to contribute to the literature by exploring the impact of foreign businesses on the financial performance of SMEs in Lusaka, Zambia.

Globalization has brought about both positive and negative effects on domestic SMEs. Foreign Direct Investment (FDI) can increase competition, leading to reduced profits for domestic firms (Asiedu & Freeman, 2006). However, FDI can also bring in new technologies, knowledge, and entrepreneurial opportunities (United Nations Conference on Trade and Development, 2024).

Foreign Direct Investment (FDI) can lead to productivity spill overs and market access spill overs, benefiting local firms (Blomström & Kokko, 2002). However, local firms' ability to benefit from these spill overs depends on their technological readiness and capacity to adopt new technologies (Sikozi et al., 2016).

SMEs in developing countries face significant challenges competing with foreign businesses due to limited access to technology, skills, and resources (Mwika et al., 2018). Nevertheless, FDI can have a positive impact on SMEs by providing access to modern knowledge, technology, and improved production and product quality (Bozsik et al., 2023).

By leveraging FDI, SMEs can enhance their competitiveness and gain access to new markets, products, and services. To maximize the benefits of FDI, policymakers should create an enabling environment that supports

the growth and development of SMEs, including initiatives such as training programs, investment in infrastructure, and access to finance. Empirical studies have yielded mixed results on the impact of foreign firms on domestic economies. While some studies support the positive impact of FDI, others have found negative or no correlation. The contradictory findings may be due to differences in methodologies and data used. The impact of foreign businesses on domestic SMEs is complex and depends on various factors. Understanding these dynamics is crucial for policymakers and business leaders seeking to promote the growth and development of domestic SMEs.

Zambia's participation in international trade agreements presents both opportunities and challenges. To fully benefit from these agreements, Zambia needs to address the challenges faced by SMEs and build their capacity to compete in the global market. Zambia has committed to creating an open market and international trade environment through various agreements, including:

- COMESA (Common Market for Eastern and Southern Africa): Aims to eliminate tariff and non-tariff barriers, establish a common external tariff, and facilitate the free movement of capital and labor.
- SADC (Southern African Development Community): Aims to create an integrated community of trade, with benefits including access to cheaper imports and goods, access to markets, and tapping into technology skills.
- Bilateral Agreements: Zambia has signed 15 bilateral agreements with countries to promote and protect investments.
- Double Taxation Agreements (DTAs): Zambia has signed 24 DTAs to avoid double taxation and promote investment.
- Zambia's participation in international trade agreements, such as COMESA and SADC, has both benefits and drawbacks. While these agreements provide access to cheaper imports and goods, they also pose challenges for local businesses, particularly SMEs. Zambia faces challenges, ranging from stiff competition, import-oriented challenges, further, businesses face stiff competition from foreign companies leading to business closures.

Studies have shown that Zambian businesses lack the capacity to compete with giant companies and exploit opportunities under international agreements. SMEs can contribute to achieving Sustainable Development Goals (SDGs) by increasing employment, government revenue, and GDP (Kambone & Phiri, 2017). However, SMEs face challenges, including financial constraints and limited access to finance hinders their ability to compete and grow, inadequate infrastructure increases transportation costs and limits access to markets and language and cumbersome border procedures hinder access to regional markets.

Zambia's economy is characterized by a mixed market structure with a liberal trade regime and low barriers to entry. The country faces challenges such as currency and exchange rate fluctuations, inflation, and a heavy reliance on copper and cobalt. Despite these challenges, Foreign Direct Investment (FDI) has increased in Zambia, with the country recording significant investments.

The entry of foreign businesses has brought about both positive and negative impacts on the economy. On the one hand, foreign businesses have increased competition, created employment opportunities, and provided affordable products. On the other hand, they have also posed challenges for local businesses, particularly small

and medium-sized enterprises (SMEs), which struggle to compete with the better technology and skills of foreign-owned stores.

The Zambian chain store market is dominated by foreign-owned stores, such as Shoprite, pick n Pay, and Choppies. These stores have a large market share and have targeted small areas, making it difficult for local retailers to compete. Melissa remains one of the few Zambian-owned supermarkets, and local businesses have had to differentiate their products or target low-income consumers to survive.

Overall, the impact of foreign businesses on the Zambian economy is complex and multifaceted. While FDI can bring benefits, it also poses challenges for local businesses. To fully benefit from FDI, Zambia needs to develop strategies to support local businesses and promote economic growth.

The increasing exposure of Small and Medium-sized Enterprises (SMEs) to foreign businesses through international trade, foreign market participation, and supply chain dependencies presents both opportunities and challenges. While engaging with foreign businesses can provide SMEs with access to new markets, technologies, and resources, it also poses significant challenges that can impact their sustainability and competitiveness.

SMEs can benefit from international trade by learning from best practices, adopting new technologies, and building partnerships that enhance their global presence. However, they also face challenges such as foreign exchange risk, stiff competition from established foreign businesses, and supply chain disruptions. To manage these risks, SMEs must develop effective strategies, including diversification, market research, digital adoption, partnerships, and innovation.

By investing in employee training and development, SMEs can build skills and expertise in areas such as international trade, marketing, and logistics. Additionally, building partnerships with other businesses, organizations, or government agencies can provide SMEs with access to support and resources, including training and advanced technology.

In conclusion, SMEs' exposure to foreign businesses presents both opportunities and challenges. By developing effective strategies and investing in skills and partnerships, SMEs can mitigate risks and remain competitive in a globalized market, ultimately contributing to economic development and sustainable growth.

Financial performance is a critical aspect of Small and Medium-sized Enterprises (SMEs) sustainability and growth. It is defined as the act of performing financial activity to achieve financial objectives over a specific period. Financial performance measurement is essential to evaluate how well organizations are managed and the value they deliver to stakeholders.

SMEs' financial performance is affected by various factors, including lack of access to finance, poor infrastructure, low product quality, and lack of training. Foreign businesses have an advantage over SMEs due to their access to latest technology, vast skills, and a wider pool of finance, creating an imbalance in the chain store sector.

There is a knowledge gap in understanding the impact of foreign businesses on the performance of SMEs. Most studies focus on factors affecting SMEs, but there is a need for research on the impact of foreign businesses on SMEs' performance and how SMEs can acquire competitive competence in a global environment. Financial performance is crucial for SMEs' sustainability and growth. Further research is needed to fill the knowledge gap and provide insights into the impact of foreign businesses on SMEs' performance.

2.2 Literature Review Matrix

Table 1: Literature Review Matrix

Arthur	Research Title	Research Methods	Findings and Knowledge Gap
Mwika, et al (Mwika, et al., 2018)	The impact of globalization in emerging economies: a case study of Zambia	Mixed method comprising both qualitative and quantitative. The questionnaire was administered to 100 respondents.	The findings are the level of globalization might affect the business activity of developing countries as most of them might not be good with marketing. The researcher restricted the findings to Zambia only it is imperative that a study is done to include other countries.
Pasali & Chaudhary (n.d.)	Assessing the impact of foreign ownership on firm performance by size: evidence from firms in developed and developing countries.	Employed the ordinary least square estimator over an over a sample of pooled cross-country firm level data from 144 countries for period 2010 and 2019	The findings indicate the SMEs performance is affected by FDI; the level of impact is dependent on the size of the company.
(Muchoka, 2020)	An investigation on the factors influencing the growth of small and medium enterprises: a case study of Kabwata constituency district (2014-2018)	The researcher adopted the pragmatic philosophy and used the descriptive research design. The sample size was 60 companies and purposive sampling used.	The findings were the SMEs lacked managerial skills, technology and good infrastructure. The study mainly isolated the factors affecting SMEs and did not focus on a lot of SMEs in their study.
Ziba & Phiri	The Expansion of Regional Supermarket Chains Implications for local suppliers in Zambia.	A mixed approach was used to analyze the data	Results show that local processing firms' participation in regional supermarket value chains is constrained by a number of factors that pose either strategic or structural barriers to entry.
(Emongor & Kirsten, 2009)	The impact of South African supermarkets on agricultural development in the SADC: a case study in Zambia, Namibia and Botswana.	The research uses a case study approach using three SADC countries Zambia, Namibia and Botswana	Expansion of supermarkets is benefitable to small scale farmers. There is positive relationship between presences of scale farmers.

