

Public Procurement and SME Inclusion: An Empirical Analysis of the Stationery Supply Sector

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Abstract

Public procurement has increasingly been recognised as a strategic policy instrument for promoting the growth of small and medium enterprises (SMEs), particularly in developing economies. However, despite policy support in Zambia, SME participation in public procurement remains limited. This study examines the role of public procurement in enhancing SME participation, with specific focus on the office stationery sector in Lusaka. The study was motivated by the persistent gap between procurement policy intentions and actual SME inclusion in government contracts. The aim of the study was to evaluate how public procurement influences SME participation. The specific objectives were to assess the level of SME participation, identify key barriers and enablers, and propose strategies to improve engagement. Guided by a pragmatic philosophical approach, the study employed a sequential explanatory mixed-methods design. Data were collected from 90 SME respondents using structured questionnaires and from 11 key informants through semi-structured interviews in Lusaka District. Quantitative data were analysed using descriptive and inferential statistics, including regression analysis, while qualitative data were analysed thematically. The findings indicate that SME participation in public procurement remains low, largely due to financial constraints, limited access to procurement information, and procedural complexities. However, procurement policy frameworks and financial support mechanisms were found to significantly enhance participation. The study concludes that while public procurement has the potential to promote SMEs, its effectiveness is constrained by both institutional inefficiencies and firm-level capacity limitations. Addressing these challenges requires integrated policy reforms and targeted capacity-building initiatives.

1. Introduction and Background

Public procurement plays a central role in public administration by governing how governments acquire goods, works, and services using public funds, while simultaneously advancing broader socio-economic objectives such as transparency, efficiency, and inclusive growth (Wittig, 2018; Thai, 2017). In developing economies, procurement has increasingly evolved beyond a transactional function into a strategic policy instrument for stimulating local economic participation. In this regard, the integration of Small and Medium Enterprises (SMEs) into public procurement systems has gained prominence, given their widely acknowledged contribution to employment creation, innovation, and poverty reduction (Beck, 2016; IFC, 2020). In Zambia, where SMEs constitute a significant share of the business landscape, leveraging public procurement expenditure presents a critical opportunity to foster domestic enterprise development and expand market access (ZDA, 2021; World Bank, 2019).

Despite this potential, the effectiveness of public procurement as a tool for SME promotion remains contested. On one hand, governments have introduced preference schemes and reservation policies to enhance SME participation (Loader, 2018). On the other hand, empirical studies suggest that such interventions do not automatically translate into meaningful inclusion due to persistent structural and procedural barriers (Flynn and Davis, 2017; OECD, 2020). Scholars remain divided between institutional perspectives, which emphasize the role of regulatory frameworks in shaping participation, and capability-based perspectives, which highlight firm-level constraints such as financial capacity and technical competence (Scott, 2014; Barney, 1991). This ongoing debate underscores the need to examine how both external policy environments and internal firm capabilities interact to influence procurement outcomes, particularly in developing country contexts.

In Zambia, the Public Procurement Act and the regulatory oversight of the Zambia Public Procurement Authority were designed to promote fairness, competition, and inclusion of local firms (ZPPA, 2021). However, existing evidence indicates that SMEs continue to face challenges including limited access to finance, inadequate procurement knowledge, and complex bidding procedures (Chisala, 2018; Transparency International, 2021). While similar challenges have been documented in other African countries such as South Africa and Kenya, where procurement reforms have yielded mixed results (Ambe and Badenhorst-Weiss, 2019; Chepkemoi, 2017), there remains limited sector-specific evidence in Zambia. In particular, routine procurement categories such as office stationery - despite offering frequent contracting opportunities - have received little empirical attention. This gap raises critical questions regarding whether existing procurement frameworks effectively translate into tangible benefits for SMEs at the operational level.

This study evaluates how public procurement influences SME participation, by examining the role of public procurement in promoting local SMEs in Zambia, with a specific focus on the stationery sector in Lusaka. It seeks to assess the level of SME participation, identify key enablers and constraints, and evaluate the effectiveness of current procurement policies. The study is guided by the hypothesis that while procurement policies are designed to support SMEs, their effectiveness is constrained by both institutional inefficiencies and firm-level capacity limitations. Methodologically, the study adopts a pragmatic, sequential explanatory mixed-methods design, integrating quantitative survey data from SMEs and qualitative insights from key stakeholders. Descriptive and inferential statistical techniques are used alongside thematic analysis to provide a comprehensive evaluation of procurement participation dynamics.

