

**A STUDY OF THE FACTORS PREVENTING
SMEs PARTICIPATION IN ALTERNATIVE
STOCK MARKET IN ZAMBIA.**

BY

George Lungu

**A Dissertation Submitted to the University of Zambia in
partial fulfilment of the requirements for the attainment of
Master's Degree in Accounting and Finance**

The University of Zambia

Lusaka

2020

DECLARATION

I, George Lungu, do declare this to be my original work and was not submitted for academic credit to any other college, organization or university other than the University of Zambia.

Signature:.....Date:.....

COPYRIGHT

All rights reserved. No part of this research project report may be produced or transmitted in any form or by any means electronic, magnetic tape or mechanical including photocopy, recording on any information storage and retrieval system without prior written consent from the author.

© George Lungu 2020

APPROVAL

This dissertation of George Lungu is approved as fulfilling the partial requirements for the reward of the degree of Master of Accounting and Finance by the University of Zambia.

NAME	SIGNATURE	DATE
..... Examiner 1
..... Examiner 2
..... Examiner 3
..... Chairman of Board Examiners
..... Supervisor

ABSTRACT

The lack of SME financing has prompted the need to provide an alternative way to raise funds from the sale of shares through the Alternative Security Markets (ASM). Thus SMEs need to be allowed to register on the stock exchange market. This paper was inspired by the lack of research on this trend in Zambia as it tried to examine factors that could encourage SMEs to register on the ASM. To achieve this goal, the research adopted a quantitative method, while the research strategy used a survey. The study adopted a descriptive research design. The design was considered appropriate in determining factors that prevents SMEs businesses from raising finance on the ASM. The study used a Stratified sampling technique where random sampled quotas were chosen. The size of the sample was determined using Yamen's formula that derived 65 companies. Questionnaires were used to obtain primary data in this study. Data were obtained from a sample size of sixty five (65) respondents drawn from the population of 4,058 SMEs. Four factors were considered that prevents SMEs from listing on ASM and these are 1) (information accessibility), factor 2) (regulatory requirements), factor 3) (corporate governance) and factor 4) (Transaction cost). Research findings indicated that information access, regulatory requirements, corporate governance, and transaction cost for SMEs are critical in deciding SMEs participation on the ASM. The study concluded that information accessibility, regulatory requirements, corporate governance, as well as transaction cost are important in determining SMEs listing on the ASM. The research findings confirm the previous studies carried out in Kenya, South Africa, Nigeria and London that availability of information, regulatory requirements, corporate governance, and cost of the transaction were key factors in the listing of SMEs. The study recommended that if Lusaka stock exchange is to establish an effective ASM for SMEs they should factor in information accessibility, regulatory requirements, corporate governance, and transaction cost.

Keywords: SMEs, alternative, stock, market.

DEDICATION

I dedicate this study to my beautiful wife Bridget and also my two Sons Jason and Ethan as well as my daughter Chibwe, who helped me to become who I am today. I also give thanks to my friends for providing me with moral support through difficult times, if it were not for your motivation; the realization of this research could have been very difficult if not impossible.

ACKNOWLEDGEMENT

I thank God with all reverence for his faithfulness that he has shown me during this hard study season. I am forever indebted to my supervisor, Dr Erastus Mwanaumo for the guidance you have offered during the various stages of this research and offering your time and knowledge to impart the same so that this research work will be a success. Special gratitude goes to my family; my wife and my beautiful babies for their constant prayers and support during this study time. Without all of you, my efforts would have been in vein. May the Lord surely bless you all.

TABLE OF CONTENTS

DECLARATION	i
COPYRIGHT	ii
APPROVAL	iii
DEDICATION	iv
ABSTRACT	iv
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF FIGURES	x
ABBREVIATION AND ACRONYMS	xii
CHAPTER ONE: INTRODUCTION AND BACKGROUND	4
1.1 INTRODUCTION	4
1.2 BACKGROUND OF THE STUDY	5
1.2.1 SMEs Economic Contribution in Zambia	6
1.3 PROBLEM STATEMENT	7
1.4 RESEARCH OBJECTIVES	8
1.4.1 General objective	8
1.4.2 Specific objectives.	8
1.5 RESEARCH QUESTIONS	8
1.6 HYPOTHESIS	8
1.7 IMPORTANCE OF THE STUDY	9
1.8 SCOPE/ DELIMITATION OF THE STUDY	9
1.9 DEFINITION OF TERMS	10
1.9.1 Small and Medium Size Enterprises	10
1.9.2 Stock market Listing	10
1.9.3 Corporate Governance	11
1.9.4 Initial Public Offer (IPO)	11
1.10 ORGANISATION OF THE STUDY	11
1.11 CHAPTER SUMMARY	12
2.1 INTRODUCTION	13
2.2 THEORETICAL FRAMEWORK	13
2.2.1 Capital structure Theory.....	13
2.2.2 Trade off theory.....	13

2.2.3	The Perking Order theory.....	14
2.3	CONCEPTUAL FRAMEWORK AND HYPOTHESIS.....	15
2.4	LITERATURE REVIEW OF THE VARIABLES.....	16
2.4.1	Regulatory requirements	16
2.4.2	Access to information	17
2.4.3	Corporate Governance in SMEs	18
2.4.4	Transaction Cost.....	19
2.5	CHAPTER SUMMARY	20
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY		21
3.1	INTRODUCTION	21
3.2	RESEARCH DESIGN	21
3.2.1	Research Strategy.....	22
3.3	RESEARCH PHILOSOPHY	22
3.3.1	Interpretivism	22
3.3.2	Positivism.....	23
3.3.3	Data Collection Methods.....	23
3.4	POPULATION AND SAMPLING DESIGN.....	23
3.4.1	Population	23
3.4.2	Sampling Design	24
3.5	RESEARCH INSTRUMENT.....	25
3.6	DATA ANALYSIS TECHNIQUE	25
3.7	RESEACH LIMITATIONS	26
3.8	DATA CREDIBILTY AND RESEARCH ETHICS	26
3.8.1	Ethics of Research.....	26
3.8.2	Validity and Reliability	26
3.9	CHAPTER SUMMARY	27
CHAPTER FOUR: FINDINGS AND DISCUSSION.....		28
4.1	INTRODUCTION	28
4.2	DESCRIPTIVE ANALYSIS	28
4.2.1	Response Rate	28
4.2.2	Gender	29
4.2.3	Age Bracket.....	29
4.2.4	Level of Education	30
4.2.5	Year of experience.	31

4.2.6	Years accounts Audited.....	31
4.2.7	Turnover.....	32
4.2.8	Number of employees	32
4.2.9	Organization years in Business	33
4.2.10	Organizations	34
4.2.11	Number of Prescribed share Capital	34
4.3	FINDINGS ON RESEARCH OBJECTIVES.....	35
4.3.1	Access to information	35
4.3.2	Regulatory Requirements.....	36
4.3.3	Corporate Governance	37
4.3.4	Transaction Cost.....	39
4.4	DISCUSSION OF FINDINGS	39
4.4.1	Access to information	39
4.4.2	Regulatory requirements	40
4.4.3	Corporate governance	41
4.4.4	Transaction cost	41
4.5	CHAPTER SUMMARY	41
5.1	INTRODUCTION	42
5.2	CONCLUSION.....	42
5.2.1	HYPOTHESIS EVALUATION	42
5.3	RECOMMENDATIONS	44
5.3.1	Recommendations on information accessibility.	44
5.3.2	Recommendations on regulatory requirements.....	45
5.3.3	Recommendations on corporate governance	45
5.3.4	Recommendations based on transaction cost.....	45
5.4	AREAS FOR FUTURE RESEARCH	46

LIST OF FIGURES

Figure 2. 1 Conceptual framework.....	16
Figure 4. 1 Study Response Rate	28
Figure 4. 2 Gender.....	29
Figure 4. 3 Age Bracket	30
Figure 4. 4 Level of education	30
Figure 4. 5 Years of experience	31
Figure 4. 6 Years accounts audited	31
Figure 4. 7 Turnover	32
Figure 4. 8 Number of employees.....	33
Figure 4. 9 Organization years in Business.....	33
Figure 4. 10 Organizational sector	34
Figure 4. 11 Number of prescribed share capital	35

LIST OF TABLES

Table 3. 1 Number of formal SMEs.....	24
Table 4. 1 Access to information	35
Table 4. 2 Descriptive Statistics on Access to Information	36
Table 4. 3 Regulatory Requirements.....	36
Table 4. 4 Descriptive Statistics on regulatory Requirements	37
Table 4. 5 Corporate Governance	37
Table 4. 6 Descriptive Statistics on Corporate governance	38
Table 4. 7 Transaction Cost	39
Table 4. 8 Descriptive Statistics on Transaction Cost	39
Table 4. 9 Testing hypothesis -Access to Information.....	43
Table 4. 10 Testing hypothesis -Corporate governance.....	43
Table 4. 11 Testing hypothesis -Transaction cost.....	43
Table 4. 12 Testing hypothesis -Regulatory requirments	44

ABBREVIATION AND ACRONYMS

ASM	Alternative Stock Market
/GDP	Gross Domestic Product
IPO	Initial Public Offer
LUSE	Lusaka Stock Exchange
SMEs	Small and Medium Enterprises

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Chapter 1 outlines the introduction, background to the study, problem statement, research objectives, research questions, justification of the study, scope of the study, as well as chapter summary. Stock markets are markets where securities can be purchased and sold by governments and companies. A stock is defined as capital raised by a company through the issuance and subscription of shares (Arnold 2004). To allow SMEs to participate in stock markets, various stock exchanges worldwide have established alternative stock markets. These markets have been set up to cover SMEs that cannot meet the regulatory requirements of the main board in order to raise capital (Alternative Investment Market n.d).

Stock markets which are specialized in smaller companies are nothing new. Trade platforms had been tailored to the needs and capabilities of SMEs back in the 1970's. And their true creation occurred only in the 1990s. These markets are known as junior or feeder markets, since they were established primarily as segments of the main markets of the national stock exchanges and their role was to feed the main market of issuers. The alternative securities market provides an alternative type of financing for small and medium - sized enterprise. (Oteh, 2010). It is regarded as a fundamental source of long - term financing, since SMEs have relied on banks to access finance (Oteh, 2010). A financial system comprising securities markets and banks is healthier than a single source (Global Entrepreneurship Monitor, 2009).

The Alternative Securities Markets presence offers the banks a requisite competition and provides more options for SMEs ' sources of finance (Oteh, 2010). The Alternative Investment Market (AIM) was founded in London in 1995 and is seen as a growing market with more than three thousand one hundred (> 3100) companies from various sectors. (London Stock Exchange, 2019).Some of the reasons for this growing market include a competitive regulatory environment, foreign investor base, global scope and large business coverage of firms from forty different industries and more than twenty-eight nations.

The Alternative Security Market (ASM) in Nigeria is the market with a specialized board to serve small and medium-sized businesses with high growth potential seeking access to the capital markets. Nigeria's Alternative Securities Market was developed as a government initiative to encourage and enhance unique indigenous companies that could not meet all listing criteria to take advantage of the capital market. In South Africa, the Alternative Equity Exchange is an alternative public equity exchange for SMEs which operates in parallel with and wholly owned by the Johannesburg Stock Exchange (Johannesburg Stock Exchange 2019). The Lusaka stock exchange (LUSE) introduced the sub market of the main stock exchange in 2014 to allow SMEs to access finance on Stock exchange with less regulations and flexibility as compared to the main market (The Lusaka Stock Exchange Alternative Market-Alt-M Pre Launch, 2014)

Thus the main objective of this research is to identify factors that prevent SMEs participation on the alternative stock market (ASM) in Zambia. The crucial role played by SME sector in the economic development of the country as well as its contribution to the gross domestic product (GDP) cannot be underestimated. Although (ASM) is regarded as an effective alternative source of business finance, most SMEs do not participate on this market. It is against this background that the study sought to find out the factors that prevent SMEs participation on ASM.

