

**EFFECTS OF BEVERAGE SMUGGLING ON BUSINESS PERFORMANCE IN THE
SUPPLY CHAIN INDUSTRY.A CASE STUDY OF COLD CHAIN ZAMBIA LTD.**

BY

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**A Dissertation Submitted to the University of Zambia in Partial Fulfilment of the
Requirements of the Award of Master of Business Administration General**

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DECLARATION

I, **Tatenda J Nyambishi**, the undersigned, declare that this is my original work and has not been presented to any institution other than the University of Zambia for examination. All sources of data used and literature on related works previously done by others used in the production of this dissertation have been acknowledged.

Signed.....

Date.....

APPROVAL

This dissertation by **Tatenda. J. Nyambishi** approved as a fulfillment of the requirements for the award of the degree of Master of Business Administration General.

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ABSTRACT

The aim of the study was to establish strategies that can counter smuggling of beverages and improve business performance for The Cold Chain Zambia ltd. Smuggling poses a threat to the business as it destabilizes the legal industry of supply chain, restrains innovation and investments as well as posing a threat of company closures. This has also caused loss of consumer confidence in buying beverages from Cold Chain Zambia ltd as the products are perceived to be expensive as compared to similar smuggled beverages.

The objectives of the study were to determine the extent of the effects of beverage smuggling on the Cold Chain Zambia business performance, to identify strategies which will counter smuggling and to establish strategies that can be used to counter beverage smuggling and improve Cold Chain business performance.

The research design that was used was mixed methods took the form of exploratory sequential mixed method design. The target population was 80 employees from Cold Chain Zambia ltd which included both general staff and management staff.

There seems to be no correlation between business performance and strategies to counter beverage smuggling. In this case, H3: There is a significant correlation between the business performance and the perception of strategies to counter beverage smuggling in cold chain supply and was refused. Results are shown above in the Table 25. It is found that there is a negative and significant between beverage smuggling and strategies to counter beverage smuggling on business turnover ($F = 14.339$; $p < 0.001$).

It was concluded that the causes of smuggling included smugglers attempt to evade tax, smugglers endeavor to make quick money by smuggling cheap commodities on the market, high duty, high tax ratios and customs, availability of market for smuggled goods, high demand on the market for that particular brand. It was recommended that that smuggling can be reduced by ensuring the goods are sold at competitive prices to reduce benefit of smuggling, continue with quality control, educate the public on smuggling and how to report and identify smuggling, stiffen law on smuggling in Zambia and review the clearing procedure at all points of entry to fasten the process.

Key Words: Beverage, Business Performance, Smuggling, and Strategies.

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DEDICATION

This piece of work is dedicated to Almighty God my creator and source of wisdom, my wife and parents for their utmost words of encouragement throughout this research.

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LIST OF ABBREVIATIONS

FEI	Federation of Egypt Industries
ANOVA	Analysis Of The Variance
KEBS	Kenya Bureau of Standards
KRA	Kenya Revenue Authority
FEI	Federation of Egypt Industries
BAK	Beverages Association of Kenya
MDC	Manual Distribution Centre
ZRA	Zambia Revenue Authority
MAN	Manufacturing Association of Nigeria
CRM	Customer Relationship Management

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Appendix I: Questionnaire

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

This chapter introduces the supply chain industry, what it entails and also the processes involved in it .Through supply chain, smuggling of beverages is presented as one of the activities involved in the industry. The chapter presents an overview of the problem of beverage smuggling, its causes and also its effects on the legal supply chain industry.

Supply Chain has become an integral part of most businesses globally and is essential to company successes and customer satisfaction. Supply chain management refers to the management of supplying goods and products required by the end customer (John, 2000). In other words, it refers to an organization that manages products that reach an end user. Supply Chain deals with the management of a network of business processes and activities such as raw material procurement, logistics, manufacturing and distribution of finished goods thereby ensuring that the right product is supplied to a customer at the right time and place, as well as with the right cost is the mission of a good supply chain provider (Hugos,2014).Supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product, from the delivery of source materials, from the supplier to the manufacturer, through to its eventual delivery to the end user (Christopher,2016). The supply chain segment involved with getting the finished product from the manufacturer to the consumer is known as the distribution channel. Further, Supply chain is the flow of goods and services, it involves the movement and storage of raw materials, of work-in-progress inventory and of finished goods from point of origin to point of consumption. Supply chain affects the day to day lives of people as it leads to the accessibility of goods and services that are required for use (Christopher, 2016).

Supply Chain in the contemporary world reflects the growing emphasis concerning the strategic importance of suppliers. Supplier relationships are gradually shifting from an adversarial approach to a more cooperative approach with the other competitive suppliers. The modern day supplier relationship now include supplier development, partnering ,supplier design involvement , use of full service ,life cycle costing , use of long term supplier contracts and relationships as well strategic cost management .

Supply chain as an industry is multi-faceted and involves supply of various goods. Supply chain management has been becoming increasingly important in competitive business. To compete at the supply chain level, firms must adopt an appropriate supply chain management strategy. The strategy needs to integrate and coordinate throughout the supply chain management strategy. Supply chain management encompasses set of approaches and practices that effectively integrate with suppliers, manufacturers, distributors and customers to improve the long term business performance and their supply chain (Meindl, 2007).

1.2 Background.

Through importing of goods, smuggling comes into effect, smuggling can be defined as the secret movement of goods across national borders to avoid customs duties, import or export restrictions (Flinn, 2007). It typically occurs when either the customs duties are high enough to allow a smuggler to make a large profit on the clandestine goods or when there is a strong demand for prohibited goods. Smuggling is the illegal trade in goods to avoid paying customs duties and taxes. The Nigeria Customs Service, the agency saddled with policing the nation borders, describes smuggling as “false declaration and concealment of goods, willful under-payment of Customs duties, trafficking in prohibited or restricted goods, use of unapproved routes and ports, forging of Customs documents and touting in Customs goods and documents. Smuggling is also defined as any importation, introduction, exportation, or attempted importation, introduction, or exportation of goods with intent to defraud the Government or to evade any prohibition of, restriction on, or regulation as to the importation, introduction, or exportation of any goods required to be accounted for under, Customs and Excise Act Volume 18, Cap 322 - Laws of Zambia

Smuggling as defined by the Zambia Revenue Authority is the secret movement of goods across national borders to avoid customs duties or import or export restrictions. Non-declaration - where no product is declared at port of entry as well as not being in possession of any legal import documentation can also be considered as outright smuggling. On the other hand, smuggling could take place through legal channels of trade by various means to evade customs duties and other taxes applicable on such goods and products. This is referred to as technical smuggling and such goods are liable for confiscation under section 159 of the Customs and Excise Act. Smuggling is also defined as an illegal method of conducting business ,it is a clandestine activity which involves the importation or exportation of goods

by wrong or unlawful means with the objective of evading taxes and any other measures prohibiting or restricting the importation or exportation of such goods (Flinn,2007).

Thompson (2013) asserts that the originality and legitimate product is essential in maintaining the product image and its demand on the market. The legitimate products offer high quality to the consumer whilst on the other hand smuggled goods alter the acceptance of the legitimate goods and in most cases are of poor quality due to handling. Producers and distributors of beverage products have in the recent past and until now experiencing a huge influx of smuggled products on the market. The Zambia Police Intellectual Property Unit (2015) estimates to have seized about 2453 assorted beverage products in the past 2 years according to a report published by the Zambia Police press department. The effects therefore of smuggled products on the sales of original and legitimate products in the market have been declining as the smuggled goods are of the same nature and they also come at a very low price.

1.3 Statement of the problem

The Cold Chain Zambia as an importer and distributor of fruit juice beverages has not been spared by the effects of beverage smuggling. Smuggling poses a threat to the business as it destabilizes the legal industry of supply chain, restrains innovation and investments as well as posing a threat of company closures.

Companies face unfair competition from smuggling activities, smuggling has greatly affected The Cold Chain Zambia in that smuggled fruit juice beverages have got distorted prices in the market which are far lower than that of The Cold Chain Zambia Ltd, the smuggled beverages are relatively cheap and they are leading to the reduction in sales of the beverages that The Cold Chain Zambia supply and also reduction of profits which is used as a measure of business performance. Smuggling has led to the destroying of the local market for beverages that are supplied by The Cold Chain Zambia Ltd and the company is slowly becoming less viable in the supply chain industry. This has also caused loss of consumer confidence in buying beverages from Cold Chain Zambia Ltd as the products are perceived to be expensive as compared to similar beverages.

A customer base report produced in 2017 for The Cold Chain Zambia Ltd indicated that the number of customers who were directly supplied by the company were dwindling, about 35 % of the customers who were being supplied beverages by the Cold Chain Zambia Ltd were

no longer willing to purchase the goods citing an alternative supplier was supplying them with cheaper similar products. These tallies with the report produced by ZRA which indicated that Zambia was losing over 200 million kwacha in revenue due to smuggling of various beverages through the porous borders.

The sales analysis report for beverages for the year 2017 recorded loss of sales revenue by 20 % due to lack of sales .This led to the increase in stock holding and subsequently expiring of quite a number of beverages.

Regardless of efforts instituted by government in trying to curb smuggling, it is still rampant in Zambia. There is therefore clearly a need to find permanent solutions and measures that the manufacturers, importers and distributors can also adopt to counter smuggling activities and Improve their business performance.

1.4 Aim of the study

To establish strategies that can counter effects of smuggling beverages and improve business performance for The Cold Chain Zambia ltd.

1.5 Research Objectives.

Pellisier (2007) asserts that research objectives are clear concise, declarative statements which provide direction to the variables under the study .As a concrete statement which states what the research wants to achieve, research objectives focuses on the ways to measure the variables such as to identify or describe the study. Therefore, the objectives of a research summarize what is to be achieved by the study (Turnbull, 2002).

1.5.1 Main Research Objectives.

To find strategies of countering beverage smuggling that can improve The Cold Chain Zambia business performance.

1.5.2 Specific Research Objectives.

- i To determine the extent of the effects of beverage smuggling on The Cold Chain Zambia business performance.
- ii To identify strategies which will counter smuggling.
- iii To establish strategies that can be used to counter beverage smuggling and improve Cold Chain business performance.

1.6 Research Questions.

A research question is a question that the research project sets out to answer. A research question must be clearly defined, focused, concise, complex and arguable. It is a question that one centers the research on. The research questions helps one to focus their research by providing a path through the research and writing process, (Turnbull, 2002).

1.6.1 General Research Question

What can The Cold Chain Zambia do in order to counter beverage smuggling and improve its business performance?

1.6.2 Specific Research Questions

- i What are the effects of beverage smuggling on the Cold Chain business performance.
- ii What strategies can counter beverage smuggling.
- iii How can strategies be enhanced to counter beverage smuggling and improve The Cold Chain Zambia ltd business performance.

1.7 Significance of the Study

The study established and recommended strategies that The Cold Chain Zambia ltd will use in order to counter beverage smuggling, the recommended strategies will be aimed at improving the business performance for the Cold Chain Zambia ltd and the industry at large. This study contributed to the body of knowledge and helped future researchers. To the policy makers, which involve government and other institutions, they will use the study to draft and further their policies aimed at countering smuggling as the document will show the impact beverage smuggling has on the companies and the economy at large.

1.8 Delimitation

The study is confined to the effects of beverage smuggling and strategies that can be used to counter beverage smuggling as well as improve the business performance for The Cold Chain Zambia ltd. This study was constrained to Cold Chain Zambia where exceptional concentration was on the different divisions, with the headquarters being in Lusaka. This was included in the gathering data from the staff of Cold Chain Zambia. This is important in

gathering the information required as time is the fundamental constraining variable that may restrain gathering the information from employees. The study was therefore centered both on the accessible writing on beverage smuggling to improve business performance and essential information gathered utilizing polls.

1.9 Limitation of the Study

The study will be limited to Cold Chain Zambia ltd only and undertaken in Lusaka Province of Zambia. As such, the researcher only focused on effects of beverage smuggling and strategies to counter beverage smuggling by The Cold Chain Zambia in Lusaka province.

1.10 Dissertation Structure

Chapter One of this dissertation gives the introduction, background, statement of the problem, research questions, research objectives, and the aim of the study and the value of the study. Chapter Two gives the literature review. Chapter Three gives the theoretical and conceptual framework, Chapter Four gives the research methodology of the study, and Chapter Five gives the data analysis and presentation of results and finally Chapter Six recommendation.

1.11 Conclusion

The chapter identified and discussed briefly the problem of beverage smuggling in the supply chain industry and focus being on The Cold Chain Zambia ltd which is a distributor of beverages and being affected by smuggling of the beverages. The chapter further looked at the background, the statement of the problem, the objectives and the questions. This chapter ended by looking at the scope of the study, the significance and limitations of the study

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related on smuggling, effects of beverage smuggling, business performance and measures that can be taken to counter smuggling. It examines recent research studies that acts as a basis for the proposed study .This is meant to give relevant previous contributions to the problem.

2.2 Supply chain practices

Supply chain practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain. Donlon (2007) describes the latest evolution of supply chain practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing. Donlon (2007) further use purchasing, quality, and customer relations to represent supply chain practices, therefore, supply chain practices presents a variety different perspectives with a common goal of ultimately improving organizational business performance.

Chen(2008) , points out five distinctive dimensions in the supply chain industry , these include strategic supplier partnerships ,customer relationship , level of information sharing , quality of information sharing and postponement The five constructs cover upstream (strategic supplier partnership) and downstream (customer relationship) sides of a supply chain, information flow across a supply chain (level of information sharing and quality of information sharing), and internal supply chain process (postponement). It should be pointed out that even though the above dimensions capture the major aspects of supply chain practice, they cannot be considered complete.

The first practice in supply chain is strategic supplier partnership is defined as the long term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits (Chen, 2008). A strategic partnership emphasizes direct, long-term association and encourages mutual planning and problem solving efforts (Chen, 2008). Such strategic partnerships are entered into to promote shared benefits among the parties and ongoing participation in one or more key strategic areas such as technology, products, and

markets (Anderson, 2012). Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Chen (2008) points out that suppliers participating early in the product-design process can offer more cost effective design choices, help select the best components and technologies, and help in design assessment. Strategically aligned organizations can work closely together and eliminate wasteful time and effort. An effective supplier partnership can be a critical component of a leading edge supply chain.

Customer relationships Comprises of the entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction (Tan, 2006). Noble (2015) ,consider customer relationship management as an important component of supply chain practices, committed relationships are the most sustainable advantage because of their inherent barriers to competition. The growth of mass customization and personalized service is leading to an era in which relationship management with customers is becoming crucial for corporate survival. Good relationships with supply chain members, including customers, are needed for successful implementation of good supply chain management practices. Close customer relationship allows an organization to differentiate its product from competitors, sustain customer loyalty, and dramatically extend the value it provides to its customers (Tan, 2006).

