INCREASING ACCESSBILITY OF COMESA TRADE FACILITATIONINSTRUMENTS BY ZAMBIAN SMALL AND MEDIUM ENTERPRISES: CASE OF ZDA AFFILATED SME'S.

BY

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DECLARATION

I **Sandra Chola** do hear by declare that this work is my origin of work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other universities. All other sources of data used and literature on related works previously done by others, used in the production of this dissertation have been fully acknowledged. If any omission has been made, it is not by choice but by error

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ABSTRACT

The aim of the study has been exploring the accessibility of COMESA TFIs by SMEs in Zambia. The objectives of the study were to describe the extent of TFIs Utilization in Zambia, understand the form the point of SMEs how they utilise, understand based on lay accounts barriers to utilization of COMESA TFIs by SMES in Zambia and Develop a Framework which SMEs could employ to capitalize on COMESA TFIs in Zambia

The study used a Questionnaire and an interview guide as key data collection instruments. There were 130 questionnaires that were distributed to respondents and 5 key informants. There were a total of 130 respondents, in which 82 were males and 48 were females, representing 63.1% and 36.9% respectively. The key informants had three males and two females respectively the results of the study revealed that 91.5% of the respondent said that they had never accessed Trade facilitation Instrument of COMESA while 8.5 % ever accessed TFIs. The findings also reveal another research objective results and one key objective was to do with extent of utilization of TFIs. The findings demonstrate many reasons views of respondents on use of TFI. As observed most respondents do not use TFI, reasons behind that are Lack of Adequate finance by SMEs (14.6%), SMEs do not understand and know role of COMESA (23.1%), Policy Implementation being poor (43.1%), and inadequate procedures and Logistics (14.6%). Furthermore, the study showed that there is a linkage between COMESA and SMEs which already exists. However, most SMEs are not still aware of the Programs of COMESA and lot of them lack connectivity and internet skills (10%), Lack of digital financial capacity by SMEs (43.1%), Lack of communication and information (31.5%), Lack of inclusiveness/biasness (11.5%). The findings also revealed study highlighted challenges they are faced with in respect to COMESA trade facilitation instruments. These are limited access to technology (14.6%), unfavorable business environment (20. %), Lack of Finance and Knowledge on COMESA Procedures (33.1%), Slow Digital Economic Integration (18.5%), Laws on customs and Trade Facilitations (13.1%).

Key words: Trade facilitation instruments, COMESA; Common market for Eastern and Southern Africa

APPROVAL

This dissertation by **Sandra Chola** approved as fulfilment of the requirements for the award of the degree of Master of Business Administration - General.

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DEDICATION

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ACRONYMS AND ABBREVIATIONS

PACRA	Patent and Company Registration Agency
CEEC	Citizenship economic empowerment commission
SMEs	Small and Medium Enterprises
COMESA	Common Market for Eastern and Southern Africa
SADCC	Southern African Development Coordination Conference
ECOWAS	Economic Community of West African States
IGADD	Intergovernmental Authority on Drought and Development
EAC	East African Community
RIA	Regional Integration Arrangements
TF	Trade Facilitation
STR	Simplified Trade Regime
CVTFS	COMESA Virtual Trade Facilitation System
WTO)	World Trade Organization
UNCTAD	United Nations Conference on Trade and Development
WCO	World Customs Organization
RECs	Regional Economic Communities
ZDA	Zambia Development Agency

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

This Chapter comprised of background to the study, statement of the problem, research question, research objectives, research justification, significance and scope of the research, aim of the research and conclusion. The Common Market for Eastern and Southern Africa (COMESA) is a free trade area with twenty one member states stretching from Tunisia to Eswatini (formerly Swaziland). The main objective of COMESA among others is Regional Integration and Trade Facilitation. In the world of Proliferating Regional Integration Arrangements (RIA), African Countries have responded too instinctively by creating more RIAs and strengthening the existing ones (Yang and GUPTA, 2005).

The Common Market for Eastern and Southern Africa (COMESA) is a free trade area with twenty one member states stretching from Tunisia to Eswatini (formerly Swaziland). The main objective of COMESA among others is Regional Integration and Trade Facilitation. In the world of Proliferating Regional Integration Arrangements (RIA), African Countries have responded too instinctively by creating more RIAs and strengthening the existing ones (Yang and GUPTA, 2005). The Lagos Plan of Action for the Economic Development of Africa, (1980–2000) was an Organisation of African Unity-backed plan to increase Africa's self-sufficiency. This was the first major blueprint for Africa's development, and set out a vision of an integrated African market by the year 2000.

It was given further impetus by the Abuja Treaty which was approved in 1991 and came into force in 1994. From there we saw a number of Regional Economic bodies being formed, such as the East African Community (EAC). EAC is an intergovernmental organization composed of six countries in the African Great Lakes region in eastern Africa, namely: Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. John Magufuli, the president of Tanzania, is the EAC's chairman. The organization was founded in 1967 and it later collapsed in 1977, but was revived on 7 July 2000.

The Intergovernmental Authority on Development was established in 1996. It succeeded the earlier Intergovernmental Authority on Drought and Development (IGADD), a multinational body founded in 1986 by Djibouti, Ethiopia, Somalia, Sudan, Uganda and Kenya, with a focus

on development and environmental control. IGADD's headquarters were later moved to Djibouti, following an agreement signed in January 1986 by the member states. Eritrea joined the organization in 1993, upon achieving independence.

The Economic Community of West African States (ECOWAS) is a regional organisation of West African countries established on 28 May, 1975. Its main goal is the promotion of the economic integration among its members.

The Southern African Development Community (SADC) has been in existence since 1980, when it was formed as a loose alliance of nine majority-ruled States in Southern Africa known as the Southern African Development Coordination Conference (SADCC), with the main aim of coordinating development projects in order to lessen economic dependence on the then apartheid South Africa. +CEN-SAD was established in February 1998 by six countries, but since then its membership has grown to 29. One of its main goals is to achieve economic unity through the implementation of the free movement of people and goods in order to make the area occupied by member states a free trade area.

One of the RIAs is the Common Market for Eastern and Southern Africa (COMESA) is a regional integration signed on 5th November 1993 in Uganda, endorsed a year later in Malawi and formed on 8th December 1994 to replace the former Preferential Trade Area (PTA) from the early 1980s in Eastern and Southern Africa. COMESA was created to serve as an organization of free independent sovereign States that have agreed to cooperate in developing their natural and human resources for the good of all their people. In this context, the main focus of COMESA has been on the formation of a large economic and trading unit to overcome trade barriers faced by individual States.

Of key interest to COMESA is the enhancement of SMEs in trade countries. Small and medium sized enterprises are vital to creating jobs in Zambia which subsequently enhances economic growth (MCTI, 2007; MOF, 2002). Considering the 1996 baseline survey of SMEs in Zambia, about 97 percent of businesses are in the micro small and medium enterprises sector and the sector employs about 18 percent of the labour force and a lot of them are women accounting for 47 percent (Parker, 1996). The source of finance for SMEs is an essential component in the bid to understand the business environment in Zambia. Small scale businesses are faced with a number of issues ranging from finance, access to both foreign and domestic markets, and skilled human resource amongst others. Finance and markets can be ranked as one of the most

important resources in business, therefore the need to analyse the different available sources of finance and markets for SMEs.

1.2 Statement of the Problem

Although COMESA has put in place the Trade Facilitation Instruments, SMEs had not adequately utilized these instruments. SMEs in Zambia are still failing to access COMESA-TFIs despite COMESA trying to engage the stakeholders. Because of this, SMEs are not able to grow their businesses, increase their profitability, penetrate into foreign markets and lower trade-related transaction costs.

In the COMESA newsletter dated 20th August 2018, it was reported that a lot of SMEs in Zambia are not taking full advantage of the Trade Facilitation Instruments as compared with other SMEs in the COMESA Region. Therefore, given the statement of the problem, this study sought to answer the following research questions.

1.3 Purpose of Study

This study was a convergent and embedded research whose aim was to increase accessibility of COMESA TFIs by SMEs in Zambia.

1.4 Objective of the Study

The following were the specific objectives of the study to describe the extent of TFIs Utilization in Zambia?

i. To understand based on lay accounts barriers to utilization of COMESA TFIs by SMES in Zambia.
ii. To Develop a Framework which SMEs could employ to capitalize on COMESA TFIs in Zambia?

1.5 Research Questions

The study was designed to seek responses to the following questions

i. What is the state of SME utilization of COMESA TFIs in Zambia?
ii. Why is there no linkage between COMESA and SMEs utilization of COMESA TFIs in Zambia?
iii. How can SMEs utilize optimally COMESA TFIs in Zambia?

1.6 Significance of the Study

This study intended to develop a model given to COMESA instruments for small and medium enterprises in Zambia. Therefore, there is a knowledge gap which has been created in this sector. To this regard therefore, this research prioritized to unveil this knowledge gap.

The findings of this inquiry could be useful in the business sector. It could also be used by the Ministry of Commerce, Trade and Industry and other major stakeholders in the country and beyond, such as; the ministry of Finance, Citizenship economic empowerment commission (CEEC), Patent and Company Registration Agency (PACRA) and World Trade Organization (WTO), respectively. The aforementioned organizations could use the information generated from this research to curb challenges faced by SMEs to access markets and finance and increase access to markets and finance for SMEs, which may benefit both start-ups and fully grown businesses, producers and consumers of goods and services.

Moreover, the information could be helpful in upholding agreements on trade related aspects. Also, researchers who might be interested in this subject may use this paper as a guide in their research. Further, the results of this research will be helpful to the implementers of the policy on entrepreneurship in that, it will enable them to assess as to whether or not they have been able to meet their policy objectives.

1.7 Conceptual Framework

The presentation of the conceptual framework has definition of key concepts and the conceptual framework guiding the research.

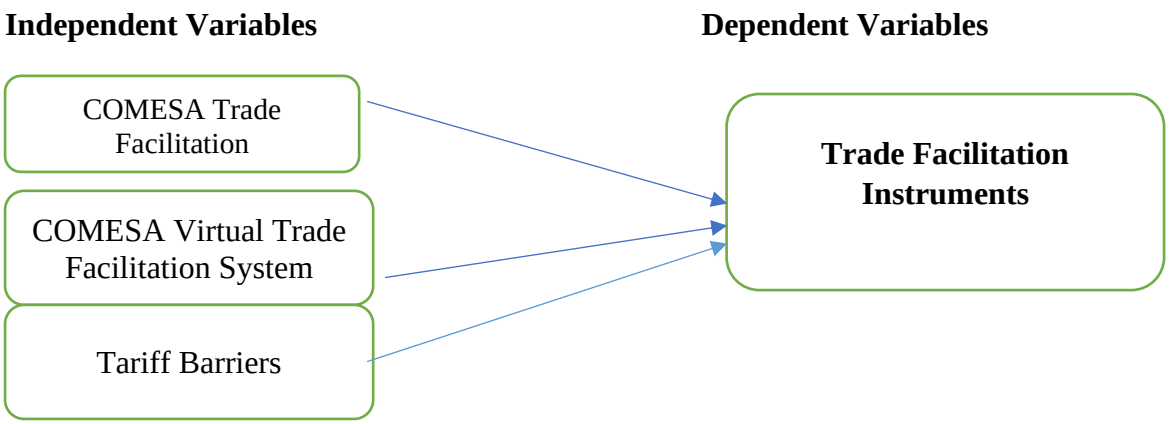

Figure 1.1

Source: Author

1.8 Scope of Study

The study was conducted in Lusaka and focus on the Trade Facilitation Instruments. It will also look at ZDA, one of the Organizations that deal with SMEs in Zambia. This is because of the rise of SMEs and the creativity shown in the recent past, as well as the observed lack of information in terms of literature to encourage and sustain the innovative and creative ideas of these business people; both old and new, locally and internationally. The parameter of this study was Lusaka city in Zambia Development Agency (ZDA) and Common Market for Eastern and Southern Africa (COMESA). The study was conducted in Lusaka city because a large proportion of SMEs and concerned stakeholders are based in Lusaka, it is also the headquarters of key government offices such as MCTI, Patents and Companies Registration Agency (PACRA) and Citizenship economic empowerment commission (CEEC) among others. Therefore, it will be more convenient for the researcher to access information from SMEs as well as key informants from service providers.

Trade Facilitation Instruments

COMESA Trade Facilitation (TF) is a system of procedures and controls governing the movement of goods across national borders. They are meant to reduce associated costs and maximise efficiency while safeguarding legitimate regulatory objectives.

Trade Facilitation is an important aspect of Regional Integration in COMESA.

- **Simplified Trade Regime (STR)-**Aims to formalise cross border trade by putting in place instruments and mechanisms tailored to the trading requirements of small-scale traders

- **Protocol on Rules of Origin**- Determine whether goods produced in the region are eligible for preferential treatment within the FTA

- **COMESA Carrier License-** Allows commercial goods vehicles to be licensed with one license which is valid throughout the Region

- **Yellow Card**-Regional Third-Party motor vehicle cover that provides third party legal liability cover and compensation for medical expenses from traffic accidents resulting from visiting motorists

- **RCTG-** Customs transit regime designed to facilitate movement of goods under Custom seal in the COMESA Region.