1.2 BACKGROUND OF THE STUDY

Many exchanges around the world have developed and opened alternative markets to list small and medium enterprises. This helps small companies raise money through initial public offerings and list their trading shares for capital raising (Jasra, 2014). Many SMEs companies in Zambia would not usually be listed on the main market because they cannot meet the criteria for listing. In both developed and developing economies, many governments and businesses agree that alternative markets are engines for economic growth (Vijayakumar, 2015). The Lusaka stock exchange management need to consider the determinants of a good alternative markets (Peng, 2009). Although previous studies on small and SMEs have been conducted in Zambia, they have mostly concentrated on efficiency, external factors influencing these enterprises' success, the strategies that could be implemented to boost their efficiency and sustainable growth (Lall, 2012). Unfortunately, relatively little work has been done on competitive strategies for SMEs , especially those that consider

issues such as the strategic elements affecting SME 's participation on the Lusaka stock exchange.

1.2.1 SMEs Economic Contribution in Zambia

Small and medium-sized enterprises (SMEs) are important to economic development through job creation, higher tax base, and higher income for low-income people. (MCTI, 2007; 2002; MOF). According to the 1996 baseline study, around 97 per cent of companies are in the micro-small and medium enterprises market in Zambia. This industry hires about 18 per cent of the population, most of whom are 47 per cent women (Parker, 1996). There is however no existing baseline survey in Zambia on SMEs. Which means that the only data on SMEs businesses available is from 1996.

In 1981 Zambia's government realized the importance of SMEs in contributing to the country's economic growth, and realized that most SMEs were working under severe financial hardship. Hence the 1981 Small Industries Development Act (SID) was introduced to help small and medium-sized enterprises operate more effectively (MOF, 2002; FSD Zambia, 2009), during the same period another organization called the Small Enterprise Development Organization (SIDO) was created to further achieve and improve the objectives of the 1981 SID Act (Kingombe, 2004; MCTI, 2007).

By 1989, the law provided for SMEs to have access to finance and business infrastructure in order to improve the effectiveness and efficiency of SMEs in Zambia in order to increase jobs and household income (MCTI, 2007; OPM, 2012; Newman, 2011). Zambia Development Agency (ZDA) is now responsible for monitoring and improving the SME sector within the new act. ZDA supports small and medium-sized enterprises through initiatives such as capacity building and training through strategic partnerships with various SME development organisations (IFAD 2013). This is being done to improve productivity for SMEs. There are, however, no details about the number of SMEs operating in the country Challenges facing SMEs.

Only if the business environment is favorable can SMEs thrive. Many African economies, however, do not make it easy for SMEs to operate and let alone thrive because of hostile business environments such as high taxes, inflation, unpredictable exchange rates that adversely affect SME income (World Bank, 2014; Olawale &

Garwe, 2010). However, most African economies are corrupt and find it difficult to function because of such activities, which leads them to become non-compliant with regulatory requirements, and that is why approximately 70 per cent of SMEs report that corruption is jeopardizing their operations (World Bank 2014)

In Nigeria policies on SMEs are formed without the involvement of SMEs and in most cases they become unrealistic at the implementation stage. In addition, Taxation in Nigeria has been a major hindrance in SMEs growth. There is multiple taxation and such taxes increase the cost of operations and cost of goods as the country has over 500 types of taxes and levies by both the state and the local government (Okezie, et al, 2014, Oghojafor et al, 2011). Besides taxes the infrastructure in Nigeria is bad making cost of doing business to be high. Other challenges that SMEs in Nigeria face includes lack of proper business information, lack of formal education on entrepreneurship, and poor security in some states to guarantee secure business environment (Arizona, 2009). These challenges on SMEs are not in Nigeria alone but in all African states and countries like Zambia, South Africa, and Zimbabwe among others.

1.3 PROBLEM STATEMENT

Small and medium-sized enterprises in Zambia are drivers of economic development and employment (Chaminade and Vang, 2009). Nevertheless, SME growth is hampered by a range of factors, including the lack of sufficient funding (Kayanula and Quartey, 2010; Aryeetey, 2011). The financing problem has been argued as the main reason for many SMEs failing to begin or make progress. This stems from the fact that SMEs have restricted access to capital markets, both locally and globally, due in part to lack of access to information, strict regulation, corporate governance issues in SMEs and transaction costs. Regardless of being successful in attracting players in the main market with currently 24 companies being listed at Lusaka stock exchange as of 2019, there is however a growing concern that regardless of opening the Stock exchange to SMEs, many SMEs have not taken advantage of the newly introduced sub-market to raise capital necessary for their business expansion. According to Daka (2018) since the alternative market for SMEs was launched in 2014 no SMEs have listed on this market.

There is need to carry out a research study in order to investigate factors that prevent SMEs to register on ASM. A review of literature on the ASM in Zambia shows that

no research has been carried out in Zambia that sought to assess factors that prevent SMEs participation on stock market. This observed phenomenon demonstrates that there is a gap that warrants academic scrutiny. Perhaps, what is more compelling is the fact that, other developing countries such as South Africa, Kenya, Uganda and Egypt have set up ASM and there are some studies that were carried out to inform policy making about ASM, but in Zambia, nothing has so far been done. It is against this gap that the study seeks to find out the factors preventing SMEs from listing on the ASM.

1.4 RESEARCH OBJECTIVES

1.4.1 General objective

The general objective of the study is to establish factors that prevent SMEs participation on stock market in Zambia.

1.4.2 Specific objectives.

The specific objectives were to:

1. Establish whether access to information is a critical factor that prevents SMEs to list on ASM.
2. Establish whether regulatory requirements are factors that prevent SMEs to register on the ASM.
3. Assess whether lack of corporate governance is an important factor that prevents SMEs listing on the ASM.
4. Determine if transaction cost is the factor that prevents SMEs to register on the ASM.

1.5 RESEARCH QUESTIONS

1. How can lack of access to information prevent SMEs listing on the ASM?
2. How can regulatory requirements prevent SMEs from listing on the ASM?
3. Is lack of corporate governance a factor that prevents SMEs listing on the ASM?
4. How can transaction cost prevent SMEs listing on the ASM?

1.6 HYPOTHESIS

1. Access to information is important in determining SMEs listing on the ASM.

2. Good regulatory requirements are important in determining SMEs listing on the ASM.
3. Good corporate governance is essential in determining SMEs listing on the ASM.
4. Transaction cost is critical in determining SMEs listing on the ASM

1.7 IMPORTANCE OF THE STUDY

This study will be beneficial to other small enterprises in terms of creating awareness towards the attitudes held by owners of these companies in creating sustainable growth. Currently, there are 25 companies listed on the LUSE within the Main Market Segment, and none in the Alternative market segment. This study may help management to get a deeper understanding on the strategic factors preventing these small enterprises to list. In turn, the study may facilitate further reviews by management of how to encourage these companies to list. The government and regulators both at policy and operational levels have in the recent past years been encouraging and facilitating small businesses towards survival and sustainability. This information may help in improving better partnerships. Other researchers and academicians may also benefit through this research as a source of information on SMEs and help in filling existing gaps in this area. They may use this study as a foundation for future research in the same field of study.

1.8 SCOPE/ DELIMITATION OF THE STUDY

This research study aimed at addressing perceived factors for SMEs in Lusaka, Zambia. The study is therefore limited to the context of Lusaka. For this purpose, only participants from Lusaka City will be engaged in the research. The scope of this research study is also limited by the application of the theoretical framework, derived from already established studies in different contexts, instead of seeking to understand from scratch the key challenges. Although the theoretical framework is based on several studies in different contexts, this research study is not a means of comparing countries.

According to the small enterprises development **Act** (1996), an SME is defined as any business;

- a) Whose amount of total investments excluding land does exceed K 50 million(K50 thousand Kwacha rebased)
- b) Whose turnover does not exceed K 80 million(K 80 Thousand Kwacha rebased)
- c) Which employees up to thirty (30) persons.

Therefore, the study is constrained to firms which meet the definition of an SME as outlined in the act and also which meets the requirements for listing on Alternative stock market. As of 27th August 2018 the following were the requirements;

- a) A minimum of up to twenty (20) and a maximum of hundred and fifty (150) employees,
- b) A minimum trading turnover of K250, 000 and a maximum trading turnover of K20 million.
- c) Not less than 500,000 equity shares in issue.
- d) Has been in operation for a minimum of three [3] years.
- e) Has audited financials of the Preceding financial years

Furthermore, the study will focus on SMEs which operates in various sectors. Identification of these SMEs will be derived from both Zambia development agency and citizen economic empowerment commission who have a database of SMEs who meet the definition of the SME as outlined in the act.

1.9 DEFINITION OF TERMS

1.9.1 Small and Medium Size Enterprises

Two definitions for small and medium size enterprises (SMEs) are suggested by the Bolton report (1971). He outlined the criteria for identifying small enterprise compared to the large enterprise. The three conditions includes: Small firms are firms with a small market share. The firm does not have real power to control the environment. These organizations are owned and managed by owners as personal properties, therefore the owners makes all the decisions because they are fully involved in the management of the firm.

1.9.2 Stock market Listing

The stock market is a market in which shares or bonds are sold (Mbaru, 2007). This market is sometimes referred to as the stock exchange. Since stock is usually traded in an organized way hence it is said to be listed on exchange market.

1.9.3 Corporate Governance

Corporate governance is the term which describes the process on how organizations act, administer and control their operations. It works to stabilize the relationship among different stakeholders such as directors and shareholder. Good corporate governance is important to the economies with extensive business background and also enables businesses to succeed. The separation of ownership from control is the core of the agency problems facing by the firms. (Berle & Means 1932; Jensen & Meckling 1976).

1.9.4 Initial Public Offer (IPO)

According to Barclays stockbrokers (2014) an IPO allows investors to acquire shares in a company before they become available on the stock exchange, funds raised on the initial listing go straight to the company and an investor can resale these shares at market value later on at the secondary market and these funds will move from investor to investor.

1.10 ORGANISATION OF THE STUDY

Chapter one outlines the introduction, background to the study, problem statement, research objectives, research questions, justification of the study, scope of the study, as well as chapter summary. In chapter two, the literature and the factors that can influence the participation of SMEs in stock markets will be discussed. Articles, journals and other research papers together with other works relevant to the study topic will be reviewed. The review discusses the materials available from different academics and the relationships with factors such as corporate governance in SMEs, legislation and regulations, SME platforms and transaction costs. The chapter provides a thorough overview of the literature on the factors preventing the listing of SMEs in the ASM, the theories and the conceptual framework for the study.

Chapter three will provide an overview of the methodology for the study. The discussion will focus mainly on research design, population sampling, data

collection, data analysis, ethical consideration and constraints. Chapter four presents the findings of the study in the form of figures and tables. The segment is directed by questionnaire survey to the target population. The section provides the response rate, background information, the scope of activity of SMEs required for their participation on the stock exchange, the systems and processes in SMEs and the effect of corporate governance criteria on the participation of SMEs on the stock exchange. Chapter five summarizes the findings of the study and present detailed and comprehensive information on the factors preventing SMEs to list on the ASM. The Chapter offers readers discussion of the results, Conclusion and recommendations for further studies. All these have been guided by the research objectives mentioned in chapter one. This section concludes the research.

1.11 CHAPTER SUMMARY

The main purpose of this chapter was to present the introduction and background, problem statement, research objectives, research questions, justification of the study, scope of the study, as well as the chapter summary. Chapter two of this study provides a literature review of past studies in line with the research objectives, chapter three focuses on the research methodology and design, chapter four presents the study results and findings, and chapter five presents the study discussions, conclusions, and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, the literature and the factors that can influence the participation of SMEs in stock markets were discussed. Articles, journals and other research papers together with other works relevant to the study topic have been reviewed. The review discusses the materials available from different academics and the relationships with factors such as corporate governance in SMEs, legislation and regulations, SME platforms and transaction costs. The chapter also gives a thorough overview of the literature on the factors determining the listing of SMEs in the ASM, the theories and the conceptual framework for the study.