(Abdullahi, et al., 2015)	The Effect of Finance, Infrastructure and Training on the Performance of Small and Medium Scale Enterprises (SMEs) in Nigeria.	This study used Kano State as a case study, and descriptive survey research. Sample size of 310 SMEs was drawn through simple random sampling out of the population of 1530 registered SMEs in Kano State, Nigeria.	The findings indicate that finance, infrastructure, and training have a positive and significant effect on the performance of SMEs in Nigeria. This suggests that there is a dire need for finance, infrastructure, and training to be given adequate concentration as they serve as the engine of boosting the performance of SMEs in Nigeria.
(Hewitt, et al., n.d.)	Exploring the impact of business acumen and the macro environment on firm performance	Employing a quantitative, exploratory, cross-sectional survey research approach, primary data was collected through a structured self-administered questionnaire.	Notably, the business acumen score exhibited a significant, robust positive correlation with firm performance, while the macro environment score demonstrated a weaker positive correlation with firm performance. Business acumen encompasses a profound understanding of diverse business aspects, including finance, strategy, marketing, operations, and management, embodying a range of critical skills and abilities.
(Hampwaye & Hapunda, 2016)	Tracking the Performance of Food Processing Sub-Sector Firms in Zambia amidst a volatile Economic Environment	This paper analyses the performance of sixteen selected food processing firms in Zambia. The paper further attempts to answer the question of why the general performance of the firms has been poor.	Change in business environment brought about by the changes in power outages, exchange rates i.e., dollar rate and inflation contributed to firm poor performance.
(Stien, 2013)	Kamwala Shopping World Competition and Cooperation among Zambian and Chinese Traders in Lusaka	The aim of this thesis was to draw a more nuanced picture of the exchanges between Chinese and African actors, and through a grounded perspective show that the picture is not entirely positive or negative; rather it is complex and context specific	This thesis examines the different traders' responses to market saturation, and argues that the recent level of competition has led to increased geographical mobility among the traders, as trading networks are expanding and people and goods are increasingly moving in all directions. The thesis further argues that geographical mobility is related to social mobility and imagined mobility, and that motilities are key for understanding the processes currently taking place at Kamwala Market.
(Mandawa, 2016)	Enhancing the performance of women-owned small and medium-sized enterprises in	This research develops and tests a conceptual model of individual level and firm level factors affecting performance in women-owned SMEs in Zambia, drawing on the	

	developing countries – A study of Zambia	Competency Approach, Entrepreneurial Orientation (EO), and Resource Based View of the firm as the main theoretical foundations.	
Meintjes & Wolmarans	Financial management practices in successful Small and Medium Enterprises (SMEs)	A survey was done on a sample of owner-managers of successful SMEs who had been asked, firstly, whether they performed different financial management practices and, secondly, How frequently they performed these in their companies.	This study aims to fill this gap by determining which financial Management skills are relevant for successful SMEs. The study concludes that practices regarding working capital as well as profitability are much more relevant than those regarding a balance sheet or strategic finance.

3. Methodology

This research adopts a positivist philosophy and utilizes a case study design to examine the impact of foreign chain stores on local SMEs. A mixed-methods approach was employed, integrating both qualitative and quantitative data. This study employed a mixed-methods approach, collecting both quantitative data through structured questionnaires with Likert-scale items and qualitative data through open-ended responses, supplemented by secondary data from academic literature and policy documents.

The study utilized purposive sampling to select participants, and data analysis was conducted using regression analysis to examine the relationship between variables on financial metrics such as Return on Assets (ROA) and Return on Equity (ROE), while thematic analysis was used to uncover qualitative insights from open-ended responses.

3.1 Data Collection

Primary data was collected through questionnaires and interviews, while secondary data was gathered from financial statements, journals, newspapers, books, and websites. The questionnaire consisted of both open-ended and closed-ended questions, with a Likert scale used to measure respondents' attitudes and opinions.

3.2 Population

Target Population

The target population for this research comprised of all SMEs that are either locally owned in Lusaka. The Zambian SMEs owners were also targeted in order to get a view on how their operations are affected by foreign businesses. The researcher could not include all the chain stores or Zambian SMEs as it would be too large a population to make good findings. The focus is mainly on the businesses in the central business district and surrounding areas; Lusaka was picked as it is mainly populated with shops dealing in groceries and clothing that are mostly traded in the chain stores.

Study Population

According to the (Bank of Zambia, 2022) survey results, there are approximately 1,553,892 MSMEs in Zambia this is both formal and informal SMEs, further 4.2% of this 1,553,892 are found in urban areas and deal in wholesale and retail trade which translates to about 65,263 MSMEs in urban areas. There 2,793 SMEs registered with the Patent and Companies Registration Agency (PACRA) in the CBD.

It is worth noting that it is costly to conduct research on a large sample size, thus a sample will be drawn from the study population. This sampling will make it easier to draw conclusions and it enables the researcher to focus on the key details of the study. Further Zambia has approximately 15 chain stores dealing in retail sector.



Figure 3: Survey map of sampled area

Source: Author's illustration, 2025

The figure illustrates the geographical scope of the study, showcasing the specific areas where data was collected and samples were gathered. The population of interest comprised businesses situated in close proximity to various chain stores, including retail shops, restaurants, and service providers, among others. These businesses were located in Central Business District, shopping centres, and market areas, providing a diverse and representative sample of enterprises operating near chain stores. By focusing on these areas, the study aimed to capture the impact of foreign competition faced by SMEs in Zambia.

3.3 Sampling

The study employed purposive sampling, targeting formally registered SMEs in Lusaka. A sample size of 25 was determined using a formula, but only 18 responses were received. Financial statements from 10 SMEs were analysed.

This sampling technique is used because it targets a certain population that will provide the needed information, in this case formally registered SMEs were targeted. The respondents were selected purposively from the target population. The researcher also employed the snowballing approach of asking other respondents to recommend more respondents. The sample was drawn from Zambian SMEs dealing in groceries and clothing.

Purposive sampling involved selecting SMEs with different size (micro, small and medium enterprises), types (SMEs dealing in groceries, clothing, fast food, meat & dairy and beauty products) representing a range of industries ensuring diversity.

3.4 Data Collection

The study collected both primary data and secondary data from journals, newspapers, books, websites and other publications including financial statements and questionnaires administered to respondents.