This paper is organized as follows: following the introduction, the second section reviews relevant theoretical and empirical literature. The third section presents the research methodology and contextual background. The fourth and fifth sections provide analysis, findings, and discussion. Finally, the paper concludes with key insights, policy recommendations, and directions for future research.

2. Literature Review

2.1 Purpose and Conceptual Background

The purpose of this literature review is to synthesize theoretical and empirical insights on the role of public procurement in promoting Small and Medium Enterprises (SMEs), with particular emphasis on how institutional arrangements and firm-level capabilities influence participation outcomes. The review adopts an integrative approach, drawing from global, regional, and Zambian studies to identify key determinants of SME inclusion in procurement systems and to justify the variables used in the study. It is guided by Institutional Theory, which explains how regulatory frameworks and rules shape organizational behavior, and the Resource-Based View, which emphasizes the role of internal resources and capabilities in determining firm performance.

2.2 Theoretical Framework

Theoretically, Institutional Theory posits that formal rules, policies, and enforcement mechanisms influence how firms respond to procurement opportunities (Scott, 2014). In this context, procurement regulations such as preference schemes, reservation policies, and simplified procedures are designed to create an enabling environment for SME participation. However, the Resource-Based View argues that firms must possess adequate resources—financial, technical, and managerial—to effectively compete within such environments (Barney, 1991). The integration of these perspectives suggests that SME participation in public procurement is not solely determined by the existence of supportive policies, but by the interaction between external institutional conditions and internal organizational capacity. This dual-theoretical lens provides a basis for examining variables such as procurement policy, access to finance, access to information, and supplier development, which are central to this study.

2.3 Empirical Evidence from Global and Regional Studies

Empirical evidence from developed economies demonstrates that public procurement has been widely used as a policy tool to promote SMEs, though with varying degrees of success. In the United States and European Union, procurement frameworks incorporating set-asides, contract splitting, and simplified procedures have increased SME participation (Loader, 2015; Flynn and Davis, 2016). However, studies consistently report that structural barriers such as complex tendering requirements, high compliance costs, and limited access to information continue to constrain SME involvement. These findings indicate that regulatory reforms alone are insufficient without complementary measures such as training, financial support, and capacity-building programs. Similarly, research in Asia highlights that procurement policies are more effective when combined with supplier development initiatives and improved access to finance (Asian Development Bank, 2021). Collectively, global evidence underscores the importance of aligning institutional frameworks with firm-level capabilities to achieve meaningful SME inclusion.

In developing countries, particularly in Africa, procurement reforms have been implemented as part of broader governance and economic development strategies. Countries such as South Africa and Kenya have introduced preferential procurement policies and reservation schemes aimed at increasing participation of SMEs and historically disadvantaged groups (Bolton, 2016; Thai, 2009). While these interventions have improved access to procurement opportunities, empirical studies reveal that actual contract awards to SMEs remain limited due to persistent constraints including inadequate financial capacity, lack of technical expertise, and limited awareness of procurement processes. Similar patterns are observed in Ghana and Nigeria, where procurement reforms enhanced transparency but did not fully address barriers to SME participation (World Bank, 2020). Evidence from Rwanda suggests relatively better outcomes where procurement reforms are accompanied by strong institutional enforcement, monitoring systems, and supplier development programs (Nkurunziza et al., 2012). These regional findings reinforce the argument that both institutional effectiveness and organizational capacity are critical in shaping procurement outcomes. Similarly, recent studies in developing country contexts highlight persistent structural and institutional barriers that limit SME participation in public procurement, including limited access to finance, weak institutional support, and information asymmetries, despite policy efforts aimed at inclusivity (Jama et al., 2024).

Table 1: Summary of Literature Review

Author (Year)	Subject	Variables	Method	Key Findings
OECD (2018)	Role of SMEs in economic development	SME contribution, employment, economic growth	Secondary data analysis	SMEs contribute significantly to employment and economic growth globally.
World Bank (2020)	Public procurement and SMEs	Financial capacity, access to finance, procurement participation	Cross-country empirical analysis	SMEs face financial and compliance barriers limiting participation despite policy support.
Loader (2015)	SME participation in public procurement (UK/USA)	Procurement policy, compliance costs, SME participation	Qualitative case study	Complex procedures and high compliance costs reduce SME participation.

