AN INVESTIGATION OF THE CHALLENGES OFINTERNATIONALIZATION ON EXPORT PERFORMANCE OF MANUFACTURING SMES: A SURVEY OF LUSAKA PROVINCE

BY

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A Dissertation submitted to the University of Zambia in partial fulfilment of the requirement for the award of the Degree of Master of Business Administration in Management Strategy

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DECLARATION

I, **Kelvin Mwansa**, do hereby declare that the work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other Universities. All sources of data used and literature on related works previously done by others, used in the production of this Dissertation have been duly acknowledged. If any omission has been made, it is not by choice but by error.

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APPROVAL

This Dissertation by Kelvin Mwansa is approved as a partial fulfilment of the requirement of the award of the Degree of Master of Business Administration in Management Strategy.

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ABSTRACT

Direct exports to international markets by manufacturing SMEs have been attributed to the challenges of internationalizing SMEs. Challenges of internationalization that act as barriers for internationalization. The study took a quantitative approach to understand the challenges of internationalization on the export performance of manufacturing SMEs. It also aimed at establishing which among the factors could be considered as the best predictor export performance of manufacturing SMEs. This design was carefully selected for the study because it aims to describe the phenomenon with higher statistical accuracy and precision. 92 manufacturing SMEs responded to the questionnaire after a stratified random sampling of the population. The data was analysed using Analysis of Variance (ANOVA) and Multiple Regression Analysis with the help of SSPS version 23.0**.** F – test (1,77) = 67.532 was significant at 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that exogenous challenges negatively affect the export performance of manufacturing SMEs. the F-test (1,77) = 91.829 was significant at a 0.05 significance level. The null hypothesis was therefore rejected and it was concluded that government challenges negatively affect the export performance of manufacturing SMEs. The F – test result (1,77) = 45.348 in table 5.18 (b) was significant at a 0.05 significance level. Based on this, the null hypothesis was rejected and it was concluded that procedural challenges negatively affect the export performance of manufacturing SMEs. the F-test (1,77) = 31.725 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that competition challenges negatively affect the export performance of manufacturing SMEs. competition challenges can not affect the export performance of manufacturing SMEs. Financial Challenges**,** according to the coefficient result, the export performance of manufacturing SMEs can reduce by 0.590 units for every unit increase in human resource challenges. the F-test (1,77) = 41.075 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that human resource challenges negatively affect the export performance of manufacturing SMEs. the standardized coefficient Beta coefficient -0.706 is negative and significant at a 0.05 significance level suggesting that export performance can reduce by 0.706 units for every increase in financial challenge. Only information/knowledge challenges variable was found to be positive R (Coefficient of correlation) = 0.581: This indicates a moderate positive correlation between information/knowledge challenges and export performance of manufacturing SMEs.

Keywords: Small and medium-sized enterprises (SMEs), Domestic Product (GDP), World Bank Enterprise Survey (WBES), International Trade Centre (ITC).

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DEDICATION

This Dissertation is dedicated to my children Faith Mwansa and Ellie Mwansa.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS AND ACRONYMS

(SMEs)	Small and medium-sized enterprises
(GDP)	Domestic Product
(WBES)	World Bank Enterprise Survey
(OECD)	Organisation for Economic Co-operation and Development
(MCTI)	Ministry of Commerce Trade and Industry
(ITC)	International Trade Centre
(ZDA)	Zambia Development Agency
(ZAM)	Zambia Association of Manufacturers
(PACRA)	Companies Registration Agency
(WTO)	World Trade Organization
(SEM)	structural equation modeling

CHAPTER 1

RESEARCH BACKGROUND

1.0 Introduction

Chapter one presents the introduction, background, statement of the problem, research objectives, research questions and scope of the study. It seeks to highlights the significance of the study, delimitation, limitation of the study and dissertation structure.

1.1 Background of the Study

Small and medium-sized enterprises (SMEs) are fundamental to many countries. This is because 90% of businesses globally are SMEs and 50% of employment opportunities are created by companies falling within this sector (World Bank, 2022). SMEs play an integral role in economic and social development. For instance, SMEs' contributions to Gross Domestic Product (GDP) in developed countries such as China, Germany, and Japan range from 60% in China, 57% in Germany, and 55.3 % in Japan while in the United States (US), SMEs generate more than half of the nation's GDP. Further, in terms of employment creation, SMEs offer about 55% and 80% of total employment opportunities in Europe, Japan, and the US (Katua, 2014). Similarly, according to Katua (2014), SMEs are equally important in developing countries such as Kenya and Zimbabwe in which 60% and 15% respectively of formal employment is provided by the SME sector. In Zambia, SMEs contribute 70% of the GDP, 88% of employment, and represent 97% of all businesses in the country (ITC, 2018).

Despite the role that SMEs play in the development of national economies, SMEs in the manufacturing sector continue to lag in internationalizing their business operations in foreign markets. According to WTO (2016), SMEs exports to international markets account for only 7.6% of manufacturing sales lower than those of larger firms who account for 14.1% of exports. Similarly, the World Trade Organization's total sales estimates based on the 2016 to 2021 World Bank Enterprise Survey (WBES) in figure 1.1, show that direct export sales to foreign markets of manufacturing SMEs account for 11.5% compared to 84.4% of national sales in developing economies. In the least developing countries

(LDCs), the direct export sales are lower than those in developing countries which account for only 7.9% while 88.0% are national sales (WTO, 2022).

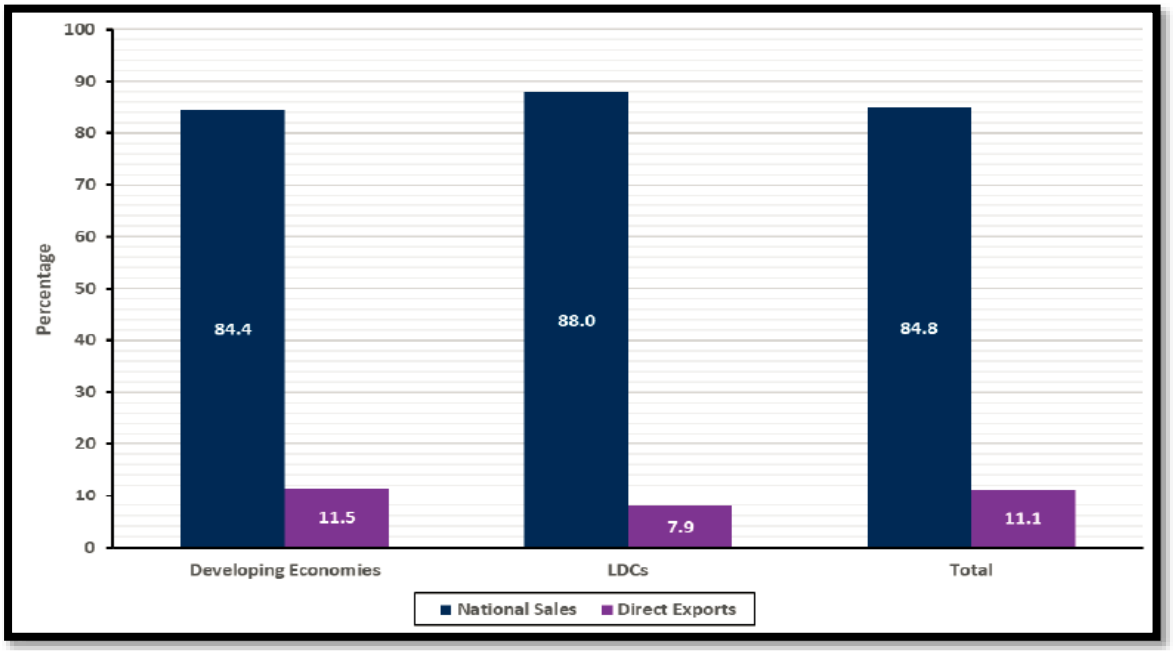


Figure 1.1 SMEs' shares of direct exports in total sales in the manufacturing sector. (Source: WTO, 2022).

Further, the involvement of SMEs in direct exports varies across regions. For instance, in figure 1.2, the percentage of direct exports for African manufacturing SMEs accounts for only 3% compared to manufacturing SMEs in developing Asia which account for 8.7% WTO (2016).

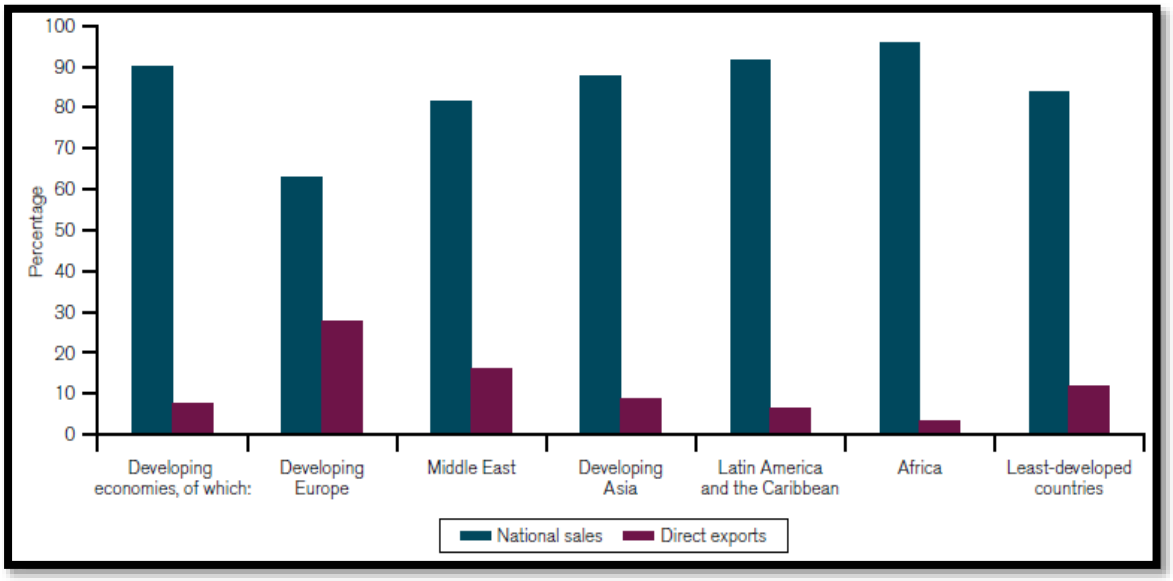


Figure 1.2: SMEs' shares of direct exports in total sales in the manufacturing sector by region. (Source: WTO, 2016).

Investigations of the low number of direct exports to international markets by manufacturing SMEs have been attributed to the challenges of internationalizing SMEs. Schweizer, et al., (2010), describe internationalization as the process in which the company positions itself in foreign markets' business operations. Internationalization is regarded to be beneficial to manufacturing SMEs as it enables them to acquire technological and knowledge capabilities from foreign markets which increases the chances of becoming a global market power (European Union, 2021). On the other hand, internationalization challenges are obstructions that affect the firms' ability to commence or sustain business operations in foreign markets (Devadason & Subramaniam, 2016). Several surveys among OECD countries that have investigated SMEs' participation in international markets reveal internationalization challenges such as working capital financing, limited information, and lack of skills and knowledge among others (OECD, 2009).

The study investigated the internationalization challenges on the export performance of manufacturing SMEs. It looked at the problem statement, the objectives, research questions, and the significance of the study. The scope of the study concluded the chapter.

1.2 Problem Statement

Despite accounting for 97% of businesses in Zambia, SMEs, including those in manufacturing, have limited participation in international markets, as indicated by a 2018 report from the International Trade Centre (ITC). The survey conducted by the Ministry of Commerce Trade and Industry (MCTI), in collaboration with the ITC, the Zambia Development Agency (ZDA), and the Zambian Central Statistical Office (CSO), highlighted a significant disparity in SMEs' engagement in international trade. Specifically, only 7% of SMEs in Zambia are involved in exporting, while the remaining 93% are non-exporters (ITC, 2018).

The underperformance of Zambian SMEs in international markets has been attributed to the challenges inherent in internationalizing their business operations, as documented by the Organization for Economic Co-operation and Development (OECD) in 2009.

Furthermore, a study by Sapienza, H. J., & Almeida, J. G. (2000) examined the internationalization patterns of technology-based SMEs and underscored the significance of technology assets, knowledge transfer, and market-seeking motivations in driving international expansion within this specific sector. However, it is important to note that this study did not delve into the challenges faced by SMEs when internationalizing their business operations.

Given the aforementioned evidence, this research endeavors to investigate the challenges associated with internationalizing business operations for SMEs in various sectors, which include beverages, food, rubber/plastic, wood/furniture, metal fabrication, paper, chemical, textile/leather, tobacco, and other sectors. The rationale for including a wide range of sectors in this study is to ensure a comprehensive understanding of the diverse obstacles that act as barriers to internationalization. This approach acknowledges that the challenges faced by SMEs may vary significantly across different sectors, and a sector-specific analysis would offer a more nuanced perspective on these issues.

1.3 Research Aim

The study aimed to investigate the challenges of internationalization on the export performance of manufacturing SMEs.

1.4 Research Objectives

i. To assess the factors influencing the export performance of manufacturing SMEs in international markets
ii. To identify the challenges of internationalization that affect the export performance of manufacturing SMEs.
iii. To examine the effect of internationalization challenges on the export performance of manufacturing SMEs

1.5 Research Questions

i. What are the factors influencing the export performance of manufacturing SMEs in international markets?
ii. What are the challenges of internationalization that affect the export performance of manufacturing SMEs?

iii. How do internationalization challenges affect the export performance of manufacturing SMEs?

1.6 Significance of the Research

Since SMEs account for most businesses in the country, the research findings of the study provide company members such as directors, chief executives, and functional managers of manufacturing SMEs with current information on the internationalization challenges. The information act as input to various business strategy formulations for gaining access to international markets. Equally, the government through the Ministry of Small and Medium-Sized Enterprises can have an overview of the specific challenges that manufacturing SMEs in Zambia face and use the information to develop SME support Programmes and policy interventions to promote the growth of manufacturing SMEs and participation in foreign markets. Last but not the least, the research through its findings contributes to the limited body of knowledge of on internationalization challenges that manufacturing SMEs in the least-developing countries face.

1.7 Scope of the Research

The study focused on manufacturing SMEs in the industrial areas and economic zones of Lusaka province. It covered registered manufacturing SMEs by the Patents and Companies Registration Agency (PACRA) and members of the Zambia Association of Manufacturers (ZAM) for a period between 2010 and 2021. The study involved key senior employees in the respective Small and scale medium enterprise.

1.8 Research Outline

The dissertation is arranged as follows:

Chapter One: Introduction of the research - This chapter provides an overview of the study's purpose, research objectives, and the significance of the topic. It also outlines the research questions and presents an introduction to the subsequent chapters.

Chapter Two: Empirical Literature Review - This chapter reviews existing studies and research related to the topic, presenting a comprehensive analysis of the current state of knowledge in the field. It identifies gaps in the literature and highlights the key findings from previous empirical studies.

Chapter Three: Theoretical and Conceptual Framework - In this chapter, the theoretical foundations and conceptual framework guiding the research are explained. It outlines the theories and models that underpin the study and justifies their relevance to the research questions.

Chapter Four: Research Methodology - This chapter describes the research design, approach, and methods used to collect and analyze data. It includes information on the study's participants, data sources, data collection tools, and data analysis techniques.

Chapter Five: Data Analysis and Presentation of Results - Here, the collected data is analyzed using the chosen data analysis methods. The results are then presented in a clear and organized manner, using tables, graphs, and figures to support the findings.

Chapter Six: Discussion of Results - This chapter interprets and discusses the results in light of the research objectives and theoretical framework. It examines how the findings align with existing literature and addresses any discrepancies or unexpected outcomes.

Chapter Seven: Conclusion and Recommendation - The final chapter summarizes the main findings of the study and restates the research objectives. Based on the results, it draws meaningful conclusions and provides practical recommendations for stakeholders, policymakers, or future researchers.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Through an in-depth examination of relevant literature, this chapter seeks to elucidate key terms, explore the complexities of the internationalization process for SMEs, and address the challenges they encounter. By answering pertinent research questions, this literature review aims to provide comprehensive insights into the dynamics of SMEs' international operations, offering valuable explanations that contribute to a deeper understanding of this critical area of study.

