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Analysing the Effectiveness of Micro, Small and Medium Enterprises Strategies for Employment Creation: A Case Study of MSMEs in Ndola's Retail Business Sector

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Abstract

Micro, Small and Medium Enterprises (MSMEs) play a critical role in driving economic growth, generating employment, and reducing poverty worldwide. They make up the largest segment of businesses globally and are key contributors to inclusive economic development. Regional studies in Sub-Saharan Africa, such as Solaja *et al.* (2024), highlight the centrality of SMEs in economic transformation through job creation, innovation, and diversification—despite persistent challenges such as limited access to finance, inadequate infrastructure, and technological constraints. In Zambia, MSMEs have similarly been recognised as vital to national development, significantly contributing to GDP, employment, and poverty reduction, particularly in urban centres like Lusaka and Ndola. Given the importance of MSMEs in fostering employment, it is essential to assess how effective their employment creation strategies are, especially in Ndola, a major commercial hub in the Copperbelt Province. This study sought to identify the business growth strategies employed by MSMEs, evaluate their effectiveness in creating jobs, examine the relationship between business growth and employment creation, and

determine the limitations affecting MSME growth. A mixed-method approach case study design was adopted, utilising stratified random sampling. The target population comprised MSME owners, managers, and employees operating within Ndola's retail sector. A sample size of 50 MSMEs was selected and deemed methodologically suitable and practically feasible. The findings revealed that 60% of the businesses considered their employment creation strategies to be effective. The study concluded that MSME-led employment creation strategies are generally effective and that MSMEs in Ndola employ a range of growth strategies—including market penetration, market development, digital transformation, and product development—to support both business expansion and job creation. However, while business growth contributes to employment, the relationship is not automatic; hiring decisions depend on the type of growth pursued, available financial resources, and firm-specific priorities. The study also identified key challenges constraining MSME growth, notably limited access to finance, poor infrastructure, and high loan interest rates.

Keywords: Small and Medium Enterprises, Profitability, Business growth, Employment

1. Introduction

1.1 Background of the Study

Micro, Small and Medium Enterprises (MSMEs) play a critical role in driving economic growth, generating employment, and reducing poverty across the globe. In Zambia, MSMEs are officially defined in the Revised National Micro, Small and Medium Enterprise Development Policy (2023) as enterprises categorized by their annual turnover and number of employees. A micro enterprise is any business with an annual turnover of up to K1,000,000, employing up to 10 people. A small enterprise has an annual turnover between K1,000,001 and K10,000,000, employing 11–50 people, while a medium enterprise records an annual turnover between K10,000,001 and K50,000,000, employing 51–100 people.

Globally, MSMEs constitute the largest segment of businesses and are fundamental drivers of inclusive economic growth. According to the World Trade Organisation (WTO), SMEs represent over 90% of the business population, contribute between 60–70% of total employment, and account for approximately 55% of GDP in developed economies. Their role extends beyond job creation to fostering innovation and stimulating economic dynamism. For instance, in Europe, SMEs account for around

20% of biotechnology-related patents, underscoring their contribution to technological progress (Bayraktar & Algan, 2019).

At the regional level, studies conducted in Sub-Saharan Africa, such as Solaja *et al.* (2024), confirm that SMEs are central to economic transformation, significantly contributing to job creation, innovation, and diversification. However, their growth is often hindered by challenges including limited access to finance, inadequate infrastructure, and technological gaps. In Sub-Saharan Africa, SMEs dominate the private sector and play a vital role in achieving economic integration through enhanced competitiveness, employment generation, and equitable income distribution. Empirical evidence shows that SMEs are major job creators, particularly in economies where formal employment opportunities are limited. The International Labour Organisation (ILO) emphasizes the importance of supporting SMEs, noting that while the quality of employment in SMEs may lag behind that in larger firms, their contribution to job creation is indispensable. Furthermore, the economic sector in which an MSME operates has a stronger effect on employment quality than enterprise size, reinforcing the significance of targeted MSME development policies (Abisuga-Oyekunle *et al.*, 2019).