Flynn & Davis (2016)	Public procurement reform in EU	Procurement reforms, access to information, SME participation	Comparative study	Reforms improved access but structural barriers persisted for SMEs.
Bolton (2016)	Preferential procurement in South Africa	Preference policies, SME participation, financial capacity	Case study	Preference policies increased access but did not fully address SME capacity challenges.
Nkurunziza et al. (2012)	Procurement reforms in Rwanda	Institutional enforcement, supplier development	Case study	Strong enforcement and training improved SME participation but financial barriers remained.
ZPPA (2018)	Public procurement regulation in Zambia	Procurement policy, regulatory framework	Institutional review	Procurement laws promote transparency and include provisions for local suppliers.
Chilangwa & Mwaba (2019)	SME challenges in procurement in Zambia	Procurement knowledge, compliance, participation	Survey research	SMEs lack understanding of procurement procedures, limiting participation.
Mwewa & Ntinda (2020)	SME participation in procurement (Zambia)	Financial capacity, supplier development, participation	Empirical study	Financial constraints and lack of capacity reduce SME participation in procurement.
African Development Bank (2022)	Procurement and economic development	Institutional reforms, SME participation	Policy review	Institutional reforms alone are insufficient without SME capacity development.
World Bank (2020)	SME constraints in developing countries	Finance, information access, participation	Empirical analysis	SMEs face systemic barriers including finance and information gaps.
Flynn & Davis (2016)	SME barriers in procurement	Information access, compliance requirements	Comparative study	SMEs struggle with administrative and technical requirements.
Loader (2015)	SME procurement barriers	Policy design, participation constraints	Case study	Policy support does not guarantee participation without capacity support.
Thai (2009)	Procurement efficiency vs socio-economic goals	Efficiency, SME promotion	Conceptual analysis	Trade-offs exist between efficiency and SME promotion objectives.
Asian Development Bank (2021)	Capacity building for SMEs	Training, finance, participation	Empirical study	Capacity-building enhances SME competitiveness.
Chilangwa & Mwaba (2019)	Procurement barriers in Zambia	Knowledge, compliance	Survey	Lack of procurement literacy limits SME engagement.

2.4 Empirical Evidence from Zambia

Within the Zambian context, SMEs are widely recognized as key drivers of economic development, yet their participation in public procurement remains relatively low. The Public Procurement Act and oversight by the Zambia Public Procurement Authority provide a regulatory framework aimed at promoting transparency, competition, and inclusion of local suppliers (ZPPA, 2018; ZPPA, 2021). Provisions such as preference schemes and simplified procedures are intended to enhance SME participation. However, empirical studies indicate that SMEs continue to face significant challenges, including limited access to finance, inadequate knowledge of procurement procedures, and difficulties in meeting technical and administrative requirements (Chilangwa and Mwaba, 2019; Mwewa and Ntinda, 2020). Additionally, low awareness of tender opportunities and weak supplier development initiatives further constrain participation. These findings suggest that while institutional frameworks exist, their effectiveness is undermined by gaps in implementation and limited organizational capacity among SMEs.

2.5 Determinants of SME Participation in Public Procurement

The literature further identifies several key factors influencing SME participation in procurement, which inform the conceptual framework of this study. Procurement policy and regulatory frameworks determine the extent to which SMEs can access opportunities, with clear and supportive policies increasing participation likelihood (Loader, 2015). Access to financial resources is critical, as SMEs must meet requirements such as bid securities and performance guarantees, which are often prohibitive in contexts with limited credit availability (World Bank, 2020). Access to information and procurement knowledge also plays a significant role, as lack of awareness and limited understanding of tender procedures reduce the ability of SMEs to compete effectively (Flynn and Davis, 2016). Furthermore, supplier development programs enhance organizational capacity by providing training, mentorship, and technical support, thereby improving competitiveness (Asian Development Bank, 2021). These factors collectively illustrate the interplay between institutional and resource-based determinants of procurement participation.

2.6 Empirical Debates and Counter-Arguments

Despite the positive intentions of procurement policies, the literature also highlights important counter-arguments. Critics argue that prioritizing SMEs in procurement may create trade-offs with core objectives such as efficiency, value for money, and competition (OECD, 2020; Thai, 2009). Empirical evidence suggests that excessive preference for SMEs can lead to higher procurement costs, delays in project delivery, and reduced quality of goods and services (Flynn and Davis, 2016; Loader, 2015). Additionally, there are risks of market distortion, dependency on government contracts, and opportunistic practices such as fronting, where larger firms exploit SME-targeted provisions (World Bank, 2020; African Development Bank, 2022). These concerns indicate that while SME promotion remains an important policy goal, it must be balanced with broader procurement principles.

