Int. j. adv. multidisc. res. stud. 2025; 5(4):1352-1364

Received: 22-06-2025
Accepted: 02-08-2025

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Investigating the Factors that Influence Business Expansion for SMEs Operating in the Construction and Real Estate Industries in Ndola, Zambia

[1] Chiluba Kabaso, [2] Kelvin Chibomba

[1] Department of Business and Humanities, Information and Communication University, Lusaka, Zambia
[2] Department of Social Research, Information and Communications University, Zambia

DOI: https://doi.org/10.62225/2583049X.2025.5.4.4764
Corresponding Author: **Chiluba Kabaso**

Abstract

Small and medium scale Enterprises (SMEs) play an important role in providing inclusive growth in the contemporary economy of Ndola district. The aim of the study was to examine the determinants of business growth for SMEs in the real estate and construction business in Ndola. The study employed a case study research design to achieve the objectives. The following were the research objectives; to examine the state and level of business growth of SMEs in the real estate and construction business in Ndola, to examine how business accountability affects the business growth of SMEs in the real estate and construction business in Ndola and to examine how the market and business policies affect the business growth of SMEs in the real estate and construction business in Ndola. The study used a questionnaire to collect the required data. The data collected was coded, quantified and analyzed quantitatively and qualitatively. Quantitative data was analyzed by use of a statistical package (STATA). The study concluded that SMEs in the real estate and construction industry in Ndola district are experiencing favorable business growth, driven by factors like urbanization and a growing customer base. Business accountability is one of the determinants of business growth as it had a strong positive relationship with profitability (r= .726 p = .004 two tailed). Access to finance and credit facilities is equally a determinant of business growth as it had strong positive relationship with business growth of SMEs in the real estate and construction business in Ndola (r = .627 p = .002 two tailed). Market and business policies showed a weak relationship with business growth of SMEs in the real estate and construction business in Ndola (r = .391 p = .000 r = .356 p = .011 two tailed respectively). The study recommended that SMEs in the real estate and construction business should strengthen their financial management, they should embrace technologic advancements, adapt to market trends and customer preferences, they should have access to finance and credit facilities, they should diversify their portfolios and risk mitigation and they should have continuous education and training.

Keywords: Small and Medium Sized Enterprise, Business Growth, Business Accountability, Market and Business Policies, Real Estate and Construction

1. Introduction

1.1 Background of study

Small and medium enterprises can be categorized as business groups aimed to create products, services, employment opportunities. SMEs are considered the backbone of a country's economy and they are also used as building blocks for a country's economic development. Small and medium enterprises (SME's) are key economic actors within the economies of the nations. Wolf and Pett (2006), argued that small and medium enterprises are a major source of job creation and they represent the seeds for future large companies and corporations. SMEs play a vital role in the Zambian economy. According to the economic survey conducted in 2012, the sector contributed over 50 percent of new jobs created in the year 2011. Despite, their significance past statistics indicate that three out of five businesses fail within the first few months of operation, (Zambia Statistics office, 2011). Unemployment, coupled with the population increase are among the economic problems that most developing countries are faced with, and not only the least developed countries but as well as the developed countries experience the same phenomena. The situation in the less developed countries has been worsened by white collar jobs that have declined tremendously, (World Bank, 2017). As a result, many small and medium enterprises have continued to

mushroom and will continue as no one would question the contribution of SMEs in driving the economy forward for many countries. However, it is imperative to note that small and medium enterprises are hailed for their pivotal role in promoting grassroots for economic growth and equitable sustainable development, (Pelham, 2000). Mckernan and Chen (2005) argue that, financing is another way through which SMEs can grow, however, 70 percent of small and medium enterprises fail because of poor capital funding as finance is the backbone of SMEs and any other business enterprise. As such governments are expected to boost the role of private sector initiatives, however, the situation is different in most countries and that SMEs have struggled to have access to finance and sustainably grow their businesses, (Evboumwan *et al*. 2012 and Deressa, 2014).

Oketch (2000), argued that starting and operating small businesses include possibility of success as well as failure. This is so because of their small size, simple management mistakes likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. One of the most serious constraints facing SMEs and hindering their development is lack of credit. According to Amyx (2005) one of the most significant challenges in the performance of small and medium enterprises is the lack of technological innovations. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Larger companies are often selected and given business for their clout in the industry and brand recognition alone. Timmons (2008), argued that small medium enterprises primarily owe their business success and growth to the development of innovations, which generally affects their transformation into large enterprises. Innovation includes new products, services and ideas, as well as new enterprise processes (production process, procurement process), new organizational structures and administrative processes. SMEs are more innovative than larger firms, due to their flexibility and their ability to quickly and efficiently integrate inventions created by the firms' development activities (Acs, 2009). The personal characteristics of the SME owners have also been touted to play a significant role in the growth of SMEs particularly in rural areas. Personal characteristics like level of education, level of training, their adoption of technology among others have influenced SME growth. In fact, one of the key characters of an entrepreneur circling around development of economy in many countries is entrepreneurial education. The significance of entrepreneurship and entrepreneurial education and training ranges from commencing a small-scale unit to build up big business concerns (Alama, 2008). It should be noted that financial and capitation as a factor is important but its study is now saturated and will thus not form part of this study as a variable.

As a country, Zambia has been struggling on how it could best address the issues that constrain the SMEs from performing at the frontier and a number of Micro Financial Institutions (MFIs) were established. According to Bank of Zambia (2017) there were currently 28 MFIs with 42 branches all engaged in micro financing and their main purpose is financing of SMEs. Even though the MFIs have been established to assist SMEs, Deressa (2014) revealed and acknowledged the low percentage of the SMEs obtaining loans from MFIs. The low percentage showed the extent to which microfinance was unattractive to SMEs in Zambia. He further acknowledged the extremely high interest rates charged by Zambian microfinance for Micro and Small enterprises. According to Zambia Manufacturing Sector Survey (2003) found that the SMEs sector in Zambia had stagnated due to a number of barriers hindering its growth. World Bank (2015) in its past and latest analysis of Zambia's business environment had acknowledged and shown that there was little support in access to finance by SMEs as financial institutions usually focused on largely formal sector enterprises. According to the CSO (2015) [5] despite the establishment of many lending banks from independence, Parliamentary Acts, MFIs, SMEs have continued to have challenges when accessing finance and many empirical researches have looked at many countries visa vie developing and underdeveloped and have obtained almost the same scenario. It was for this reason that this research attempted to add more voice of the voiceless by looking at this scenario in Ndola District of the Copperbelt Province with a different environment visa vie socio-economic, characteristics of the entrepreneurs, internal factors and enabling environmental factors of SMES with an attempt to further understanding factors affecting growth in SMEs, hence the study.

1.2 Statement of the problem

Past statistics indicate that three out of five small and medium scale enterprises fail within the first few months of operation (BoZ, 2016). As it was already stated in the previous section of this study SMEs are generators of wealth in any given economy by innovation stimulation, creating competition, contributing in employment generation and contribution to exports. And for developing countries like Zambia, SMEs play a major role in poverty reduction, even in some cases they help a lot for the welfare of individuals besides profit gain. The Business Growth of SMEs is affected by various firm specific determinants, and external factors. However, previous findings are not consistent and even some contradict to each other. This could be due to difference in the growth behavior of the SME, and the way of looking at this problem in the growth behavior of SME and the way of looking at these problems from different study areas with diversified situation. Damanpour *et al*., (2009) further argues that; when small and medium enterprises don't take advantage of technological, product and service quality, new marketing techniques and innovative organizational structures they tend to fail. Therefore, lack of innovativeness has seemingly created poor business performance. However, the state of business growth in Ndola district in relation to examining the determinants of business growth of SMEs has not been done before. Furthermore, numerous studies have dealt with innovativeness in small and medium enterprise. However, little research has linked certain prominent factors to small business growth particularly in developing countries like Zambia and dealing specifically with Business Accountability, Business Policies and the external factors in the market. This study will therefore, examine the determinants of business growth for SMEs in the real estate and construction sector in Ndola District of the Copperbelt Province.