In the Zambian context, MSMEs have been identified as pivotal contributors to economic development and employment creation. According to Joseph (2025)^[20], MSMEs significantly contribute to GDP, poverty reduction, and employment generation, particularly in urban areas like Lusaka and Ndola. By providing goods and services tailored to local communities, MSMEs stimulate economic activity and create diverse employment opportunities. Recognizing this potential, the Zambian government introduced the Micro, Small and Medium Enterprise Development Policy in 2009, aimed at enhancing the role of MSMEs in wealth and job creation, increasing their productivity, and improving the business environment to reduce operational costs.

Given the undeniable role of MSMEs in employment generation, it becomes crucial to analyse how effective their employment creation strategies are in practice. This research aims to examine the types of business growth strategies MSMEs employ, assess their effectiveness in creating jobs, explore the relationship between these strategies and employment creation, and identify their limitations. By doing so, the study seeks to contribute to a deeper understanding of how MSMEs can be better supported to maximize their employment creation potential in Zambia's evolving economic landscape.

1.2 Statement of the Problem

Unemployment remains one of Zambia's most persistent socio-economic challenges, with the Copperbelt Province recording the highest unemployment rate in the country. According to the 2023 Labour Force Survey by the Zambia Statistics Agency (ZamStats), it is estimated that approximately 1,240,893 people in the Copperbelt Province are unemployed. This situation highlights the urgency of addressing unemployment in key cities such as Ndola, a major commercial hub in the province. SMEs have been widely recognized as engines of employment creation, economic growth, and poverty reduction. According to the Bank of Zambia and the ILO's 2021 Financial Scoping

Survey, micro, small, and medium enterprises (MSMEs) contribute approximately 70% of Zambia's GDP, account for 88% of total employment, and represent 97% of all registered businesses in the country. Despite the acknowledged importance of MSMEs, there remains a limited understanding of how effective their employment creation strategies are, particularly in Ndola's retail business sector. This study therefore seeks to fill this knowledge gap by analysing the effectiveness of employment creation strategies used by MSMEs in Ndola's retail business sector, focusing on the types of strategies employed, their effectiveness, their relationship with business growth, and the limitations faced in their implementation. The findings will provide valuable insights for policymakers, development agencies, and MSME stakeholders to enhance job creation through more targeted and effective MSME support mechanisms.

1.3 General Objective

The general objective of the study is to analyse the effectiveness of micro, small and medium enterprises strategies for employment creation in Ndola's retail business sector.

1.3.1 Research Objectives

The specific objectives of the research are:

1. To establish the types of business growth strategies used by MSMEs
2. To examine the effectiveness of employment creation strategies used by MSMEs.
3. To ascertain the relationship between business growth and employment creation.
4. To identify the limitations of business growth strategies used by MSMEs.

1.4 Research Questions

This study seeks to provide answers to the following research questions:

1. What are the types of business growth strategies used by MSMEs?
2. How effective are employment creation strategies used by MSMEs?
3. What is the relationship between business growth and employment creation?
4. What are the limitations of business growth strategies used by MSMEs?

1.5 Theoretical Framework

This study is dependent on three key theories: Penrose's Firm Growth Theory (1959), Keynesian Employment Theory (1936), and the Job Creation and Destruction Theory (Davis & Haltiwanger, 1992). Together, these theories will provide a comprehensive lens through which to understand how MSME growth strategies influence employment creation.

Penrose's theory focuses on how firms grow through the effective use of internal resources and capabilities. According to Penrose (1959), the growth of a firm is not merely determined by external market conditions but also by how the firm mobilizes and utilizes its human, financial, and managerial resources. In the context of SMEs, growth strategies such as diversification, market penetration, and product development are expected to stimulate business expansion. This expansion subsequently creates a demand

for new employees to support increased operational activities.