2.7 Research Gaps and Hypothesis Development

Notwithstanding extensive global and regional research, several gaps remain, particularly in the Zambian context. Existing studies have largely focused on procurement systems at a general level, with limited attention to specific supply categories such as stationery, which are routinely procured and may offer accessible opportunities for SMEs. Moreover, prior research often examines either institutional or firm-level factors in isolation, without adequately integrating the two perspectives. There is also limited empirical evidence on how procurement policies operate at the operational level within specific institutions and how SMEs respond to these conditions in practice. These gaps highlight the need for context-specific, sector-focused studies that adopt a combined theoretical approach. Based on the reviewed literature, this study hypothesizes that while public procurement policies in Zambia are designed to promote SME participation, their effectiveness is constrained by both institutional inefficiencies and firm-level capacity limitations. This hypothesis is grounded in empirical evidence demonstrating that procurement outcomes are shaped by the interaction between regulatory frameworks and organizational capabilities. The study therefore seeks to contribute to the literature by providing empirical insights from the stationery sector, thereby addressing identified gaps and advancing understanding of SME participation in public procurement within developing country contexts.

3 Methodology

3.1 Research design and analytical framework

This study adopted a pragmatic research philosophy, emphasizing practical problem-solving and the integration of multiple methods to address real-world issues (Creswell and Creswell, 2017). A sequential explanatory mixed-methods design was employed, combining quantitative and qualitative approaches to provide a comprehensive analysis of SME participation in public procurement. The quantitative phase involved survey data to establish patterns, relationships, and levels of participation, while the qualitative phase used interviews to explain and contextualize these findings. The analytical framework was guided by Institutional Theory and Resource-Based View, enabling examination of both regulatory factors (procurement policy, access to information) and firm-level capabilities (financial capacity, supplier development) influencing SME participation.

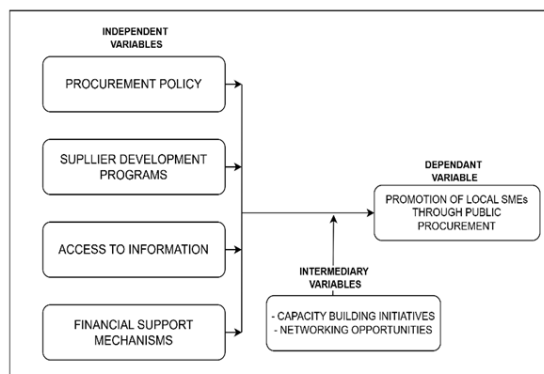


Figure 1: Conceptual Framework (Source: Author)

3.2 Study area and sampling procedure

The study was conducted in Lusaka District, Zambia, focusing on SMEs operating in the office stationery sector and relevant public procurement stakeholders. The target population comprised approximately 1,000 registered SMEs alongside procurement officials and policymakers (ZDA, 2022). The sample size of 90 respondents was determined using Cochran's formula to ensure statistical representativeness at a 5% margin of error (Creswell, 2018). Stratified random sampling was applied in the quantitative phase to ensure proportional representation across SME owners (40%), managers (30%), procurement officials (20%), and policymakers (10%). For the qualitative phase, purposive sampling was used to select 11 key informants with relevant expertise, guided by the principle of data saturation (Creswell, 2014; Palinkas et al., 2015). This combination ensured both breadth and depth of data.

3.3 Data collection methods

Quantitative data were collected using structured questionnaires administered both online and through physical distribution to enhance response rates and coverage. The questionnaire included closed- and limited open-ended items designed to capture SME participation levels, challenges, and perceptions of procurement policies. Qualitative data were obtained through semi-structured interviews with procurement officials, SME representatives, and policymakers. This method allowed flexibility to probe deeper into issues such as barriers to participation, policy effectiveness, and potential improvements (Kvale and Brinkmann, 2015). All interviews were recorded and transcribed to ensure accuracy and completeness of data.

3.4 Data analysis

Quantitative data were analyzed using descriptive and inferential statistical techniques in SPSS. Descriptive statistics summarized respondent characteristics and key variables, while inferential analysis, including regression techniques, examined relationships between procurement factors and SME participation (Field, 2018; Cohen et al., 2016). Qualitative data were analyzed using thematic analysis, involving coding, theme development, and interpretation to identify recurring patterns and insights. This approach enabled triangulation of findings, thereby enhancing the robustness and validity of the results.