1.3 Objectives

The general objective of this study is to examine the determinants of business growth for SMEs in the real estate

and construction sector in Ndola District of the Copperbelt Province.

Specific Objectives

1. To examine the environment and conditions of business Growth in SMEs in the real estate and construction business in Ndola District, Copperbelt Province.
2. Examine how business accountability affects the profitability of SMEs in the real estate and construction business in Ndola District, Copperbelt Province.
3. Examine how the market and business policies affect the business growth of SMEs in the real estate and construction business in Ndola District, Copperbelt Province.

1.4 Research questions

1. What is the environment and conditions like for business growth of SMEs in the real estate and construction business in Ndola District, Copperbelt Province?
2. How does business accountability affect the profitability of SMEs in the real estate and construction business in Ndola District, Copperbelt Province?
3. How does the market and business policies affect the business growth of SMEs in the real estate and construction business in Ndola District, Copperbelt Province?

1.5 Conceptual Framework

This research will utilize a well-known theory of economic participation where every citizen must participate into the economy. The objective of a theory in any discipline is to model a simple phenomenon from a real structure. If done the researcher finds a good theory, it makes his/her study to be understood easily around the problems. There are many ways in which citizens can participate into the economy. One way is through the creation of SMEs in a country where poverty and unemployment levels are high. In Zambia, unemployment rates and poverty levels according to Central Statistics Office (2018) have been high. The 2006 and 2010 Living Conditions Monitoring Survey (LCMS) reported that poverty levels had remained high in Zambia.

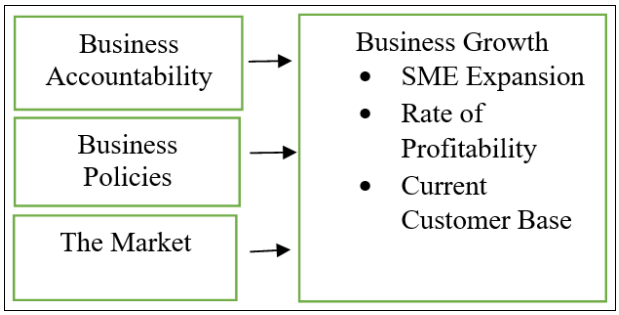
The views above provide an intervention by government of the day. One way in which the two phenomena could be reduced is the participation of citizens through SMEs. Many economies need to emphasize the development of SMEs as they contribute to providing employment and income generation in an economy. One of the best indicators in economics is employment, in which the citizens participate in the economy. Once, citizens are employed be it part time or full time they will be able to earn an income that will help them to have access to better education, health and will increase their standard of living.

With economic participation, the investor must first have participated at the family level through education and health. Once empowered by education and socialization, an individual can participate in the economy by being employed either (full-time/part-time) by any sector of the economy whether public or private. Therefore, SME investor must have participated at socio-economic level that enables him/her to start a business. Socio-economic factors are important in influencing access to finances. Once the socio-economic factors are attended to, one can start an SME business. These SMEs must have certain characteristic that defines them. These characteristics must have an influence on accessing finances.

Delmar and Wiklund (2008), argued that the external environment in which the SMEs operate must meet what is called, “Enabling Environment”. Enabling environment will determine how a business operates such as a legal and economic environment. SMEs in the absence of the enabling environment will find it difficult to access finance as compared to institutions that are financially sound to meet certain obligations.

A conceptual framework proposed for this study is outlined in figure 1. The purpose of conceptual framework according to Chalmers (1982) is that it identifies research variables, and clarifies relationships among the variables. In this research as shown on the framework 1, factors affecting SMEs growth are shown on and solved by the concerned parties.

Independent Variables Dependent Variable



2. Literature Review

SMEs play a vital role in the economic development of many countries. SMEs allow the or give rise to the creation of employment opportunities, they bring more goods and services to the market place through innovation, create wealth for many people and they are drivers for the nation’s economic prosperity. SMEs also contribute to the improvement of the country’s revenue base, argue that SME activity is important because of the relatively large share of the SME sector in most economies for developing nations.

Environment and Conditions of Business Growth

In Kosovo, Govori (2013) carried out research on the factors affecting the growth and development of SMEs with experiences from Kosovo. The purpose of the study was to identify factors that influenced the growth and development of SMEs in Kosovo with specific emphasis on external factors and bank loans how they impacted on the growth and development of SMEs. Various SMEs were surveyed in Kosovo.

The results of the study showed that external factors such as access to finance, competition, corruption, and government policies had impact in the development of SMEs in Kosovo. On growth and access to finance in Kosovo, it was observed that many SMEs started SMEs in accessing finance with their internal or owners’ equity. This was observed from almost all new enterprises which had difficulties in accessing external financing to enable growth. This was compounded by SMEs’ lack of collateral and the unwillingness of banks to finance new established small enterprises.

With regard to Competition, the results revealed that many companies in the region and beyond were producing products which were similar to those of Kosovo enterprises.

This resulted in an unfair competition as an obstacle to the development of SMEs in Kosovo. It was further revealed that the consumers' attitudes towards local products and quality was negative and that imported products were more desired as reflected in the negative trade balance. It was also revealed that many procedures and costs of starting a business pressed many entrepreneurs to avoid investments making them to favor joining the informal economy.

Gachuhi, (2016) carried out a study in Kenya on the socio-economic factors affecting performance of SMEs in Nairobi. Descriptive research design was used. Simple random sampling was used to determine the sample size of 100 from the population of 30, 252 of all registered SMEs in Nairobi. Data was collected using structured questionnaires. Descriptive statistics was used to analyze data for frequencies and percentages, distribution tables, mean, and inferential statistics for correlation, linear regression and multiple regression.

The findings of the study indicated a strong positive relationship between social factors which includes family size, family type, business networks, language, business relationship and levels of education and SME growth. On economic factors, taxation, interest rates, access to credit and business financing, and inflation all influenced and enhanced SME growth. Economic factor included reduction in tax, improved security, improving roads, stopping corruption, introducing new and trending products, and establishing mechanisms that would enable SME owners in Nairobi ease of access to low-cost loans. Other factors of growth were: training, better business environment, access to credit and business financing, infrastructure, markets and business premises all influenced and enhanced SME growth. The study established that a positive relationship exists between factors of growth and SMEs growth.

Nuwagaba (2015) carried out research on small and medium enterprises in Zambia. The purpose of the particular study was to understand or rather ascertain the state of the SME's sector in Zambia and hoe they contribute to the country's economic development. Both primary and secondary data were collected using instruments such as; questionnaire, interviews and review of previous literature on the subject. The study was exploratory and qualitative. The method of analysis was tabulations especially in MS excel and MS word applications. Purposive sampling technique was used to select entrepreneur's financial centre for the research.

The research revealed that over 90 percent of SMEs operated in the informal sector and this made it difficult for the government to support the sub sector efficiently. SMEs' contribution therefore, to the country's development was not very clear. The state of growth of SMEs resulted in challenges being experienced because SMEs have failed to attract funding from micro finance institutions (MFIs). Entrepreneurs Financial Centre (EFC) was used as a case study. This is a specialized micro finance institution that provides SMEs lending. Period considered in this research is 2016 to 2020. Whereas, SME loans constitute about 60 percent of EFC's loan portfolio, the loans given out were small value ranging from USD133 with a maximum of USD 46,667. The processes of acquiring these loans were cumbersome and those without security stood no chance.

Reviewing the research conducted on small and medium enterprise in Zambia by observing the Entrepreneurs Financial Centre was relevant for the current study because the EFC is one of the micro finance institutions that were established as means of funding the SMEs in Zambia. With that as a background, it is expected the SMEs would benefit from such an arrangement. It being a case study, well qualified officers who understood SME's and they were tasked to provide accurate information. This means that the views of the SME's were left out in that study so as to ascertain the state of SME's growth resulting into an academic gap. The study used the exploratory research design and questionnaires were used. The usage of questionnaire was when exploring a new phenomenon in research. The research that was reviewed did not mention whether Ndola constituency was part of the ECF loan portfolio from 2016 to 2020 when SME's have been operating with the constituency. This leaves a gap for this current research in Zambia especially with reference to Ndola constituency of the Copperbelt province.