2.1 Small and Medium-Sized Enterprises

There is no specific definition of Small and Medium-Sized Enterprises (SMEs). However, SMEs are defined based on the number of workers they employ. For instance, the World Trade Organization (WTO), defines SMEs as firms with a workforce size of between 10 and 250 employees (WTO, 2016). The International Trade Centre (ITC) describes SMEs as firms employing less than 100 workers (ITC, 2018). From this standpoint, SMEs are firms in all sectors of the economy whose workforce size does not exceed a particular size. One common criterion used to define SMEs is the number of workers they employ. For example, the World Trade Organization (WTO) considers firms with a workforce size of between 10 and 250 employees as SMEs, while the International Trade Centre (ITC) defines SMEs as firms employing less than 100 workers. The classification of businesses as SMEs holds significant implications for policymaking, access to finance, taxation, and support programs targeted at promoting the growth and development of these enterprises. As such, it is crucial for organizations and governments to establish clear and consistent definitions that suit their particular contexts and objectives.

Overall, the definition of SMEs based on the number of workers they employ helps provide a basic framework for categorizing and understanding these vital contributors to the economy in different sectors and regions around the world.

2.2 Manufacturing SMEs

Manufacturing small and medium-sized enterprises (SMEs) have played a pivotal role in driving job creation in Zambia, as highlighted in the 2022 report by the Zambia Development Agency (ZDA). These enterprises form a crucial component of the country's industrial landscape, contributing to economic growth, technological advancements, and the overall development of the nation.

One of the primary ways in which manufacturing SMEs foster job creation is through their ability to absorb and employ a substantial portion of the labor force. As these enterprises expand and diversify their operations, they require a skilled workforce to operate machinery, manage production processes, and engage in various other manufacturing-related activities. This has a direct impact on reducing unemployment rates and providing livelihood opportunities to individuals in both urban and rural areas (ZDA, 2022).

Moreover, the growth of manufacturing SMEs often creates a ripple effect throughout the supply chain. As these enterprises expand their production capacity, they increase their demand for raw materials and intermediate goods. This, in turn, boosts the demand for products from upstream industries, leading to an increase in employment in sectors like agriculture, mining, and transportation (ZDA, 2022).

Manufacturing SMEs also contribute to job creation indirectly by promoting entrepreneurship and innovation. As the sector expands, it encourages individuals with innovative ideas and entrepreneurial spirit to establish new SMEs, further fueling job opportunities across different segments of the manufacturing value chain.

The employment generated by manufacturing SMEs is not limited to production-related roles alone. These enterprises also create jobs in ancillary services such as logistics, marketing, finance, and research and development, thereby further boosting the overall employment prospects in the economy (ZDA, 2022).

Additionally, the growth of manufacturing SMEs can have positive effects on skill development and human capital formation. Many of these enterprises invest in employee

training and skill enhancement programs, equipping workers with valuable technical and managerial competencies that can lead to better job prospects and higher income levels.

To fully harness the potential of manufacturing SMEs as a driver of job creation, it is crucial for the Zambian government and relevant stakeholders to provide adequate support and an enabling environment. This includes measures to enhance access to finance, promote innovation and technology adoption, improve infrastructure, and ensure a favorable regulatory framework (ZDA, 2022). By doing so, Zambia can leverage the growth of manufacturing SMEs to propel its economic development and address the challenges of unemployment and underemployment in the country.

2.3 Internationalization

The term internationalization has been defined in different ways by different researchers. According to Sanyal, et al., (2020) internationalization is the extension of business and economic affairs over the borders of the country. Schweizer, et al., (2010) defines internationalization as the process in which a business organization attempts to get a position in a multitude of foreign markets. A definition by Welch & Luostarinen (1988), describes internationalization as a process in which business firms expand their involvement in international trade operations. According to WTO, internationalization may either be in the form of direct exports, indirect exports, non-equity contractual agreements and foreign direct investment (FDI) (WTO, 2016). Another perspective characterizes internationalization as "the process of increasing international operations through direct and/or indirect investment in foreign countries" (Kang & Johanson, 2000), highlighting both direct investment (such as setting up subsidiaries or factories) and indirect investment (like strategic alliances or joint ventures) as part of the process. Internationalization take different forms such as Direct Exports (DE) which involves selling goods or services directly to customers in foreign countries, an example is that of a manufacturing SME in one country produces goods and ship them to customers in another country. Anonther form is that of Indirect Exports (IE) which involves selling goods or services to customers in one's own country, but those goods are ultimately consumed or used in other countries, an example is that of an SME selling raw materials to a larger company, which then uses those materials to produce finished products that are

exported to other countries. Non-Equity Contractual Agreements (NECA) is another form that involves various types of agreements between businesses in different countries, such as licensing agreements, franchising agreements, and contract manufacturing agreements. For example, a manufacturing SME might license its technology to a foreign company in exchange for royalties, or it might engage in contract manufacturing for a foreign company. Foreign Direct Investment (FDI) is another form that involves setting up a physical presence in another country, such as a branch office, subsidiary, or manufacturing facility. This can involve significant investment and commitment, but it can also offer benefits such as easier access to local markets and resources.

Like internationalization, transnationalisation is another form of global business approach except that transnationalization does not have one country as the primary market or base of operations. According to Sanyal, et al., (2020) transnationalization is the strategy of coordinationg business activities across multiple countries without necessarily focusing on any one specific country as a primary market or base of operations. The manufacturing SMEs the study has focused on are those in light industrial areas involved in production and export of goods .

2.3.1 Internationalization Challenges

According to Leonidou, (1995), internationalization challenges are obstacles that hamper firms from engaging in international activities. They may include attitudinal, structural or operative impediments. Devadason & Subramaniam (2016), explains internationalization as obstructions that hinder firms to venture and continue operating in foreign markets. OECD categorizes the challenges of internationalization as internal and external to firms. Internal challenges are associated with the firms' lack of resources and capabilities while external challenges are challenges in the environment in which the firm operates (OECD, 2009).

2.4 Export Performance

For many manufacturing SMEs, improved and stable export performance in international markets is key to increasing business competitiveness and growth. Today, exportation has become important for many manufacturing SMEs, large or small. According to Malhotra,

et al., (2003), there are many ways in which companies including manufacturing SMEs can facilitate exports to international markets. For instance, companies can create joint ventures, franchising agreements, strategic alliances, and fully owned foreign direct investment (FDI) including mergers and acquisitions in foreign markets (Malhotra, et al., 2003).

The performance of manufacturing SMEs in export markets lags behind SMEs in the service sector. According to the WTO export share by product category in figure 2.1, manufacturing SMEs accounted for 30% of exports lower than 68% of the export share by service-based SMEs (WTO, 2016). Further, the performance of manufacturing SMEs in export markets differs among country groupings. For instance, exports to international markets by manufacturing SMEs are high in developed countries than in developing countries and lowest in least-developing countries (WTO, 2016). Similarly, in most national economies, larger organizations account for 90% of the export performance compared to 10% of SMEs (OECD, 2018).

However, at the individual country level, the performance of manufacturing SMEs in export markets varies. For instance in Mexico, 80.5% of the value of exports is contributed by SMEs in the manufacturing sector (OECD iLibrary , 2022). In Malaysia, manufacturing SMEs account for 17.8% of the total exports (Hironaka, et al., 2017) and in Pakistan, the contribution of manufacturing SMEs to the total exports is around 30% (Raza, et al., 2018). Similar trends can also be seen in the Indian SMEs manufacturing sector. According to Evoma (2022), 45% of the total SME output of Indian SMEs is contributed by SMEs in manufacturing. This represents 40% of manufacturing SMEs' exports. A survey by Safari & Saleh, (2020) on the north, central and south regions of Vietnam, shows that the export performance by manufacturing SMEs is mainly by manufacturing SMEs in the north which accounts for 73.6% of the total SMEs exports while those in the south account for 65.5% and 59.8% by those in the south region. This represents 63.2% of export participation to international markets by manufacturing SMEs in Vietnam (Safari & Saleh , 2020).

In the African context, the export performance of manufacturing SMEs to be specific those in agro-food processing, also show variations in export performances. Based on the

exploratory developing country study on the export performance of SMEs by Karedza & Govender, (2019), manufacturing SMEs in food processing in Zimbabwe, account for 29.5% of exports contribution to GDP. However, the export performance of agro-food processing manufacturing SMEs in other sub-Saharan countries is slightly higher. For instance, in Bostwana, agro-processing manufacturing SMEs account for 55.1% of exports performance, 55.8% in Angola, and 56.3% in Swaziland (Karedza & Govender, 2019).

Agro-processing is a significant sector in Zambia, as the country is endowed with abundant agricultural resources. The agro-processing industry involves adding value to raw agricultural products by transforming them into processed goods, such as food products, beverages, and various other agricultural-based products. The performance of agro-processing manufacturing SMEs in export markets depends on various factors, including market access, trade policies, infrastructure, productivity, and the overall business environment. To enhance the export performance of agro-processing manufacturing SMEs in Zambia, several strategies can be implemented (ZDA, 2022).

Conducting thorough market research to identify potential export markets and consumer preferences is crucial. Understanding the demand and requirements of target markets can help tailor products to meet international standards and preferences. Ensuring product quality and compliance with international standards and certifications is essential for gaining access to international markets and building a reputation for reliable products. Providing SMEs in the agro-processing sector with access to finance and support, such as export financing and export-oriented training, can bolster their export capabilities (ZDA, 2022). Improving trade facilitation and logistics infrastructure can help SMEs in the agro-processing sector reduce transportation costs and enhance their competitiveness in international markets. Investing in the skills development and capacity-building of SMEs can enable them to adopt modern technologies and best practices, leading to improved efficiency and product quality (ZDA, 2022). Engaging in export promotion activities, participating in trade fairs, and networking with potential buyers and distributors can help agro-processing manufacturing SMEs expand their market reach.

Although some researchers have assessed the performance of manufacturing SMEs in international markets, the majority of the research concentrates on countries outside Africa (Safari & Saleh, 2020; Hironaka, et al., 2017; Raza, et al., 2018). There is limited research on the export performance of manufacturing SMEs among the least-developing African countries. Least Developed Countries (LDCs) is a designation used by the United Nations (UN) to identify the worlds most impoverished and underdeveloped countries. LDCs face significant economic, social, and structural challenges that hinder their progress and development. These challenges include low income, low human development indicators, and vulnerability to economic and environmental shocks.

The UN regularly reviews and updates the list of LDCs based on these criteria. Currently, there are around 46 countries classified as Least Developed Countries, and the majority of them are located in Africa, followed by Asia and Oceania. Due to their significant economic challenges and limited resources, LDCs often face difficulties in achieving sustainable development, fostering economic growth, and competing in international markets. Export performance for manufacturing SMEs in LDCs can be particularly challenging due to various factors such as inadequate infrastructure, limited access to finance and technology, and trade barriers. Even though Karedza & Govender's (2019) research work focuses on African countries, there is still a need for more research to provide new insights into the export performance of manufacturing SMEs. Therefore, this dissertation overall aim was to contribute to closing this research gap by researching manufacturing SMEs in Zambia.

2.5 Challenges of Internationalization

SMEs are usually confronted with challenges in their attempt to internationalize to increase export in international markets. According to the OECD, challenges of internationalization can either be internal or external to SMEs (OECD, 2009).

2.5.1. Internal Challenges

Internal challenges are associated with the company and are a result of a lack of resources and/or capabilities (European Union, 2021). They include:

Informational/Knowledge Challenges

Information challenges can be described as information inefficiencies in the identification, selection, and contacting process of international markets (OECD, 2009). According to Wąsowska (2016), they include a lack of information that is required to locate and analyze international markets. Information/knowledge challenges arise as a result of limited data about international markets which is key to analyzing international markets (OECD, 2009). They will also include a lack of information on export assistance programs, information on products/services, and how to export to foreign countries (Reza, et al., 2021).

Financial Challenges

Financial challenges pose a major problem to SMEs that have not yet internalized their operations. Financial challenges are defined as challenges that exist when SMEs do not have the funds needed to expand operations in international markets (European Union, 2021). According to Reza, et al., (2021), the availability of financial resources makes it possible for SME firms to develop faster and make profits in international markets. Funds also make it possible for SMEs to acquire assets and technology required to compete with foreign SMEs (European Union, 2021). Jinjarak & Ganeshan (2016) notes that SMEs can only be competitive globally if they can overcome their financial challenges to have enough access to capital.

Marketing Challenges

Marketing challenges can prevent SMEs including those in manufacturing from exporting and expanding their export operations. For instance, Fernando & Samarakoon (2020) observed that in international markets, the participating firms may differ in terms of product types, product quality, product pricing, and product promotions. To be competitive and survive in international markets, SMEs need to have new products or match the product to foreign market-specific customer needs (European Union, 2021).

Human Resources Challenges

According to Mendy & Rahman (2019), human resources challenges are major concerns for internationalizing SMEs. Challenges of human resources are associated with the demand that comes with internationalization. For instance, the workload may become

overwhelming for SMEs with little or no experience in handling international markets. Activities such as documentation management, international logistics management, and communication with foreign customers are among the challenges associated with a lack of human resources (OECD, 2009). Other human resources challenges may involve a lack of entrepreneurial, managerial, and skills which are crucial for internationalizing SMEs (Fernando & Samarakoon, 2020).

2.5.2 External Challenges

On the other hand, external challenges are challenges that reside in the home or foreign land within which SMEs operate (European Union, 2021). They include:

Competition Challenges

SMEs are vulnerable to stiff competition in international markets. This competition may come from rival SMEs who are domestic firms in foreign markets and large multinational companies with excessive resources (OECD, 2018). Because of these factors and among others, SMEs are discouraged to enter and participate in international markets as they fear losing competitive advantage and domestic competitive advantage in foreign markets (OECD, 2009). Singh, et al., (2010), identified economies of scale, product differentiation, diversification, degree of concentration and entry, and existing barriers as priority factors to consider for SMEs if they are to remain competitive in international markets.

Procedural Challenges

Procedural challenges are internationalization challenges that exist due to ignorance of procedural requirements and paperwork to enter the international market (OECD, 2009). Procedural challenges arise due to the increased number of stakeholders involved in carrying out international transactions. The fact that different members in the supply chain such as third parties, government policymakers, and regulated agencies are involved, procedural obstacles are bound to exist which may delay/discourage SMEs to penetrate international markets (Reza, et al., 2021). Other procedural challenges of internationalizing SMEs may involve the absence of common trade policy between countries, international trade agreements, and trade tariff barriers that prevent SMEs to penetrate international markets (Siringoringo, et al., 2009).

Governmental Challenges

Government challenges are associated with challenges of lack of support in terms of promotions, programs, and incentives that assist SMEs to enter or expand existing operations in international markets (Fernando & Samarakoon, 2020). This failure by governments to provide incentives to boost SME participation in international markets has also been identified by the European Union (European Union, 2021). The participation of SMEs in international markets is paramount to any nation. This is because SMEs create employment opportunities for people and contribute significantly to GDPs, accelerating innovation and managerial know-how (OECD, 2018).

Exogenous Challenges

Exogenous challenges exist due to external factors that are beyond the control of the firm (Reza, et al., 2021). According to Paul, et al.(2017), some examples of Exogenous challenges may involve differences in exchange rates, political instabilities, and fierce legal barriers among others. Other examples of external factors may be a result of harsh climate conditions and major outbreaks such as diseases like the Covid-19 pandemic with the ability to affect SMEs' ability to enter and sustain the performance of exports in international markets (Reza, et al., 2021).

Recent research on the challenges of internationalization has featured mainly in survey-based technical reports. The literature shows that internationalization challenges research appears consistently in OECD reports (OECD, 2009; OECD, 2018; OECD iLibrary, 2022). It is important to note also that research on the challenges of internationalization can also be found to some extent in European commission reports (European Union, 2021). However, the literature shows a limited number of recent academic research (Reza, et al., 2021; Fernando & Samarakoon, 2020; Mendy & Rahman, 2019) that have investigated the challenges of internationalization. This proposal, therefore, will focus to contribute towards reducing this research gap by introducing new academic research on the challenges of internationalization to the existing low number of academic research in literature.