- **COMESA Virtual Trade Facilitation System (CVTFS**)-electronic trade facilitation initiative developed to monitor consignments along different transport corridors across the region.

- **Removal of Non-Tariff Barriers-** Liberalization of import lice sensing, removal of exchange restrictions, removal of import and export quotas, removal of roadblocks, easing of custom formalitis, extending times borders are open etc.

- **One Stop Border Post-** Facilitate Trade by reducing the border and reduce cross border transaction and enhance the regions competitiveness.

- **COMESA Customs Document-** Harmonise Customs and trade statistics systems

1.11 Organization of the dissertation

This dissertation was designed to establish increasing accessibility of COMESA instruments by Zambian small and medium enterprises; case of ZDA affiliated Some's. This academic study developed five (5) chapters which are clearly illustrated in the section below. The foundations of chapter provide a general picture of the study. This chapter is -structured into mainly the Introduction and Background of the study. This presented the Statement of the problem, research questions and research objectives. Chapter two (2) looked over various studies associated with this topic in the Literature review and theoretic and conceptual framework that was applied used in the study. Chapter three (3) presented the methodology which will be used in data collection and analysis of this study. Chapter four (4) will present the presentation of results while chapter five (5) is the conclusion and recommendation into the topic.

1.13 Summary

This chapter showed the importance of implementers of the policy on entrepreneurship in that, it will enable them to assess as to whether or not they have been able to meet their policy objectives. This chapter also gave background to the main problems facing cooperative governance which are similar to those faced by the majority of organizations because there is no one single owner who is also in charge of executive management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of studies that have been conducted on increasing accessibility of COMESA instruments by Zambian Small and Medium Enterprises. The researcher looked at the growth of COMESA operations, implementation of COMESA programmes**,** trade facilitation on informal cross border trade, market information on informal cross border trade, level of education on informal cross border trade, and access to credit and informal cross border trade. The chapter also provides both theoretical and conceptual framework that explains the relationship between the dependent and independent variables in the study.

2.2 Overview of Trade Facilitation Initiatives in COMESA/ZDA

According to COMESA (2012) Trade can be a powerful engine for economic growth, poverty reduction, and development. However, harnessing that power is often difficult for developing countries, particularly the least developed ones because of supply-side domestic constraints (lack of trade-related infrastructure and capacity). The Aid for Trade Initiative was launched to address these constraints. The OECD report Binding Constraints to Trade Expansion: Aid for Trade Objectives and Diagnostics Tools‖ [COM/DCD/TAD (2009)5/FINAL] shows that trade-related needs of developing countries are numerous, while political and financial resources are scarce and available only over time. Prioritization is therefore crucial to sequence the trade reforms and to guide aid-for-trade interventions.

It is not easy to identify which needs should be tackled first because trade-related needs are not only numerous, but also multi-faceted and country-specific. This was an important conclusion of the Second Global Review of Aid for Trade held in 2009. In his closing remarks at this event, WTO Director General Lamy (2009) stressed that Aid for Trade needs to factor in specificities; for example, those of middle-income countries and the types of financing available to them; or those of landlocked countries, small economies, remote islands or countries emerging out of conflict.‖ Therefore, Binding Constraints to Trade Expansion recommends that the growth diagnostics procedure developed by Haussmann et al. (2005) be adapted to trade expansion Portugal Perez and Wilson (2012) define trade facilitation as set of policies aimed at reducing export and import costs. It has been salient in the policy debate as the next key option to reduce trade costs in developing countries. The quantification of

infrastructure and categorized them into hard and soft infrastructure in the realm of trade facilitation. Hard infrastructure covers sea-ports, airports, roads and rail lines, which are all critical for connecting a country to the outside world. Less visible but no less important are the soft infrastructures of border and logistics management (shipping, air transport, telecommunications, business environment). Using a gravity model they demonstrated that improvement in trade facilitation increases chances of boosting merchandise exports.

According to Gutman et al. (2015) pioneered nowhere is infrastructure more crucial and potentially transformational than in sub-Saharan Africa. One of the main constraints to intra-African trade is inadequate infrastructure. As traditional trade barriers such as tariffs come down, trade facilitation reforms that address other impediments to trade in goods and services become even more important. It is evident that international trade can be made more efficient if countries remove complex and redundant administrative processes that affect, for example, efficiency of customs, the mobility of business people, payments and insurance, and standards and conformity assessment Baylis et al. (2011). As a consequence, trade facilitation is now part of the work programs of a number of international forums, including the World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD), the World Customs Organization (WCO), as well as Regional Economic Communities (RECs) IMF (2014). Table 1 illustrates the average regional transaction costs in international trade, specifically, the time and costs it takes to comply when exporting.

COMESA, report of (2013), established that article 70 of the Treaty establishing COMESA provides for Member States to embrace initiatives that facilitate trade and these include: reduction of the cost of documentation; adopting common procedures in trade; and capacity building in trade facilitation issues. Article 69 and 71 of the Treaty further provide for standardization of trade documentation and information; and simplification and harmonization of trade documents and procedures. COMESA has recognized infrastructure development as a priority and strategic focus area that requires special attention. A holistic and corridor-based approach to infrastructure development has been adopted based on three key pillars, that is, policy and regulatory harmonization, development of priority regional physical infrastructure covering transport, information communications technologies (ICT) and energy. The transport sector covers civil aviation, surface transport (covering road and rail) and water transport covering maritime and inland water transport subsectors. The ICT comprises telecommunications, broadcasting and postal services subsectors, whilst energy covers electricity, fossil fuels and renewable energy subsectors. These will enhance trade facilitation in the region and spur industrialization.

At the same time, COMESA is in the process of developing a common industrial policy, in a bid to foster the economic transformation of the region through industrialization based on two pillars namely: national industrial policy coordination, and cooperation. It is meant to address the economic transformation of the COMESA region through an inclusive and sustainable industrialization based on value addition, local content and SMEs participation in the national, regional and global supply chain. It targets promotion of manufacturing through agro processing, leather and leather products, cotton and garments, mineral beneficiation, light engineering and pharmaceuticals (COMESA, 2013).

Jouanjean et al. (2015) reported that the overall development potential for improving trade facilitation infrastructure is quite high in COMESA given that half of the Member States are landlocked. The launch of the WTO negotiation round in 2004 brought trade facilitation to the foreground in the policy arena and increased the number of regional trade agreements that incorporated trade facilitation measures. Trade Facilitation Initiatives in COMESA Article 70 of the Treaty establishing COMESA provides for Member States to embrace initiatives that facilitate trade and these include: reduction of the cost of documentation; adopting common procedures in trade; and capacity building in trade facilitation issues. Article 69 and 71 of the Treaty further provide for standardization of trade documentation and information; and simplification and harmonization of trade documents and procedures (Baylis et al. (2011).

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processing, leather and leather products, cotton and garments, mineral beneficiation, light engineering and pharmaceuticals. It follows from this, that as outlined in the COMESA, (2010) strategy, the approach to integration thus far has been focused on economic integration through the removal of trade and investment barriers. This approach has indeed reaped some dividends over the years, and while it will continue to be pursued, focus is now turning towards development-oriented integration, that is, trade facilitation is now becoming a bigger part of the COMESA agenda. This means that greater consideration will be given to factors that contribute to the supply side of integration, namely investment in the productive sectors (COMESA, MTSP, 2010-2015).

COMESA thus recognises that industrialization is a key driving force in the overall development process. In spite of this, COMESA's export earnings from the manufacturing industry remains very low, and the overall importance of the sector is in danger of waning as the services and mining sectors in a host of countries continue to grow in prominence (COMESA Business Council, 2013). The blanket liberalisation policies adopted by most of the COMESA Member States unsurprisingly resulted in the contraction of manufacturing activity and output especially in sectors that had previously been heavily protected. Even though in the long run the manufacturing share of GDP should grow, there is genuine concern that the level of de-industrialization may not be so easily reversed (COMESA, 2010).

Soloaga et al. (2014) applied gravity models in their estimation of the impact of improvements in trade facilitation in Mexico. They found that Mexico's unilateral improvements in trade facilitation measures had the potential to increase manufacturing exports by US$31.8 billion, equivalent to 22.4 percent of the average export level for period 2000 - 2003. Using a gravity model, Wilson et al. (2014) investigated the relationship between trade facilitation and its impact on the flow of traded manufactured goods. They found that intra- Asia Pacific Economic Cooperation (APEC) trade had the potential to increase its trade flows by up to 21 percent (US$254 billion). They further established that benefits attained from unilateral trade facilitation reforms are significantly large, and the ensuing gains are distinctly realised in exports.

Dominguez-Torres and Fosters (2011) found that infrastructure constraints in Cameroon are potentially responsible for about 42 percent of the productivity gap faced by firms. Similarly, shipment holdups, overcrowding and congestion at the ports in Kenya were reported to have hindered the ability of firms to acquire imported production inputs, resulting in production losses and higher production costs (USITC, 2009). These findings have important policy implications for developing countries many of whom are trying to industrialise. Although

improvements in the quality of infrastructure can be quite costly in the short term, literature shows that there are areas in which significant improvements could be obtained at modest cost. Liberalisation of key infrastructural services like port and telecommunications has been found to have a significant impact on trade.

Zambia Development Agency (ZDA) has called for a deliberate policy to support the effective growth of Small and Medium Entrepreneurs (SMEs), in the country. The business environment is not very conducive to support the thriving of SMEs (ZDA, 2020).

ZDA noted that the country is not financing the SMEs as very few of them are given opportunities, like construction tenders among others. Most contracts are being awarded to foreigners. At the same time local entrepreneurs are not accorded an opportunity to take part in the projects. The country is endowed with massive capacity to take up many business ventures ranging from engineers to doctors but only need harnessing (ZDA, 2020).

No one can develop the country apart from its people hence the need to prioritize the local entrepreneurs by giving them opportunities. ZDA called on government to put in place measures which will support the SMEs for growth and development (ZDA, 2020).

ZDA's experience with small businesses started during 1993. The organisation had to bid with others for the management of a donor programme targeted at small businesses. Among the reasons for this was that the organisation saw a financial incentive in the scheme which could go a long way in helping the organisation meet some of its budgetary needs. This was so because private business, which constitutes the membership at ZDA, was slowly coming out of the slumber experienced during the period of economic decay, and it was not easy for members to pay their subscriptions. In fact membership had shrunk considerably and this was worrying. The organisation, therefore, had to look out for other possible sources of finance as long as these did not deviate the organization from its service delivery to members (ZDA, 2020).

2.3 COMESA's Business Growth

COMESA region's growth slightly weakened in 2016 to 4.7% down from 6.1% in 2015 and projected to be 5.2 in 2017. The main reasons for the slowdown in growth in 2016 were weak global economic conditions, still-low (but rising) oil and commodity prices and adverse weather conditions (drought). Despite its slowdown, the region remained the fastest growing in the world, boosted by recovering commodity prices and increased domestic demand both in

2016 and 2017. Several countries in COMESA notably Democratic Republic of Congo, Djibouti, Ethiopia, Kenya, and Rwanda were among the fastest growing countries in the world with growth between 5% and 10.0%. Slowdown in China as well as its orientation from an investment-led to a consumption-based economy affected demand for exports from COMESA countries and indirectly led to lower global commodity prices (AfDB, OECD, UNDP, UNECA, ACP and African Economic Outlook 2017).

The slowdown in China is mainly attributed to its economic transformation from investment and manufacturing led towards domestic demand led consumption and services economy. While lower commodity prices are providing significant headwinds to the region's commodity exporters, the rebalancing of China's economy towards more consumption may benefit the region's economy in the coming years. The region is best placed to export consumer goods to China, including agricultural products. This will benefit most from China's switch to more consumption based growth. China's rising wages may also erode its competitiveness in low-end manufactures and could further increase FDI inflows to the region (AfDB, OECD, UNDP and African Economic Outlook 2017).

In 2016 and in 2017, on the demand side, private consumption continued to support growth, helped by lower oil and food prices and growing remittances. Construction investment, both public and private also remained an important driver of growth. In contrast, exports remained mostly sluggish and often declined due to weak global demand. Thus, the region's growth was again supported by domestic factors, which helped to cope with headwinds from the global economy. Given the region's vulnerability to external shocks, promotion of regional trade and integration has assumed even greater importance (African Economic Outlook 2017).

2.4 Implementation of COMESA Programmes Trade in Goods

In 2016, COMESA's Global trade declined by 8% from US$ 255 billion in 2015 to US$ 235 billion. Total exports dropped by 7% from US$ 76 billion in 2015 to US$ 71 billion in 2016 and imports dropped by 8% from US$ 179 billion in 2015 to US$ 165 billion in 2016. The drop in COMESA's global exports was mainly attributed to declines in export values of Democratic Republic of Congo and Libya, whose combined exports declined by US$ 7 billion in 2016. Likewise, the decline in global imports was attributed to DRC, Egypt and Libya's contributions, amounting to an import reduction of US$ 13 billion. Figure 8 below depicts the performance of COMESA's global trade over the period 2007 – 2016

Comoros (109%), Uganda and Madagascar (10%), Sudan (8%) and Burundi (6%). Regarding imports, the only COMESA countries that recorded growths in their 2016 global imports were Seychelles (62%), Djibouti (57%), Sudan (2%) and Ethiopia (1%). In 2016, the only country that recorded favourable terms of trade (ToT) with the world in the COMESA region was Swaziland with a ratio of 1.2. The rest of the COMESA countries had unfavourable terms of trade with the world.

