



(RESEARCH ARTICLE)



Social-economic factors affecting small business performance among chisokone marketers in Kitwe district of Copperbelt Province, Zambia

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Abstract

Globally, marketers are increasingly recognized as important drivers of economic growth and are widely accepted as key aspect of economic dynamism. Small businesses are a driving force not only for economic growth, but also poverty reduction through job creation. Industrialization and economic growth come from small businesses that grow to big industries. Therefore, the study aimed at assessing socio-economic factors affecting small business performance among Chisokone marketers in Kitwe district of Copperbelt province, Zambia. The study employed both the qualitative and quantitative methods and a descriptive survey design that sampled council members for Kitwe district and Chisokone market marketers. Data was obtained from the respondents by means of interviews and questionnaires. Frequency tables, graphs, figures and pie-charts were used to analyze the qualitative and quantitative data. Data was also analyzed by the use of softwares; Statistical Package for Social Sciences (version 26) and Microsoft Excel (version 16). The results showed that most respondents had a strong feeling that there were factors affecting business growth in a negative way such as SMEs financing. The findings also revealed that majority of SMEs (53%) were not legally registered. Many businesses fall under sole proprietorship and the main source of finance or capital is from the family and friends. 77% of SMEs stated lack of collateral which hampers business operations resulting in unwillingness for banks to finance them; 63% lacked business management experience and 85% lacked technological advancement to enhance the overall performance. Despite marketers' willingness to do business, crucial social economic factors such as access to finance, market demand and infrastructure are lacking. The study therefore recommended that sustainable policy interventions or technical support should be provided by government or non-governmental organizations to ensure small scale sustainable business growth.

Keywords: Business; Business Management; Marketer; Entrepreneurship; Performance; Poverty Reduction

1. Introduction

A marketer is a person or company that advertises or promotes something. Hisrich (2018) notes that marketers are increasingly recognized as important drivers of economic growth and are widely accepted as key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of which marketers have embraced. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks. Wolff & Pett (2006), argued that marketers form the backbone of emerging economies because their activities are a key source of income for most people in urban and rural communities. Additionally, it should be noted that marketing businesses by marketers are a driving force not only for economic growth, but also poverty reduction through job creation. In most parts of the world, industrialization and economic growth started through emergency and existence of marketers that eventually grew to become big industries (Sauser, 2016).

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Over the years, the Zambian government have realized the importance of marketers in achieving economic development. The government and development organizations have focused on the promotion and empowering of marketers as a way of encouraging broader participation in the private sector. Unfortunately, most marketers are affected by a number of socio-economic factors which compromises the government's agenda of poverty reduction (World Development Report, 2017). According to Reinecke (2017), many African countries depend on marketers which account for more than 50 percent of all businesses activities because it's easy to start a marketing business in a market by a marketer compared to other forms of business activities.

According to World Bank (2017), unemployment, coupled with the rising of population are among the economic problems that most less developing countries are faced with, and not only less developed countries but as well as developed countries experience the same phenomena. The situation in less developed countries has been worsened by white collar jobs that have declined tremendously (World Bank, 2015). As a result of such a situation, many marketers have continued to emerge. However, it is important to note that marketers are hailed for their pivotal role in promoting grassroots economic growth and equitable sustainable development. Mckernan and Chen (2005) opines that most marketers' business fail to grow because of poor capital funding as they are denied loans and any form of access to finance by banks and other lending institutions on the pretext of small business runners. As such governments are expected to boost marketers for their initiatives, however, the situation is different in most developing countries such as Zambia where a person found in the public market is disrespected by denying him/her access to business resources (Deressa (2014). However, despite the challenges that marketers go through, Wolff and Pett (2006) argue that marketers are crucial economic actors within the economies of nations.