Effects of Business Accountability on the Profitability of the SME

The study in Bangladesh, Chowdhury and Alam (2017) studied factors affecting access to Finance of Small and Medium Enterprises (SMEs). Data was collected data from a sample of 86 SMEs from various types of businesses to investigate the problems and suggest policy recommendations. Instruments used to collect data were depth interviews with structured questionnaire for self-guidance. A five-point Likert type scale statements were used to measure the variables. Convenience sampling was used reason being that the SMEs located in the region of the study were too many that it was impossible to include every SME within a short duration of time. Secondary data was also collected for the same purpose. Data was analysed used simple statistics mainly frequencies and the frequencies were converted into tables and percentages for the precision of the data analysis.

The study's findings revealed a number of factors visa-vie education and skills of the owners, the size and age of the firms, unfavourable credit terms such as high interest rates, lack of collateral security, corruption by bank officials among others as some of the biggest hurdles that SMEs in Bangladesh face in accessing finance from financial institutions. Reviewing factors affecting access to growth and access of finance of SMEs in Bangladesh was relevant and very similar to the current study. The review provided and identified a number of factors affecting access to growth and access to finance. The review guided the researcher on a similar study. Some gaps were noted from the literature reviewed. Convenience sampling of 86 SMEs was not good for the research because of various industries where by many respondents could have come from the same industry. This could have affected the results of the study. Stratified sampling according to the industry could have been better to come up with better and more accurate results. Agri-ProFocus Zambia (APF, 2014), in their study argued that agricultural lending does not form a critical proportion of the MFI portfolio compared to other non-agricultural loan products. This confirms the importance of using stratified sampling so that the industries balance. This research reviewed cannot be generalized to Zambia where different social and economic parameters are not the same. This leaves a gap for this current research in Zambia especially with reference to Ndola District of the Copperbelt province.

In Zambia, Nuwagaba (2015) carried out research on Enterprises (SMEs) in Zambia. The main objective was to

understanding the state of the SMEs sector in Zambia and how they contribute to the country's economic development. Both Primary and secondary data were collected using instruments such as: questionnaires, interviews and review of previous literature on the subject. The study was exploratory and qualitative. The research revealed that over 90 percent of SMEs operated in the informal sector and this made it difficult for the government to support the sub sector efficiently. Therefore, SMEs' contribution to the country's development was not very clear. Because, majority of SMEs operated in the informal sector, attracting-funding from micro finance institutions (MFIs) was a challenge and this made SME sector weak. Entrepreneurs Financial Centre (EFC) was used as a case study. This is a specialized micro finance institution that provides SMEs lending. Period considered in this research is 2016 to 2020.

Another study on SMEs access to Bank Finance in Zambia was by Deressa (2014). The objectives were to determine the demand for and supply of financial services to the SME sector, and the potential for broadening and deepening existing linkages between the banking community and SMEs. The research employed instruments such as in-person interviews and a structured questionnaire. The research drew its data from two samples. An SME sample involving 200 SMEs of which 187 were interviewed from Lusaka and Kabwe and 18 questionnaires to commercial banks or financial institutions sample target. The findings were strange in that the majority of SMEs operators understood little about the basic principles of commercial bank lending and borrowing practices. This was serious to the SMEs as accessing finances depended on understanding of basic principles of commercial bank lending and borrowing practices. Equally, it was very surprising to note that even commercial banks had limited experience with the SME sector and lacked the know-how to assess the associated credit. As a result of that kind or relationships; financial services of SME were not being adequately addressed in Zambia.

SMEs in developing countries in general and in Zambia in particular lack the managerial skills and connections to effectively conduct their business and to deal with the cumbersome legal and regulatory framework. We can analyse the managerial challenges affecting the development of SMEs in Zambia and world over based on management capacity, Weak Managerial Structure, Lack of Management Training and Technological Capacities among others.

Management capacity of entrepreneurs has affected the growth in SMEs Financing. According to Asian (2009) management skills were the critical success factors of all businesses, and small business was no exception. This is true because when managerial skills are lacking in an enterprise, it exerts significant challenges on SME development. The scarcity of management talent in many developing countries has a profound impact on SMEs and hampers the progress of their development. This is common especially the new and inexperienced entrepreneurs who may not have the required skills and managerial capacity to fully exploit new opportunities and markets. Weak Managerial Structure is another characteristic that challenges the growth of finance in many of the SMEs. Most SMEs world over especially developing countries are owned and managed by the entrepreneur. The entrepreneurs are responsible for the whole running of the SME visa vie all the managerial functions that include organizing, producing, accounting, marketing among others. According to Asian (2019) it gives a heavy burden on the entrepreneurs in that proper strategic plans for their businesses are prevented from being executed as they were usually bogged down with the day-to-day problems of running their businesses. Lack of Management Training is another characteristic of entrepreneurs that affect growth in SMEs financing. This means that the entrepreneurs lack entrepreneurship training and education in their day to day running of the business. Romjin (1989) observed that education was seen as a crucial agent in promoting long-term employment and economic growth. The importance of entrepreneurship education and training is well established. This assertion had been proved by Pasanen (2007) who argued that there were several many empirical investigations that have pointed to the importance of the contribution of entrepreneurship education and training and have linked management training with the subsequent growth of small businesses. Therefore, training for small business owners and managers allows them to develop the substantial skills to ensure the survival and success of their firms. However, despite the numerous institutions providing training and advisory services in Zambia, there is still a skills gap in the SME sector. This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency.

Market and Business Policies

In an international perspective study, Grimsholm and Poblete (2010) studied internal and external factors that hampered SME growth in Thailand. A qualitative case study of SMEs in Thailand was used. Three companies were selected for the research. The primary data was collected by semi-structured qualitative interviews with managers of SMEs in Bangkok as well as representatives from different institutions cooperating with SMEs in Thailand. The sample was based on a non-probability approach. The results from the empirical investigation were analyzed with the support of the theoretical framework.

The research revealed that there were a number of significant factors hampering Thailand's SMEs to grow vis-a-vie internal and external factors. For external factors; access to finance, competition, corruption, barriers to trade and macroeconomic factors as amongst were some of the most significant issues. For internal factors; poor management competences, lack of skilled labor, deficiencies in marketing strategies, little efforts on research and development (R & D), lack of new technology and low awareness concerning Corporate Social Responsibility were identified as some of the most important obstacles.

The relevance of Grimsholm and Poblete (2010) to the current study could not be doubted as it looked at how access to finance affected SMEs growth in Thailand. The three companies selected were registered as the large majority of enterprises in Thailand were only owner registered and categorized as sole proprietors and they did not pay corporate tax or VAT, nevertheless they were legal. The three companies started their businesses with what they had and they also had to ask their family for financial support in order to start to up the company. The situation in Zambia could be different as they do not follow the similar pattern in their classification. Therefore, the approach to research could be approached differently in both countries.

In South Africa, the Department Trade and Industry (DTI,

2008) revealed that a big proportion of SMEs operated informally without being registered. Further, DTI reported that majority of South African SMMEs remained in the embryonic state and baby business phases, which was less than 3.5 years since startup, lacking growth. This big proportion of SMEs were still operating at the micro level and employees ranged from 5 foe micro and fewer than 50 for small enterprises. Alattar, Kouhy and Innes (2009) revealed that small and micro enterprises owner managers had little knowledge about financial matters, and found out that those with little or limited financial planning skills did not even value the information extracted from financial statements.

The above various researchers on the status of SMEs in Zambia are relevant to this study because they were able to highlight at which stage of growth SMEs are in Zambia. Status highlights at what stage of development and the stage distinguishes whether an SME have problems in accessing finance. This means that the majority of SMEs are informal in the way they do business. The reviewed literature on the status of SMEs generalized the findings to imply that Ndola district was covered in their studies when they referred to Zambia, yet no study was carried out in Ndola district to ascertain the status of SMEs. This finding was able to help in trying to answer objective number one which was looking at the level of business growth of SMEs.