3.5 Data Analysis

Thematic analysis was used to analyse qualitative data, while quantitative data was analysed using Statistical Package for Social Sciences (SPSS) software. Financial performance was measured using key indicators such as Return on Assets (ROA) and Return on Equity (ROE). The study employed a purposive sampling technique to target a specific population capable of providing relevant information—formally registered Small and Medium Enterprises (SMEs) in Zambia. Respondents were deliberately selected from this population based on their relevance to the research objectives.

To enhance the sample size and diversity, the researcher also utilized a snowball sampling approach, whereby initial participants were asked to recommend other suitable respondents.

The sample consisted of Zambian SMEs operating in sectors such as groceries and clothing, with additional representation from fast food, meat & dairy, and beauty products. Purposive sampling ensured inclusion of SMEs of varying sizes—micro, small, and medium enterprises—and types, thereby capturing a broad spectrum of industry perspectives and operational scales.

3.6 Validity and Reliability

The study ensured validity and reliability through pre-testing the questionnaire, using triangulation, and adhering to the sampling method. The researcher also ensured that respondents verified their responses before submitting to ensure data accuracy. According to Kothari (2004), validity refers to the extent to which a test measures what it is intended to measure, while reliability pertains to the accuracy and consistency of the measurement procedure. To enhance the reliability of this study, a pre-test of the questionnaire was conducted. The instrument was administered to five individuals who were asked to evaluate the questions for clarity, comprehension, and response processes. Their feedback led to several refinements: ambiguous questions were rephrased, repetitive items were removed, and the sequence of questions was adjusted to improve flow and coherence.

To ensure validity, the study employed triangulation, a verification method that mitigates the limitations and biases inherent in single-method, single-observer, or single-theory approaches (Blaikie, 1991). This involved analysing multiple journals and scholarly articles to compare findings and maintain alignment with the research objectives. For primary data, triangulation was achieved by integrating both quantitative and qualitative methods, while secondary data was used to corroborate and validate the findings.

Additional measures were taken to uphold data integrity. The researcher strictly adhered to the sampling strategy to avoid compromising the representativeness of the data. Respondents were encouraged to verify their

responses before submission. The use of Google Forms facilitated this process by allowing participants to revisit and revise previous answers. The form design was intentionally flexible, enabling open-ended responses and minimizing restrictions on participant input.

4. Results

The regression analysis revealed that foreign business presence has no statistically significant impact on SMEs' ROA and ROE. Coefficients were positive but insignificant, suggesting minimal short-term financial disruption. However, qualitative data indicated that SMEs face long-term challenges in accessing capital, technology, and trading infrastructure. Respondents expressed concern over reduced market share and limited support mechanisms.

The study found that Small and Medium-sized Enterprises (SMEs) in Zambia face significant challenges in competing with foreign businesses, particularly in the areas of supply chain management, customer relationship, and product quality. The study revealed that 41.2% of respondents agreed that SMEs in Zambia do not have a good supply chain system, which increases their costs of doing business. Most SMEs struggle to source products directly from suppliers due to minimum order quantities and buy in small quantities, making it difficult to compete with chain stores that buy in bulk and take advantage of discounts, further, chain stores have better customer relationships due to their marketing opportunities and customer retention programs enabling them to build strong relationships with their customers. SMEs need to develop strong relationships with their clients to compete effectively.

The study furthermore, revealed that most SMEs prioritize low costs over product quality, with 27.8% of respondents strongly agreeing and 27.8% agreeing. This was attributed to high competition and low bargaining power with buyers. Chain stores have an advantage in terms of economies of scale, enabling them to offer quality products at lower costs.

On the aspect of competition, the study found that Small and Medium-sized Enterprises (SMEs) in Zambia face significant challenges in competing with foreign businesses. Most SMEs agree that chain stores have better competitive strategies in terms of marketing and customer service. The respondents reported that chain stores have an advantage due to their huge capital and advanced technology.

The study also found that foreign businesses are mostly in control of pricing in the economy, and SMEs have to adjust their prices regularly to compete effectively. Additionally, SMEs face challenges in accessing international markets due to stringent controls and lack of infrastructure. The respondents reported that foreign businesses have better access to exports and can acquire goods on credit, which is not suitable for most SMEs. Furthermore, the study revealed that most SMEs have not benefited from foreign businesses' technology. The respondents reported that foreign businesses' technology has not been fully taken advantage of or implemented by many businesses.

On financial impact of foreign businesses on SMEs, the study found that 61.1% of Small and Medium-sized Enterprises (SMEs) in Zambia reported being in a growth stage, while 27.8% were in a decline stage. The study also looked at the increase in sales and profitability of SMEs after the establishment of chain stores in their area, 50% of the respondents reported an increase in sales, while 22.2% disagreed and 27.8% were unsure. The

respondents who reported an increase in sales attributed it to the implementation of strategies such as internal customer service training, competitive pricing, and loyalty programs.

44.4% of the respondents reported an increase in profits, while 27.8% disagreed and 27.8% were unsure. The study also found that most SMEs in Zambia do not keep proper financial records, which makes it difficult for them to access capital from financial institutions.

The study also revealed that accessing capital is a major challenge for SMEs in Zambia. 61.1% of the respondents reported that they had not applied for a bank loan due to lack of security, high interest rates, and other reasons. For those who applied for loans, 87.5% were rejected due to lack of collateral, non-availability of requested information, high interest rates, and financial incapability. The interest rates for approved loans ranged from 12% to 45%.

The study concludes that SMEs in Zambia face significant challenges in accessing capital, which hinders their growth and development. The government and financial institutions need to provide support and resources to SMEs to help them access capital and grow their businesses. The study highlights the challenges faced by SMEs in Zambia in competing with foreign businesses. To remain competitive, SMEs need to develop effective competitive strategies, improve their market accessibility, and invest in technology.

The study used descriptive statistics, correlation analysis, independent t-test, and regression analysis to examine the impact of foreign business presence on the financial performance of Small and Medium-sized Enterprises (SMEs) in Zambia.

4.1 Demographic Data

The demographic data collected included numbers of years business had been operating, ownership status of business (Foreign Originated, Zambian Originated or a Hybrid) and the number of employees and estimated turnover.

Years of Operation

The respondents were asked to state how long they had been operating their business in Zambia. Most of the SMEs reported to have been operating for more than a year.

How long has your business been in operation?
17 responses

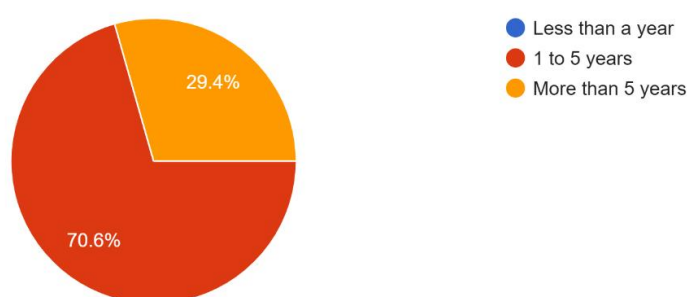


Figure 3: Pie Chart of number of years a business has been operating

Ownership Status

From the 18 respondents to the questionnaire administered, 17 of the respondents stated that their business was solely owned by a Zambia. This represents about 94.4% of the respondents.

What is the ownership status of the business?

