

**AN ANALYSIS OF THE EFFECTS OF CONSUMER BEHAVIOR ON SMALL AND  
MEDIUM ENTERPRISES (SMES) IN KAFUE.**

A RESEARCH REPORT

BY

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**DECLARATION**

I, **BRENDA MUMBA** of Student number **721000027** of the University of Zambia, and author of this research report entitled “**An Analysis of the Effects of Consumer Behavior on Small and Medium Enterprises (SMEs) In Kafue district of Lusaka province Zambia**” do hereby declare that I am the sole author of this research report. And that it is an outcome of my own effort and that its contents partly or wholly have never been presented elsewhere. Where other people’s work was consulted and/or used, they have been duly acknowledged.

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Name of Candidate

Signature

**APPROVAL PAGE**

This research report has been examined and is approved as meeting the required standards for partial fulfillment of the requirements for the Degree of Masters in Business Administration

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## **DEDICATION**

I wish to dedicate this work to God almighty for the strength, knowledge and for the grace of wisdom he has given me this far. It is also of paramount importance that I dedicate this work to my **parents Mr. Mark Mumba and Mrs. Alice Imanga Mumba**. Further, I will not be fair enough in my duty if I fail to dedicate this work to my family and friends for their immeasurable financial, spiritual, and moral support which has made it possible for the study to reach this far.

## **ABSTRACT**

Kafue as business settlement area has several small and medium enterprises which are currently dwindling due to several factors ranging from the harsh economic factors that the country is facing at large. But beyond that despite the government emphasizing on the importance of SMEs, it seems several consumers do not choose to buy from SMEs in Kafue and a number of them are also suffering COVID-19 shock. While Kafue district has over 100 SMEs, generally, SMEs in Kafue are not doing well and hence, they need some form of capacity building to develop and contribute effectively to national development. It was based on the above facts that the study of this nature has to be conducted. This research focused on analyzing the effects of consumer behavior on the growth of Small and Medium Enterprises (SMEs) in Kafue district of Lusaka province of Zambia. The main objective of this study was to find out the effects of consumers behavior in context of social, cultural, and buying behaviors on SMEs in Kafue District of Lusaka province Zambia. To analyze the effects of consumer behavior on the growth of SME, the study found out the impact of consumer attitudes related to buying behavior and their perception on the growth of SMEs. This study used case study descriptive research design. A both qualitative and quantitative method of data collection and analysis was applied. Considering the population of consumers and SMEs owners in the study, the researcher applied a purposive sampling selection technique, and 67 participants were selected as 20 owners of SMEs and 47 consumers.

The study found that consumer negative behavior towards local SMEs is because of the perceptions they have towards SMEs, and some caused by the practices done by SMEs such as lack of good customer care, unfair pricing to mention but a few. The study also established that their low customer retention by SMEs hence, increasing the number of consumers choosing not to buy from them. The owners of SMEs also lamented that their growth is directly linked to consumers buying from them.

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I express my grateful thanks to our **Almighty God** who gave me a good knowledge and health to finish my master's in business administration (MBA) in a good manner. And it is my hope that the findings of this thesis provide an insight and reduce the knowledge gap in this study area.

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## **ABBREVIATION**

SMEs	Small and Medium Enterprises
SID	Small Industries Development
SIDO	Small Enterprise Development Organization
MOF	Ministry of Finance
UNDP	United Nation Development Program
WB	World Bank
TRA	Theory of Reasoned Action
TPB	Theory of Planned Behavior

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# CHAPTER ONE

## INTRODUCTION

### 1.0 Overview

This chapter presents the research introduction, background to the study, the statement of the problem, objectives of the study, research questions, significant of the study, theoretical framework and conceptual framework, the scope of the study, definition of key terms and the limitations of the study.

### 1.1 Introduction

It is in the year 1981 that the government realized the vital role of the micro small and medium enterprises sector in contributing to the social economic development of the country and it recognized that they were operating under extreme financial difficulties leading to the enactment of MSME the Small Industries Development (SID) Act of 1981 to make the sector more orderly and effective (MOF, 2002; FSD Zambia, 2009), in the same period another MSMEs came dubbed Small Enterprise Development Organization (SIDO), this was geared to help improve on the SID Act of 1981 (Kingombe, 2004). Regardless of this, early developments towards the sector, there seem to be little benefits reaching Kafue as the SMEs have been struggling from the time in memorial as they are failing to flourish.

Kafue as business settlement area has several Small and Medium enterprises which are currently dwindling due to a number of factors ranging from the harsh economic factors that the country is facing at large. But beyond that despite the government emphasizing on the importance of SMEs, less support is given to these SMEs in Kafue and several of them are also suffering COVID-19 shock. As Centre for Business Research (2020) noted, businesses function well and are more likely to be productive and develop if they receive good support from the consumers. Thus, the development of small and medium enterprises in Kafue is highly dependent on the consumer behavior towards them. Generally, in Kafue SMEs are not doing well and hence, they need the support they deserve to be develop and contribute effectively to national development. It is based on the above facts that the study wished to analyze the effects of the consumer behavior on Small and Medium Enterprises (SMEs) in Kafue District of Lusaka Province, Zambia.

## **1.2 Background of the study.**

SMEs sector in Zambia has all sorts of business enterprises who deal in traditional manufacturing industrial sectors that produce for domestic consumption and the surplus for sale. Most businesses in Kafue are not growing, as they are small with features of sole proprietors and in some cases employing a few people and the incomes generated are primarily for looking after their homes. Most MSMEs are further characterized by the use of low level technology and are oriented towards local and less affluent market segments. With the coming foreign investors in the business sector the local SMEs in Kafue are failing to compete with the foreigners who have penetrated the business market in Kafue, hence they are currently facing great challenges to survive. Suffice to say that some SMEs are currently undergoing recession in Kafue as they have lost customers and hence not making profits.

Local SMEs in Kafue are greatly struggling as they are unable to generate the needed income from their business despite more pronouncements made in the current regime on the need to promote SMEs in the country. While the current government has paid much attention to the development of SMEs in the country, the current situation in Kafue is that the impact of the support that is given by the government to the SMEs is yet to be felt. It is against this background that the researcher decided undertake this study under the topic analyzing effects of consumer behavior on the SMEs in Kafue district of Lusaka province Zambia.

## **1.3 Statement of the Problem**

The importance of SMEs in achieving a country's level of development can be seen in both developed and developing nations (Tshuma & Jari, 2013). Small and medium-sized businesses do give people jobs, enabling them to raise their standard of living for themselves and their families. Governments receive tax revenue from these SMEs, broadening their tax base. However, this is currently not the case with the SMEs in Kafue as most of them currently are dwindling, facing different challenges which requires special attention from different stakeholder for instance, consumers, government agencies to mention but a few.

Small and Medium Enterprises play a critical role in the economic development of any country. They play an important role in the economy of the country as they help to innovate, diversify and create new jobs. While in other countries, consumers buy local produced goods and services provided by local SMEs, it is mostly not the case with Kafue district in Zambia. Despite the current

government in Zambia having paid more attention to the development of SMEs, the indigenous citizens are not responding well in terms of choosing to buy local products from SMEs in Kafue District.

The main problem addressed in this study is the low pace of development of SMEs in Kafue district. The study addressed this problem by establishing what causes such consumer behavior of not buying from local SMEs and the proposed measures to be put in place to enforce consumers to start buying from local SMEs.

The main problem being investigated in the study is slow development of SMEs in Kafue district due to consumers choosing not to buy from them.

#### **1.4. Purpose of the Study**

The main purpose of this study was to analyze the effects of consumer behavior on the Small and Medium Enterprises in Kafue district of Lusaka province Zambia.

#### **1.5. Specific Objectives**

1. Establish the way consumer behavior parameters on SMEs affects the development of Small and medium Enterprises in Kafue district.
2. Analyze the extent to which consumers often buy from the local SMEs in Kafue district.
3. Recommend measures to be put in place by SMEs in order to increase the number of consumers buying from them.

#### **1.6 Research Questions**

1. In what way does consumer social, economic and cultural behavior and attitudes on SMEs affects their development in Kafue district?
2. What is the extent to which consumers often buy from the local SMEs in Kafue district?
3. What measures should SMEs put in place in order to increase the number of consumers buying from them?

#### **1.7 Significant of the Study**

This research is a wakeup call for government Institutions to develop tools and strategies that may address the challenges affecting the operation of the SMEs. For example, considering empowering the SMEs to reach the desired standard by the consumers or sensitize the consumers on the



importance of supporting the SMEs and how this support would contribute to community and national development. Thus, there is need for different small business organization to wake up and implement different measures that are aimed at motivating consumers to develop positive attitude toward the SMEs. For example, the government can come on board and promote the SMEs through the national sensitization that would work towards the transformation of people's mindset to enable them to appreciate the existence of the SMEs in the respective communities.

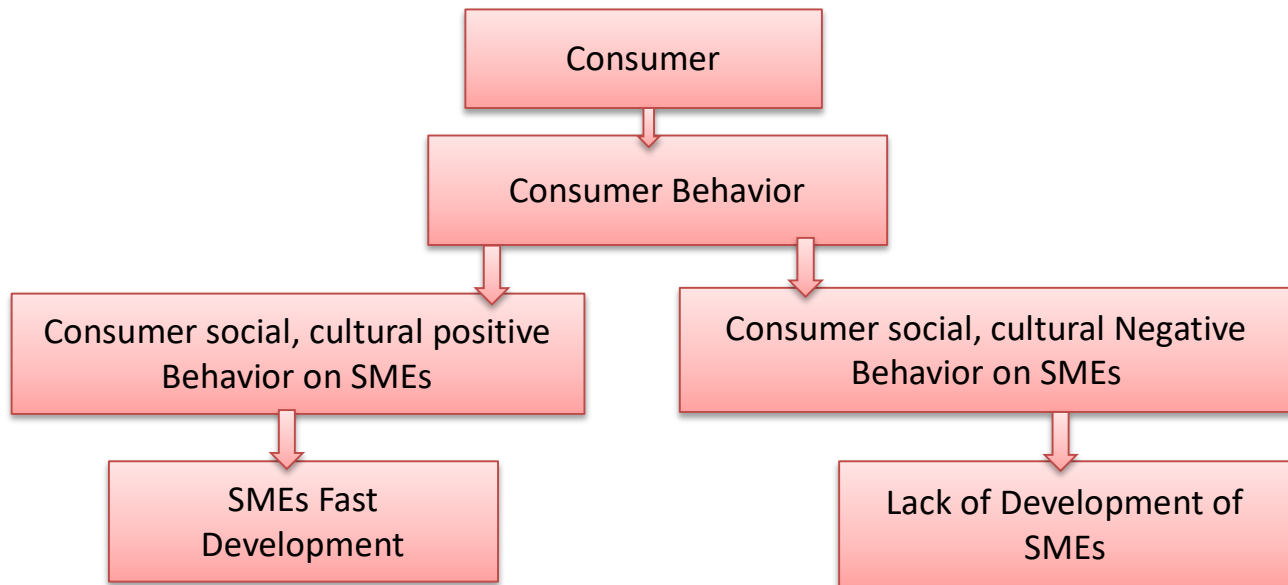
This study also provides to the newly introduced ministry in the current regime in Zambia and policymakers an understanding of the consumer behavior toward the SMEs and the behavioral effects on the development of the SMEs. The results of this study may also make different stakeholders and decision makers come up with a proper policy aimed at supporting, enhancing, and improving the consumer behavior towards the SMEs which are managed by the local residents. The study may lead to transformation of the mindset of the local people where they may develop an understanding of the importance of supporting the SMEs in relation to the development of the community and the country at large.