3.5 Ethical considerations

Ethical clearance for the study was obtained from the University of Zambia Directorate of Research and Development. Participation was voluntary, and informed consent was obtained from all respondents prior to data collection. Confidentiality and anonymity were maintained through the use of codes instead of personal identifiers, and all data were securely stored. The study adhered to key ethical principles, including beneficence, justice, and respect for human dignity, ensuring that participants were not exposed to harm and were treated fairly throughout the research process.

4 Findings

4.1 Demographic characteristics of respondents

The demographic profile of respondents provides important context for interpreting the study findings. The age distribution indicates that participation

was largely concentrated among economically active individuals, with the majority (44.4%) falling within the 35–44 age group. This was followed by respondents aged 45–54 (17.8%) and 25–34 (14.4%), while younger participants aged 18–24 accounted for only 6.7%. Respondents aged 55 and above constituted 13.3%, and those under 18 represented a minimal proportion (3.3%). This distribution suggests that public procurement engagement is predominantly driven by middle-aged individuals who are likely to possess greater business experience and decision-making authority.

Table 2: Age group

Age group	Frequency	Percent	Valid Percent	Cumulative Percent
18 - 24	6	6.7	6.7	6.7
25 - 34	13	14.4	14.4	21.1
35 - 44	40	44.4	44.4	65.6
45 - 54	16	17.8	17.8	83.3
55 and above	12	13.3	13.3	96.7
Under 18	3	3.3	3.3	100.0
Total	90	100.0	100.0	

Gender distribution reveals a significant imbalance, with male respondents accounting for 81.1% compared to 18.9% female. This disparity indicates that participation in the SME and procurement space is heavily male-dominated, which may reflect broader structural or socio-cultural barriers limiting female involvement in business and public procurement activities. In terms of educational attainment, the sample demonstrates relatively high levels of education, with 46.7% of respondents holding tertiary qualifications. This is complemented by 28.9% with secondary education, 12.2% with primary education, and 11% with no formal education. The dominance of tertiary-educated respondents suggests that participation in public procurement may require a certain level of technical knowledge and literacy, although the presence of less-educated participants indicates varying levels of accessibility.

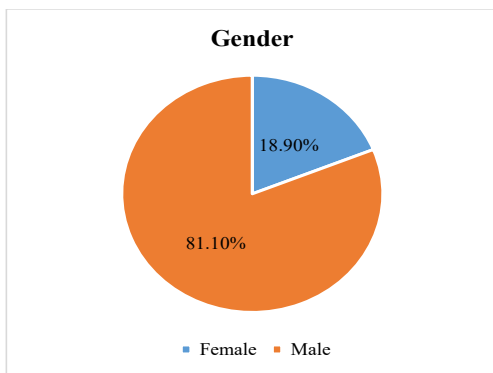


Figure 2: Respondents by Gender

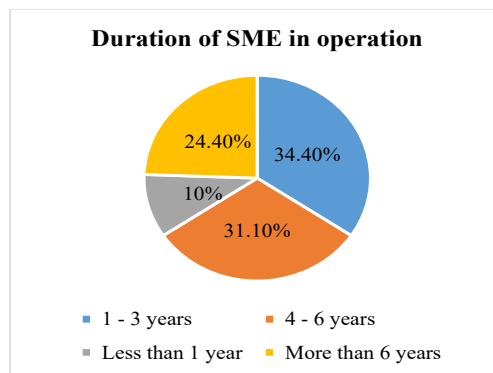


Figure 3: SME experience duration

Regarding business characteristics, the findings show a relatively balanced distribution in terms of firm maturity. A significant proportion of SMEs (34.4%) had been in operation for 1–3 years, while 31.1% had operated for 4–6 years, and 24.4% for more than 6 years. Only 10% of firms were less than one year old, indicating a mix of emerging and established enterprises. Firm size analysis further reveals that the SME sector is predominantly composed of micro enterprises, with 82.2% employing between 1 and 9 workers. Small enterprises accounted for 14.4%, while only 3.3% were medium-sized. This structure highlights the dominance of micro-scale businesses, which has important implications for capacity constraints in public procurement participation.

4.2 Level of Participation of Local SMEs in Public Procurement

The findings indicate that while 64.4% of SMEs reported participating in public procurement, success rates remain low. Notably, 34.4% of participating SMEs did not secure any contracts, while only 35.5% secured between one and five contracts. A substantial proportion (34.4%) did not participate at all. Perceptions of inequity are pronounced, with 91.1% of respondents indicating that larger firms are favored. Additionally, understanding of procurement processes is limited, with over 83% rating their knowledge as fair or below. Consequently, participation levels remain low, with 52.2% reporting low involvement and only 3.3% indicating very high participation. Qualitative findings attribute this to limited awareness of opportunities, bureaucratic complexity, and capacity constraints, all of which collectively restrict effective SME engagement in public procurement.