Level of information sharing also forms part of the Information sharing and has two aspects which are quantity and quality. Both aspects are important for the practices of supply chain and have been treated as independent constructs in supply chain (Tan, 2006). Level of information sharing refers to the extent to which critical and proprietary information is communicated to one's supply chain partner. Shared information can vary from strategic to tactical in nature and from information about logistics activities to general market and customer information.

Quality of information sharing includes such aspects as the accuracy, timeliness, adequacy, and credibility of information exchanged. Divergent interests and opportunistic behavior of supply chain partners, and informational asymmetries across supply chain affect the quality of information (Doll, 1995). It has been suggested that organizations will deliberately distort information that can potentially reach not only their competitors, but also their own suppliers and customers (Doll, 1995). It appears that there is a built in reluctance within organizations to give away more than minimal information since information disclosure is perceived as a

loss of power. Given these predispositions, ensuring the quality of the shared information becomes a critical aspect of effective supply chain (Stanley, 2001). Organizations need to view their information as a strategic asset and ensure that it flows with minimum delay and distortion.

2.2.1 Challenges in Supply Chain Industry

Supply chain industry has not been spared by challenges which if not addressed can have a negative impact on the businesses. Firms in the supply chain industry have to mitigate these challenges so as to keep their businesses afloat. Some of the challenges are outlined below:

(I) Increased costs throughout the supply chain industry – profits are usually under pressure as costs push down the profits. These costs emerge from many areas and a lack of visibility and accountability for reducing them can result in operational expenses. Dan (2007) asserts that major contributors to increased costs include rising price of fuel to transport goods by road, increasing commodity pricing raising the cost of raw materials, higher labor costs from suppliers and manufacturers, complex international logistics leading to higher charges for storage, transfer and management of products as well as higher taxes.

(ii) Technology strategy and implementation - While the industry understands and supports many of the benefits of the upcoming technologies, some questions remain as to how they will pay for it and who will help implement the improvements (Dan, 2007).

(iii) Providing safety and quality products - The pressure on manufacturers to produce high-quality products that are safe is an increasing challenge. The number of product recall cases is growing each day. It can damage a company's reputation and is expensive to its bottom line.

(iv) Shrinkage and theft – the term inventory shrinkage is the loss of products between the point of manufacturing or purchase from supplier and the point of sale. Three sources of shrinkage according to Laurent (2013) are employee theft, administrative error and vendor fraud.

(v) Smuggling of goods – The primary target of illegal goods is the black market, the black market consists of places and situations where products with doubtful and illegality are traded for money. Product smuggling does not necessarily mean that the product is illegal

everywhere. What is legal in one country can be illegal in another, which creates the possibility that the actors in smuggling can be legal companies that are trying to access a market that is prohibited for them. Smuggling can be characterized by the availability of grey markets. The grey market involves the diversion of goods from legitimate supply chains and the only distinction is the risk for discovery from the authorities or the company whose products are copied. This diversity leads to a different design of the supply chain. The location of the production facilities is subject to the risk of discovery. Normally, counterfeited production units are placed where the risk for detection is low combined with the normal business problem as different types of costs and quality aspects. A counterfeited supply chain uses the freight routes and port activities in the same way as legal supply chain does.

Supply chain industry as a multi-faceted industry involves importing of goods. An import is a good brought into a jurisdiction, especially across a national border, from an external source through proper legal channels that involves declaration of goods at the ports of entries such as border posts. Importing of goods is important as businesses want to stay competitive on a global scale which is why importing is quite important more than ever before in the market place (Polfer, 2011, p8). Major reasons for importing goods includes goods not available to a country's market, manufactured at a cheaper cost somewhere else, complementing local goods and also quality superiority of some imports.

2.3 Smuggling and Its Forms

Smuggling is a fact in societies all over the world. In essence it is an activity that is used to earn income from carrying illegal activities. Smuggling affects the economy and the world at large in many ways. (Bhawart, 2000, p.106) gives an over view of smuggling as a covert and illegal import or export of goods and people through formal and informal borders without payment of customs duties. The main reason for smuggling is tax evasion, which deprives the government of its legitimate revenues. Therefore, a decline in smuggling will increase the tax revenues of the government. From the perspective of criminal law, smuggling of goods as an illegal economic phenomenon is opposite to the social order. Smuggling can be prosecuted and punished according to the relevant laws. Since the smuggling is perceived as a social risk, it also negatively affects economy, it will certainly reduce the social security. Smuggling

of goods has social, political, cultural and, more importantly, economic consequences. Harry (2005) states that from economic point of view, smuggling deviates economics from the safe path and causes formation of the underground economy and decline in GDP and investment. In the short term, smuggling is considered as a way to escape poverty and unemployment through false job creation. However, these activities will not lead to production, so smuggling of goods will exacerbate poverty in the long terms through weakening production fundamentals.

The methods of smuggling are as many and varied as the smuggler has imagination to dream up. According to Thomas (2005) they use:

(I) Outright avoidance of official customs controls across the borders e.g. on lake, overland on the road, rail, and airport and often through the bush ways .This form of smuggling is generally associated with highly marketable goods, goods of high tax value, and prohibited or restricted goods.

(ii) Under declaration of goods: This is a circumstance where the importer declares less quantity on importation documents than the actual goods being imported. This form of smuggling occurs through customs control – usually deliberately, on the side of the importer.

(iii) Under valuation of goods : This is a situation whereby goods are given a lower value than they actually have .Undervaluation often happens out of ignorance ,negligence or connivance at the customs control ,it aids smuggling indirectly.

(iv) Mis Calculation of goods: This means that goods are declared under a different class of imports particularly to attract lower rates of tax with intent to reduce the tax liability .This again may happen out of ignorance, negligence or deliberately .This problem also aids smuggling.

(v) Falsification of documents: Sometimes documents pertaining to certain goods are tampered with in their particulars with intent to benefit the tax payer by a reduction in tax.

(vi) Mis declaration of country of origin: This is a circumstance whereby a different country is declared as the source of goods instead of the correct country of origin.

(vii) Transit / Re export of goods: Transit goods are those goods which are destined to other countries through another country .Re exports are goods which come into the country but

subsequently exited. In both cases, smuggling occurs when the goods finally end up on the Zambian market, leading to total evasion of taxes and other controls.

(viii) Concealment: hiding the smuggled goods in another product.

(ix) Bribery: get the officials to turn the wrong way by paying them.

2.4 Causes of Smuggling

Smuggling is a crime of opportunity that is enabled by differential tariffs or price disparities between markets (Norton, 1998). Economists emphasize that smuggling is motivated by risk taking strategies prompted by a desire to avoid paying taxes or to make money by the sale of clandestine goods, therefore, smuggling is caused by economic reasons. Supporting this notion was Slater (2006) who indicated that smuggling has got an effect on price disparity and other aspects of the economy. The below are some of the reasons for smuggling

(I) Demand of products inside a country - smuggling of goods mainly expands based on public demands inside a country. The phenomena of imported goods takes its roots from the demand in the retail shops. Factors leading to increasing demand is the growing trend of domestic consumption expectations and lack of diversity in the retail stores, the consumers buying power and quality of products which are of exotic nature.

(ii) High taxes and restrictions – High taxes imposed by the country's revenue authority causes smuggling as the taxes and restrictions are an impediment for most smugglers who will devise a way to evade the system. High tax differentials between neighboring area, weak border controls and import restrictions and bans which are affected normally to control state monopolies on goods which are in high demand.

(iii) Cases of bribery or co-operation between some police forces in borders - Due to lucrative professions related with goods smuggling, it is natural that agents of smuggling act to bypass legal mechanism. In this regard one of the major objectives of the hidden investment is to draw the cooperation or relinquishing some of the agents and body of police forces in the border that would lead to financial and administrative corruption; thus the result will be silence and inability of the agents to fight such a phenomenon.

(iv) Co-operation by some of the customs agents with smugglers- In addition to police forces, the other custodians controlling entry and exit of goods through borders is the Customs

Organization which is important for smugglers as a subject of investment and agents of smugglers need their cooperation.

(v) Weak domestic industry and unavailability of products- Of fundamental factors in increasing demands by domestic consumers compared to smuggled goods is the quantitative and qualitative weakness of internal products and low level of technologies in production areas. Under such conditions, smuggled goods will enjoy higher quality and sale volume in the interval market.

(vii) Unemployment of the young people in border cities and areas - Main forces importing smuggling are mainly the young people who are residing in border areas and enjoy little cultural and economic facilities. Thus, lack of healthy and cheerful professions in border regions will add to agency in smuggling

(viii) Lucrative goods smuggling - Smuggling, generally, is among most lucrative professions across the world. As an example, smuggling drugs is among the most lucrative industries. Goods smuggling also return huge loss to its own agents and during a long time, it will create a false professional area and a market which can easily attract forces under the condition of a lack of health professions.

(ix) Weak private sector and the economy being state owned - the economy being state owned will per se negate the possibility of participation of stagnant capital in the social sector and hence, during the distribution process of smuggling goods in the market, the smuggled goods will be get engaged with the least alternative . Lack of alternative for smuggled goods in the domestic market on the one hand is a product of weak private sector and on the other hand, it generates ailment like grounds for the unhealthy growth of the economy(Alvarez,2017).

(x) Low risk of goods smuggling: The consequent result of lack of legal measures and shortage of police and economic controls compared to smuggling of that good is that it perils and risks will decline and this will lead to attraction of more human forces to the underground economy and on the other hand, it will render in resulting ills.

(xi) Lack of exact control and Monitoring over distributors and sales of goods: Various crossings and sources account for smuggling goods. In addition to border areas wherein entry and exit of smuggled goods are done, one can transfer mechanism of monitoring and control to the inside of domestic bazaars. Despite this, under the current conditions, no such monitoring is done over distributors and for this, it is easily possible to do business.

If smuggling is not addressed ,it can rapidly spiral to overwhelm an orderly market and will frequently be penetrated by organized crime .For centuries , beverage smuggling has been exacerbate by bans and excessive taxes imposed on political grounds which are not welcomed by the majority of consumers .

2.5 Effects of smuggling on businesses in the beverage industry.

(I) Distortion of Market Prices: Beverages which are smuggled into the country are often a lot cheaper than the goods brought onto market through the right procedures. Smuggling therefore deprives traders of free competition.

(ii) Collapse of local industries: A country achieves better economic growth by developing its own industrial base. Smuggling under cuts prices of the locally manufactured goods thus destroying the market for local products .This leads to collapse of local industries .According to (Phillip 2006) smuggling affects domestic consumption with supply of cheap products

(iii) Unemployment: When there is unfair competition in the market, compounded by the collapsing of industries, the labor market (employment base) is eroded. Many professional skilled and unskilled personnel remain jobless.

(iv) Undermine firms' investments: Which are often substantial in developing well managed distribution networks. Innovation in the form of conception of new ideas for development of new products or processes and experimentation, has been recognised widely as an important driver of economic growth. Innovators protect their ideas through patents, copyrights, design rights and trademarks. Without adequate protection of these intellectual property rights, the incentive to develop new ideas and products is reduced, thereby weakening the innovation process. In industries where product development requires significant investment and innovation, smuggling of counterfeit product impairs investments and innovation by undermining the efforts of innovators and discouraging them from further research and development, which ultimately hampers overall growth of the economy

(v) Smuggling also corrodes market share and destroys the reputation and profitability of brands which is one of the company's most important assets health and safety risks.

(vi) Smuggling of beverages infiltrated the supply chains of safety related products as well as industries of similar nature. The credibility and reliability of these cheap smuggled beverage products cannot reasonably be compared to standard original products, especially since there is no accountability of the shadowy supplier or producer. These are more likely to fail early than standard products risking life of many consumers.

(vii) Loss of lives can be realized as most smuggled goods are harmful to the lives of those who consume them. This means that if they enter the country, they expose the lives of consumers to a risk of diseases which may subsequently lead to death.

2.6 Business Performance.

Most business firms are seeking to improve their performance in any way possible. The winning card can be held by those who endeavor to innovate, to obtain and sustain performance. Thus, competing in a continuously changing environment is very necessary to comprehend and monitor performance. Business performance is an imperative idea that describes the means and ways through which organizational resources are employed to achieve desired results.

Business performance as defined by Lindsey (2008) is an approach which looks at the business as whole instead of a division within a business. Business performance entails reviewing the overall business and determining how the business can better its goals. This requires the alignment of strategic and operational objectives and the business' set of activities in order to manage performance. Business performance relates to efficiency, effectiveness, financial viability and relevance. Effectiveness brings out the peculiar abilities which organizations must embrace in ensuring attainment of their missions. Efficiency is described as the unit cost of output which is much less than the input leaving no alternative option through which the input can be reduced for the same amount of output (Machuki, 2011). Financial viability on the other hand has been defined as a firm's ability to harness its financial resources which are its inflow of financial resources that must be greater than the outflow. Ricardo (2001), defined business performance as the ability of a firm to maximize strengths to overcome its weakness to neutralize its threats and take advantage of its opportunities.

2.6.1 Business performance measurement.

Business performance measurements are many and varied with some schools of thought advocating for financial performance measures and others for the non-financial performance measures. The constant changes in the market conditions mean that it's essential to constantly track and review your business goals and performance to remain competitive. The business goals may include lead generation, increasing sales, better customer service, increasing profit margin, increasing production efficiency and capturing a bigger market share. Below are some of the business performance measurement which are relevant in this study:

(I) Price Performance measures.

Purchasing uses various indicators to evaluate price performance measures, in other words, how effectively a firm spends its purchase money. The most common price performance measures include actual purchase price versus planned purchase price comparisons, actual purchase price compared to a market index, comparisons of actual to actual purchase prices for individual and aggregated items between operating plants within an organisation, and target prices achieved. Two price performance measures that are gaining importance are target prices achieved and price to market index comparison.

The actual price compared to plan is a common performance measurement which is the difference between actual and planned purchase prices. Price comparisons between two business entities that is the difference in selling price for a similar product between two competing firms. Although firms are increasingly focusing on cost versus price, price performance measures are still very popular especially with firms that lack detailed cost data.

(ii) Cost effectiveness measures

The measures in this category focus attention on efforts to reduce purchase costs. Cost effectiveness measures fall into two general categories which are cost changes and cost avoidance. The use of cost effectiveness measures requires a word of caution. There is need for cooperation as a way of assistance on cost reduction. If that fails suppliers end up compromising on quality.

A cost changes measure compares the actual cost of an item over a period of time. A cost change is the increase or decrease in cost resulting from a change in purchasing strategy or practice brought about by a firm. Cost avoidance represents the difference between a price paid and a potentially higher price. Cost-change and cost-avoidance measures differ

significantly. Cost change represents an actual change from a prior-period price, whereas cost avoidance refers to the amount that would have been paid minus the amount actually paid. Purchasing departments that require tangible cost improvement should focus more on the cost-change approach. This represents actual changes that can impact a firm's overall profitability.