2.4.1 COMESA's Trade with Key Market

Cadot, O. and J. Gourdon (2012) COMESA's trade with the EU, the most significant trading market for COMESA originating products, declined from US$ 21 billion in 2015 to US$ 17 billion in 2016. This drop reduced its market share from 26% in 2015 to 24% in 2016. COMESA's major export products to the EU were petroleum oils and oils obtained from bituminous minerals, crude and natural gas primarily exported by Libya and Egypt.

Ranked as the second major export market for COMESA originating products after the EU was United Arab Emirates that sourced goods worth US$ 9 billion from COMESA in 2016. Gold exports to the UAE contributed highly to this level of exports. These were worth US$ 6 billion in 2016, an increase of 3,033% from levels of US$ 183 million exported in 2015.

COMESA region was ranked the third export market for COMESA products and accounted for 11% of total COMESA exports in 2016. Other notable COMESA export markets were; China with exports valued at US$ 5.6 billion, representing a market share of 8% and South Africa with exports worth US$ 4.3 billion, representing a market share of 6%. COMESA market shares exports to the following markets declined in 2016 compared to 2015; EU, China and COMESA. The share of exports to South Africa in total exports remained the same between 2015 and 2016.

2.4.2 Customs and Trade Facilitation

Njiwa, D (2013) The COMESA Customs and Trade Facilitation work programme is underpinned by the Treaty provisions (Articles: 3 and 4) in which the Member States agreed to co-operate in creating an enabling environment for foreign, cross border and domestic investment to attain sustainable growth and development in the region. Articles 45 and 47 of the Treaty provide for the formation of a Customs Union and Common External Tariff in respect of all goods imported into the Member States from third countries.

In 2016, the focus was on continuing to build consensus of the Member States concerning outstanding Customs Union and trade facilitation instruments - during the Customs Union transition period - as well as facilitating the process of harmonisation and domestication of the CU instruments. In addition, there were efforts to ensure that industrial exemption regimes are harmonized.

The Third COMESA Heads of Customs Sub-Committee (CHCSC) held on 17 – 19 August 2016 considered the status of implementation on the Customs and Trade Facilitation Work programme as follows: harmonization of industrial rebate, finalization of working and processing for CTH Rule of Origin for Chapter 63, the Transposition of the COMESA CTN/CET to HS 2017 version, developing training Manual Modules on the Harmonised Commodity Classification and Coding System (HS) and Customs Valuation, Capacity Building activities on customs matters, gap analysis between the CTN/CET and national tariff books and progress on the findings of the Time Release Study (Ngwenya, 2016).

2.4.3 Customs Union Instruments

UNECA, AU and AFDB (2010). In preparation for the Customs Union, COMESA adopted the Common External Tariff (CET) at the Twenty Third Meeting of the Council in May 2007, the Common Tariff Nomenclature (CTN) at the Twenty Fifth Meeting of the Council in December 2008, and the Common Market Customs Management Regulations (CMR) as well as the Council Regulations Governing of the COMESA Customs Union (CRGCCU) at the Twenty Sixth Meeting of the Council in June 2009. The CRGCCU and the CMR were published in the COMESA Official Gazette Volumes 15 No. 1 and No. 2 on 9 June 2009 respectively.

The CRGCCU sets out key principles for the operation of the customs union such as the structure the CET in four bands: raw materials: 0%, capital goods: 0%, intermediate goods: 10%, and finished goods: 25%. The rates of the CET are subject to periodic reviews over time frames to be determined by Council and Member States are given the flexibility and policy space to enable them address national issues arising out of the implementation of the CET rates. (Tambunan, 2013).

2.5 Trade Facilitation on Informal cross border trade

Hasan (2013) .The Nile Basin Initiative, there are many non-tariff trade barriers experienced at Busia and Malaba border points in Uganda, which lead to irregular practices for certification and levying of stamp fees. Traders are subjected to lengthy documentation procedures for issuing licenses, spending approximately 7 hours in queues while in Kenya they spend an

average of 3 hours at customs offices. In addition, the report further reveals that formal traders with perishables and grains resort to the informal channels as a result of added costs arising from increased loading and off-loading costs as a major burden and impediment to trade (Evdokia, 2011)

Traders have not been able to benefit from the duty- free and quota-free access in the COMESA market due to their inability to obtain the necessary documentation such as certificates of origin to enable them to qualify for duty-free status as key documents are issued in capital cities and large commercial centers, away from where actual cross-border trade is conducted (COMESA, 2013).

Evdokia, (2009) stressed that the quality of road transport and communications infrastructure influences the patterns of informal and formal cross-border trade flows. The study further reveals, traders often choose to use the most effective and economical route, hence possibly avoiding formal border posts. Brookings (2012) supported this by revealing that 34% of the rural populations in Sub-Saharan Africa live within 2 kilometers of a road that is passable in all weather, the roads in rural areas are unpaved; making vehicle operating costs about 50% higher.

UNECA, (2013) revealed that Africa excluding Northern Africa remains by far one of the two regions in the world where international trade is most expensive. Document requirements are also burdensome by international standards with an average of 8 and 9 different documents required for export and import respectively. Cost wise, importing activities are unduly disadvantaged in Africa excluding Northern Africa to the extent that the import of one standard container takes on average 37 days and costs US$ 2,567 compared to 22 days and US$ 958 in East Asia and Pacific, 19 days and USD 1,612 in Latin America and the Caribbean, and 33 days and US$ 1,736 in South Asia.

2.5.1 Market Information on informal cross border Trade

Moisé, et al (2013) revealed traders in developing countries have limited awareness of applicable standards. They further revealed that accessing a particular market entails collecting and digesting relevant information on the applicable requirements which is time consuming, especially given the scarcity of institutions in developing countries to facilitate standards awareness and adoption.

Azam et al, (2012) stressed that lack of accurate and reliable market information on crops supply, demand and stocks discourage farmers and traders from taking additional risks, such

as exporting to new markets. EAC, (2005) found that the lack of information on regulation compels many traders to engage in unrecorded trade across the borders.

Informal cross border traders, especially small-scale traders, have little knowledge of the benefits of trading within EAC. The findings show that inadequate information on the existing trading opportunities along with there being no simplified written rules that the traders could refer to, makes it difficult for the traders, especially given their limited technical knowledge, to know their benefits and rights when trading within EAC. The study concluded that this has resulted in situations where customs officers exploit the traders' ignorance by demanding duties on goods that are not supposed to attract duties (Ogalo, 2010).

2.5.2 Level of Education on Informal cross border Trade

Lyles et al, (2014) found that managerial competencies measured by the education of the founder, managerial experience, entrepreneurial experience positively impact on performance of new ventures. Wood, (2003) found that lack of education and training has reduced management capacity in SMEs in South Africa and was one of the reasons for their high failure rates. EASSI, (2012) established that 11% of the women informal cross border traders had no schooling while 26% and 11% had completed primary and secondary schooling respectively with an example of Busia border between Kenya and Uganda, where 23% of the women informal cross border traders had no schooling.

IFC,(2014) revealed that Small business owners in the Democratic Republic of Congo often lack the ability to supply large companies because they don't have adequate business management skills or access to the bank financing that could help their enterprise grow.

This is supported by Titela and Kimanuka, (2012) who established that the general level of education among informal cross border traders is low with 26% of small traders having had no education at all, 53% having had no education beyond primary school and 21% having had education beyond primary school.

2.5.3 Access to credit and informal cross border Trade

Small and medium enterprises (SMEs) have overtime been at the forefront of accelerating economic growth in many countries and economic blocs. For example, the majority of the SMEs do employ at least about 50 employees in Southern African countries depending on their sizes and this helps to take a sizeable chunk of the employment burden from states (Tshuma & Jari, 2013).

Looking at South Africa, SMEs operates in every city and they provide employment for people and about 4 million jobs are created through this sector which in some cases may be regarded

as informal sector and the formal sector just provides only 7 percent (Thamas, 1989 and Aymes, 1988). The Majority of the SMEs in South Africa operate in the informal sector and there are about 700,000 such business which contribute and their contribution ranges between 16 to 40 percent of the country's gross national product (DeSmidt, 1990; hamas, 1989). The SMEs have played and continues to play a bigger role in the social economic development of the country. From previous studies by Kromberg (2005) on South African SMEs, it was found out that they contribute 30 percent to gross national product considering SMEs that are registered with the government, though the percentage could be higher if you consider SMEs that could be operating but not formally registered because of fear to pay state taxes (Skinner, 2006). In Tanzania, SMEs have played a big role in the social and economic transformation of the country since its transition from a command economy to a market economy and they contribute about 60 percent to the gross national product (Echengreen and Tong, 2005; Pyke et al., 2000). In the Tanzanian consideration, an SME is viewed as one that employs at least 4 persons and with a capital of TZ shillings 5 million and the majority of the SMEs fall in the informal sector. It is however possible that you find some SMEs with capital of between 200-800 million employing above 49 employees (Hamisi, 2011). From such examples, Zambia as a country would look for ways of improving the SMEs market since it is evident from these studies, that they are can be a good source of jobs creation, taxes for the government among other benefits. According to UNIDO (2006), there is a strong relationship between existence of SMEs and contribution to a country's GDP and in the case of Tanzania they contribute about 35 percent and this would have be better if the SMEs are operating efficiently and a full friendly business environment (Mangeni, 2014).

Kemigisha, (2014) attributed the lack of sufficient credit faced by SMEs in developing countries leads to reliance on the most expensive sources of finance to support their trade transactions. In addition, lending to SMEs is severely constrained as a result of their lack of credit history, poor knowledge of trade finance and absence of adequate or acceptable forms of security and as a result they either face an absolute dearth of financing or where 87 it is available, are typically reliant on local currency loans and overdraft facilities to finance their trade operations, placing them at an enormous disadvantage in financing their imports and in transacting trade.

While Mutambara, (2013) found that 86% of traders got their initial capital for starting their enterprises from informal sources. Personal savings were the dominant source of credit, especially for initial capital, pointing to the limited ability of the financial markets to meet existing credit demand from certain borrowers and reinforcing the argument that small-scale

rural based enterprises do not have access to the financial resources of the formal financial sector.

IFC, (2013) shows that 52% of women business owners meet their businesses' capital needs through private sources, such as personal savings, family and friends which are all difficult for growing businesses to leverage on. The report shows that 41% of the respondents reported challenges in accessing needed capital among whom 67% cited high interest rates as a hurdle they have encountered when seeking external financing, followed by lack of collateral guarantees at 36%. World Bank, (2013) reported that 48% of firms identified access to finance as the biggest obstacle to growth, compared to 12% in 2006. The firms' perception of access to finance as an obstacle worsened between 2006 and 2013 despite the indicated improvement in the use of financial services by firms. ITC, (2015) revealed Women have less access to finance because they have less physical and reputational collateral. This may explain why they are concentrated in less capital-intensive firms. World Bank (2015) showed that young and smaller firms are more likely to be denied a loan or a line of credit than firms who are more established or larger. Only 1.9 % of small firms have a loan or line of credit and this is attributed to the fact that SMEs are discouraged from applying for loans due to excessively high collateral requirements.

A main motivation for entrepreneurship is the need for freedom. Stepping into self-employment means becoming your own boss and a need for autonomy as a non-financial value becomes an important part of the entrepreneur's career choice, despite a potential decrease in income (Fritsch, Michael, and Alina Rusakova, 2010). Entrepreneurial opportunities can arise from structural gaps in the market or from business transformations, for example the genesis of an internet company. The entrepreneurial opportunity itself, consists of a business idea and it's potential. The business idea is then formed into a business plan which is the foundation for creating a company and exploiting the gap in the marketplace (Cheelo, C. 2013).

2.6 Theoretical Framework

The theoretical framework explains the path of a research and grounds it firmly in theoretical constructs. The overall aim of the two frameworks is to make research findings more meaningful, acceptable to the theoretical constructs in the research field and ensures generalizability. They assist in stimulating research while ensuring the extension of knowledge by providing both direction and impetus to the research inquiry. They also enhance the empiricism and rigor of a research. Thus, it is no exaggeration for Imenda (2014) to say that both the theoretical and conceptual frameworks give life to a research.

The theoretical framework offers several benefits to a research work. It provides the structure in showing how a researcher defines his/her study philosophically, epistemologically, methodology and analytically (Grant & Osanloo, 2014). Ravitch and Carl (2016) concur that the theoretical framework assists researchers in situating and contextualizing formal theories into their studies as a guide by the Systems Theory and Trade and Theories of Constrains and Trade.

2.6.1 Systems Theory and Trade

Systems theory was developed in the 1950s against the backdrop of a need to have a set of systematical theoretical constructs to discuss the empirical world (Boulding, 1956; von Bertalanffy, 1951). "General systems theory is the skeleton of science in the sense that it aims to provide a framework or structure of systems on which to hang the flesh and blood of particular disciplines and particular subject matters in an orderly and coherent corpus of knowledge" (Boulding, 1956, p. 208).