Apart from the above effect of this study, the study may also reduce or streamline the knowledge gap that exists in analysis of the effects of consumer behavior on the SMES in Kafue which has bearing on the development of the SMEs. While other writers have written similar research no research has been conducted in Zambia with regard to analyzing consumer behavior on SMEs in Zambia especially amidst the high economic factor or high living conditions. Therefore, this study plays an important role in informing and reducing the knowledge gap regarding the subject understudy.

## 1.8 Conceptual Framework

Below is the conceptual framework which guided this study.

**Table 1: Summary of the conceptual Framework**



## 1.10 Definition of key Terms

- i. **Analysis:** It is an in-depth investigation of a situation, something, or a structure according to Davidson (2001). Analysis is a method of inquiry that seeks to assess complex systems of thought by 'analyzing' them into simpler elements, bringing their relationships into focus.
- ii. **Consumer:** is the person who actually uses the products or services. No consumer may resale any good or service.
- iii. **Consumer Behavior:** is the study of consumers and the methods they employ to select, utilize (consume), and discard goods and services, as well as the emotional, mental, and behavioral responses of consumers.
- iv. **Small and Medium Enterprise (SME):** This phrase is useful for classifying companies and other organizations that fall between the smaller and bigger enterprise categories. An SME is a legally separate business with no more than 500 employees, according to the European Union.

- v. **Case Study:** Geoffrey (2005) defined a case study as a method of gathering information about a person, a family, an institution, or a group of people that may precisely identify the causes and contributing factors of an actual occurrence.

### **1.11 Scope of the Study**

The study was confined to descriptive cross-sectional research design during the research to get a more informed evaluation. The study was conducted in Kafue District of Lusaka province, Zambia. During the study specific business enterprises were targeted to gain more insight on how consumer behavior is a factor on their development. The study site was chosen because it was more convenient for the researcher and easily accessible.

### **1.12 Limitations to the Study**

The following were major challenges faced during this study.

1. Some respondents shunned from participating.
2. Limited time to do more comprehensive research.
3. There was very little published literature on the topic under study.

However, the challenges were resolved using different mechanisms which included the following.

1. Replacements of respondents were necessary.
2. Regular meetings with the research participants to quicken the process of data collection.
3. The researcher used literature that has been written elsewhere about the topic. Therefore, the researcher capitalized on available electronic and printed information about the topic in other countries to do a comprehensive literature review.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Particularly in the latter half of the 20<sup>th</sup> century, SMEs have come to be acknowledged as significant players in commercial activity. Although many industries have identified understanding consumer potential as a key goal, our understanding of SMEs and their purchasing habits is inadequate. Few academics have included SMEs, and when they do, they typically view them as miniature replicas of larger companies. Nevertheless, many studies and industry practices frame the context inside corporate or individual buying behaviour. A comprehensive strategy makes it possible to conduct a thorough evaluation of the literature, which includes certain studies with a Turkish focus, and it also suggests a logical application agenda. The distinction between “normative” and “conservative” customers for SMEs is untested due to the lack of implementation and models of individual consumer behaviour. A validated model can not only provide insights into SME buying behaviour, but also potentially open discussion on the distinctions between corporate and individual buying behaviour models. This study mainly focuses on investigating the effects of consumer behaviour on the development of SMEs in Kafue district in Zambia.

#### **2.2 General Literature Review**

Countries like America and other developed countries, studies have shown that the countries have developed to the higher extent because they started promoting SMEs a long time ago. These countries from the time in memorial have been generating huge taxes from the SMEs which have been contributing greatly to the GDP and development of the respective countries. Thus, for Africa to develop sustainably there is need to embrace the Existence of the SMEs and develop good attitude in the citizens to promote their development.

Due to their considerable contribution to job creation, particularly in the informal sector, which employs the majority of workers, SME presence is visible in South African economies. For instance, SMEs employ more than 5.1 million people in Kenya, and between 50 and 60 percent of the workforce in South Africa (Tshuma &Jari, 2013). Along with the formal sector, the informal sector which is home to most SMEs contributes greatly to the social and economic development of nations since, for the most part, the money made there is used to support the formal sector. This

research was crucial in proving the value and contribution of SMEs to growth. The study did not, however, focus on how SME operations are impacted by people's behavior toward them.

Many writers have conducted research on the roles of SME in national development. Most have found that SMEs play crucial role in the development of any country. Studies have also shown that most countries which have developed in the world are due to good support they have given to SMEs. It is worth noting that most of the studies conducted globally have dwelt much on the roles of SMEs and the challenges faced by SMEs neglecting the effects of consumer behaviour on the development of SMEs.

## **2.2.0 Empirical Literature Review**

This section presents the global, regional, and local empirical studies on the challenges faced by SMEs and how they are influenced by consumer behavior. The studies conducted by other researchers in this section are being reviewed, analyzed and find the knowledge gap that exist.

### **2.2.1 Global Perspective**

Bersin (2014) conducted a study entitled challenges faced by the SMEs. In his study he mainly found that SMEs faced financial challenges to expand their businesses. And yet, SMEs' perception of and experience within the broader ecosystem, and the actions they undertake to survive and expand despite all the risks, remain under-researched. Only very recent literature hints at the need to understand the interdependence of complex formal and informal institutional arrangements to design more effective support strategies for SMEs in delicate settings. All the perceived relevance of SMEs development for prosperity and peace, and our limited understanding of the multiple ways in which firms interact, the study by Bersin (2014) was crucial in finding stable solutions to the development of SMEs, but it did not tackle on the role that members of the society or consumers play in developing the SMEs.

Based on this reality, domestic businesses are getting more and more credit for having the potential to be crucial to the recovery of the economy (UNDP, 2013). First, they not only give those in need a means of subsistence through the provision of jobs, money, desperately needed goods and services, and infrastructure, but they also foster a sense of stability and confidence that can draw greater and foreign direct investment (WB, 2014). Furthermore, it is said that SMEs are more

adaptable to changing conditions, taking advantage of "opportunities" that larger organizations, particularly state-owned enterprises and multinational firms, cannot take. Therefore, humanitarian and development organizations increasingly show efforts to engage and strengthen local economies in their relief and recovery efforts rather than distorting them by importing goods and services that are already available locally or by providing subsidies to startup businesses. The findings of this study by the UNDP and World Bank were highly accurate; however, neither organization gave much thought to how consumers may contribute to the long-term viability of SMEs.

Secondly, by generating work and income for a sizeable portion of the local population more than 50% in emerging markets, according to McKinsey (2015). SMEs are valued for their ability to help the nation's scarcity of goods and services. This is thought to occur via two channels; The 2011 World Development Report helped to widely disseminate the first channel. Surveys done to prepare the report in violently affected areas revealed that unemployment and underemployment were the main causes of young people joining rebel formations, which raised the likelihood of violence. This association has become a common justification across many policy fields, despite not being supported by empirical data but rather posteriori beliefs. Strategies to encourage youth employment as a way of conflict prevention are thriving in the policies of bilateral donors and multilateral development organizations, whether in the fields of economic development or state and peace building. The difficulty of reintegrating ex-combatants into productive jobs and preventing them from returning to war has gained particular focus as a specific aspect of youth unemployment (WB, 2014). This was yet another strategy in the investigation into the significance of encouraging the establishment of SMEs in the nation.

The relationship between SME development and economic growth and poverty reduction is stronger, and these two factors are positively correlated with a lower probability of violence. It is further maintained that micro, small, and medium-sized businesses have the greatest potential to promote broad-based and inclusive growth, from which the majority of the population benefits. This is because inequality between identity groups raises the chance of violent confrontation. In contrast, local SMEs, which are the foundation of most emerging economies, might be neglected or further weakened by unfair competition, such as the widespread import and free distribution of development materials. This can obstruct state growth. Development agents advocate for increased

involvement with and support for domestic SMEs in light of this significant potential for economic revival.

### **2.2.2 Regional Perspective**

In many African nations and economic blocs, small and medium-sized businesses (SMEs) have long been at the vanguard of increasing economic growth. For instance, depending on their size, most SMEs in Southern African nations employ at least 50 people, which serves to relieve states of a sizable percentage of the employment load (Tshuma & Jari, 2013). In South Africa, SMEs operate in every city and employ people, creating about 4 million jobs through this sector, which is sometimes referred to as the informal sector and only accounts for 7% of all jobs. The majority of the country's SMEs, roughly 700,000 operate in the unorganized sector, where they provide anywhere from 16 to 40 percent of the country's total economic output. The SME sector has made a substantial and ongoing contribution to the country's social and economic growth. When these companies are properly registered with the government, they contribute 30% of the nation's gross domestic product, according to earlier research on South African SMEs by Kromberg (2005). If you factor in firms that may be operating but aren't legally registered because they're worried about having to pay state taxes, this number could be larger. Although the two studies highlighted the significance of SMEs in the nation, they did not examine how consumer behavior may affect SMEs' growth.

An environment that is conducive to business is crucial for SMEs to prosper. The hostile business environment in some of the more developed African economies, which includes high taxes, inflation, and unstable exchange rates that all have a negative impact on profits, has been particularly noticeable in South Africa among other African countries, makes it difficult for SMEs to operate. Additionally, the bulk of African economies are corrupt and poor, which makes it extremely challenging for SMEs to function. The World Bank (2017) reports that as a result of their propensity to break the law and seek to evade regulations, 70% of SMEs think that corruption significantly hinders their operations, compared to 60% of large corporations.