Keynesian Employment Theory (Keynes, 1936) emphasizes the relationship between aggregate demand and employment levels. The theory posits that employment depends on the level of effective demand in an economy. When businesses grow and increase production, income levels rise, leading to higher consumption and investment, which further stimulates job creation. Applied to this study, as MSMEs grow through various strategic actions, they increase their output and revenue, thereby contributing to higher demand for labour.

The Job Creation and Destruction Theory, developed by Davis and Haltiwanger (1992), argues that job creation is primarily driven by the entry and expansion of firms, while job destruction is caused by contraction and exit. This theory offers a strong empirical basis for examining the relationship between MSME growth and job creation.

1.6 Scope of the Study

This study was limited to Ndola, a city on the Copperbelt Province of Zambia, focusing on employment creation strategies used by MSMEs. The study relied on both primary data (from businesses owners/managers and employees) and secondary data (from government reports, policy documents, and existing literature).

The findings are therefore contextualized within Ndola and may not be generalized to other regions of Zambia, although they may provide useful insights for broader national policy discussions.

2. Literature Review

2.1 Types of business growth strategies used by MSMEs

Tshuma *et al.* (2022)^[1], in their study of SMEs in Harare, Zimbabwe, identified a variety of growth strategies commonly adopted by SMEs, including innovation, marketing, human resource, networking, collaboration, market penetration, market development, product development, and diversification strategies. These strategies vary in complexity and risk but collectively shape how SMEs pursue expansion and sustainability. Tshuma *et al.* (2022)^[1] concluded that SMEs adopt different growth strategies depending on their contexts and capacities. Networking was identified as the most widely practiced strategy, followed by market penetration, market development, human resource, diversification, and product development strategies.

Ganguly (2017) conducted a comprehensive study to investigate various growth strategies adopted by Indian SMEs. The growth and sustainability of Small and Medium Enterprises (SMEs) largely depend on the strategic approaches they adopt to expand their operations and enhance competitiveness. Ganguly's empirical findings demonstrate that SMEs often adopt a combination of corporate-level growth strategies aligned with Ansoff's Growth Model. Overall, these diverse strategies—spanning managerial networking, market expansion, product and human resource development, marketing, pricing, customer service, and technology adoption—illustrate the multifaceted approaches SMEs employ to achieve business growth.

According to the Growth Guide (2019), published by Women in Business New Brunswick (WBNB), SMEs can employ five major types of business growth strategies:

market penetration, market expansion (or development), product expansion, diversification, and acquisition or mergers. These strategies provide structured pathways for businesses to enhance their market share, broaden their reach, introduce new products, explore new markets, or strategically collaborate with or acquire other businesses to achieve growth objectives.

Jhajharia (2025) highlights that only 50% of start-ups survive beyond five years, underscoring the importance of adopting well-defined business growth strategies. To address this need, Jhajharia identifies seven key strategies that businesses can employ to stimulate growth and ensure long-term survival. These include market penetration, market development, product development, diversification, business partnerships, international market expansion, and alternative channels.

2.2 The effectiveness of employment creation strategies used by MSMEs.

Business growth strategies such as market expansion, product diversification, and innovation are not only mechanisms for firm development but also serve as indirect employment creation strategies. Therefore, growth strategies can be viewed as a core component of employment creation strategies within MSMEs, particularly in developing economies where SMEs constitute a large share of employment generation (OECD, 2017).

Okumu *et al.* (2019) examined how product and process innovation relate to employment growth among manufacturing SMEs in Africa. Their findings revealed a generally positive association between innovation and employment growth, although the magnitude of the effect is influenced by the quality of the business environment.