18 responses

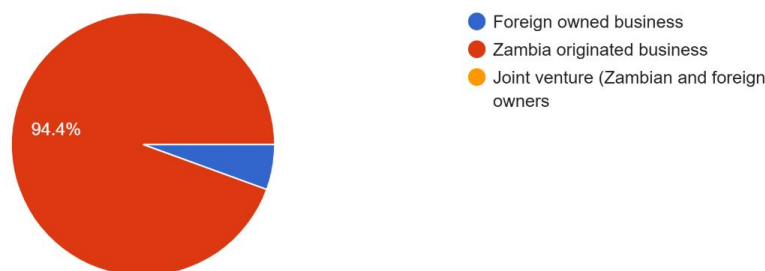


Figure 4: Ownership Status

Number of employees

The table highlight's the number of employees in the companies who responded to the questionnaire. From the respondent's feedback about 4 companies indicated they had 1 employee while the rest of the respondents had employees in the range of 4 to 30.

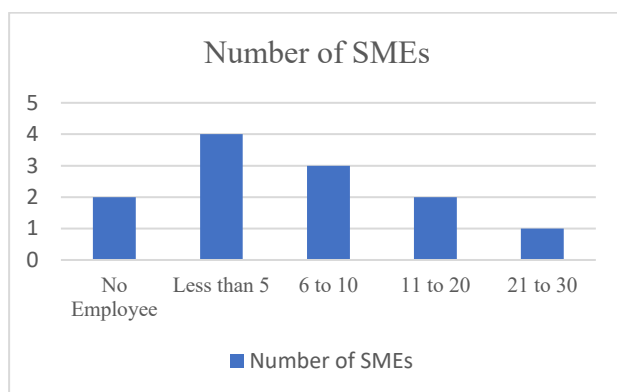


Figure 5: Number of employees

4.2 Descriptive Statistics

The study found that both Return on Assets (ROA) and Return on Equity (ROE) have positive means, indicating overall profitability in the sample. However, ROE has higher variability compared to ROA, suggesting that ROE is more volatile.

Correlation Analysis

The correlation analysis showed a strong positive relationship between ROA and ROE, which is expected since both measure profitability. However, the correlation between ROA/ROE and presence of foreign businesses

was weak and not significant, suggesting that foreign business involvement may not directly impact profitability in this sample.

Table 2: Correlation Results

		Correlations		
		Return_on_Assets	Return_on_Equity	Presence_of_Foreign_Business
Return_on_Assets	Pearson Correlation	1	.812**	.071
	Sig. (2-tailed)		.000	.664
	N	40	40	40
Return_on_Equity	Pearson Correlation	.812**	1	.148
	Sig. (2-tailed)	.000		.362
	N	40	40	40
Presence_of_Foreign_Business	Pearson Correlation	.071	.148	1
	Sig. (2-tailed)	.664	.362	
	N	40	40	40

** Correlation is significant at the 0.01 level (2-tailed).

The Pearson Correlation of 0.812 shows a strong relationship between ROA and ROE which is expected since they both measure profitability. The Pearson Correlation of 0.071 between ROA and presence of foreign businesses shows a weak positive correlation suggesting no significant relationship, similarly the correlation of 0.148 shows a weak positive relationship between ROE and presence of foreign businesses. The lack of significant correlation between ROA/ROE and foreign business presence suggests that foreign business involvement may not directly impact profitability in this sample

Independent T-Test

The independent t-test compared the mean ROA between companies with and without foreign business presence. The results showed that the difference in mean ROA/ROE between the two groups was not statistically significant, suggesting that foreign business presence may not be a key driver of ROA/ROE.

Return on Asset

Table 3: Independent T test

		Group Statistics			
Presence_of_Foreign_Business		N	Mean	Std. Deviation	Std. Error Mean
Return_on_Assets	0	16	.45650	.286294	.071573
	1	24	.50404	.364777	.074460

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return_on_Assets	Equal variances assumed	1.559	.219	-.438	38	.664	-.047542	.108442	-.267070	.171987
	Equal variances not assumed			-.460	36.872	.648	-.047542	.103281	-.256834	.161751

This output shows the results of an independent samples t-test comparing the mean Return on Assets (ROA) between companies with and without foreign business presence. The p-value (0.664) is greater than 0.05, indicating that the difference in mean ROA between companies with and without foreign business presence is not statistically significant. The mean difference (-0.047542) suggests that companies without foreign business presence have slightly lower ROA, but this difference is not significant.

Return on Equity

Table 4: Independent T test

Group Statistics

Presence_of_Foreign_Business	N	Mean	Std. Deviation	Std. Error Mean
Return_on_Equity 0	16	.43212	.402314	.100578
1	24	.56558	.475471	.097055

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return_on_Equity	Equal variances assumed	.038	.846	-.923	38	.362	-.133458	.144599	-.426183	.159266
	Equal variances not assumed			-.955	35.734	.346	-.133458	.139770	-.416999	.150082

This output shows the results of an independent samples t-test comparing the mean Return on Equity (ROE) between companies with and without foreign business presence. There is no significant difference in mean ROE between companies with and without foreign business presence. The results suggest that foreign business presence does not have a statistically significant impact on ROE.

4.3 Regression Analysis

The regression analysis found a positive relationship between presence of foreign business and ROA, but the relationship was not statistically significant. This implies that the presence of foreign business does not have a statistically significant impact on ROA/ROE.

Overall, the study suggests that foreign business presence may not have a significant impact on the financial performance of SMEs in Zambia, and that other factors such as industry, company size, management practices, or market conditions may have a more significant impact on financial performance.

Return on Equity

Table 5: Regression Results (ROE)

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.432	.112		3.858	.000
	Presence_of_Foreign_Business	.133	.145	.148	.923	.362

a. Dependent Variable: Return_on_Equity

This output shows the results of a simple linear regression analysis examining the relationship between Presence of Foreign Business and Return on Equity (ROE). The coefficient (B) is 0.133, indicating a positive relationship between Presence of Foreign Business and ROE. However, the p-value (0.362) is greater than 0.05, indicating that this relationship is not statistically significant. Foreign business presence does not have a significant impact on Return on Equity (ROE). The model does not explain a significant portion of the variation in ROE, suggesting that other factors may be more influential.

ROA

Table 6: Regression Results (ROA)

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.456	.084		5.435	.000
	Presence_of_Foreign_Business	.048	.108	.071	.438	.664

a. Dependent Variable: Return_on_Assets

The coefficient (B) is 0.048, indicating a positive relationship between Presence of Foreign Business and ROA. The coefficient suggests that for every one-unit increase in the Presence of Foreign Business, the Return on Assets (ROA) is expected to increase by 0.048 units. This indicates a positive relationship, meaning that as the

presence of foreign businesses increases, ROA tends to increase as well. However, the p-value (0.664) is greater than 0.05, indicating that this relationship is not statistically significant. Implying that the presence of foreign business does not have a statistically significant impact on ROA.

In summation,

Effect of Foreign business presence on ROA

The results show that foreign business presence has no influence on the ROA or performance of the business because it indicates $0.664 > 0.05$. regression coefficient shows a positive direction which is not statistically significant due to the p value. The results are consistent with the results of (Tongurai & Vithessonthi , 2022) where a study was conducted to determine international firms perform better when match with domestic firms, the findings show that international firms do not perform better or worse. However , this is inconsistent with results of (Bashir, et al., 2014), where they investigated the how net interest margin, ROA, overhead costs and non-performing loan are affected by foreign bank presence, they used panel regression analysis, the result suggested that an increase in foreign bank share effects the profitability of domestic bank in decreasing manner, mostly the foreign bank share effect is only present in the case of net interest margin and return on assets as to the rest of the variables are less significant.