A business market is a method a company uses to sell products or services to a specific group of consumers. Typically, business markets facilitate sales from one business to another in cases where one business plans to reuse or resell another company's products or services. company that purchases goods and services in a business market might also use the items they purchase as materials to produce new products of their own. There are business markets designed around making sales directly to consumers as well, and they focus on reaching a large audience rather than marketing to other businesses. Marketing businesses done by marketers includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a marketer's business hence no opportunity to learn from its past mistakes. Lack of credit has also been identified as one of the most serious socio-economic factors facing the marketers and hindering their development (Oketch, 2018). Constantinides (2006) observes that most marketers lack of technological innovations and lack the ability to provide quality services and are unable to satisfy more than one critical business activity simultaneously. As a result, often larger companies are selected and given business for their clout in the industry and name recognition alone. However, as early as 1981 the Zambian government recognized the importance of the small business and its contribution to economic development. At the same time, the government recognized the challenges that the sector was facing and therefore, through the Small Industries Development (SID) Act of 1981 made an attempt to enhance the effectiveness of the sector's contribution to the national economy by establishing the Small Enterprise Development Organization (SIDO). In support of the SID Act, provisions were made for the Fourth National Development Plan of 1989 to provide infrastructure for operations of small businesses, promote access to credit to small businesses with growth potential and to improve production capacities of SMEs with the view to increase incomes and employment (Chiumya, 2006).

Marketers have been a backbone of virtually many economies across the globe. However, the marketers' business activities have long been constrained by various socio-economic factors such as the limited availability and accessibility of financial resources to meet a variety of operational and investment needs. Many marketers could grow their businesses significantly if the playing ground for business was fair, but are often denied access to business resources, thus impeding their creation, survival and growth (Zarook et al, 2013). This necessitates the need for this study.

1.1. Statement of the Problem

According to World Bank (2013), research has shown that many African countries have embarked on entrepreneurship related programs by marketers which has triggered the increase in the financial base among the citizens. However, like in any other business, these marketers do not go without challenges. Consequently, Bank of Zambia (2016) notes that three out of five small and medium scale business fail within the few months of operation. While there are various reasons for such failure among marketers, one central reason is lack of proactive and sustainable innovations. Many marketers in Zambia are affected by such challenges and Chisokone marketers are not exception to the vice. Many studies done have given general reasons for failure or success of marketers (Sitharam & Hoque 2016). Unfortunately, such studies have failed to look at the socio-economic factors, as one entity; and how they influence success or failure of marketers in developing countries like Zambia. Despite proactive reforms by the New Dawn government in Zambia where marketer booster loans are provided by the Citizen Economic Empowerment Commission, small scale

enterprises seem not to venture into new innovations or value addition to the existing products on the market due to socio-economic factors. Thus, it was against this backdrop that this study sought to assess the socio-economic factors affecting small business performance among Chisokone marketers in Kitwe district of Copperbelt province, Zambia.

1.2. The Purpose of the Study

The purpose of this study was to assess the socio-economic factors affecting small business performance among Chisokone marketers in Kitwe district of Copperbelt province, Zambia.

Research Objectives

The objectives of the study were to:

- Explore the social-economic factors affecting small business performance among Chisokone marketers in Kitwe district of Copperbelt province, Zambia.
- Suggest measures that can be used to curb social-economic factors affecting small business performance among Chisokone marketers in Kitwe district of Copperbelt province, Zambia.