Another important factor contributing to success or failure of SMEs is marketing skills. There is extensive evidence to prove that marketing plays a significant role in the success of SMEs. Marketing is one of the biggest challenges SMEs faces in their business. According to Mateev (2010) in Algeria SMEs have been weak when it comes to market research and have inadequate marketing skills because most SMEs were under sole proprietorship. This was due to the mangers of SMEs who have to take care of all the managerial functions of the enterprise, therefore, lack the time and funds to invest in research.

Gachuhi, (2016) carried out a study in Kenya on the socio-economic factors affecting performance of SMEs in Nairobi. The specific objectives were: To establish the social factors affecting growth in Kenyan SMEs, the economic factors affecting growth in Kenyan SMEs and factors that improve growth in SMEs in Kenya. Descriptive research design was used. Simple random sampling was used to determine the sample size of 100 from the population of 30, 252 of all registered SMEs in Nairobi. Data was collected using structured questionnaires. Descriptive statistics was used to analyze data for frequencies and percentages distribution tables, mean, and inferential statistics for correlation, linear regression and multiple regression. The findings on the extent to which social factors affects growth of SMEs in Kenya revealed a significant positive relationship between social factors and SMEs growth. The findings on the extent to which economic factors affects growth of SMEs in Kenya revealed a significant positive relationship between economic factors and SMEs growth. The findings on the extent to which factors of growth affects growth of SMEs in Kenya revealed a significant positive relationship between factors of growth and SMEs growth. The findings of the study indicated a strong positive relationship between social factors which includes family size, family type, business networks, language, business relationship and levels of education and SME growth. The positive relationship had been established with social factors and SME growth. On economic factors, taxation, interest rates, access to credit and business financing, and inflation all influenced and enhanced SME growth. The study established that a positive relationship exists between economic factors and SMEs growth. This factor include reduction in tax, improved security, improving roads, stopping corruption, introducing new and trending products, and establishing mechanisms that would enable SME owners in Nairobi ease of access to low-cost loans. On factors of growth, training, better business environment, access to credit and business financing, infrastructure, markets and business premises all influenced and enhanced SME growth. The study established that a positive relationship exists between factors of growth and SMEs growth.

Overall, the information provided presents a detailed overview of various research studies that were conducted in different regions, focusing on factors influencing the growth and development of small and medium enterprises. The information draws upon a wide range of sources and studies from different countries which adds to the depth and comprehensiveness of the study. It is important to have insights from various regions so as to understand the global, Asian, African and Zambian landscape of SME challenges and opportunities. It underscores the importance of factors affecting SME growth in the different regions. For example, access to finance, competition, and government policies. The information effectively compares the findings of studies from different regions, emphasizing the need to consider the unique socio-economic contexts of each location. This comparison highlights the potential limitations of generalizing findings from one region to the another.

Personal Critique

The information emphasizes the relevance of each study to the current research, highlighting the aspects that align with the research objectives. This helped establish the significance of the reviewed literature. The information highlights the crucial role of government policies in supporting SME growth. It underscores the need for conducive business environment and the impact of regulatory frameworks on SME development. It consistently emphasizes the financial constraints faced by SMEs in different regions. It mentions issues like lack of collateral, high risk perception by lenders, and inadequate financial records as barriers to accessing credit. The interplay between financial resources and technological advancement is acknowledged.

3. Research Methodology

The study has adopted pragmatism research philosophy that integrates the use of multiple research methods such as qualitative and quantitative. Pragmatism research philosophy integrates more than one research approaches and research strategies (positivism and interpretivism research philosophies) within the same study. As Bajpai (2011) explained that a research philosophy is just a belief in which a researcher has about the ways in which data about a phenomenon should be collected, analyzed and interpreted.

A case study design allows for a detailed exploration of the state and level of the business growth with SME in the real estate and construction industry in Ndola district. It enabled an in-depth examination of the growth patterns, factors, influencing growth and unique characteristics of these

businesses. This research design is also well-suited for examining the relationship between business accountability and growth within the SME. It allowed the researcher to investigate specific accountability practices, mechanisms, and their impact on business growth. By studying a number of SMEs in the real estate and construction industry. A case study design can provide insights into variations in accountability approaches and their outcomes. When we look at the third research objective, the case study design can effectively explore the complex interactions between market dynamics, business policies, and business growth within the real estate and construction industry. It enabled the researcher to investigate the specific market conditions, policy frameworks, and their impact on SMEs growth in Ndola District. By utilizing this approach, the researcher delved into unique context, dynamics and interrelationships of the real estate and construction industry in Ndola district, thereby providing rich insights into the research objectives. The case design facilitates a holistic understanding of the research phenomena and allows for the exploration of multiple factors and variables that influence business growth Kothari (2014).

3.1 Target Population

A total collection of elements is called population and the elements must have common observable characteristics or patterns that the researcher wishes to make some inferences (Cooper and Schindler, 2014). Gall *et al*. (2013) defined a population as a universe of all members of a real or hypothetical set of people, events or objects to which an investigator wishes to generalize the results. The target population in this case are the employees from a limited company, construction company, and Fortune estates and key informant conversant with SMEs operations such as commercial banks, Auditing Firms and micro-finance organizations.

3.2 Sampling Design

In 2014, Cooper and Schindler described sampling techniques as the methods that take into account how a sample was selected. Sekaran and Bougie (2015), argued that sampling techniques include; probability and non-probability sampling techniques. They distinguished probability sampling technique as where the sample is chosen based on known probabilities and were given equal chances in order to avoid biasness. For probability sampling many different techniques are available for the researcher that comprised simple random, stratified random, cluster random and systematic random sampling technique. Non-probability sampling techniques on the other hand involve choosing a sample not based on random sampling methods and include convenience, judgmental, quota and snowball sampling technique.

The study adopted purposive or judgmental non probability sampling. The purpose of purposive sampling as it is self-introductory is used to make sure that specific respondents were not left out in the study. Tromp and Kombo (2016) have authenticated the use of purposive sampling in that the method helps target a group suitable to bring out rich information related to the central issue being studied for in-depth analysis.

3.3 Sample Size Determination

The total number of respondents was 26 and 7 Key informants. The 26 were employees from the three companies that are in the real estate and construction industry. 10 were from the limited company, 8 were from the construction company and 8 were from Fortune Estates. The number is justified in qualitative research. In qualitative research, if 70 respondents are interviewed and the data is analyzed, the results become too difficult to arrive at. Once saturation is reached, researchers are prompted to stop.

3.4 Data Collection Methods

This research used primary data collection tool of questionnaires and interviews. Analyzing of data was done using the Statistic Package STATA and the Microsoft Excel while the qualitative data obtained oral interviews was analyzed by coding and grouping of the most significant sets of emerging themes.

3.5 Data Analysis

This study used both qualitative and quantitative data. The quantitative data collected was first checked, cleaned and finally coded. The missing data was arrived at by using averages for each variable. After the quantitative data was coded properly, it was entered into software for analysis called Statistical Package for STATA. The purpose was to come up with descriptive statistics. Some statistics were later manipulated with the use of Micro Soft Excel to come up with graphs and figures of the researcher's choice. The statistics was also made into tables so that various graphical presentations were made. Once the statistics were used to make tables, graphs and figures, they allowed objectivity with regard to interpretation, valid conclusion and recommendations. The information collected from Key Informants using in-depth interviews were analyzed qualitatively based on the themes and contents.

3.6 Triangulation

Two types of data were used for this study; qualitative and quantitative. Both questionnaires and interviews were administered by the researcher. The researcher considered the aspect of reliability and validity in the study. In reliability, the researcher took measures. Time was considered to design the questions for the questionnaire and interview. The researcher tried to be clear in order to avoid ambiguity; observed standardization in interviews and questionnaire. The questionnaires were left with the respondents and later collected after going through in order to correct the mistakes. The interviews were done according to the time proposed by the interviewees. For the questionnaire, the researcher took time to test it before the final data collection. Validation was also taken care of by the researcher. The researcher collected the data on his own making sure that everything was done in order. The use of two instruments facilitated content validation and triangulation because the research covered adequately the important information needed in the study by lobbying for information from all the respondents selected purposively.