(iii) Revenue measures

Revenue measures demonstrate the impact of purchasing and supply strategies and actions on revenues of the firm. For example, purchasing and supply may uncover new supplier technologies before others in the industry do and gain exclusive access, resulting in new product applications with favorable pricing and volume growth.

In addition, firms have achieved revenue growth due to royalty agreements negotiated with suppliers that have sold jointly developed technologies to other customers. Revenue from royalty generated from licensing patents and other technologies may be measured and reported.

Meeting new-product introduction dates with perfect supplier performance, enabling a first-to-market position with premium pricing, was also linked to revenue growth. Perfect-launch revenue is critical at many firms and is influenced by supplier performance.

Revenue measures for purchasing and supply are important because they link purchasing and supply strategies to the revenue elements of economic value-add. However, relatively revenue measures are in use. Apparently, firms have not fully recognized the contribution to revenue generation that purchasing and supply can make. This is the case for direct goods and even more true on the indirect side, where the linkage of purchasing and supply strategy to revenues is less obvious or, perhaps, nonexistent.

(iv) Customer value analysis

With the recent strong focus on customers, businesses have begun to deploy technologies, and measurement systems, to manage business activities that directly or indirectly interact with the firm's customers. These customer relationship management (CRM) technologies are providing firms with better data integration and hence better measurement regarding

customers. With the obvious strategic importance of customers, it is natural for businesses to begin exploring more robust ways of measuring customers and the related business activities (Gale, 1994). It is important to retain customers and increase a strong customer bases.

2.7 Competitive Strategies That Can Counter Beverage Smuggling: The Global Perspective

There have been many articles written on the legal, health and most importantly economic problems caused by smuggling of beverages around the globe. Various strategies have been advised by many researchers in the quest to protect the legal supply chain industry.

2.7.1 Surveillance strategies – China

Finn (2008), suggested some strategies that can counter beverage smuggling under the theme ‘fighting beverage smuggling’s. In this case study, author suggested 3 strategies that can be used Legal method, Surveillances and upgrading packages. Legal method is a proactive strategy adopted by the Pepsi cola company in China against smuggled goods , under surveillance ,Coke company in China which was facing a lot of smuggled similar beverages would employ surveillance strategies whereby they would connect directly to its consumers and retail customers and by so doing the companies would close the gaps for any smuggled goods to be distributed to its customers (Finn,2008).Upgrading packages by manufacturers using certain batch numbers and clearly labeling their products for example export products which have got a legal and sole distributor’s name so that consumers are able to take note of the legal distributors. Even though surveillance strategies where used in China, little was done to reduce beverage smuggling as the statistics kept in increasing each year of the infiltration of the smuggled goods in the market, customers may still choose to opt for better priced goods even though there is a direct connection between them and the legal suppliers, they may still do underhand dealings with smugglers.

2.7.2 Protection Strategies- Canada

According to Tidd (2008), states that a company must adopt protection strategies in order to counter beverage smuggling. In Canada, the biggest beverage supplier for soft drinks which is Big 8 has not been spared by the effects of smuggling and huge financial losses as the smuggled beverages which found their way into the Canadian market were of cheap value. Protection strategies included both external and internal tactics to protect the brands. Internal

tactics are related to changes in existing packaging, color combination or a logo and the change in packaging, color combination and logo must be different, complex and difficult to copy. External tactics includes creation of task force who can audit the distributors and retailers in every three months or randomly to know about the presence of spurious products available in the market. This form of strategy to counter smuggling is costly and requires cooperation and legal licenses from the suppliers who might want to maintain their identity through their original logos, color and packaging. This in a way will also confuse customers as they might think it's a different product altogether.

2.7.3 Cost leadership and Differentiation Strategies- United States of America

Chersborough (2008) gave an overview of the Coca cola company strategy in USA .In its bid to counter smuggling, the company used cost leadership. With this strategy, the objective is to become the lowest-cost producer in the industry. Many market segments in the industry emphasize minimizing costs. If the achieved selling price can at least equal the average for the market, then the lowest-cost producer will enjoy the best profits. Coca-Cola has used both branding and cost leadership strategies to expand its products in the USA market. Coca-Cola has differentiated itself in the United States by successfully positioning itself as an American icon. To many Americans, it is seen as patriotic, traditional, friendly, and American

(Slater 2000) Coupled with its advertising slogan, “Always Coca-Cola,” the patriotic images reinforced with the feeling that it has been around forever, has helped Coca-Cola maintain its brand loyalty since 1886. In fact, Coca-Cola has done such a good job at differentiating itself from other brands it has reached a status seldom known to most brands -- people actually collect Coca-Cola brand items. Anything Coca-Cola related ,from its merchandising products such as bottles and coolers to traditional and familiar advertising items such as signs and print advertisements; from point-of-purchase items such as trays and calendars to complimentary novelties such as toys and bookmarks is collected by brand loyal consumers (Slater, 2000)who know their suppliers well .This strategy seems to have worked well in the USA as the marketing systems for the Coca Cola company made it impossible for smugglers to dominate the fizzy drinks market.

2.7.4 Warning Strategies – India

(Reynolds,2007) asserts that a warning strategy consist of warning end users and distribution channels to be alert of smuggled goods which might find their way into the market.

Internally, this calls for educating staff to report any suspicious beverage goods that they might find their way in the market and externally it is about educating customers and distribution channels about the smuggled beverages and be strictly warned about measures that can be taken for example, confiscation of the smuggled beverages. The warning strategy can be successful to the extent that a customer education program can serve as an effective deterrents and that the distribution channels can be ordered to cooperate. These ends are not easy to accomplish as for example the customer education program can be very costly or may not yield any desired results particularly if smuggling is deep rooted in third world countries (Reynolds,2007).The legal supplier of beverages may not hold sufficient economic leverage to influence the behavior of retailers not to accept smuggled goods.

Nefarious economic crimes like beverage smuggling have been rampant in India. There has been a consistent upswing of the beverage smuggling graph over the last decade. (Spring,2008,p201) asserts that 37% of the market share of India's soft drinks are believed to have been smuggled products. The loss of revenue is estimated to have been over a million US dollars in a year. The Indian government chipped in to assist the law abiding beverage suppliers and compliant traders in general by setting up special cells with personnel well conversant with customs laws who are from the government who will work hand in hand with a broader objective to counter smuggling of beverages. Regular workshops were set up with members of the beverage industry guiding them of the dangers that smuggling poses, with a view to create mass awareness, seminars were organized at University level to sensitize students about the ill effects of smuggling. Through a seminar organized by the Indian Chamber of commerce, the beverage industry was told to build awareness messages in its promotional campaigns.

2.8 African Perspective

Africa has been one of the main harbor for smuggling activities and many works have been written suggesting strategies to counter and some of the works were written with recommendations to entirely stop smuggling in Africa and recommendations to different stakeholders were brought out.

2.8.1 Awareness Strategies – Nigeria

In Nigeria, awareness was created when the players in the industry created an awareness group known as the MAN GROUP which comprised of the Manufacturing Association of

Nigeria. Firstly, the association was asked to identify the causes of beverage smuggling in Nigeria and they came up with a number of causes that includes high cost of production, preference for cheaper products, higher taxes and inadequate supervision by regulatory bodies (Bosworth, 2002, p64). To address the problem of smuggling, the affected firms reported that they have tried a number of initiatives or measures largely similar to those under counterfeiting. These initiatives include product quality enhancement beyond the smuggled ones, price reduction, market visitations, on the counter spot check, prayers, making complaints to regulatory bodies, litigation, market raid and seizures, advertisement/campaign for patronage of made in Nigeria products, use bodies like MAN, NACCIMA etc. for advocacy, capacity expansion. Awareness strategies can be seen as advancing the interests of the big companies and some retailers may not support the idea as they do not have any interest by discouraging smuggling since they get their beverages in a much lower price than from the legal distributors.

2.8.2 Strategies in Kenya

The Beverages Association of Kenya (BAK), an umbrella body that brings together Kenya's leading manufacturers and distributors of beverages, indicated that it want to proactively engage government agencies in streamlining the industry, where smuggled beverages is said to account for 40 percent of the market. According to the association, its policy is based on conducting businesses in an honest and ethical manner which is not the case in some of the businesses. The association has cited its efforts in ensuring compliance saying it has been at the forefront of the campaigns to streamline tax collection among its members and eradicate illegal beverages trade, for some years now. With time, its mandate has expanded to promotion of safe and responsible production, licensing, sale and consumption of beverages (Amondi, 2012, p.201-2010).

BAK has also in the past partnered with government agencies, including regulatory and law enforcement bodies like the Ministry of Interior, Kenya Bureau of Standards (KEBS), Kenya Revenue Authority (KRA) and The National Authority for the Campaign Against Illicit beverage trading .In 2017, the association issued a three-point agenda on fighting illicit beverages and counterfeit beverages in the market and conveyed the need to empower law enforcement officers and supply chain stakeholders on the identification and interdiction of illicit products and subsequent prosecution of offenders. This form of strategy need a vigorous approach and also all companies need to be aligned in terms of compliance, this

method usually fails because it does not address the problem that causes smuggling like high taxes and not all distributors will adhere to the association's mandate of doing business legally.

2.8.3 Strategies in Egypt

Egypt like in many African countries is facing the problem of beverage smuggling circulating in the markets. Unsurprisingly, given the growth in international trade in 2000-2007 smuggling of beverages grew by 25% (Vithlan, 1998). Various works have been put through with recommendations that try to curb beverage smuggling in Egypt. In 2009, the Federation of Egypt Industries (FEI) recommended that there should be an avenue of communication for consumers to inquire about the legality and genuineness of products and authorized distributors, conducting an awareness of the actual and possible dangers of dealing with smuggled goods, raising consumer awareness of the problems associated with beverage smuggling.

2.9 Regional Perspectives – Southern Africa

Beverage smuggling in Southern Africa has been rampant in countries such as Zimbabwe and South Africa. There have been many works which have been written for Southern Africa with regards to beverage smuggling and its effects on business performance.

2.9.1 Strategies in Zimbabwe

Attributed to a porous border system that is struggling to plug the loopholes of beverage smuggling and weak structures to prosecute offenders, the smuggling scourge in Zimbabwe was hitting hard on the manufacturing and distribution industry. Delta Corporation, which is the leading manufacturer and distributor of alcoholic and fizzy drinks, came up with innovation strategies to in order to tackle and reduce the effects of beverage smuggling in the industry. The greatest danger which affected the fizzy drinks manufactured and distributed by Delta Corporation involved Coca cola drinks which were mainly smuggled into the country from neighboring countries.

Windah (2015) points out that a business to business situation which brought out results which indicated that commercialization of innovation could radically disrupt the suppliers

and customers way of life and operations .The beverages industry is not a high technology industry, radical innovations could easily be felt by customers whose beliefs and values about product could shift. Delta corporations introduced Maheu beverage which is a traditional nutritious drink, studies shown indicated that fizzy drinks, juice concentrates, beers and nectars were negatively impacted by the acceptance of the Maheu formulations. Indications of an increase in health consciousness of consumers were also noted as they disliked fizzy drinks which consumers attributed to sugary. This innovation of introducing traditional drinks led to the fall of the intake of the fizzy drinks. In as much as this negatively impacts the smuggling of beverages , the attempt to diversify and introduce other brands is a gamble as customer perception on well established brands might not be easy to change as some customers have got a strong brand loyalty .

2.9.2 Strategies in South Africa

Due to the sophisticated nature of the illegal activities conducted by particular importers, manufacturers and distributors, The South African government urged the legal industry dealing in beverages to come up with an investigative strategy to deal with smuggling beverage drinks in the South African market Dalli (2010).In this regard beverage companies in South Africa sought legal interventions to protect the industry. For this purpose, there was need to control the contractual agreements and relationships between the suppliers, distributors and retailers in the industry .Also to assist was the legislation guiding importers and also effecting the laws of seizing illicit beverages .This strategy can be costly due to the legal fees that might be involved and this as a strategy works well for big entities.

2.10 Local Perspectives

Locally, the Zambian beverage market has had smuggling for a long time and the fight against beverage smuggling is still going on, various works have been written under the Zambian context whereby smuggling has and is still affecting business performance of legal manufacturing and distribution companies.

2.10.1 Strategies in Zambia

Smuggling of beverages in Zambia has been rampant over the years and up until now the problem seems to be escalating; various attempts to combat smuggling have been put in place but have yielded little results. One of the companies affected by smuggling of beverages in Zambia is the Zambia breweries which in October 2018 , launched the Euro monitor market analysis of illicit beverages in Zambia, which catalogued an appalling fiscal loss of US\$103.7 million compared with US\$38 million in 2014 through the smuggling of ethanol and finished alcoholic beverage products into Zambia. One of the major steps to curb smuggling of beverages in Zambia is the intervention of authorities, the Zambia Revenue Authority (ZRA) seized alcoholic beverages worth over K1 million in December 2018.

Zambia breweries which is in the business of manufacturing and distributing alcoholic and non-alcoholic beverages, is one of the companies facing serious smuggling effects. In its fight against beverage smuggling, Zambrew has invested a lot in product development in order to stay competitive, ZamBrew created its Manual Distribution Centre (MDC) programme for soft drinks distribution in order to give company employees and external entrepreneurs the opportunity of becoming independent business owners (Muchinda, 2017, p.5). MDCs serve outlets in high-density areas where normal, motorized delivery methods are not suitable. This in a way brings the product right at the doorsteps of consumers who are able to identify Zam brew as a company and the products as well.

Zambia has also instituted a legal framework to curb smuggling. In this regard, section 149 of the Zambia customs and excise act stipulates that smuggled goods including the vessel will be seized and forfeited to the state, customs clearing agents will have their licenses revoked and directors of the clearing agents may be prosecuted .Regardless of all these legislations and punitive measures, smuggling still exists and this can be attributed to higher taxes imposed by the government and also porous borders which serve as entry points for the goods. Strategies at industry level whose businesses are at stake are lacking as well hence the need to have companies joining hands with government in a bid to stop and counter smuggling .Corruption is also another factor which sees government officials working together with smugglers and stiff penalties should be imposed in order to stop corruption.

2.11 Emerging Issues

Fletcher (2005), asserts that emerging issues are important issues for future studies and strategic planning. These are issues which have not been influential or important in the past, but might be influential in future.

2.11.1 Counterfeiting and Beverage Smuggling

Counterfeit products are fakes or unauthorized replicas of the original products. Counterfeits products are usually made to take advantage of the superior value of the imitated product. Counterfeits products can also be defined as products of any kind bearing an unauthorized presentation of a manufacturer's trademark. Simply stated, counterfeits products refers to those products which are fake, not original copies of a manufacturer's trademark or trade name which are packaged to appear as though they have been manufactured by the holder or owner of the trade mark.