In contrast, research conducted by Mader and Winkler (2013) found that 83% of Ethiopians reside in rural areas and work in the agricultural industry. They make little money from this because they mostly raise food for consumption. According to the same report, Ethiopia has more than 73,000

SMEs and employs more than 551,075 people; yet, due to a lack of political will, a negative attitude toward SMEs, and a generally unfavorable business environment, the survival of SMEs in Ethiopia continues to be a significant issue. The study examined the negative attitudes against SMEs; however, it paid more attention to policy makers than to customers. A study like that on SMEs in Zambia would give an indication on the state of this market and what the stake holders would do to remove the obstacles that may be hindering this market from thriving and thus allow the state to harness the advantages of the sector growth.

In spite of numerous obstacles, the informal sector of Nigeria's economy, which is made up of many SMEs, has been expanding, according to a study done by Okezie, Ihugba, Alex Odi, and Njoku (2014). The nation's unfavorable business environment for SMEs is the main culprit behind these difficulties. The challenges faced by businesses in Sub-Saharan African countries, many of which are shared with the rest of the continent, must be acknowledged. It is challenging for potential business owners to swiftly secure credit funding for their SMEs due to poor credit facilities, and those that are available have interest rates that are greater than 28 percent on top of loans. Business is unfavorable to SMEs because of the widespread corruption that makes it difficult to secure trading permissions, contracts, goods, and services from the government. In addition, there are numerous kickbacks and bribes engaged in the industry. This study focused on the difficulties SMEs have been having without considering how customer behavior affects them.

For instance, government policies for SMEs in Nigeria are inconsistent, developed without the input of SMEs entrepreneurs, and frequently become unrealistic during the implementation stage. Laws that are realistically congruent with the country's current business climate must be established. Nigeria has over 500 different types of taxes and levies by both the state and the federal government, which has made it difficult for SMEs to operate there. In some cases, there was multiple taxation which increased the cost of doing business and ultimately forces traders to pass the cost on to the consumer, potentially making some goods and services unaffordable for the average consumer.

If the government does not create the proper SMEs policies, it may not fully benefit from the essence of having SMEs play a crucial role in the social economic development of a country. The infrastructure for doing business in Nigeria is poor, including bad buildings, poor roads, erratic power supply, among others. Other difficulties that SMEs in Nigeria encounter include a dearth of



appropriate settings where business information is easily accessible, a lack of formal education among certain business owners, and inadequate security in some states, which makes it difficult to ensure a secure business environment. Consequently, this has made it challenging for SMEs to operate in Nigeria. These difficulties might not be unique to Nigeria. These challenges may not be peculiar to Nigeria alone as these could be some of the challenges also in countries like Zambia, South Africa, and Zimbabwe among others.

The findings from this study gives a clear indication of the SMEs sub sector standing in Zambia and strategies to smoothen the operations of the sub sector players for the benefit of the country. Taking a close look at the study by Okezie, Ihugba, Alex Odii, Njoku, (2014), it has pointed out multiple challenges faced by SMEs, but they did not outline the effects of consumer behavior on the development of SMEs in the country like Zambia.

### **2.2.3 Local Perspective**

It is imperative for a country to make relevant and business friendly legislation that would enable SMEs growth in the country. They contribute greatly to job creation and GDP. SMEs in Zambia employ 50 percent of the working class, like countries like Indonesia, Tanzania and Kenya. Over 90 percent of SMEs operate in the informal sector, and this makes it difficult for the government to support the sub sector efficiently. So, SMEs' contribution to the country's development is not very clear. Because, majority of SMEs operate in the informal sector, attracting funding from micro finance institutions (MFIs) is a challenge and this makes (SME) sector weak.

It is in the year 1981 that the government realized the vital role of the micro small and medium enterprises sector in contributing to the social economic development of the country and it recognized that they were operating under extreme financial difficulties leading to the enactment of MSME the Small Industries. The law was made to promote the development of the SMEs in the country which would eventually contribute to the GDP and national development. Studying the law which was enacted, they just reinforced the existence of SMEs and not emphasised to the nation on the importance of supporting the small business industry. As a result, the consumer behaviour has been a major challenge to the development of the SMEs in the recent past.

Zambia has an opportunity to accelerate diversification in production and export of non-traditional commodities in agriculture, mining, manufacturing, and tourism. This can be achieved through product and market diversification, value addition, enhanced productivity at firm level and enhanced contribution of non-traditional exports (Seventh National Development Plan, 2017–2021). Despite been in its landlocked situation, Zambia is strategically located at the intersection of the Common Market for Eastern and Southern Africa and the Southern African Development Community. The African Continental Free Trade Agreement further broadens the opportunities for investors by lifting restrictions on foreign investment. Strong growth indicators, supported by expanding youth, urban and middle-class populations, have made Zambia one of the best-performing economies in sub-Saharan Africa. However, the plan only concentrated on the opportunity Zambia has to develop SMEs but neglected the support part SMEs requires from the consumers.

### 2.3 Summary Sheet of the Reviewed Literature

Title	Author/Year	Objective	Methodology	Findings	Gaps
Challenges and Opportunities of Tanzanian SMEs in Adapting Supply Chain Management	Hamisi 2011	<ul style="list-style-type: none"> <li>➤ Analyse the challenges faced by SMEs</li> <li>➤ Ascertain measures of alleviating the challenges</li> </ul>	Qualitative	<p>Companies need to implement supply chain management optimally.</p> <p>The application of supply chain management can reduce the Poverty</p>	The study concentrated much on the financial challenges, hence, it did not address the important consumers play in the development of SMEs.
The informal sector as a	Tshuma & Jari,	<ul style="list-style-type: none"> <li>➤ Assess the Contribution</li> </ul>	Descriptive study	The role of entrepreneurshi	

source of household income.	2013	n of the Informal Sector to Household Income	population of	p in economic development	
Access to Finance and Capacity Building of Women-led Small and Medium Enterprises in Zambia.	World Bank 2021	<ul style="list-style-type: none"> <li>➤ Establish the extent to which women are involved in the SMEs operation</li> <li>➤ To find out ways of building capacity of women in SMEs</li> </ul>	Survey The Study Recruited a large Number of Participants of which some Participants could not give accurate information needed	The Study Established women Financial Challenges.	The study focussed much on the Involvement of Women in SMEs business and not paying attention to issues affecting SMEs in Zambia.
Why Companies Fail to Engage Today's Workforce.	Bersin 2014	To assess the influence of Generational Type on Employee Theft at Kopala Mine, Zambia	The data set in this study is derived from the Kopala Mine Reports for	The study concentrated much on the report which were done by other making it less effective	The study approach did not pay attention to real issue. It was more theoretical
Rise and Fall of Microfinance in India.	Mader and Winkler 2013	Establish factors leading to rise of SMEs	Qualitative Case Study research design	The Study established factors contributing to the rise and fall	It did not pay attention to the societal attitudes

				of Microfinance institution	influence on the developmen t of Microfinanc e institution
Seventh Developmen t Plan	Ministry of Finance 2017–2021.	Moving Zambia to Developed Nation By 20230	Debate  No proper method was applied  It was Politically Influenced	Laid out a Plan of Developing Zambia SMEs	Plan only concentrated on the opportunity Zambia has to develop SMEs but neglected the support part SMEs requires from the consumers.
SME Finance and Innovation in the Current Economic Crisis	Centre for Business Research 2020	➤ To Analyse different Innovation adopted by SMEs in the time of Economic Crisis	Quantitative Research	Established different mechanism which can be used by SMEs to survive the Hard Economic systems	The study only looked at innovation part neglecting the social point of view.
The Contribution	Aydoguş	➤ To establish the extent to	Quantitative	The study published	The study did not look

of SMEs to National Developmen t	2008	which SMEs contributes to National Developme nt		statistical data on how much SMEs contribute to National Development	at major factors affecting the operation of the SMEs
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## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research methodology. It explains how the study was conducted; the elements described in this chapter are Research Design, Study Site, Study Population, Study Sample, pilot study, Data Collection Procedure, Data Collection Instruments and ethical consideration. The chapter further considered describing Data Analysis Procedure.

#### **3.1. Research Design**

An arrangement of settings for data collection and analysis that aims to make the study purpose relevant is known as a research design. In addition, Kothari (2004) asserts that the research design is the conceptual framework for the investigation. It serves as the guideline for collecting, measuring, and analyzing data. Cross-sectional case study research methodology was used in this study. This approach was chosen because it allowed for horizontal data collection from the target population, resulting in data from people with a variety of viewpoints and historical backgrounds. Scholars like Geoffrey (2005) define a case study as a method of gathering information about a person, a family, an institution, or a group of people that may precisely identify the causes and contributing factors of an actual occurrence. Based on the aforementioned factors, the researcher has chosen a case study approach over alternative designs to get a more in-depth analysis of the effects of consumer behavior on the development of the Small and Medium Enterprise (SMEs) in Kafue Zambia. The study's method of data gathering, and analysis was qualitative. However, all statistical data collected was analyzed quantitatively.

#### **3.2 Study Site**

Study or research site setting is the physical, social and cultural site in which the researcher conducts the study. The research was conducted in Kafue Township in Kafue District of Lusaka province, Zambia. The township was selected because of its easy accessibility, low cost and convenience to the researcher.

#### **3.3.0 Target Population**

The full group of items or individuals being investigated so that the researcher can make a generalization, according to Kumar (2014), is referred to as the "target population." The target

population for this study consisted of both consumers and the owners of the SMEs in Kafue. Kafue is a densely populated area in which the researcher cannot use a randomized method of selecting participants. Hence, the researcher only targeted 200 persons on average including male and female.

### **3.3.1 Inclusion Criteria**

A unique population with a tenacious population must be chosen for scientific investigation. Who may be included in the study sample size is determined by the inclusion criteria. It accurately, consistently, reliably, and uniformly identifies the research population. As a result, the only individuals who meet the inclusion requirements for this research are those who own SMEs and consumers with purchasing power in Kafue Township and are able to provide the data required for this study.

### **3.3.2 Exclusion Criteria**

Exclusion criteria, on the other hand, are described as characteristics of potential study participants who match the inclusion requirements but exhibit extra traits that could hinder the success of the study or raise their chance for a poor outcome. The exclusion criterion for this study was based on the participant's incapacity to submit information, failure to keep an appointment, and possession of comorbidities that hampered their participation in the study, such as illness.