3.7 Limitations of the Study

The usage of a small sample size might decrease the power of the test especially that the data will be quantitatively used for a case study research design. This will bring out the aspect that the study will not be generalized in all the districts of the Copperbelt province and Zambia as a whole. Equally, the sample will be randomly selected and will not

come from a known sample space as it will be difficult to come up with a true list of all the SMEs in the real estate and construction business in each market, hence, it might cause some biasness to the study. This, in some instance scan affect the objectivity of the outcome.

3.8 Ethical Consideration

According to (Bthattacherjee 2012), ethics are defined as conformance to the standards of conduct of a given profession or group. Ethics are important in order to eliminate the aspect of manipulation in unethical ways by people and organizations to advance their private agenda and engaging in activities that are contrary to the norms of conduct. Therefore, this study will be used purely for academic purposes only. Consequently, all data which was collected from respondents was treated with utmost confidentiality during and after the research. Therefore, privacy is guaranteed and no information will be disclosed without permission from the parties concerned.

4. Results and Discussion

4.1 Presentation of research findings

Gender

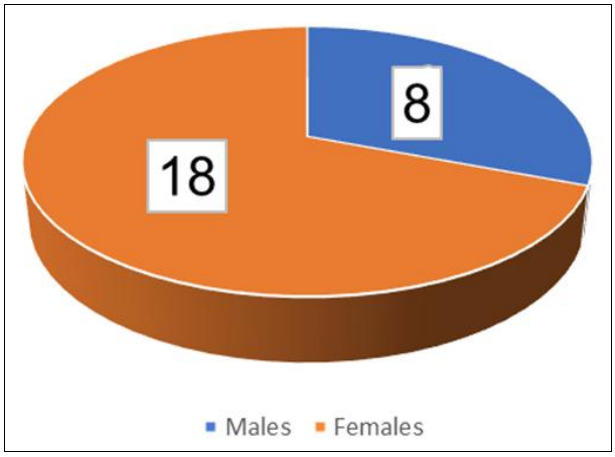


Fig 4.1.1: Gender of the Respondents

The figure indicates the gender of the respondents in the study. Out of the 26 respondents, 8 respondents representing 31% were males and 18 respondents representing 69% were females. The majority of the respondents were females and males were few.

Percentage distribution by age category

Fig 4.1.2: Percentage distribution by age category

Age Group (Years)	Males	Females	Total	Percent
16-25	1	5	6	23%
26-35	5	10	15	58%
36-45	2	3	5	19%
45 and above	-	-	-	-
Totals	8	18	26	100%

The table shows the age distribution of the respondents. 6 were in the age group of 16 -25 years representing 23%; 15 were in the age group of 26-35 years representing 58%; 5 were in the age group of 46-45 years representing 19% and no one belonged to the 45 and above age group from the three companies.

Percentage distribution for education level

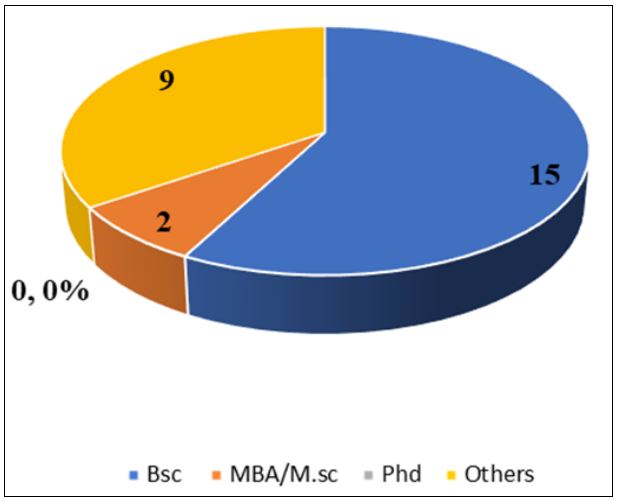


Fig 4.1.3: Percentage distribution for education level

From figure 4.1.3, 15 of the respondents that represented 58% had bachelor's degrees as their qualifications. 2 of the respondents has masters' degrees and they represented 8% and 34% was represented by 9 respondents that had other qualifications.

Professional Qualifications

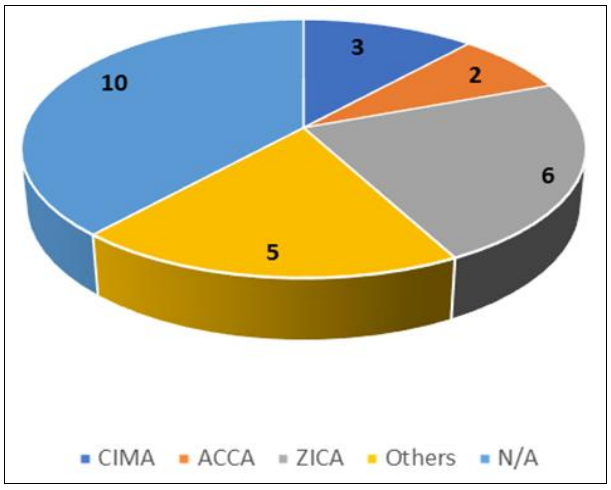


Fig 4.1.4: Professional Qualifications

Figure 4.1.4 shows, 3 of the respondents representing 12% had CIMA as their professional qualification, 2 respondents representing 8% were ACCA affiliated, 6 respondents representing 23% were members and certified with ZICA, 5 of the respondents representing 19% had other professional qualification and 10 of the respondents representing 38% did not have any professional qualification.

Position/ Status

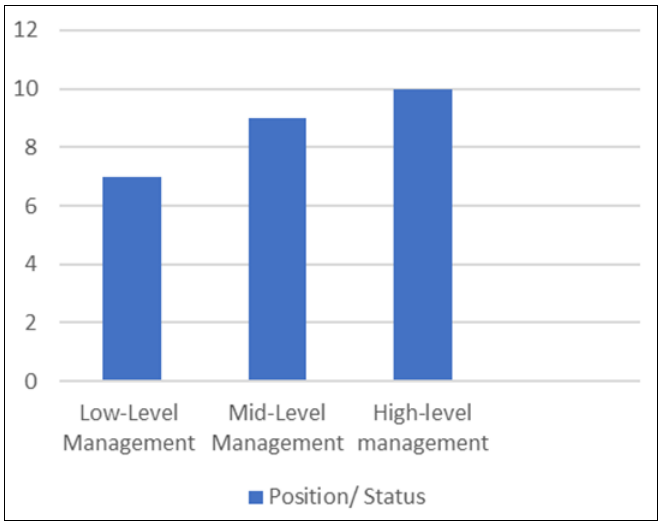


Fig 4.1.5: Position or Status of the Respondents

The figure above shows, 7 of the respondents were from the low-level management, 9 respondents were from the mid-level management and 10 respondents were from the high-level management. This shows that majority of the respondents came from the high-level management.

Participate Category and Code

Category	No of Participants	Gender	Participant Code
Managing Directors	3	M,M,F	Md 1, Md 2, Md 3
Commercial bank	1	F	ZC 1
Auditing Firm	1	M	HB 1
MOF	1	F	GV 1
MOL	1	M	GV 2

The table above shows the participants categories and codes, gender and number per group. The code for Managing directors is MD1 to MD3, For Commercial banks is ZC1, for the auditing firm its HB1, for ministry of finance its GV1 and for ministry of lands GV2. 4 males and 3 females, making a total of 7 participants.