2.6 The Challenges of Internationalization on SMEs' Export Performance

The challenges of internationalization have been observed to hinder the export performance of SMEs in international markets. This, however, has brought about the need to examine how the challenges of internationalization affect the export performance of SMEs in the manufacturing sector. Researchers have attempted to address this problem by carrying out research on manufacturing SMEs in different countries. For instance, survey research by Reza, et al., (2021) involving 211 manufacturing SMEs in Pakistan, provide evidence of how the internationalization challenges affect the export performance of manufacturing SMEs. Based on the study findings, the results showed that internationalization challenges negatively affect the export performance of manufacturing SMEs in Pakistan. This was true because the bootstrapped values of the hypotheses tests involving knowledge, resource, procedural and exogenous challenges in the structural model assessment were all significant. Further, the research findings showed that exogenous challenges impact manufacturing SMEs in Pakistan more compared to the other challenges identified (Reza, et al., 2021).

Similar evidence on how internationalization challenges affect SMEs' export performance can be seen in Safari & Saleh's (2020) study of determinants of SME export performance in Vietnam. According to the survey results of 364 SMEs, involving the hypothesized relationships between internal factors such as skill levels and export performance in the structural equation modeling (SEM), showed an indirect relationship when SMEs lack skills to export. Equally, the hypotheses involving external factors such as government assistance, information availability about export markets, training, and funding assistance showed a similar indirect relationship with export performance when SMEs fall short of such determinants of export performance.

It is not surprising to note that Fernando & Samarakoon's (2020) research on internationalization issues and export performance of manufacturing SMEs in northwestern Sri Lanka also shows similar findings observed by Reza, et al., (2021); Safari & Saleh, (2020). For instance, the hypothesized relationships involving technology, government support, and legal requirements issues, show negative relationships between the growth, performance, and profitability of SMEs in Sri Lanka. Similarly, Wąsowska,

(2016) of the perception of export barriers to European SMEs, shows negative relationships between internal and external barriers and SMEs' internationalization. Likewise, a study by Karedza & Govender (2019) involving factors impacting the export performance of 350 SMEs in the leather, food processing, and textile sectors in Zimbabwe, indicates a negative relationship effect between the marketing barriers and the export performance of manufacturing SMEs.

Although the literature shows that the challenges of internationalization have been assessed to establish their effect on the export performance of SMEs in many countries, in Sub-Saharan Africa the research is limited. Only a few researchers such as Karedza & Govender (2019) have investigated the challenges of the internationalization of SMEs in Sub-Saharan countries such as Zimbabwe. This proposal, therefore, seeks to close this gap identified.

2.7 Kowledge Gap

While the literature highlights variations in export performance between manufacturing SMEs and service SMEs, as well as among different country groupings, there is a need for more in-depth comparative analysis. Research could focus on understanding the specific factors that contribute to disparities in export performance and how these factors can be addressed to enhance the competitiveness of manufacturing SMEs.

The literature points out that LDCs face unique challenges in internationalization, but there is limited research specifically addressing these challenges. Further studies should delve into the specific obstacles faced by manufacturing SMEs in LDCs, including those in Sub-Saharan Africa, and propose tailored strategies for overcoming them. While the literature mentions the importance of government support and incentives for SMEs, there is a need for more detailed analysis of effective policy interventions. Research could focus on evaluating existing policies, identifying gaps, and proposing targeted measures to address the challenges faced by manufacturing SMEs in different regions.

Many studies provide snapshots of export performance at a specific point in time. Longitudinal studies tracking the performance of manufacturing SMEs over time could offer valuable insights into the dynamics and trends in internationalization, allowing for a deeper understanding of the factors influencing export success. While quantitative

research provides valuable data, qualitative studies can offer a more nuanced understanding of the experiences, perspectives, and challenges faced by manufacturing SMEs. In-depth interviews, case studies, and surveys focusing on SME owners/managers could provide valuable qualitative insights. The literature briefly touches on exogenous challenges like political instability and disease outbreaks. Further research could explore in detail how external shocks, such as global economic downturns or pandemics like COVID-19, affect the export performance of manufacturing SMEs and how they can adapt and recover. Conducting comparative studies across different countries or regions within Sub-Saharan Africa could provide insights into the specific challenges and opportunities faced by manufacturing SMEs in different contexts. This could help identify best practices and policy recommendations that are tailored to specific regional needs. While the literature mentions the importance of providing support and an enabling environment for SMEs, there is a need for rigorous evaluation of existing support programs. This could include assessing the effectiveness of financial assistance, training programs, and infrastructure development initiatives in promoting export performance. Overall, further research in these areas can contribute to a more comprehensive understanding of the challenges and opportunities faced by manufacturing SMEs in international markets, especially in the context of least-developing countries and Sub-Saharan Africa. This knowledge can inform policies and interventions aimed at fostering the growth and sustainability of SMEs in the global arena.

2.8 Lessons learnt from reviewed literature.

Based on the empirical literature above, it has been noted that manufacturing SMEs lag behind service SMEs' in export performance. Further, the export performance of manufacturing SMEs is higher in developed countries and lowest in least-developing countries. It has also been learned that in most national economies larger manufacturing organizations account for a large share of exports than manufacturing SMEs.It was also observed that most research on internationalization is concentrated in developed and developing countries with few of them being carried out in least-developing countries such as countries in the Sub-Saharan countries region. It has been learned that the majority of least-developing countries experience challenges of internationalization which have been identified to be internal and external to the SME. Internal challenges have been

known to exist within the SME company and include; information/knowledge, financial, marketing, and human resource challenges while, external are resided outside of an SME company and include competition, procedural, government, and exogenous challenges.

The literature has also shown that internationalization challenges negatively affect the export performance of SMEs including those in the manufacturing industry. Thus, based on these revelations, governments and support agencies must address the challenges that SMEs face since SMEs significantly contribute to the economic and social development of every nation.

Literature Review Matrix

Title	Year	Author(s)	Findings	Gaps
Small and Medium-Sized Enterprises	2016	World Trade Organization (WTO)	Defines SMEs based on the number of workers they employ. Different organizations have different criteria for defining SMEs.	More recent data and insights on the impact of these definitions on policy and support programs.
Manufacturing SMEs in Zambia	2022	Zambia Development Agency (ZDA)	Manufacturing SMEs play a significant role in job creation and economic growth in Zambia. They also contribute to the growth of other industries through the supply chain.	More detailed analysis of specific challenges faced by manufacturing SMEs in Zambia.
Internationalization	2020	Sanyal, et al.; Schweizer, et al.; Welch & Luostarinen	Different definitions of internationalization based on business expansion across borders. Can be in the form of direct exports, indirect exports, non-equity contractual agreements, and foreign direct investment (FDI).	Further research on the effectiveness of different internationalization strategies for SMEs.
Internationalization Challenges	1995	leonidou	Obstacles that hinder firms from engaging in international activities. Can be attitudinal,	More recent research on specific challenges faced

			structural, or operative impediments.	by manufacturing SMEs during the internationalizatio n process.
Export Performance	2003	Malhotra, et al.	Improved and stable export performance is crucial for increasing business competitiveness and growth for manufacturing SMEs. Different countries show varying levels of export performance in the manufacturing sector.	More comprehensive data on export performance of manufacturing SMEs in various African countries, especially LDCs.
Challenges of Internationalizat ion	2021	European Union	Internal challenges include informational/knowled ge challenges, financial challenges, marketing challenges, and human resources challenges. External challenges include competition challenges, procedural challenges, governmental challenges, and exogenous challenges.	More recent academic research on the challenges of internationalizatio n for Manufacturing SMEs in LDCs, especially in Africa.
The Challenges of Internationalizat ion on SMEs' Export Performance	2019	European	Internationalization challenges negatively affect the export performance of manufacturing SMEs in various countries. Exogenous challenges have a significant impact on export performance.	Further research on the specific impact of internationalizatio n challenges on manufacturing SMEs in Sub-Saharan African countries, especially LDCs.

CHAPTER 3

THEORETICAL AND CONCEPTUAL FRAMEWORK

3.0 Introduction

This chapter presents theory adopted as the theoretical foundation of the study. In the conceptual framework section, a general representation of the research is presented. It is important to know this chapter as it acts as a base for the succeeding chapters.

3.1 Theoretical Framework

The theoretical base of the research was twofold. First, the theory of constraints (TOC) elaborated on the constraints known as challenges that organizations face, and in the second part, SWOT analysis provided a theoretical explanation of how challenges such as internationalization challenges can be investigated.

3.1.1 Theory of Constraints (TOC)

The theory of constraints was first introduced by Goldratt, (1984) in the 1980s. Since then, the theory has continued to develop and evolve becoming one of the most important theories in business management. According to Sahon (2008), TOC is a management approach that focuses on the profit maximization of the organization. It is based on the assumption that every organization experience at least a challenge known as constraints that prevent it to develop and fulfil its desired performance (Sahon , 2008). Just like other theories of management, TOC provides the direction of the firm's effectiveness. This makes it possible for a firm to compete with others provided the challenges faced are put under control (Čiegis & Jasinskas, 2006).

TOC employs a five-step process for investigating the constraints (Sahon , 2008). The first step involves identifying the constraints in an operation, in this research, these are internationalization challenges that limit SMEs' export performance. The second step is all about exploiting the constraint such as taking action to improve the challenges. Step three involves suggests that during this step, the activities within the operation will be examined carefully, and necessary changes or adjustments will be made to ensure that

they are in line with or support the resolution of the identified constraint. The purpose is to optimize the operation's processes and resources to overcome or minimize the constraint's impact, leading to improved efficiency and effectiveness. For instance, this can be minimizing expenditure in all business processes of an SME and reserving the funds for capital financing if the challenge is related to financial resources. The next step involves elevating the constraint by considering high-level actions to eliminate the constraint. This may involve forming partnerships, and strategic alliances to eliminate the challenge of financial resources if an SME cannot raise funds on its own (Malhotra, et al., 2003). The whole process from constraint identification to elevation ensures that the business operations improve and fulfill its performance objectives.

Although, TOC has its roots in the production process and resource allocation (Melendez, et al., 2018). However, it does not mean that the theory cannot be applied to many business activities. TOC can be applied to analyze many business operations such as those supply chain, project management, research, and development among others (Şimşit, et al., 2014). For instance, Čiegis & Jasinskas, (2006) employed TOC to evaluate the trade support of the government on business growth, and Immawan, et al., (2019) used TOC to study the obstacles in a printing company that prevent it from achieving its targets.

3.1.2 SWOT Analysis

SWOT analysis originated by Albert S Humphrey in the 1960s as a model for investigating the internal and external factors of the organization (Wang, 2007). According to Sonia, et al. (2020) SWOT is the systematic identification of various factors that an organization may be faced with to develop a strategy for managing them. It is a theoretical framework that predominantly collects information about the factors within and outside the organization (Sarsby,2016). Its acronym stands for strengths, weaknesses, opportunities, and threats.

SWOT analysis postulates that information about organizational factors exists from the environment in which it belongs and that the factors can either be internal or external to the organization (Sarsby , 2016). Organizations have control over internal factors and usually involve their strengths and weaknesses. However, organizations do not have control over external factors such as opportunities and threats (Sarsby , 2016). From an

SME business development point of view, the internal factors may include; internal internationalization challenges and the external factors may be external internationalization challenges. This is because SMEs have control over internal challenges such as human resources, information, and knowledge while they lack control over external challenges such as competition, procedural, government, and exogenous challenges (European Union, 2021).

SWOT analysis has been applied by many researchers to aid the identification of factors that hinder the development of SMEs. For instance, Sonia, et al., (2020) used SWOT analysis to investigate the internal and external conditions that hinder the development of SMEs in which human resource was identified to influence SMEs while government regulations and availability of substitute products were identified as the external challenges. Thamrin, et al., (2017) also employed SWOT analysis to investigate the factors that affect the growth and existence of SMEs operating in Indonesia. Others that have implemented SWOT analysis to investigate the challenges of SMEs include; Velde, et al., (2016) case study report on the internationalization of innovation in SMEs and Hidalgo & González, (2017) case study involving an analysis of the potential for internationalization of medium-sized enterprise in the footwear sector in Mexico's city of Leon Guanajuato.

3.2 Theoretical Literature Summary

In the preceding sections, the theoretical foundation of the study was explored. Firstly, the theory of constraints (TOC) provided the theoretical base and in the second part, SWOT analysis acting as a theoretical model provided a means of investigating the organizational challenges. According to TOC, every organization has some constraints known as challenges that inhibit it from fulfilling its objectives. TOC enables the organization to compete successfully with others provided the organizational constraints are put under control. Despite its origin in production systems, TOC can be applied to study many business constraints. In terms of SWOT analysis, the model has shown that challenges to the organization can either be internal or external and that the internal challenges are within the control of organizations while the external challenges are outside the organization. It was also observed that SWOT analysis remains a major investigation

model for organizational factors. Thus, both TOC and SWOT analysis fit the study as they clearly explain the challenges of SMEs and obstacles to improved export performance and further provide a method of investigating the challenges.

3.3 Conceptual Framework Development

This section describes the conceptual framework of the study by drawing from the empirical and theoretical literature.

3.3.1 Export Performance as dependent variable

From the empirical literature, export performance is the share of export that manufacturing SMEs enjoy in the international market (WTO, 2016). The studies in the empirical literature have shown that export performance is usually expressed as a percentage of the volumes or sales of exported goods to the total volumes or sales (Raza, et al., 2018; Hironaka, et al., 2017). Further, the literature indicated that export performance can be represented at a global scale to show the world performance standings of SMEs' share of export sales volumes in international markets or can be lowered to region, country, and sector levels to provide more specific information (WTO, 2016).

3.3.2 Internationalization Challenges

Similarly, it was observed from the empirical literature that the challenges of internationalization are obstacles that prevent SMEs from exporting and improving their export performance in international markets (Devadason & Subramaniam, 2016; Leonidou, 1995; OECD, 2009). The literature has further shown that the challenges of internationalization can either be internal or external to the organization (European Union, 2021). Internal challenges are within SMEs' control and involve information/knowledge, financial, marketing, and human resource challenges (OECD, 2009). External challenges are outside SMEs' control and involve competition, government, and exogenous challenges (OECD, 2009).

From the theoretical perspective, Goldratt's (1984) theory of constraints (TOC) has shown that internationalization challenges exist as constraints that are linked to the export performance of manufacturing SMEs. According to TOC, internationalization challenges must be identified and eliminated from the business operations of SMEs to improve the

export performance of manufacturing SMEs in international markets. Further, SWOT analysis has shown that internationalization challenges can be investigated as internal and external factors (Sarsby , 2016) to identify what constitutes the weaknesses as internal challenges and constitutes of threats as external challenges.

Based on the empirical and theoretical literature views, the association between the challenges of internationalization and the export performance of manufacturing SMEs is represented in the conceptual framework in figure 3.1.