Effect of Foreign business presence on ROE

The results show that foreign business presence has no influence on the ROE or performance of the business because it indicates $0.36 > 0.05$. Regression coefficient shows a positive direction which is not statistically significant due to the p value. The results are consistent with results of where the independent T test was used to check whether there is any significant difference with regard to ROA, ROE, Net Income Margin (NIM) and Profit Expense Margin (PEM) between domestic and foreign banks operating in Georgian banking sector within the period of 2009-2013, the results showed that there is no statistically significant difference on ROE between domestic and foreign banks.

4.4 Discussion

While foreign businesses may not immediately erode SME profitability, their presence introduces structural disadvantages. SMEs struggle to compete with foreign firms that benefit from superior resources and global networks. This aligns with findings from other developing economies, where foreign competition often exacerbates existing vulnerabilities. The study highlights the need for targeted interventions to level the playing field.

The study reveals that Small and Medium-sized Enterprises (SMEs) in Zambia are significantly exposed to foreign competition, particularly from chain stores. The findings indicate that SMEs perceive foreign business competition as a threat to their financial performance, mainly due to their inability to compete with the efficient supply chain systems, advanced technology, and strong customer relationships of foreign chain stores.

The study highlights that SMEs in Lusaka possess unique resources, such as local market knowledge, networks with local suppliers and customers, and agility in adapting to market changes, which can contribute to their competitive positioning against foreign chain stores. However, these resources are not being fully utilized due to various challenges, including lack of good supply chain systems, ineffective customer relationship management, and limited access to technology.

The study also finds that Zambian SMEs struggle with customer relationship management, lacking effective strategies to build and maintain strong customer connections. In contrast, foreign chain stores leverage their established brand reputation, referrals, and loyalty programs to retain customers. Additionally, SMEs face a significant pricing disadvantage compared to foreign chain stores, largely due to differences in cost structures, economies of scale, and pricing strategies that favour larger international competitors.

Furthermore, the study reveals that foreign businesses have better and advanced technology compared to local SMEs, which creates a significant technology gap. The rapid expansion of foreign chain stores in Zambia has highlighted this gap, with many local SMEs struggling to match the advanced digital capabilities and infrastructure of their international competitors.

Overall, the study concludes that SMEs in Zambia need to develop robust strategies to improve their supply chain management, customer relationship management, and technology adoption to remain competitive in the face of foreign competition.

5. Conclusion and Recommendations

Foreign competition presents a nuanced challenge for SMEs in Zambia. Although short-term financial metrics remain stable, long-term growth is threatened by limited access to essential resources. Policymakers must prioritize SME support through capital access, infrastructure development, training programs, and technology partnerships. Strengthening these areas will enhance SME resilience and foster sustainable economic development.

The study concludes that Small and Medium-sized Enterprises (SMEs) in Zambia are exposed to foreign competition from chain stores that have better technology, low pricing, efficient supply systems, and better infrastructure. However, the study finds that foreign business presence has no statistically significant effect on the financial performance of SMEs.

The study recommends that policy makers should provide SMEs with more opportunities to access capital at favourable conditions and interest rates, provide tax incentives, relax export and import regulations, and provide training programs for local SMEs. SMEs are also advised to leverage government support programs, improve technology and customer service, invest in training, prioritize quality service/products, and collaborate with stakeholders.

The following are the recommendations based on the findings

Policy Makers

- The government needs to work on providing SMEs with more opportunities to access capital at favorable conditions and interest rates. There is need for the policy makers to find lending institutions that can partner with SMEs. Easy access to finance would be the first step to encourage local SMEs, as it stands it is very difficult for local SMEs to access affordable financing.
- Provide tax incentives to SMEs and increase tax base so that the burden of tax does not rest entirely on a few businesses. Further, the government needs to provide tax amnesties for local businesses and prioritize local businesses to supply goods and services to the government.

-
- Relax the export and Import regulations for Manufactures and Entrepreneurs, this will reduce burden on end users in terms of price. The government equally needs to simplify and automate the process of obtaining import and export licenses to reduce bureaucratic delays and costs.
 - Provision of training programs for local SMEs whose end product not only benefits the owners but also improves economic development in the country, increasing on training gives the SMEs an opportunity of gaining knowledge on their business that will enable them to compete effectively. There is also need to conduct training on financial literacy as most of the SMEs have been lagging behind on effective mechanisms for management of finances.
 - Negotiate better treaties especially those on foreign direct investments and introduce non-tariff barriers to deter low quality products entering Zambia, a reduction in low quality products will ensure the market prices are fairly set according to the costs incurred on procurements.
 - Create standard policies on how local businesses are to be paid for commodities supplied to avoid late payment, as most SMEs complained of their working capital being tied up due to late payments by most of the chain stores when they are supplied. The policy makers need to have a deliberate policy on any form of business-related transactions that the foreign businesses have with SMEs.

Small and Medium Businesses (SMEs)

In order to remain competitive, the SMEs need to;

- SMEs need to leverage government support programs such as the community development fund and the Citizens Empowerment Commission Initiatives this will help them in terms of funding for their business.
- Improve technology and customer service, most of the SMEs are lagging in terms of the use of advanced technology tools, they need to adapt to the changing environment, further, SMEs need to improve on their marketing skills and leverage the use of new advanced methods, they can do so by benchmarking with similar institutions.
- Training – SMEs need to invest in trainings, the findings of the study show that SMEs in Zambia do not prioritize training for both staff and management. The trainings need to be sector specific, SMEs can collaborate with institutions like Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) for these trainings.
- Quality service/products should be a priority in all the SMEs do. Then pricing should be reasonable. SMEs should also invest in marketing activities as that is the only way to sale the brand. They need to focus on digital transformation, strengthen customer service and product quality. Further, Customer service must be at its best and continuously engaging key stakeholders on any improvements on the products before implementation
- Collaboration with stakeholders and other businesses as this will help foster information exchange, business opportunities and to access capital. This can be done through engaging with Zambia Chamber of Commerce and Industry for access to business opportunities, training programs and access to business networks. They can also collaborate by attending business fairs and conferences especially with large businesses.

- Diversify products and invest in different product portfolios in order to mitigate the risk, the more products the business invests in, the less risk they are exposed to. They also need to invest in strategies that help them stay competitive.

Overall, the study provides insights into the impact of foreign businesses on the financial performance of SMEs in Zambia and highlights the need for policy makers and SMEs to work together to create a conducive business environment that promotes the growth and development of SMEs.

Recommendations for Future Research

The study suggests that future research could explore comparative studies across cities or sectors, or the impact of different types of foreign investment on SMEs. Additionally, the evaluation of policy interventions currently in place for SMEs in Zambia could provide valuable insights.