Environment and Conditions of Business Growth

Current Growth of the Business

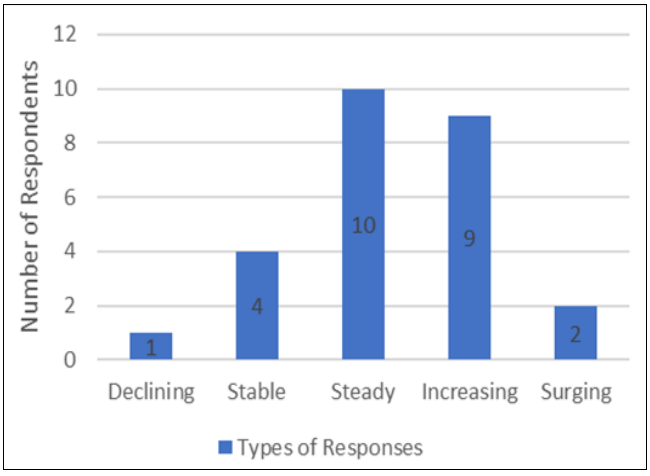


Fig 4.2.1: Current Growth of the Business

From the figure, 1 respondent representing 4% showed that the current growth rate is declining, 4 of the respondents representing 15% said that the growth rate is stable, 10 of the respondents representing 38% showed that the current growth rate is steady, 9 respondents representing 35% showed that it there is increasing growth in the business and 2 of the respondents representing 8% showed that the current growth rate is surging. MD 1 agreed by saying; "I have noticed how the company has grown over the past few years by looking at how the profitability margins have increased and by the increase in the customer base."

MD2 noted that the "business has grown over the past 2 years when he looks as at the number of construction projects that they have had to undertake and the increase in their customer base. They have managed to undertake a number of big projects such construction of a shopping complex."

Current Customer Base Growth for the Business

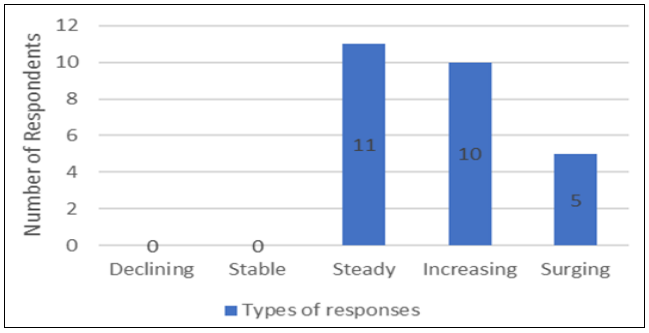


Fig 4.2.2: Current customer base growth for the business

From the figure we are able to see the customer base growth for the business. None of the respondents thought the customer base growth was declining or stable. 11 of the respondents representing 42% of the population thought that the current customer base growth is steady, 10 of the respondents representing 39% of the population thought that current customer base growth is increasing and 5 of the respondents representing 19% of the of the population thought that the current customer base growth is surging. HB1 stated that "a growing customer base means that more people are aware of the company's products and services and are choosing to engage with the business. This suggests that the company's marketing and outreach efforts are effective in reaching and attracting new customer."

Rate of Current Expansion for the Business

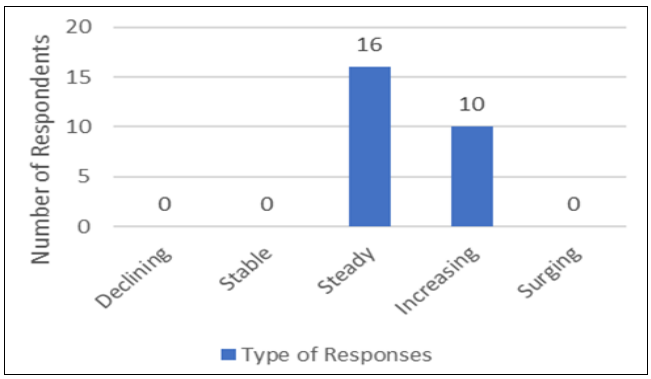


Fig 4.2.3: Rate of current expansion for the business

From the figure we can see that the respondents when asked about the rate of the current expansion for the business they did not pick declining, stable and surging responses. 16 of the respondents representing 61% of the population picked steady and the rate at current expansion for the business is like and 10 of the respondents representing 39% of population thought that the rate of current business expansion is increasing.

Rate of Current Market Share Growth

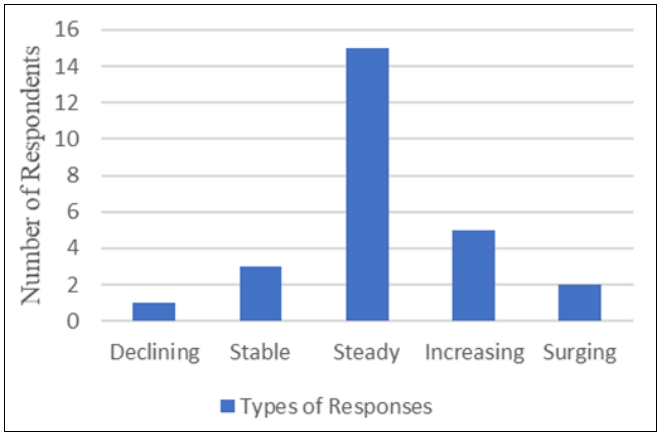


Fig 4.2.4: Rate of current market share growth

From the figure we are able to see the current market share growth of the companies. One of the respondents thought that the current market share growth of the company was declining representing 3.85% of the population. 3 of the respondents representing 11.5% of the population thought that current market share growth of the company was stable. 15 of the respondents representing 57.69% of the population thought that the current market share growth of the company is steady. 5 of the respondents representing 19.2% of the population thought that the current market share growth of the company is Increasing and 2 of the respondents representing 7.69% of the population thought that the current market share growth of the company is surging.

Rate of Current Profitability growth of the Company

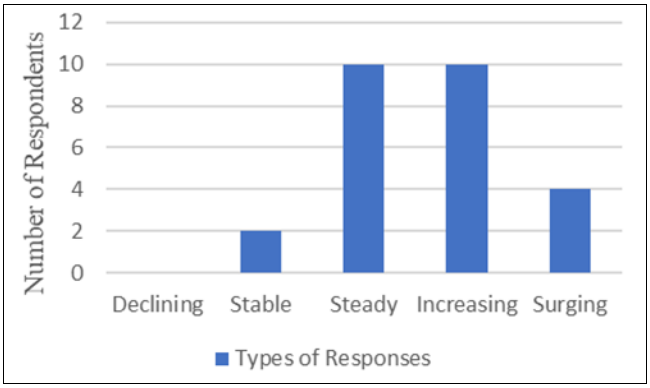


Fig 4.2.5: Rate of current profitability growth

From the figure we are able to see the rate of the current profitability growth of the company. None of the respondents thought that the rate of current profitability growth was declining. 2 of the respondents representing 7.69% of the population thought that the current profitability growth of the business is stable. 10 of the respondents representing 38.46% of the population thought that the current profitability growth of the business is steady. 10 of the respondents representing 38.46% of the population thought that the current profitability growth of the business is Increasing. 4 of the respondents that represented 15.38% of the population thought that the current profitability of the business is surging.

Rate of Current Market Share Growth

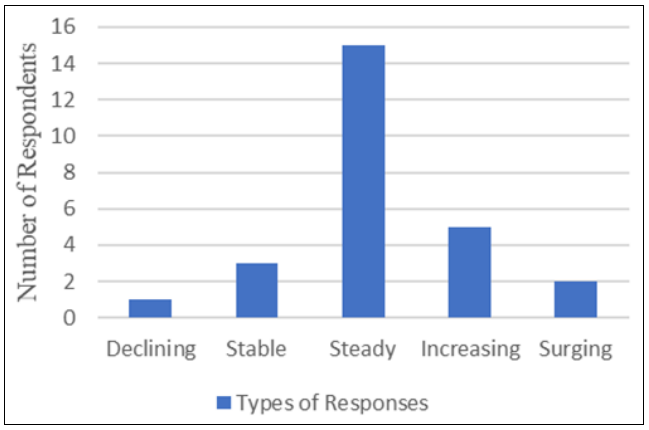


Fig 4.3.6: Village banking repayment period

The data presented above in figure 4.2.6 had respondents give responses on the loan repayment periods from village banking finance option. 30 respondents representing 75% of responses had a loan repayment period of 1 week. 7 respondents at a percentage of 17% had a loan repayment period of 2-4 weeks. 8% represented 3 respondents who had their loan repayment period of above 4 weeks.