For example, if an organization's marketing strategy fails to increase the sales record, the feedback from the consumers and the market will force the organization to change its strategy in order to survive and maintain its desired goal of keeping up its sales performance. The disruptions or variations in the environment will thus force the system to respond and adjust in order to maintain this state of equilibrium. The third source of systems theory in organizational communication research is structural functionalism (Parsons, 1951).

Systems theory aims to explicate dynamic relationships and interdependence between components of the system and the organization environment relationships. A system is established based on the structure and patterns of the relationships emerging from interactions among components. As a result of these emergent patterns and relationships, each system is different from another (Poole, 2014).

In general, systems theory focuses on three levels of observations: the environment, the social organization as a system, and human participants within the organization. This multi-level focus can be traced back to the original pursuit of initiating dialogue among disciplines through systems theory. It is argued that this pursuit can be accomplished through different ways. One of them is to find general phenomena that are observable across many disciplines. For instance, it is common to find in any social systems where aggregations of individuals interact with one another and with the environment and develop interdependent relationships. The biological notions of population change and individuals' interaction with the environment can apply to human organizations. Populations refer to the aggregates of individuals defined by common

attributes and experiencing dynamic growth and declines of individual components. Each population exhibits dynamic patterns of its own and engages in dynamic interactions with other populations. These are essentially the tenet of the ecological and evolutionary perspectives, which will be explained in a later section (Schneider & Somers, 2006).

According to systems theory, components of each system are structured in a hierarchical ordering, and components are interdependent with one another in the system to the extent that one component cannot function without the support of other components. Components of a system can be tightly coupled, where the components are closely interdependent, or loosely coupled, where the smaller subsets of tightly connected components are loosely connected to one another. At the organizational level, the organizations and other organizations in the environment are also interdependent on one another. Underlying this interdependence are the permeable boundaries, both within and among organizations. Invariably, social organizations have to maintain permeable boundaries of a certain degree in order to receive materials or export products to survive. The process of receiving resources (input) and exporting products (output) is the exchange process. When the raw materials are received, components of a system will work together to transform the materials into products exported to the environment.

Taking a systems approach' is thus more akin to a frame of mind that weights the importance of understanding interdependence and contingency relatively more heavily than obtaining narrowly identified causal estimates, compared to prevailing approaches to evidence-informed policymaking or service delivery or innovations. It is an approach which employs a set of analytical tools with the aim to understand how complex systems function, with a focus on understanding the dynamic relationships between system components, and an emphasis on studying the system as a 'whole' how they function or dysfunction instead of looking at individual components (De Savingy and Adam 2009; Hawe et al 2004). The goal of system approaches, therefore, is to encourage a more holistic approach to programme or service or innovation design/development or delivery which takes account of various interdependencies and contingencies. It aims to understand what works, for whom, and why (Dudenhoeffer et al., 2006).

Literature in trade relating to systems theory is limiting. There are no quantitative and qualitative studies and very limited dedicated journals. The theoretical and methodological responses to the challenges of interdependence and contingency have also varied accordingly, although in this respect there is as much diversity where the theory has been used especially within the three sectors (education, health, and infrastructure) as across them. Each sector has addressed different types of questions. In general, given the nature of the research is policy-

focused; the direction of research is often determined by national priorities, multi-lateral organizations or availability of data (Tuominen et al., 2014).

2.6.2 Theory of constraints and trade

Theory of constraints has a wide range of implementation scale. Theory can be applied in production, logistics, supply chain, distribution, project management, accounting, research and development, sales and marketing and so on. On the other, there is a common point which is defined in almost every study, constraint. The main aim of every company is increasing the profit (Goldratt, Eliyahu M. (1998). According to this point of view, constraints are main obstacles at achieving companies' aims. In other words, everything which exists in the road of having more profit is considered as a constraint. So, if companies can handle constraints in their system and manage these constraints, they would have a continuous improvement management system thus they could achieve higher profits. This simple logic leads to many questions and for this reason alone pushes researchers to investigate every aspect of TOC (Eliyahu M. Goldratt. 2004).

The Optimized Production Technology Era-(1979-1984)

In 1979 when Goldratt introduced its solution called "Optimized Production Technology (OPT)" to increase the output of a firm which could not satisfy the demand because of resource constraints, it drew too much attention in the USA and immediately it is started to be used in companies with utmost urgency. On the other hand, the logic could not decode clearly for that reason academicians did not pay enough attention and continued to use traditional approaches. In 1983 Jacobs searched how OPT can be used in scheduling and production planning. Harrison (1995) tried to explain concept of OPT by focusing on the goal of the manufacturing organization, Aggarwal (1985) stated that choosing a system takes time and sometimes implementation can cost millions of dollars so in the study he benchmarked MRP, JIT, OPT and FMS. The other study which benchmarks MRP, JIT and OPT belongs to Gelders and Waasenhove (1985). They discussed these inventory control systems according to capacity.

The Goal Era-(1984-1990)

OPT was a successful software program but the main problem why it could not gain enough attention was that the lack of understanding with regard to how OPT schedules were produced. Therefore, Goldratt and Cox (1984) published a book named "The Goal" as a marketing tool

to educate both managers and workers about OPT. Although The Goal was written largely to educate workers at facilities using OPT, it became a best seller business novel which describes number of heuristics and techniques that have become the foundation for TOC (Watson et. al., 2007).

The Goal described Alex Rogo's story who is a manager at UniCo factory. There was an order which was delayed for 7 weeks and if core problems were not to be solved, factory would be shut down because of huge costs of order delays. After careful researches, Alex found that there were two bottlenecks and he managed to save his plant with the help of his mentor Jonah. The Goal explains the Five Focusing Steps (5FS).

The working process of implementing TOC concepts consists of 5FS which is called Process of On-Going Improvement. The steps are to; identify the system's constraint, decide how to exploit the system's constraint, subordinate everything else to the above decision, and elevate the system's constraint and if in any of the previous steps a constraint is broken (Goldratt and Cox, 1984; Goldratt and Cox, 1992). Ronen and Spector (1992) extended the process of continuous improvement by adding two preliminary steps so redefined it as a seven step method, define the system's goal and determine the global performance measures. As it can be seen, TOC focus on continuous improvement philosophy by dealing with constraints.

Goldratt's Theory of Constraints is essentially about change and the Five Focusing Steps are directly concerned with these tree basic questions about change that every manager needs to know. To determine what to change is looking for constraints; to determine what to change to, defining how to exploit constraint and subordinate other operations; to determine how to cause change is the elevate step (Coman and Ronen, 1994; Dettmer, 1997; Scheinkopf, 1999; Watson et. al., 2007). As the first prerequisite of process, the purpose of the system has to be defined. For the second prerequisite, measures of performance which is the actual throughput of the system need to be proper (Coman and Ronen, 1994).

Constraints

A constraint is anything that prevents the system from achieving its goal. There are many ways that constraints can show up, but a core principle within TOC is that there are not tens or hundreds of constraints (IMA, 1999). There is at least one, but at most only a few in any given system. Constraints may be resource constraints such as a person or department that cannot keep up with market demand. There are also policy constraints and dummy constraints. A policy constraint is a management decision or business culture that limits the system (Ioannou

and Papadoyiannls, 2004). For example, in the landmark book, The Goal, the plant highlighted in Goldratt's novel had a resource constraint. At first, this resource was shut down during lunch breaks and shift changes, losing four to five hours per day across three shifts. This policy was a constraint. By working the resource truly all the time the Throughput of the plant was increased. A dummy constraint is a resource constraint that is easily broken. For example, in The Goal, the constraint resource was down occasionally awaiting the setup crew, making the setup crew a constraint. This is a dummy constraint because the cost of a setup crew is very small compared to the thousands of dollars per hour lost when the constraint was idle. A dedicated setup crew was applied to the resource constraint, breaking this dummy constraint (Bellgran et al., 2002).

All these constraints could be categorised into two. Constraints can be internal or external to the system. An internal constraint is in evidence when the market demands more from the system than it can deliver. If this is the case, then the focus of the organization should be on discovering that constraint and following the five focusing steps to open it up (and potentially remove it) (Demircioğlu et al., 2010). An external constraint exists when the system can produce more than the market will bear. If this is the case, then the organization should focus on mechanisms to create more demand for its products or services (Mabin and Balderstone, 2003; Mukherjee and Chatterjee, 2007). In this study, we shall focus on internal constraints or bottlenecks. Bottlenecks are any process activities, constraining organisational performance (Roser et al. 2002; Bellgran et al., 2002; Hill, 2011) with, e.g. the slowest cycle time, arising from any types of process disturbances (Kim et al., 2008). Understanding a bottleneck requires understanding a larger system (Slack and Lewis, 2005) as no system advances quicker than its slowest bottleneck component (Bellgran et al., 2002; Belasco, 1988).

Types of (internal) constraints

a) Equipment: The way equipment is currently used limits the ability of the system to produce more saleable goods/services (Bellgran et al., 2002; Gupta and Boyd, 2008).
b) People: Lack of skilled people limits the system. Mental models held by people can cause behaviour that becomes a constraint (Roser et al., 2002; Robbins, 2011).
c) Policy: A written or unwritten policy prevents the system from making more. Policy constraints deserve special mention. It may come as a surprise that the most common form of constraint (by far) is the policy constraint. Since policy constraints often stem from long-established and widely accepted policies, they can be particularly difficult to identify and even harder to overcome. It is typically much easier for an external party

to identify policy constraints, since an external party is less likely to take existing policies for granted. When a policy constraint is associated with a firmly entrenched paradigm (e.g. "we must always keep our equipment running to lower the manufacturing cost per piece"), a significant investment in training and coaching is likely to be required to change the paradigm and eliminate the constraint. Policy constraints are not addressed through application of the Five Focusing Steps. Instead, the three questions discussed earlier in the Thinking Processes section are applied:

- What needs to be changed?
- What should it be changed to?
- What actions will cause the change?

The Thinking Processes are designed to effectively work through these questions and resolve conflicts that may arise from changing existing policies (Goldratt, 1993; Mukherjee and Chatterjee, 2007).

a) People having no value to an organisation (Rahman, 2002; Mabin and Balderstone, 2003).
b) People seeing no reward from an organisation (Chou et al., 2012).
c) No money to execute particular tasks (Cox et al., 2005; Chou et al., 2012).
d) Paradigm where there are deeply engrained beliefs or habits. For example, the belief that "we must always keep our equipment running to lower the manufacturing cost per piece." A close relative of the policy constraint.

Market and these occur when production capacity exceeds sales (the external marketplace is constraining throughput). If there is an effective ongoing application of the Theory of Constraints, eventually the constraint is likely to move to the marketplace.

How the Theory Works

The theory of constraints assumes that your business performance cannot improve because of some specific problems or inefficiencies that are holding you back. You can find the constraints by looking for undesirable effects. Typical undesirable effects in a production line include extended waiting times, a build-up of parts or materials, production errors and variable production volumes (Chou et al., 2012). Look for the causes of the undesirable effects, such as a machine that has insufficient capacity, an employee who needs additional training or a badly-

designed manufacturing sequence. While you may find several causes, the main constraint causes the most undesirable effects and should be dealt with first. When you make changes to remove the main constraint, your performance improves but another main constraint limits further improvement (Coman and Ronen, 1994).

Justification of the use of the TOC in this study

Theory of constraints has a wide range of implementation scale. Theory can be applied in production, logistics, supply chain, distribution, project management, accounting, research, and development, sales and human resource practice. As the main idea is that every system has weak points. According to this point of view, constraints are main obstacles at achieving companies' aims (Chaudhari and Mukophadhyay, 2003). In other words, everything which exists in the road of having more profit is considered as a constraint. So, if companies can handle constraints in their system and manage these constraints, they would have a continuous improvement management system thus they could achieve higher profits. This simple logic leads to many questions and for this reason alone pushes researchers to investigate every aspect of TOC.

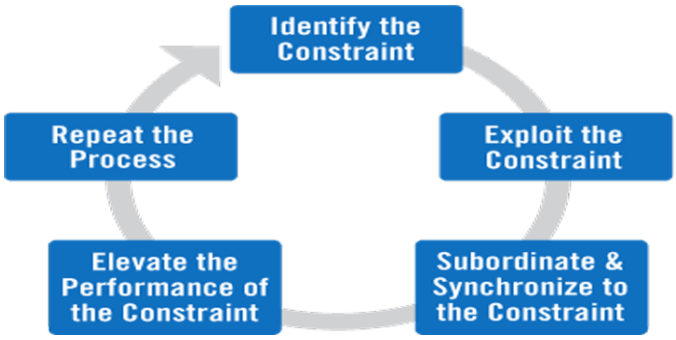
It ought to be noted that organizations like COMESA and SMEs may have problems with equipment, people, policies, etc. (A breakdown is just that – a breakdown – and is not a constraint in the true sense of the TOC concept). The constraint is the limiting factor that is preventing the organization from getting more throughput (typically, revenue through sales) even when nothing goes wrong. The TOC brings together numerous operational measures used in practice and redefines them in monetary terms to propose a simple structure of three operational measures: throughput, inventory, and operating expenses. These variables are related to the well-understood financial measures: net profit, return-on-investment, and cash flow.