## **3.4 Sample Size**

This study recruited 67 participants. It is important to state that participants were chosen purposively with the goal of gathering accurate, trustworthy, and reputable information. Based on statistics gathered from a selected group of individuals and the Kafue local council, Kafue has mainly three types of consumers, those with high purchasing power, medium and low purchasing power. Prior to researcher data on the number of SMEs in Kafue, there are at least over 100 SMEs and over 500 consumers in the area under study. The researcher purposively included 140 consumers and 60 SMEs owners as study population selected among the prominent members of the community who can give reliable data needed for the study. Thus, from the 200-study population, mathematically calculated using the formula  $n = \frac{N}{1+N(e)^2}$  where  $n$ =study sample,

N=study population and e= error at 10%, therefore, 67 participants were selected to be study participants as shown below.

$$n = N/1+N(e)^2$$

$$n = 200/1+200(0.1)^2$$

$$n = 200/3$$

$$n = 67$$

Hence, the study sample for this study is **n =67**

$$\text{Consumers} = 140/200$$

$$= 0.7 * 67$$

$$= 47 \text{ participants}$$

$$\text{SMEs owners} = 60/200$$

$$= 0.3 * 67$$

$$= 20 \text{ participants}$$

The study therefore, recruited 20 participants who were SMEs owners and 47 participants who were consumers and of residents of Kafue purposively selected to aid the study.

### **3.5.0 Data Collection Procedure**

Data collection, according to Kothari (2004), is a systematic method of acquiring information that is important to the study's goal or questions. Three ways of gathering data were employed in this study. These techniques included document reviews, focus group discussions, and the Key Informant Interview Guide (KIIG). The three methods of data collection mentioned above were used by the researcher since they are less expensive but produce great qualitative data. Because the interviewer has the chance to prepare a respondent before asking a sensitive question and to personally explain a complex one to a respondent, the interview and discussion are then the most suitable strategy for investigating difficult and sensitive subjects. The 20 SMEs owners were interviewed and the 47 participants who are consumers participate through



focus groups while all participants were subjected to answering questionnaire. Four groups were formulated and the researcher together with participants came up with a schedule for group discussion. Further information about the instruments used for data collection is provided below;

### **3.5.1 Primary Data Collection**

Primary data refers to the firsthand data gathered by the researcher. This is data that is raw and unprocessed usually it is firsthand information obtained from the people through interview of any kind. The primary data was collected using key informant interview guide and focus group discussion guide and questionnaires.

### **3.5.2 Interview**

A frequent technique for gathering information from people is interviewing them. People in all walks of life gather information from others through various interactions. According to Kumar (2005), an interview is any face-to-face conversation between two or more people for a defined goal. Oral questions are posed, and oral responses are given as part of the interview method of data collection. The interview guide, however, serves as the researcher's guide. This approach is reliable since it may be used with phone interviews in a situation where the respondent fails to show up for the appointment. The researcher performed targeted group discussions and one-on-one interviews with important informants. Following the recruitment of research participants, concentrated group discussions and individual interviews were scheduled in advance. All spoken responses were translated, recorded, and stored by the researcher.

### **3.5.3 Secondary Data**

Secondary data is data which is organized and processed. It is usually obtained from the review of documents such as books, articles, journals, theses, newspapers to mention but a few.

### **3.5.4 Documentary Review**

The study also employed secondary data from an examination of archival materials. As a result, the researcher collected data from a variety of materials, including reports, articles, newspapers, theses, and journals. This approach uses data that have already been gathered, statistically processed, and analyzed by many scholars. Documentation, as defined by Kombo and Tromp (2006), is the process of conveying knowledge through the analysis of written or electronic documents, which serve as a crucial source of information for many different types of research.

The analysis of documents that include details about the phenomenon under study is referred to as the usage of the documentary review method of data collecting. Documentary analysis, according to Kothari (2004), is the practice of analyzing multiple excerpts located in offices or locations dealing with or connected to what the researcher is investigating. Different journals, thesis, newspapers, articles to mention but a few were reviewed to have a deeper understanding of the previous work and to find the knowledge gap that needs to be filled by this study.

### **3.6.0 Data Collection Instruments**

In the collection of data for this study, the following instruments were used;

**Key Informant Interview guide:** Key Informant Interviews (KIIs) are a fundamental qualitative research method that provides in-depth insights from individuals with specialized knowledge or experience in a particular subject area. The instrument is simply used as guide for interviewing the participants.

**Focused Group Discussion Guide:** A focus group discussion guide an instrument used to collect data from group discussion. It is a research method that brings together a small group of people to answer questions in a moderate setting. The group is chosen due to predefined demographic traits, and the questions are designed to shed light on a topic of interest. Focus groups are a type of qualitative research, and observations of the group's dynamic, their answers to focus group questions, and even their body language can guide future research on consumer decisions, products and services, or controversial topics. They are often used in marketing, library science, social science, and user research disciplines.

**Documentary Review:** Documentary analysis, according to Kothari (2004), is the practice of analyzing multiple extracts (books) located in offices or locations dealing with or connected to what the researcher is investigating. Different journals, thesis, newspapers, articles to mention but a few will be reviewed to have a deeper understanding of the previous work and relate to the current study.

#### **3.7.1 Validity and Reliability of Data Collection Instrument**

The consistency or accuracy of the instruments to be used in the study at hand is referred to as the validity of the data collection. As pointed out by Kumar (2005), it incorporates the experimental concept and determines whether the outcomes fit all the criteria for the scientific

research methodology. In this study, the data was cross-checked to ensure their validity, and the researcher promptly reviewed all notes made on the interview guide and the focused group discussion to ensure their accuracy. According to Kothari (2004), reliability refers to how consistently and steadily an assessment instrument delivers results that can be used to gauge a study's consistency. The University of Zambia, the relevant institutions, and all departments from which data was collected were asked to grant approval for the study. All respondents who were chosen to participate in the study were given questionnaire, interview and focus group discussion guides. The records were then collected for analysis and kept in a clean environment at the researcher's office.

### **3.7.2 Credibility and Trustworthiness**

To achieve credibility and trustworthiness in this study the researcher applied two techniques which were Triangulation and checking member for validation. Triangulation involved using multiple sources of data, methods, or researchers confirmed the findings. Different perspectives were incorporated. Some research participants were checked for validation of data. The process involved sharing the research findings with participants to validate the accuracy and authenticity of the data collected. By allowing participants to review and confirm the findings, it helped to align interpretations with participants' experiences.

### **3.8 Data analysis**

There are numerous techniques for analyzing qualitative data. The major qualitative data analysis techniques which were used in this study by the researcher are content analysis and qualitative data analysis. Organizing and preparing the data for analysis, reading the data, creating categories, and ultimately data interpretation are the primary stages that were employed to manage the data. The researcher used Microsoft Excel and SPSS (version 16) for quantitative data analysis, where frequencies and percentages were used to determine the opinions of the general public.

### **3.9 Ethical Considerations**

The University of Zambia (UNZA) Ethical Clearance Committee and the location of the study were consulted for approval. The researcher managed the respondents' privacy and confidentiality as well as communication in a professional manner. The researcher made it apparent by creating interview instructions that did not require the participant to review their identification; this was

done in order to maintain respondent confidentiality. Additionally, respondents were given the freedom to answer questions truthfully without having to make any corrections. All respondents were informed of the usage and purpose of the necessary information before they agreed to participate in the study. The information gathered from this study was kept strictly confidential and solely utilized for academic purposes. The Participants were well informed about the study including information on voluntary participation in the study. Both oral and written agreements of consent were obtained during the time of participant recruitment. Lastly the researcher ensured that interviews and group discussion were conducted in participants' convenient places and time.

## **CHAPTER FOUR**

### **DATA PRESENTATION, INTERPRETATION AND ANALYSIS**

#### **4.0 Introduction**

This chapter describes the research methodology that was used in the study which includes data presentation, interpretation and analysis of the findings that were obtained from the data collection exercise. The data presented includes the questionnaires' response rate, the demographic characteristics of the respondents and a presentation of other findings that are geared towards each individual objectives of the study.

#### **4.1 Response Rate**

The study targeted 67 participants divided as consumers and owners of SMEs in Kafue district of Lusaka Zambia. Out of the 67 questionnaires that were administered, all the questionnaires were filled, and they were collected. This translated to a 100% return rate which was satisfactory according to Babbie (2008) who argues that any response of 50% and above is adequate for analysis. This response rate was made possible after face-to-face interviews with guidance on how to go about responding to questions as well as explaining the importance of their participation in this study. The response rate largely demonstrates a willingness of the respondents to participate in the study. In order to gather in-depth data, the principle investigator also conducted oral interviews with the owners of the SMEs and group discussions with the consumers in four groups on different four days. All data collected during interviews and focus group discussion was recorded and stored safely for interpretation and analysis.

#### **4.2 Respondents' Background Information**

In this section, the study sought to establish background information and demographic data of the respondents. They were requested to indicate their gender, age, highest level of education, work experience as owners of SMEs and consumers.

**Table 2: Respondents' Gender (n=67).**

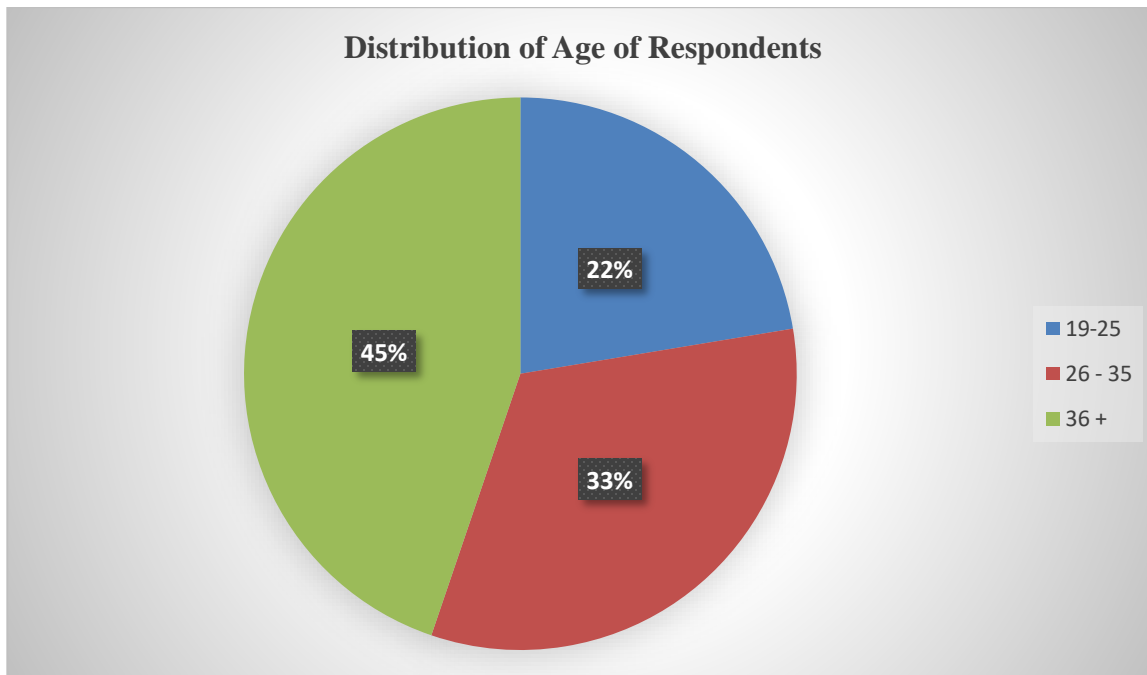
Gender	Frequency	Percentage (%)
Male	38	56.7
Female	29	43.3
Total	67	100

*Source: Researcher, 2024.*

The respondents were required to indicate their gender. The findings show that majority 38(56.7%) were male while 29(43.3%) were female. Table 3 shows a summary of the findings.