1.3. Theoretical Framework

The study was guided by the theory of economic participation. This theory stresses that every citizen must participate into the economy. The theory of economic participation provides an outlet for research in all areas of economics based on rigorous theoretical reasoning and on topics in mathematics that are supported by the analysis of economic problems. Therefore, one way in which poverty could be reduced is the participation of citizens through business activities. Gachuhi (2016) stresses that the theory of economic participation emphasizes the development of small business activities as they contribute to providing employment and generation of incomes in an economy for those willing to take business risks. The theory of economic participation is applicable in this study because marketers contribute greatly to the development of the nation and any factors impeding their growth affects their business performance the consequent contribution to the development of the nation (Grimsholm & Poblete, 2010). Once marketers have their business performance going on well, they will be able to earn an income that will be able to have access to better education, health and will increase the standard of living. With marketers participating economically it means they are part of the sectors that contribute to the growth of the nation. Therefore, marketers must participate at socio-economic level because it enables them conduct their businesses. Notably, the theory was used in this study to understand socio-economic factors and how they influence business performance of marketers. This was important because, once a marketer attends to the socio-economic factors when starting business, it provides room for growth of the Marketer's business. The theory of economic participation was provided insight as to why marketers must have certain characteristic that defines them. These characteristics must have an influence on accessing resources needed to grow their businesses. Govori (2013) argues that in tandem with the theory of economic participation, marketers in the absence of an understanding of the effect of socio-economic factor would find it difficult to access business resources as compared to institutions that are financially sound to meet certain obligations required for them to enhance their business performance. This theory was therefore useful in this study in explaining the foundation and development of business activities done by marketers. In that regard, the theory formed the basis for analyzing the relation between socio-economic factors and business performance.

1.4. Significance of the Study

It is hoped that the findings of this study would benefit marketers by giving an insight into the socio-economic factors affecting them and this will enhance their understanding of the factors that affect their operations and how they can use this understanding to improve their business growth prospects. Additionally, the findings would benefit Policy makers in developing policies and strategies that may help to guide the planning for and location of marketers in various localities. Also, the findings would help reduce disputes between marketers and the local authorities. This study would help financial intermediaries tailor make financial instruments that were harness the true potential of marketers for instance on loan issuing and repayment strategies. Furthermore, this study would help future research as a guide into the socio-economic factors affecting most marketers in Zambia by researchers and academicians. It would act as a platform for more specific research into related topics.

2. Material and methods

2.1. Study Design

Due to the nature of this study, a mixed-methods approach which combined both the qualitative and quantitative research paradigms was adopted. The use of two methodologies was found to enhance research findings by providing a well-rounded understanding of the phenomenon being investigated. The mixed methods approach allowed the researcher to not only ensure validity of the findings, but also collect rich information from different perspectives. This mixed methods approach was used because it enabled the researcher to collect both quantified and personal verbatim which was of good help in furthering understanding of responses from the intended respondents.

2.2. Research Site

The research was conducted at Chisokone market in Kitwe district of Copperbelt province, Zambia.

2.3. Population, Sample and Sampling Procedure

The population for the study comprised of the council members for Kitwe district and Chisokone market marketers. The target population was 1000. The sample size involved a total of 100 respondents which included ten (10) council members and ninety (90) marketers from Chisokone market. The study used both purposive and simple random sampling on different participants. Simple random sampling was used on marketers, this is because there were too many to participate, hence simple random selection of was preferred. On the other hand, purposive sampling was used on the council members for convenient purposes.

2.4. Data Analysis

Data were analyzed qualitatively as the semi structured interview schedules were used as data collection instruments. Thematic approach was used where data analysis started with the categorizing the themes from the semi structured interview schedules. The data gathered were analyzed according to the themes of the study and the order of the research objectives. Data generated from the questionnaires was analyzed manually by using the Statistical Package for Social Sciences (version 26) and Microsoft Excel (version 16) to come up with frequency tables, pie charts and bar graphs.

2.5. Ethical Issues

Pera and Van Tonder (1996) define ethics as a code of behavior considered correct. Hence, it is crucial that all researchers are aware of the research ethics. Ethics relates to two groups of people; those conducting research, who should be aware their obligations and responsibilities and researched upon who have basic rights that should be protected. Therefore, in this study, informed consent was obtained from all individual participants included in the study. The study was conducted with fairness and justice by eliminating all potential risks. Permission from Kitwe Council Chairperson was sought in carrying out this study. Interviews were not conducted on one-to-one basis; instead, participants were grouped and identified using their titles. An informed consent was sought before collecting information from the informants and guaranteed them with security of the information they provided. Furthermore, the main objective of gathering such information was made clear to the respondents. The researcher avoided pressuring respondents to take part in the research. Alternatively, permission consents, assents were obtained from respondents involved in the research and the research topic was strategically selected to ensure that there was no harm whatsoever to the research respondents. In this research, the researcher was fully conscious of the need to abide by the ethical rule of respecting the privacy of individuals taking part in the research.