2.2 THEORETICAL FRAMEWORK

2.2.1 Capital structure Theory

Capital structure was defined by Lewellen (2013), as a mix between debt and equity. A theory on capital structure requires a firm to choose the right mix between debt and equity in order to increase the value of an organization. Aswath-Damodaran (2015) stated that one of the reason for choosing the right mix of capital is to maximize shareholders wealth. This so because the goal of an organization is to increase the firms share price which can be obtained by providing correct information to shareholders for their decision making. (Aswath-Damodaran, 2015).Capital Structure enables the organization to list on stock market and it also provide information on what the organization should do to maximize the share price. Two types of capital structure theories can be used to determine the capital structure of a company and these are trade off theory and the pecking order theory (Mwarari, 2013).

2.2.2 Trade off theory

Trade-Off theory suggested by Myers (1984) emphasize a balance between tax saving arising from debt, decrease in agent cost and bankruptcy and financial distress costs .The theory states that it better to finance with debt than equity because of some benefits that comes with debt finance (namely, the tax benefits of debt) (Oruç,

2009)..It also states that there is a cost of financing with debt (the bankruptcy costs and the financial distress costs of debt) so when deciding to finance the business using debt or equity the firm should focus on the trade-off. Firms are assumed to trade off the tax benefits of debt with the bankruptcy costs of debt when making their financing decisions (Jahanzeb, Bajuri, Karami, & Ahmadimousaabad, 2014). According to Green, et al (2002) tax policy has a real effect when deciding the capital structure of an organization. This is because tax authorities allow firms to deduct interest on debt in computing taxable profits. This means that because of tax benefits the firm would make a decision that would see that company being financed completely with debt. On the other hand organization would be reluctant to finance using equity payments associated with equity, such as dividends, are not tax deductible. Therefore, tax advantages can encourage firms to use more because as more debt increases the after tax proceeds to the owner increase.

Murray and Vidhan (2007) however argued that optimal capital structure is reached when there is a balanced marginal costs and marginal benefits. Although debt financing has some tax benefits one of its drawback is its financial distress. Financial distress comes as a result of having to pay a fixed loan interest regardless of whether the company makes a profit or loss. While equity financing has another cost commonly known as the agency cost (Atkinson and Cole 2015). This costs is as a result of conflict of interest between the various stakeholders of the company (Jensen and Meckling, 1986). Factoring in the agency costs can mean that a firm can decide its capital structure by trading off the tax benefits of debt against the drawbacks of debt financing in the form of financial distress of too much debt and the agency costs of debt against agency costs of equity (Luigi, 2013).

2.2.3 The Perking Order theory

The theory state that the firm will prefer internal source of funding (retained earnings) to finance it activities and in the absence of internal funding the firm will prefer debt in the event that external funding is used (Myers, 1984). It states that companies prioritize their sources of financing according to the law of least effort, or of least resistance, preferring to raise equity as a financing means of last resort. Hence: internal financing is used first; when that is depleted then debt is issued; and when it is no longer sensible to issue any more debt, equity is issued. Luigi (2013) concluded that, external funding will be the alternative if internal funding is not

available. In the event that external funding (debt and equity) becomes the choice, selecting the two will depend on the need to minimize costs (Luigi, 2013).

This theory maintains that businesses adhere to a hierarchy of financing sources and prefer internal financing when available, and debt is preferred over equity if external financing is required (equity would mean issuing shares which means 'bringing external ownership' into the company). This theory suggests that firms avoid external financing while they have internal financing available and avoid new equity financing while they can engage in new debt financing at a reasonably low interest rate (Myers & Majluf, 1984).

Relating to the Trade-off Theory and Pecking Order Theory to the researcher's study, the study backs financing of an entity using equity as this allows growth of SMEs. Equity Financing is where the firm raises capital through selling of the shares to some investors (Oteh, 2010). Investors buy shares in the firm because they seek growth opportunities hence their willingness to take risk on a good promising business idea and give the much needed capital (Global equity markets, 2001). The investor provides the much needed finance in exchange for equity or ownership position in the company (Oteh, 2010). SMEs can also acquire equity financing by listing on the Alternative Securities Market. From all the discussed theories it is clear that equity financing is likely to be chosen by SMEs as this offers opportunity for growth with limited risk. However certain factors should be well implemented to motivate SMEs to list on stock markets and these factors include access to information, regulatory requirements, corporate governance, SMEs support platforms and transaction cost.

2.3 CONCEPTUAL FRAMEWORK AND HYPOTHESIS

The conceptual model is based on the principle of the trade off and the pecking order theories discussed above that gives the current study a strong base. Accessibility of information, regulation, corporate governance and transaction cost are considerations when registering with the alternative market. The resulting attribute is Securities Market. The following diagram displays the conceptualized Model analysis.

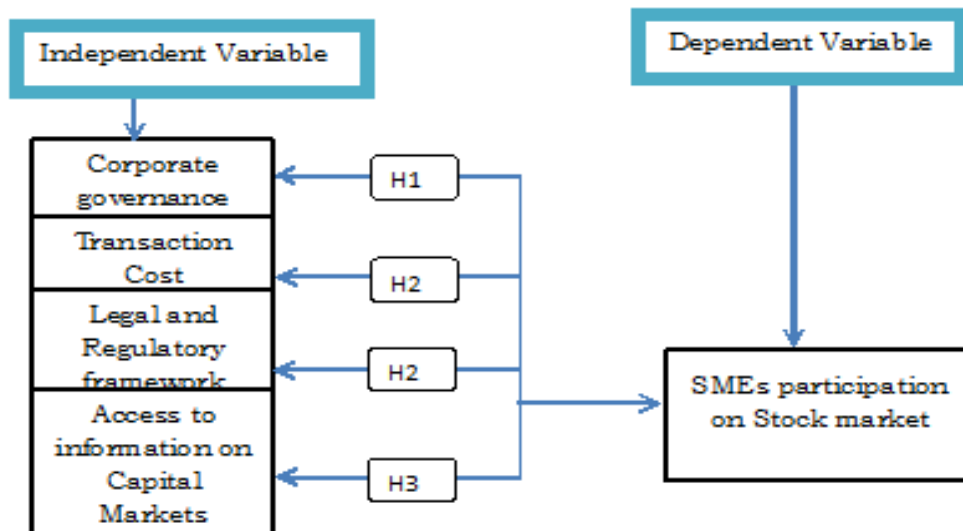


Figure 2. 1 Conceptual framework

2.4 LITERATURE REVIEW OF THE VARIABLES

2.4.1 Regulatory requirements

Regulatory requirements provides the rules and guild lines for companies wishing to list or to de-list on stock exchange (Securities exchange commission of Zambia, 2010).The rules and policies are designed to strengthen the securities market were shares are traded and are influenced by supply and demand. The many reason for the rules is to set the minimum requirements for any company to list on the stock markets. The Nigeria Stock Exchange is viewed to have the most stringent rules for SMEs who wants to list on capital market. According to Nigeria Stock Exchange (2019), a firm can only list on capital market if the company has been in operations for at least two years and the company has been audited for those two consecutive years with the latest audited no less than nine months. Companies are also required to report using International Reporting Standards. Besides that a company must submit a detailed business plan. However the AIM of London has the most flexible regulatory requirements, for example, there is no minimum size for a company which needs to list, no trading record, no minimum capital required and companies are not required to seek shareholders' approval for major transactions (London Stock Exchange, 2019).

However countries differ regarding the number of shares that the public must holed , India requires (25) five percent , Nigeria fifteen (15) percent South Africa requires ten (10) percent, and Kenya twenty (20) percent .While on the other hand The AIM

does not limit the number of shares to be held by the public (London Stock Exchange, 2019). For the Nairobi Stock Exchange the company can be accepted even with one single financial year. And it's not mandatory that companies wishing to list should be profitable. It does however demand that the company shows growth and adequate capital to sustain the operations for at least two years. (ACCA, 2012). For all securities commissions it is a requirement for firms wishing to list to nominate an advisor. If an SME wants to list it needs to choose its advisor who are registered with the national stock exchange.

It is also a requirement by many of countries' securities for firms to have minimum capitalization though they differ in terms of size, for example, Nairobi requires a minimum of ksh10 millions of paid up capital (ACCA,2012) while South Africa require two million rand. According to London Stock Exchange (2019), minimum capitalization is not an entry criterion when listing.

For the firm to list it is also a requirement by many countries to have a minimum number of shareholding. For instance South Africa requires a minimum of one hundred shareholders (Business Blue Book, 2008). Japan and Hong Kong also requires a minimum number of one hundred shareholders for the company to be listed. Nigeria Stock Exchange (2019), requires at least fifty-one (51) shareholders. There is also a need for the company to be registered as a public limited liability in order for it to be listed. These enormous registrations may prevent many SMEs from listing on stock market as the majority of them are operating on a small scale.

2.4.2 Access to information

Efficiency and productivity can only be achieved by SMEs if there is adequate information. To achieve long term goals and sustainable development good and quality information is critical (Corps, 2005). A research carried out in Kenya on the factors that motivates SMEs to list on stock exchange found that access to information has a greater influence on SMEs listing on the securities market. Many people who were interviewed confirmed that access to information influenced their decision to list on stock exchange (Mwarari, 2013).The study also found that there was completely lack of education by Nairobi Stock Exchange to business owners on the advantages of listing on the Growth Enterprise Market Segment (GEMS), and blamed the Nairobi Stock Exchange for not putting in place enough communications platforms to educate SMEs (Mwarari, 2013).

However, in a case study carried out on GEMS by ACCA (Association of Chartered Certified Accountants) (2013), it was observed that the Nairobi Stock Exchange was making the following efforts to promote GEMS. Firstly, NSE was implementing an in house development team for GEMS who have the responsibility to appoint a meeting with potential issuers of GEMS. Once a company shows interest in listing, they invite the company to choose its Nomads (Nominated advisors) followed by carrying out directors induction and training (ACCA, 2012). The NSE was also carrying out Public awareness campaigns to inform potential investors about GEMS by using billboards and radio advertisement (Nairobi Stock Exchange, 2013). The Alternative Investment Market of London which is one of leading SMEs securities market in the world cited the main role of AIM as facilitating SMEs and investor's visibility and credibility. Brunswick Group (2010) argued that, SME which chooses a public relation firm to manage its information is mostly likely to succeed on the IPO than one without. For this reason the London stock exchange developed communications principles which SMEs need to follow in order for them to succeed during their IPO.

Nigeria Stock Exchange has also placed information accessibility as a key component to influence SMEs to list on the alternative securities market. Advertising through different channels of communications needs is done in order to educate SMEs on the importance of listing on stock exchange (Nigeria Stock Exchange 2019). Nigeria has developed an Advisory database where company can choose their advisors and sometimes these advisors can approach SMEs and educate them on the importance of listing on the alternative stock Exchange (Nigeria Stock Exchange, 2019).

China is another country that is providing access to information to SMEs and distribute information for example through Institute of Technical Information of China (ISTIC) and the Supported and Consultative Centre for SMEs (SUCCESS) (Chen, 2006). This information is provided for free through medias like user friendly website, free electronic database and free seminars.

2.4.3 Corporate Governance in SMEs

Corporate governance is the management and control system of a corporation. It is about laying down rules and procedures for the company's operations (Bammanes, et al, 2016). It also includes creating checks and balances to avoid abuses of authority

and maintaining the credibility of financial outcomes. There is a separation of management roles from the board in a good corporate governance system to ensure the board controls management, which is why the position of chairman and chief executive officer needs to be divided (Miller and Miller, 2012).

Corporate governance also ensures that the board has an equal balance of executive and non-executive directors (Kellermans and Eddleston 2014). This can help improve management decisions, provide an unbiased corporate strategy view, provide boards with tools and experience (Kellermans and Eddleston 2014). However, in many cases SMEs only consist of the owner who is the sole owner and manager (Hart, 1995). For SMEs, the distinction between ownership and management is not as pronounced as with bigger firms. It makes some people argue that corporate governance shouldn't apply to SMEs.