The study also pursued to find out the age of the respondents. This was important in such a way that it reflected the experience of an individual in the operating SMEs and as consumers. Figure 1 below showed the responses.

**Figure 1: Distribution Age of the Respondents (n=67)**



*Source: Researcher, 2024*

The findings showed that majority were aged 36 and above comprising 30(45%) of the total sample size of the respondents, 22(33%) of the total sample size of the respondents were aged between 26

and 35 years, and 15(22%) were aged between 19 and 25 years and none were below this age range. This implies that more than majority of the respondents were at old age and have high experience in community economic and social matters and hence, can contribute constructively in this study.

The study further sought to establish the highest academic qualifications attained by the respondents. The table 4 below shows the results from the respondents.

**Table 3: Respondents Level of Education (n=67)**

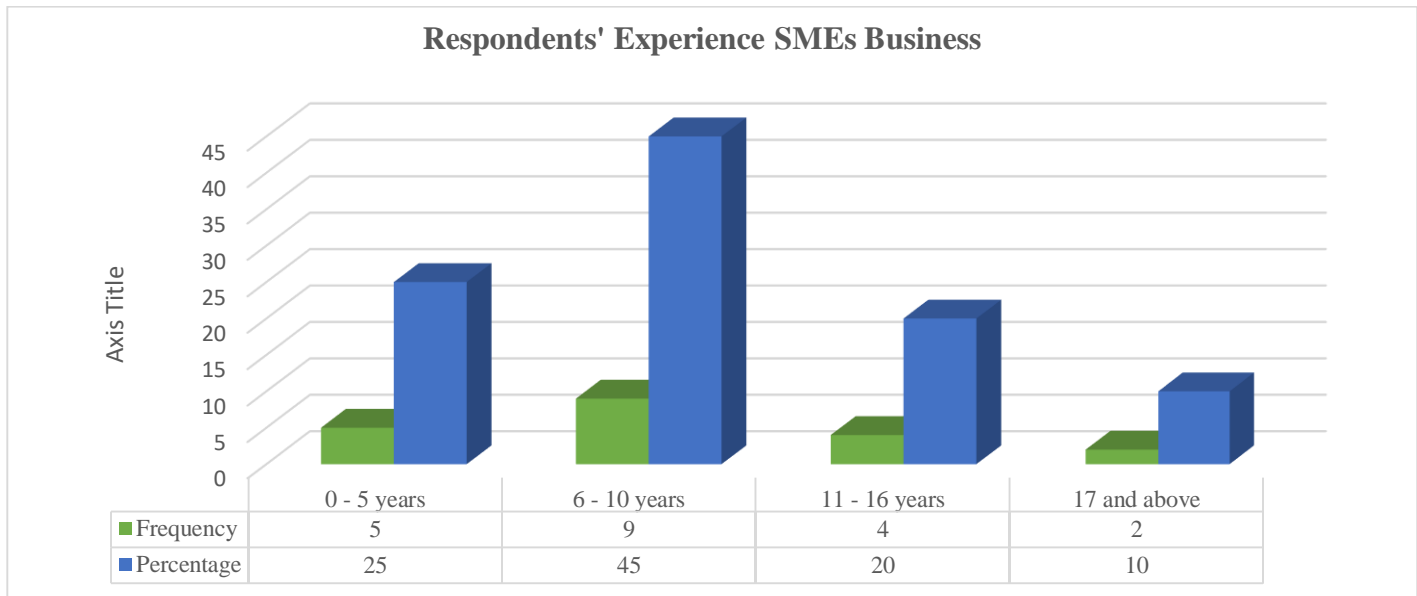
Level of Education	Frequency	Percentage
Primary	5	7.5
Basic	15	22.4
Secondary	25	37.3
College	12	17.9
University	10	14.9
Total	67	100

*Source: Researcher, 2024*

According to the findings, most of the respondents had secondary school level of Education translated as possessing grade 12 certificate 25(37.3%) followed by 15(22.4%) who acquired basic education level translated as possessing grade 9 certificates. 12(17.9%) of the respondents possessed college qualifications, 10(14.9%) possessed University qualification and the least category 5(7.5%) were those who only reached a primary level of education. According to the levels of education of the respondents, it is deduced that most of the respondents understood the information sought by this study.

In addition, the study also tried to find out the experience of the respondents owning SMEs in order to ascertain their experience with regard to their understanding of the challenges faced by SMEs. The figure 2 below shows the results from the respondents.

**Figure 2: Respondents' Working as SMEs Owners (n=20)**



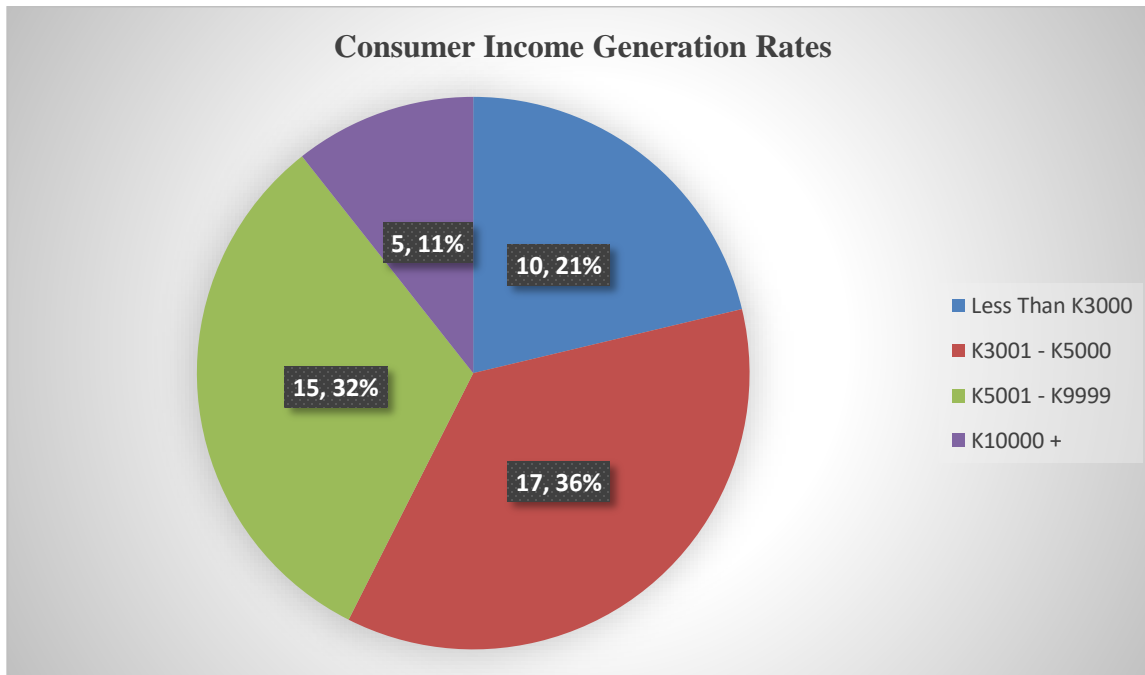
*Source: Researcher, 2024*

The study found that most of the respondents 9(45%) of the respondents had worked in SMEs as owners for 6 - 10 years, 5(25%) of the respondents had worked for 0 to 5 years, 4 (20%) of the respondents had worked for 11 -16 years and 2(10%) of the respondents had worked for 17 years and above. However, based on the results above, most of the participants in the study had worked as SMEs owners in Kafue long enough to understand the factors affecting them especially relating to low consumer turn out or customer retention. The gathered information from the interviews proves data validity and reliability because the respondents' skills, knowledge and expertise had been tested for a long period and their perception on the matter under study had been influenced by their experience.

The study also sought to establish the income generation rate of the participants in the category of consumers. This data was used to help in understanding the major factors which influence consumer's decisions regarding where to buy from. The responses were as shown in the figure 3 below.



**Figure 3: Income Generation Rate of the Respondents per month (n=47).**

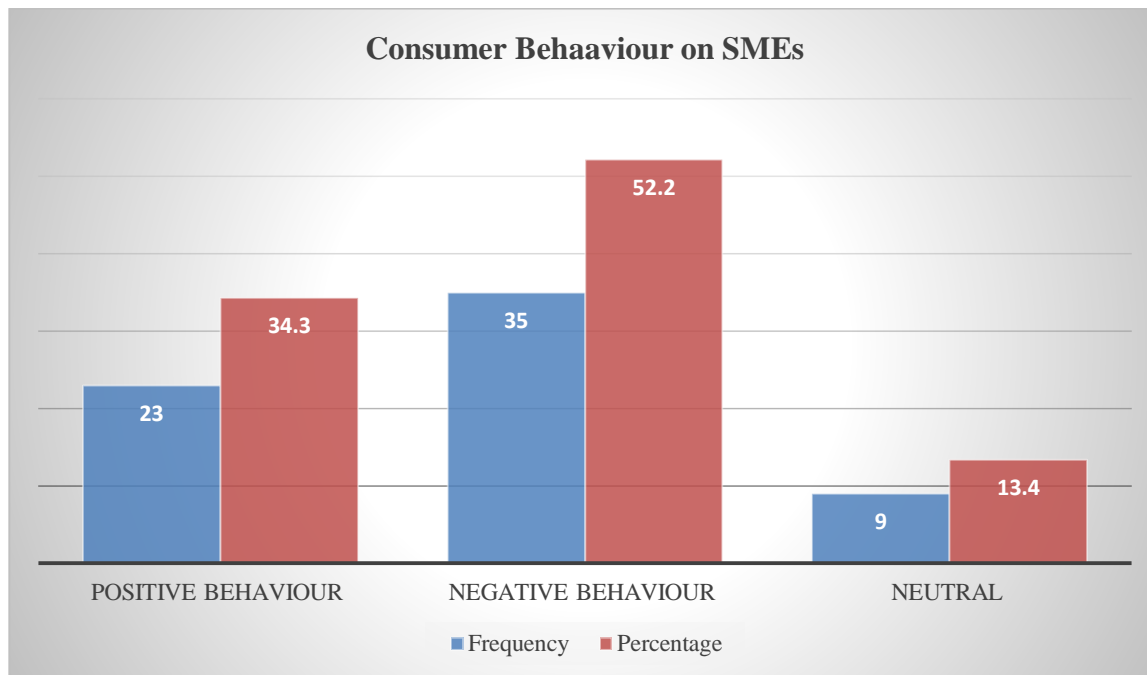


The finding of the study showed that 17(36%) had a monthly earnings ranging from K3001 – K5000, 15(32%) their income ranges from K5001 – K9999, 10(21%) earn K10000 and above monthly and the last category of participants earns less than K3000 per month. These responses played an important role in understanding whether income generation have any bearing on the consumer’s decision of where to buy goods and services.