Solaja *et al.* (2024), in their study of 655 SMEs in Sub-Saharan Africa, found that digital innovation significantly improves MSME performance, which in turn stimulates job creation. Digital innovation involves the application of technology to develop new products, services, or processes that enhance business operations (Achmad, 2023). Its emergence has enabled SMEs to create value, improve productivity, and enhance growth (Wang *et al.*, 2023; Babilla, 2023). Moreover, digital innovation is particularly beneficial to SMEs because it often involves affordable, scalable technologies that can easily be adapted to business needs (Leliveld & Knorringa, 2018).

Chaliyumbe and Haabazoka (2025)^[6] assessed various strategies such as governmental financial interventions and loan facilities, focusing on their direct effects on MSME performance indicators—including net profit, revenue, and employment levels in Zambia. Government financing support has emerged as a critical strategy for enhancing MSME performance and stimulating employment, particularly during periods of economic distress.

Inegbedion *et al.* (2024)^[7] conducted an empirical study examining the relationship between MSME competitiveness and employment generation, focusing on product innovation, product differentiation, and product imitation as key growth strategies. Their findings revealed that all three strategies exert a positive and significant influence on employment creation, highlighting their effectiveness in expanding the capacity of SMEs to generate jobs.

Mbhiti *et al.* (2015) conducted a study that examined market development as a growth strategy, particularly focusing on its effectiveness in improving organisational performance

and employment creation. While business growth strategies are often expected to enhance firm performance and subsequently stimulate employment creation, some strategies may not yield significant employment effects.

The findings show that for SMEs, relying solely on market development as a growth strategy may not generate substantial new employment opportunities. Instead, market development may need to be combined with other strategies—such as innovation, product diversification, or operational expansion—to yield stronger performance improvements that translate into meaningful job creation.

Gikunda *et al.* (2023) examined the impact of market penetration strategy on the growth of restaurants in Nairobi County, highlighting its role as an employment creation enabler. The study found that market penetration strategies—such as expanding the customer base, enhancing competitive pricing, and improving product visibility—had a significant and positive effect on business growth. Gikunda *et al.* (2023) underscore the importance of strategically implementing market penetration as a growth strategy for SMEs, showing that effective market-focused strategies translate directly into increased business capacity and job creation opportunities.

Daisy (2020) examined the relationship between market expansion strategies and organisational performance among supermarkets in Nairobi City County, Kenya. The study focused on four key strategies and analysed their impact on organisational outcomes which subsequently enhances the capacity of businesses to generate employment. Overall, Daisy's (2020) study underscores that market expansion strategies positively affect organisational performance, which can indirectly drive employment creation.

2.3 The relationship between business growth and employment creation

The relationship between business growth and employment creation has been widely examined in the context of small and medium enterprises (SMEs), with numerous studies highlighting that growth-enabling strategies directly or indirectly lead to job creation.

Zuzana *et al.* (2020), in their study “Access to Finance among Small and Medium-Sized Enterprises and Job Creation in Africa,” provide empirical evidence of this relationship. The study establishes that SMEs with access to finance experience higher growth rates and significantly greater employment growth compared to those without such access.

Okumu *et al.* (2019), in their study on innovation and employment growth, established that growth strategies such as product and process innovation are meaningfully related to employment expansion. Overall, business growth strategies rooted in innovation ultimately lead to employment creation, as expanding firms require additional human capital to sustain new products, markets, and improved processes.

Atwine *et al.* (2023) ^[11] examined the determinants of employment growth in firms, focusing on growth strategies such as product and process innovation, as well as the role of business size and access to finance. Their study demonstrates that business growth—measured through sales, investment, and expansion activities—has a significant positive effect on employment growth. The findings suggest that promoting business growth through innovation, strategic expansion, and financial support is

likely to increase employment creation, supporting both economic development and poverty alleviation in the region. Alvarez-Salazar *et al.* (2025) ^[14] investigated the drivers of accelerated growth and their subsequent impact on employment in Peruvian start-ups, focusing on networking capability, experimentation capability, and access to financing. The study found that these growth-enabling strategies positively influence the rate at which start-ups expand, with implications for employment creation.