Another argument is that in their activities there is no need for corporate governance since SMEs companies have few employees-who are mostly the relatives of the owner, and therefore no difference between ownership and control. SMEs also lack the question of transparency to the public, as they do not rely on public funds. In particular, the sole proprietorship companies do not even have to fulfill any transparency requirements and therefore have little or no need for corporate governance standards.

While corporate governance is a choice for unlisted SMEs, the rules on AIM listing require measures such as Board of Directors, audit committees, remuneration committees and independent directors to be implemented. Although AIM listed SMEs are not required to comply with the Code of Ethics of the United Kingdom, they are encouraged to do so (Mallin and Awyong, 2016). Mendoza (2014) argues that any sub - optimal corporate governance regime will threaten the company's continuity with the AIM. Good corporate governance strengthens business operations, enhances long - term performance and reconciles divergent interests, reduces the risk of crises and scandals. It offers increased resistance to crises and other external shocks.

2.4.4 Transaction Cost

The cost of a transaction is charged by a financial intermediary such as a bank, broker or subcontractor (Mead 1988). The relatively small size of the loan and the

high costs of information increase the costs of credit transactions per unit for SMEs. The following costs are deemed to be fixed for each financial institution: administrative costs; legal fees; and costs associated with the acquisition of information about the loan applicant. In the case of SMEs, these costs (per unit of financing requested) are relatively higher compared to larger enterprises and thus impede lending to SMEs (Cole, 2015). Transaction costs are a key factor in deciding whether to produce or purchase a product. Finance raising is often a complex process. Management must evaluate several alternatives and then negotiate terms that are acceptable to the provider of finance (Wanjohi & Mugure, 2008).

The main negotiating points are often as follows; an accountant is often asked to review the financial aspects of the plan during the financial raising process. Their report may be formal or informal, an overview or a comprehensive review of the company's management information system, predictive methods and their accuracy, a review of the latest management accounts including working capital, pension financing and contracts for employees. This due diligence process is used to highlight any possible fundamental problems. Equity financing may require complicated legal submissions and a lot of paperwork to comply with various regulations. For many small businesses, therefore, equity financing may require the assistance of lawyers and accountants, thus additional costs (Cole, 2015).

When companies become public, they incur direct and indirect costs related to the initial public offer (IPO). Direct costs are predictable, including registration, subscription and attorney fees and audit fees. The indirect cost, commonly referred to as IPO pricing, is one of the most disturbing financial puzzles. It is observed in almost every financial market in the world and in all share allocation procedures. On average, IPOs are underpriced. In countries where IPO market rules and restrictions are imposed, prices are high (Cole, 2015).

2.5 CHAPTER SUMMARY

The principal objective of this chapter was to present the study literature review. Variables, introduction, literature review of different variables, relationship between variables and conceptual framework were highlighted. The chapter presented literature on corporate governance, regulatory requirements, access to information and transaction cost. The next chapter deals with the methodology of research adopted by the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The previous chapter presented a literature review on the factors that determine the listing of SMEs in the alternative securities market (accessibility of information, corporate governance, platforms for supporting SMEs and transaction cost). Accessibility of information, corporate governance, SME support platforms for the creation of a conceptual framework can be used to identify factors preventing SMEs from participating in the alternative stock market. This chapter provides an overview of the methodology for the study. The discussion focuses mainly on research design, population sampling, data collection, data analysis, ethical consideration and constraints. Each study is supported by certain philosophical assumptions. The philosophical assumptions try to answer the question, what is a good method of research, so it is important to be aware of these philosophical assumptions.

3.2 RESEARCH DESIGN

The design of research is a blue print for data assembly, measurement and analysis (Trochim 2006). A design is used to structure the research in order to show how all the main parts of the research project work together to address the core of the research. This study has adopted a descriptive design for research. The descriptive aspect was used to illustrate the exact profile of the individuals and situations in the study (Davis et al, 2016). Descriptive research has three main objectives, including: description of phenomena or characteristics related to a subject population; estimation of population proportions with these characteristics; and discovery of associations between different variables (Cooper and Shindler 2014). This approach was considered appropriate and useful in assessing the elements that prevents the listing of SME companies on the exchange of securities. In this study, the independent variable was identified as the listing of SMEs on the exchange of securities, while the dependent variables included factors preventing SMEs from participating in the alternative market.

3.2.1 Research Strategy

Research strategies include experimental studies, surveys, case studies, action research, ethnographic archival research, cross - sectional studies and longitudinal studies (Collis and Hussey, 2009). This study adopted the survey research strategy as the most appropriate research strategy from the various strategies mentioned above. The researcher used surveys because it made it easy to generalize the findings to the entire SMEs in Zambia, which must be listed on the alternative stock market. The researcher had neither control over the respondents nor the ability to manipulate the study environment, hence the need to use the survey strategy. It was difficult, if not practically impossible, to use experimental research strategy in such research because it involved bringing respondents to the laboratory for experiments, and therefore the need to use a survey that is cheap and easy to collect data from large samples where one does not have control of respondents. Case study has problems with generalization results for the whole population if used in such research, which would require the generalization of results for the entire population of SMEs in Zambia. These reasons make it clear that the survey strategy was considered appropriate for this research.

3.3 RESEARCH PHILOSOPHY

Philosophy of research refers to beliefs about how data on a phenomenon should be collected, analyzed and used. Saunders et al (2003) pointed out that positivism and interpretation are the two main methods of research philosophies. The quantitative methodology was mainly adopted for the purpose of this study because of the nature of the study. Quantitative methodologies allowed the researcher to measure and quantify objective data on factors that prevent the listing of SMEs in the alternative security market. The paradigm of positivism was considered appropriate for quantitative methodology, as it led to a scientific, systematic approach to research (Johnson and Christensen, 2008).

3.3.1 Interpretivism

Interpretation is associated with inductive reasoning in which one draws conclusions about the balance of probability that a statement is true (Johnson and Christensen, 2008). It is associated with qualitative approaches and knowledge is contextual and therefore cannot be generalized (MacNabb, 2002)

3.3.2 Positivism

Henning et al. (2004) stated that positivism assumes that knowledge is objective and is associated with deductive reasoning where one draws conclusions about something that is known to be true on the basis of previous knowledge (Johnson and Christensen,2008). The positivist paradigm should be able to establish the key roles between a set of variables and should use quantitative methodology for easy data comparison. The study adopted a positive approach so that the researcher can determine factors preventing SMEs from participating in the stock market, namely information accessibility, Regulatory requirements, corporate governance, transaction costs as well as platforms to support SMEs. Robson (2002) cited that quantitative data can be repeated and replicated, which means that it should be easy to re-collect the same data from another researcher elsewhere.

3.3.3 Data Collection Methods

For this study, the method of survey research was preferred. The questionnaire is the survey written down (Penny, Lavrakas and Krosnick, 1993). The researcher used questionnaires to collect information using e - mail and physical distribution of questionnaires to increase the high response rate. The questionnaire included more closed questions than open questions in order to be consistent with the quantitative research methodology.

3.4 POPULATION AND SAMPLING DESIGN.

3.4.1 Population

According to Cooper and Shindler (2014) population is the total collection of elements from which the researcher intends to make some inferences. The population of the study consisted of all the Lusaka SMEs registered with Zambia development agency and Citizen economic empowerment commission who meet the listing requirements and yet they do not participate in listing on stock market. Table one below shows the number of formal SMEs in Zambia as of 2017.

Table 3. 1 Number of formal SMEs

CITY	NUMBER OF SMEs
Lusaka	4,058.00
Kitwe	6,432.00
Ndola	5,970.00
Livingstone	3,359.00
Total	21,819.00

Source: Kedia Shah, 2017

3.4.2 Sampling Design

3.4.2.1 Sampling Frame

The sample frame is a list of all elements from which the sample is drawn, according to Cooper and Schindler (2014). Ideally, this is only a complete and correct list of members of the population. The sampling framework consisted of the SMEs operating in Lusaka and is registered with the Zambia Development Agency and the Commission for Economic Empowerment.

3.4.2.2 Sampling Technique

This refers to the methods used to draw samples from a population that then help to determine a hypothesis about the population, Cooper and Schindler (2014). Quotas that were randomly sampled were selected and then used to form clusters. Stratified sampling is used if people in a population can be divided into two different, non - overlapping groups. These groups are known as strata. The common strata for this study are SMEs operating in various sectors such as agriculture, financial services and manufacturing, to name but a few. This sampling method is beneficial when there are large differences between strata, as it can give a more accurate representation of the population, if the sample size is large enough, it allows for a further sub-set analysis (Cooper and Schindler, 2014). For the study, a total of sixty six companies were selected using cluster sampling. This was because the

technology offered more economic efficiency but also the feasibility of a sample framework for the individual companies.

3.4.2.3 Sample Size

A sample is a smaller group or subgroup composed of the accessible population (Davis et al, 2016). The subgroup is selected carefully as a representative of the entire population with relevant characteristics. To that extent, the sample size ensures that the information is sufficiently detailed and comprehensive to draw inferences. The sample size of SMEs was determined on the basis of the formula of Yamane (Yamane, 1967). Using Yamane 's sample size formula with an error of 10 percent and a 90 percent confidence coefficient (Yamane, 1967). The formula is stated as;

$$n = \frac{N}{1 + Ne^2}$$

Where,

n = Sample size

N = the size of the population

E = the error of 10 percent

$$n = \frac{4,058}{1 + 4,058(0.1 \times 0.1)}$$

The calculation from a population of 4,058 SMEs in Lusaka gives a sample size of 66 companies to be targeted for the study.

3.5 RESEARCH INSTRUMENT

The researcher collected data on whether corporate governance, regulatory requirements, transaction costs and accessibility of information, through a questionnaire. Closed-ended questions from positive to negative with a scale of five (5) points were used. The researcher inspired the participants categorically by ignoring divisive and sensitive questions. To avoid vague questions the questionnaire was written correctly.

3.6 DATA ANALYSIS TECHNIQUE

Greener (2008) suggests that quantitative analysis requires researchers to appropriately label and code all data so that similarities and differences can be identified. Cooper and Emory (1995) indicated that data analysis is the breakdown of complex data collected using statistical methods into manageable sizes and the development of frequencies. The researcher adopted a method of factor analysis to identify the factors preventing the listing of SMEs in the ASM.

3.7 RESEACH LIMITATIONS

The researcher used a cross - sectional survey strategy, so there was not enough time to determine whether accessibility of information, regulatory requirements, corporate governance, are important for listing SMEs in the Alternative Securities Market due to the research due date of 25 December 2019.

3.8 DATA CREDIBILTY AND RESEARCH ETHICS

The researcher ensured that research was carried out ethically and that the results were credible by introducing the following measures.

3.8.1 Ethics of Research

Cooper and Schindler (2008) define ethics as standards, values, and behavioral standards that guide decisions on how we relate to others. The researcher implemented measures to ensure that nobody was hurt. The questionnaire sent to the respondents confirmed that the information would remain confidential and private. The respondents were asked for their consent and were informed why the research was conducted.

3.8.2 Validity and Reliability

The scientific method, with rigorous control of variables, aims to produce valid and reliable findings (Blaxter,1996). For the purpose of this study, the researcher ensured the validity of the content by consulting subject experts to check the instrument's contents. This was done to ensure the correct formulation of all questions. A benchmark of 0.6 as advised by Yin (2011) was used for internal reliability of the scale.

3.9 CHAPTER SUMMARY

This chapter explained primarily the methodology used for research. It covered areas described in the research design; population and sample design including methods of data collection. The next chapter provides information on the findings and interpretation of results, followed by a summary, discussions, conclusion and the recommendations of the researcher.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This section presents the findings of the study in the form of figures and tables. The segment was directed by questionnaires sent to the target population. The section provides the response rate, background information, the scope of activity of SMEs required for their participation on the stock exchange, the systems and processes in SMEs and the effect of corporate governance criteria on the participation of SMEs on the stock exchange.

4.2 DESCRIPTIVE ANALYSIS

This included response rate, gender, age, qualifications, number of employees, turnover, and share capital, type of business and organization years in business.