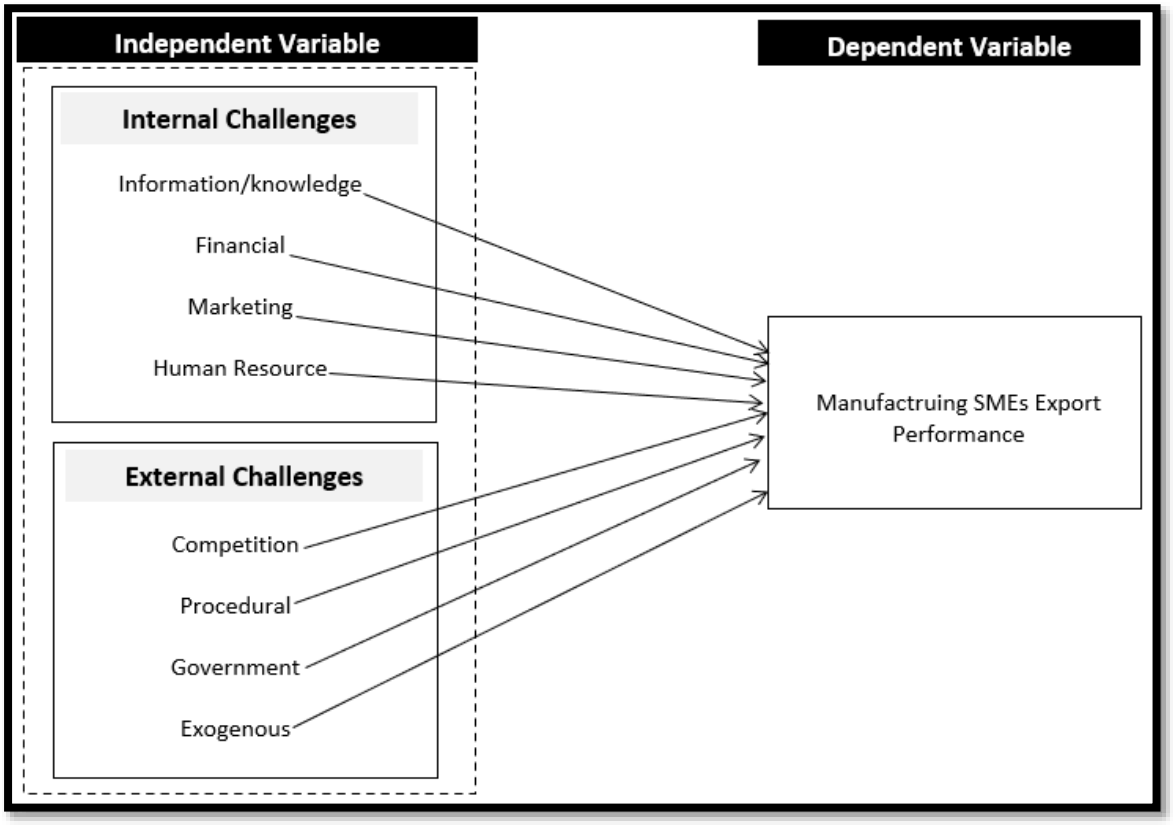


Figure 3.1: Conceptual Framework (Source: Author, 2022)

3.3.3 Operationalization of Study Variables

The operationalization of study variables is based on three variables presented in the conceptual framework: Internal (information/knowledge, financial, marketing, and human resource) and external (competition, procedural, government, and exogenous) challenges of internationalization as independent variables and manufacturing SMEs export

performance as a dependent variable. Table 3.1 summarizes the operationalization of these variables.

Table 3.1: Operationalization and Measurement of Study Variables

Variable	Dimension	Indicator	Operationalization	Measurement
Dependent Variable	Export Market Performance	Export Sales Volume	Change in export sales volume as a result of Internationalization challenges	Mean score of 1-5 points Likert scale
Independent Variable	Internal Challenges	Information/ Knowledge	Lack of information and knowledge about potential export markets, products & opportunities	Mean score of 1-5 points Likert scale
		Financial	Lack of funds to finance capital investments	Mean score of 1-5 points Likert scale
		Marketing	Lack of marketing offerings required to suit the needs of customers in foreign markets	Mean score of 1-5 points Likert scale
		Human Resource	Lack of skilled and qualified staff required to manage export operations	Mean score of 1-5 points Likert scale
	External Challenges	Competition	Presence of stiff competition from rival SMEs and competing products in foreign markets	Mean score of 1-5 points Likert scale
		Procedural	Difficulties in locating and moving to foreign markets due to documentation delays and excessive bureaucracy	Mean score of 1-5 points Likert scale
		Government	Lack of government support in terms of incentives and export programs	Mean score of 1-5 points Likert scale
		Exogenous	Unstable exchange rates and political	Mean score of 1-5 points Likert scale

	instabilities in a foreign market

Source: Author (2023)

3.3.4 Research Hypotheses

Based on the relationship presented in the conceptual framework, the following hypotheses are formulated to study the association between the study variables.

Table 3.2: Research Hypotheses

1	*H_o:* Information/Knowledge challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Information/Knowledge challenges has a positive effect on the export performance of manufacturing SMEs
2	*H_o:* Financial challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Financial challenges has a positive effect on the export performance of manufacturing SMEs
3	*H_o:* Marketing challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Marketing challenges has positive effect on the export performance of manufacturing SMEs
4	*H_o:* Human resource challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Human resource challenges has a positive effect on the export performance of manufacturing SMEs
5	*H_o:* Competition challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Competition challenges has a positive effect on the export performance of manufacturing SMEs
6	*H_o:* Procedural challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Procedural challenges has a positive effect on the export performance of manufacturing SMEs
7	*H_o:* Government challenges does not have a positive effect on the export performance of manufacturing SMEs *H_1:* Government challenges has a positive effect on the export performance of manufacturing SMEs
8	*H_o:* Exogenous challenges does not have a positive effect on the export performance of manufacturing SMEs

Source: Author (2023)

H_1: Exogenous challenges has a positive effect on the export performance of manufacturing SMEs

CHAPTER 4

RESEARCH METHODOLOGY

4.0 Introduction

The previous chapter presented the theoretical and conceptual framework of the study. This chapter outlines the methodology followed in carrying out the study.

4.1 Research Philosophy and Approach

The study adopted a positivism research philosophy. This is because the study involved testing the theories and maintaining objective view of the data collected and the findings (Saunders, et al., 2009). The positivism philosophy assumes reality exists externally and requires developing constructs and testing the relationships among variables to accurate undestand the elements of the population been investigated. The study developed the conceptual framework to test the relatioships between the variables in order to accurately reveal the existing relationships effects among the variables.

A deductive approach was employed by the study to generalize the findings to the population. According to Saunders, et al., (2009), a deductive approach follows the principles of generalization that makes it possible for problem in the population to be clearly understood. This study involved generalizing the research findings to the manufacturing SMEs in lusaka.

4.2 Research Design

In line with the research questions, the study employed a descriptive research design adopted by Magwenzi & Mwanza (2022). Similar to Magwenzi & Mwanza (2022), large amount of data was collected through a survey strategy which enabled the description of facts about the study variables. According to Saunders et al. (2009), descriptive designs produce detailed data which is highly quantitative and the research is usually quantitative in nature. The study was a quantitative research because it applied the mono research method by using the questionnaire as the only data collection instrument and was analysed using corresponding quantitative analysis techniques. The research design adopted,

enabled the research questions to be answered as it made it possible for the variables to be described and relationships analyzed.

4.3 Target Population and Sampling Frame

The target population of the study comprised of 120 registered manufacturing SMEs by the Patents and Companies Registration Agency (PACRA) and a members of the Zambia Association of Manufacturers (ZAM) by 1st January 2023.

Similary, the sampling frame of the study comprised of a list of registered manufacturing SMEs by PACRA and having an active membership with ZAM by 1st January 2023. A single response approach employed by Magwenzi & Mwanza (2022) was adopted in the study in which a manufactruing SME was represented by a single participant as a respondent.

4.4 Sample Size

To arrive at the representative study sample size, Krejcie & Morgan's (1970) equation (1) was applied to compute the optimum sample size.

$$n = \frac{x^2 NP(1-P)}{d^2(N-1) + x^2 P(1-P)} \quad (1)$$

Where:

n = Required Sample Size

N = The Population Size

x^2 = Chi-square table value at 1 degree of freedom at the desired confidence level

P = The population proportion

d = The degree of accuracy expressed as a 0.05 proportion

According to Krejcie & Morgan (1970), a 95 percent confidence level and 50 percent population proportion is highly recommended to obtained the optimum sample size. Applieing a 95 percent confidence level, 50 percent proportion and using a 3.841 chi-square at 1 degree of freedom in the formula, a population size of 120 manufacturing SMEs gave a study sample size of 92 manufacturing SMEs.

4.5 Sampling Technique

The study employed probability sampling through stratified sampling. From the sampling frame, the study created manufacturing sector groups by following ZAM International Standard Industrial Classification (ISIC) of all economic activities Revison 4. Simple random sampling was then be used to sample the manufacturing SMEs from the sector groupings.

Sekeran (2010) holds that 50% of the target population is justifiable to make conclusions in a scientific study. This study reached 87% of the SMEs that are currently operating in manufacturing SME industry translating into a sample size of 92. This was in line with Mugenda and Mugenda (2003) who poise that the sample size should be as large as possible in order to produce the salient characteristics of the accessible population to an acceptable degree. Stratified random sampling technique was used to select the samples. This method of sampling was preferred in order to get a good representation of all the manufacturing SMEs because the SMEs have specific areas of operation and face different opportunities and challenges based on their area of operation. This is in line with Creswell and Clark (2011) who are of the view that by using simple random sampling the researcher is not sure whether the subgroups that he/she wants to observe are represented equally or proportionately within the sample.

4.6 Data Collection Instrument and Procedure

The questionnaire was used as a data collection instrument which was administered to the participants through the manufacturing SMEs sampled. It consisted of three sections the first section focused on the general information, the second section looked at the internationalization challenges, and in the third section, the questionnaire focused on assessing the effect of internationalization challenges on export performance.

The procedure employed by Magwenzi & Mwanza (2022) involving the general company liaison of the manufactuing SME as the first point of contact and then connecting to the target respondent, was adopted by the study. The survey was conducted online over a period of six weeks and questionnaires distributed via email to the target participants of manufactuing SMEs. By the end of the survey period, a total of 79 completed

questionnaires were submitted by the respondents. The questionnaires were answered by the participants from the sampled manufacturing SMEs. These participants may include business owners, managers, employees, or other individuals involved in the internationalization and export activities of the SMEs. The participants answered the questionnaires as part of the data collection process for the study. The study aimed to gather information about the internationalization challenges faced by manufacturing SMEs and their effects on export performance. By answering the questionnaires, the participants provided valuable data and insights that would contribute to the research objectives and help the researchers understand the relationship between internationalization challenges and export performance in the context of manufacturing SMEs.

4.7 Pilot and Diagnostic Tests

A 10 percent pilot survey of the sample size was carried out on selected manufacturing SMEs to test the data collection instrument before commencing the survey. This was done to ensure that the instruments measures and accurate captures the data on all the variable items. Changes were carried out to the questionnaire on areas were the statements were not clear to the respondents based on the feedback from the pilot survey. Note that the manufacturing SMEs that part in the pilot survey, were not included in the final survey.

4.8.1 Normality Test

The study adopted a 0.05 level of significance to test the hypotheses formulated and normality of the data set. According to Pallant (2013), a 0.05 level of significance is used to establish whether the data points in the data set follow the normal distribution and to decide either to accept or reject the null hypotheses.

4.9.1 Reliability Test

The reliability test of the data was be carried out to assess the internal consistency of data by measuring the reliability of the data instrument (Odollo, et al., 2018; Magwenzi & Mwanza, 2022). To achieve this, a 0.7 Cronbach's Alpha statistic was used in which the obtained Cronbach's Alpha after the test was compared with 0.7. Conbrabch's Alpha

values greater than 0.7 indicated high reliability and low reliability if the value was below 0.7.

4.9.2 Validity Test

The Validity test of the data set was carried out to assess whether the study variables were accurately presented in the study. To achieve this, factor validity through princinpal component analysis (PCA) in SPSS was performed. The data set is valid if the data points among the variable items have correlate and can load on common factors (Pallant, 2013)

4.10 Data Preparation and Analysis

Data preparation and analysis involved exporting answered questionnaires from Microsoft forms into excel data matrix. Editing and error checking of the data then followed to ensure the data was of good quality for data analysis. After ensuring the data was og good quality, data analysis was then carried out. The first analysis involved descriptive statistics which comprised of the mean and standard deviation of the variable items. Similar to Magwenzi & Mwanza (2022) descriptive analysis, the means indicated the average response of the participants to variable statements and the standard deviations described the variability of the responses from the mean. Descriptive analysis was then succeded by inferential analysis which provided a detailed analysis of the study. This involved correlation analysis of the variables to undertand how the variables correlated and regression analysis to test the hypotheses. Inferential statistics such as coefficient of determination, F statistic and t statistic were used in the analysis. IBM statistical package for social science (SPSS) version 25.0 as used as the data analysis software.

4.11 Ethical Consideration

The study involved contact with managers of manufacturing SMEs and such, ethical issues was considered. Full consent from the participants was obtained prior to the study, protection of participants privacy was ensured and they were not subjected to any harm. Any misleading information as well as representation of primary data findings in a biased way, was avoided. Further, Communication in relation to the research was done with honesty and transparency.

When carrying out an academic research, researchers often face different kinds of problems during the period, Gummesson (2000). However, ethical issues in research can fall into four categories, namely harm, informed consent, right to privacy and honesty with professional colleagues (Leedy and Omro, 2005). The research ensured that all the ethical issues are not violated both during the data collection and reporting. Furthermore, all the literature cited in this study was referenced according to the university referencing system. The researcher obtained clearance from the University of Zambia Ethics Committee and followed the laid down guidelines on confidentiality, anonymity, informed consent and transparency. HSSREC:2022-NOV-006.

CHAPTER 5

DATA ANALYSIS AND PRESENTATION OF RESULTS

5.0 Introduction

In the previous chapter, the methodology of the study was discussed. This chapter presents the findings of the research by providing an in-depth analysis of the data collected. It begins with the demographics, analyzes the descriptive statistics, and concludes with inferential data analysis.

5.1 Response Rate

In this study, the response rate represents the total number of questionnaires that were completed and submitted by the participants. A total of 79 questionnaires were received from the manufacturing SMEs representing 85.9% as shown in table 5.1.

Table 5.1: Participants' Response Rate

Sample Size	Actual Response	Response Rate
92	79	85.9%

Source: Own Survey Results

5.2 Demographic Results

The demographic results of the study involved the management level of participants, education, manufacturing sector to which the SME belongs, the size of the company, years in business, and the export experience of the manufacturing SME if it is also involved in exports.

5.2.1 Participant Level of Management

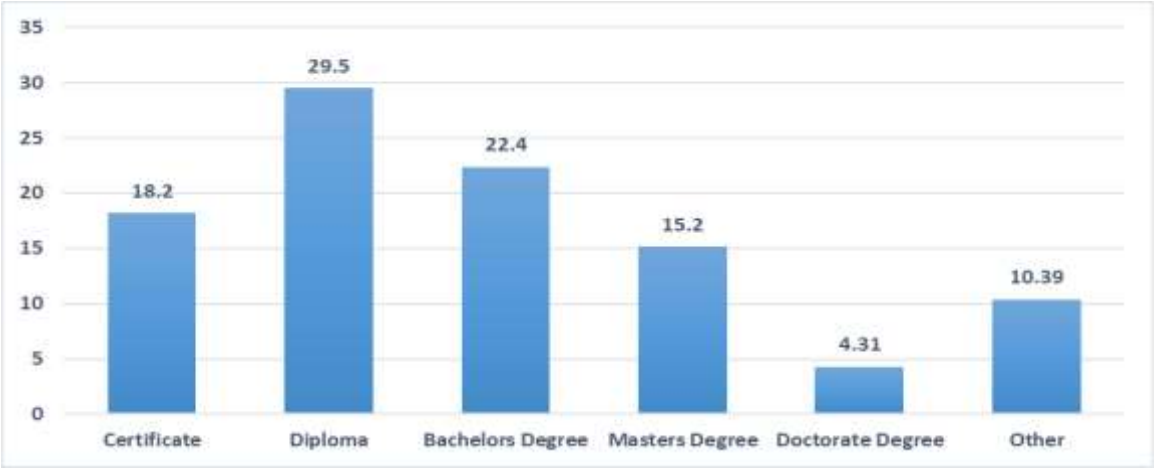
The participants were asked to specify their management levels, based on the results depicted in figure 5.1, the majority of the participants were middle managers representing 60% of the total participants who took part in the survey. 16% of the participants were senior managers and 24% were junior managers.

Figure 5.1 Participants' Level of Management (Own Survey Results,2023)

5.2.2 Participant Level of Education

Figure 5.2 shows the distribution of the participants in terms of their level of education. According to the results, 18.2% of the participants had certificates, 29.5% had diplomas, 22.4% and 15.2% were holders of bachelor's and master's degrees while 4.31% had doctorate degrees. 10.39% had other education qualifications.