There is a much more bigger problem at stake in the supply chain industry as evidence gathered suggest that not only are the legal distributors of beverages poised for smuggling but also some of the smuggled beverages are counterfeits goods .Byrne(2007) states that there has been a huge challenge on the sales of the original products as consumers who purchase the counterfeit beverages would buy them cheaper and also develop a negative attitude of buying the legal and original beverages after consuming the counterfeits beverages , the main reason being that the products are harmful and dangerous to their health .

2.11.2 Managing Pricing

Price is the value that is put to a product and is a result of a complex set of calculations, research, understanding and risk taking ability (Armstrong, 2009.63) .The issue emerging is that of disadvantage in nature with regards to the competitive pricing on the part of the legal distributors of beverages. The smuggled beverages often come cheap and distorts the price in the market. Consumers, regardless of the source often prefer cheaper products and in this regard, end up buying the smuggled goods.

2.12 Knowledge Gap

Countering beverage smuggling at company level is not clearly brought out in the literature review. There is little efforts which have been done by companies alone in developing strategies to stay competitive in the face of beverage smuggling. Most strategies which have been pursued and brought out by researchers have got more to do with strategies pursued at industry level and national level. There has been more of strategies employed by government agencies such as revenue boards, pressure groups and industry groups in the fight against smuggling. Little literature has been pursued to counter smuggling but most of the literature has been advanced to stop smuggling .Very little has been done to help companies affected by smuggling to come up strategies to counter smuggling and improve business performance .Most literature leaves out strategies that can be employed to improve business performance of companies in the supply chain industry.

2.13 Conclusion

The chapter brought out works that have been written by researchers with regards to beverage smuggling. Beverage smuggling has been explored in terms of what it is, the causes and also effects it has on the supply chain industry and the companies at large. Various strategies have been put in place to counter beverage smuggling at a Global level, African level, Regional level and Local level. More still needs to be researched on the strategies that need to be used to counter beverage smuggling and improve business performance by companies in the supply chain industry.

CHAPTER THREE

THEORETICAL AND CONCEPTUAL FRAMEWORK

3.1 Introduction

The purpose of this chapter is to present a theoretical and conceptual framework which was employed by this study. The theoretical and conceptual framework was based on the findings presented in the literature review. This provided the framework for the research design and analysis. The overall aim of the two frameworks was to make research findings more meaningful, acceptable to the theoretical constructs in the research field and ensures generalizations. They assisted in stimulating research while ensuring the extension of knowledge by providing both direction and impetus to the research inquiry. They also enhanced the empiricism and rigor of the research. Thus, it is no exaggeration for Imenda (2014) to say that both the theoretical and conceptual frameworks give life to a research. The following theories and theoretical frameworks served as a foundation for developing information literacy instruction module and the study.

3.2 Theoretical Framework

The theoretical framework is the structure that holds the theory of a research study. The theoretical framework introduces and describes the theory on why the problem that is under study exists (Gabriel, 2008). A theoretical framework consists of concepts and, together with their definitions and reference to relevant scholarly literature, existing theory that is used for the particular study.

3.2.1 The Stakeholder Theory

The stakeholder perspective is an alternative way of understanding how companies and people create value and trade with each other. Freeman (2008) discussed the foundation concepts and implementation of stakeholder management as well as the advantages this approach provides to firms and their managers. They present a number of tools that managers can use to implement stakeholder thinking, better understand stakeholders and create value with and for them. The theory points out how managers can create stakeholder oriented

control systems by examining some of the important stakeholder-related issues that are worthy of future scholarly and managerial attention in the supply chain industry.

Stakeholders are those parties considered important for the success of a corporation. It includes suppliers, employees, communities, shareholders and managers (Keitany and Moronge, 2013). Donaldson and Preston, (1995), ascribe to the notion that stakeholders are not only essential to the company but to the economy at large. The theory is founded on the tenet that the company's decisions affect the stakeholders. Each company is therefore is obliged to define fundamental moral principles to use in making decisions about their products. This theory is applicable to this study due to its ability to outline the stakeholders, their roles and significant contributing towards the supply chain industry success. The theory postulates that agents and stakeholders should operate on ethical terms and while addressing the interest of stakeholders. The illegitimate trade which is smuggling of beverages is not founded on ethics and therefore, impacts negatively on stakeholders. The theory is relevant to the study since it satisfies and ensures that the diverse needs of all stakeholders are well articulated and well represented. This is made possible with established relationships with stakeholders of the firm who include suppliers and customers.

The reasoning behind the stakeholder theory implies that firms that choose not to incur costs associated with establishing perceptions of fairness amongst their stakeholders suffer spiteful responses from stakeholders who negatively respond and that can lead to a value destruction of a firm, (Barro2009).According to Barro (2009), Factor analysis identified two groups of stakeholder strategies: aggressive strategies and cooperative strategies. Aggressive strategies feature some form of forceful attitude or behavior toward stakeholders in an attempt to alter other stakeholders' behavior. Cooperative strategies feature supportive attitudes or behaviors towards its stakeholders. Models were developed for these two types of stakeholder management strategies. When the level of trust among stakeholders is low, a firm that presses to complete the collaboration activity may choose aggressive strategies in dealing with its trading partners. On the other hand, a sense of interdependence, a perception that its trading partners share the urgency to collaborate, plus awareness that the collaboration activity benefits all will lead the organization to adopt cooperative strategies. These two analyzed strategies are of importance to the study as they give a clear reflection of the beverage smuggling activities by other players or stakeholders in the supply chain industry.

Of importance to this study, through reviewing the stakeholder theory will be the company's competitors. Beverage smuggling is widespread because some competitors are not conducting business in a fair manner and hence resort to unethical methods of doing business. This brings the role the aggressive strategies whereby companies need to come up with such in order to combat unfair competition in the industry.

3.2.2 Theory of supply chain management

Spulber (1996) defines an intermediary as intrinsic ingredient of economic activity .He proposes this theory as an exchange between a group of suppliers and customers .When the gains in intermediate exchange usurp the gains in direct exchange from a supplier to the consumer , a new firm is created .The theory explicitly explains role of intermediaries , their advantage over direct sales and their roles in setting up prices , cost and setting up competition ,(Spulber,1996).The existence of intermediaries creates room for smuggling activities. The principle focus on market competition is not only between goods but also between supply chains delivering the goods and coordinating, quality logistics between suppliers and distributors that becomes critical and marks the success of the supply chain links Jacklick (2005).

Market trends and uncertainties compels supply chains to be flexible to changes in the immediate business environment .This flexibility encourages effective supply chain and logistics management .Block (1978) indicates that supply chain refers to corporate business integration firm end users through suppliers that provide goods , services and information and add value for customers. Supply chain is viewed as a series of interconnected activities which are involved with the planning, coordination and controlling of materials, parts and finished products from suppliers to customers (Wheeler, 2001). The effectiveness of supply chain management heavily relies on incorporation of supply chain, corporation, information sharing and organization throughout the entire supply chain .The supply chain of beverages is complex and it involves linkages between suppliers ,downstream distributors , information and capital.

The theory of supply chain management stipulates the need to have legal supply chain relationships. Supply chain management hinges upon trust and commitment on the parties involved and hence the presence of trust results in successful supply chain management .Conversely, a lack of trust among supply chain partners has been proven to result in the

inefficient and ineffective performance of the supply chain as a whole and directly affect the business performance of other firms. Therefore, the theory of supply chain management forms a basis of this research study.

3.3 Conceptual framework

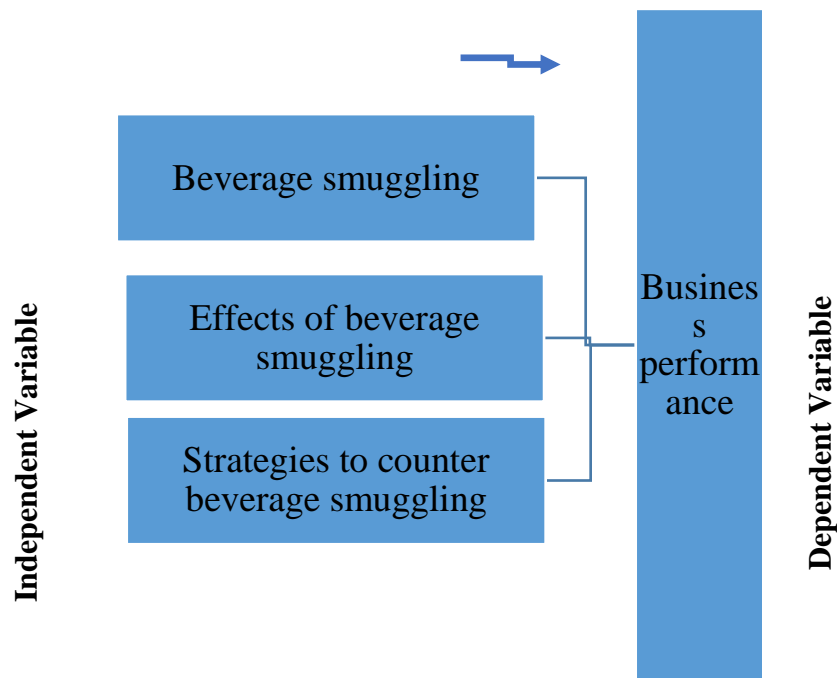


Figure 1 Conceptual Model

Source: Researcher (2020)

This is the written or visual presentation that explains either graphically or in narrative form the concepts to be studied. The conceptual framework sets the stage for the presentation of a particular research question that drives the investigation being reported based on the problem statement (Macghagie, 2001). Its purpose is to identify relevant variables, define variables and have an idea of analysis.

3.4 Statements of Hypothesis

Furthermore, the researcher developed the statements of hypothesis as follows:

3.4.1 Beverage Smuggling

H0: There is no significant relationship between beverage smuggling and business performance at Cold Chain Zambia.

H1: There is significant relationship between beverage smuggling and business performance at Cold Chain Zambia.

3.4.2 Effects of beverage Smuggling

H0: There is no significant relationship between effects of beverage smuggling and Business performance at Cold Chain Zambia.

H1: There is significant relationship between effects of beverage smuggling and Business performance at Cold Chain Zambia.

3.4.3 Strategies to counter beverage smuggling

H0: There is no significant relationship between strategies to counter beverage smuggling and business performance at Cold Chain Zambia.

H1: There is significant relationship between strategies to counter beverage smuggling and Business performance at Cold Chain Zambia.

3.5 Operationalization of Conceptual Framework.

Beverage smuggling is the illegal way of importing beverages through illegal means for many reasons which includes tax avoidance in order to lower the product cost of the product. To this paper, beverage smuggling is the problem which is affecting business performance for The Cold Chain Zambia Ltd. **Effects of beverage smuggling:** The effects of beverage smuggling have got too many negative consequences on the business performance of companies in the supply chain industry, these effects leads to the dwindling of sales and profits of the legal distributors of the beverages since the product being smuggled will be cheap in the market. **Strategies to counter beverage smuggling:** Business Strategies are a set of proactive actions on the part of management, for the purpose of enhancing the company's market position and overall performance as well as reactions to unexpected developments and new market conditions (Porter, 1985).The strategies to be employed to counter beverage smuggling will subsequently improve The Cold Chain Zambia business performance.

Business performance is the dependent variable which depends on the effects of beverage smuggling and the strategies to counter beverage smuggling .This is also known as the responding variable and central to the study (Herbrick, 2013).If the effects of beverage smuggling are worked on, business performance will improve and if the strategies to counter beverage smuggling are put in place, the business performance for The Cold Chain Zambia Ltd will improve.

3.6 Conclusion

This chapter discussed the importance of theoretical and conceptual frameworks in a research. It has given enough justifications on why their inclusion in a research is indispensable because they heighten the quality of a research. Also, it has thoroughly explained the meanings of the two frameworks, their distinctive roles that they play in the research process, their differences, how they are constructed and where they must be presented in a dissertation or thesis research write-up. Researchers and students must tactfully incorporate theoretical and/or conceptual framework in their research inquires to increase their robustness in all its aspects.

As stated above, the theories that were used to guide the study are the stakeholder theory which outlines the way people and companies value and trade with each other, the importance of the stakeholder theory to this study are the company's competitors in the illegal business of beverage smuggling. Theory of Supply Chain was of importance to this study as it clearly stipulates the need to have a legal supply chain which is being disturbed by smuggling. The conceptual framework which guided the study had the independent variables which are effects of beverage smuggling and strategies to counter beverage smuggling which in turn influence the business performance which is the dependent variable.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter outlines the research methodology which is the techniques or specific procedures used to identify, select, process and analyze information about the topic. This section allows us to bring out how the data was collected ,generated and analyzed, this chapter presents the methods that will be employed so as to achieve the set objectives ,the chapter addresses the study design that will be adopted , the population of the study , and the variables for the study ,data collection and analysis.

4.2 Research Philosophy

Research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used (Bryman, 2007).In light of this, the study will bring out the ontology, epistemology, phenomenology, axiology and pragmatism as the explored philosophical underpins.

4.2.1 Ontology

Ontology in business research can be defined as the science of being and it deals with the nature of reality. Ontology is a system of beliefs that reflects an interpretation by an individual on what constitutes a fact (Kothari, 2014).

This study was hinged on subjective through the nominalist ontological approach whereby the reality construed is a social construction. The Social phenomena being studied which is the effects of beverage smuggling on the business performance for The Cold Chain ltd, befits nominalist ontology in that the study was accomplished by the social actors as there was interaction between the observer and subject being observed.

4.2.2 Epistemology

Bryman (2007) points out that Epistemology is the theory of knowledge; it is the philosophical study of the nature, origin and scope of knowledge .Epistemology deals with

the sources of knowledge. Alternatively, epistemology can be branded as the study of the criteria by which the researcher classifies what does and does not constitute the knowledge. In simple words, epistemology focuses on what is known to be true. The study took an anti-positivist epistemological approach which asserts that concepts and language used in the research shapes the perceptions used (Kothari, 2014). This approach best suited the research as there is more of qualitative methods used, the research was influenced by the researcher's own interest and beliefs on the subject. Interview questions were administered in form of both open and closed questions.

4.2.3 Phenomenology

Phenomenology focuses on experiences, events and occurrences with disregard or minimum regard for the external and physical reality. This branch of philosophy states that what is directly perceived and felt is considered more reliable than explanations and interpretations in communication (Cramer, 2004). This study took an interpretative phenomenology approach which provided detailed examination of the experiences of the subjects interviewed on effects of beverage smuggling in the supply chain industry,

4.2.4 Axiology

Axiology is the theory of values; it is the theory of philosophy that is engaged with the researcher's own value on all stages of the research process. It is the researcher's view on the role of values and ethics in research methodology; it stipulates how the researcher should go about finding knowledge. This paper took a subjective approach and it depicts a value laden or bound on the part of the researcher. The values of research participants were integral and reflexive.