References

- Abdullahi, M. S., Ghazali, P. L. & Awang, Z., 2015. The Effect of Finance, Infrastructure and Training on the Performance of Small and Medium Scale Enterprises (SMEs) in Nigeria. *International Journal of Business and Technopreneurship*, 5(3).
- Ackerman, S. R., 2005. Foreign Direct Investment and the Business Environment in Developing Countries: The Impact of Bilateral Investment Treaties. Yale Law and Economics research paper.
- Adom, D., 2018. Theoretical and Conceptual framework: Mandatory ingredients of a quality research. *International Journal of Scientific Research*.
- Akayombokwa, P. S., 2014. Small and Medium Enterprises strategies for winning mining contracts for profitability.
- Akayombokwa, S. P., 2021. Small and Medium Enterprises Strategies for Winning Mining Contracts for Profitability and Sustainability.
- Ali, I. M., 2024. A Guide for Positivist Research Paradigm: from Philosophy to Methodology. *Ideology Journal*, Vol. 9(No. 2, 2024,), pp. pp. 187-196.
- Anon., 2017. Small and Medium-Sized Enterprises in Asia and the Pacific: Context and Issues. [Online] Available at: <https://www.adb.org/sites/default/files/linked-documents/A-SME-Context-and-Issues.pdf> [Accessed 19 April 2025].
- Anon., 2023. Investigating Operational Challenges Faced By Micro Small And Medium Enterprises (Msmes): Case Study On Mansa District. *IOSR Journal of Business and Management (IOSR-JBM)*, 25(12), p. 1.
- Anon., 2023. LinkedIn. [Online] Available at: <https://www.linkedin.com/pulse/business-acumen-what-how-you-can-showcase> [Accessed 06 August 2024].
- Ardic, P. O., Mylenko, N. & Saltane, V., 2011. Small and Medium Enterprises: A cross country analysis with a new data set. Policy Research Working Paper.
- Asiedu, E. & Freeman, J., 2006. The Effect of Globalization on the Performance of Small and Medium Enterprises in the US: Does Owners' Race/Ethnicity Matter?.

- Banda, K. T., 2023. Zambia Association of Manufacturers. [Online] Available at: <http://zam.co.zm/boosting-msmes-competitiveness-by-enhancing-fdi-linkages/> [Accessed 2024 March 2023].
- Bank of Zambia, 2022. 2022 Micro Small and Medium Enterprise Finance Survey Report, Lusaka: Bank of Zambia.
- Barney, J., Mike, W. & Ketchen, D. J., 2001. The resource-based view of the firm: Ten years after 1991. *Journal of Management*.
- Bashir, U., Abbas, Z. & Hussain, M., 2014. The effect of Foreign Presence on Domestic Banks Performance: An evidence from a developing economy. *Researchgate*, 10(2), p. 1.
- Beveridge, A. A. & Obserschall, A. R., 1979. Trade in Colonial Times. In: *African Businessmen and development in Zambia*. New Jersey: Princeton Legacy Library, p. 34.
- Blomström, M. & Kokko, A., 2002. Multinational Corporations and Spillovers. *Journal of Economic Surveys* .
- Bozsik, N., Ngo, D. M. & Vasa, L., 2023. The effects of foreign direct investment on the performance of small-medium enterprises: The case of Vietnam. *Journal of International Studies*, pp. 57-70.
- Bozsik, N., Ngo, M. D. & Vasa, L., 2023. The effects of foreign direct investment on the performance of small-medium enterprises: The case of Vietnam. *Journal of International Studies*.
- Braun, V. & Clarke, V., 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology*. [Online] Available at: <http://eprints.uwe.ac.uk/11735>. [Accessed 19 April 2025].
- Brautisam, D., Diao, X., Mcmillan, M. & Silvrr, J., n.d. Chinese Investment in Africa: How much do we know? UK Aid, s.l.: s.n.
- Bruhn, M., 2016. Policies for SME growth: what works what doesnot ?. [Online] Available at: <https://thedocs.worldbank.org/en/doc/269861478801095302-0050022016/original/PoliciesforSMEGrowth.pdf> [Accessed 29 January 2024].
- Center for Competition, Investments and Economic Regulation, 2003. *Investment Policy in Zambia - Performance and Perceptions*, s.l.: African Resource Center.
- Centre for International Trade, Economics & Environment, 2002. *Enforcing competition law in Zambia*, s.l.: CUTS.
- Centre for International Trade, Economics and Environment, n.d. *Trade liberalization and its impacts: Zambia case studies*. [Online] Available at: https://cuts-citee.org/pdf/Case_Study-Trade_liberalization_and_its_impacts-Zambia.pdf
- Chanda, B., 2024. Evaluating the contribution of financial lending institutions through access to finance, in achieving sustainable growth of micro, small and medium enterprises (MSMEs); a case study of Kasama district, Northern Province., Lusaka: University of Zambia.
- Chankwon, B., Jeong-Gon, K., Hyeyoon, K. & Yong, J. J., 2012. *The Impact of Free Trade Agreements on Economic Performance in Korea*. Korea Institute for International Economic Policy.
- Chewe, R., 2020. *An evaluation of factors enhancing sustainable*. School of Business, Information and Technology.
- Chibwe, C., 2008. *Unlocking the potential of Zambian small, micro and medium enterprises " learning from the international best practices , the Southeast Asian experience*. ResearchGate.

- Chilembo, T., 2021. A Study of the Factors Affecting Small and Medium Enterprises (SMEs) access to finance a case study of Lusaka based SMEs. American Journal of Industrial and Business Management, Volume 11.
- Chileshe, J. M., 2022. The Impact of supply chain management practices on performance of small and medium enterprises - A case of Agro dealers in Lusaka. Lusaka: University of Zambia.
- Chomba, H., 2021. Increasing access to finance for SMEs, Lusaka: National Advisory Board for Impact Investment Zambia.
- Choppies , 2024. Unaudited interim group financial statements for the 6 months ended 31st December 2023. [Online] Available at: <https://choppiesgroup.com/pdf/interim-results/interim-results-2023.pdf> [Accessed 17 July 2024].
- Chowa, T., Kaira, B. & Muchoka, M., 2020. An investigation on the factors affecting small and medium enterprises: a case study of kabwata constituency , Lusaka District (2014-2018). EPH - International Journal of business and management science, 6(6).
- Clarke, G. R., Shah, M. K. & Sheppard, M., 2010. The profile and productivity of Zambian Businesses, Lusaka: Zambia Business Survey.
- Consumer Unity and Trust Society, 2003. COMESA Regional Trade Agreement : Zambian Experience. [Online] Available at: https://cuts-lusaka.org/pdf/PB03-COMESA_Regional_Trade_Agreements.pdf [Accessed 14 March 2024].
- Corporate finance institute,, 2024. corporate finance institute. [Online] Available at: <https://corporatefinanceinstitute.com/resources/economics/market-structure/> [Accessed 11 March 2024].
- Daily Nation, 2023. SMEs request Govt to segment businesses. Lusaka: Daily Nation .
- Daily Nation, 2023. Zambia ranked 10th with highest FDI inflows. Lusaka : Daily Nation.
- Dawson, A., 2023. Opportunities, challenges of operating a small business in Africa. Lusaka: Daily Nation.
- Demberere, J. & Mwale, R. K., 2021. The Effectiveness of Supply Chain Management Practices on Manufacturing Micro, Small and Medium Enterprises (MSME) in Lusaka: A Case of Mandevu and Kalingalinga Markets. Global Journal of Purchasing and Procurement Management, Vol. 1(Issue 1, No. 1), pp. pp 1 - 21.
- Durowoju, T. S., 2017. Impact of Technological Change On Small and Medium Enterprises Performance in Lagos State. ResearchGate.
- Emongor, R. A. & Kirsten, J., 2009. The impact of South African supermarkets on agricultural development in the SADC: a case study in Zambia, Namibia and Botswana. Econpapers.
- Finmark Trust, 2010. FinScope South Africa Small Business Survey , s.l.: Finmark Trust.
- Foreign and commonwealth Office, 2013. Speech by High Commissioner HE James Thornton at the opening of the shaping the future conference. s.l., <https://www.gov.uk/government/speeches/speech-by-high-commissioner-he-james-thornton-at-the-opening-of-the-shaping-our-future-conference>.
- Foreign, Commonwealth & Development Office, 2021. Overseas Business Risk : Zambia. s.l.:GOV.UK.