#### **4.3 Effect of Consumer Attitudes on the Development of SMEs in Kafue.**

To establish whether consumer attitudes on SMEs influences the development of the SMEs the researcher sought to first establish the kind of behavior consumers portray in Kafue district on the available SMEs. The participants were asked to indicate the following responses, positive behavior to mean that consumers mostly buy from local SMEs, Negative behavior meaning that consumers choose not to buy from the local SMEs and none of the above to mean consumers were Neutral. The responses were as outlined in figure 4 below.

**Figure 4: Responses on Portrayed Consumer Behaviour in Kafue (n=67)**

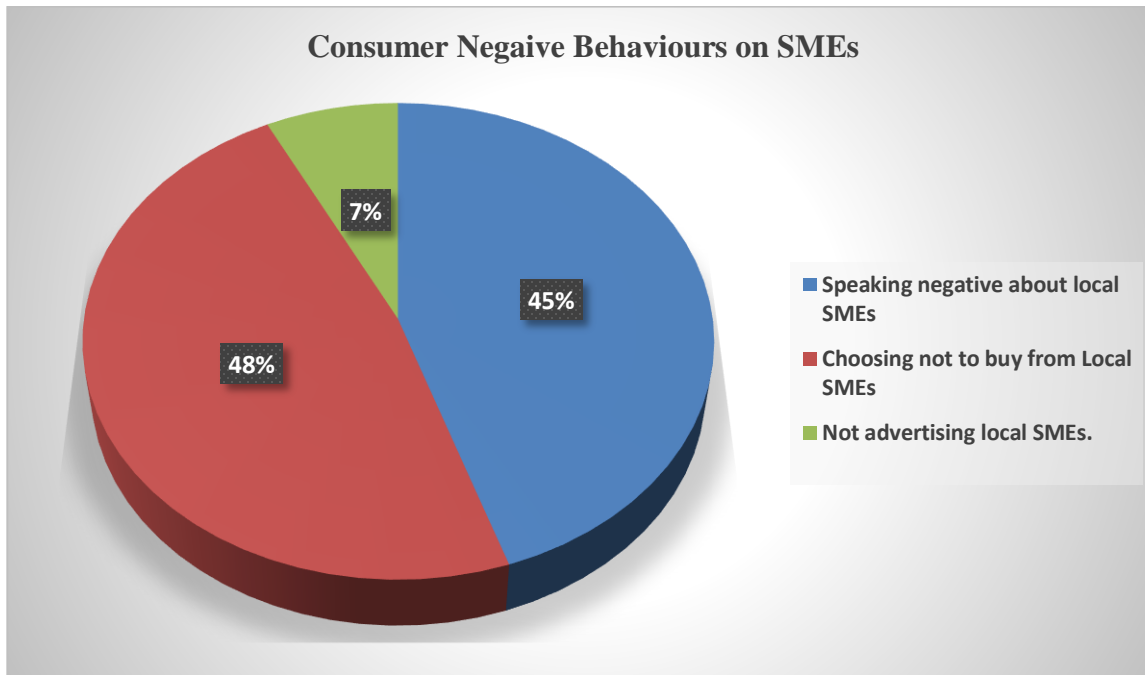


**Source: Field Data 2024.**

According to the responses, most participants said consumers have negative behaviour towards local SMEs as 35(52.2%) pointed out that, 23(34.3%) said consumers show positive behaviour on the local SMEs and 9(13.4%) were neutral meaning they indicated neither negative behaviour nor positive behaviour. From the data gathered above it can be deduced that really consumers do speak negative about local SMEs and eventually choose not to buy from them as they opt buying from foreign owned shops and shopping malls.

To validate the findings made above the researcher also asked participants to list the negative consumer negative behaviors that affects SMEs development. What came out from the responses are as shown in figure 5 below.

**Figure 5: Negative Behaviour Portrayed by Consumers (n=67)**



**Source: Field Data 2024.**

According to the findings most participants 32(48%) pointed out consumers choosing not to buy from the local SMEs as the most negative behaviour affecting the development of SMEs in Kafue district, 30(45%) indicated that consumers speaks a lot of negatives about SMEs and only 5(7%) pointed out not advertising local SMEs as a negative behaviour affecting SMEs development. Furthermore, based on the findings outlined above, it is evident that the extent of consumer negative behaviour stated is very high and there is need for great interventions to help consumers to shift their mindset towards SMEs. From interviews, the owners of the SMEs also lamented that their existence is highly dependent on consumers buying from them.

The study also sought to establish the importance of consumers buying from the existing local SMEs. The finding on this question were quick growth of SMEs, reducing widespread poverty, increasing local SMEs income generation and for infrastructure development. The responses were distributed as shown in the table 5 below;

**Table 4: The Importance of Consumers Choosing to Buy from Local SMEs (n=67).**

<b>Importance</b>	<b>Frequency</b>	<b>Percentage</b>
For Quick Growth of SMEs	40	59.7
Reduce Widespread Poverty	16	23.9
Increased Income Generation	10	14.9
Infrastructure Development	1	1.5
<b>Total</b>	<b>67</b>	<b>100</b>

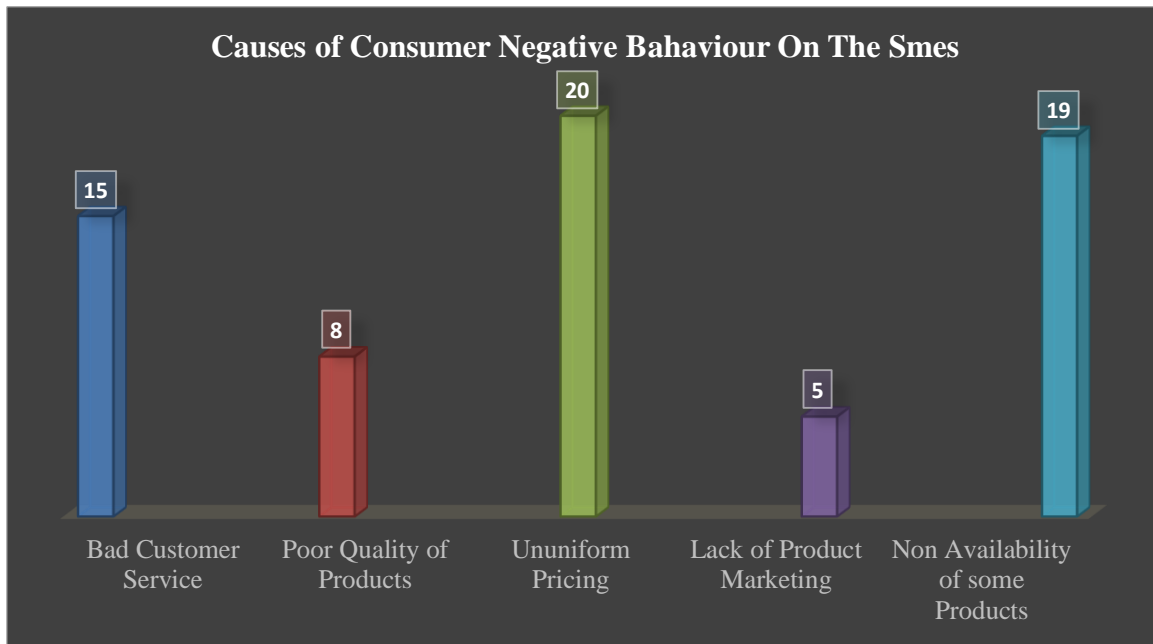
**Source: Field Data 2024.**

Participants were also able to point out the importance of consumers buying from the local SMEs 40(59.7%) said frequent buying of consumers from local SMEs would contribute to quick growth SMEs, 16(23.9%) reducing widespread poverty as SMEs may be source of employment, 10(14.9%) pointed out increased income generation which leads to increased tax generation and 1(1.5%) mentioned of infrastructure development.