Figure 5.2: Participants' Level of Education (Source: Survey own Results, 2023



5.2.3 Years in the Business of Manufacturing SMEs

Likewise, the participants were asked to state the number of years their company has been in operating. Figure 5.5 shows that 10% of manufacturing had an operating experience of

1 to 4 years, 20% had an operating experience of 5 to 9 years, 28.9% had an operating experience of 10 to 14 years and 41.1% had an operating experience of more than 15 years.

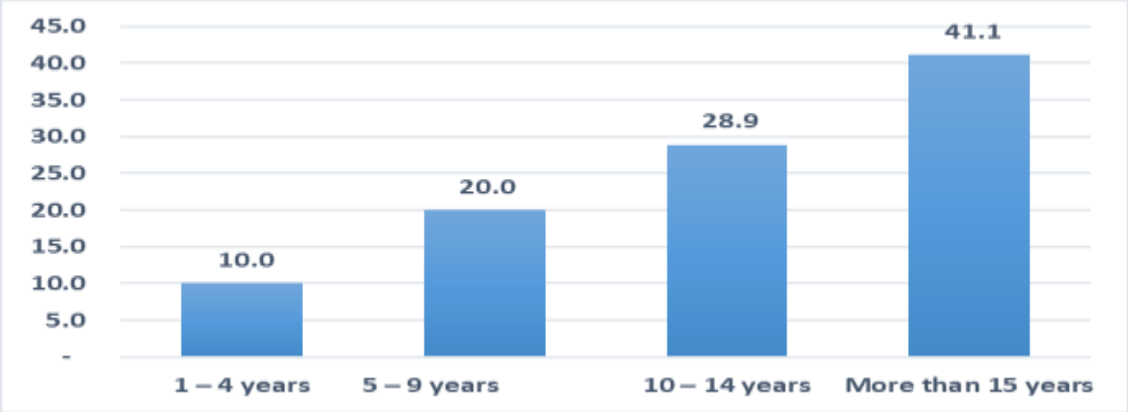


Figure 5.3: Years in Business Distribution (Source: Survey Own Results,2023).

5.2.4 Manufacturing SMEs

The manufacturing SMEs were classified based on the manufacturing sector of their business operations. The participants were asked to specify in the questionnaire the sector to which their company belongs. Figure 5.3 shows the distribution of manufacturing SMEs. As can be seen, the majority of the SMEs were from the beverage sector at 17.8%, 16.7% from food, 12.2% from rubber/plastic, 11.1% from wood/furniture, 10.0% from metal fabrication and paper, 6.7% from chemical, 5.6% from textile/leather while SMEs from the other sectors accounted for 7.8%.

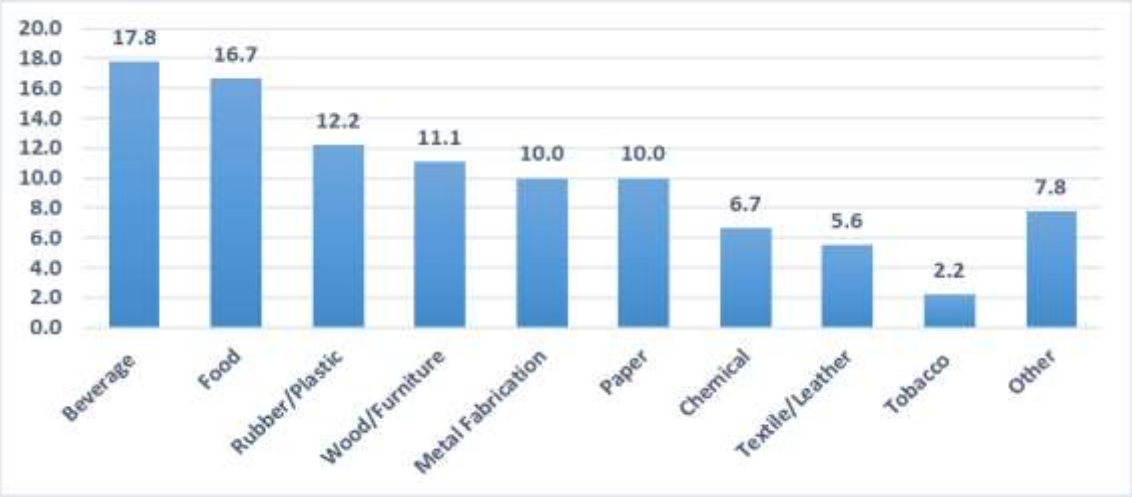


Figure 5.4: Distribution of Manufacturing SME Sectors (Own Survey Results, 2023)

5.2.5 Company Size Distribution of Manufacturing SMEs

In terms of the size of the company, figure 5.4 shows that 30% of SMEs had a workforce size of 5-10 employees, 38.9% had 25-50 employees, 24.4% had 50-125 employees, 4.4% had 125-250 employees while 2.2% had a workforce size of not more than 250 employees.

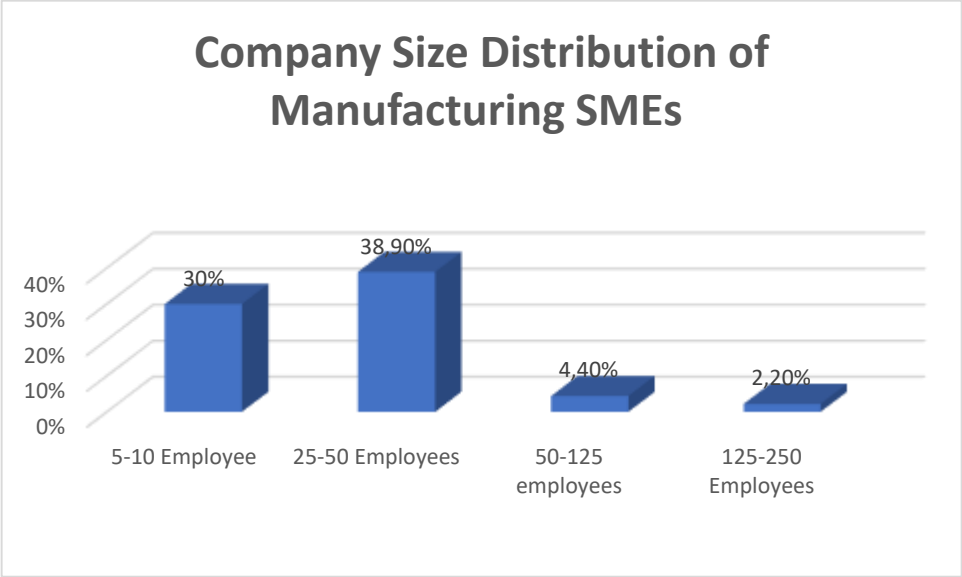


Figure 5.5: Company Size Distribution (Source: Own Survey Results, 2023)

5.2.6 Export Experience of Manufacturing SMEs

Lastly, the participants were asked to state their export experience if they export products to foreign countries as shown in figure 5.6. 5.2% confirmed to have an export experience of 1 to 3 years, 12.4% had 4 to 6 years, 19.3% had more than 10 years of experience and 63.1% had no export experience since they are not able to export their products.

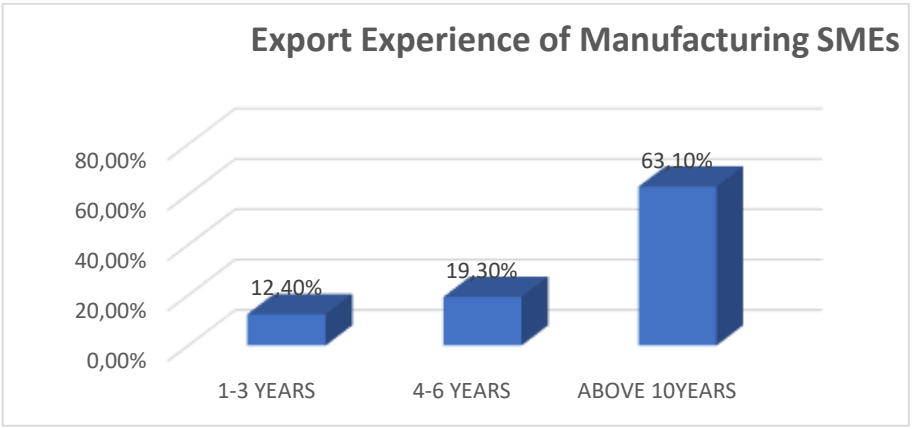


Figure 5.6: Export Experience Distribution (Source: Survey Own Results,2023)

5.3 Descriptive Analysis of the Study Variables

The descriptive analysis of the study variables involved the mean and standard deviation of the variable items. The response scores on each item were averaged to derive the mean response for each study variable item. Based on the adopted Likert scale, the means in the range of 1 to 1.25, indicate that the participants strongly disagree, 1.26 to 2.25 agree, 2.26 to 2.5 neutral, 2.6 to 3.75 agree, and 3.76 to 5, indicating that the participants strongly agreed.

Table 5.2

S/n	Details	Mean	Range
1	Strongly Agree	3.76	5
2	Agree	2.6	3.75
3	Neutral	2.26	2.5
4	Strongly Disagree	1	1.25

Source: Own Survey Results

5.3.1 Descriptive Statistics for Internal Challenges

Information/Knowledge Challenge: The mean values for the items related to information and knowledge challenges are above 2.5, indicating agreement with these challenges. For example, participants agreed that manufacturing SMEs lack knowledge of potential export markets (mean = 3.08), lack knowledge on how to export to foreign markets (mean = 3.09), and lack information about foreign market opportunities for products (mean = 3.24).

Financial Challenge: The mean values for the financial challenges are also above 2.5, implying agreement with these challenges. For instance, participants agreed that manufacturing SMEs lack funds to finance export investment (mean = 3.16), find methods of payment in international operations financially high (mean = 2.66), and face insufficient financial support from local banks (mean = 2.59).

Marketing Challenge: Similarly, the mean values for marketing challenges are above 2.5, indicating agreement with these challenges. Participants agreed that the prices of their products are higher compared to substitutes in foreign markets (mean = 2.61), their

products may not reach remote areas of foreign countries (mean = 2.73), and the quality of their products cannot be compared to substitutes in foreign markets (mean = 2.70).

Human Resource Challenge: The mean values for human resource challenges are also above 2.5, suggesting agreement with these challenges. Participants agreed that employees in SMEs lack skills to manage international markets (mean = 2.72), have less education on exports compared to peers in foreign countries (mean = 2.71), and may find it difficult to resolve complex problems in export markets (mean = 2.84).

In summary, the means being above 2.5 (which represents the neutral point on a Likert scale) indicate that the participants in the study agreed with the challenges mentioned in the survey. This means that the participants perceived these challenges as existing issues faced by manufacturing SMEs in the context of exporting, according to the study's results. The study likely aimed to assess the extent to which these challenges are perceived by the participants and understand their impact on the export performance of SMEs.

Table 5.3: Descriptive Statistics for Internal Challenges

Variable	Item	Mean	Standard Deviation
Information/ Knowledge	The company lacks knowledge of potential export markets.	3.08	1.17
	The company lacks knowledge of how to export to foreign markets	3.09	1.24
	The company lacks information about foreign opportunities for its products/services.	3.24	1.22
Financial	The company lacks funds to finance export-related investments in the required time.	3.16	1.18
	Methods of payment used in international operations are financially high for the company.	2.66	1.30
	The company faces insufficient financial support from local banks.	2.59	1.17
Marketing	The price of our products is higher compared to the prices of substitute products in foreign markets.	2.61	1.30
	Our products cannot reach customers in remote areas of our foreign market.	2.73	1.06
	The quality of our products cannot be compared to those of substitutes in a foreign market.	2.70	1.10
Human Resource	Employees in our company lack skills for managing foreign markets.	2.72	1.27
	Our employees have less education on exports compared to peers in foreign countries.	2.71	1.12
	Our employees cannot easily find solutions for more complex problems that can be faced in export markets.	2.84	1.15

Source: Own Survey Results (2023)

5.4. Descriptive Statistics for External Challenges

Competition Challenge: The mean values for the competition challenges are above 2.5, indicating agreement with these challenges. Participants agreed that technological advancement in foreign companies hinders the export investment of manufacturing SMEs (mean = 3.05). They also agreed that the presence of high-quality and cheap products in foreign markets hinders the export expansion of manufacturing SMEs (mean = 3.04). Additionally, they agreed that loyalty to local products by customers in foreign markets hinders the export ventures of manufacturing SMEs (mean = 3.83).

Procedural Challenge: The mean values for the procedural challenges are also above 2.5, implying agreement with these challenges. Participants agreed that procedural issues, such as documentation delays and bureaucracy, hinder the export ventures of manufacturing SMEs (mean = 3.24). They also agreed that customs procedures and delays at entry ports in foreign markets hinder the export ventures (mean = 3.33). Furthermore, they agreed that the rules of adapting the product to foreign markets hinder the export ventures (mean = 3.39).

Government Challenge: Similarly, the mean values for government challenges are above 2.5, suggesting agreement with these challenges. Participants agreed that the lack of financial aid from the home government to support SMEs hinders the export ventures of manufacturing SMEs (mean = 3.13). They also agreed that the lack of free trade agreements by governments hinders the export ventures (mean = 2.84). Additionally, they agreed that trade tariffs imposed on imported products by foreign governments hinder the export ventures (mean = 2.82).

Exogenous Challenge: The mean values for exogenous challenges are also above 2.5, indicating agreement with these challenges. Participants agreed that variations in exchange rates hinder the export ventures of manufacturing SMEs (mean = 2.91). They also agreed that unstable interest rates present a risk to the export ventures (mean = 2.86). Furthermore, they agreed that political instability in the destination countries poses a risk to the export ventures (mean = 2.92).

In summary, the means being above 2.5 (representing the neutral point on a Likert scale) indicate that the participants in the study agreed with the external challenges mentioned in the survey. This means that the participants perceived these external challenges as existing obstacles that hinder the export performance of manufacturing SMEs, according to the study's results. The study likely aimed to assess the extent to which these challenges are perceived by the participants and understand their impact on the export activities of SMEs.

Table 5.4: Descriptive Statistics for External Challenges

Variable	Item	Mean	Standard Deviation
Competition	Technological advancement among foreign competing companies hinders the company's export ventures.	3.05	1.14
	Presence of high-quality and cheap products in foreign countries hinders the company's export ventures.	3.04	1.20
	Loyalty to local products by local customers in foreign markets hinders the company's ventures.	3.83	1.09
Procedural	Documentation delays and bureaucracy hinder the company's export ventures.	3.24	1.10
	Customs procedures and delays at entry ports in foreign markets hinder the company's export ventures.	3.33	1.12
	The rules of adapting the product to the foreign market hinder the company's export ventures.	3.39	1.09
Government	Lack of financial aid from the home government to support SMEs hinders the company's export ventures.	3.13	1.11
	Lack of free trade agreements by governments hinders the company's export ventures.	2.84	1.10
	Trade tariffs imposed on imported products by foreign governments hinder the company's export ventures.	2.82	1.12
Exogenous	Variations in exchange rates hinder the company's export ventures.	2.91	1.10
	Unstable interest rates present a risk to the company's export ventures.	2.86	0.98
	Political instability in the destination countries poses a risk to the company's export ventures.	2.92	1.05

Source: Own Survey Results(2023)

5.5. Descriptive Statistics for Export Performance

Table 5.5 shows the results of the descriptive statistics for the export performance variable. Based on the mean scores (2.91:1.10), (2.86:0.98), and (2.92:1.05), the results show that the participants agreed that market export position, product purchases, and revenue generation are affected by the challenges of internationalization.