- Fungwe, R., 2019. Exploring Operational Challenges Faced by Small and Medium-Sized Enterprises (SMEs): Case Study of Lusaka Central Business District. *The International Journal of Multi-Disciplinary Research*, Issue 3471-7102, ISBN: 978-9982-70-318-5.
- Global Trade Alerts, n.d. Global Trade Alerts. [Online] Available at: <https://globaltradealert.org/intervention/115623-zambia-government-lifts-import-bans-on-onions-and-potatoes-and-introduces-an-import-quota> [Accessed 5 February 2025].
- Gondwe, M., 2012. The importance of the SME sector in Zambia. Lusaka: BIS Central Bankers Speeches.
- Hampwaye, G. & Hapunda, M. K., 2016. Tracking the Performance of Food Processing Sub-Sector Firms in Zambia amidst a volatile Economic Environment.
- Hewitt, L. M. M., Kolakovic, M. & Turuk, M., n.d. Exploring the impact of business acumen and the macro environment on firm Performance.
- Israel, O. U., 2010. Cost management strategy: A tool for improving efficiency in business performance. *International journal of economic development, research and investment*, 1(2&3).
- Japan International Cooperation Agency, 2001. The feasibility study on the proposed Kazungula bridge over the Zambezi river between the Republic of Botswana and the Republic of Zambia, s.l.: s.n.
- Kabandala, J., 2024. Innovative thinking: Fuelling MSMEs growth. s.l.:Times of Zambia.
- Kalilakwenda, R., 2023. A Study on an Investigation on the Factors Influencing Small Business Survival in Chipata District of Eastern Province of Zambia. *International Journal of Research Publication and Reviews*.
- Kambone, S. M. & Phiri, W., 2017. 2.4.7 The Impact of Small and Medium Scale Enterprises in Achieving Sustainable Development Goals in Zambia. s.l., *The International Journal of Multi-Disciplinary Research*.
- Kangali, C., 2023. Mpongwe man sets up essential oil manufacturing plants. Lusaka: Times of Zambia.
- Kenny, B. & Mather, C., 2008. Milking the Industries? South African Capital and Zambia Dairy Industries. *African Sociological Review*, p. 55.
- Kin, S., Progress, H. S. & Herring, S., 2018. The impact of SME access to finance and performance on exporting behaviour at firm level: A case of furniture manufacturing SMEs in Zimbabwe. *Acta Commercii - Independent Research Journal in the Management Sciences*.
- Kothari, C. R., 2004. *Research methodology : Methods and Techniques*. India: s.n.
- kshetri, N., 2008. Chinese technology enterprises in developing countries: sources of strategic fit and Institutional legitimacy. Science direct.
- Kunda, G., 2021. Performance of MSMEs in Zambia: An investigation of critical success factors. A Dissertation Submitted to the University of Zambia.
- Lammers, W. J. & Badia, P., n.d. Methods of Data Collection. In: *Fundamentals of Behavioral Research*. s.l.:s.n.
- Lawinsider, 2024. Law Insider. [Online] Available at: www.lawinsider.com [Accessed 8 August 2024].
- Ligthelm, A. A., n.d. The impact of shopping malls development on small township retailers, s.l.: Bureau of market research University of South Africa.

- Lugemwa, P., 2014. Foreign direct investment and SME growth: Highlighting the need for absorptive capacity to support linkages between transnational corporations and SMEs in developing countries. *International Journal of Economics, Finance and Management Sciences*, 2(4), p. 245.
- Lusaka Times, 2017. Zambia National Farmers Union welcomes ban on importation of vegetables and fruits. [Online] Available at: www.lusakatimes.com/2015 [Accessed 8 March 2024].
- Madgavkar, A. & Schaninger, B., 2022. *Human capital at work : the value of experience*, s.l.: McKinsey & Company.
- Madhani, P. M., 2009. Resource Based View (RBV) of Competitive Advantages: Importance, Issues and Implications. *KHOJ Journal of Indian Management Research and Practices*, 1(<https://ssrn.com/abstract=1>), pp. 2-12.
- Maitreyee, D., n.d. Impact of Social and Environmental Practices on SME Business Performance. [Online] Available at: https://advance.sagepub.com/articles/preprint/Impact_of_Social_and_Environmental_Practices_on_SME_Business_Performance/7749695 [Accessed 29 January 2023].
- Makanga, A. M., 2015. *The effect of debt financing on the financial performance of companies listed at the Nairobi Securities Exchange*, Nairobi: University of Nairobi.
- Mamman, A., Kanu, A. M., Alharbi, A. & Baydoun, N., 2015. *Small and Medium Sized Enterprises (SMEs) and Poverty Reduction in Africa*. s.l.: Cambridge Scholars Publishing
- Mandawa, B., 2016. *Enhancing the performance of women-owned small and medium-sized enterprises in developing countries – A Case study of Zambia*. Alliance Manchester Business School.
- Mataka, A., Mubemba, B. N. & Chanda, T. C., 2024. The Effects of Price on Consumer Behaviour among Supermarkets in Zambia: A Case of Selected Shoprite Shops in Lusaka District, Zambia. *Journal for Studies in Management and Planning*, 10(6).
- Meintjes, Q. & Wolmarans, H., 2015. *Financial management practices in successful Small and Medium Enterprises (SMEs)*. ResearchGate.
- Michaeli, A., 2024. Deal Hub. [Online] Available at: <https://dealhub.io/glossary/digital-finance/> [Accessed 9 August 2024].
- Ministry of Commerce, T. a. I., 2023. *National Strategy on Eliminating Non Tariff Barriers impacting Zambian trade*, s.l.: s.n.
- Ministry of Small and Medium Enterprise Development, 2023. *Revised National Micro Small and Medium Enterprise Development Policy*. [Online] [Accessed 9 March 2024].
- Ministry of Small and Medium Enterprise Development, 2023. *Revised National Micro Small and Medium Enterprise Development Policy*. [Online] Available at: <https://www.msme.gov.zm/wp-content/uploads/2023/12/2023-MSME-POLICY-FOR-MSMED.pdf> [Accessed 15 July 2024].
- Msoni, J., 2016. *Impact of foreign direct investments on Zambia's export performance (1970 - 2012)*, s.l.: s.n.
- Mubambe, K., 2021. *The effects of load shedding on the viability of small and medium enterprises in Chainda compound*. Institute of Distance Education University of Zambia.