3. Results and discussion

The following findings and discussions were presented according to set research objectives:

3.1. Social-economic Factors Affecting Small Business Performance Among Chisokone Marketers

3.1.1. Internal Factors

The respondents and the key informants were tasked to state internal factors that affect growth in SMEs financing through the use of questionnaires and in-depth interviews. In order to ascertain the above facts, certain major factors were measured in order to arrive at a conclusion. The findings were recorded either graphically or described according to themes.

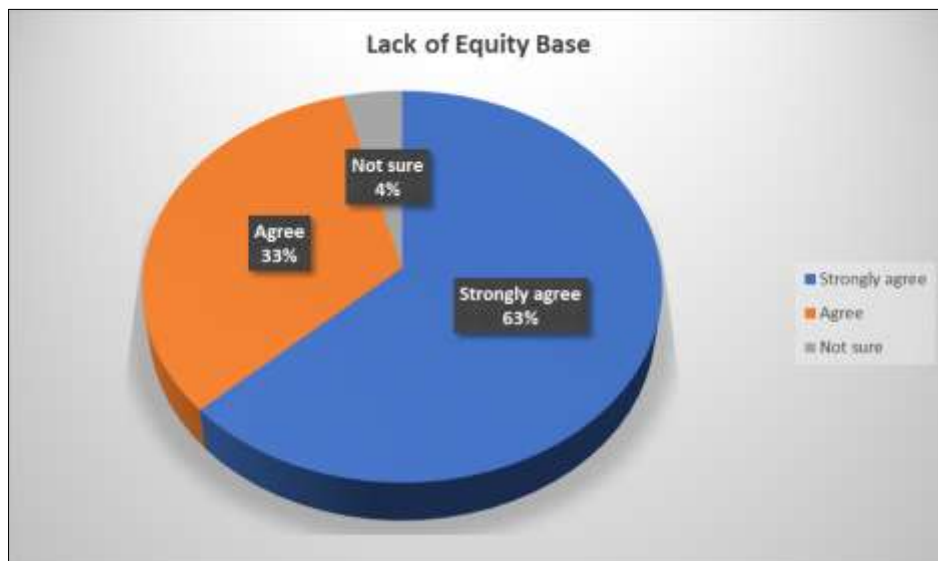
Lack of Equity Base

Table 1 Whether Lack of Equity Base Collateral Had Affected their Business

Responses	Frequency	Percent
Strongly agree	38	63%
Agree	20	33%
Not sure	2	4%
Total	60	100

Source: Author, 2023

Table 1 shows whether lack of equity base has affected their businesses. 38 SMEs representing 63% strongly agreed that lack of equity base had affected their business; 20 SMEs representing 33% agreed that lack of equity base affected their businesses and 2 SMEs representing 4 % were not sure whether lack of equity base had affected their businesses. The Micro Finance Institutions, Banks and Ministry of Finance officials who were interviewed on this theme all agreed that one of the reasons why even those SMEs that are registered fail to do is to contribute equity when they are asked to do so by lenders and financiers.