4.2.1 Response Rate

The researcher handed out 65 questionnaires to the community and only 58 were fully completed and used for the study. This gave the study a response rate of 89% which was above the required threshold. The researcher used emails to send the questioners as well as physical visitation to SMEs physical sites.

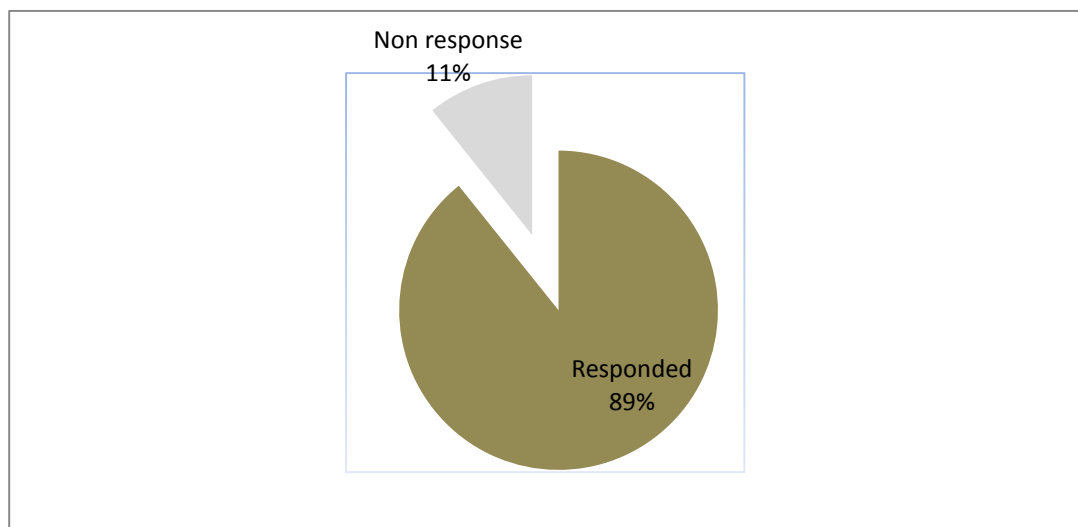


Figure 4. 1 Study Response Rate

4.2.2 Gender

Figure 3 shows that out of sixty five (65) respondents, fifty two (52 per cent) were male while thirty seven (37 per cent) were women. Statistics shows that there is a five per cent difference between male and female participation in the workforce of the SME enterprises sector in Zambia. These results are consistent with the study in South Africa by Herrington, Kew and Kew (2010) which found that men's entrepreneurial activity is 1.2 times higher than that of female entrepreneurs.

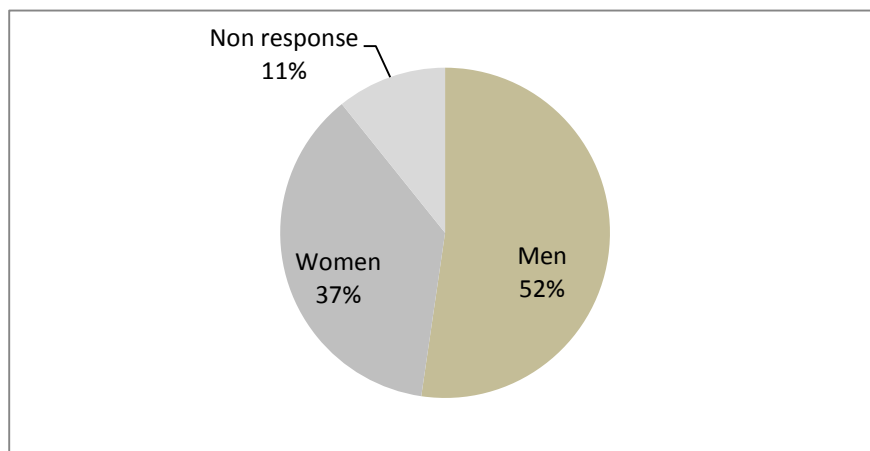


Figure 4. 2 Gender

4.2.3 Age Bracket

The information shown in figure 4.3 shows that fourteen percent (14 percent) of respondents are 21-30 years of age, forty percent (40 percent) are 31-40 years of age, and thirty five percent (35 percent) are 40 years of age and older. Evidence from the table has shown that the majority of people in the SMEs sector are between 21 and 40 years old. The results are consistent with the findings of Prince (2006) who concluded that age peaks of late twenties and mid-forties are linked to entrepreneurship. The Muijanck, Vroonhof and Zoetmer (2003) analysis further confirms the results by concluding that the optimum age of entrepreneurship is the same.

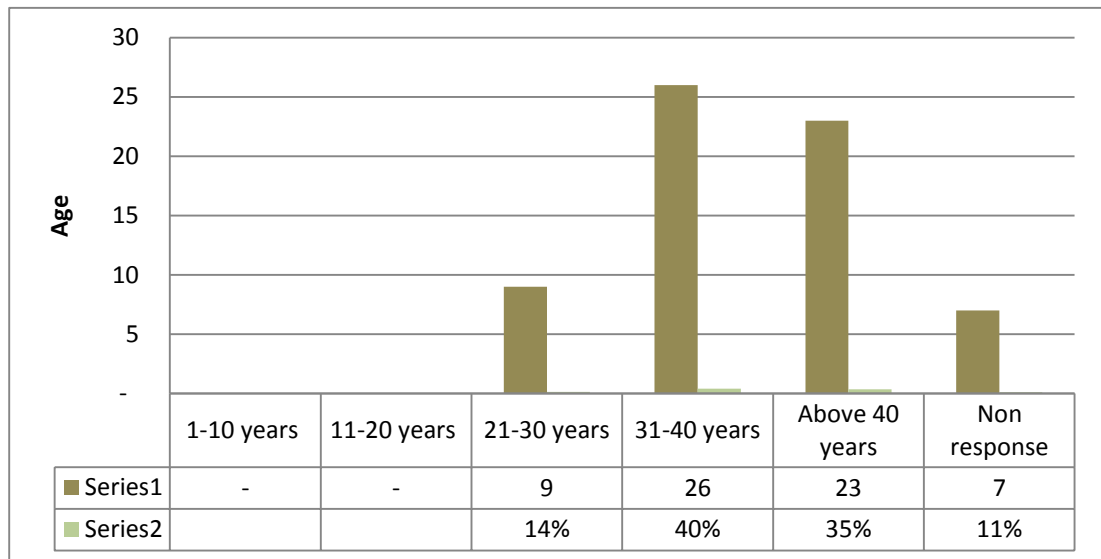


Figure 4. 3 Age Bracket

4.2.4 Level of Education

Respondents were asked to show their level of education, and 29 per cent had university degrees, 26 per cent had Master's degrees, 22 per cent had diplomas and 8 per cent had a PhD. These results show that the respondents were well educated and that they could easily understand the research questions.

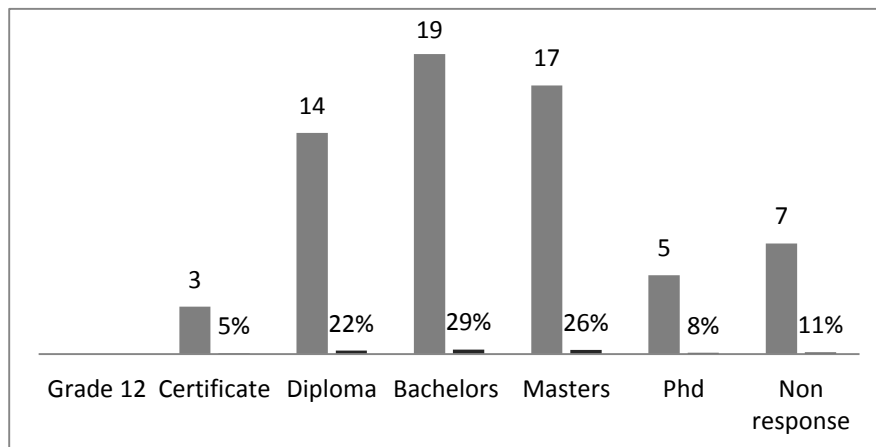


Figure 4. 4 Level of education

4.2.5 Year of experience.

The respondents were asked to indicate their years of experience and from the response collected, 31% had 1-10 years, 48% had 11-20 years, 9% had 21-30 years, 2% had 31-40 years of experience. These results show that the population had a good experience and were valid for the study.

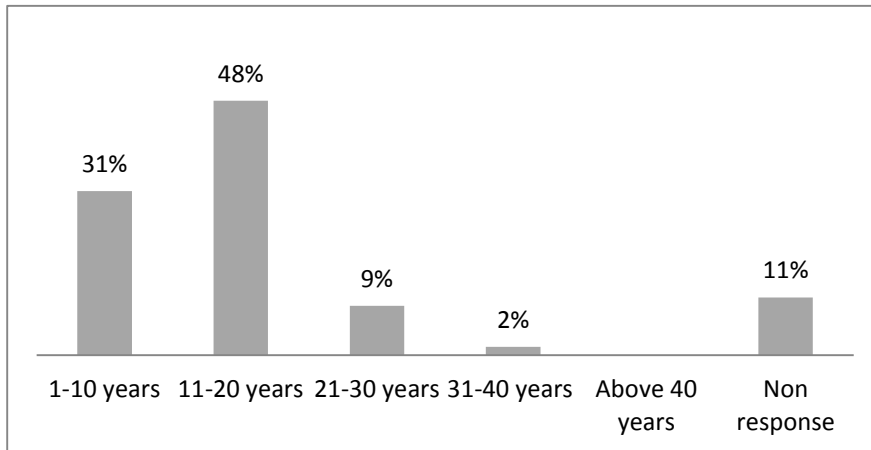


Figure 4. 5 Years of experience

4.2.6 Years accounts Audited

The information shown in figure 6 indicates the responses given by respondents who were asked to indicate the numbers of year's accounts were audited and the response collected showed the following, 40 % had 2-3 years, 48% had 4-5 years, and 2% had 6-7 years of experience. These results indicate that most SMEs had their accounts audited for at least up to five years.

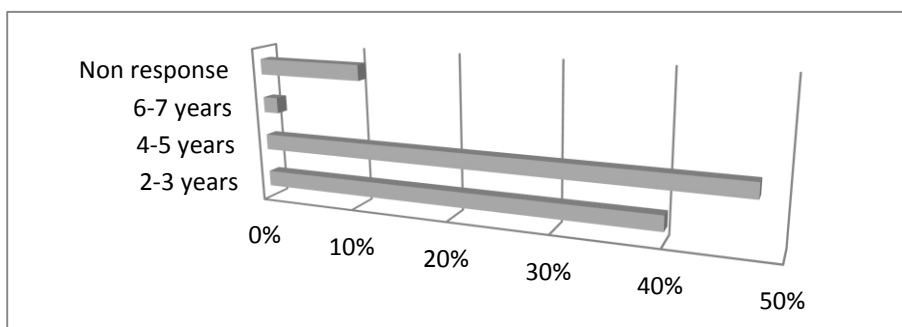


Figure 4. 6 Years accounts audited

4.2.7 Turnover

The respondents were asked to indicate levels of turnover their businesses make annually. From the response collected, 12 % had turnover between K101,000-K300,000, 8% had turnover between K201,000-K300,000, 4% had turnover between K301,000-K400,000 and 66% were above K400,000. As shown by the results in the table the majority of SMEs had revenue above K400,000. This shows that based on revenue most SMEs qualified to list on the stock market.