Table 5.5: Descriptive Statistics for Export Performance

Variable	Item	Mean	Standard Deviation
Export Performance	The export market position of the company is affected by the challenges of internationalization.	2.91	1.10
	Product purchase by customers in foreign markets is affected by the challenges of internationalization.	2.86	0.98
	Revenue generation of sales from foreign markets is affected by the challenges of internationalization.	2.92	1.05

Source: Own Survey Results (2023)

5.6 Diagnostic Test of Study Variables

As highlighted in the methodology chapter, the diagnostic test involved testing for normality, reliability, and validity. Shapiro Wilk test was used to carry out the normality of the data sets and Cronbach's alpha facilitated the reliability test while factor analysis was used to test the validity and to reduce the study items into common variables to simplify the data analysis and for regression analysis.

5.6.1 Normality Test

Table 5.6 shows the normality test for internal challenges variable items. As can be seen, the significance levels for all the variable items were greater than 0.05 significance. The null hypothesis was accepted and it was concluded that the data involving internal challenges were normally distributed and could be used for further statistical testes that require the data to be normally distributed.

Table 5.6: Normality Test Results for Internal Challenges Variables

Tests of Normality				
Variable	Item	Shapiro-Wilk		
		Statistic	df	Sig.
Information/Knowledge Challenge	IKC1	.989	79	.765
	IKC2	.986	79	.538
	IKC3	.990	79	.804
Financial Challenge	FC1	.984	79	.433
	FC2	.977	79	.168
	FC3	.989	79	.751
Marketing Challenge	MC1	.991	79	.858
	MC2	.977	79	.170
	MC3	.990	79	.809
Human Resource Challenge	HRC1	.990	79	.819
	HRC2	.990	79	.811
	HRC3	.994	79	.981

Source: Survey Own Results (2023)

The normality test involving the external variable items equally shows that the data follow the normal distribution. This is because the Shapiro-Wilk test results had significance levels for the variable items greater than 0.05 significance level as shown in table 5.6.

Table 5.7: Normality Test Results for External Challenges Variables

Tests of Normality				
Variable	Item	Shapiro-Wilk		
		Statistic	df	Sig.
Competition Challenge	CC1	.993	79	.956
	CC2	.987	79	.587
	CC3	.989	79	.706
Procedural Challenge	PC1	.987	79	.634
	PC2	.989	79	.730
	PC3	.985	79	.484
Government Challenge	GC1	.989	79	.724
	GC2	.981	79	.284
	GC3	.974	79	.107
Exogenous Challenge	EC1	.985	79	.499
	EC2	.989	79	.714
	EC3	.984	79	.425

Source: Survey Results (2023)

Table 5.7 presents normality test results for export performance items. As can be observed, the significance level coefficients for all three items were greater than 0.05 significance level. The data is normally distributed and can be used for statistical analysis.

Table 5.8: Normality Test Results for Export Performance Variable

Tests of Normality				
	Item	Shapiro-Wilk		
Variable		Statistic	df	Sig.
Export Performance	EP1	.989	79	.763
	EP2	.978	79	.197
	EP3	.991	79	.832

Source: Survey Own Results (2023)

5.6.2 Reliability Test

The data reliability test of the study was carried out using Cronbach's alpha. Table 5.8 shows Cronbach's alpha results for the internal variable items. According to Magwenzi & Mwanza (2022), Cronbach's alpha values greater than 0.7 represent the internal

consistency of the data points. The obtained Cronbach's alpha for all the twelve variables was 0.928 greater than 0.7 confirming that the data is consistent and can be used for further analysis.

Table 5.9: Reliability Test for Internal Challenge Variable Items

Reliability Statistics	
Cronbach's Alpha	N of Items
.928	12

Source: Survey Own Results (2023)

Equally, the reliability test in table 5.9 involving the external challenge variables had Cronbach's alpha value of 0.944 greater than 0.7 justifying that the data is reliable for statistical analysis.

Table 5.10: Reliability Test for External Challenge Variable Items

Reliability Statistics	
Cronbach's Alpha	N of Items
.944	12

Source: Survey Own Results (2023)

Lastly, the reliability test was also carried out on the export performance variable items. Table 5.10 shows a Cronbach's alpha of 0.800 greater than 0.7 for all three items under the export performance affirming that the data had internal consistency.

Table. 5.11: Reliability Test for Export Performance Variable Items

Reliability Statistics	
Cronbach's Alpha	N of Items
.800	3

Source: Survey Own Results (2023)

5.6.3 Validity Test

The validity test of the variable items involved carrying out factor analysis using principal component analysis to assess the variations among similar items. Through factor analysis, the number of variables is reduced into fewer common variables known as components and the validity of the data is satisfied if the factor loadings of the variables are greater than 0.5 (Pallant, 2013). Factor analysis is usually preceded by the Keiser – Meyer – Olkin (KMO) and Bartlett's tests (Pallant, 2013). The KMO and Bartlett's tests measure the sampling adequacy and strength of the relationship between the variables (Magwenzi &

Mwanza, 2022). According to Odollo, et al. (2018), if the KMO values are greater than 0.5 and less than 0.05 Bartlett's test significance level, indicates that the data sampling adequacy is good and multivariate normal making it suitable for factor analysis. The results in Table 5.11, show values for KMO greater than 0.05, and significant Bartlett's tests. Equally, the factor loadings for the variable items were greater than 0.5 and could load on unique components. The data was therefore valid and accurate for statistical analysis.

Table 5.12: Validity Test for Variable Items

Component Matrix[a]											
Variable Item	KMO	Bartlett's	1	2	3	4	5	6	7	8	9
IKC1	.694	.000	.806								
IKC2			.875								
IKC3			.852								
FC1	.714	.000		.845							
FC2				.872							
FC3				.846							
MC1	.682	.000			.899						
MC2					.862						
MC3					.804						
HRC1	.656	.000				.856					
HRC2						.752					
HRC3						.809					
CC1	.633	.000					.901				
CC2							.929				
CC3							.748				

PC1	.697	.000						.895			
PC2								.962			
PC3								.925			
GC1	.676	.000							.907		
GC2									.960		
GC3									.888		
EC1	.673	.000								.919	
EC2										.972	
EC3										.917	
EP1	.704	.000									.820
EP2											.867
EP3											.852

Extraction Method: Principal Component Analysis

Source: Survey Own Results (2023)

5.6.4 Correlation Analysis

Factor analysis confirmed that the variable items have common variations as they could load on unique components. Therefore, similar items were aggregated to establish the correlations among them (Magwenzi & Mwanza, 2022; Odollo, et al., 2018). Pearson correlation was adopted and table 5.13 show significant positive correlations among the variables of internationalization challenges. Significant negative correlations were observed between the export performance variable and the internationalization challenge variables.

Table 5.13: Correlation Matrix of the Study Variables

Correlations										
		IKCs	FCs	MCs	HRCs	CCs	PCs	GCs	ECs	EPCs
Information	Pearson Correlation	1								
	Sig. (2-tailed)									
	N	79								
Financial	Pearson Correlation	.801**	1							
	Sig. (2-tailed)	.000								
	N	79	79							
Marketing	Pearson Correlation	.677**	.767**	1						
	Sig. (2-tailed)	.000	.000							
	N	79	79	79						
Human Resource	Pearson Correlation	.643**	.696**	.754**	1					
	Sig. (2-tailed)	.000	.000	.000						
	N	79	79	79	79					
Competition	Pearson Correlation	.484**	.563**	.605**	.583**	1				
	Sig. (2-tailed)	.000	.000	.000	.000					
	N	79	79	79	79	79				
Procedural	Pearson Correlation	.977**	.820**	.727**	.670**	.520**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	.000				
	N	79	79	79	79	79	79			
Government	Pearson Correlation	.749**	.970**	.820**	.683**	.557**	.767**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000			
	N	79	79	79	79	79	79	79		
Exogenous	Pearson Correlation	.698**	.751**	.971**	.802**	.615**	.748**	.792**	1	

	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		
	N	79	79	79	79	79	79	79	79	
Export Performance	Pearson Correlation	-.581**	-.706**	-.716**	-.590**	-.540**	-.609**	-.738**	-.684**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	
	N	79	79	79	79	79	79	79	79	79
**. Correlation is significant at the 0.01 level (2-tailed).										

Source: Survey Own Results(2023)

5.7 Hypotheses Testing

In line with the study's aim and to answer the third research question, hypotheses testing was carried out among the independent variables involving internationalization challenges and export performance as the dependent variable. The tests assumed a 0.05 significance level since the normality test confirmed that the data from the survey was normally distributed. Further, as mentioned in the methodology, simple regression was used to analyze the relationship effects between the variables.

5.7.1 Internal Challenges and Export Performance

The first hypothesis analyzing the effect of internal challenges on export performance involved information/knowledge challenges. A null hypothesis was formulated with the following assumption below.

a) *Information/Knowledge challenges cannot affect the export performance of manufacturing SMEs.*

The output model summary results of the regression between information/knowledge challenge and export performance variables in table 5.13 (a) show an R square of 0.337 and an adjusted R square of 0.329 when adjusted to control for over-estimation. This means that information/knowledge challenges account for 32.9% of variations in export performance while 67.1% is due to other factors not fitted to the model.

Table 5.14 (a): Model 1 Summary Results for Information/Knowledge Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581	.337	.329	2.08157

a. Predictors: (Constant), Information/Knowledge
b. Dependent Variable: Export Performance

Source: Survey Own Results (2023)

R (Coefficient of correlation) = 0.581: This indicates a moderate positive correlation between information/knowledge challenges and export performance of manufacturing SMEs.

R Square (Coefficient of determination) = 0.337: This represents the proportion of variance in export performance that can be explained by information/knowledge challenges. In this case, approximately 33.7% of the variability in export performance can be accounted for by the information/knowledge challenges variable.

Adjusted R Square = 0.329: This is the R Square value adjusted for the number of predictors in the model.

Std. Error of the Estimate = 2.08157: This indicates the average amount of error you can expect in predicting export performance based on the information/knowledge challenges.

Table 5.13(b) - ANOVA Results for Information/Knowledge Challenges and Export Performance:

F-test (1, 77) = 39.201: This is the result of the ANOVA analysis that tests the significance of the relationship between information/knowledge challenges and export performance. The F-test statistic of 39.201 indicates that the relationship is statistically significant.

The significance level is given as 0.05, which means that the statistical test was conducted at a 5% level of significance.

The rejection of the null hypothesis in the ANOVA analysis (F-test) indicates that there is a significant relationship between information/knowledge challenges and export performance of manufacturing SMEs. In other words, the information/knowledge challenges have a meaningful impact on how well manufacturing SMEs perform in their export activities.

The positive correlation coefficient (R) in the model summary suggests that as information/knowledge challenges increase, export performance tends to increase as well. However, the correlation is only moderate, indicating that other factors may also be influencing export performance.

The R Square value of 0.337 means that around 33.7% of the variation in export performance can be explained by the variation in information/knowledge challenges. The remaining 66.3% of the variation is attributed to other factors not included in this model.

The conclusion drawn from the significant F-test and the rejection of the null hypothesis is that information/knowledge challenges negatively affect the export performance of

manufacturing SMEs. This implies that when SMEs face challenges related to information and knowledge about exporting, their export performance tends to be adversely affected.

Table 5.15 (b): ANOVA Results for Information/Knowledge Challenges (Model 1)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	169.856	1	169.856	39.201	.000[b]
	Residual	333.637	77	4.333		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Information						

Source: Survey Own Results (2023)

Further, the model coefficient results in table 5.13(c), show a significant standardized negative Beta coefficient value of -0.581 in favor of the alternate hypothesis and suggest that export performance can reduce by 0.581 units for every unit increase in information/knowledge challenges.

Table 5.16 (c): Coefficients for Information/Knowledge Challenges (Model 1)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	15.072	.758		19.879	.000	13.562	16.582
	Information/Knowledge	-.480	.077	-.581	-6.261	.000	-.633	-.327
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

The second hypothesis involved testing the effect of financial challenge on the export performance of manufacturing SMEs as per below.

a) *Financial challenges cannot affect the export performance of manufacturing SMEs.*

The model summary results in table 5.14(a) of the regression between the financial challenge variable and export performance, generated an R squared of 0.499 and adjusted R squared of 0.493 confirming that financial challenge represents 49.3% of variations in export performance of manufacturing SMEs while 50.7% is as a result of other factors not fitted to the model.

Table 5.17 (a): Model 2 Summary Results for Financial Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.706	.499	.493	1.80973
a. Predictors: (Constant), Financial				
b. Dependent Variable: Export Performance				

Source: Survey Own Results (2023)

The ANOVA results in table 5.14(b), show a significant F – test (1,77) = 76.733 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that financial challenges negatively affect the export performance of manufacturing SMEs.

Table 5.18 (b): ANOVA Results for Financial Challenges (Model 2)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	251.310	1	251.310	76.733	.000[b]
	Residual	252.184	77	3.275		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Financial						

Source: Survey Own Results (2023)

The coefficient results in table 5.14 (c) supports the alternate hypothesis since the standardized coefficient Beta coefficient -0.706 is negative and significant at a 0.05 significance level suggesting that export performance can reduce by 0.706 units for every increase in financial challenge.

Table 5.19 (c): Coefficients for Finance Challenges (Model 2)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
2	(Constant)	15.394	.588		26.158	.000	14.222	16.565
	Financial	-.575	.066	-.706	-8.760	.000	-.705	-.444
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

The third hypothesis tested the relationship between marketing challenges and export performance and was based on the assumption below.

a) *Marketing challenges cannot negatively affect the export performance of manufacturing SMEs.*

The model summary results in table 5.15 (a) show R square and adjusted R square equal to 0.513 and 0.507 respectively. The adjusted R square result implies that marketing challenges account for 50.7% of variations in export performance while 49.3% is due to other factors not fitted to the model.

Table 5.20 (a): Model 3 Summary Results for Financial Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	.716[a]	.513	.507	1.78416
a. Predictors: (Constant), Marketing				
b. Dependent Variable: Export Performance				

Source: Survey Own Results (2023)

Table 5.20 (b) shows the significance test results of the hypothesis test between marketing challenge and export performance. Based on the results, the F-test (1,77) = 81.170 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and

it was concluded that marketing challenges negatively affect the export performance of manufacturing SMEs.

Table 5.21 (b): ANOVA Results for Financial Challenges (Model 3)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	258.385	1	258.385	81.170	.000[b]
	Residual	245.109	77	3.183		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Marketing						

Source: Survey Own Results (2023)

Table 5.21 (c) shows the coefficient result for marketing challenge as the predictor variable. The standardized beta coefficient for marketing is -0.716 which supports the results of the hypothesis that marketing challenge can have a negative effect on the export performance of manufacturing SMEs and that, export performance can reduce by 0.716 units for every unit increase in marketing challenge.

Table 5.22 (c): Coefficients for Marketing Challenges (Model 3)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
3	(Constant)	15.494	.584		26.549	.000	14.332	16.656
	Marketing	-.614	.068	-.716	-9.009	.000	-.750	-.478
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

Lastly, a fourth hypothesis test was carried out involving human resource challenges and export performance. An assumption was made that human resource challenges can not affect the export performance of manufacturing SMEs as shown below.

b) Human resource challenges cannot negatively affect the export performance of manufacturing SMEs.

Table 5.22 (a) of the model summary results show R squared and adjusted R squared equal to 0.348 and 0.339 respectively. Based on the adjusted R squared, human resource

challenges represent 33.9% of variations in export performance while 66.1% is due to other factors not fitted in the model.

Table 5.23 (a): Model 4 Summary Results for Human Resource Challenges

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
4	.590[a]	.348	.339	2.06499	2.189
a. Predictors: (Constant), Human resource					
b. Dependent Variable: Export Performance					

Source: Survey Own Results (2023)

The significance test of the hypothesis is shown in table 5.15(b). Based on the ANOVA analysis, the F-test (1,77) = 41.075 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that human resource challenges negatively affect the export performance of manufacturing SMEs.

Table 5.22(b): ANOVA Results for Financial Challenges (Model 4)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
4	Regression	175.153	1	175.153	41.075	.000[b]
	Residual	328.341	77	4.264		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Human resource						

Source: Survey Own Results (2023)

The coefficient results in table 5.16 (c) show a negative standardized Beta coefficient equal to -0.590 for the human resource variable which supports the hypothesis test result that human resource challenges can have a negative effect on the export performance of manufacturing SMEs. According to the coefficient result, the export performance of manufacturing SMEs can reduce by 0.590 units for every unit increase in human resource challenges.