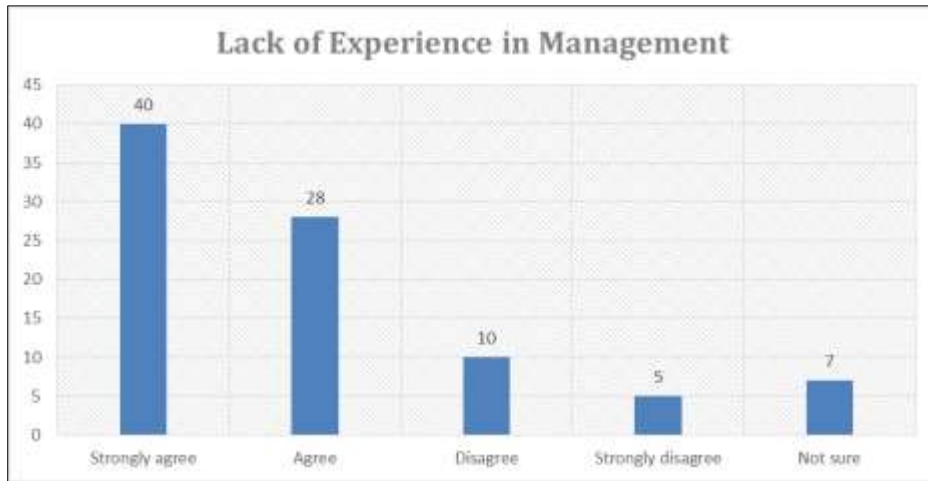


Source: Author, 2023

Figure 1 Whether Lack of Equity Base Collateral Had Affected their Business

Lack of Experience in Management

The respondents (marketers) were asked to state whether lack of experience in management had affected their businesses. Figure 2 below shows whether lack of experience in management had affected the marketers; businesses. 40 SMEs representing 68% strongly agreed that lack of experience in management had affected their businesses. 28 SMEs representing 18% agreed that lack of experience in management had affected their businesses, 7 SMEs representing 12% were not sure. 10 SMEs representing 17% disagreed that lack of experience in management had affected their businesses and 5 SMEs representing 10% strongly disagreed that lack of experience in management had affected their businesses. The Figure below shows their responses as follows:



Source: Author, 2023

Figure 2 Lack of Experience in Management

Council Members Responses on Whether Lack of Technology Had Affected Marketers’ Businesses

The respondents (council members) were asked to state whether lack of technology had affected marketers’ businesses. The following results are shown on the table below.

Table 2 Lack of Technology

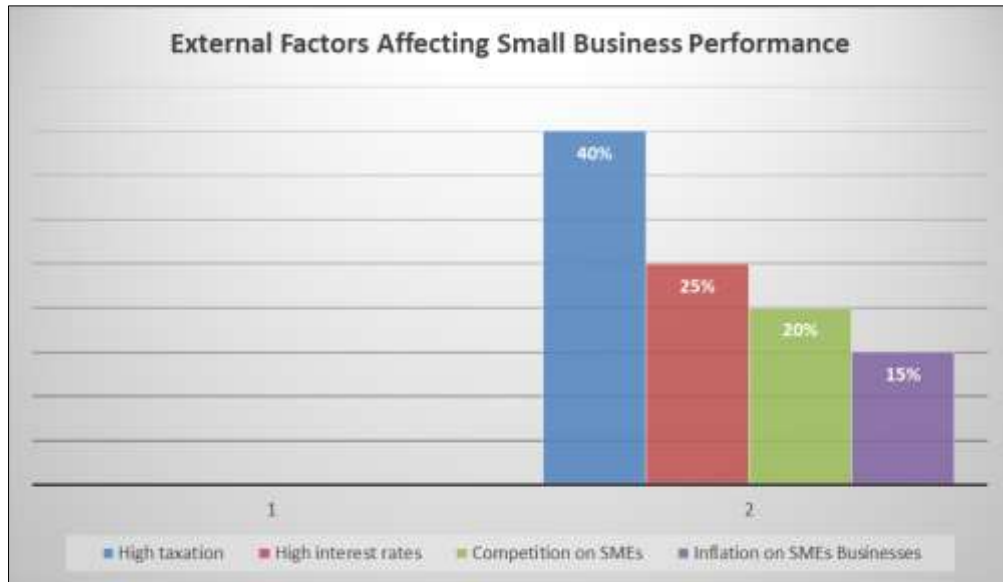
Responses	Frequency	Percent
Strongly agree	30	50%
Agree	21	35%
Not sure	3	5%
Disagree	3	5%
Strongly disagree	3	5%
Total	60	100