Kaloba loan repayment period

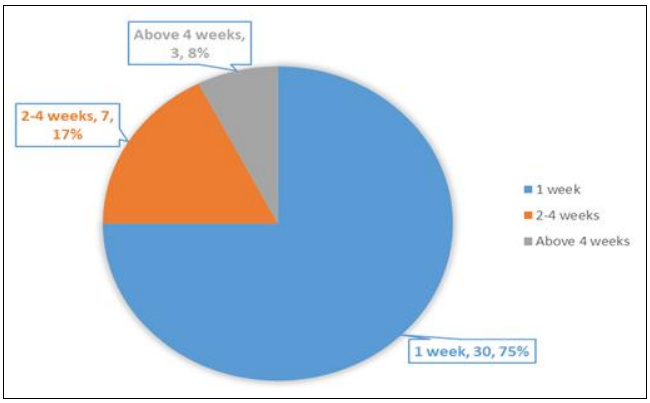


Fig 4.3.7: Kaloba loan repayment period

The data presented above reprents responses on the repayment period under the Kaloba finance option.72% of respondents representing 39 responses had loan period of 1 month,24% had 13 respondants with a loan period o 2 months. 2 % represented 1 respondant with a loan repayment period of 3 months and 2% represented 1 respondant who had a loan period above 3 months.

Recovery of money saved at end of cycle for Chilimba

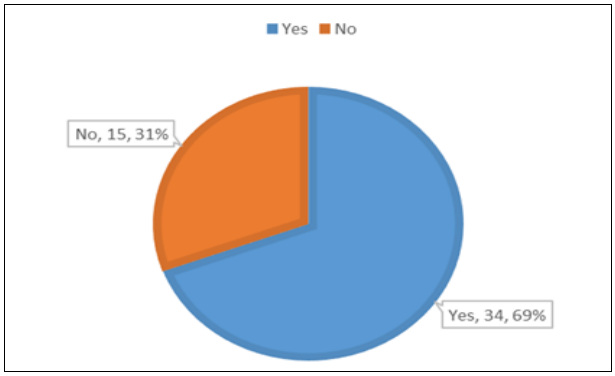


Fig 4.3.8: Recovery of money saved at end of cycle for Chilimba

The data presented in above figure 4.2.8 repesents how effective it is to recover money saved using Chilimba finance sources. 34 of respondents representing 69% under chilimba had collected their moneies on time. 15 of the repondents representing 31% of the sample population had difficulties recovering their money on time.

Recovery of money saved at end of cycle for Village Banking

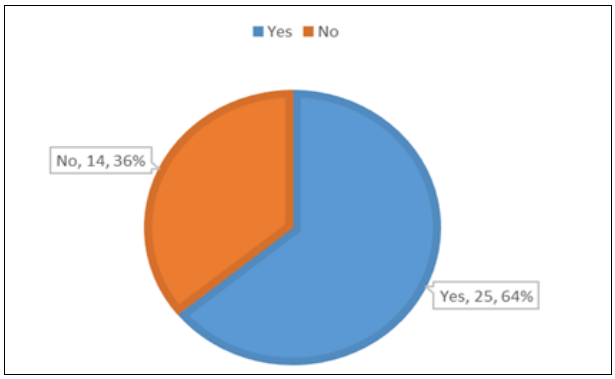


Fig 4.3.9: Recovery of money saved at end of cycle for Village Banking

The data presented in above figure 4.2.9 repesents how effective it is to recover money saved using Village Banking finance sources. 25 of respondents reperesenting 64% had trouble collecting monies at end of cycle while only 14 of the respondents representing 36% had no trouble.

Informal financing Impact on business growth

Chilimba Impact on business growth

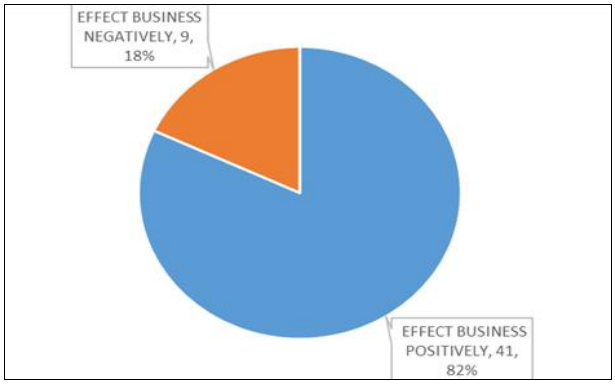


Fig 4.4.1: Chilimba Impact on business growth

Respondents were asked in form of a yes / no question if Chilimba finance had any impact on their business. From data presented above in figure 4.4.1 82% of respondents had a positive impact on business while 18% had a negaitive effect on business.

Shylock financing Impact on business growth

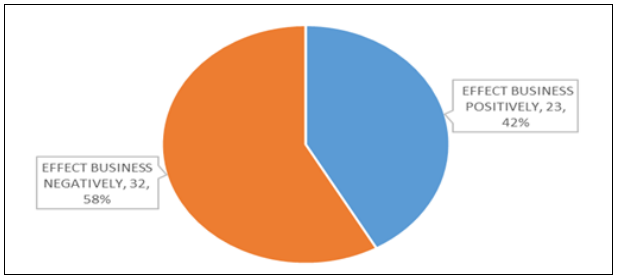


Fig 4.4.2: Shylock financing Impact on business growth

The data in figure 4.4.2 presented above sought to investigate if Kaloba financing has a postive or negative impact on business growth. 32 respondents representing 58% of the respondents gave a negative feedback on growth of business while 42% representing 23 respondents gave a positive response

Village banking financing Impact on business growth

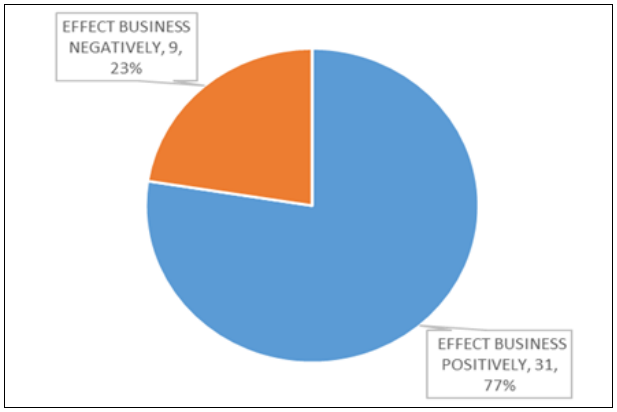
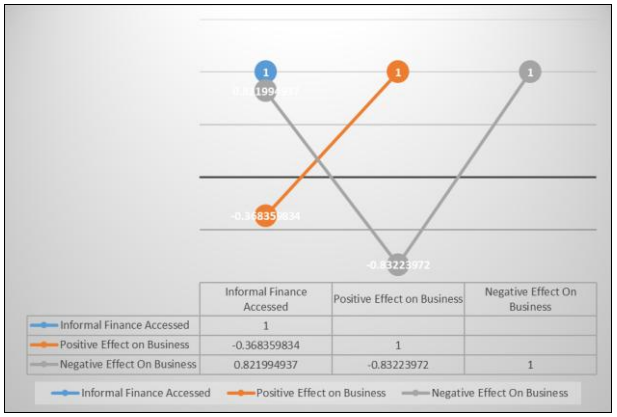


Fig 4.4.3: Village banking financing Impact on business growth

From data presented above in figure 4.4.3 77% of respondents representing 31 responses had a positive impact on business while 18% representing 9 responses had a negaitive effect on business.

Informal financing Impact on business growth



	Column 1	*Column 2*	*Column 3*
Column 1	1		
Column 2	-0.36836	1	
Column 3	0.821995	-0.83224	1

Fig 4.4.3: Informal financing Impact on business growth

Based on data presented above in figure 4.4.3 shows the correlation between informal finance options and effect on business growth. The most commonly used correlation coefficient is the Pearson coefficient, which ranges from -1.0 to +1.0.(Freedman, D., Pisani, R. & Purves, R., 2007) Based on results above it shows that there is a postive correlation between Informal finance and a negative effect on Business. While a negative corelation on positive impact on Business.