- Muchoka, M., 2020. An investigation on the factors influencing the growth Of Small And Medium Enterprises : A Case Study of Kabwata Constituency, Lusaka District (2014-2018).
- Mulenga , A., 2023. Expediate marketeer booster loan paymemts. Lusaka: Times of Zambia.
- Mulenga, C., 2020. Are economic agreements (EAs) relevant to Zambia trade. Mulungushi University Multidisciplinary Journal.
- Mulenga, K., 2020. The Retail Landscape in Zambia: Past and Present. s.l.:Linkedin.
- Mulenga, K., 2022. 2023 National Budgt - SME Development. Lusaka: Linkedin.
- Mumba, E., 2017. Causes of failure of Entrepreneurship in Zambia. The International Journal of Multi-Disciplinary Research, Issue 3471-7102.
- Muriithi, S. M., 2017. African small and medium enterprises (SMEs) contributions, challenges and solutions. European Journal of Research and Reflection in Management Sciences, 5(1).
- Musonda, S. K., 2017. The Impact of Small And Medium Scale Enterprises in achieving Sustainable Development Growth in Zambia. Information and Communication University.
- Mutale , M., Matildah, K. & Mangiza, C., 2019. Informal food markets in Zambia: Perspectives from vendors, consumers and policy makers in Lusaka and Kitwe. Lusaka: Sustainable diets for all.
- Mutemba, M. & Malama, T., 2024. An Examination of the Effects of Competitive Strategies on Customer Satisfaction in the Zambian Telecommunication Industry. American Journal of Industrial and Business Management, 14(7).
- Muthuswamy, S. & Kafweta, C., 2022. Factors affecting the economic growth of Small and Medium Enterprises: Case study of Mtendere East. Bulletin of Social Sciences, Issue 2348-7992.
- Muthuswamy, S. & Kafweta, C., 2022. Factors Affecting the Economic Growth of Small and Medium Sized Enterprises: Case Study of Mutendere East,Lusaka District, Zambia. Bulletin of Social Sciences.
- Mwamba, S. et al., 2023. Innovation Support Programs For Small And Medium-Sized Enterprises: Evidence from Zambia and Zimbabwe. Final Technical Report_Southern African Institute for Policy and Research Limited.
- Mwika, D., 2018. The impact of globalization on SMEs in Emerging Economies:A Case study of Zambia. International Journal of Business and Social Science.
- Mwika, D., Banda, A., Chembe, C. & Kunda, D., 2018. The impact of globalization in emerging economies: A case study of Zambai. Researchgate.
- National Assembly of Zambia, 2017. Report on the committe on national economy trade and labour matters for the second session of the 12th National Assembly, s.l.: s.n.
- Ndlovu, P. K., n.d. Street vending in Zambia : A case study of the Lusaka District. International Institute of Social Science.
- Nummin, L., 2023. Process optimization explained, process methods & tools. [Online] Available at: <https://www.workfellow.ai/learn/what-is-process-optimization> [Accessed 29 January 2024].
- Oyeyinka, B. O. & Lal, K., 2006. SMEs and New Technologies: Learning E-Business and Development. s.l.:United Nations University-Maastricht Economic and social Research and training centre on Innovation and Technology (UNU-MERIT).

- Pasali, S. & Chaudhary, A., n.d. Assessing the impact of foreign ownership on firm performance by size: evidence from firms in developed and developing countries. [Online] Available at: https://unctad.org/system/files/official-document/diaeia2020d2a11_en.pdf [Accessed 12 March 2024].
- Pearson, G., 2019. The State and Contribution of SMEs to the Economy: A Case study of Chadiza District. The International Journal of Multi-Disciplinary Research, Issue CFP/1167/2019).
- Republic of Zambia, n.d. World Health Organization. [Online] Available at: <https://extranet.who.int/mindbank/item/6358> [Accessed 8 March 2024].
- Sabourin, V., 2020. The Resource Based View and Innovation: Some Research Propositions. International Journal of Business Management and Economic Review, 3(03).
- Saidi, L., 2024. Assessing the challenges affecting SMEs access to bank loans : A case study of Lusaka. Journal of Multidisciplinary Research, 6(4), p. 1.
- Sanjo, O. M. & Ibrahim, M. O., 2017. The Effect of International Business on SMEs Growth in Nigeria. Journal of Competitiveness.
- Seshamani, V., 2008. Zambia must re-assess gains from trade agreements. [Online].
- Shamutete, D., 2020. Debt management by Small and Medium Enterprises: A case study of Unity Finance Zambia.
- Sidhu, K. S., 2021. Methodology of research in Education. New Delhi: Sterling Publishers (p) LTD.
- Sikozi, K., Siaminwe, L. & Mwenda, M., 2016. Multi Facility Economic Zones in Zambia: An assessment of the local manufacturing industry readiness. Journal of natural and applied sciences.
- Singh, A. & Masuku, M., 2014. Sampling techniques and determination of sample size in applied statistics research. International journal of economics, commerce and management.
- Sinyangwe, B., 2017. Examining environmental sustainability of practices of selected supermarkets through iso 14001 in Lusaka District, Zambia., Lusaka: University of Zambia.
- Stien, K. M., 2013. Kamwala Shopping World Competition and Cooperation among Zambian and Chinese Traders in Lusaka.
- Stiftung, F. E., 1999. The Experience of the Zambia Association of Chambers of Commerce & Industry (ZACCI). [Online] Available at: <https://library.fes.de/fulltext/bueros/botswana/00553008.htm> [Accessed 23 January 2023].
- The World Bank , n.d. Zambia: Key Conditions and challenges. [Online] Available at: <https://thedocs.worldbank.org/en/doc/bae48ff2f5a869546775b3f010735-0500062021/related/mpo-zmb.pdf> [Accessed 29 January 2024].
- Tongurai, J. & Vithessonthi , C., 2022. Learning, foreign operations and operating performance. Global Finance Journal, Volume 52.
- United Nation , 2009. Globalization of Production and the Competitiveness of Small and Medium-sized Enterprises in Asia and the Pacific: Trends and Prospects, Bangkok: Economic and Social Commission for Asia and the Pacific.

-
- United Nation, 2006. Zambia and the multilateral trading system: the impact of WTO agreements, negotiation and implementation. New York and Geneva, United Nation.
- United Nations Conference on Trade and Development , 2024. Promoting International Investment by Small and Medium-sized Enterprises, Geneva: United Nations.
- United Nations, 2006. Investment Policy Review Zambia, s.l.: United Nations Conference on Trade and Development.
- Utami, H. & Alamanos, E., 2023. Resource-Based Theory: A review. [Online] Available at: <https://open.ncl.ac.uk> [Accessed 16 March 2024].
- Webbly, M., 1999. Chambers of commerce and industry as small business service providers : opportunities and challenges ; papers presented to the workshop of the SEPAC Working Group "Entrepreneurship Development and Training". [Online] Available at: <http://library.fes.de/fulltext/bueros/botswana/00553008.htm#:~:text=Definition%20of%20SMEs,and%20buildings%2C%20does%20not%20exceed> [Accessed 22 September 2020].
- Weiss, B. J. & Cilliers, J. O., 2014. Competitive advantage of independent small businesses in Soweto. Department of Business Management, University of South Africa..
- World Trade Organisation, n.d. Trade and Investment Regimes : Zambia. [Online].
- Zambia Development Agency, n.d. Promoting SME competitiveness. [Online] Available at: <https://www.zda.org.zm/wp-content/uploads/2020/09/Zambia-Small-and-Medium-Enterprises-Survey-Report.pdf> [Accessed 23 January 2023].
- Zeng, D. Z., 2016. Multi-facility Economic Zones in Zambia: Progress, Challenges and Possible Interventions, s.l.: The World Bank Group.
- Ziba, F. & Phiri, M., 2017. The Expansion of Regional Supermarket Chains: Implications for local suppliers in Zambia, Lusaka: Zambia Institute of Policy Analysis and Research (ZIPAR).
- Ziba, F. & Phiri, M., 2017. The expansion of supermarket chains: the implications for local suppliers in Zambia. ECONSTOR.