Source: Author, 2023

Table 2 shows responses from the respondents (council members) on whether lack of technology had affected marketers’ businesses. 30 SMEs representing 50% strongly agreed that lack of technology had affected their businesses. 21 SMEs representing 35% agreed that lack of technology had affected their businesses, 3 SMEs representing 5% were not sure. 3 SMEs representing 5% disagreed that lack of technology had affected their businesses and 3 SMEs representing 5% strongly disagreed that lack of technology had affected their businesses.

3.1.2. External Factors

The respondents and the key informants were tasked to state whether there were some external factors that affected growth in business performance through the use of questionnaires and in-depth interviews. In order to ascertain the above facts, certain proxy indicators were used in order to arrive at a conclusion. The findings were recorded either graphically or described according to themes.



Source: Author, 2023

Figure 3 External Factors Affecting Small Business Performance

From the figure above, the respondents (40%) indicated that for small businesses, taxes are a financial and administrative burden that directly impacts their ability to invest in their business, their employees, and compete in the broader economy. Tax related issues also rank high among small business problems. Of the top ten most burdensome problems small business owners report, four are tax related. Additionally, the other external factor brought out by respondents (25%) was high interest rates. They stated that rising interest rates make business debt more expensive, which means one will have to use more cash to cover your interest costs. Depending on the business's overall financial health and profit margins, one might have less flexibility to invest in long-term growth—or less day-to-day cash flow stability. The findings also observed that competition on SMEs (20%) was another factor. The respondents said that competition can bring hurdles for the small businesses, therefore effective strategies must be developed for further enhancement and being competent in the market environment. Also the respondents (15%) pointed out inflation on SMEs businesses as a contributing external factor that affect small businesses. This is in line with Mmieh & Mordi (2017) who says that when inflation rises, every aspect of a business becomes more expensive. For example, higher costs of services can affect the amount of cash you have on hand. Cost increases might force you to forgo any large expenditures while cutting everywhere you can.

3.2. Measures to Curb Social-economic Factors Affecting Small Business Performance

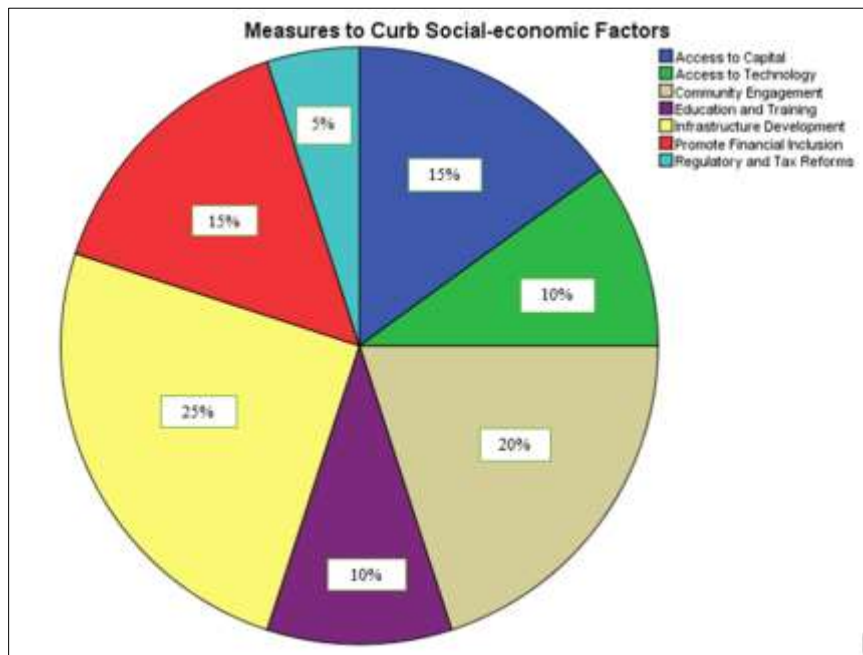
Table 3 Measures to Curb Social-economic Factors