TOC, as applied to organisation management, also distinguishes between bottleneck and non-bottleneck resources. TOC maintains that the impact of local decisions made to operate (or manage) a bottleneck can be measured in operational terms using cause-and-effect thinking. Swamidass (1991) suggested that Whetten's "why" criterion requires researchers to evaluate why they should give credence to this particular representation of the phenomenon while the "where and when" criterion addresses the question of the generalizability of the theory.

The Theory of Constraints is a methodology for identifying the most important limiting factor (i.e. constraint) that stands in the way of achieving a goal and then systematically improving

that constraint until it is no longer the limiting factor. In manufacturing, the constraint is often referred to as a bottleneck. The Theory of Constraints takes a scientific approach to improvement. It hypothesizes that every complex system, including manufacturing processes, consists of multiple linked activities, one of which acts as a constraint upon the entire system (i.e. the constraint activity is the "weakest link in the chain").

The TOC has its own philosophy based on one working principle which provide a focus for a continuous improvement process. The principle consists of five focusing steps or bottleneck points (Goldratt, 1990b: 5) which are summarised in Figure 1 depicting a cyclical process.



(Source: Shams-ur Rahman, 1998)

The Haystack Syndrome Era-(1990-1994)

TOC is an effective approach but need to be endorsed with performance measurement system. The underlying reason is that every company wants to measure the effect of improvements on their system. This main idea leads to the development of a process-focused performance measurement system. This system focuses the organization on actions that improve overall financial performance. In literature this framework called "Throughput Accounting". According to TOC there are financial and operational measurements. Financial performance measures are net profit, return on investment and cash flow which are global performance measurements. TOC uses this measurement system but states that they are not enough in the subsystem level. So there must be operational measurements as well which are, throughput, inventory and operating expense. In 1998 Lockamy and Spencer stated that "TOC' measurement system can be used in conjunction with existing systems, provided all measures are consistent with the organization's goals. But, an additional system will be required to provide regulated external information.

2.7 Summary

The researcher reviewed the literature based on the objectives of the study in question. This was done to establish what other underlying concepts in the area as well as what other researchers have found in their previous studies. The conceptual framework was drawn showing the relationship existing between independent variables and dependent variables under study.

This chapter looked at the introduction to literature review and reviewed the literature in relation to the objectives which were; to Extent of the accessibility of Common market for Eastern and Southern Africa trade facilitation instruments by SMEs in Zambia? What is the state of SME utilization of COMESA TFIs in Zambia? Why is there no linkage between COMESA and SMEs utilization of COMESA TFIs in Zambia? How can SMEs utilize optimally COMESA TFIs in Zambia?

The next chapter provided the Research Methodology used in the findings of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methods and research design presented in this section were developed with a view to achieve the study objectives. Research methodology shows how the researcher will collect, arrange and analyze data in the research. ‘Research design is the plan and structure of investigation so conceived as to obtain answers to research questions’ Blumberg, Cooper and Schindler (2014).

Blumberg, et al. (2014) contend that the typical research design elements are: Purpose of study in terms of casual or predictive; Degree to which the research question must be crystallized, which is either exploratory or formal study; Method of data collection; Power of the researcher to influence the variables under the study; Time dimension; Research environment that being field study or simulation.

This chapter presents the methodology that was adopted for this research. The section looked at the research approach, population, design, the sources of data, the sample size, the sampling methods, the data collection methods, the reliability of data, the validity of data, the data analysis techniques and the ethics to be applied when conducting the research.

Table 3.1 Research Design Matrix

Research Question	**Research Objective**	**Population & Sampling**	**Data Collection**	**Data Analysis**
Research Question 1: What is the state of SME utilization of COMESA TFIs in Zambia??	To describe the extent of TFIs Utilization in Zambia.	Small & Medium Entrepreneur (Maximum Variation type of Purposive Sampling	Survey Questionnaire	Univariate and Bivariate analysis
Research Question 2: Why is there no linkage between COMESA and SMEs it current utilization of COMESA TFIs in Zambia?	To understand based on lay accounts barriers to utilization of COMESA TFIs by SMES in Zambia	Small & Medium Entrepreneur (Maximum Variation type of Purposive Sampling of Comesa SMEs documents	Survey Questionnaire	Univariate, bivariate and multivariate analysis
Research Question 3: How can SMEs utilize optimally COMESA TFIs in Zambia?	To Develop a Framework which SMEs could employ to capitalize on COMESA TFIs in Zambia	This is an analytic outcome	Interviews (Person to Person)	Thematic analysis

3.2 Research Philosophy

The philosophical underpinnings for this study are drawn from the understanding that the phenomenon being studied affects behavioral aspects of humans; that is increasing accessibility of COMESA instruments by Zambian small and medium enterprises. There are two basic considerations: Ontology and epistemology, which are the two different ways of viewing a research philosophy. Ontology in business research can be defined as "the science or study of being" (Blaikie, 2010) and it deals with the nature of reality. Ontology is a system of belief that reflects an interpretation by an individual about what constitutes a fact. In this study, ontology is applied in as far as the central question of the research hinges on whether the customer

involvement in new product development affects customer satisfaction in the banking industry could be perceived as objective or subjective.

To address this aspect, the two aspects of ontology (objectivism and positivism) and subjectivism are reviewed. Objectivism "portrays the position that social entities exist in reality external to social actors concerned with their existence" (Saunders, et al, 2012). Alternatively, objectivism "is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social actors". Subjectivism (also known as constructionism or interpretivism) on the contrary, perceives that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence. Formally, interpretivism can be defined as "ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors" (Bryman, 2012).In this regard, realism is considered to be objective. That is it exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist). In this regard, critical realism is considered since the choice of identify the constraint is dependent on increasing accessibility of comesa instruments of the real small and medium enterprises world. According to critical realism, sensations and images of the real world can be deceptive and they usually do not portray the real world (Novikov and Novikov, 2013).

3.2.1 Ontology

Ontology is the study of 'being' and is concerned with 'what is', i.e., the nature of existence and structure of reality as such or what it is possible to know about the world. Ontological issues are concerned with questions pertaining to the kinds of things that exist within society. It refers to the nature of the world around us. Ontology is also concerned with nature of reality (Crotty, 1998). Ontology in business research can be defined as "the science or study of being" (Blaikie, 2010) and deals with the nature of reality. Using the realist approach, the study focused on the increasing accessibility of COMESA instruments by Zambian small and medium enterprises at Zacci affiliated SMEs.

3.2.2 Epistemology

Epistemology involves knowledge and, necessarily, it embodies a certain understanding of what that knowledge entails (Saunders et al., 2009). For Crotty (1998) epistemology is a way of looking at the world and making sense of it. Saunders et al, (2009) explains that

epistemology deals with the 'nature' of knowledge, its possibility (what knowledge is possible and can be attempted and what is not), its scope and legitimacy 'resources' researcher is embracing what is called the positivist position to the development of knowledge whereas the 'feelings' researcher is adopting the interpretivist perspective.

Positivism, which is an epistemological position, focuses on the importance of objectivity and evidence in searching for truth, objective and value-free inquiry. This means that a distance be held on any impact on research findings (Saunders et al, 2009).

The study therefore attempts to bring factors by use of knowledge to bring out the legitimacy of the existence and how increasing accessibility of COMESA instruments by Zambian small and medium enterprises at ZACCI. The epistemology used emphases on the importance of objectivity and evidence in searching for truth, objective and value-free inquiry.

3.2.3. Phenomenology

Phenomenology refers to the way in which we as humans make sense of the world around us. It was apparent that the study relates a phenomenon that interpreted usage of perceptions, opinions and experiences of human beings (Saunders, 2009).As a branch of science and philosophy, phenomenology aims to develop a rigorous and unbiased study of subjective experience by exposing how our prejudgments impose themselves upon reality.

3.2.4. Axiology

Axiology is a branch of philosophy that studies judgments about value. A good study is bases on values and credibility. The Values are a critical component to research. (Saunders, et al, 2009). The study therefore gathered credible data and values to explain the increasing accessibility of COMESA instruments by Zambian small and medium enterprises at ZACCI. And further obtained meaningful results to give a position at the end of the study.

3.3 Research Design

This study will be undertaken using mixed methods (qualitative and quantitative), employing case-study design. A case study is the study of an instance in action; the single instance is of a bounded system Cohen et al (2008). The case study is a way of organizing social data for the purpose of viewing social reality of a social unit as a whole Best and Kahn (2006).

3.4 Research Context

This research study will be conducted at Zambia Chamber of Commerce and Industry (ZACCI), the parameter of this study is Lusaka city in the Ministry of Commerce Trade and

Industry (MCTI).The study will be conducted in Lusaka city because a large proportion of SMEs and concerned stakeholders are based in Lusaka, it is also the headquarters of key government offices such as MCTI, Patents and Companies Registration Agency (PACRA) and Citizenship economic empowerment commission (CEEC) among others. Therefore, it is more convenient for the researcher to access information from SMEs as well as key informants from service providers.

3.5 Study Area

The choice of the study areas is based on the fact that Lusaka district is convenient for the researcher because of domicility and the district has reasonable measure of economic activity.

3.6 Study Population

Study population is a subset of the target population from which the sample is actually selected. It is broader than the concept sample frame. It may be appropriate to say that sample frame is an operationalized form of study population (Bickman & Rog, 1998).

The population for this study comprised of the Citizenship economic empowerment commission (CEEC), Ministry of Commerce Trade and Industry (MCTI), Patents and Companies Registration Agency (PACRA and SMEs who are concerned stakeholders are based in Lusaka. Gay (1992) suggested that for sample survey, 30 cases or more is required. Using Slovin's formula a suitable sample size of 51 Account Holders of NPD was arrived at, applying a confidence level of 95% (error margin of 12%) on the population of 200 and the response distribution of 50%, the sample size in the study is calculated using the formula as follows:

$n = N / (1 + Ne^2)$, where n = sample size, N = Total population and e = Error tolerance; or 200/ (1+ (200*.0144)) = 51. (CEEC), (MCTI), (PACRA) (ZDA) and SMEs who are concerned stakeholders are based in Lusaka. Agreement

3.7 Study Sample and sampling techniques

3.7.1 Sampling Technique

Sekeran (2010) holds that 50% of the target population is justifiable to make conclusions in a scientific study. This study shall to reach 87% of the SMEs that are currently operating in Lusaka translating into a sample size of 130. This will be in line with Mugenda and Mugenda (2003) who poise that the sample size should be as large as possible in order to produce the salient characteristics of the accessible population to an acceptable degree.

Purposive sampling technique will be used to select the samples. This method of sampling is preferred in order to get a good representation of all the areas in Lusaka because the SMEs have specific areas of operation and face different opportunities and challenges based on their area of operation. This is in line with Creswell and Clark (2011) who are of the view that by using simple random sampling the researcher is not sure whether the subgroups that he wants to observe are represented equally or proportionately within the sample.

Maximum variation sampling "A maximum variation sample is constructed by identifying key dimensions of variations and then finding cases that vary from each other as much as possible. This sampling yields: (1) high-quality, detailed descriptions of each case, which are useful for documenting uniqueness, and (2) important shared patterns that cut across cases and derive their significance from having emerged out of heterogeneity (3).Presuming that different study characteristics illuminate different aspects of a phenomenon, maximum (Dennis,2004).
The study employed Maximum variation sampling technique to put SMEs holders which are homogeneous in their operations into subgroups since the nature of risk vary across firms. Then the SMEs were divided in the clusters and the Yamene Table. Maximum Variation Contains cases that are purposeful and are different from each other. The main purpose is to ensure that there is wide variety of participants.

Table 3.2 Participants in data collection and interviews

Organisation	**Sample** unit	**Respondents**	**Sample size**
Small and Medium Enterprises (SMEs) COMESA	SMEs Business Policy Advisor	SMEs	114 1
COMESA	Transport Economist	Expert	1
COMESA	Trade Experts	Expert	1
COMESA	Investment promotion and private sector expert	Expert	1
COMESA	Communication Officer	Expert	1
COMESA	Team leader/CBT Expert-CBT Initiative (COMESA)	Expert	1
ZDA	Investment Promotion Officers	Expert	3
ZDA	Director of Foreign Services	Director	1
ZDA	Industry and Trade	Experts	4
ZDA	Research & Development	Experts	2
Total			**130**

3.8 Data Collection Instruments

The researcher used questionnaires and interviews in this research. The choice of these instruments facilitated the collection of two types of data; namely primary and secondary data (Yin, 2014). Qualitative data will be collected through closed ended self-administered questionnaire. Questionnaires are advantageous in that they allow respondents to express themselves freely because their identities are withheld and protected.

According to Kothari (1985) primary data is defined as data collected specifically for the research at hand. The researcher used interviews and questionnaires as primary data collection instruments. For the sake of consistence and completeness of data collection, the questionnaires were semi-structured which included both open ended and closed ended questions (Lancaster (2002). This was done in an effort target as much information as possible from the respondents. The questionnaires were however being administered in person, since such a method facilitates cooperation and flexibility in that the researcher was able to explain to the respondents what the question is really asking for situations where the respondents do not understand (Proctor, 2003). While Secondary data is that data that already exists and is of some particular relevance to the topic at hand. For the purpose of this research study, secondary data was used from extensive literature search such as Textbooks, past qualifying dissertations, Internet and Journals (Malhotra, 2004).