Abisuga-Oyekunle *et al.* (2019) examined the role of Small and Medium Enterprises (SMEs) in poverty reduction and employment generation in Sub-Saharan Africa. The study highlighted that SMEs are a key mechanism for creating jobs, improving quality of life, and generating economic opportunities in resource-scarce and poverty-affected regions. SMEs contribute to job creation by establishing new enterprises, introducing innovations, expanding economic activities, and developing new sectors. They also produce goods and services, introduce new technologies, and offer lower-cost outputs, thereby contributing to economic development and employment generation (Carree & Thurik, 2002).

2.4 The limitations of business growth strategies used by MSMEs

The Revised National Micro, Small, and Medium Enterprise (MSME) Development Policy (2023) highlights several challenges that limit the growth and effectiveness of business strategies employed by SMEs in Zambia. The report found that SMEs face several challenges such as limited access to affordable finance, lack of innovation and poor uptake of technological solutions, weak entrepreneurial culture, inadequate decentralization of support services, weak coordination of empowerment initiatives, unfavourable business environment, limited access to local and foreign markets, limited access to business development services (BDS), inadequate business infrastructure and high informality of SMEs. In summary, addressing these limitations is critical to enhancing the effectiveness of MSME growth strategies and maximizing their employment creation potential.

Matakala (2018) investigated the constraints that limit the contribution of Small and Medium Enterprises (SMEs) to economic growth in Zambia. The study identified several key limitations affecting MSME growth strategies, which can be grouped into three main categories: Limited Access to Finance, Inadequate Infrastructure and Lack of Skills, Training, and Technological Capacity. Matakala (2018) also noted that these constraints are largely generic across sectors, implying that interventions to enhance MSME growth and employment creation must be cross-cutting and collaborative, involving both state and non-state actors.

Gurara (2025), in an IMF selected issue paper on firm growth in Zambia, highlighted key constraints that continue to impede the growth of SMEs. According to the study, Zambian businesses consistently identify three primary obstacles to firm growth: limited access to finance, unreliable electricity supply, and competition from informal firms. In the 2019 survey, 28.5 percent of firms cited access to finance as their most significant challenge, 25.8 percent highlighted electricity constraints, and 12.8 percent reported competition from informal enterprises. Notably, these issues are more pronounced in Zambia than in other Sub-Saharan

African countries or comparable low- and middle-income countries.

Kalima (2023) [19] investigated the factors influencing the development objectives of SMEs and highlighted several challenges that constrain their growth. The study categorizes these challenges into internal, external, social-cultural, and technological factors, each impacting SMEs' ability to implement effective business growth strategies and, by extension, limit their capacity for employment creation.

Joseph (2025) [20] demonstrate that SMEs face a complex array of barriers across multiple levels, with financial limitations being the most pervasive. Limited access to affordable financing, coupled with high interest rates, collateral requirements, and poor financial management, restricts SMEs from implementing effective growth strategies. Additional challenges, including competition from larger firms, inadequate infrastructure, limited managerial skills, and insufficient technological adoption, further constrain expansion. Collectively, these limitations reduce SMEs' ability to scale their operations and create employment.

Nkwabi and Mboya (2019) conducted a study on factors affecting the growth of Small and Medium Enterprises (SMEs) in Tanzania, highlighting multiple constraints that hinder MSME development. The study identified financial constraints as the most significant factor, showing a 38% negative relationship with MSME growth. Similarly, capital constraints were reported as another major impediment, with a 33% negative impact, reflecting the difficulties SMEs face in raising sufficient funds to support business activities and growth strategies.