Table 3: Participation

Participation in Public Procurement	Number of Contracts Secured	Frequency	Percent	Valid Percent	Cumulative Percent
No	None	31	34.4	34.4	34.4
Yes	None	58	64.4	64.4	100.0
Yes	1 - 2 Contracts	31	34.4	34.4	34.4
Yes	3 - 5 Contracts	1	1.1	1.1	35.6
Total		90	100.0	100.0	100.0

4.3 Enhancers Influencing SME Participation in Public Procurement

The study identifies procurement policies (mean = 3.57) and access to information (mean = 3.56) as the most influential enhancers of SME participation, followed by supplier development programmes (mean = 3.31) and financial support mechanisms (mean = 3.26). However, 82.3% of respondents rated these enhancers as only slightly to moderately significant, suggesting limited transformative impact in isolation. Qualitative insights emphasize the importance of supportive government policies, particularly local content initiatives, in improving SME inclusion. Furthermore, networking and

collaboration emerged as critical enablers, facilitating knowledge sharing and joint bidding. Capacity development initiatives, including training and mentorship, were also highlighted as essential for improving technical and financial readiness. Overall, the findings suggest that while existing enhancers are relevant, their effectiveness depends on integrated and well-coordinated implementation.

Table 4: Procurement enhancers

Procurement Enhancer	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev.
Procurement Policies	21	46	7	11	5	3.57	0.99
Supplier Development Programs	19	36	12	11	12	3.31	1.03
Easy Access to Information	32	32	12	11	3	3.56	1.03
Financial Support Mechanisms	24	33	11	8	14	3.26	1.14

4.4 Strategies to Enhance SME Participation in Public Procurement

The findings highlight capacity-building programmes as the most preferred strategy (33.3%), followed by simplification of procurement processes (27.8%). Financial support mechanisms (16.7%) and SME-specific set-aside policies (11.1%) were also identified as important interventions. Less emphasis was placed on transparency (6.7%) and collaborative partnerships (3.3%), although these remain relevant. Qualitative evidence reinforces the need to simplify procurement procedures, with respondents advocating for clearer guidelines and user-friendly digital platforms. Transparency was also identified as critical for building trust, particularly through improved communication and feedback mechanisms. Additionally, access to tailored financial support, such as grants and low-interest loans, was emphasized as essential for enabling SMEs to meet contract requirements. Collectively, the findings suggest that a combined approach focusing on capacity development, process simplification, and financial support would most effectively enhance SME participation.

Table 5: Strategies

Grouped Strategies	Frequency	Percent	Valid Percent	Cumulative Percent
Capacity-building programs and training for SMEs	30	33.3	33.3	33.3
Simplified procurement processes	25	27.8	27.8	61.1
Financial assistance or grants	15	16.7	16.7	77.8
Set-aside policies specifically for local SMEs	10	11.1	11.1	88.9
Increased transparency in procurement processes	6	6.7	6.7	95.6
Collaborative partnerships with public procurement bodies	3	3.3	3.3	98.9
Combination of strategies (e.g., Capacity-building + Financial assistance + Transparency)	1	1.1	1.1	100.0
Total	90	100	100	

Table 6: Correlations

		Procurement policy	Supplier development programs	Easy access to information	Financial support mechanisms
Procurement policy	Pearson Correlation	1	.206	.242*	.323**
	Sig. (2-tailed)		.051	.022	.002
	N	90	90	90	90
Supplier development programs	Pearson Correlation	.206	1	.391**	.324**
	Sig. (2-tailed)	.051		.000	.002
	N	90	90	90	90
Easy access to information	Pearson Correlation	.242*	.391**	1	.377**
	Sig. (2-tailed)	.022	.000		.000
	N	90	90	90	90
Financial support mechanisms	Pearson Correlation	.323**	.324**	.377**	1
	Sig. (2-tailed)	.002	.002	.000	
	N	90	90	90	90

*. Correlation is significant at the 0.05 level (2-tailed).