A list of sample members was obtained from the Zambia Development Agency, an institution responsible for entrepreneurship development in the Country.

3.8.1 Questionnaire

114 questionnaires were administered, and all the questionnaires were filled up are returned

A questionnaire is a list of questions asked to respondents and designed to extract specific information. It serves four basic purposes: to (1) collect the appropriate data, (2) make data comparable and amenable to analysis, (3) minimize bias in formulating and asking question, and (4) to make questions engaging and varied. (Juppe,2006). According to McLean (2009), questionnaires are restricted to two basic types of questions: close-ended (or “close question”) is a question for which a researcher provides a suitable list of responses, which mainly produces quantitative data; and open-ended (or “open questions”) is a question where the researcher does not provide the respondent with a set answer from which to choose. Rather, the respondent is asked to answer “in his or her own words.” This produces mainly qualitative data.

In this study, the questionnaire was used to collect qualitative and quantitative data from the respondents pertaining to service providers.

3.8.2 Key Informant Interviews

Due to COVID-19 I did not conduct intensive individuals interviews therefore I used semi-structured interviews which contains set of questions to be answered by all the interviewees and the main target group were (Business Policy advisor, Transport Economist, Trade Experts, Investment Promotion and Private Sector Expert, Team Leader/CBT Expert - CBT Initiative, Communications Officer)

Interviews can be defined as a qualitative research technique, which involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation. The individual interviews will adopt the semi-structured pattern.(Dudovskiy, 2018)

Dudovskiy, 2018 explains that semi-structured interviews contain the components of both, structured and unstructured interviews. In semi-structured interviews, interviewer prepares a set of same questions to be answered by all interviewees. At the same time, additional questions might be asked during interviews to clarify and/or further expand certain issues.

A pilot study will be conducted to establish the reliability and validity of the research instruments.

3.9 Data Collection Procedures and Timeline

In research, the term 'data collection' refers to gathering specific information aimed at proving or refuting some facts (Kombo and Tromp, 2010). In regard to this study, data concerning the increase accessibility of COMESA Instruments by SMEs in Zambia was collected, seeking all the necessary authorizations and permission from the relevant authorities. Closed ended self-administered questionnaire were distributed to the selected sample members. The process of data collection took one month.

3.10 Data Analysis

The researcher utilized both quantitative and qualitative techniques to analyse the data that was be collected in this study. Data was analysed using thematic analysis approach. Braun and Clarke (2006) define thematic analysis as: a method for identifying, analyzing and reporting patterns within data. The data was also be analysed using Univariate and bivariate analysis approach. Univariate analysis is the form of data analysis where the data being analyzed

contains only one variable. Since it's a single variable the main purpose of univariate analysis is to describe the data and find patterns that exist within it. On the other hand, bivariate analysis is used to find out if there is a relationship between two different variables. Bivariate deals with causes or relationship and the major purpose of bivariate analysis is to explain and Univariate involves single variable does not deal with causes or relationships, the major purpose of univariate analysis is to describe and Frequency distribution, bar graghs,pie char and line graph. The data collected was analysed quantitatively and subjected to Statistical Software for Social Scientists (SPSS) for statistical analysis. This was after though sorting and coding. The SPSS software is widely used by researchers due to its robustness in handling complex statistical data analysis hence the choice to use it.

Data analysis was organized, edited and analyzed for descriptive statistics in excel through descriptive statistics and bivariate. Mainly Pie charts, plots graphs and tables were generated for analysis soft copy where descriptive statistics was generated to make explanations and relations to actual results obtained. This was done through analysis of frequency and cross tabulation tables as well as charts. In this study, statistical method was used. This is due to the fact that the data collected was quantitative nature. As soon as such, data analysis and interpretation was done manually, using simple tabulations in and percentages mainly represented in tables in excel.

3.10.1 Reliability of Data

It is concerned with consistency of responses with which repeated measures produce the same result across time and across observers (Saunder et al 2003) three criteria are used in measuring reliability test retest reliability, Alternative form reliability and internal consistency reliability. Reliability is the stability of a measure; the extent to which scores do not change over relatively short time. To ensure that the concept of reliability is adhered to in this study, questionnaires were distributed to some staff of ZDA as targeted population. The entering of data on a computer was validated and all calculations were done on a spreadsheet. The data set was also be checked in order to minimize mistakes. Methods used to ensure validity and reliability of data. The following measures were used to ensure the reliability and validity of the questionnaire:

i. The researcher distributed the questionnaires to the selected population to ensure that the recipients understood the instructions, in order to avoid spoiled or incomplete questionnaires
ii. Appropriate random sample selections were used to analyze the information collected.

3.10.2 Validity of Data

Validity concerned with whether the findings are really about what they appear to be about. (Sounder, 2003) During the planning stage an expert were consulted to check the schedule before actual data collection. All questions were pre-tested in the relevant study areas. Modifications were made before actual data collection for the purpose measuring theoretical meaning and concepts and consistency of language to be used to represent concepts thus validity test pre-test of questionnaire also assisted in detecting irrelevant ambiguous and redundant questions. It's important that the measuring instruments used ensure some measures of reliability and validity. According to Welman and Kruger (2001:38), "the validity of a measuring instrument is reflected in the extent to which it measures what it is intended to measure". Sapsford and Jupp (2006:23; 121) pointed out that "Validity is the extent to which the research conclusions can plausibly be taken to represent a state of affairs in the wider world". Population validity: the extent to which a sample may be taken as representing or typical of the population from which it is drawn. Validity of measurement: the extent to which we are assured that the measurements in the research do indeed represent what the researcher says they represent and are not produced by the research process itself.

3.10.3 Ethical Considerations

This research ensured a high level of quality and integrity at all levels of the research, the researcher sought to get informed consent, the researcher respected the confidentiality and anonymity of the research respondents, the researcher ensured that the participants was voluntarily participate in the study, the researcher avoided any form physical or psychological harm to the participants and finally, the researcher showed that her research is independent and impartial. When carrying out an academic research, researchers often face different kinds of problems during the period, Gummesson (2000). However, ethical issues in research can fall into four categories, namely harm, informed consent, right to privacy and honesty with professional colleagues (Leedy & Ormrod, 2005; 101). The research ensured that all the ethical issues are not violated both during the data collection and reporting. Furthermore, all the literature cited in this study will reference according to the university referencing system. The researcher obtained clearance from the University of Zambia Ethics Committee.

3.13 Summary

The chapter has mentioned the methodology used in this study. It has significantly highlighted the research design, population, the sample design, information collection techniques, validity and reliability of data and the application package deal for facts analysis sampling methods, methods of data analysis and research ethics.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter shows the presentation and analysis of data from the findings in accordance to the specific objectives and questions of the study.

This study was exploring the accessibility of COMESA TFIs by SMEs in Zambia. The research wanted was convergent and embedded research whose aim was to increase accessibility of COMESA TFIs by SMEs in Zambia. The results should help to strengthen the Framework to enhance effective utilization of TFIs among SMEs by engaging Strengthen the Framework to enhance effective utilization of TFIs among SMEs by engaging the SMEs early enough whenever they are coming up with these instruments and continuous consultations with them.

The data was collected both quantitative and qualitatively was collected through key informant interview. In addition, a questionnaire was administered where 130 respondents responded via filling in the spaces provided.

The results of this study are contained in the findings below.

What is the state of SME utilization of COMESA TFIs in Zambia?

Research Findings

The study sought to establish basic data about the respondents in terms of their age category, gender, highest educational levels, describe the extent of TFIs Utilization in Zambia and Barriers SMEs face with COMESA Trade facilitation.

SURVEY QUESTIONAIRE

130 participants responded to the survey and results are as follows:

Table 4.1 Gender

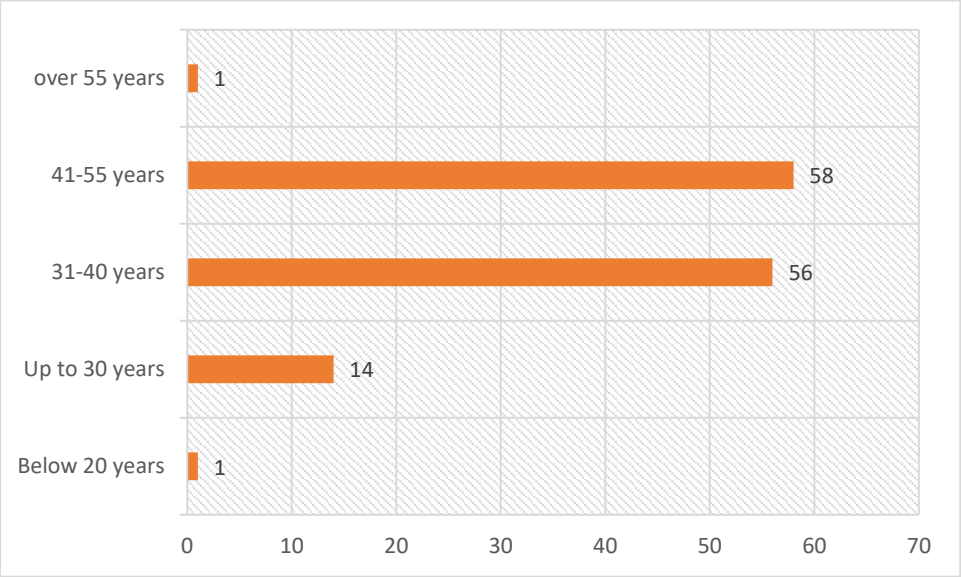
Gender Distribution of Respondents

	Frequency	Percent
Male	82	63.1
Female	48	36.9
Total	130	100.0

Source: ***Field data (2020)***

Explanation: Out of the 130 respondents, 82 were males and 48 were females, representing 63.1% and 36.9% respectively. This trend was not favorable but was accepted for this study going by the dominance in the numbers of males against females in most industries and apparently the organization under study.

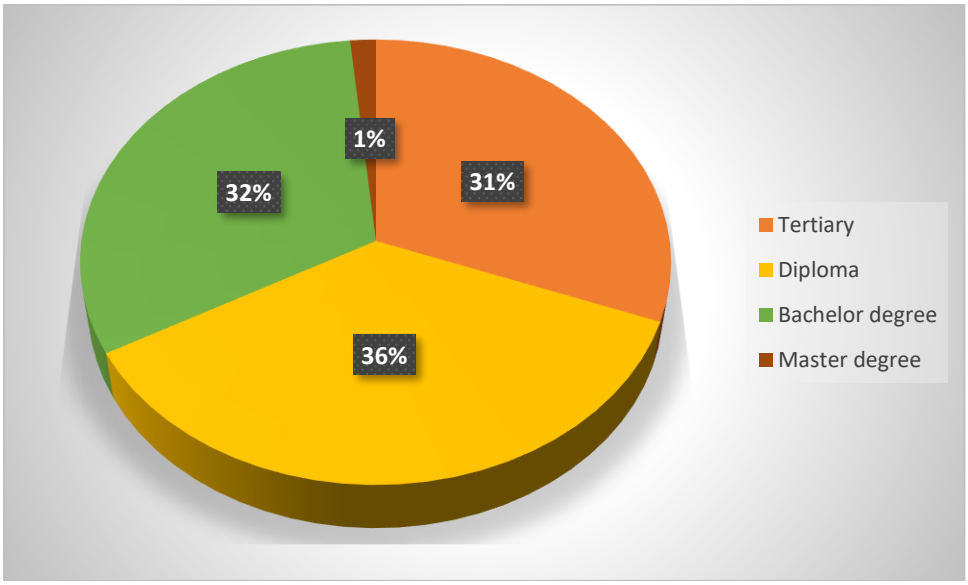
Figure 1: Age category of respondents



Source: Field Data (2020)

Explanation: Out of the 130 respondents 1 respondent was below 20 years , representing 0.8% those between 20 to 30 years were 14, representing 10.8% of the sample size; 56 were between 30 to 40 years representing 43.1% of the sample size; 58 respondents were in between 41 to 55 years and were represented by 44.6% of the total number of selected members; only 1 of respondents were beyond 55 years and above, a 0.8% representation of the sample size. It is true most of respondents were between 41-55 years.

Figure 2: Level of Education



Source: Field Data (2020)

Explanation: Out of the 120 respondents, 1% of the sample size were master degree holders ; 32% of the sample size; were bachelor degree while 31% of the respondents held higher tertiary level up to certificate and 36% of the sample size held diploma. The pie chart shows that majority of respondents have diploma.

Research Questions 1: What is the state of SME utilization of COMESA TFIs in Zambia?

Table 4.2 describe the extent of TFIs Utilization in Zambia

Do you have access to Trade facilitation instrument of COMESA?

	Frequency	Percent
Yes	11	8.5
No	119	91.5
Total	130	100.0

Source: ***Field data (2020)***

Explanation: The Respondents were asked of their views regarding access to trade facilitation instrument of COMESA. It is reported that 91.5% of the respondent said that they had never accessed Trade facilitation Instrument of COMESA while 8.5 % ever accessed TFIs.