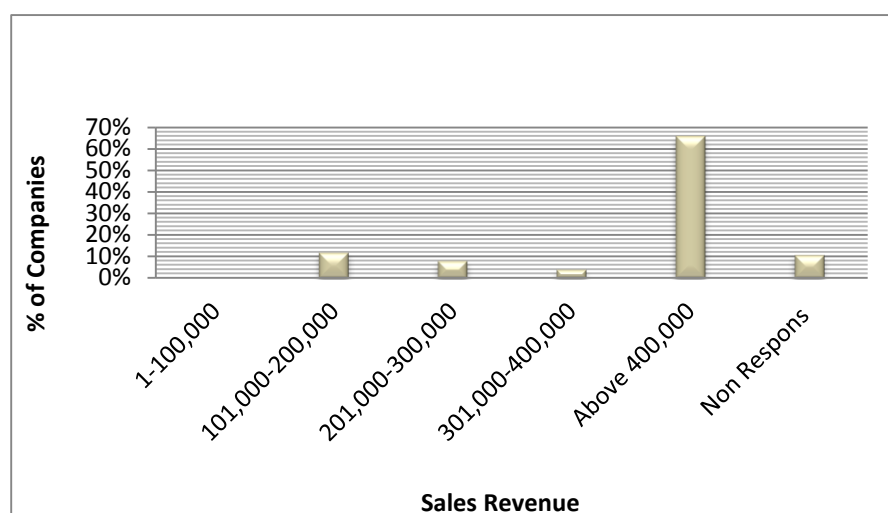


Figure 4. 7 Turnover

4.2.8 Number of employees

The majority of the respondents reported that their companies employ about 11-20 workers, and twenty two percent had 14 employees. On the other hand, just 5% indicated that they had 3 workers. The results are consistent with the definitions of different countries, for instance, the Central Bank of Nigeria describes SMEs companies as one that hires 20 to 300 workers; Canada employs between 100 and 500 employees, Australia employs less than 2000.

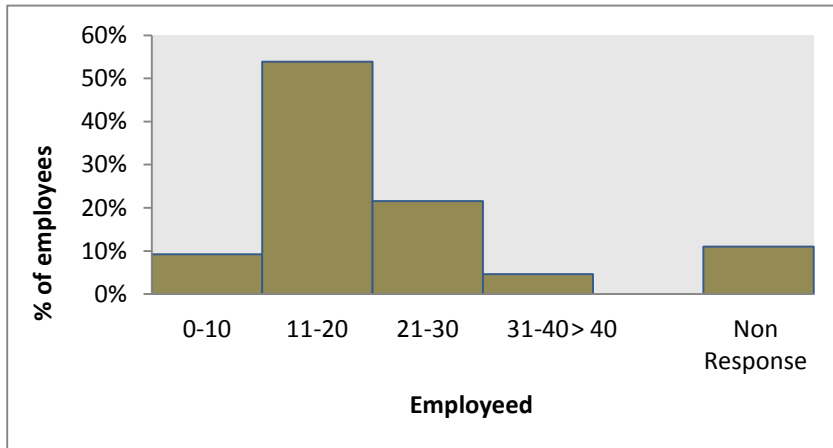


Figure 4. 8 Number of employees

4.2.9 Organization years in Business

Based on data in figure 10 on the number of years the company has been operating, the majority of SMEs were between 11-15 (n=32%) and 32% between 6 and 10 years, followed by SMEs who were between 1-5 years (n=17%).

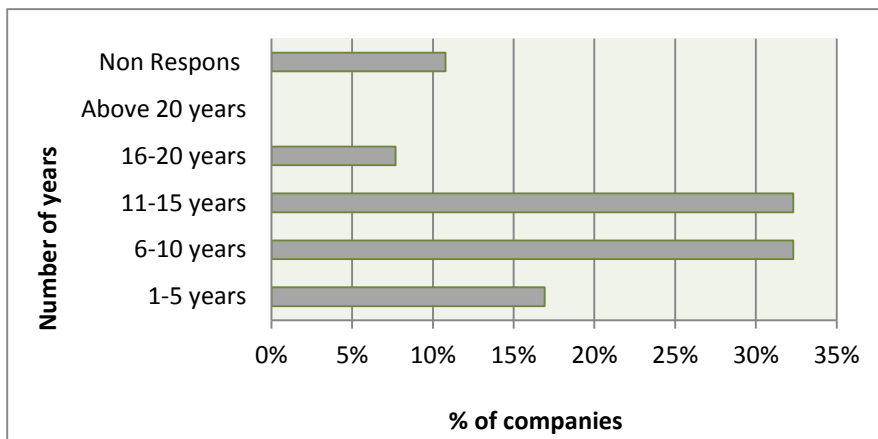


Figure 4. 9 Organization years in Business

4.2.10 Organizations

Figure 11 shows sectors in which SMEs conduct their businesses. Financial services (n=8,12%) while twenty per percent are in agriculture and hospitals 6%.In contrast 6 % are in manufacturing , thirty one percent in general trading and the rest are 12%. The results are a true reflection of the situation in Zambia. Mining has less attraction by SMEs due to huge capital required to manage mining operations.

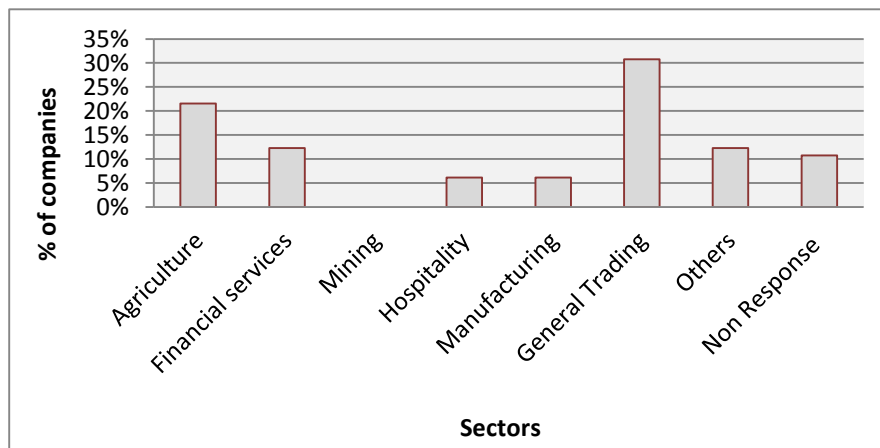


Figure 4. 10 Organizational sector

4.2.11 Number of Prescribed share Capital

Figure 12 below shows the prescribed share capital of SMEs. From the response collected, 37% had share capital between K1-100,000, 18% had share capital between K101,000-K200,000, 22% had share capital between K201,000-K300,000 and 8% were above K400,000. As shown by the results only 8% of the SMEs qualified to list on stock market and the rest did not since their prescribed share capital was below the required threshold of 500,000.

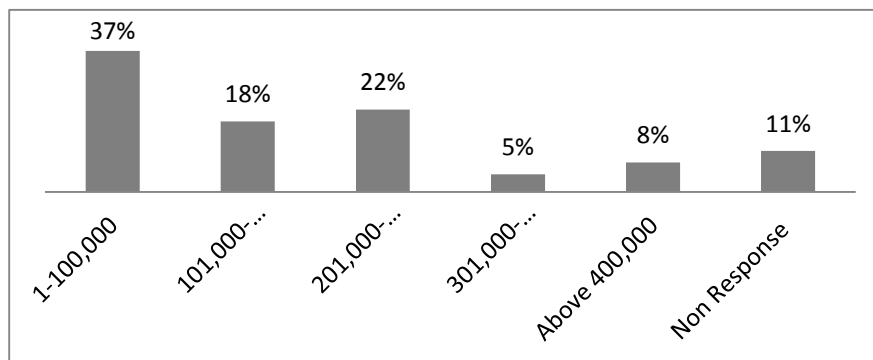


Figure 4. 11 Number of prescribed share capital

4.3 FINDINGS ON RESEARCH OBJECTIVES

4.3.1 Access to information

Data on access to information is depicted in table 4.1 below;

Table 4. 1 Access to information

ACCESS TO INFORMATION	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Availability of communication platforms for SMEs	29%	6%	14%	45%	6%
SMEs being Informed about stock market for SMEs	0%	31%	17%	43%	9%
Benefits of Listing on Stock market are being explained	0%	20%	12%	35%	33%
Information about stock market is available in public media	5%	26%	18%	39%	12%
Free information through vending agencies	6%	25%	5%	38%	26%
Training is being done for free for SMEs listing	8%	22%	5%	38%	27%

Table 4. 2 Descriptive Statistics on Access to Information

Variables	No	Minimum	Maximum	Mean	Std. Deviation
Availability of communication platforms for SMEs	5.00	4.00	29.00	11.60	10.31
SMEs being Informed about stock market for SMEs	5.00	-	28.00	11.60	10.53
Benefits of Listing on Stock market are being explained	5.00	-	23.00	11.60	9.66
Information about stock is available in public media	5.00	2.00	25.00	11.60	8.44
Free information through vending agencies	5.00	2.00	25.00	11.60	9.69
Training is being done for free for SMEs listing	5.00	3.00	26.00	11.60	9.76

Research findings as shown in table 4.1 and 4.2 showed that 51% with a standard deviation of 10.31 of respondents indicated that LUSE did not provide access to communication platform for SMEs. And 52% with the standard deviation of 10.53 were not informed about the existence of the ASM in Zambia. On the other hand 66% with a deviation of 9.66 indicated that the benefits for listing were not explained. While 51% said that information about the stock market was not available in public media

4.3.2 Regulatory Requirements

Table 4. 3 Regulatory Requirements

Regulatory Requirements	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Are rules and regulations for listing available	12%	10%	22%	40%	16%
Are rules for listing Stringent	7%	36%	21%	36%	0%
Do rules and regulations hinder SMEs	12%	41%	33%	9%	5%
Clearly stated rules and regulations	0%	12%	29%	50%	9%

Table 4. 4 Descriptive Statistics on regulatory Requirements

Regulatory Requirements	N	Minimum	Maximum	Mean	Std. Deviation
Are rules and regulations for listing available	5	4	28	11.6	9.55
Are rules for listing Stringent	5	0	24	11.6	9.63
Do rules and regulations hinder SMEs	5	4	26	11.6	8.56
Clearly stated rules and regulations	5	0	35	11.6	14.04

About 53% of respondents to this study which represented a standard deviation of 8.5 believed that rules and regulation for listing hindered them from participating on the ASM, 43% with standard deviation of 9.6 said that the rules for listing were stringent and 56% agreed that rules for listing were not available for the public. A further 59% of the responded said that rules for listing were not clearly stated.

4.3.3 Corporate Governance

Table 4. 5 Corporate Governance

Corporate Governance	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Managers and directors act in best interest of company	26%	2%	3%	43%	26%
Internal audit exist	15%	23%	22%	34%	6%
There is a Board with at least two independent directors	12%	25%	11%	43%	9%
Board meetings are held	18%	31%	11%	34%	3%
Internal controls are available in the organization	24%	34%	6%	30%	6%

Table 4. 6 Descriptive Statistics on Corporate governance

	N	Minimum	Maximum	Mean	Std. Deviation
Managers and directors act in best interest of company	5	1	25	11.6	10.18
Internal audit exist	5	3	22	11.6	8.01
There is a Board with at least two independent directors	5	0	28	11.6	10.87
Board meetings are held	5	0	22	11.6	10.13
Internal controls are available in the organization	5	2	22	13	9.59

The third factor was labeled Corporate Governance and is comprised of five items which include managers and directors act in the best interest of a company, board composition with at least two independent directors, board meetings are held, internal audit exist, and internal controls are available in the organization.

The responses received by the researcher indicated that 26% of responded agreed that managers and directors are acting in the best interest of the company and this had a standard deviation of 10.2 while only 69% disagreed. Furthermore 23% of respondent with a standard deviation of 8 agreed that internal audit exist while the number of those who disagreed stood at 34% with 3% not sure. 25% represented the number of those who agreed that there is a board with at least two directors while 52% were not in agreement.