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

4.5 Inferential Analysis of Factors Influencing SME Promotion

Inferential results reveal statistically significant relationships among key variables influencing SME participation. Procurement policy is positively correlated with access to information ($r = 0.242$, $p < 0.05$) and financial support ($r = 0.323$, $p < 0.01$), while supplier development programmes show strong associations with both information access ($r = 0.391$, $p < 0.01$) and financial support ($r = 0.324$, $p < 0.01$). The regression model demonstrates moderate explanatory power ($R^2 = 0.338$), indicating that 33.8% of variation in SME promotion is explained by the predictors. The model is statistically significant ($F = 6.982$, $p < 0.001$). Procurement policy ($B = 0.325$, $p = 0.002$) and financial support mechanisms ($B = 0.275$, $p = 0.002$) are the strongest predictors, while supplier development programmes have a weaker but significant effect. Access to information, although positive, is not statistically significant. These results underscore the critical role of policy and financial interventions in promoting SME participation.

4.6 Discussion

Demographic Characteristics of Respondents

The demographic profile suggests that participation in public procurement is largely driven by economically active, middle-aged individuals, particularly those aged 35–44. This aligns with existing literature which posits that entrepreneurial engagement and procurement participation tend to peak during

periods of accumulated experience and resource control. The strong male dominance reflects persistent gender disparities in SME ownership and access to economic opportunities in developing contexts, consistent with broader Sub-Saharan African evidence. The relatively high proportion of tertiary-educated respondents indicates that participation in public procurement may require technical literacy and administrative competence, reinforcing arguments that procedural complexity can unintentionally exclude less-educated entrepreneurs. Furthermore, the dominance of micro enterprises highlights structural limitations within the SME sector, particularly regarding scale, capacity, and competitiveness. These characteristics provide an important explanatory basis for the low participation and success rates observed, suggesting that demographic and structural factors jointly shape procurement outcomes.

Level of Participation of Local SMEs in Public Procurement

The findings confirm that SME participation in public procurement remains constrained, despite moderate levels of engagement. While a majority reported attempting participation, low contract success rates and high non-participation levels indicate systemic inefficiencies. This supports prior studies which argue that access does not necessarily translate into competitiveness. The perception that larger firms are favored reinforces concerns about structural bias within procurement systems, often linked to stringent qualification criteria and resource-intensive bidding processes. Limited understanding of procurement procedures further exacerbates this challenge, aligning with literature that identifies information asymmetry and procedural complexity as critical barriers. Qualitative insights deepen this understanding by highlighting awareness gaps, bureaucratic hurdles, and capacity limitations. Collectively, these findings suggest that SME participation is not merely a function of opportunity availability, but of institutional accessibility and firm-level readiness, thereby reinforcing the need for systemic reforms.

Enhancers Influencing SME Participation in Public Procurement

The study identifies procurement policies and access to information as key enhancers, consistent with institutional theory which emphasizes the role of formal frameworks in shaping market participation. However, the moderate perceived significance of these enhancers suggests that their current implementation lacks sufficient depth or coordination to generate transformative outcomes. The strong interrelationships among policy, financial support, and supplier development programmes indicate that these factors operate synergistically rather than independently. This supports existing empirical work advocating for integrated support ecosystems rather than isolated interventions. Qualitative findings further highlight the importance of government commitment, networking, and capacity development. The role of collaboration and mentorship aligns with social capital theory, suggesting that relational networks can compensate for resource constraints. Overall, the findings advance the argument that effective SME promotion requires a multi-dimensional approach combining institutional support, financial access, and capability development.

Strategies to Enhance SME Participation in Public Procurement

The prioritization of capacity-building programmes and process simplification reflects a practical recognition of the core constraints facing SMEs. This aligns with existing research emphasizing that skills deficits and procedural complexity are primary barriers to SME inclusion in public procurement systems. The demand for simplified processes reinforces arguments for procurement reform, particularly the need to reduce administrative burdens and improve transparency. While financial support and set-aside policies are also important, their lower prioritization suggests that SMEs perceive capability and accessibility as more immediate constraints than opportunity availability. Qualitative insights further emphasize the importance of digital platforms, transparency, and tailored financial instruments. These findings contribute to ongoing debates by suggesting that effective strategies should not only expand opportunities but also enhance usability and trust within procurement systems. A combined approach integrating capacity development, institutional reform, and financial facilitation is therefore most likely to yield sustainable improvements.