4.2.5 Pragmatism

Pragmatism research philosophy accepts concepts to be relevant only if they support action. Nearly all the work of pragmatist advocates for the practical issues rather than the philosophical issues (Philip, 2014). This research also takes in pragmatism as an approach as it seeks to solve the problem of beverage smuggling in the supply chain industry and also improve business performance.

4.3 Research design

Table 1. Research Design Matrix

Research Question	Research Objective	Population & Sampling	Data Collection	Data Analysis
Research Question 1: What are the effects of beverage smuggling on the Cold Chain business performance? (Realist ontology and induction)	To determine the extent of the effects of beverage smuggling on The Cold Chain Zambia business performance. (Realist ontology)	Probability sampling	Survey questionnaire	Univariate data analysis
What strategies can counter beverage smuggling (Realist ontology and induction)	To identify strategies which will counter smuggling at Cold Chain Zambia. (Realist ontology)	Non-probability sampling	Document review	Qualitative data analysis
Research Question 3: How can strategies be enhanced to counter beverage smuggling and improve The Cold Chain Zambia ltd business performance. (Nominalist ontology and abduction)	To establish strategies that can be used to counter beverage smuggling and improve Cold Chain business performance at Cold Chain Zambia. (Nominalist	Probability sampling	Survey questionnaire	Regression analysis.

	ontology and epistemology).			
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A research design is an outline of the study which indicates what the researcher will do, from the hypothesis stage to the final analysis of data (Kothari 2014). This study was carried out within the framework of a mixed methods research design employing the exploratory sequential design, The mixed methods approach assisted this researcher in having a rich, detailed and often emotionally driven and insights based on the personal views of the questionnaires which were conducted at the Cold Chain Zambia ltd within the setting of the activities and operations of the Cold Chain Zambia ltd which operates in a supply chain industry. The quantitative part therefore gave us a broader, robust view, based on hard statistics for example how many employees understand beverage smuggling and its effects on the business performance of The Cold Chain Zambia Ltd. The qualitative part provided depth and detail of the effects of beverage smuggling and also business performance for The Cold Chain Zambia ltd.

4.4 Sample Population

The population of interest in the study is top level management, Logistics team, marketing team, sales team and all Cold Chain Zambia employees who are pertinent to the beverage smuggling, function and decision making concerning effects of beverage smuggling on the Cold Chain Zambia business. This group consist of 400 individuals. The researcher will use purposive sampling to select employees. Burns and Grove (2003) defined sampling as a process of selecting a group of people, events or behavior with which to conduct a study.

4.5 Sample size

A sample size measures the number of individual samples measured or observed in a particular study (Khotari, 2004).The sample size of interest in this study will be top level management, Logistics team, Marketing team, Sales team and all Cold Chain Zambia employees who are pertinent to the effects of beverage smuggling to The Cold Chain Zambia ltd's business. The researcher will use purposive sampling technique to come up with the sample size. A sample size of 80 respondents was drawn from the population.

4.6 Data collection methods

Research data for the study was collected using primary sources. Primary data was collected using a self-administered structured and unstructured questionnaire. The questionnaires were distributed to the respondents directly by the researcher.

4.5 Research Method

A critical examination of the research design matrix showed that a mixed method approach for both data collection and analysis will be appropriate in this research. The research was conducted using both qualitative and quantitative in that it takes advantage of the ability to finish tasks of each method used thereby accomplish fulfilling tasks for each approach. Since this was a pragmatic research study, the tasks of the findings was to ensure it helped to build sustainable solutions to challenges facing The Cold Chain Zambia ltd, to do this, a mixed method approach was used to collect, analyze and interpret data (James, 1979; Robson, 2011; Mertens & Wilson 2012). This also helped in developing correlational analysis of the different variables being studied. Therefore, this research was influenced by the systematic, scientific of positivist and post positivist approaches to research.

4.7 Data collection methods

Research data for the study was collected using both secondary and primary sources. Secondary data was collected through documentary review of published records, journals, textbooks and Government documents, industry and annual reports, while primary data was collected using a self-administered structured and unstructured questionnaire. The questionnaires were distributed to the respondents using drop and pick method.

4.8 Data Analysis Methods

Data analysis is the process of systematically applying statistical techniques to describe, illustrate, condense, recap and evaluate data. According to Shamoo and Resnik (2003) various analytic procedures provide a way of drawing inductive inferences from data and distinguishing the signal phenomenon of interest from the noise statistical fluctuations present in the data.

Research data was analyzed using descriptive statistics and for ascertaining association between variables. The researcher utilized Statistical Package for Social Sciences (SPSS) as the main descriptive statistical tool to analyses the data and determine the extent of relationships between the independent and dependent variables. The results of the processed data was presented using percentages, means, standard deviations, frequencies, pie charts and tables for easy understanding.

Research data was analyzed using descriptive statistics and the relationship between the variables established using the following linear regression model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y is the dependent variable, β_0 is the intercept, ε is the error term and X_1 , X_2 , X_3 and X_4 represented the four independent variables of the study. The results of the processed data were presented using percentages, means, standard deviations, frequencies, pie charts and tables for easy understanding.

4.8.1 Descriptive statistics

Descriptive statistics were used in the initial analysis and checking of validity of the data collected. Descriptive statistics involves providing of simple summaries of the data collected in order to present the quantitative characteristics of the data and measures of the study. Statistical Package for Social Sciences (SPSS).The study used SPSS as its method for data analysis. SPSS is the name of a series of software packages used for data analysis. Its main advantage is that it allows researchers to analyze data without using advanced statistical analysis tools. Pearson's Chi-Square test of independence. Pearson's Chi-Square test of independence was also used as a measure of association. It entails determining whether there's an association between variables. A chi-square test is called significant if there's an association between two variables and non-significant if there is no association.

4.9 Validity

Validity is the extent to which the scores from a measure represent the variable they are intended to, validity is an indication of how sound the research is, and more specifically validity applies to both the design and the methods of the research. Bond (2003, p. 179) defines validity as foremost on the mind of those developing measures and that genuine

scientific measurement is foremost in the minds of those who seek valid outcomes from assessment.

4.9.1 Face Validity

Face validity is the degree to which an assessment, or test, subjectively appears to measure the variable, or construct that is supposed to measure. Face validity involves the expert looking at the items in the questionnaire and agreeing that the test is a valid measure of the concept which is being measured just on the face of it. This means that they are evaluating whether each of the measuring items matches any given conceptual domain of the concept. The questionnaire assessment had a high face validity as it managed to bring out the required answers which all pointed out to the correlation of the research objectives and the responses given.

4.9.2 Content Validity

Content validity refers to the extent to which the items on a test are fairly representative of the entire domain the test seeks to measure. To achieve content validity, the questionnaires included a variety of questions on the knowledge for beverage smuggling and its effects on the business performance for The Cold Chain Zambia Ltd. All the subjects completed the questionnaires in the presence of the researcher. This was done to prevent subjects from giving questionnaires to other people to complete on their behalf.

4.9.3 Construct Validity

Construct validity is concerned with the efficacy of a test to gauge learner knowledge about the relevant topics of concern. The test must be relevant, appropriate and utilized correctly, with the focal point being the integration of evidence that produces inferences about assessment results. These inferences must be meaningful, trustworthy and serve the purpose of the assessment for construct validity to reach its goal (Messick, 1989). The study achieved a high level of construct validity as the test conducted was relevant to the research and appropriate by concentrating on the effects of beverage smuggling on The Cold Chain Zambia Ltd.

4.10 Reliability

Reliability refers to the degree to which a research method produces stable and consistent results. A specific measure is said to be reliable if its application on the same object of measurement number of times produces the same result. In simpler terms reliability means a measure would give us the same result over and over again.

Reliability can be ensured by minimizing sources of measurement error like data collector bias. Data collector bias was minimized by the researcher's being the only one to administer the questionnaires, and also by using standardizing conditions such as exhibiting similar personal attributes to all respondents for example friendliness and support during the questionnaire interviews.

4.11 Ethical Issues

Ethical Considerations can be specified as one of the most important parts of the research. Ethical issues arose on this study with a focus on how we treated people on whom we conducted our research. The researcher made sure people's rights were not infringed during the process of collecting data.

4.11.1 Confidentiality.

In research, confidentiality can be defined as the idea that, apart from where necessary in order to conduct the research or where legally required, all details of the client's business should be kept private by the researcher and not disclosed to any third party. In order to ensure confidentiality, the study assured respondents and an agreement was reached before the questionnaires were administered that the information they provided was not to be provided to any third party. The Cold Chain Zambia Ltd also provided guidelines on what information the company was ready to provide and what can be disclosed and not disclosed.

4.11.1 Plagiarism

Plagiarism is the attempt to pass off other people's work as your own; it is therefore an academic offence (Hughes, 2011). To avoid plagiarism, this study was conducted by citing

ideas, words, phrases and passages from other authors' works using the American Psychological Association style of referencing.

4.11.2 Privacy

Privacy for research participants is a concept which states that an individual responding and participating in a research has a right to privacy. The respondents were clearly advised that the research would not infringe their rights to privacy nor disregard their values during the interviews hence, in order to obtain privacy a right of consent was made either to respond or not to respond to some of the questions they felt were infringing their privacy and those questions they felt were sensitive to give out. The questionnaires were distributed in an open policy way and the respondents were asked to answer the questions by themselves without reviewing to others.

4.11.3 Coercion

Coercion can be defined as the act of compelling or forcefully participants to participate in a research study. This goes against ethics, in this study, respondents were given a choice of participating or not to participate. There was no coercion or undue influence of research participants to take part in the study.

4.12 Pilot study

The pilot study of the current research was the first step of the practical study of the effects of beverage smuggling and business performance for The Cold Chain Zambia Ltd. Stewart (2007), points out that a pilot study is a small study test research protocols, data collection instruments, sample recruitment strategies ,and other research techniques in preparation for a larger study .A pilot study is one of the important stages in a research project and was conducted to test the feasibility of the study . The pilot study in the current research can be defined as mainly a try-out of research techniques and methods, but also of questionnaires and interviews.

Cronbach's Alpha Reliability Statistics

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
.811	.812	12

Table 4.1.

Reliability was tested using Cronbach's alpha in SPSS. According to Tatham, (2007) Cronbach's alpha is most commonly used when you want to assess the internal consistency of a questionnaire that is made up of multiple Likert-type scales and items. For this study 12 items are subjected to the test. A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument (Cothari, 1990).

In the Pilot, the Cronbach's alpha coefficient was $\alpha = .81$. The score was above the .7 threshold for high internal consistency, an indication that the questionnaire was reliable for the study. Basing on this test, any items which had extreme scores (high and low) from the others were removed to make the questionnaire more reliable.

4.12.1 Value of the Pilot study

It was of great importance and essential for this research to have a pilot study so that we prevent the waste of time, energy and money .Welman (2005) argues that many novice researchers are disillusioned when they find out that the guidelines for research are only valid in an ideal environment and not in the practical research environment where they conduct their research study.

The pilot study conducted was aimed at detecting possible flaws in measurement procedures, time limits and operationalization of independent variables. The pilot study was also valuable to the research in order to identify unclear and ambiguous items in a questionnaire .The non-verbal behavior of participants in the pilot study may give important information about any discomfort experienced concerning the content or wording of items in the questionnaire. The pilot study was therefore of value for testing the feasibility of both research instruments or data collection instruments like questionnaires, interview schedules, or other testing

instruments and also of the research process itself. The questionnaire assessment had high face validity as it managed to bring out the required answers which all pointed out to the correlation of the research objectives and the responses given

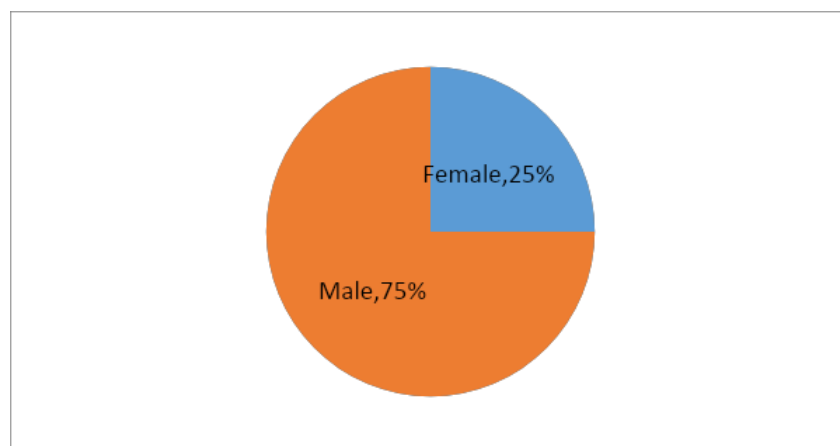
4.12.2 Location and participants

The pilot phase of the study was conducted in the Lusaka province .A total of 12 participants were drawn to participate in the pilot study and these were all employees of The Cold Chain Zambia ltd. Selection procedures were based on convenience, but great care was taken to ensure that the participants were selected to represent the various dimensions that are important to the study in terms of gender and work experience.

4.12.13 Pilot study methods

Various techniques were used in the pilot study phase to gain a more in depth understanding of the smuggling of beverages. This included conducting interviews with key personnel at The Cold Chain Zambia ltd and administering of a questionnaire which included both closed and open ended questions. A sample of 12 participants were picked up and the interviews were conducted as well as the questionnaires. The selection criteria used for the pilot study participants was based on gender and work experience.

4.12.14 Pilot study results



Gender Figure 1:

The Pilot study conducted came up with results on some practical considerations which needed attention and these were on the time limit per session of the questionnaires .When conducting the interviews, the researcher found out that the time limit which was set of 20 minutes was too short and it needed 40 minutes. The other considerations which were being tested included the budget and the data collection methods and these proved to be ok on face validity. Therefore, the pilot study had a very definite contribution to further the research.

The dominant number is males comprising 58% of the staffs. Only one fifth of the respondents were females comprising of 42%.