4.2 Discussion of Research Findings

What are the common types of informal financing options in Kalumbila?

To answer this research question, the researcher had respondents answer whether they had obtained any finance for their business by selecting choosing options listed in questionnaire. Three options where listed these were identified as Village Banking and Savings group, Chilimba which is a form of Rotating Savings and credit associations and Shylock finance popularly known as Kaloba which is an informal lending medium.ng. Based on the findings, three main options where explored that are common in rural Zambia. From the findings it was clear the most commonly used type of financing was Shylock which saw the highest response rate. This could be attributed to how old the practice of Shylock financing in rural areas is. Chilimba and Village banking are also well known and are used in the Kalumbila.

What are the informal financing practices?

Respondents were asked a series of questions under each Finance option to see the general practices that a followed in the three finance options. Starting with maximum amounts obtained in each finance option. Under Village banking the most money borrowed ranged from 2001-6000, while Chilimba had the highest respondents collecting 500-1000 and Kaloba having highest responses in 1100-5000. This helped conclude that majority of business owned were small scale.

The researcher also sought to investigate the interest rates incurred on the finance options. Chilimba had Zero interest while Kaloba had interest rates ranging from 0- above 50%. Most respondent fell in the 0-10% interest rate range as well as 31-50%. Which is quite steep but still saw more of the respondents getting more Kaloba Finance. Village banking finance also had interest rates in findings of 0-10% of which the respondents were higher than 11-30%. Village banking didn't go higher than 30% Most Respondents used the money for business and few used it for home consumption. The repayment periods under Village banking ranged from1 week to above 4 weeks. The majority of respondents were in 1-week range. Kaloba had repayment periods of 1-month o above 3 months with the highest repayment being 1 month. This can be concluded that respondents may have preferred Kaloba option due to the longer period of repayment. However, this also is a short period for a business to realize a profit.

One of the biggest challenges of Chilimba and Village banking is on timely payment of finances to group members. Based on the responses both Village banking and Chilimba had a problem with timely payments of finances. This is because for village banking to work members of group have to finish paying up loans obtained in order to share their finances. But if a member defaults money paid out at end of cycle was be less than the expected payout. This could dent a person's business as funds expected do not match the end payout. Also looking at the short periods of repayment makes it harder for members to realize profit from their borrowed money. Based on all the findings the practices of these informal financing options affect which mode of finance business person was choosing.

What is the effect of informal financing options in promoting growth of rural smes?

The effect of Informal financing options in promoting growth was investigated by the researcher by asking respondents if they had noticed any impact on their business. The research findings indicated that though informal financing options where readily available for use by Rural SME's, they had a negative effect on the growth of the business. This was had been attributed to a number of factors like the general practices of these financing options as well as the Financial literacy available in the area as seen by findings on education levels.

4.3 Conclusion

The purpose of this research was to look at the impact informal financing options had on the growth of Rural SME's by doing a case study of Kalumbila district Kisasa area. The study was able to establish that informal financing options had a negative effect on the growth of business.

The study also managed to identify the main informal financing options available in the area of Kalumbila district. The study managed to also establish the common practices in the informal financing options available.

The study relied heavily on the respondents' views, perceptions, ideas, and experiences as primary contributors to data acquired. The research also reviewed the literature to identify common fundamentals between the results and the literature.

5. Recommendations

More needs to be done in rural areas to provide a regulated form of finance option for rural SME's. The findings of this research is a good example of how no system is in place. This leads to exploitation as the business owners was not understand the results of a finance decisions made.

Financial Literacy is also key in making finance decisions. If one does not understand the impact interest rates was having on how much their profit would be after investing, then it causes disappointments which lead to defaulting a finance decision made while desperate. If more is done to educate the people in Rural areas on the pros and cons of each business they would be more selective in the type of business chosen.

6. Acknowledgments

I thank God almighty for giving me the strength, health and wisdom I needed to complete this thesis. My deep appreciation to my parents Mr. Rex and Mrs. Susan Mwiinga for always praying for me and supporting every dream I have had in my life. My heartfelt gratitude to Dr. J.

Chongo for being my backbone and supporting me throughout this period. Mr. Mukuka and Mrs. Chipo Chanda for giving me encouragement and support, I cannot thank you enough. My gratitude to my brother Mr. Rex Mwiinga Jr for being there for me.

I would like to thank my supervisor Mr. Marvin Kabubi for his direct supervision during my thesis. You made time and guided, disciplined and encouraged me to produce this paper. And lastly all the lecturers who have been with me until completion from Information communication university. I thank you and may God bless you all.

7. References

1. Aikor Shirgba. Effect of Access to Credit on Small and Medium Enterprises (Smes) Growth in Gboko Metropolis Benue State. Bingham Journal of Economics and Allied Studies (BJEAS), 2018.
2. Barr A, Zuze LT. Savings groups: The gateway to financial inclusion in Zambia. Briefing Paper, FSD Zambia, 2019.
3. Mwaba CL. Reflections on Informal Financial groups and Financial Scandals Surrounding Them - How to Know What You Can Trust. FSD Zambia, 2021.
4. Caroline O'Reilly. Urban Women's Informal Savings and Credit Systems in Zambia. Development in Practice, vol. 6, no. 2, [Taylor & Francis, Ltd., Oxfam GB], 1996, 165-69. http://www.jstor.org/stable/4028983
5. Central Statistical Office – CSO. 2015 Living Conditions Monitoring Survey (Lcms) Report, General Statistical Office, Lusaka, 2015. 2015 Living Conditions Monitoring Survey.pdf (zamstats.gov.zm)
6. De Luna Martínez José. Access to Financial Services in Zambia. Policy Research Working Paper; No. 4061. World Bank, Washington, DC. World Bank, 2006. https://openknowledge.worldbank.org/handle/10986/8993
7. Diagne Aliou, Zeller Manfred. Access to Credit and Its Impact on Welfare in Malawi, 2001.
8. FSD Zambia. Informal Finance. Informal Finance - Financial Sector Deepening Zambia (fsdzambia.org)
9. Germidis DA, Kessler D, Meghir R. Financial systems and development: What role for the formal and informal financial sectors? OECD, 1991.
10. Luafer H, Pietosi S, Rippey P. Zooming in on Informal Savings Mechanisms in Zambia. FSD Zambia, 2019. https://www.opml.co.uk/files/Publications/a0600-savings-at-the-frontier/19-12-11-zooming-in-on-isms-in-zambia-sv2.pdf?noredirect=1
11. Josefine Sjöberg. Investigating structural obstacles for social sustainability in mining-induced resettlements The case of Kalumbila in Zambia. e Department of Earth Sciences, Uppsala University Published at Department of Earth Sciences, Uppsala University (www.geo.uu.se), Uppsala, 2019.
12. Micheal Gondwe. Importance of SME sector Zambia, 2012.
13. PMRC Zambia. The Impact of Savings Groups in Uplifting the Lives of Rural Women, 2020. https://pmrczambia.com/wp-content/uploads/2020/06/The-Impact-Of-Savings-Groups-In-Uplifting-The-Lives-Of-Rural-Women-Infographic.pdf
14. Abisuga Oluwayemisi, Patra Swapan kumar, Muchie Mammo. SMEs in sustainable development: Their role in poverty reduction and employment generation in sub-Saharan Africa. African Journal of Science, Technology, Innovation and Development, 2019; 12. Doi: 10.1080/20421338.2019.1656428
15. Stiglitz Joseph E, Andrew Weiss, Credit rationing in markets with imperfect information, 1981.
16. UNDP. Report on human poverty indication for selected countries. Period.1, 2008.
17. Bbabbi Jack, Qutieshat Abubaker. Brief Review of Informal Financial Services Typologies in Zambia: Investing in Sustainable Savings Groups. Journal of Humanities and Social Sciences Studies. 2022; 3:54-61. 10.32996/jhsss.2021.3.12.6