Table 5.23 (c): Coefficients for Finance Challenges (Model 4)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	14.895	.716		20.814	.000	13.470	16.320
	Human resource	-.524	.082	-.590	-6.409	.000	-.687	-.361
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

5.7.2 External Challenges and Export Performance

Hypotheses tests were also carried out on external challenges variables and export performance to establish the relationship effects of external challenges on the export performance of manufacturing SMEs.

The first hypothesis to be tested involved testing the relationship between competition challenges and export performance. Based on the null hypothesis below, an assumption was made that competition challenges can not affect the export performance of manufacturing SMEs.

a) *Competition challenges cannot negatively affect the export performance of manufacturing SMEs.*

The results in table 5.22 (a) show the model summary results of the regression between competition challenges and export performance. An R squared of 0.292 and an adjusted R squared of 0.283 were obtained. Based on the adjusted R squared, 28.3% of variations in export performance is as a result of competition challenges while 71.7% are due to other factors not fitted to the model.

Table 5.23 (a): Model 5 Summary Results for Competition Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
5	.540	.292	.283	2.15195
a. Predictors: (Constant), Competition				
b. Dependent Variable: Export Performance				

Source: Survey Own Results (2023)

Table 5.23 (b) shows the significance test results of the hypothesis test. Based on the ANOVA analysis, the F-test (1,77) = 31.725 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that competition challenges negatively affect the export performance of manufacturing SMEs.

Table 5.24 (b): ANOVA Results for Competition Challenges (Model 5)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
5	Regression	146.914	1	146.914	31.725	.000[b]
	Residual	356.580	77	4.631		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Competition						

Source: Survey Own Results (2023)

The coefficients results in table 5.24(c) show a negative standardized Beta coefficient equal to -0.540 for the competition challenge variable which supports the results from the hypothesis that competition challenges can have a negative effect on export performance. Thus, the export performance of manufacturing SMEs can reduce by 0.540 units for every unit increase in competition challenges.

Table 5.24 (c): Coefficients for Competition Challenges (Model 5)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
5	(Constant)	13.338	.550		24.256	.000	12.243	14.433
	Competition	-.463	.082	-.540	-5.632	.000	-.627	-.300
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

The second hypothesis tested the relationship between procedural challenges and export performance based on the assumption that procedural challenges can not have a negative effect on the export performance of manufacturing SMEs as shown below.

b) Procedural challenges cannot negatively affect the export performance of manufacturing SMEs.

Table 5.24 (a) shows the model summary results where the R squared is equal to 0.371 and the adjusted R squared is 0.362. Based on the adjusted R squared, procedural challenge account for 36.2% of variations in export performance while 63.8% is due to the other factors not fitted to the model.

Table 5.25 (a): Model 6 Summary Results for Procedural Challenges

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
6	.609[a]	.371	.362	2.02861	
a. Predictors: (Constant), Procedural					
b. Dependent Variable: Export Performance					

Source: Survey Own Results (2023)

The F – test result (1,77) = 45.348 in table 5.18 (b) was significant at a 0.05 significance level. Based on this, the null hypothesis was rejected and it was concluded that procedural challenges negatively affect the export performance of manufacturing SMEs.

Table 5.26 (b): ANOVA Results for Procedural Challenges (Model 6)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
6	Regression	186.619	1	186.619	45.348	.000[b]
	Residual	316.875	77	4.115		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Procedural						

Source: Survey Own Results (2023)

In terms of the coefficient of the predictor variable (procedural challenges), the standardized Beta coefficient is negative which aligns with the hypothesis results that procedural challenges negatively affect export performance. Thus, export performance can reduce by 0.609 units for every unit increase in procedural challenges.

Table 5.27 (c): Coefficients for Procedural Challenges (Model 6)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
6	(Constant)	15.577	.780		19.980	.000	14.025	17.130
	Product	-.504	.075	-.609	-6.734	.000	-.653	-.355
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

The third hypothesis involved testing government-related challenges on export performance under the assumption that government challenges can not have a negative effect on the export performance as per below.

c) *Government challenges cannot negatively affect the export performance of manufacturing SMEs.*

Table 5.19 (a) presents the model summary results where the R squared and the adjusted R squared is 0.544 and 0.538 respectively. According to the adjusted R squared, 53.8% of variations in export performance are explained by government challenges. The remaining 46.2% of the variations are due to other factors not fitted to the model.

Table 5.28 (a): Model 7 Summary Results for Government Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
7	.738[a]	.544	.538	1.72692
a. Predictors: (Constant), Government				
b. Dependent Variable: Export Performance				

Source: Survey Own Results (2023)

The ANOVA analysis in table 5.28 (b) shows that the F-test (1,77) = 91.829 was significant at a 0.05 significance level. The null hypothesis was therefore rejected and it was concluded that government challenges negatively affect the export performance of manufacturing SMEs.

Table 5.29 (b): ANOVA Results for Government Challenges (Model 7)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
7	Regression	273.859	1	273.859	91.829	.000[b]
	Residual	229.635	77	2.982		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Government						

Source: Survey Own Results (2023)

The coefficient results in table 5.29 (c) for government challenges as the predictor variable and export performance as a dependent variable show a standardized Beta coefficient of -0.738 which agree with the results from the hypothesis that government challenges negatively affect export performance since a unit increase in government challenges, can reduce export performance by 0.738 units.

Table 5.30 (c): Coefficients for Procedural Challenges (Model 7)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
7	(Constant)	15.933	.594		26.838	.000	14.751	17.115
	Government	-.612	.064	-.738	-9.583	.000	-.739	-.485
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

Lastly, a fourth hypothesis test was performed between exogenous challenges and export performance under the assumption that exogenous challenges can not have a negative effect on export performance as shown below.

d) Exogenous challenges cannot negatively affect the export performance of manufacturing SMEs.

The model summary results from the regression output in table 5.20 (a), show an R squared of 0.467 and an adjusted R squared of 0.460. Based on the adjusted R squared, 46.0% of the variations in export performance are explained by the exogenous challenges while 54.0% are a result of other factors not fitted to the model.

Table 5.31 (a): Model 8 Summary Results for Exogenous Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
8	.684[a]	.467	.460	1.86644
a. Predictors: (Constant), Exogenous				
b. Dependent Variable: Export Performance				

Source: Survey Own Results (2023)

Table 5.31 (b) shows the hypothesis test results in which the F – test (1,77) = 67.532 was significant at 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that exogenous challenges negatively affect the export performance of manufacturing SMEs.

Table 5.32 (b): ANOVA Results for Exogenous Challenges (Model 8)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
8	Regression	235.256	1	235.256	67.532	.000[b]
	Residual	268.238	77	3.484		
	Total	503.494	78			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), Exogenous						

Source: Survey Own Results (2023)

The standardized Beta coefficient result of the predictor variable (exogenous challenges) in table 5.32 (c) is negative and supports the results of the hypothesis test. Based on the Beta coefficient, a unit increase in exogenous challenges can reduce export performance by 0.684 units.

Table 5.33 (c): Coefficients for Exogenous Challenges (Model 8)

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
8	(Constant)	15.715	.662		23.744	.000	14.397	17.033
	Exogenous	-.593	.072	-.684	-8.218	.000	-.737	-.449
a. Dependent Variable: Export Performance								

Source: Survey Own Results (2023)

CHAPTER 6

DISCUSSION OF FINDINGS

6.0 Introduction

This chapter primarily intends at providing discussions of the findings from the survey. The section gives an account of the findings in relation to underlying literature. The chapter discusses the finding as guided by the demographic information, Objective 1, 2 and 3.

6.1 Demographic Information

The majority of the participants were middle managers representing 60% of the total participants who took part in the survey. 16% of the participants were senior managers and 24% were junior managers. According to the results, 18.2% of the participants had certificates, 29.5% had diplomas, 22.4% and 15.2% were holders of bachelor's and master's degrees while 4.31% had doctorate degrees. 10.39% had other education qualifications.

10% of manufacturing had an operating experience of 1 to 4 years, 20% had an operating experience of 5 to 9 years, 28.9% had an operating experience of 10 to 14 years and 41.1% had an operating experience of more than 15 years. the majority of the SMEs were from the beverage sector at 17.8%, 16.7% from food, 12.2% from rubber/plastic, 11.1% from wood/furniture, 10.0% from metal fabrication and paper, 6.7% from chemical, 5.6% from textile/leather while SMEs from the other sectors accounted for 7.8%. 5.2% confirmed to have an export experience of 1 to 3 years, 12.4% had 4 to 6 years, 19.3% had more than 10 years of experience and 63.1% had no export experience since they are not able to export their products.

6.2 Objective 1: To assess the state of export performance of manufacturing SMEs in international markets.

Based on the results show that the participants agreed that market export position, product purchases, and revenue generation are affected by the challenges of internationalization. (Magwenzi & Mwanza, 2022; Odollo, et al., 2018). Pearson correlation was adopted and

showed significant positive correlations among the variables of internationalization challenges. Significant negative correlations were observed between the export performance variable and the internationalization challenge variables.

Information/Knowledge Challenge: Manufacturing SMEs were perceived to lack knowledge of potential export markets, how to export to foreign markets, and information about foreign market opportunities for their products. This highlights the importance of market research, international market knowledge, and access to relevant information to support SMEs' export endeavors. This is according to Karedza & Govender (2019) involving factors impacting the export performance of 350 SMEs in the leather, food processing, and textile sectors in Zimbabwe, indicates a negative relationship effect between the marketing barriers and the export performance of manufacturing SMEs.

Safari & Saleh's (2020), showed that government assistance, information availability about export markets, training, and funding assistance showed a similar indirect relationship with export performance when SMEs fall short of such determinants of export performance

Financial Challenge: Participants agreed that manufacturing SMEs face challenges related to lack of funds to finance export investments, high costs associated with international operations, and insufficient financial support from local banks. Access to finance and appropriate payment mechanisms are crucial for SMEs to expand their export activities. According to according to Reza, et al., (2021), the availability of financial resources makes it possible for SME firms to develop faster and make profits in international markets

Marketing Challenge: SMEs were perceived to struggle with pricing competitiveness, distribution to remote foreign markets, and positioning their products' quality in comparison to substitutes in foreign markets. These findings underline the significance of effective marketing strategies and distribution networks to enhance SMEs' export competitiveness. Safari & Saleh's (2020), showed that government assistance, information availability about export markets, training, and funding assistance showed a similar indirect relationship with export performance when SMEs fall short of such determinants of export performance.

Human Resource Challenge: The study revealed that employees in manufacturing SMEs may lack the necessary skills to manage international markets, have less education on exports compared to foreign peers, and may find it challenging to handle complex export market problems. Investing in human resource development and training can help SMEs build the capabilities needed for successful internationalization. The study's findings are in line with existing literature on the challenges faced by SMEs in internationalization and exporting. Many small and medium-sized enterprises encounter barriers related to information gaps, financial limitations, marketing constraints, and human resource capacities when expanding their businesses to foreign markets. According to Mendy & Rahman (2019), human resources challenges are major concerns for internationalizing SMEs. Challenges of human resources are associated with the demand that comes with internationalization. For instance, the workload may become overwhelming for SMEs with little or no experience in handling international markets.

Fernando & Samarakoon (2020) observed that in international markets, the participating firms may differ in terms of product types, product quality, product pricing, and product promotions. To overcome these challenges, SMEs can benefit from various support mechanisms, including government policies to improve access to market information, financial assistance programs, export promotion initiatives, and training programs to enhance employees' international business skills. Additionally, collaboration with industry associations, networking with experienced exporters, and seeking partnerships with established firms in foreign markets can provide valuable knowledge and assistance to SMEs venturing into international trade.

In conclusion, understanding and addressing the challenges highlighted in this study can play a vital role in enhancing the export performance of manufacturing SMEs. By recognizing these obstacles and implementing appropriate strategies and support, SMEs can increase their competitiveness in foreign markets and achieve successful internationalization.

6.3 Objective 2: To identify the challenges of internationalization that affect the export performance of manufacturing SMEs.

The mean values for the competition challenges are above 2.5, indicating agreement with these challenges. Participants agreed that technological advancement in foreign companies hinders the export investment of manufacturing SMEs (mean = 3.05). They also agreed that the presence of high-quality and cheap products in foreign markets hinders the export expansion of manufacturing SMEs (mean = 3.04). Additionally, they agreed that loyalty to local products by customers in foreign markets hinders the export ventures of manufacturing SMEs (mean = 3.83).

Procedural Challenge: The mean values for the procedural challenges are also above 2.5, implying agreement with these challenges. Participants agreed that procedural issues, such as documentation delays and bureaucracy, hinder the export ventures of manufacturing SMEs (mean = 3.24). They also agreed that customs procedures and delays at entry ports in foreign markets hinder the export ventures (mean = 3.33). Furthermore, they agreed that the rules of adapting the product to foreign markets hinder the export ventures (mean = 3.39). Internal challenges are associated with the company and are a result of a lack of resources and/or capabilities (European Union, 2021)

Government Challenge: Similarly, the mean values for government challenges are above 2.5, suggesting agreement with these challenges. Participants agreed that the lack of financial aid from the home government to support SMEs hinders the export ventures of manufacturing SMEs (mean = 3.13). They also agreed that the lack of free trade agreements by governments hinders the export ventures (mean = 2.84). Additionally, they agreed that trade tariffs imposed on imported products by foreign governments hinder the export ventures (mean = 2.82). Government challenges are associated with challenges of lack of support in terms of promotions, programs, and incentives that assist SMEs to enter or expand existing operations in international markets (Fernando & Samarakoon, 2020)

Exogenous Challenge: The mean values for exogenous challenges are also above 2.5, indicating agreement with these challenges. Participants agreed that variations in exchange rates hinder the export ventures of manufacturing SMEs (mean = 2.91). They also agreed that unstable interest rates present a risk to the export ventures (mean = 2.86).

Furthermore, they agreed that political instability in the destination countries poses a risk to the export ventures (mean = 2.92).This means that the participants perceived these external challenges as existing obstacles that hinder the export performance of manufacturing SMEs, according to the study's results. The study likely aimed to assess the extent to which these challenges are perceived by the participants and understand their impact on the export activities of SMEs. The results show that the participants agreed that market export position, product purchases, and revenue generation are affected by the challenges of internationalization. Internationalization challenges negatively affect the export performance of manufacturing SMEs in Pakistan. This was true because the bootstrapped values of the hypotheses tests involving knowledge, resource, procedural and exogenous challenges in the structural model assessment were all significant. Further, the research findings showed that exogenous challenges impact manufacturing SMEs in Pakistan more compared to the other challenges identified (Reza, et al., 2021).

R square of 0.337 and an adjusted R square of 0.329 when adjusted to control for over-estimation. This means that information/knowledge challenges account for 32.9% of variations in export performance while 67.1% is due to other factors not fitted to the model. R (Coefficient of correlation) = 0.581: This indicates a moderate positive correlation between information/knowledge challenges and export performance of manufacturing SMEs. R Square (Coefficient of determination) = 0.337: This represents the proportion of variance in export performance that can be explained by information/knowledge challenges. In this case, approximately 33.7% of the variability in export performance can be accounted for by the information/knowledge challenges variable. Adjusted R Square = 0.329: This is the R Square value adjusted for the number of predictors in the model. Std. Error of the Estimate = 2.08157: This indicates the average amount of error you can expect in predicting export performance based on the information/knowledge challenges. Table 5.13(b) - ANOVA Results for Information/Knowledge Challenges and Export Performance: F-test (1, 77) = 39.201: This is the result of the ANOVA analysis that tests the significance of the relationship between information/knowledge challenges and export performance. The F-test statistic of 39.201 indicates that the relationship is statistically significant. The significance level is given as 0.05, which means that the statistical test was conducted at a 5% level of significance.