Thuy *et al.* (2023) conducted a study examining factors affecting business performance, categorizing them into external and internal factors, both of which have implications for the growth strategies of SMEs. In conclusion, Thuy *et al.* (2023) demonstrated that both external and internal factors can either enable or constrain SMEs' ability to grow. Legal, economic, and sectoral conditions create contextual limitations that SMEs must navigate, while internal weaknesses in strategy, managerial expertise, workforce skills, capital structure, and technology adoption directly restrict growth potential.

Chang (2024) [22] explored the strategies for sustainable business growth and highlighted several limitations that hinder the expansion of SMEs. The study identified resource constraints, regulatory complexities, and the need for cultural transformation within organisations as major obstacles to growth. The study emphasizes that limitations to MSME growth are multifaceted, encompassing external constraints such as resources and regulations, as well as internal challenges related to organisational culture and capacity.

2.5 Personal Critique of Literature Review

The reviewed literature provides a comprehensive overview of the types of business growth strategies and the effectiveness of employment creation strategies used by MSMEs, the relationship between business growth and employment creation and the limitations of business growth strategies used by MSMEs. Despite the comprehensive overview provided, several limitations can be observed in the studies. First, most studies focus on single-country or sector contexts, such as Tanzania, Nigeria, Australia, Zambia, manufacturing, etc making cross-country/sector

generalizations difficult. Second, most studies heavily depended on quantitative surveys and secondary data. In conclusion, the literature provides a solid foundation for understanding the link between MSMEs growth strategies and job creation despite the existence of some gaps.

3. Methods and Procedures

3.1 Research Design

Considering the objectives of this research project, a research design in the form of a case study with a mixed method approach was the most appropriate in achieving the objectives. This is because a case study design helps us gain concrete, contextual and in-depth knowledge of the effectiveness of the employment creation strategies used by small and medium enterprises in Ndola's retail business sector.

3.2 Target Population

The target population of this study was MSMEs operating within Ndola's retail business sector, including key stakeholders directly involved with such enterprises — specifically MSME owners/managers and their employees.

3.3 Sampling Design

This study made use of the stratified random sampling method. The MSMEs were put in different strata depending on their size (micro, small, medium), type of retail (groceries, clothing, electronics, etc.) and location. After putting the MSMEs into strata, a proportionate number from each stratum was randomly selected to ensure representation across all groups.

3.3.1 Inclusion Criteria

The inclusion criteria for selecting MSMEs was as follows:

- The business must be based in Ndola, Zambia, and primarily operate within the retail sector.
- The business must be classified as a micro, small or medium-sized enterprise according to the Zambian definition of SMEs.

3.3.2 Exclusion Criteria

- Enterprises that do not fall within the retail sector.

3.3.3 Sampling Procedure

1. Selection of Participants: Using stratified random sampling method, MSMEs that met the criteria were selected.
2. Initial Contact: The researcher made contact with key individuals in the targeted MSMEs, such as business owners or managers and explained the study's purpose, goals, and the importance of their participation.
3. Data Collection: Once the sample was selected, data was collected using structured interviews and an online questionnaire.

3.4 Sample Size Determination

A sample size of 50 was considered appropriate for this study for several methodological and practical reasons. A sample of 50 MSMEs provided a sufficient number of observations to capture meaningful variations in business growth strategies, employment creation practices, and the challenges faced by firms in the sector. This size allowed for reliable analysis while ensuring that the data collected remained detailed and manageable. This sample size ensured that data collection could be completed within the available timeframe and resources and enabled the researcher to gather high-quality, reliable data without

burdening participants.

3.5 Data Collection Methods

This study used primary and secondary sources for the purpose of data collection. Our primary source of data was the information from an online questionnaire and structured interview responses. To supplement the primary data sources, the study collected data from reliable journals, government publications and relevant websites and portals as secondary sources.

3.6 Data Analysis

This research work used a mixed method approach of analysing the data collected as it helps to better comprehend the data which was collected in the process of this study. The collected data was entered and cleaned up using Excel, a product of Microsoft. After data entry and cleaning, the collected data set was fed into STATA for analysis and presentation of analysis results.