Table 4.3 Perception of respondents regarding use of COMESA -TFI

	Frequency	Percent
Lack of Adequate finance by SMEs	19	14.6
SMEs do not understand and know role of COMESA	30	23.1
Policy Implementation has been poor	56	43.1
procedures and Logistics	19	14.6
Non response	6	4.6
Total	130	100.0

Explanation: The frequency distribution table show many reasons views of respondents on use of TFI. As observed most respondents do not use TFI, reasons behind that are Lack of Adequate finance by SMEs(14.6%), SMEs do not understand and know role of COMESA(23.1%), Policy Implementation being poor(43.1%), and inadequate procedures and Logistics (14.6%).

Research Questions 2: Why is there no linkage between COMESA and SMEs utilization of COMESA TFIs in Zambia?

Table 4.4 Perception of respondents regarding reasons for no in Linkage between COMESA and SMEs

	Frequency	Percent
Lack of connectivity and internet skills	13	10.0
Lack of digital financial capacity by SMEs	56	43.1
Lack of communication and information	41	31.5
Lack of inclusiveness/biasness	15	11.5
99	5	3.8
Total	130	100.0

Source: ***Field data (2020)***

Explanation: The researcher found that their difficulties in linkages between COMESA and SMEs. However, the Respondents were asked of their views regarding linkage between COMESA and SMEs. The main reasons behind difficulties in linkage between COMESA and SMEs are that; Lack of connectivity and internet skills (10%), Lack of digital financial capacity by SMEs(43.1%),Lack of communication and information (31.5%), Lack of inclusiveness/biasness (11.5%). It can be seen that lack of digital financial capacity by SMEs is one of the most important reasons which makes it difficult for linkage between COMESA and SMEs.

Research Questions 3: Barriers to utilization of COMESA TFIs by SMES in Zambia

Table 4.5 Barriers SMEs face with COMESA Trade facilitation instruments

	Frequency	Percent
Limited access to technology	19	14.6
Unfavorable business environment	26	20.0
Lack of Finance and Knowledge on COMESA Procedures	43	33.1
Slow Digital Economic Integration	24	18.5
Laws on customs and Trade Facilitation	17	13.1
Non response	1	.8
Total	130	100.0

Source: ***Field data (2020)***

Explanation: The respondents revealed main challenges they are faced with in respect to COMESA trade facilitation instruments. These are limited access to technology (14.6%), unfavorable business environment (20.%), Lack of Finance and Knowledge on COMESA Procedures(33.1%), Slow Digital Economic Integration(18.5%), Laws on customs and Trade Facilitations(13.1%).

Research Questions: Develop a Framework which SMEs could employ to capitalize on COMESA TFIs in Zambia.

Table 4.6 How can COMESA develop the framework which SMEs can use to access the instruments.

	Frequency	Percent
Train SMEs in product handling to ensure quality	19	15.8
Improve communication and engagement between COMESA and SME	49	40.8

Finance accessibility for SMEs	31	25.8
Government commitment and to adopt effective ways communicating with the SMEs	20	16.7
Non response	1	.8
Total	120	100.0

Source: ***Field data (2020)***

Explanation: The frequency distribution reveal ways in which COMESA can develop framework which SME can use to access the instruments, these Train SMEs in product handling to ensure quality (15.8%), Improve communication and engagement between COMESA and SME (40.8%), Finance accessibility for SMEs (25.8%), Government commitment to and adopt effective, (16.7%). As seen from findings;40 % of respondents revealed that framework can be developed through improved communication and engagement between COMESA and SMEs.

Table 4.7: How can COMESA develop the framework which SMEs can use to access the instruments.

Domain of constraint	***Descriptor***	***Solutions***
I. Improve communication and engagement between COMESA, cooperating partners and SMEs.	COMESA works with cooperating partners like ZDA, ZAM, Ministry of Commerce and there is no proper communication hence the SMEs are not aware of Trade Instruments.	a) COMESA should ensure that Cooperation partners pass on the message to the SMEs that they can utilise the Instruments b) COMESA should ensure that SMEs are involved early enough when making the instruments and there should continuous consultations with them. If these are not embraced, SMEs will continue to have a challenge in accessing these instruments.
2. Government Commitment	It was observed that Government is not really committed to SMEs Programmes as there are people who have been employed to look on the affairs of the SMEs. So much more can be done	a) Ensure that Government is available whenever called upon b) Ensure that they disseminate the much information to the SMEs c) Government and other cooperation partners should take keen interest in the affairs of COMESA. If this is not addressed, the SMEs will never fully utilize these instruments
3.Finance accessibility for SMEs	Government and COMESA should assist these SMEs to have financial capacity so that they are able to grow and able to compete favourably on the market.	Government can be lending the SMEs money at lower rates.

	Developing small and medium enterprises (SMEs) helps to achieve sustainable growth as a centralized theme. SMEs play a vital role in the country's overall production networks and they are core to the economic growth of developing countries. The contributions of formal SMEs are 50% of total employment and 33% of the national income of emerging economies. While including informal SMEs the percentages will be increased. Finance accession is the main constraint to SME growth, without that many SMEs are decline	
4.Train the SMEs in capacity building	Some of the respondents talked to said that they had been trained before by COMESA and they are still open to more training. The importance of small and medium-sized enterprises (SMEs) to economies in Asia is well known. They account for over 95% of all businesses, a third to half of aggregate output, and the majority of enterprise employment (Vandenberg, Chantapacdepong, and Yoshino 2016).	a) Dedicate funding for SMEs so that they are able to grow Failure to do so will result in SMEs not fully utilising these Trade instruments.

	We also know that SMEs do not have an easy life. They struggle to get established, face a higher failure rate than large firms, and lack access to key inputs such as finance. Finding ways to increase their survival rate and growth is important for expanding private sector activity in Asia's developing economies. Sustaining enterprises requires that they are competitive; competitiveness, in turn, is based on productivity.	
5.COMESA should be visible	what the researcher found that was that lot people do not know a lot about COMESA.	a) In as much as COMESA is on social, they should try to make noise so that a lot should notice their pages. Failure to do that will come up result in SMEs not knowing about COMESA.

FINDING FROM INTERVIEW GUIDE

i. Roles of COMESA ON SMEs?

The general finding state that COMESA is there to facilitate development of SMEs, training of SME and designing of frameworks and policies that support the integration of a SMEs

*'Facilitate Development of SMEs, transfer of Technology, development of Value chain, research and training, facilitate business linkages'-**Respondent (I)***

*'It is the engine for growth' **Respondent (II)***

*capacity building through training and to also link them up to potential markets **Respondent (III)***

*COMESA has developed an SME policy and has promoted linkages- **Respondent (IV)***

*Putting in place frameworks and policies that support the integration of SMEs and enable them trade across the COMESA Region- **Respondent (V)***

Does COMESA engage SMEs?

The findings reveal that *all* respondents said that COMESA Does engage SMEs

Yes **Respondent (I-V)**

ii. Has COMESA put in place Trade facilitation instruments?

The findings state that respondents confirm that COMESA has put in place trade facilitation instruments

Yes **Respondent (I-V)**

Extent to which SME uitilise COMESA TFIs?

It is evident from the findings that despite the existence of Trade facilitation instruments, the respondents reveal that most SMEs are not aware of them being utilized.

*cross border are utilizing TDOs - **Respondent (I)***

*rarely use them **Respondent (II)***

*TFIs are not well known among SMEs in the country- **Respondent (III)***

*under local souring partnerships targeting small growth enterprises within the hospitality and agro industry- **Respondent (IV)***

*no study has been done to critically assess the utilization of COMESA Trade facilitation instruments- **Respondent (V)***

These are some of the Trade facilitation Instruments

- *Simplified Trade Regime (STR)-Aims to formalise cross border trade by putting in place instruments and mechanisms tailored to the trading requirements of small-scale traders*
- *Protocol on Rules of Origin- Determine whether goods produced in the region are eligible for preferential treatment withing the FTA*
- *COMESA Carrier License- Allows commercial goods vehicles to be licensed with one license which is valid throughout the Region*
- *Yellow Card-Regional Third-Party motor vehicle cover that provides third party legal liability cover and compensation for medical expenses from traffic accidents resulting from visiting motorists*
- *RCTG- Customs transit regime designed to facilitate movement of goods under Custom seal in the COMESA Region.*
- *COMESA Virtual Trade Facilitation System (CVTFS)-electronic trade facilitation initiative developed to monitor consignments along different transport corridors across the region.*
- *Removal of Non-Tariff Barriers- Liberalization of import lice sensing, removal of exchange restrictions, removal of import and export quotas, removal of roadblocks, easing of custom formalitis, extending times borders are open etc.*
- *One Stop Border Post- Facilitate Trade by reducing the at the border and reduce cross border transaction and enhance the regions competitiveness.*
- *COMESA Customs Document- Harmonise Customs and trade statistics systems*

iii. Reasons for not using COMESA programs.

Among reasons for not using COMESA programs are lack of information on the part of SMEs, lack of sensitization, lack of capacity to trade, inconsistency in national policies, increased number of NTBs, limited productivity capacity

lack of information- ***Respondent (I)***

lack of sensitisation- ***Respondent (II)***

very little sensitisation - ***Respondent (III)***

*not aware of their existence -****Respondent (IV)***

lack of awareness, lack of capacity to trade, inconsistency in national policies, increased number of NTBs, limited productivity capacity- ***Respondent (V)***

iv. How COMESA strengthen the framework which SMEs can use to access the instruments?

In summary, the findings state that deliberate policy to support growth and development of SMEs, capacity building, the need for sensitization strategy so that SMEs are made aware of

the programs of COMESA and that SMEs that have used TFIs to inform their counterparts *engaging national chambers of commerce and holding awareness campaigns-* ***Respondent (I)***

The need for a sensitisation strategy- ***Respondent (II)***

deliberate policy to support growth and development of SMEs- ***Respondent (III)***

SMEs that have used TFIs to inform their counterparts ***Respondent (IV)***

building capacity ***Respondent (V).***

CHAPTER FIVE

DISCUSSION

5.0 Discussion of Findings

This chapter presents the discussions and interpretations of the findings according to the specific objectives and questions of the study as pointed out in the introductory chapter. This chapter then uses. This dissertation was designed to establish increasing accessibility of COMESA instruments by Zambian small and medium enterprises; case of affiliated ZDA SMEs

The study comprised of Questionnaire and Key Informants as the main respondents. There were 130 respondents inclusive of 6 key informants. There was a total of 130 respondents, in which 82 were males and 48 were females, representing 63.1% and 36.9% respectively. The key informants had three males and two females respectively.

With respect to age group the study revealed that only one respondent was below 20 years , representing 0.8% , the age group of 21 to 30 years were 14, which represented 10.8% , 56 were between 30 to 40 years representing 43.1% of the sample size; 58 respondents were in between 41 to 55 years and were represented by 44.6% of the total number of selected members; only 1 of respondents were beyond 55 years and above, a 0.8% representation of the sample size. It is true most of respondents were between 41-55 years.

The Respondents were asked of their views regarding access to trade facilitation instrument of COMESA. It is reported that 91.5% of the respondent said that they had never accessed Trade facilitation Instrument of COMESA while 8.5 % ever accessed TFIs.

The findings also reveal research objectives results and one key objective was to do with extent of utilization of TFIs. The findings demonstrate many reasons views of respondents on use of TFI. As observed most respondents do not use TFI, reasons behind that are Lack of Adequate finance by SMEs(14.6%), SMEs do not understand and know role of COMESA(23.1%), Policy Implementation being poor(43.1%), and inadequate procedures and Logistics (14.6%).

Furthermore, the study displayed views regarding linkage between COMESA and SMEs. It was found that the linkage exists between COMESA and SMEs. There are programmes that have been put in place to support the SMEs directly. However, the main other reasons behind

difficulties in linkage between COMESA and SMEs are that; Lack of connectivity and internet skills (10%), Lack of digital financial capacity by SMEs(43.1%),Lack of communication and information (31.5%), Lack of inclusiveness/biasness (11.5%). It can be seen that lack of digital financial capacity by SMEs is one of the most important reasons which makes it difficult for linkage between COMESA and SMEs. These findings can be supported by Moïsé, et al (2013) revealed traders in developing countries have limited awareness of applicable standards. They further revealed that accessing a particular market entails collecting and digesting relevant information on the applicable requirements which is time consuming, especially given the scarcity of institutions in developing countries to facilitate standards awareness and adoption. Additionally, Azam et al, (2012) stressed that lack of accurate and reliable market information on crops supply, demand and stocks discourage farmers and traders from taking additional risks, such as exporting to new markets. EAC, (2005) found that the lack of information on regulation compels many traders to engage in unrecorded trade across the borders.

The findings also revealed study highlighted challenges they are faced with in respect to COMESA trade facilitation instruments. These are limited access to technology (14.6%), unfavorable business environment (20.%), Lack of Finance and Knowledge on COMESA Procedures(33.1%), Slow Digital Economic Integration(18.5%), Laws on customs and Trade Facilitations(13.1%). Similarly, key informants findings stated that lack of information on the part of SMEs, lack of sensitisation, lack of capacity to trade, inconsistency in national policies, increased number of NTBs, limited productivity capacity. This is in line with IFC,(2014) that revealed that Small business owners in the Democratic Republic of Congo often lack the ability to supply large companies because they don't have adequate business management skills or access to the bank financing that could help their enterprise grow.