The rejection of the null hypothesis in the ANOVA analysis (F-test) indicates that there is a significant relationship between information/knowledge challenges and export performance of manufacturing SMEs. In other words, the information/knowledge challenges have a meaningful impact on how well manufacturing SMEs perform in their export activities. The positive correlation coefficient (R) in the model summary suggests that as information/knowledge challenges increase, export performance tends to increase as well. However, the correlation is only moderate, indicating that other factors may also be influencing export performance. The R Square value of 0.337 means that around 33.7% of the variation in export performance can be explained by the variation in information/knowledge challenges. The remaining 66.3% of the variation is attributed to other factors not included in this model. The conclusion drawn from the significant F-test and the rejection of the null hypothesis is that information/knowledge challenges negatively affect the export performance of manufacturing SMEs. This implies that when SMEs face challenges related to information and knowledge about exporting, their export performance tends to be adversely affected. According to Paul, et al.(2017), Exogenous challenges may involve differences in exchange rates, political instabilities, and fierce legal barriers among others

6.4 Objective 3: To examine the effect of internationalization challenges on the export performance of manufacturing SMEs.

Financial challenge variable and export performance, generated an R squared of 0.499 and adjusted R squared of 0.493 confirming that financial challenge represents 49.3% of variations in export performance of manufacturing SMEs while 50.7% is as a result of other factors not fitted to the model. They will also include a lack of information on export assistance programs, information on products/services, and how to export to foreign countries (Reza, et al., 2021).

F – test (1,77) = 76.733 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that financial challenges negatively affect the export performance of manufacturing SMEs. the hypothesis test between marketing challenge and export performance. Based on the results, the F-test (1,77) = 81.170 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and it was

concluded that marketing challenges negatively affect the export performance of manufacturing SMEs. marketing challenge as the predictor variable. The standardized beta coefficient for marketing is -0.716 which supports the results of the hypothesis that marketing challenge can have a negative effect on the export performance of manufacturing SMEs and that, export performance can reduce by 0.716 units for every unit increase in marketing challenge. Based on the ANOVA analysis, the F-test (1,77) = 41.075 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that human resource challenges negatively affect the export performance of manufacturing SMEs. standardized Beta coefficient equal to -0.590 for the human resource variable which supports the hypothesis test result that human resource challenges can have a negative effect on the export performance of manufacturing SMEs. According to the coefficient result, the export performance of manufacturing SMEs can reduce by 0.590 units for every unit increase in human resource challenges. model summary results of the regression between competition challenges and export performance. An R squared of 0.292 and an adjusted R squared of 0.283 were obtained. Based on the adjusted R squared, 28.3% of variations in export performance is as a result of competition challenges while 71.7% are due to other factors not fitted to the model. According to Reza, et al., (2021), the availability of financial resources makes it possible for SME firms to develop faster and make profits in international markets.

for government challenges as the predictor variable and export performance as a dependent variable show a standardized Beta coefficient of -0.738 which agree with the results from the hypothesis that government challenges negatively affect export performance since a unit increase in government challenges, can reduce export performance by 0.738 units. the hypothesis test results in which the F – test (1,77) = 67.532 was significant at 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that exogenous challenges negatively affect the export performance of manufacturing SMEs

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.0 Introduction

This chapter shows how the research met its objectives of investigating the challenges of internationalization on the export performance of manufacturing SMEs. It provides a summary and reflection on the research and gives recommendations. It ends with the area of future studies.

7.1 Conclusion

Exogenous Challenges

The predictor variable (exogenous challenges was negative and supports the results of the hypothesis test. Based on the Beta coefficient, a unit increase in exogenous challenges can reduce export performance by 0.684 units.

F – test (1,77) = 67.532 was significant at 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that exogenous challenges negatively affect the export performance of manufacturing SMEs.

Government Challenges

Government challenges as the predictor variable and export performance as a dependent variable show a standardized Beta coefficient of -0.738 which agree with the results from the hypothesis that government challenges negatively affect export performance since a unit increase in government challenges, can reduce export performance by 0.738 units.

the F-test (1,77) = 91.829 was significant at a 0.05 significance level. The null hypothesis was therefore rejected and it was concluded that government challenges negatively affect the export performance of manufacturing SMEs.

Procedural Challenges

The second hypothesis tested the relationship between procedural challenges and export performance based on the assumption that procedural challenges can not have a negative effect on the export performance of manufacturing SMEs.

The predictor variable (procedural challenges), the standardized Beta coefficient is negative which aligns with the hypothesis results that procedural challenges negatively affect export performance. Thus, export performance can reduce by 0.609 units for every unit increase in procedural challenges.

The F – test result (1,77) = 45.348 in table 5.18 (b) was significant at a 0.05 significance level. Based on this, the null hypothesis was rejected and it was concluded that procedural challenges negatively affect the export performance of manufacturing SMEs.

Competition Challenges

The coefficients results shows a negative standardized Beta coefficient equal to -0.540 for the competition challenge variable which supports the results from the hypothesis that competition challenges can have a negative effect on export performance. Thus, the export performance of manufacturing SMEs can reduce by 0.540 units for every unit increase in competition challenges.

Based on the ANOVA analysis, the F-test (1,77) = 31.725 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that competition challenges negatively affect the export performance of manufacturing SMEs.

External Challenges and Export Performance

Hypotheses tests were also carried out on external challenges variables and export performance to establish the relationship effects of external challenges on the export performance of manufacturing SMEs.

The first hypothesis to be tested involved testing the relationship between competition challenges and export performance. Based on the null hypothesis below, an assumption was made that competition challenges can not affect the export performance of manufacturing SMEs.

Financial Challenges

The coefficient results shows a negative standardized Beta coefficient equal to -0.590 for the human resource variable which supports the hypothesis test result that human resource challenges can have a negative effect on the export performance of manufacturing SMEs.

According to the coefficient result, the export performance of manufacturing SMEs can reduce by 0.590 units for every unit increase in human resource challenges.

Human Resource Challenges

Based on the ANOVA analysis, the F-test (1,77) = 41.075 was significant at a 0.05 significance level. The null hypothesis was rejected and it was concluded that human resource challenges negatively affect the export performance of manufacturing SMEs.

Marketing Challenges

hypothesis test was carried out involving human resource challenges and export performance. An assumption was made that human resource challenges can not affect the export performance of manufacturing SMEs. The coefficient result for marketing challenge as the predictor variable. The standardized beta coefficient for marketing is -0.716 which supports the results of the hypothesis that marketing challenge can have a negative effect on the export performance of manufacturing SMEs and that, export performance can reduce by 0.716 units for every unit increase in marketing challenge. The significance test results of the hypothesis test between marketing challenge and export performance. Based on the results, the F-test (1,77) = 81.170 was significant at a 0.05 level of significance. Therefore, the null hypothesis was rejected and it was concluded that marketing challenges negatively affect the export performance of manufacturing SMEs.

The coefficient results in table 5.14 (c) supports the alternate hypothesis since the standardized coefficient Beta coefficient -0.706 is negative and significant at a 0.05 significance level suggesting that export performance can reduce by 0.706 units for every increase in financial challenge.

Information/Knowledge Challenges

R (Coefficient of correlation) = 0.581: This indicates a moderate positive correlation between information/knowledge challenges and export performance of manufacturing SMEs. R Square (Coefficient of determination) = 0.337: This represents the proportion of variance in export performance that can be explained by information/knowledge challenges. In this case, approximately 33.7% of the variability in export performance can

be accounted for by the information/knowledge challenges variable. Adjusted R Square = 0.329: This is the R Square value adjusted for the number of predictors in the model.

7.2 Recommendations

Based on the findings presented in the research, it is evident that various challenges, both exogenous and internal, have a negative impact on the export performance of manufacturing SMEs. These challenges include exogenous challenges, government challenges, procedural challenges, competition challenges, human resource challenges, marketing challenges, financial challenges, and information/knowledge challenges.

- **Government Support:** Policymakers and relevant authorities should work towards providing better support and a conducive environment for manufacturing SMEs to engage in internationalization. This can include streamlining trade regulations, reducing bureaucratic red tape, and offering financial incentives or export promotion programs.
- **Capacity Building:** Manufacturing SMEs should focus on enhancing their internal capabilities, especially in terms of human resources and marketing strategies. Training and up skilling employees to handle international business challenges and adopting effective marketing practices can improve export performance.
- **Diversification of Markets:** To reduce reliance on specific markets and mitigate the impact of competition challenges, SMEs should explore and expand into new markets. This diversification can provide a buffer against downturns in specific regions or industries.
- **Partnerships and Collaborations:** SMEs can consider forming strategic partnerships or collaborations with larger companies, industry associations, or even government agencies. Such partnerships can provide access to resources, knowledge, and networks that can help SMEs overcome various challenges.
- **Access to Finance:** Financial challenges can be addressed by improving access to financing options for SMEs. Governments and financial institutions can create tailored financial products and support mechanisms that cater to the specific needs of exporting SMEs.

- **Information Sharing and Knowledge Exchange:** Establishing platforms for information sharing and knowledge exchange among SMEs can help address information/knowledge challenges. This can include industry forums, workshops, and networking events.
- **Continuous Research and Adaptation:** The business landscape is ever-changing, especially in the context of internationalization. SMEs should continually invest in research and market intelligence to stay updated on global trends and adapt their strategies accordingly.
- **Policy Advocacy:** SMEs can collaborate with industry associations and chambers of commerce to advocate for policies that support the growth of the manufacturing sector and address challenges related to internationalization.
- **Government-Industry Collaboration:** Governments should collaborate closely with SMEs and industry stakeholders to understand their unique challenges and develop targeted policies and support mechanisms.
- **Enhanced Market Entry Support:** SMEs can benefit from specialized market entry support services, including market research, market validation, and localization strategies, to overcome procedural and market-specific challenges.
- **Investment in Research and Development:** Encouraging SMEs to invest in research and development can lead to the creation of innovative products and services, giving them a competitive edge in the international market.
- **Encourage Export Consortia:** SMEs can form export consortia to pool their resources and jointly address challenges related to export logistics, distribution, and marketing.
- Researchers can conduct research in future by sector or can streamline their research to a sector.

7.3 Area of Further Research

The study should consider some areas of focus for future research, such as:

- Exploring the impact of technological advancements and digitalization on export performance.
- Investigating the role of cultural factors in internationalization challenges for SMEs.

- Assessing the effects of geopolitical events and trade agreements on SMEs' export performance.
- Studying the relationship between sustainability practices and export performance for manufacturing SMEs.

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APPENDICES

Survey Questionnaire

SECTION A: GENERAL INFORMATION

Please answer the following questions about your company by ticking ✓ in the box ❑ where appropriate.

1. Which of the following most accurately describes the manufacturing sector of your company?

   ❑ Food ❑ Beverage ❑ Tobacco ❑ Metal Fabrication ❑ Rubber/Plastic
   ❑ Chemical ❑ Textile/Leather ❑ Paper ❑ Wood/Furniture
   ❑ Other (please specify) _____

2. Which of the following most accurately describes the size of your company in terms of the workforce?

   ❑ 5 – 10 employees ❑ 10 – 25 employees ❑ 25 – 50 employees
   ❑ 50 – 125 employees ❑ 125 -250 employees ❑ More than 250 employees

3. Which of the following most accurately describes your company's age in business?

   ❑ 1 – 4 years ❑ 5 – 9 years ❑ 10 – 14 years ❑ More than 15 years

4. Which of the following most accurately describes the export experience of your company?

   ❑ 1 – 3 years ❑ 4 – 6 years ❑ 7 – 9 years ❑ More than 10 years
   ❑ Not applicable *(If not exporting)*

SECTION B: INTERNATIONALIZATION CHALLENGES

To what extent do you agree or disagree with the following statements?
Please rate each statement by ticking in the box appropriate: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5.

INTERNAL CHALLENGES						
		Rating Scale				
Information/Knowledge Challenges		***1***	***2***	***3***	***4***	***5***
1	The company lacks knowledge of potential export markets					
2	The company lacks knowledge of how to export					
3	The company lacks information about foreign opportunities for its products/services					
4	The company is not aware of the potential benefits of exporting					
Financial Challenges		***1***	***2***	***3***	***4***	***5***
1	The company lacks funds to finance export-related investments in the required time					
2	Methods of payment used in international operations are financially high for the company					
3	The company faces insufficient financial support from local banks					
4	There is an insufficient foreign network of banks that provide services to the company					
Marketing Challenges		***1***	***2***	***3***	***4***	***5***
1	The company products do not match the needs of customers in export markets					
2	The price of our products is higher compared to the prices of substitute products in foreign markets					
3	Our products do not reach customers in remote areas of our foreign market due to poor distribution networks					
4	The quality of our products is lower compared to those of substitutes in a foreign market					
Human Resource Challenges		***1***	***2***	***3***	***4***	***5***
1	Employees in our company lack skills for managing foreign markets					
2	Employees in our company are not considered among the best people managing the export markets in other companies					
3	Our employees are less educated compared with their peers in the export market industry					
4	Our employees cannot easily find solutions for more complex Problems faced in export markets					

EXTERNAL CHALLENGES						
		Rating Scale				
Competition Challenges		***1***	***2***	***3***	***4***	***5***
1	Technological advancement among foreign competing companies hinders the export activities of the country					
2	Presence of high-quality and cheap products in foreign countries hinders the export activities of the company					
3	Loyalty to local products by local people in foreign markets hiders the export activities of the company					
4	Inability to compete with local products that match the cultural preferences of local people in foreign markets hinders the export activities of the company					
Procedural Challenges		***1***	***2***	***3***	***4***	***5***
1	Documentation delays and bureaucracy hinder the export activities of the company					
2	The shipping arrangements hinder the export activities of the company					
3	Customs clearing processes and penalties at entry ports in foreign markets hinder the export activities of the company					
4	The rules of adapting the product to the foreign market hinder the export activities of the company					
Government Challenges		***1***	***2***	***3***	***4***	***5***
1	Lack of financial aid by the home government to exporting companies hinders the export activities of the company					
2	Lack of free trade agreements by governments hinders the export activities of the country					
3	Trade tariffs imposed on imported products by foreign governments hinder the export activities of the country					
4	Lack of duty-free promotions by the home governments on capital equipment and raw materials hinders the export activities of the company					
Exogenous Challenges		***1***	***2***	***3***	***4***	***5***
1	Variations in exchange rates hinder the export activities of the company					
2	Unstable interest rates present a risk to the export activities of the company					
3	Political instability in the destination country poses a risk to the export activities of the company					
4	Unfavorable climatic conditions in foreign countries present a risk to the export activities of the company					

SECTION C: EXPORT PERFORMANCE

To what extent do you agree or disagree with the following statements?

Please rate each statement by ticking in the box appropriate: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5.

		Rating Scale				
Export Performance		***1***	***2***	***3***	***4***	***5***
1	Our company exports to diverse international markets have increased in the last five months					
2	Export position of our company compared to other exporting competitors has improved in the last five years					
3	Our export sales compared to the sales of local companies in foreign markets have grown					
4	Demand for our diverse products by our customers in foreign markets has increased in the last five years					
5	Level of purchases by our customers in remote areas of foreign markets has increased in the last five years					

Researcher's Introductory Cover Letter

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Graduate School of Business
P.O. Box 32379
Lusaka, Zambia

30th November, 2022

TO WHOM IT MAY CONCERN

RE: INTRODUCTORY LETTER FOR KELVIN MWANSA

This letter serves to introduce Kelvin Mwansa a bonafide student in our Master of Business Administration (MBA) Management Strategy program at the University of Zambia – Graduate School of Business (UNZA–GSB). In partial fulfilment of their Postgraduate studies, the students are required to undertake a Dissertation (research) in the final year of study.

This entails that students collect data from various institutions in line with the research they are conducting. This research is purely for academic purposes and the student is ethically bound to treat the provided information with strict confidentiality.

We will appreciate the assistance that you will render Mr Mwansa to collect the data and the information from your institution that will assist him to carry out this research.

Towards Improving Service and Excellence in Higher Education Beyond Fifty Years

Should you have any queries or would like further information about him, please contact the UNZA–GSB on the above e-mail address or telephone numbers.

Yours FaithfUlly,

Dr Lubinda Haabazoka
DIRECTOR – GRADUATE SCHOOL OF BUSINESS
cc: Associate Director – Graduate School of Business
Assistant Registrar - Graduate School of Business