4.3.4 Transaction Cost

Table 4. 7 Transaction Cost

Transaction Cost	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Legal fees are affecting listing	39%	28%	3%	30%	0%
Audit fees are affecting listing	30%	34%	12%	22%	2%
Underwriting fees are affecting listing	28%	35%	6%	29%	2%

Table 4. 8 Descriptive Statistics on Transaction Cost

	N	Minimum	Maximum	Mean	Std. Deviation
Legal fees are affecting listing	5	0	22	11.6	9.94
Audit fees are affecting listing	5	1	22	11.6	10.11
Underwriting fees are affecting listing	5	1	23	11.6	9.23

Factor 4 was named transaction cost and responses collected showed that about 67% of the respondents agreed that legal fees were so high that it was affecting them to choose equity finance and this represented a standard deviation of 9.94. While 65% with a 10.1 standard deviation pointed out that audit fees prevented them to access equity finance.

4.4 DISCUSSION OF FINDINGS

4.4.1 Access to information

SMEs need to be informed in order to be listed on the ASM. Ladzani (2001) argued that SMEs are performing better in information-rich environments. This has been consolidated by the Corps (2005) who claimed that sufficient information enhances market access and productivity. In a study carried out in Kenya to determine whether information accessibility influences the listing of SMEs in the Nairobi Stock

Exchange, the study found that 70 percent (70 percent) of respondents believed that access to information was key to listing. Those who were interviewed agreed that information influenced their decision to list on stock exchange (Mwarari 2013). The UNIDO (2005) also noted that SMEs in developing countries suffer from lack of information. For the ASM to succeed in Kenya the Nairobi Stock Exchange implemented an in house development team for GEMS who have the responsibility to appoint a meeting with potential issuers of GEMS. NSE is also carrying out a Public awareness campaigns to inform potential investors about ASM by using billboards and radio advertisement (Nairobi Stock Exchange, 2013).

The Alternative Investment Market of London which is one of leading SMEs securities market in the world has developed communications principles which SMEs need to follow in order for them to succeed during their IPO. Nigeria Stock Exchange has also placed information accessibility as a key component to influence SMEs to list on the ASM. This is done through Advertising on radio television and on billboards (Nigeria Stock Exchange 2019). Nigeria has also developed a database of advisors where SMEs can choose their advisors. China provides information to SMEs by distributing this information through Institute of Technical Information of China (ISTIC). This information is provided for free through Medias like user friendly website, free electronic database and free seminars.

4.4.2 Regulatory requirements

Mwarari (2013) argued that capital market rules and regulations are unfavorable for most SMEs. Mwarari (2013) found that 75 percent of respondents' admitted that rules and regulations influence the listing of SMEs on ASM. There is a need to develop friendly regulations for SMEs in order for them to grow as well as entice SMEs to list on the ASM. Literature review has shown that the AIM of London has the most flexible regulatory requirements, for example, there is no trading record, no minimum size for a company wishing to list and no minimum capital required (London Stock Exchange, 2019). For the Nairobi Stock Exchange the company can be admitted even with one single financial year. And in most cases it's not a requirement that companies wishing to list should be profitable. Regulatory requirements for companies wishing to list in Zambia are many.

4.4.3 Corporate governance

According to Mwarari (2013), corporate governance influences listings of SMEs companies on the Nairobi Bourse. Mwarari (2013) reports that 85% of respondents agreed that corporate governance has an effect on listing SMEs and therefore, corporate governance is a significant factor to take into account when considering listing of SMEs on stock markets. The Nairobi Stock Exchange (2013) notes that the flexible management criteria are not meant to undermine good corporate governance but only to be able to adjust so as to meets the requirements of SMEs companies, to enable them to list their businesses Corporate governance can be concluded to be a key factor for SMEs to register on the ASM.

4.4.4 Transaction cost

Direct and indirect costs are usually incurred by companies who wish to become public through an initial public offer (IPO). These costs include registration, subscription, attorney fees and audit fees. The indirect cost may include IPO pricing. Transaction costs are important in deciding whether to list or not. Cole (2015) noted that equity financing requires complicated legal submissions and a lot of paperwork in order to comply with various regulations. In most cases equity financing may require the assistance of lawyers and qualified auditors, thus additional costs. The study has shown that transaction costs are so high that most often discourages SMEs to list on ASM. Factor four showed that for SMEs to be attracted to list on ASM transaction cost has to be reduced to the level that is manageable by SMEs.

4.5 CHAPTER SUMMARY

Chapter 4 has presented the study findings in the form of figures and tables. The factors which has emerged as Important are information accessibility, regulatory requirements, corporate governance, SMEs Support platforms and transaction cost. The section was guided by analyzed questionnaires that were handed out to the target population. The next chapter presents the study discussion, conclusion, and recommendations.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter four summarized the findings of the study and presented detailed and comprehensive information on the factors preventing SMEs to list on the ASM. This section concludes the research. The Chapter offers readers discussion of the results, Conclusion and recommendations for further studies. All these have been guided by the research objectives mentioned in chapter one. Chapter one discussed the problem statement of the study in order to determine the reason why SMEs don't consider raising capital through ASM. The problem statement illustrated that ASM are found in the countries of Kenya, Nigeria, Ghana, South Africa and London and extensive research has been carried out in these countries. It has also been pointed out that there is no ASM for SMEs in Zambia even though some effort was made to establish one. The main purpose of the study was to find out what factors affects SMEs to list on ASM. However little has been done in addressing these factors.

5.2 CONCLUSION

The objective of the study was to find the factors preventing SMEs from listing. The study concluded that information accessibility, regulatory requirements, corporate governance, as well as transaction cost are important in determining SMEs listing on the ASM. The research findings confirm the previous studies carried out in Kenya, South Africa, Nigeria and London that availability of information, regulatory requirements, corporate governance, and cost of the transaction were key factors in the listing of SMEs. Mwarari (2013) also noted that the four factors are very important for SMEs to list. It can be concluded that if Lusaka stock exchange is to establish an effective ASM for SMEs they should factor in information accessibility, regulatory requirements, corporate governance, and transaction cost.

5.2.1 HYPOTHESIS EVALUATION

The Hypothesis for this study were as follows,

- i. Access to information is important in determining SMEs listing on the ASM.

- ii. Good regulatory requirements are important in determining SMEs listing on the ASM.
- iii. Good corporate governance is essential in determining SMEs listing on the ASM.
- iv. Transaction cost is critical in determining SMEs listing on the ASM

The researcher used P-value to evaluate the hypothesis and the results are shown in the tables 4.9:

Table 4. 9 Testing hypothesis -Access to Information

Description	Values
square root of n (5)	2.060
Alpha value	0.500
Standard error	4.724
The test statistic t	0.106
P-Value	0.54

Conclusion : Hypothesis Accepted since the alpha value is lower than the P-value

Table 4. 10 Testing hypothesis -Corporate governance

Description	Values
square root of n (5)	2.06
Alpha value	0.5
Standard error	3.95
The test statistic t	0.127
P-Value	0.55

Conclusion : Hypothesis Accepted since the alpha value is lower than the P-Value

Table 4. 11 Testing hypothesis -Transaction cost

Description	Values
square root of n (5)	2.06
Alpha value	0.5
Standard error	2
The test statistic t	0.211
P-Value	0.58

Conclusion : Hypothesis Accepted since the alpha value is lower than the P-Value

Table 4. 12 Testing hypothesis -Reguratory requirments

Description	Values
Square root of n (5)	2.06
Alpha value	0.5
Standard error	5.07
The test statistic t	0.10
P-Value	0.53

Conclusion : Hypothesis Accepted since the alpha value is lower than the P-value

The findings in the Tables above clearly shows that access to information, regulation, corporate governance, as well as the transaction cost, need to be considered for SMEs to be listed on the ASM. In conclusion, it should be noted that the responsible authorities should first of all ensure that the factors which enables SMEs to list be considered a priority in order to create an effective ASM.

5.3 RECOMMENDATIONS

SMEs around the world have created over sixty percent of employment around (ACCA, 2010). However there major problem is limited access to finance as well as stringent regulatory requirements. Moreover, SMEs pay high interest rates on borrowed funds due to high risk profile they have compared to larger firms. For this reason there is a need for a country to establish an attractive secondary market for SMEs in order for them to raise working capital through selling of shares and especially an ASM that addresses the needs of SMEs. If access to finance by SMEs is ignored, the survival of many SMEs will be jeopardized. Those in high authority can take into account the following recommendations highlighted below:

5.3.1 Recommendations on information accessibility.

The response from respondents to the study as regards to access to information showed that it is important to provide information to SMEs about ASM. SMEs are likely to perform better if they are armed with information. If SMEs have all the information they need, they are likely to make a well informed decision.

For the ASM to succeed in Zambia access to information must be given a priority. The Lusaka stock exchange should carry out Public awareness campaigns intended to inform potential SMEs using Medias like websites, billboards, radio and television advertisement. LUSE should also develop an Advisory database where SMEs can register and choose their advisors and in many cases these advisors can approach SMEs and provide information or training on the importance of listing on ASM.

5.3.2 Recommendations on regulatory requirements

SMEs will be motivated to list if there is a balanced approach to regulations which enables SMEs to list (London Stock Exchange, 2019) LUSE can learn something from the successful markets considered in the literature review of this study by considering adjusting some requirements like the need for three years audited financial statements, the need for a five hundred share capital, and the need to have a two hundred and fifty thousand kwacha business turnover. Most SMEs are likely to be attracted to raise finance through capital markets if regulations are not stringent.

5.3.3 Recommendations on corporate governance

This study has shown that most SMEs do not have a well-established corporate governance system in place. And since having a good and strong corporate governance system is one of the requirements for SMEs to list on ASM, most of SMEs find themselves not meeting this requirement. Literature has shown that although AIM listed SMEs are not required to comply with the Code of Ethics of the United Kingdom; they are encouraged to do so. This compromise is not intended to breach the rules of good corporate governance practices but to adapt them to fit the requirements of SMEs in order to encourage them to list (Nairobi Stock Exchange, 2013). Consequently, this study proposes that LUSE should identify potential SMEs with the ability to raise funds on ASM and provide free training to the company owners on the importance of corporate governance. This training should include helping SMEs establish internal controls, the board of directors inclusive of non-executive directors, the audit departments and the remuneration committees. Once good corporate governance is in place SMEs will feel motivated to list on ASM.

5.3.4 Recommendations based on transaction cost.

This study has shown that SMEs are likely to avoid equity finance because of the high transaction cost. While most costs are outside the control of LUSE, the

company can arrange to work with a number of companies such as audit firms and law firms who may be willing to provide services at subsidized prices to SMEs wishing to access equity finance. This can be done in an effort to promote SMEs growth through equity financing.

5.4 AREAS FOR FUTURE RESEARCH

This study has only pointed out factors which affect SMEs from listing on the ASM within Lusaka. However many areas for further studies are available. The study used a cross-sectional survey strategy because of lack of time to determine the factors which determine SMEs listing hence it is advisable to carry out such type of research in the near future. In this research, quantitative research methodology was used, there was need to use both qualitative and quantitative approaches in order to allow the objective and subjective opinions of the participants to be obtained. Qualitative research structure is used to track the feedback received and ensure the data is collected in detail. It is more appropriate to repeat the same study in other cities such as Kitwe, Chipata, Ndola, Kabwe only to name a few. It will also be commendable to expand the analysis to parastatals.

This study focused on factors affecting SMEs in participating on the ASM. The study focused on factors such as corporate governance, access to information, transaction cost and regulatory requirements. Other research can explore on other factors that prevent SMEs participation on stock market that were left by this research.