3.7 Triangulation

To ensure that the results of this study are reliable and reflective of reality and to make sure that we develop a comprehensive understanding of the issues presented in the research topic, the study collected and analysed data from secondary sources such as published journals, official websites and other reliable sources that were relevant to the study in addition to the primary data that was collected.

3.8 Limitations of the Study

This study was limited geographically and sectorally to analysing the effectiveness of micro, small and medium enterprises strategies for employment creation in Ndola's retail sector business, therefore, the findings of this study should be viewed in the context of Ndola city, specifically businesses in the retail sector. While the study provides valuable insights into the effectiveness of employment creation strategies within Ndola's retail sector, its conclusions should be interpreted with caution when generalizing to other regions or sectors. Nonetheless, the findings offer a useful foundation for comparative studies and can serve as a starting point for understanding the broader relationship between MSME growth strategies and employment creation in similar contexts.

3.9 Ethical Considerations

Ethical considerations are very important in the undertaking of any reliable research project. Among the most pressing and important ethical considerations are the issues of clearance, consent, honesty and privacy. This study was conducted after the needed clearance from the relevant authorities was obtained. In line with the issue of permission and clearance, the data collection process took place after receiving ethical clearance from the ethics committee of the university. No participant of this study was interviewed or handed a questionnaire without their consent and were not in any way, shape or form forced to participate in the study. The participants of this research project were encouraged to respond as honestly as possible and to the best of their knowledge. Further on, the participants of this study were assured of anonymity, and were not named in the findings of the study and their responses were kept private from third parties.

4. Presentation of Research Findings and Discussion of Results

4.1 Background characteristics of the respondents

Table 4.1.1: Business location

Business location	Freq.	Percent	Cum.
Ndola town centre	11	22.00	22.00
Masala	9	18.00	40.00
Twapia	8	16.00	56.00
Lubuto	10	20.00	76.00
Kafubu Mall	2	4.00	80.00
Mitengo	1	2.00	82.00
George compound	2	4.00	86.00
Broadway	1	2.00	88.00
Mushili	1	2.00	90.00
Mapalo township	1	2.00	92.00
Chifubu	2	4.00	96.00
Kansenshi	2	4.00	100.00
Total	50	100.00	

The findings show that 22% of the respondents run their businesses in Ndola town center, 20% in Lubuto, 18% in Masala, 16% in Twapia and others indicated that their businesses are in areas such as Kafubu Mall, Mitengo, George compound, Broadway, Mushili, Mapalo township, Chifubu and Kansenshi.

Table 4.1.2: Type of business

Business type	Freq.	Percent	Cum.
Food and beverages	4	8.00	8.00
Clothing and Apparel	6	12.00	20.00
Electronics	7	14.00	34.00
Groceries	2	4.00	38.00
Phones and Accessories	6	12.00	50.00
Pharmacy	4	8.00	58.00
Auto-spares	2	4.00	62.00
Agro-products	3	6.00	68.00
Electronics and stationery	3	6.00	74.00
Cosmetics	3	6.00	80.00
Stationery	2	4.00	84.00
Flowers and Events	2	4.00	88.00
Poultry	1	2.00	90.00
Perfume	1	2.00	92.00
Hardware and construction	2	4.00	96.00
Furniture	1	2.00	98.00
Supermarket	1	2.00	100.00
Total	50	100.00	

According to the findings of the study, the majority of respondents represented by a share of 14% run Electronics businesses, 12% of the respondents are into clothing and apparel business and another 12% are into phones and accessories. 8% of the respondents are into food and beverages business and a similar 8% of the respondents are into pharmacy business. The rest of the respondents are into various businesses ranging from Groceries, auto-spares, agro-products, electronics and stationery, cosmetics, stationery, perfume, furniture and supermarket.