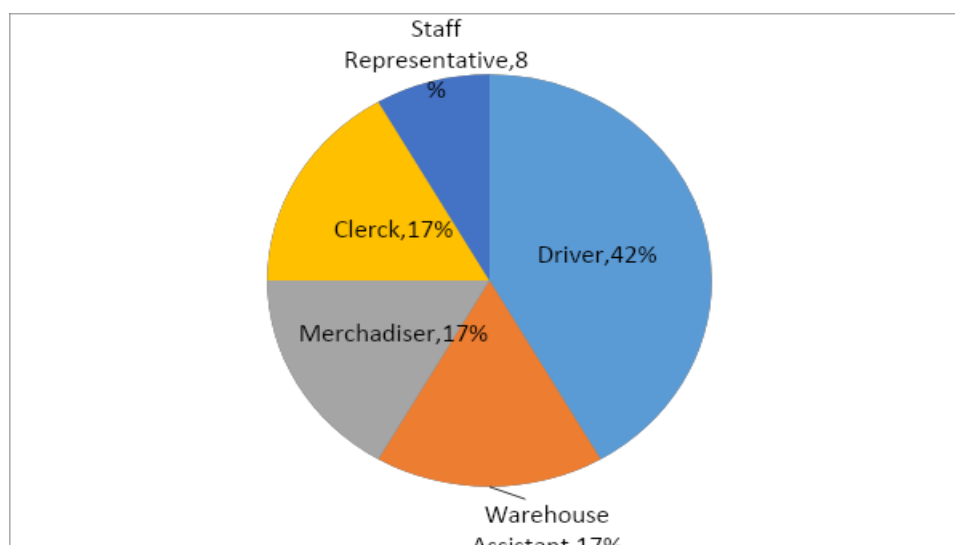


Figure 2: Role within the organisation

The study shows that the majority of the respondent representing a 42% said were drivers,17% were warehouse,17% were under merchandiser, 17% were under clerks while 8% said were staff representative.

Factors	Cronbach's Alpha	N of Items
<i>Beverage smuggling</i>	<i>0.972</i>	<i>5</i>
<i>Effects of beverage smuggling</i>	<i>0.916</i>	<i>5</i>
<i>Strategies to counter beverage smuggling</i>	<i>0.980</i>	<i>5</i>
<i>Business performance</i>	<i>0.995</i>	<i>5</i>

Table 1. Results of reliability analysis

Cronbach's Alpha was examined for the reliability analysis of question items. Whether the statements are consistent or not is understood by measuring the relationship among them. In this way, we get reliability coefficient, which takes a value between 0 and 1 and the reliability increases when the value gets close to 1 (Ural ve Kılıç, 2005:258). Cronbach Alpha values of the factors are calculated as; 0.972, 0.916, 0.980 and 0.995 relatively. According to Turan (2012:8), if the Cronbach's Alpha value is above 0.70, then the scale is reliable. Therefore, the scale is reliable as noted above.

The purpose of our study is to examine the effect of beverage smuggling, effects of beverage smuggling and strategic to counter beverage smuggling on business performance. In this context, the outline of the study is given in the template below.

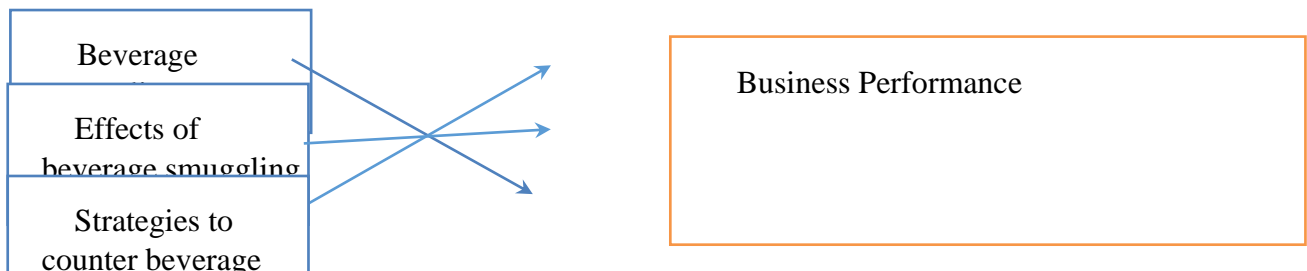


Table 2.Results of Correlation and Regression Analysis

Correlation test is used to determine the intensity and the direction of the relationship between two variables. (Ural and Kılıç, 2013:243). In this study, correlation test was used in

order to determine the relationships between Beverage smuggling and Business performance, Effects of beverage smuggling and Business performance, Strategic to counter beverage smuggling and business performance.

As it can be seen in Table 2, there is a negative and moderate correlation between turnover intentions and interactional justice (Pearson Correlation coefficient = - 0.416).

Correlations			
		Business performance	Beverage smuggling
Business performance	Pearson Correlation	1	-,416**
	Sig. (2-tailed)		.000
	N	12	12
Beverage smuggling	Pearson Correlation	-,416**	1
	Sig. (2-tailed)	.000	
	N	12	12

Table 2. Correlation Results of Business performance and Beverage smuggling

As a result of this correlation analysis, H1: There is a significant correlation between the employee business performance and the perception of beverage smuggling in cold chain supply and was accepted.

Correlations			
		Business performance	Effects of beverage smuggling
Business performance	Pearson Correlation	1	-,563**
	Sig. (2-tailed)		0.00
	N	12	12
	Pearson	-,563**	1

Effects of beverage smuggling	Correlation		
	Sig. (2-tailed)	0.00	
	N	12	12

Table 3. Correlation Results of Business Performance and Effects of beverage smuggling

Table 3 shows that there is a negative and significant correlation between business performance and effects of beverage smuggling. (Pearson Correlation coefficient = - 0.563.

As a result of this correlation analysis, H2: There is a significant correlation between the business performance and the perception of effects of beverage smuggling in the cold chain supply and was accepted.

Correlations			
		Business performance	Strategies to counter beverage smuggling
Business Performance	Pearson Correlation	1	-.040**
	Sig. (2-tailed)		.626
	N	12	12
Strategies to counter beverage smuggling	Pearson Correlation	-.040**	1
	Sig. (2-tailed)	.626	
	N	12	12

Table 4. Correlation Results of Business performance and Strategies to counter Beverage Smuggling.

As Table 4 shows that there seems to be no correlation between business performance and strategies to counter beverage smuggling. In this case, H3: There is a significant correlation

between the business performance and the perception of strategies to counter beverage smuggling in cold chain supply and was refused.

Independent Variables	β	T	p	R ²	Adjusted R ²	F
Effects of beverage smuggling	.815	-13.204	.000	.378	.368	44.583
Strategies to counter beverage smuggling	-1.420	.556	.000			

Table 5. Results of Regression Analysis

Regression analysis was made to determine the effect of effects of beverage smuggling and Strategies to counter beverage smuggling on Business performance. Results are shown above in the Table 5. It is found that there is a negative and significant effect of effects of beverage smuggling and strategies to counter beverage smuggling on business turnover ($F = 44.339$; $p < 0.001$). Adjusted R^2 is 0.368 and the perception of effects of beverage smuggling and strategies to counter beverage smuggling explains the 36% of business performance.

4.12.15 Pilot Study Conclusion

We reached important results in this study which was done in order to establish strategies that can counter smuggling of beverages and improve business performance for The Cold Chain Zambia Ltd. First of all, correlation was established among beverage smuggling, effects of beverage smuggling and strategies to counter beverage smuggling and business performance. As a result of the correlation analyses, it is seen that there is a correlation between beverage smuggling and business performance, and between effects of beverage strategies and business performance. The hypotheses in the beginning of the study H1: There is a significant correlation between the business performance and the perception of effects of beverage smuggling at Cold Chain Zambia Ltd.

4.13 Conclusion

The chapter has described the research design of the study. It has presented information on the population, explained the sample selection, the procedure used in designing the data collection instrument, the data collection process and explained the statistical procedures used to analyze the data

CHAPTER FIVE

DATA ANALYSIS, PRESENTATION AND DISCUSSION

5.1 Introduction

This chapter provides a detailed analysis of the variables to do with the effects of beverage smuggling on business performance in the supply chain industry at Cold Chain Zambia LTD. The chapter also provides an analysis of the suggested solutions. The research utilized structured questionnaires to collect primary data. Utilizing a combination of quantitative and qualitative methods made the research more reliable and useful.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	47	58.8	58.8	58.8
	Female	33	41.3	41.3	100.0
	Total	80	100.0	100.0	

Table 1: Gender of respondents

The table above shows that the majority of respondents amongst the participants were males which was 58.8%, while 41.3% were females. From the results, the study had more male respondents than females.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	15	18.8	18.8	18.8
	2 to 5 years	25	31.3	31.3	50.0
	5 to 10 years	26	32.5	32.5	82.5
	Over 10 years	14	17.5	17.5	100.0
	Total	80	100.0	100.0	

Table 2: Length of service in the organization

The table above shows the length of service in the organization by the respondents, 32.5% majority of the respondents indicated between 5 to 10 years, 31.3 of the respondents indicated

2 to 5 years, 18.8% of the respondents indicated less than 2 years and 17.5% of the respondents indicated over 10 years. The results implied that the respondents were more than qualified to participate in the study due to their length of service in the organization which simply meant that they understood the issues related to smuggling in the organization.

		Frequen cy	Perce nt	Valid Percent	Cumulative Percent
Val	Sales representative	23	28.7	28.7	28.7
id	Accountant	6	7.5	7.5	36.3
	Warehouse manager/assistant	20	25.0	25.0	61.3
	Merchandiser	10	12.5	12.5	73.8
	Invoicing clerk	5	6.3	6.3	80.0
	Logistics/Driver	12	15.0	15.0	95.0
	Human resource	1	1.3	1.3	96.3
	Debtors	2	2.5	2.5	98.8
	General Manager	1	1.3	1.3	100.0
	Total	80	100.0	100.0	

Table 3: Role within the organization

The table above shows the role of respondents within the organization, 28.7% majority of the respondents indicated sales representative, 25.0 of the respondents in respondents said warehouse manager/ assistant, 15.0% of the respondents said logistics/driver, 12.5% of the respondents said merchandiser, 7.5% of the respondents said accountant, 6.3% of the respondents said invoice clerk, 2.5 of the respondents said debtors, while 1.3% of the respondents both said general manager and human resource manager. The results showed that the study was rich with different views from all the departments in the organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	34	42.5	42.5	42.5
	Agree	31	38.8	38.8	81.3
	No answer	8	10.0	10.0	91.3
	Disagree	4	5.0	5.0	96.3
	Strongly disagree	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Table 4: Understanding of beverage smuggling importance to employees.

The table above shows the importance of employees understanding the smuggling of beverage, 42.5% majority of the respondents strongly agreed to this statement, 38.8% of the respondents agreed to this statement, 10.0% of the respondents did not have an answer 4.0% of the respondents disagreed about the importance of employees understanding the smuggling of beverage and 3.8% strongly disagreed to the importance of employees understanding the smuggling of beverage. The results show that most of the respondents were aware of the importance of employees understanding the smuggling of beverage and how it might affect them.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	19	23.8	23.8	23.8
	Agree	41	51.2	51.2	75.0
	No answer	13	16.3	16.3	91.3
	Disagree	3	3.8	3.8	95.0
	Strongly disagree	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

Table 5: Cold Chain Zambia employees are aware of beverage smuggling

The table above shows awareness of Cold Chain Zambia employees of beverage smuggling, 51.2% of the respondents agreed that Cold Chain Zambia employees are aware of beverage smuggling, 23.8% of the respondents strongly agreed, 16.3% of the respondents did not have an answer, 5.0% of the respondents strongly disagreed and 3.8% disagreed that Cold Chain

Zambia employees are aware of beverage smuggling. The results shows that most respondents were aware of Cold Chain Zambia employee's beverage smuggling and a percentage of respondents were not aware of Cold Chain Zambia employee's beverage smuggling.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	25	31.3	31.6	31.6
	Agree	34	42.5	43.0	74.7
	No answer	14	17.5	17.7	92.4
	Disagree	4	5.0	5.1	97.5
	Strongly disagree	2	2.5	2.5	100.0
	Total	79	98.8	100.0	
Missing	System	1	1.3		
Total		80	100.0		

Table 6: Beverage smuggling affects the business performance of The Cold Chain

The table above shows whether beverage smuggling affects the business performance of the Cold Chain Zambia, 42.5% of the respondents agreed beverage smuggling affects business performance, 31.3% of the respondents strongly agreed that beverage smuggling affects business performance, 17.5% of the respondents did not have an answer, 5.0% of the respondents disagreed beverage smuggling affects business performance and 2.5 % of the respondents strongly disagreed that beverage smuggling affects business performance. The result shows that most respondents were aware that smuggling does affect the performance of Cold Chain Zambia.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	16	20.0	20.0	20.0
	Agree	40	50.0	50.0	70.0
	No answer	14	17.5	17.5	87.5
	Disagree	10	12.5	12.5	100.0
	Total	80	100.0	100.0	

Table 7: The company employees are aware of the effects of beverage smuggling on the Cold Chain business performance

The table above shows awareness of employees on the effects of beverage smuggling on the Cold Chain business performance, 50.0% of the respondents agreed they were aware beverage smuggling affects business performance, 20.0% of the respondents strongly agreed they were aware beverage smuggling affects business performance, 17.5% of the respondents did not have an answer and 12.5 % of the respondents strongly disagreed that beverage smuggling affects business performance. The result shows that most employees were aware that smuggling does affect the performance of Cold Chain Zambia.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	16	20.0	20.0	20.0
	Agree	34	42.5	42.5	62.5
	No answer	16	20.0	20.0	82.5
	Disagree	13	16.3	16.3	98.8
	Strongly disagree	1	1.3	1.3	100.0
	Total	80	100.0	100.0	

Table 8: Connection between smuggling of beverages and business performance

The table above shows results on whether there is a connection between smuggling of beverages and business performance of The Cold Chain Zambia ltd. 42.5% of the respondents agreed there is a connection between smuggling of beverages and business performance, 20.0% of the respondents strongly agreed there is a connection between

smuggling of beverages and business performance, 20.0% of the respondents did not have an answer and 16.3 % of the respondents strongly disagreed there is a connection between smuggling of beverages and business performance and 1.3% of the respondents agreed there is a connection between smuggling of beverages and business performance. The result shows that most employees were aware that there is a connection between smuggling of beverages and business performance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	15.0	15.0	15.0
	Agree	37	46.3	46.3	61.3
	No answer	17	21.3	21.3	82.5
	Disagree	14	17.5	17.5	100.0
	Total	80	100.0	100.0	

Table 9: Company interacts with its stakeholders with regards to smuggled beverages in the market.

The table above shows results on whether the company interacts with its stakeholders especially customers with regards to smuggled beverages in the market. 46.3% of the respondents agreed company interacts with stakeholders with regards to smuggled beverages in the market, 15.0% of the respondents strongly agreed company interacts with stakeholders with regards to smuggled beverages in the market, 21.3% of the respondents did not have an answer and 17.5 % of the respondents disagreed that company interacts with stakeholders with regards to smuggled beverages in the market. The result shows that company interacts with stakeholders with regards to smuggled beverages in the market.

		Frequen cy	Percen t	Valid Percent	Cumulative Percent
Val id	Strongly agree	8	10.0	10.0	10.0
	Agree	34	42.5	42.5	52.5
	No answer	25	31.3	31.3	83.8
	Disagree	12	15.0	15.0	98.8
	Strongly disagree	1	1.3	1.3	100.0
	Total	80	100.0	100.0	

Table 10: Company gets information about beverage smuggling from customers.