#### **4.4 Counter Measures by SMEs Owners to Change Consumer Attitudes to Increase Retention.**

To establish measure to increase the numbers of consumers who buy from them, the researcher sought that there was need to first establish the causes of consumer negative behavior towards SMEs. Four main responses came out from both consumers and the owners of the SMEs, and the responses were as shown in the figure 6 below;

**Figure 6: Causes of Consumers Negative Behavior on the SMEs (n=67).**

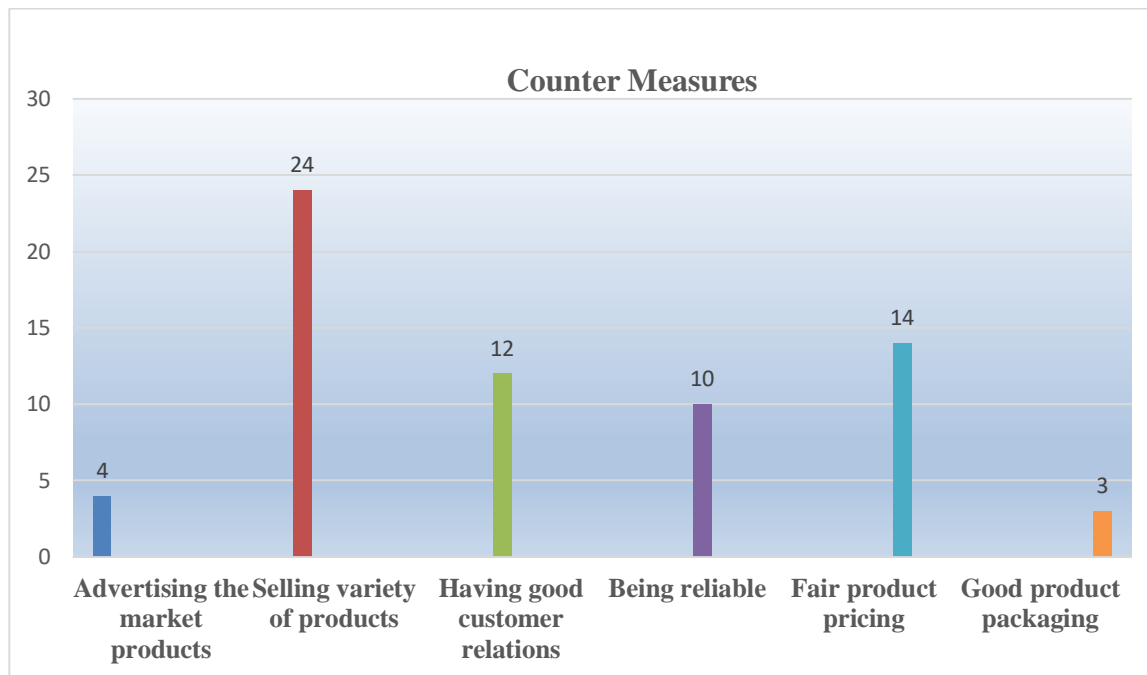


Source: Field Data 2024.

According to the findings made, participants pointed out unfair pricing 20(29.9%) as a major cause contributing to consumers not buying from the local SMEs, non-availability of some products, bad customer service and poor quality of products 19(28.4%), 15(22.4%) and 8(11.9%) respectively. Lastly some participants 5(7.5%) pointed out lack of products marketing indicating that some consumers would not know if they have certain products.

After establishing the causes of consumers negative behaviour towards SMEs, the researcher sought to find out from the owners of the SMEs and consumers what measure can the SMEs owners put in place in order attract consumers to start buying from them or change the perceptions held by the consumers on their businesses. The following measures were mentioned as outlined in the figure 7 below.

**Figure 7: Counter Measures by SMEs Owners to Promote Consumers buy from them.**



**Source: Field Data 2024.**

After finding out the causes of low consumers buying from the local SMEs, participants suggested different measures to be put in place in order to increase consumer retention and attract more consumers to start buying from the local SMEs. What came out strong was SMEs must start selling variety of products pointed by 24(35.8%) of the total participants, then 14(20.9%) participants suggested fair product pricing, having good customer relation 12(17.9%), being reliable 10(14.9%), advertising market products and good packaging, 4(6%) and 3(4.5%) respectively.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION

#### 5.0 Overview

This chapter presents the research summary, conclusion, and recommendations. It summarizes the research undertaken based on the findings and objectives which guided the research. The chapter further, recommends what should be done to resolve the question under discussion.

#### 5.1.0 Research Key Findings

The key finding of this study have been guided by three objectives as follows.

##### 5.1.1 Effect of Consumer Attitudes on the Development of SMEs in Kafue.

According to the findings of the study, it has been established that there are negative attitudes in the consumers regarding their choices of buying from the local SMEs. Thus, they choose not to buy from local SMEs which is directly affecting their development. It has also been found that most Consumers speak negatives about the local SMEs which discourage other consumers from buying from them. According to the findings, the behavior of the consumers of not choosing to buy from the local SMEs and speaking negative about them affects SMEs from developing as their products does not sell and/or take long time to sell due to low customer turn out and retention.

Consumer attitudes play a significant role in shaping the development and success of Small and Medium-sized Enterprises (SMEs). These attitudes influence various aspects of SME operations, from product development to marketing strategies. Understanding the impact of consumer attitudes on SMEs is crucial for these businesses to thrive in a competitive market environment. It has been found that the failure of most SMEs in Kafue is due to consumers choosing not to buy from them. Also, Hansen (2014) indicated in his study that consumer attitudes directly impact the product development process for SMEs. As consumers increasingly demand sustainable and eco-friendly products, SMEs need to align their offerings with these preferences. This shift requires SMEs to invest in sustainable practices, source environmentally friendly materials, and innovate to meet consumer expectations. Failure to adapt to changing consumer attitudes can result in decreased competitiveness and reduced sales for SMEs.

While this study found that if consumers speak negative about SMEs, growth of SMEs is undermined. Also Sen (2001) found that consumer attitudes also influence how SMEs market their

products and how their brands are perceived in the market. In today's consumer-driven landscape, businesses must communicate their sustainability efforts, social responsibility initiatives, and commitment to meeting consumer needs effectively. Ignoring consumer attitudes towards sustainability and ethical business practices can lead to negative brand perception, impacting customer loyalty and overall business success. Further, consumer attitudes towards customization and personalized experiences have driven SMEs to offer tailored products and services. By understanding consumer preferences and behaviors, SMEs can enhance customer engagement, build long-term relationships, and differentiate themselves from competitors. Failing to cater to evolving consumer demands for customization may result in missed business opportunities and hinder growth prospects for SMEs.

In line with what this study has found also Duygulu (2016) pointed out that consumer attitudes act as catalysts for innovation within SMEs. Businesses that proactively respond to changing consumer preferences by introducing new products, services, or business models are more likely to stay relevant and competitive. Embracing digitalization, investing in e-commerce capabilities, and adopting sustainable practices are essential steps for SMEs looking to adapt to evolving consumer attitudes effectively. Ultimately, the alignment of SME strategies with consumer attitudes can significantly impact financial performance. Positive consumer evaluations of a firm's sustainability actions and behaviors can lead to increased revenues and market share. On the other hand, neglecting consumer preferences may result in higher production costs, reduced sales volumes, and a decline in overall profitability for SMEs.

According to the findings of the study, it is evident that if the consumers develop positive behaviour towards local SMEs, there is rapid growth of the SMEs as pointed out by the owners of SMEs who said that "our existence and growth is highly dependent on the support we receive from the consumers by them buying our products and services". From what the owners of the SMEs pointed out, it can be deduced that there is co-existence between consumers and SMEs. Thus, on the other hands if consumers develop negative behaviour towards local SMEs, the SMEs faces greater challenges and results to non-growth in return results to closure and failure of the SMEs in Kafue district of Lusaka province Zambia.



### **5.1.2 The Extent to Which Consumers often Buy from the Local SMEs in Kafue District.**

This study found that in Kafue district there is a low rate of consumers buying the products from the local SMEs in form of services and goods. The study found that most consumers possess different reasons as to why they choose not to buy from the local SMEs. Among the causing factors are poor customer care by the SMEs, unfair pricing, poor packaging of products to customers and non-availability of some essential goods. Thus, based on the responses provided by participants consumers do not often buy from the local SMEs as they opt to buying from big enterprises such as shopping malls and big shops which are already stable hence, hampering on the development of the local SMEs.

While these participants indicated that consumers in Kafue have mostly chosen not to buy from local SMEs and have opted buying from bigger shopping complexes. The findings contradict with what other studies have found. Martin (2020) found that in Zambia consumers often buy from local Small and Medium Enterprises (SMEs) to a significant extent. The country has a vibrant SME sector that plays a crucial role in the economy, providing employment opportunities and contributing to economic growth. Consumers in Zambia frequently support local SMEs by purchasing a variety of goods and services from them. These purchases range from everyday essentials to more specialized products offered by these businesses.

Local SMEs in Zambia cater to diverse consumer needs, ranging from food products to handicrafts, clothing, household items, and various services. Martin (2020) also pointed out that consumers often prefer buying from these local businesses due to factors such as affordability, convenience, personalized service, and the desire to support the local economy. Additionally, purchasing from local SMEs allows consumers to access unique and culturally significant products that may not be available through larger commercial outlets. In his controversy he stated that the extent of consumer purchases from local SMEs in Zambia is influenced by various factors such as consumer awareness campaigns promoting the benefits of supporting local businesses, the quality and competitiveness of products offered by SMEs, as well as government initiatives aimed at fostering entrepreneurship and SME development. However, the rise of digital platforms and e-commerce has affected local SMEs who cannot manage to offer such services.

### **5.1.3 Recommend Measures for SMEs To Increase the Number Of Consumers Buying.**

The study recommended different measures for SMEs to put in place in order to increase the number of consumers buying from them or increase customer retention for the growth of the local SMEs. What came out strong as measure during interviews, focus group discussion and through the questionnaire was that SMEs must start selling variety of products, SMEs must be fair in product pricing, having good customer relation, being reliable, advertising market products and practicing good packaging.

To increase the number of consumers buying from small and medium-sized enterprises (SMEs), it is essential to implement strategic measures that attract and retain customers. The results of this study where participants indicated the need to offer fair pricing of products correlates with what was found by Martin (2020) where thy pointed out offering Special Discounts and Promotions as a way of retaining customers. Providing new customers with discounts, promotions, or special offers can incentivize them to make a purchase. Offering introductory discounts, bundle deals, or freebies for first-time buyers can attract new customers and encourage repeat purchases. In addition, while doing that owners of the SMEs can encourage existing customers to refer friends, family, and colleagues by creating a structured referral program. Incentivize referrals with discounts, rewards, or exclusive offers to motivate loyal customers to spread the word about your business other than them to speak negative of the business.

Another way of promoting consumers to buy from these SMEs is, owners of the SMEs must participate in networking events, collaborate with complementary businesses, and engage with local communities to expand your reach and attract new customers. Building relationships through networking can lead to valuable partnerships and customer referrals (Duygulu, 2016). During community engagements, owners of SMEs must showcase their expertise. Thus, demonstrating industry expertise through speaking engagements, webinars, workshops, or educational sessions. Positioning yourself as an authority in your field can attract new customers who value knowledge and expertise when making purchasing decisions. Further, engaging with local communities by sponsoring events, supporting charitable initiatives, or participating in community activities. Demonstrating a commitment to community involvement can enhance brand reputation and attract socially conscious consumers.