REFERENCES

- Acca, (2013), Connecting Capital Markets: Nairobi Securities Exchange growth enterprise.
- Alternative Investment Market (n.d) Retrieved 12 August 2018 from https://en.wikipedia.org/wiki/Alternative_Investment_Market
- Awan,A. G., & Amin, M. S. (2014). Determinants of capital Structure. *European Journal of Accounting Auditing and Finance Research*, 2(9), 22–41.
- Arizona I. C. (2009). ‘Nigeria: fast becoming kidnappers’ den?’ business day.
- Arthurs, C., Cristelli, M., Pietronero, L., Khapova, S. N., & Wilderom, C. P. M. (2009). The Link between Business Strategy and Industrial Relations Systems in American Steel Mini-mills. *Industrial and Labor Relations Review*, 45(3), 488-506.
- Barroso, C., Villega, M. M., & Pérez-Calero, L. (2011). Board Influence on a Firm’s Internationalization. *Corporate Governance: An International Review*, 19, 351-367.
- Bolton Report. (1971). *Small Firms, Report of the Committee of Inquiry on Small Firms*. London, UK: HMSO, Cmnd.
- Creswell, J. W. (2013). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*. Sage.
- Chen, J. (2006). Development of Chinese small and medium-sized enterprises. *Journal of Small Business and Enterprise Development*. 13(2):140:147.
- ChowdriSiddartha H. (2004). “Downscaling Institutions and Competitive Microfinance Markets: Reflections and Case – Studies.
- Clarryse, S. P., Knorkeart, D. A., & Lochert, P. W. (2014). Factors stimulating export business: an empirical investigation. *Journal of Applied Business Research*, 14(2), 43-68.
- Cole,G.A.(2015). *Management Theory and Practice*. Tottenham.Martin the Printers Ltd
- Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods*. (12th Ed.). New York, NY: McGraw-Hill Education.
- Corps, M. (2005). Information and communications technologies in small and mediumenterprisedevelopment.Available:www.globalenvision.org/library/7/698 [accessed 15thDecember 2018].
- Cowling, P. H. (2013). Organizational Culture and Motivation in the Public Sector. The Case of the City of Zografou. *Procedia Economics and Finance*, 14(3), 415-424.
- Cowling, P. H. (2015). Human Resource Selection Approaches and Socially Responsible Strategy. *Economics and Business*, 3(1), 106-114.

Desmidt, M. (1988). The informal sector, in theory and practice: an examination of the informal activities in block c, site ekhayelitsha, Cape Town. Economic honors long paper, school of economics, university of Cape Town, Cape Town.

Devereux, S. (2010). Food insecurity in Ethiopia, a discussion paper for DFID. (Online). Available from: <http://www.addisvoice.com/wp>

Davis, D. A., & Craven, C. (2016). *Feminist Ethnography: Thinking through Methodologies, Challenges, and Possibilities*. Rowman & Littlefield.

Echengreen B., Tong, H. (2005) how china is reorganizing the world economy. University of California, Berkeley and bank of England.

Exchange, Johannesburg Stock. (2019). Listed companies

Fiegenger, M. K. (2015). Determinants of Board Participation in the Strategic Decisions of Small Corporations. *Entrepreneurship Theory and Practice*, 29, 627-650.

FSD Zambia (2009). Finances national survey 2009. Dynamics of Zambia's changing financial landscape. Lusaka, Zambia: FSD Zambia.

Gabrielsson, S. C., & Huse, P. (2015). Ownership and the internationalization of small firms. *Journal of Management*, 31(2), 210-233.

Gabrielsson, S. C., Kontinen, T., & Ojala, A. (2014). The internationalization of family businesses: a review of extant research. *Journal of Family Business Strategy*, 3(4), 97-107.

Gabrielsson, S.C., & Winland, Z. (2010). An Empirical Investigation of the Financial Growth Life Cycle. *The Journal of Small Business and Enterprise Development*, 16(1), 117-122.

Global Competitiveness Report (2009), World Economic Forum, Geneva, Switzerland

Hamisi, S. (2011) challenges and opportunities of Tanzanian SMEs in adapting supply chain management, *African journal of business*

Heine, C. (2009). Has the financial crisis induced a credit crunch for small and medium sized companies? Grin Verlag.

Hoang, H., & Antocic, A. Y. (2015). Network-based Research in Entrepreneurship: A Decade in Review. *Foundations and Trends in Entrepreneurship*, 11(1), 1-54.

<http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/2710130201.html> [accessed 12th October 2018].

Huse, M. (2015). *Boards, Governance and Value Creation*. Cambridge, UK: Cambridge University Press.

- IFAD, (2013). Technical note on community-based financial organizations. institutions in Zambia. University of London, imperial college, center for development and poverty reduction: UK
- Jasra, J. M. (2014). Determinants of business success of small and medium enterprises. *International Journal of Business and Social Science*, 2(20), 274-280
- Jensen, M.C. and Meckling, W.H. “Theory of the Firm: Managerial Behavior, Agency costs and Capital Structure, “*Journal of Financial Economics*, vol. 3, 1976, pp. 11-25
- Johannisson, B. & Huse, M. (2010). Recruiting outside board members in the small family business: An ideological challenge. *Entrepreneurship and Regional Development*, 12(4), 353-378.
- Kaufman, A., & Englander, E. (2015). A team production model of corporate governance.
- Kellermanns, F. W., & Eddleston, K. A. (2014). Destructive and productive family relationships: A stewardship theory –perspective. *Journal of Business Venturing*, 22(4), 545-565.
- Kingombe, C.K.M., (2004): the performance of the Zambian microfinance industry. A special focus on the members of the association of microfinance
- Kromberg, J (2005) the 2005 SME survey-where are we? (Online). Available from: <http://www.bizassit.co.za/news.asp> (Accessed October 2018)
- Leblanc, K. G. (2015). Long-term global market correlations. *International Journal of Business*, 78(1), 1-38.
- London Stock Exchange, (2019), *Alternative Investment Market, a Guide to AIM*
- Luan, S., & Tang, J. (2014). Portfolio selection in an expected shortfall framework during the recent ‘credit crunch’ period. *Journal of Asset Management*, 9(2), 121-137.
- Mader, P., Winkler, A. (2013). Rise and fall of microfinance in India: The Andhra Pradesh crisis in perspective, *Strategic change*, 22 (1-2), pp. 47-66.
- Mallin, F., & Awyong, D. (2016). Shadow Economies: Size, Causes, and Consequences. *The Journal of Economic Literature*, 38(1), 77-114.
- Mbaru, K. M. (2007). Small Businesses Upbeat on NSE. Retrieved from <http://allafrica.com/stories/200710180257.html> (Accessed 23/12/2018).
- MCTI (2007), small and medium enterprises survey 2003 – 2004, final report, ministry of commerce, trade and industry.

- Mendoza, K. I. (2014). Uncovering the influence of social venture creation on commercial venture creation: A population ecology perspective. *Journal of Business Venturing*, 30, 793-807.
- Miller, D., & Miller, C. (2012). Technological diversity, related diversification, and firm performance. *Strategic Management Journal*, 2(7), 601-619.
- MOF (2002) 'Zambia poverty reduction strategy paper 2002 – 2004'. Government of the republic of Zambia.
- Myer, M. (1984). *Critical Success Strategies for New Leaders at all Levels*. Boston, MA: Harvard Business Review Press.
- Newman, M. (2011). *Microfinance needs assessment and technical assistance assignment final report*.
- Nigeria Stock Exchange, (2019), *the Alternative Securities Market, a Guide to SMEs Listing*.
- Obiajuru i. (2012) *what the Nigerian entrepreneur needs to excel*. Punch newspaper
- Oghojafor B. E. A, Okonji P. S., Olayemi O. O., Okolie J. U. (2011) *fifty years of entrepreneurship development in Nigeria: Challenges and prospects*. 10th international entrepreneurship forum, Tamkeen, Bahrain.
- Oruç, E. (2009). Behavioral Dimension of Cross-Sectoral Capital Structure Decisions : ISE (Istanbul Stock Exchange) Application, 28(28)
- Okezie A. I, Alex O., Njoku, A, C. (2014) *theoretical analysis of entrepreneurship challenges and prospects in Nigeria*, international letters of
- Olawale, F and Garwe, D. (2010) *obstacles to the growth of new SMEs in South Africa: a principal component analysis approach*.
- Oteh, A (2010), *Marking Capital Markets in Africa.2010 Kikonyongo Capital Markets Awards*. Kampala: Securities and Commission Exchange for Nigeria.
- Peng, M. W. (2009). Strategic responses to global institutional pressures in the Chinese toy industry. *International Studies of Management and Organization* (in press).
- Pfeffer, J., & Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. New York, NY: Harper & Row.
- Raheja, R. F. (2015). The effect of a market orientation on business profitability. *Journal of Marketing*, 54(4), 20-35.

Skinner, C. (2006) dealing with the informal economy. A challenge for trade unions in southern Africa. Country paper: South Africa, Social and humanistic sciences,16, pp. 21-34

Thamas, W, H (1989). South Africa's growing black market. Challenges for the 1990s. Speech at the spotlight on the black market conference, sponsored by the small business development center in Johannesburg, South Africa.

The Lusaka Stock Exchange Alternative Market-Alt-M Pre Launch (2014): Retrieved 12 August 2018 from <https://www.african-markets.com/en/stock-markets/luse/the-lusaka-stock-exchange-alternative-market-alt-m-pre-launch>

Vijayakumar, A. (2015). The determinant of profitability: An empirical investigation using Indian SMEs. International Journal of Research in Commerce and Management, 2(1),58-64

World Bank (2000), US world report Washington, DC.

World Bank (2005).US world report Washington, DC.

World Bank (2006) World development indicator database. (Online). Available from <http://worldbank.org/wbsite/external/datastatistics> (accessed: November, 2018).

Yamane, T. (1967). Statistics: An Introductory Analysis. (2nd Ed.). New York, NY: Harper and Row.

APPENDIX

SECTION A: BACKGROUND INFORMATION

Kindly, answer all the questions either by ticking () in the boxes or writing in the spaces provided.

1. Gender

Male () Female ()

2. Age

1-10 years ()

11-20 years ()

21-30 years ()

31-40 years ()

Above 40 years ()

3. Highest level of Education

Grade 12 () Certificate () Diploma () Bachelors () Master's Degree () PhD ()

4. Years of experience in the firm

1-10 years ()

11-20 years ()

21-30 years ()

31-40 years ()

Above 40 years ()

5. Number of Years accounts audited

0-1 year ()

2-3 years ()

4-5 years ()

6-7 years ()

Above 7 years ()

6. What is the turnover of the company in Zambian Kwacha?

1-100,000 ()

101,000-200,000 ()

201,000-300,000 ()

301,000-400,000 ()

Above 400,000 ()

7. Number of employees;

1-10 ()

11-20 ()

21-30 ()

31-40 ()

Above 40 ()

8. Number of years in operation?

1-5 years ()

6-10 years ()

11-15 years ()

16-20 years ()

Above 20 years ()

9. Organization sector

Agriculture ()

Financial services ()

Mining ()

Hospitality ()

Manufacturing ()

General Trading ()

Others

10. Number of prescribed shares;

1-100,000

101,000-200,000

201,000-300,000

301,000-400,000

Above 400,000

11. Have you ever considered listing on Lusaka Stock exchange? YES NO

If your answer is yes please answer questions in section B as regards to what would motivates or prevents you to list on Lusaka stock exchange.

SECTION B. QUESTIONS ON VARIABLES UNDER STUDY

In the table below, tick appropriately. Using a scale of 1-5 tick the appropriate answer from the alternatives, **1- Strongly Agree 2-Agree 3-Not Sure 4-Disagree 5-Strongly Disagree.**

Please show your level of agreement to indicate the extent to which the following statements have been applying to you by ticking your response corresponding to the number in the scale given above in box against statement.

NO.	ACCESS TO INFORMATION	1	2	3	4	5
1	Availability of communication platforms for SMEs					
2	SMEs being Informed about stock market for SMEs					
3	Benefits of Listing on Stock market are being explained					
4	Information about stock is available in public media					

5	Free information through vending agencies					
6	Training is being done for free for SMEs listing					
NO.	REGULATORY REQUIREMENTS					
1	Are rules and regulations for listing available					
2	Are rules for listing Stringent					
3	Do rules and regulations hinder SMEs					
4	Clearly stated rules and regulations					
NO.	CORPORATE GOVERNANCE					
1	Managers and directors act in best interest of company					
2	Internal audit exist					
3	There is a Board with at least two independent directors					
4	Board meetings are held					
5	Internal controls are available in the organization					
NO.	TRANSACTION COST					
1	Legal fees are affecting listing					
2	Audit fees are affecting listing					
3	Underwriting fees are affecting listing					
4	legal fees are affecting listing					