The table above shows results on whether the company gets its information about beverage smuggling from customers. 42.5% of the respondents agreed the company gets its information about beverage smuggling from customers, 10.0% of the respondents strongly agreed the company gets its information about beverage smuggling from customers, 31.3% of the respondents did not have an answer and 15.0 % of the respondents disagreed that the company gets its information about beverage smuggling from customers and 1.3% of the respondents strongly disagreed that the company gets its information about beverage smuggling from customers.

		Frequen cy	Percen t	Valid Percent	Cumulative Percent
Val id	Strongly agree	2	2.5	2.5	2.5
	Agree	14	17.5	17.5	20.0
	No answer	35	43.8	43.8	63.7
	Disagree	29	36.3	36.3	100.0
	Total	80	100.0	100.0	

Table 11: Company has got a budget to counter beverage smuggling

The table above shows results on whether the company has got a budget to counter beverage smuggling. 2.5% of the respondents agreed the company has got a budget to counter beverage smuggling, 17.5% of the respondents strongly agreed the company has got a budget to counter beverage smuggling, 43.8% of the respondents did not have an answer and 36.3% of the respondents disagreed that the company has got a budget to counter beverage smuggling

		Frequen cy	Percen t	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	7.5	7.5	7.5
	Agree	15	18.8	18.8	26.3
	No answer	31	38.8	38.8	65.0
	Disagree	25	31.3	31.3	96.3
	Strongly disagree	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Table 12: Department tasked to look into the strategies that can be used to counter beverage smuggling.

The table above shows results on whether there is a department tasked to look into the strategies that can be used to counter beverage smuggling, 7.5% of the respondents agreed there department tasked to look into the strategies that can be used to counter beverage smuggling, 18.8% of the respondents strongly agreed there is a department tasked to look into the strategies that can be used to counter beverage smuggling, 38.8% of the respondents did not have an answer, 31.3 % of the respondents strongly disagreed there is a department tasked to look into the strategies that can be used to counter beverage smuggling, and 3.8% of the respondents disagreed there is a department tasked to look into the strategies that can be used to counter beverage smuggling,

		Frequenc y	Perce nt	Valid Percent	Cumulative Percent
Valid	Strongly agree	4	5.0	5.1	5.1
	Agree	31	38.8	39.2	44.3
	No answer	24	30.0	30.4	74.7
	Disagree	18	22.5	22.8	97.5
	Strongly disagree	2	2.5	2.5	100.0
	Total	79	98.8	100.0	
Missi ng	System	1	1.3		
Total		80	100.0		

Table 13: Cold Chain has got the capacity to counter beverage smuggling

The table above shows results on whether Cold Chain has capacity to counter beverage smuggling, 5.0% of the respondents agreed that Cold Chain has capacity to counter beverage

smuggling, 38.8% of the respondents strongly agreed that Cold Chain has capacity to counter beverage smuggling, 30.0% of the respondents did not have an answer, 22.5% of the respondents disagreed that Cold Chain has capacity to counter beverage smuggling, and 2.5% of the respondents strongly disagreed that Cold Chain has capacity to counter beverage smuggling.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	7.5	7.6	7.6
	Agree	34	42.5	43.0	50.6
	No answer	19	23.8	24.1	74.7
	Disagree	18	22.5	22.8	97.5
	Strongly disagree	2	2.5	2.5	100.0
	Total	79	98.8	100.0	
Missing	System	1	1.3		
Total		80	100.0		

Table 14: Cold Chain Zambia Ltd has made attempts to counter beverage smuggling.

The table above shows results on whether Cold Chain has made attempts to counter beverage smuggling, 7.5% of the respondents agreed that Cold Chain has made attempts to counter beverage smuggling, 42.5% of the respondents strongly agreed that Cold Chain made attempts to counter beverage smuggling, 23.8% of the respondents did not have an answer, 22.5% of the respondents disagreed that Cold Chain has made attempts to counter beverage smuggling, and 2.5% of the respondents strongly disagreed that Cold Chain has made attempts to counter beverage smuggling.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	7.5	7.5	7.5
	Agree	31	38.8	38.8	46.3
	No answer	24	30.0	30.0	76.3
	Disagree	17	21.3	21.3	97.5
	Strongly disagree	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Table 15: Strategies to counter beverage smuggling that have been implemented at the Cold Chain Zambia ltd

The table above shows results on strategies to counter beverage smuggling that have been implemented, 7.5% of the respondents agreed that there are strategies to counter beverage smuggling that have been implemented, 38.8% of the respondents strongly agreed that there are strategies to counter beverage smuggling that have been implemented, 30.0% of the respondents did not have an answer, 21.3% of the respondents disagreed that there are strategies to counter beverage smuggling that have been implemented, and 2.5% of the respondents strongly disagreed that there are strategies to counter beverage smuggling that have been implemented.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	7.5	7.6	7.6
	Agree	16	20.0	20.3	27.8
	No answer	36	45.0	45.6	73.4
	Disagree	18	22.5	22.8	96.2
	Strongly disagree	3	3.8	3.8	100.0
	Total	79	98.8	100.0	
Missing	33	1	1.3		
Total		80	100.0		

Table 16: Strategies have worked well for The Cold Chain Zambia ltd.

The table above shows results on whether there are strategies have worked well for the Cold Chain, 7.5% of the respondents agreed that there are strategies have worked well for the Cold Chain, 3.8.% of the respondents strongly agreed that there are strategies have worked well for the Cold Chain, 45.0% of the respondents did not have an answer, 22.5% of the respondents disagreed that there are strategies have worked well for the Cold Chain, and 3.8% of the respondents strongly disagreed that there are strategies have worked well for the Cold Chain. The results show that most of the respondents were not aware of any strategies that worked well to counter smuggling.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	5	6.3	6.4	6.4
	Agree	21	26.3	26.9	33.3
	No answer	33	41.3	42.3	75.6
	Disagree	15	18.8	19.2	94.9
	Strongly disagree	4	5.0	5.1	100.0
	Total	78	97.5	100.0	
Total		80	100.0		

Table 17: Whether there is plan to advance the strategies of countering beverage smuggling

The table above shows results on whether there is a plan to advance the strategies of countering beverage smuggling, 6.3% of the respondents agreed that there is a plan to advance strategies of countering beverage smuggling, 26.3% of the respondents strongly agreed that there is a plan to advance strategies of countering beverage smuggling, 41.3% of the respondents did not have an answer, 18.8% of the respondents disagreed that there is a plan to advance strategies of countering beverage smuggling, and 5.0% of the respondents strongly disagreed that there is a plan to advance strategies of countering beverage smuggling.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	4	5.0	5.1	5.1
	Agree	20	25.0	25.6	30.8
	No answer	34	42.5	43.6	74.4
	Disagree	18	22.5	23.1	97.4
	Strongly disagree	2	2.5	2.6	100.0
	Total	79	97.5	100.0	
Total		2	2.5		
		80	100.0		

Table 18: There have been a collective plan with other agencies, sectors and industry at large to counter beverage smuggling.

The table above shows results on whether there have been a collective plan with other agencies, sectors and industry at large to counter beverage smuggling, 5.0% of the respondents agreed that there have been a collective plan with other agencies to counter beverage smuggling, 25.0% of the respondents strongly agreed that there have been a collective plan with other agencies to counter beverage smuggling, 42.5% of the respondents did not have an answer, 22.5% of the respondents disagreed that there have been a collective plan with other agencies to counter beverage smuggling and 2.5% of the respondents strongly disagreed that there have been a collective plan with other agencies to counter beverage smuggling.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.684 ^a	0.565	0.543	0.638

Table 19: Model Summary, R square

The R square was 0.565, and the adjusted R square was 0.543. Since the Adjusted R square was 0.638, there was evidence that the data used in analyzing the relationship between the independent variables and business performance was closely related.

Regression Analysis

The study conducted a multiple regression analysis to determine the relationship between independent variables and the dependent variable.

Coefficient of determination

The coefficient of determination clarifies the extent to which changes in the dependent variable can be explained by the change in the independent variables.

The three independent variables that were studied (beverage smuggling, Effects of beverage smuggling and Strategies to counter beverage smuggling), explain 54.3% of the business performance as represented by the Adjusted R square.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.243	3	3.461	5.355	.000 ^b
1 Residual	9.532	6	.252		
Total	23.675	9			

Table 20: ANOVA^a

Analysis of Variance (ANOVA) was used to establish whether there was difference between the independent variables and business performance. The significance value (p-value) 0.000 in the study is less than 0.05 thus the model is statistically significant in predicting how the independent variables influence the beverage smuggling at Cold Chain Zambia ltd. The F critical at 5% level of significance was 5.355. This shows that the overall model was significant.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.061	.239		.253	.801
Beverage smuggling	.098	.028	.183	3.477	.001
Effects of beverage smuggling	.446	.038	.600	11.668	.000
Strategies to counter beverage smuggling	.430	.049	.435	8.836	.000

- a. Dependent Variable: Business performance
b. **Table 21: Regression Results**

Table 21 finally reveals that there was positive significant relationship between business performance and beverage smuggling (beta, 0.098, p value 0.001), effects of beverage smuggling (beta, 0.446, p value 0.00) and finally strategies to counter beverage smuggling (beta 0.430, p value 0.000).

Correlations			
		Business performance	Beverage smuggling
Business performance	Pearson Correlation	1	-.418**
	Sig. (2-tailed)		.000
	N	80	80
Beverage smuggling	Pearson Correlation	-.418**	1
	Sig. (2-tailed)	.000	
	N	80	80

Table 22. Correlation Results of Business performance and Beverage smuggling

As a result of this correlation analysis, H1: There is a significant correlation between the employee business performance and the perception of beverage smuggling in cold chain supply and was accepted.

Correlations			
		Business performance	Effects of beverage smuggling
Business performance	Pearson Correlation	1	-.573**
	Sig. (2-tailed)		0.00
	N	80	80
	Pearson Correlation	-.573**	1

Effects of beverage smuggling	Sig. (2-tailed)	0.00	
	N	80	80

Table 23. Correlation Results of Business Performance and Effects of beverage smuggling

Table 23 shows that there is a negative and significant correlation between business performance and effects of beverage smuggling. (Pearson Correlation coefficient = - 0.573.

As a result of this correlation analysis, H2: There is a significant correlation between the business performance and the perception of effects of beverage smuggling in the cold chain supply and was accepted.

Correlations			
		Business performance	Strategies to counter beverage smuggling
Business Performance	Pearson Correlation	1	-.060**
	Sig. (2-tailed)		.626
	N	80	80
Strategies to counter beverage smuggling	Pearson Correlation	-.060**	1
	Sig. (2-tailed)	.526	
	N	80	80

Table 24. Correlation Results of Business performance and Strategies to counter Beverage Smuggling.

As Table 24 shows that there seems to be no correlation between business performance and strategies to counter beverage smuggling. In this case, H3: There is a significant correlation between the business performance and the perception of strategies to counter beverage smuggling in cold chain supply and was refused

Independent Variables	β	T	p	R ²	Adjusted R ²	F
Effects of beverage smuggling	.815	-13.204	.000	.378	.378	14.583
Strategies to counter beverage smuggling	-1.420	.556	.000			

Table 25. Results of Regression Analysis

Regression analysis was made to determine the effect of effects of beverage smuggling and Strategies to counter beverage smuggling on Business performance. Results are shown above in the Table 25. It is found that there is a negative and significant effect of effects of beverage smuggling and strategies to counter beverage smuggling on business turnover ($F = 14.339$; $p < 0.001$). Adjusted R^2 is 0.378 and the perception of effects of beverage smuggling and strategies to counter beverage smuggling explains the 37% of business performance.

5.3: Section B

5.3.1: Cause of beverage smuggling

The respondents gave various causes of beverage smuggling which included the following;

Smugglers attempt to evade tax, smugglers endeavor to make quick money by smuggling cheap commodities on the market, high duty, high tax ratios and customs, availability of market for smuggled goods, high demand on the market for that particular brand and also complicated import procedures such as permits for import must be not be more than one permitted company.

The respondents also indicated that lack of nationalism, ignorance and greedy for wealth trying to get rich through tax evasion, low landed costs, duration of time being cleared at the border and high transport cost.

5.3.2: Effects of beverage smuggling on the Cold Chain Zambia

On the effects of beverage smuggling most of the respondents indicated that it reduces and slowdown sales, poor sales, loss of business, reduces profit margins, the company encounters losses due to flooding of beverages on the markets as a result of low prices and demand for Cold chain beverages reduces. The respondents further indicated that loss of revenue, loss of customer base, loss of employment due to company closure and poor tax revenue collection by ZRA.

5.3.3: Evidence there to support beverage smuggling is widespread in the supply chain industry

On the evidence of beverage smuggling most of the indicated that news reports from the public media and otherwise have reported incidences of authorities impounding or confiscating smuggled goods including beverages.

The respondents also indicated that reports of ZRA confiscating smuggled beverages, in the market there are products below the company standards, prices differences on the market,

5.3.4: Number of employees involved in developing strategies to counter beverage smuggling

On the number of employees involve in developing strategies to counter beverage smuggling the respondents indicated two field workers, sales manager and general manager.

5.3.5: Employees required to further the cause of counter beverage smuggling

The respondents indicated that at least four to five employees to get information from customers and report to the relevant authorities.

5.3.6: Policy measures in place to counter beverage smuggling at Cold Chain Zambia

The respondents indicated reports to principals, quality control, making sure products are of good standards.

5.3.7: Reasons the measures have failed to counter smuggling so far

The respondents indicated that at company level they were no measures to curb smuggling, lack of commitment, and corruption.

5.3.8: Suggestions on strategies the company can use to improve the fights against beverage smuggling

The respondents indicated that the company should carry out periodical market survey and act as a whistle-blower, reduce prices of beverages, actively get involved in strategies to identify smuggling rings and reporting to the authorities.

The respondents also indicated that ensuring the goods are sold at competitive prices to reduce to reduce benefit of smuggling, put people who are qualified and professional to operate at borders and prosecute offenders, continue with quality control, and educated the public on smuggling and how to report and identify smuggling.

CHAPTER SIX

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AND RECOMMENDATION

6.1 Introduction

This chapter provides a summary of the findings of this study, discussion, the drawn conclusions and the recommendation of the study. The chapter discusses, of aim of the study. The findings were based on the research objectives.

6.2 Discussion of Findings

6.2.1 Demographic Profile of Research Participants

The main objective of the study was to assess the effects of beverage smuggling on business performance in the supply chain industry at Cold Chain Zambia LTD. The respondents were both from employees and management of Cold Chain Zambia.

The results showed that majority of respondents amongst the participants were males 58.8%, while 41.3% were females. From the results, the study had more male respondents than females. Despite having more male respondents the study had a balance gender participation from both female and male respondents as seen from minimum different from the percentage of participation.