Responses	Percent
Access to Capital	15%
Education and Training	10%
Regulatory and Tax Reforms	5%
Access to Technology	10%
Community Engagement	20%
Promote Financial Inclusion	15%
Infrastructure Development	25%
Total	100

Source: Author, 2023

From the table above, the respondents brought out 7 measures to curb socio-economic factors. Access to capital (15%) indicated that establishing and getting support government-backed loan programs and grants specifically for small

businesses would assist marketers to boast their businesses. Education and training (10%) was another measure which was suggested. The respondents suggested that offering training and mentorship programs to help small business owners improve their skills in areas such as finance, marketing, and management would help sustain small businesses. Additionally, regulatory and tax reforms was cited to be another factor. Pandula (2011) supports this by adding that providing tax incentives and credits to small businesses can stimulate growth and job creation for many. Also access to technology (12%) can promote digital literacy and provide resources for small businesses to adopt technology solutions that can improve productivity and competitiveness. Community engagement (18%) was pointed out among the factors affecting small businesses in Kitwe district. Respondents noted that encouraging local communities to support small businesses through "buy local" campaigns and events can boost the businesses. This can be achieved by fostering a culture of entrepreneurship by celebrating small business successes and promoting their contributions to the local economy. Some respondents mentioned promoting financial inclusion (15%) as a measure to social-economic factors. They explained that encouraging the use of mobile banking and digital payment systems can improve financial access for small business owners and customers. Respondents also suggested support initiatives can promote savings and financial planning among small business entrepreneurs. Lastly but not the least, respondents stated infrastructure development (25%) as a measure to socio-economic factors affecting small businesses. Chowdhury & Alam (2017) suggested that investing in infrastructure projects can benefit small businesses, such as improved transportation, broadband internet access, and industrial parks.



Source: Author, 2023

Figure 4 Measures to Curb Social-economic Factors

4. Conclusion

The study identified social factors such as community support, networking, and relationships as crucial elements impacting small business performance in Kitwe district. The close-knit community in Kitwe district offers opportunities for collaborative efforts and shared resources, contributing to the success of small businesses. Additionally, the economic factors highlighted include access to finance, market demand, and infrastructure. Limited financial resources, fluctuating market demand, and inadequate infrastructure were found to be significant challenges faced by small businesses in Kitwe district. The study also concluded that policy interventions are required to support small businesses in the area. These policies should emphasize financial inclusion, capacity-building programs, infrastructure development, and market access for small businesses. Additionally, stakeholder collaboration and coordination among various government departments, financial institutions, and community organizations are essential to achieving positive outcomes. Finally, the study emphasizes the need for sustained support, monitoring, and evaluation of the recommended interventions to ensure continuous growth and resilience of small businesses in Kitwe district. Regular assessments of the impact of the implemented interventions should be conducted to make necessary adjustments and improvements.

Recommendations

The following are actions that should be taken on the basis of the findings of this study:

- There is need for the government to ensure promotion of education and skill development as it is vital for small business owners.
- There is need for the small businesses in Chisokone market in Kitwe district to have increased access to financial resources, such as loans, grants, or microfinance options. This can be achieved through collaboration with financial institutions, government support programs, and the creation of community-based savings and credit groups.
- There is also need for the small business owners in Chisokone market in Kitwe district to be provided with training and capacity-building programs on business management, marketing, and financial literacy.
- There is a need for infrastructure improvement in Chisokone market in Kitwe district, including the provision of reliable electricity, transportation, and adequate market stalls or spaces. Enhancing infrastructure will facilitate smoother business operations and attract a larger customer base.
- Small business owners in Chisokone market in Kitwe district should be encouraged to form networks and collaborations to access larger markets.

Compliance with ethical standards

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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Author's short biography



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