Inferential Analysis of Factors Influencing SME Promotion

The inferential results provide empirical validation of the relative importance of different enhancers. The significant effects of procurement policy and financial support mechanisms confirm their central role in shaping SME participation, consistent with prior quantitative studies. The moderate explanatory power of the model ($R^2 = 0.338$) suggests that while these factors are important, a substantial portion of variation remains unexplained, indicating the influence of additional contextual or firm-level variables. The non-significance of access to information, despite its positive association, is particularly noteworthy, suggesting that information alone is insufficient without complementary capacity and financial support. The observed correlations highlight the interconnected nature of the enabling environment, reinforcing the need for integrated policy design. These findings contribute to the literature by empirically demonstrating that policy effectiveness is contingent upon alignment with financial and developmental support mechanisms.

Contribution to Knowledge, Limitations, and Future Research

This study contributes to the literature by providing a context-specific, mixed-methods analysis of SME participation in public procurement within Zambia, highlighting the interplay between institutional frameworks, firm capacity, and market access. It advances current understanding by demonstrating that participation constraints are multi-dimensional and require integrated interventions. However, the study is limited by its sample size and sectoral focus on office stationery SMEs in Lusaka, which may affect generalizability. Additionally, the cross-sectional design restricts causal inference, and self-reported data may introduce response bias. Future research should adopt longitudinal designs to assess the impact of policy reforms over time and expand to other sectors and regions. Further studies could also explore gender-specific barriers and the role of digital procurement systems in enhancing inclusivity.

5 Conclusions and Recommendations

The study set out to examine whether public procurement functions as an effective instrument for promoting local SMEs in Zambia, with the underlying premise that targeted procurement policies, institutional support, and capacity-enhancing mechanisms can significantly improve SME participation. The findings partially support this proposition. While SMEs demonstrate moderate levels of engagement with public procurement systems, their success rates remain low, indicating that participation alone does not translate into meaningful inclusion or competitiveness. This suggests that the working

hypothesis is only conditionally validated, as structural, institutional, and firm-level constraints continue to limit the effectiveness of procurement as a developmental tool.

A key contribution of this study lies in its integrated empirical demonstration that SME participation is shaped by a combination of demographic characteristics, institutional design, and firm capabilities. The dominance of micro enterprises, coupled with limited procedural understanding and resource constraints, highlights the structural fragility of the SME sector. Importantly, the study advances knowledge by showing that procurement enhancers - such as policy frameworks, financial support, and supplier development programs - do not operate independently but rather function as an interconnected system. The inferential results further reinforce this by identifying procurement policy and financial support mechanisms as statistically significant predictors of SME promotion, while also revealing that access to information alone is insufficient to drive meaningful outcomes. This underscores the need for coordinated and multi-dimensional policy interventions. The findings also expose critical institutional inefficiencies, including perceived bias toward larger firms, bureaucratic complexity, and limited transparency. These issues point to deeper systemic challenges within the public procurement framework, where compliance-heavy processes and inconsistent implementation undermine inclusivity objectives. Consequently, the study highlights the importance of shifting from a compliance-oriented procurement model toward a developmental procurement paradigm that actively facilitates SME participation through simplified procedures, targeted capacity-building, and accessible financing mechanisms.

However, the study is not without limitations. The focus on a single sector and geographic area constrains the generalizability of the findings, while the cross-sectional design limits the ability to establish causal relationships. Additionally, reliance on self-reported data introduces the possibility of response bias. These limitations suggest that the results should be interpreted with caution, particularly when extending conclusions to the broader SME landscape in Zambia or other contexts. Future research should address these gaps by adopting longitudinal approaches to assess the impact of procurement reforms over time and expanding the scope to include diverse sectors and regions. There is also a need for more granular analysis of gender dynamics in procurement participation, as well as the role of digital procurement systems in reducing information asymmetry and administrative barriers. Further investigation into informal institutional factors, such as trust and network effects, would also enrich understanding of SME engagement in public procurement.

From a policy perspective, the study provides clear implications for institutional and systemic reform. Policymakers should prioritize the simplification of procurement processes, the institutionalization of capacity-building programs, and the expansion of tailored financial support instruments for SMEs. Strengthening transparency and accountability mechanisms is equally critical to addressing perceptions of bias and building trust in the system. Moreover, the integration of digital platforms could enhance accessibility and efficiency, particularly for underserved SMEs. Ultimately, transforming public procurement into an inclusive economic policy instrument requires a deliberate alignment of regulatory frameworks, support systems, and market realities to ensure that SMEs are not only participants but also competitive beneficiaries of public procurement opportunities.

Declaration of Competing Interests

The author(s) declare that they are not aware of any competing financial interests or personal relationships that may have influenced the work described in this document.

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Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

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