The length of service in the organization by the respondents showed that 32.5% majority of the respondents indicated between 5 to 10 years, 31.3% of the respondents indicted 2 to 5 years, 18.8% of the respondents indicated less than 2 years and 17.5% of the respondents indicated over 10 years. The results implied that the respondents were more than qualified to participate in the study due to their length of service in the organization which simply meant that they understood the issues related to smuggling in the organization.

The findings on the role of respondents within the company showed that all the department participated in the study. From the results it was concluded that the study was rich with different views from all the departments in the company.

6.2.2 Extent of the effects of beverage smuggling on The Cold Chain Zambia business performance

The results whether beverage smuggling affects the business performance of the Cold Chain Zambia showed that 42.5% of the respondents agreed beverage smuggling affects business performance, 31.3% of the respondents strongly agreed that beverage smuggling affects business performance, 17.5% of the respondents did not have an answer, 5.0% of the respondents disagreed beverage smuggling affects business performance and 2.5 % of the respondents strongly disagreed that beverage smuggling affects business performance. From the results it was observed that the respondents understood the effects smuggling has on Cold Chain Zambia if not controlled or completely reduced.

Byrne (2007) states that there has been a huge challenge on the sales of the original products as consumers who purchase the counterfeit beverages would buy them cheaper and also develop a negative attitude of buying the legal and original beverages after consuming the counterfeits beverages , the main reason being that the products are harmful and dangerous to their health .

The study further sought to find out whether there is a connection between smuggling of beverages and business performance of The Cold Chain Zambia ltd. 42.5% of the respondents agreed there is a connection between smuggling of beverages and business performance. The results shows that most employees were aware that there is a connection between smuggling of beverages and business performance. Therefore, it important for the authorities to curb smuggling in order to protect the local market and companies.

Harry (2005) contributed to the study on the effects of smuggling on the performance of companies. He stated that from economic point of view, smuggling deviates economics from the safe path and causes formation of the underground economy and decline in GDP and investment. In the short term, smuggling is considered as a way to escape poverty and unemployment through false job creation.

In connection with Harry (2005), the sought to finding out the effect of smuggling and the respondent indicated that smuggling reduces and slowdown sales, poor sales, loss of business, reduces profit margins, the company encounters losses due to flooding of beverages on the markets as a result of low prices and demand for Cold chain beverages reduces. The

respondents further indicated that loss of revenue, loss of customer base, loss of employment due to company closure and poor tax revenue collection by ZRA. The findings shows that smugglings does have an effect of the performance of Cold Chain Zambia.

6.2.3 Identify strategies which will counter smuggling.

The study sought to find out the importance of employees understanding beverage smuggling. From the results 42.5% majority of the respondents strongly agreed that it is important for employees to understand beverage smuggling, 38.8% of the respondents also agreed that it is important for employees to understand beverage smuggling, 10.0% of the respondents did not have an answer 4.0% of the respondents disagreed about the importance of employees understanding the smuggling of beverage and 3.8% strongly disagreed to the importance of employees understanding the smuggling of beverage. The results show that most of the respondents were aware of the importance of employees understanding the smuggling of beverage and how it might affect them. It is important for employees to know and understanding smuggling for them to participate in the fight against smuggling and improve the performance of Cold Chain Zambia beverages on the market.

To support the findings above the study also sought find out the causes of smuggling and the results showed that the respondents gave various causes of beverage smuggling which included the following; Smugglers attempt to evade tax, smugglers endeavor to make quick money by smuggling cheap commodities on the market, high duty, high tax ratios and customs, availability of market for smuggled goods, high demand on the market for that particular brand and also complicated import procedures such as permits for import must be not be more than one permitted company. The respondents also indicated that lack of nationalism, ignorance and greedy for wealth trying to get rich through tax evasion, low landed costs, duration of time being cleared at the border and high transport cost.

The study sought find out strategies to counter beverage smuggling that have been implemented at Cold Chain Zambia Ltd. The results showed that 7.5% of the respondents agreed that there are strategies to counter beverage smuggling that have been implemented, 38.8% of the respondents strongly agreed that there are strategies to counter beverage smuggling that have been implemented, 30.0% of the respondents did not have an answer, 21.3% of the respondents disagreed that there are strategies to counter beverage smuggling that have been implemented, and 2.5% of the respondents strongly disagreed that there are strategies to counter beverage smuggling that have been implemented.

The findings on the causes of smuggling agreed with Slater (2006) who indicated smuggling is caused by high tax differentials between neighboring area, weak border controls and import restrictions and bans which are affected normally to control state monopolies on goods which are in high demand. Fajana (2000) cited that causes of smuggling include porous borders, poor inspection at borders, corruption, tax levels, tax and price differentials, presence of informal distribution networks, organized crime and industry participation. However, Slater did not fully agree with the findings of this study as in his study there was an aspect of weak boarder control and restriction that exist. Therefore, this study can conclude that one of the main causes of smuggling in border cities is poverty and unemployment due to the increase in labor supply and decrease of demand for labor in the formal sector is causing it.

On the causes this study can conclude that there is direct link between the cause of smuggling and trade policy. Rahmdel (2007) in his study entitled smuggling of goods and currency in the Iranian criminal law” examined the effect of the extent of customs protection and its links with smuggling of goods and the results of his studies show that commodity imports with lower tariff rates will lead to reduce import and lower smuggling of goods. Based on the results of this research, tariffs should not be over 20 percent otherwise it would lead to underground activities. On the other hand, unconditional release of the goods import into the country, cause irreparable damages to production and economy of the country.

6.2.4 How can strategies be enhanced to counter beverage smuggling and improve Cold Chain business performance.

The study sought find out whether there is a plan to advance the strategies of countering beverage smuggling, 6.3% of the respondents agreed that there is a plan to advance strategies of countering beverage smuggling, 26.3% of the respondents strongly agreed that there is a plan to advance strategies of countering beverage smuggling, 41.3% of the respondents did not have an answer, 18.8% of the respondents disagreed that there is a plan to advance strategies of countering beverage smuggling, and 5.0% of the respondents strongly disagreed that there is a plan to advance strategies of countering beverage smuggling. The respondents further indicated that the company should carry out periodical market survey and act as a whistle-blower, reduce prices of beverages, actively get involved in strategies to identify smuggling rings and reporting to the authorities.

The respondents also indicated that ensuring the goods are sold at competitive prices to reduce to reduce benefit of smuggling, put people who are qualified and professional to operate at borders and prosecute offenders, continue with quality control, and educated the public on smuggling and how to report and identify smuggling.

In relation to the finding above Finn (2008), suggested some strategies that can counter beverage smuggling under the theme ‘fighting beverage smuggling’. In this case study, author suggested 3 strategies that can be used Legal method, Surveillances and upgrading packages.

(Reynolds,2007) asserts that a warning strategy consist of warning end users and distribution channels to be alert of smuggled goods which might find their way into the market. Internally, this calls for educating staff to report any suspicious beverage goods that they might find their way in the market and externally it is about educating customers and distribution channels about the smuggled beverages and be strictly warned about measures that can be taken

Zambia has also instituted a legal framework to curb smuggling. In this regard, section 149 of the Zambia customs and excise act stipulates that smuggled goods including the vessel will be seized and forfeited to the state, customs clearing agents will have their licenses revoked and directors of the clearing agents may be prosecuted. Regardless of all these legislations and punitive measures, smuggling still exists and this can be attributed to higher taxes imposed by the government and also porous borders which serve as entry points for the goods. Strategies at industry level whose businesses are at stake are lacking as well hence the need to have companies joining hands with government in a bid to stop and counter smuggling. Corruption is also another factor which sees government officials working together with smugglers and stiff penalties should be imposed in order to stop corruption.

The R square was 0.565, and the adjusted R square was 0.543. Since the Adjusted R square was 0.638, there was evidence that the data used in analyzing the relationship between the independent variables and business performance was closely related.

6.2.5 Regression Analysis

The study conducted a multiple regression analysis to determine the relationship between independent variables and the dependent variable.

6.2.3 Coefficient of determination

The coefficient of determination clarifies the extent to which changes in the dependent variable can be explained by the change in the independent variables.

The three independent variables that were studied (beverage smuggling, Effects of beverage smuggling and Strategies to counter beverage smuggling), explain 54.3% of the beverage smuggling as represented by the Adjusted R square. Analysis of Variance (ANOVA) was used to establish whether there was difference between the independent variables and business performance. The significance value (p-value) 0.000 in the study is less than 0.05 thus the model is statistically significant in predicting how the independent variables influence the beverage smuggling at Cold Chain Zambia LTD. The F critical at 5% level of significance was 5.355. This shows that the overall model was significant. finally reveals that there was positive significant relationship between business performance and beverage smuggling (beta, 0.098, p value 0.001), effects of beverage smuggling (beta, 0.446, p value 0.00) and finally strategies to counter beverage smuggling (beta 0.430, p value 0.000).

As a result of this correlation analysis, H1: There is a significant correlation between the employee business performance and the perception of beverage smuggling in cold chain supply and was accepted.

Table 23 shows that there is a negative and significant correlation between business performance and effects of beverage smuggling. (Pearson Correlation coefficient = - 0.573. As a result of this correlation analysis, H2: There is a significant correlation between the business performance and the perception of effects of beverage smuggling in the cold chain supply and was accepted.

There seems to be no correlation between business performance and strategies to counter beverage smuggling. In this case, H3: There is a significant correlation between the business performance and the perception of strategies to counter beverage smuggling in cold chain supply and was refused. Regression analysis was made to determine the effect of effects of beverage smuggling and Strategies to counter beverage smuggling on Business performance.

.4.3 Advocate for the stiffening of laws on smuggling in Zambia

The study recommended that the Zambian government should stiffen the legal framework to curb smuggling. The legal framework should be strengthened to ensure quick disposal of cases regarding smuggling in the country. Zambia customs and excise act stipulates that smuggled goods including the vessel will be seized and forfeited to the state, customs clearing agents will have their licenses revoked and prosecuted. Despite of all these legislations and measures, smuggling still exists and this can be attributed to higher taxes imposed by the government and also porous borders which serve as entry points for the goods.

6.4.4 All employee involvement in countering smuggling

The study recommends that The Cold Chain Zambia ltd educate all employees and involve them in their quest to counter beverage smuggling activities.

6.4.5 Reviewing the clearing procedure at all points of entry to fasten the process

The study recommended that the Zambian government should review the clearing procedure at all points of entry and fasten the process of clearing goods. The government should further strengthen the system to ensure that imported goods are easily and quickly cleared without inconvincing those awaiting their goods to be cleared.

The authorities should also lower tax on imported goods as this will encourage everyone to pass their goods through customs and pay duty

6.4.6 Educate the public on smuggling and how to report and identify smuggling.

The Cold Chain Zambia ltd should engage the Zambia Revenue Authority and join hands in order to create awareness and educate the public on the effects of smuggling particularly the risks of buying from unauthorized sources and recruit them to join in the effort of reporting unscrupulous sellers by offering rewards.

6.5 Suggestions for Further Research

The aim of this study was to establish strategies that can counter smuggling of beverages and improve business performance for The Cold Chain Zambia ltd. The information collected and the results fully reflect the true picture on the effect of smuggling on business performance.

Therefore, the study recommends for further studies on strategies that can counter smuggling of beverages and improve business performance by looking at the regional perspective, by so doing an increase on the sample size is needed to further the study.

Furthermore, studies can be conducted for the causal factors of beverage smuggling with an interest on the causes of beverage smuggling in the supply chain industry. These causal factors are what influences the smugglers to embark on beverage smuggling and there is need to further studies in that regard.

Studies can also be conducted with a view of looking at the tax and revenue loss by the Zambia revenue authority. Tax evasion is leading to revenue loss and there is need to further studies in that area with a particular view of looking at how beverage smuggling is affecting the revenue being collected by the government authorities.

A study on the deterrents to beverage smuggling is also recommended .There is need to conduct a study on the actions that discourages smuggling and this will help us to know which deterrents actions can be put to use in order to help the supply chain industry which is greatly affected by smuggling .

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APPENDICES

Appendix 1

QUESTIONNAIRE

Introduction

I am a student at The University of Zambia .I am conducting a research on beverage smuggling in Zambia , specifically on how it is affecting The business performance for The Cold Chain Zambia ltd, measures to counter it and improve business performance for The Cold Chain Zambia ltd . This research is for my Master's Degree. The information provided here is strictly confidential and will not be shared with any entities. The questionnaire will take approximately fifteen minutes to ask the questions. Please feel free not to answer a question if you cannot. You
Are also free to end the interview any time you like.

Respondent details

Name

.....
.....
.....

Gender:

.....
.....
.....

Role within this organisation

.....
.....
.....

SECTION A

This section allows you to tick your appropriate answer.

Question	Strongly	Agree	No Answer	Disagree
Strongly		Agree		
Disagree				
1. Understanding of beverage smuggling is important to you as an employee.				
2. The Cold Chain Zambia employees are aware of beverage smuggling.				
3. Beverage smuggling affects the business performance of The Cold Chain Zambia Ltd				
4. The company employees are aware of the effects of beverage smuggling on The Cold Chain business performance.				
5. There is a connection between smuggling of beverages and business performance of The Cold Chain Zambia Ltd.				
6. The company interacts with its stakeholders especially customers with regards to smuggled beverages in the market.				
7. The company gets its information about beverage smuggling from customers.				
8. The company has got a budget to counter beverage smuggling				
9. There is a department with personnel at The Cold Chain Zambia Ltd that is tasked to look into the strategies that can be used to counter beverage smuggling.				
10. The Cold Chain Zambia Ltd has got the Capacity to counter beverage smuggling				
11. The Cold Chain Zambia Ltd has made attempts to counter beverage smuggling.				
12. Strategies to counter beverage smuggling have been implemented at The Cold Chain Zambia Ltd				

13. The strategies have worked well for The Cold Chain Zambia Ltd.						
14. There is a plan to advance the strategies of countering beverage smuggling by The Cold Chain Zambia Ltd						
15. There have been a collective plan with other agencies, sectors and industry at large to counter beverage smuggling.						

SECTION B

This section allows you to give your views.

1. List the causes of beverage smuggling that you know

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2. What are the effects of beverage smuggling on The Cold Chain Zambia Ltd?

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3. What evidence is there to support that beverage smuggling is widespread in the supply chain industry

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4. How many employees are involved in developing strategies to counter beverage smuggling?

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.....

5. How many employees would be best required to further the cause of countering beverage smuggling?

.....
.....

6. What policy measures have been put in place to counter beverage smuggling by The Cold Chain Zambia ltd?

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7. Why have the measures put in place so far failing to counter beverage smuggling.

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8. Suggest what the company can do to improve its fight against beverage smuggling