To improve consumers' behavior towards local small and medium-sized enterprises (SMEs), businesses can implement various strategies based on consumer behavior analysis. Understanding what influences consumers to support local businesses and how they make purchasing decisions is crucial in shaping their perceptions and actions. Hence, there is need to emphasize the positive impact of supporting/or buying from local SMEs on the community, economy, and environment, showcasing the unique offerings, personalized services, and quality products of local businesses compared to larger corporations and utilizing storytelling and testimonials to create an emotional connection with consumers, emphasizing the importance of sustaining local entrepreneurship. Thus, by implementing different strategies based on consumer behavior insights, businesses can positively influence consumers' attitudes towards SMEs and drive increased engagement and loyalty.

According to the findings of this study, it is evident to say that SME sector is facing several challenges like non-profit making as a result of low consumer turn outs. Thus, building a resilient small and medium-sized enterprise (SME) sector is crucial for several reasons. Building a resilient SME sector can lead to economic stability. According to United Nation (2022) resilient SME sector contributes significantly to economic stability by creating jobs, fostering innovation, and driving economic growth. When SMEs are resilient, they can better withstand shocks and disruptions, thereby maintaining a stable business environment. Further, SMEs play a vital role in local communities by providing employment opportunities and supporting social development. A resilient SME sector ensures continuity in job creation and sustains community well-being during challenging times. For this reason, consumers should deem it fit and vital to start buying from the local SMEs as a way of contributing to community development.

In addition to the above point, resilient SME sector enhances a country's global competitiveness by promoting entrepreneurship, fostering industry diversity, and encouraging sustainable business practices. Resilient SMEs can adapt to changing market conditions and remain competitive on the international stage. Resilient SMEs are also more likely to innovate, adapt to new technologies, and respond effectively to market trends. By building resilience, SMEs can stay ahead of the curve and drive industry advancements. Building resilience in the SME sector helps mitigate risks associated with various crises such as financial downturns, natural disasters, pandemics, or

geopolitical uncertainties. Preparedness and adaptive strategies enable SMEs to navigate challenges more effectively.

Resilient SMEs are better equipped to embrace sustainability practices, reduce environmental impact, and contribute to sustainable development goals. By prioritizing resilience, SMEs can ensure long-term viability while minimizing negative effects on the environment. Governments and policymakers benefit from a resilient SME sector as it fosters economic diversification, supports job creation initiatives, and enhances overall economic resilience at the national level. Policies that promote resilience among SMEs can lead to a more robust and dynamic economy. Thus, building a resilient SME sector is essential for economic stability, social impact, global competitiveness, innovation, risk mitigation, sustainability, and effective policymaking (United Nations, 2022).

## **5.2 Conclusion**

The purpose of this study was to find out the effects of consumer behavior towards SMEs. The study was trying to establish how consumer behavior affects SMEs growth in Kafue district of Lusaka province Zambia. The study found there is a positive correlation between the results from primary sources and the literature review. The results of the literature research showed that inadequate planning, bad financial management, a lack of managerial abilities, an inability to control expansion, a lack of capital and access to financing, and a lack of training and education are the main reasons why SMEs for low growth in SMEs sector. Findings from primary sources suggested consumer negative behavior towards SMEs was due to poor customer care by the owners of SMEs, Unfair pricing, non-availability of some product to mention but a few. Thus, if owners of the SMEs can undergo some form of training, their services would attract a number of consumers. The study has also found that SMEs growth is highly dependent on the consumers buying from them.

## **5.3 Recommendation**

Based on the findings of this study the researcher makes the following recommendations.

- i. SMEs owners should implement good policies that aims at improving service and quality of products to maximize consumers buying from them as it is a key to SMEs development.

- ii. SMEs owners should create a conducive working environment for all in order to maximize customer retention. This enables customers to put in all their efforts leading to maximized profit outcome.
- iii. SMEs owners must seek to be trained in their areas of specialization to acquire more skills on how to retain customers.
- iv. There is a need for government to develop policies that protect and empower SMEs so as to contribute to national development and reduce poverty.

#### **5.4 Recommendations for Further Studies**

During this study the researcher established different consumer behaviors that affects development of SMEs in Kafue Township. However, the researcher wishes to make the following recommendation for further studies.

- i. A similar study could be extended to the whole of Zambian SME sector.
- ii. A study could be conducted around SME management skills needed to run SMEs successfully.
- iii. Other researchers should carry out quantitative research on the rate of consumer buying from SMEs Kafue Township.

#### **5.5 Chapter Synthesis**

The chapter has summarized the whole findings of the study by establishing the main finding's objective by objective and discussing them. The chapter has also recommended what should be done to improve growth of SMEs. The study finally recommended what other studies need to be conducted to fill the literature gaps.

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## APPENDICES

### Appendix I – Questionnaire for SMEs Owners

#### INTRUCTIONS

- ❖ You are required to tick in the box provided on the correct answer to the question asked.
- ❖ You are free to ask the researcher where you do not understand the question clearly.
- ❖ You are not allowed to indicate your name on this interview guide.
- ❖ Any response provided shall only be used for academic purpose.

#### Part One: Participant's Information

1. What is your gender? Male  Female
2. What is your age? 19 -25 Years  26 – 35 Years  36 Years and above
3. What is your level of education? Primary  Basic  Secondary  College  University
4. For how long have your operated your Business? Below 1 year  2 -3 Years  4 – 5 Years  5 years Plus

#### Part Two: Establish the effect of consumer attitudes on the development of Small and Medium Enterprises s in Kafue.

1. What kind of consumer behavior do consumers portray in Kafue on the Small and Medium Enterprises?
  - (a) Positive Behavior (Consumer supports SMEs)
  - (b) Negative Behavior (Consumers do not Support SMEs)
  - (c) None of the above (Consumers are Neutral)
2. What consumer negative behavior affects SMEs development? **You can tick more than one answer.**
  - (a) Speaking negative about local SMEs
  - (b) Choosing not to buy from Local SMEs
  - (c) Not advertising local SMEs.
3. Does consumer behavior have any effect on the development of SMEs in Kafue?
  - (a) Yes
  - (b) No

- (c) I don't know [ ]
4. What is the extent of consumer negative behavior stated above on the SMEs in Kafue?
- (a) Very High [ ]
- (b) High [ ]
- (c) Low [ ]
- (d) Very low [ ]
5. Why is it important for consumers to buy from the existence local SMEs?
- (a) For quick growth of SMEs [ ]
- (b) Reduce widespread poverty [ ]
- (c) Increased income generation [ ]
- (d) Infrastructure development [ ]
6. What causes consumer negative behavior towards SMEs?
- (a) Bad customer service [ ]
- (b) Poor quality of products [ ]
- (c) Some goods prices not matching market price [ ]
- (d) Non marketing of products [ ]
7. What should be done to develop a positive attitude in consumers towards SMEs in Kafue?
- (a) Advertising the market products [ ]
- (b) Selling variety of products [ ]
- (c) Having good customer relations [ ]
- (d) Being reliable [ ]
- (e) Fair product pricing [ ]
8. What is the extent to which consumers often buy from the local SMEs in Kafue district?
- (a) Very high [ ]
- (b) High [ ]
- (c) Low [ ]
- (d) Very Low [ ]
9. What measures can SMEs put in place in order to increase the number of consumers buying from them?

- (a) Advertising the their products [ ]
- (b) Selling variety of products [ ]
- (c) Having good customer relations [ ]
- (d) Being reliable [ ]
- (e) Fair product pricing [ ]

## Appendix II– Questionnaire for Consumers

### INTRUCTIONS

- ❖ You are required to tick in the box provided on the correct answer to the question asked.
- ❖ You are free to ask the researcher where you do not understand the question clearly.
- ❖ You are not allowed to indicate your name in this interview guide.
- ❖ Any response provided shall only be used for academic purposes.

### Part One: Participant's Information

1. What is your gender? Male  Female
2. What is your age? 19 -25 Years  26 – 35 Years  36 Years and above
3. What is your level of education? Primary  Basic  Secondary  College  University
4. What is your monthly income range? Less than K3000  K3001 – K5000  K5000  above K10000

### Part Two: Effect of consumer behavior on Small and Medium Enterprises s in Kafue.

1. How do you behave towards local SMEs?
  - a. Positive Behavior (Consumer buy much from SMEs)
  - b. Negative Behavior (Consumers do not buy much from SMEs)
  - c. None of the above (Consumers are Neutral)
2. What negative behavior do local SMEs portray that prevents you from buying from them? **You can tick more than one answer.**
  - a. Bad customer service
  - b. Exaggerated prices
  - c. Poor quality of products
  - d. Unclean environment
3. Does consumer behavior have any effect on the development of SMEs in Kafue?
  - a. Yes
  - b. No
  - c. I don't know
5. What is the extent of consumer negative behavior stated above on the SMEs in Kafue?
  - a. Very High

- b. High [ ]
  - c. Low [ ]
  - d. Very low [ ]
6. Why is it important for consumers to buy from the existing local SMEs?
- a. For quick growth of SMEs [ ]
  - b. Reduce widespread poverty [ ]
  - c. Increased income generation [ ]
  - d. Infrastructure development [ ]
7. What causes consumer negative behavior towards SMEs?
- a. Bad customer service [ ]
  - b. Poor quality of products [ ]
  - c. Some goods prices not matching market price [ ]
  - d. Non marketing of products [ ]
8. What should SMEs do to increase customer retention in Kafue?
- a. Advertising the their products [ ]
  - b. Selling variety of products [ ]
  - c. Having good customer relations [ ]
  - d. Being reliable [ ]
  - e. Fair product pricing [ ]
9. What is the extent to which consumers often buy from the local SMEs in Kafue district?
- a. Very high [ ]
  - b. High [ ]
  - c. Low [ ]
  - d. Very Low [ ]
10. What measures can SMEs put in place in order to increase the number of consumers buying from them?
- (a) Advertising the market products [ ]
  - (b) Selling variety of products [ ]
  - (c) Having good customer relations [ ]
  - (d) Being reliable [ ]
  - (e) Fair product pricing [ ]

### Appendix III - Study Budget

<b>S/NO</b>	<b>Description</b>	<b>Amount (ZMW)</b>
1.	Internet	500
4.	Printing	2000
5.	Transport	1500
6.	Food	1500
7.	Other Logistics	1000
	<b>Total</b>	<b>6500</b>

**Appendix IV– Study Schedule**

ACTIVITY	MONTH & YEAR					
	31st January 2023	2023	17 <sup>th</sup> FEB 2024	2024 March	2024 April	2024 April
Submission of research proposal topics						
Report defense presentation						
Field Data Collection						
Data preparation, Analysis and interpretation						
Submission of Chapter 4 & 5 to Supervisor						
Preliminaries and Submission of dissertation for examination to the University						