CHAPTER SIX:

CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

To conclude, this chapter states the answer to the main research question which was how can SMEs utilize optimally COMESA TFIs in Zambia and to develop a Framework which SMEs could employ to capitalize COMESA TFIs in Zambia? A summary and reflection on the research is made while the research covers recommendations for future work and show what knowledge has been added to the research

6.2. Main findings

The main findings are that there a lot of SMEs do not know the role of COMESA. There should improve communication and engagement between COMESA and SME. Finance accessibility for SMEs and Government should be committed to these affairs and adopt effective ways of communicating with SMEs

6.3 Significancy and Limitations of the Study

Like all research, this one too had its own limitations. Previously the role of sensitising the SMEs had been poorly managed. This research will help improve the knowledge on COMESA as most of the SMEs do not really know about COMESA and what COMESA is about. The findings of the research will directly benefit the SMEs, cooperating partners and Government at large. The research will also help COMESA to readjust the way they conduct their business as most of the SMEs will now be aware of these instruments.

This was the first study that looked COMESA Trade facilitation tools and SMEs. This study provides an initial framework for future research. The current literature on instruments is still in need of further research. The current study could be extended to look at the SMEs across the country.

The mixed method intended to understand the complex reality and the meaning of actions in a given context. The focus failed to obtain accurate reliable measurement because only SMEs in Lusaka were considered.

Nonetheless despite the above challengers, the findings in the report have significant policy implications that have offered direction for future strategic planning

6.4 Recommendations

I. COMESA should develop the Framework to enhance effective utilization of TFIs among SMEs by engaging Strengthen the Framework to enhance effective utilization of TFIs among SMEs by engaging the SMEs early enough whenever they are coming up with these instruments and continuous consultations with them.

II. COMESA should undertake more sensitization programs concerning its roles to SMEs so as to enhance the linkage of two parties. Arrange meetings with chairmen of Cross Border Trade Associations

III. COMESA should be visible, they should be put up billboards, Posters and they should take advantage of the social media.

IV. The SMEs should be engaged early enough whenever they are coming up with these instruments and continuous consultations with them is needed.

V. COMESA should undertake more sensitization programs concerning its roles to SMEs so as to enhance the linkage of two parties. Arrange meetings with chairmen of Cross Border Trade Associations

VI. COMESA should be visible, they should take advantage of the social media and they should put up billboards and Posters

Research Implications

The study recommends further research to be conducted on the Trade facilitation Instruments and SMEs. This will assist in unlocking the abilities of both SMEs and COMESA. Further, a longitudinal study should also be conducted to determine the influence of the proposed framework that is supposed to be adopted.

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APPENDICES

The University of Zambia

Graduate School of Business

INCREASING ACCESSBILITY OF COMESA INSTRUMENTS BY ZAMBIAN SMALL AND MEDIUM ENTERPRISES; CASE OF ZDA AFFILATED SME'S.

Sandra Chola

GSB: 152115

MSc. Master of **Business Administration**

For further information or any queries, kindly get in touch on: +

Dear Respondent,

I am a student at the University of Zambia in my final stage pursuing a Master of in Business Administration. As partial fulfilment for the award of a Master's degree, I am conducting a baseline study on: "**Increasing Accessibility of COMESA Instruments by Zambian Small and Medium Enterprises; Case of ZDA Affiliated SME's.**

You have been purposefully sampled to provide information for the topic indicated above. The information being collected is purely for academic purposes as such, it will be treated with maximum confidentiality. Subsequently, you are not supposed to indicate your name or any personal information that could lead to the revelation of your identity.

Your co-operation will be greatly appreciated.

Sandra Chola

Cell: +

ANNEX: **QUESTIONARE FOR KEY INFORMANT INTERVIEW COMESA**

SECTION A: Demographics of the respondents

1. **Gender:** Male **[ ]** Female **[ ]**
2. **Age Group to which you belong:**
   a) Below 20 years **[ ]**
   b) Up to 30 years **[ ]**
   b) 31 – 40 years **[ ]**
   c) 41 – 55 years **[ ]**
   d) Over 55 years **[ ]**
3. **Indicate your academic qualifications**
   a) Tertiary **[ ]**
   b) Diploma **[ ]**
   c) Bachelor degree [**]**
   d) Master degree **[ ]**
   e) PHD [ ]
4. **Type of business**

   …….

5. Position of respondent in their Company

   a) Supervisor **[ ]**
   b) Middle management **[ ]**
   c) Senior Management **[ ]**
   d) Other [ ], Specify ……

6. Number of years as a member ZDA

   a) 0 - 10 **[ ]**
   b) 11 - 20 **[ ]**
   c) 21 - 30 **[ ]**
   d) Above 40 **[ ]**

SECTION B: the extent of SME utilization of COMESA TFIs in Zambia

7. How do SMEs benefit from COMESA programmes

   a) SMEs are trained in product handling to ensure quality **[ ]**
   b) Link local producers with buyers across the country and region [**]**
   c) Enhance industrial productivity and competitiveness **[ ]**
   d) Increased agricultural production and food security **[ ]**

8. Do you have access to Trade Facilitation Instruments of COMESA?

a) Yes **[ ]**

b) No **[ ]**

9. If your answer to question 7, is (NO), what is the reason for not using COMESA programmes and the COMESA-TFIs.

a) Lack of adequate finance by SMEs **[ ]**

b) SMEs do not understand and know role of COMESA **[ ]**

c) Policy implementation has been poor **[ ]**

d) Procedures and logistics cost **[ ]**

e) Other **[ ]** Specify ……

SECTION C: Why is there no linkage between COMESA and SMEs

10. Is there adequate linkage between COMESA and SMEs??

a) Yes **[ ]**

b) No **[ ]**

11. Why is there no linkage between COMESA and SMEs?

a) Lack of connectivity and internet skills **[ ]**

b) Lack of digital financial capacity by SMEs **[ ]**

b) Lack of communication and information **[ ]**

d) Lack of inclusiveness/biasness **[ ]**

e) Other **[ ]** Specify ……

SECTION D: To Develop a Framework which SMEs can use to access these instruments

12. What challenges do SMEs face with COMESA Trade Facilitation Instruments?

a) Limited access to technology **[ ]**

b) unfavourable business environment **[ ]**

c) Lack of finance and knowledge on COMESA procedures **[ ]**

d) Slow Digital Economic Integration **[ ]**

e) Laws on Customs and Trade Facilitation **[ ]**

13. How can COMESA develop the framework which SMEs can use to access the instruments?

a) Train SMEs in product handling to ensure quality **[ ]**

b) Improve communication and engagement between COMESA and SMEs **[ ]**

c) Finance accessibility for SMEs **[ ]**

d) Government commitment to and adopt effective trade promotion measures to achieve trade potential level. **[ ]**

e) Other **[ ]** Specify ……

SECTION E: Relationship between extent of SME utilization of COMESA TFIs and SMEs knowledge on COMESA TFIs

Please indicate your opinion with regards to each level using the following scale guideline.

5= Strongly agree, 4= Agree, 3= Neutral, 2= Strongly disagree and 1= Disagree.

Relationship between extent of SME utilization of COMESA TFIs and SMEs knowledge on COMESA TFIs	**Strongly Agree**	**Agree**	**Neutral**	**Strongly disagree**	**Disagree**
SMEs benefit from COMESA programmes					
SMEs are trained in product handling to ensure quality					
Lack of adequate finance by SMEs					
Link local producers with buyers across the country and region					
Policy implementation has been poor, Procedures and logistics cost					

Relationship between lack of linkage between COMESA and SMEs and SMEs knowledge on COMESA TFIs

indicate your opinion with regards to each level using the following scale guideline. 5= Strongly agree, 4= Agree, 3= Neutral, 2= Strongly disagree and 1= Disagree.

Relationship between lack of linkage between COMESA and SMEs and SMEs knowledge on COMESA TFIs	**Strongly Agree**	**Agree**	**Neutral**	**Strongly disagree**	**Disagree**
no linkage between COMESA and SMEs					
Lack of communication and information					
Limited access to technology					
Lack of inclusiveness/biasness					

Lack of finance and knowledge on COMESA procedures					
Lack of communication and engagement between COMESA and SMEs					
Lack of digital financial capacity by SMEs					

THE END

ANNEX: **QUESTIONARE FOR KEY INFORMANT INTERVIEW COMESA**

SECTION A: BIO DATA

1. Gender?

……

2. Position held at COMESA?

……

3. Number of years in organization?

……

SECTION B: ROLE OF COMESA ON SMES

4. What is the role of COMESA regarding SMEs?

……

5. Does COMESA engage SMEs? Yes [ ] No [ ]

6. Has COMESA put in place the Trade Facilitation Instruments? Yes [ ] No [ ]

7. What is the extent of SME utilization of COMESA TFIs in Zambia?

……

……

8. What is the reason for not using COMESA programmes and the COMESA-TFIs?

……

……

9. Why is there no linkage between COMESA and SMEs??

……

10. How can COMESA develop the framework which SMEs can use to access the instruments?

……

……

THANKS FOR YOUR PARTICIPATION

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Sandra Chola

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d) Up to 30 years **[ ]**

b) 31 – 40 years **[ ]**

c) 41 – 55 years **[ ]**

d) Over 55 years **[ ]**

7. Indicate your academic qualifications

a) Tertiary **[ ]**

b) Diploma **[ ]**

c) Bachelor degree [**]**

d) Master degree **[ ]**

e) PHD [ ]

8. Type of business

…….

5. Position of respondent in their Company

a) Supervisor **[ ]**

b) Middle management **[ ]**

c) Senior Management **[ ]**

d) Other [ ], Specify ……

6. Number of years as a member ZDA

a) 0 - 10 **[ ]**

b) 11 - 20 **[ ]**

c) 21 - 30 **[ ]**

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SECTION B: the extent of SME utilization of COMESA TFIs in Zambia

7. How do SMEs benefit from COMESA programmes

a) SMEs are trained in product handling to ensure quality **[ ]**

b) Link local producers with buyers across the country and region [**]**

c) Enhance industrial productivity and competitiveness **[ ]**

d) Increased agricultural production and food security **[ ]**

8. Do you have access to Trade Facilitation Instruments of COMESA?

c) Yes **[ ]**

d) No **[ ]**

9. If your answer to question 7, is (NO), what is the reason for not using COMESA programmes and the COMESA-TFIs.

a) Lack of adequate finance by SMEs **[ ]**

b) SMEs do not understand and know role of COMESA **[ ]**

c) Policy implementation has been poor **[ ]**

d) Procedures and logistics cost **[ ]**

e) Other **[ ]** Specify ……

SECTION C: Why is there no linkage between COMESA and SMEs

10. Is there adequate linkage between COMESA and SMEs??

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11. Why is there no linkage between COMESA and SMEs?

a) Lack of connectivity and internet skills **[ ]**

b) Lack of digital financial capacity by SMEs **[ ]**

b) Lack of communication and information **[ ]**

d) Lack of inclusiveness/biasness **[ ]**

e) Other **[ ]** Specify ……

SECTION D: To Develop a Framework which SMEs can use to access these instruments

12. What challenges do SMEs face with COMESA Trade Facilitation Instruments?

f) Limited access to technology **[ ]**

g) unfavourable business environment **[ ]**

h) Lack of finance and knowledge on COMESA procedures **[ ]**

i) Slow Digital Economic Integration **[ ]**

j) Laws on Customs and Trade Facilitation **[ ]**

13. How can COMESA develop the framework which SMEs can use to access the instruments?

f) Train SMEs in product handling to ensure quality **[ ]**

g) Improve communication and engagement between COMESA and SMEs **[ ]**

h) Finance accessibility for SMEs **[ ]**

i) Government commitment to and adopt effective trade promotion measures to achieve trade potential level. **[ ]**

j) Other **[ ]** Specify ……

SECTION E: Relationship between extent of SME utilization of COMESA TFIs and SMEs knowledge on COMESA TFIs

Please indicate your opinion with regards to each level using the following scale guideline.

5= Strongly agree, 4= Agree, 3= Neutral, 2= Strongly disagree and 1= Disagree.

Relationship between extent of SME utilization of COMESA TFIs and SMEs knowledge on COMESA TFIs	**Strongly Agree**	**Agree**	**Neutral**	**Strongly disagree**	**Disagree**
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Relationship between lack of linkage between COMESA and SMEs and SMEs knowledge on COMESA TFIs

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Relationship between lack of linkage between COMESA and SMEs and SMEs knowledge on COMESA TFIs	**Strongly Agree**	**Agree**	**Neutral**	**Strongly disagree**	**Disagree**
no linkage between COMESA and SMEs					

Lack of communication and information					
Limited access to technology					
Lack of inclusiveness/biasness					
Lack of finance and knowledge on COMESA procedures					
Lack of communication and engagement between COMESA and SMEs					
Lack of digital financial capacity by SMEs					