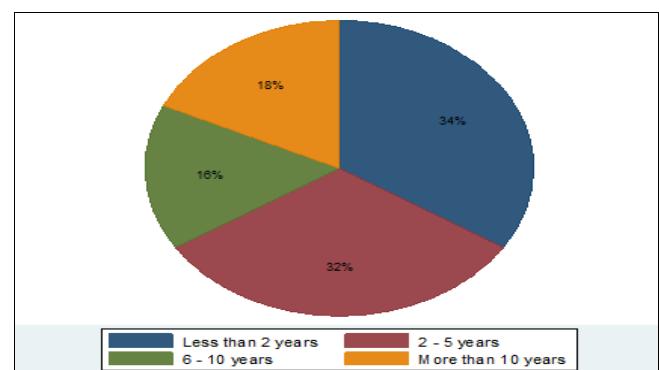


Fig 4.1.1: Number of years in operation

Regarding the number of years in operation, 34% of the respondents have been in operation for less than 2 years. 32% of the other respondents indicated that they have been in operation between 2 and 5 years. 18% of the respondents said they have been in business for over 10 years and the other respondents represented by 16% of the responses indicated that they have been running their businesses between 6 to 10 years.

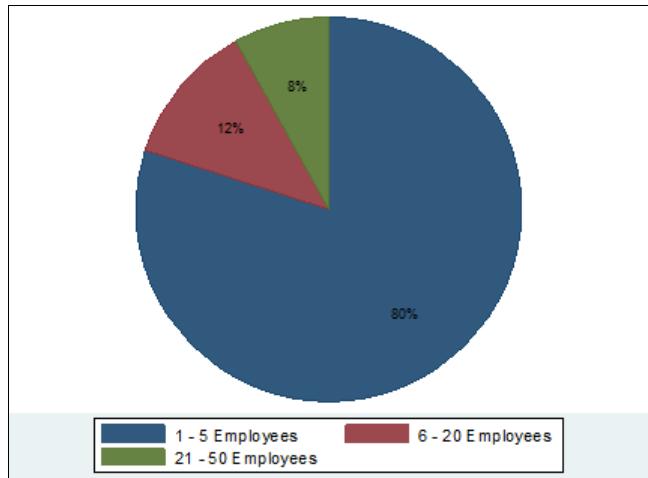


Fig 4.1.2: Number of employees

When asked about how many employees their businesses had, 80% of the respondents indicated that they have between 1 and 5 employees. 12% of the respondents had between 6 and 20 employees and 8% indicated having between 21 to 50 employees.

4.2 Presentation of Results Based on a Thematic Area Developed from Objective One

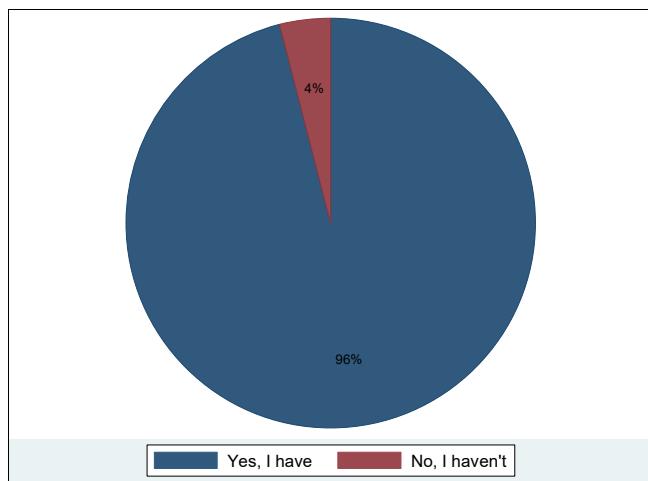


Fig 4.2.1: Use of market penetration strategy

When asked whether they had in the past used market penetration strategies to grow their businesses, 96% of the respondents indicated that they had in the past used the strategy to grow their businesses and only 4% indicated not to have used the strategy in the past.

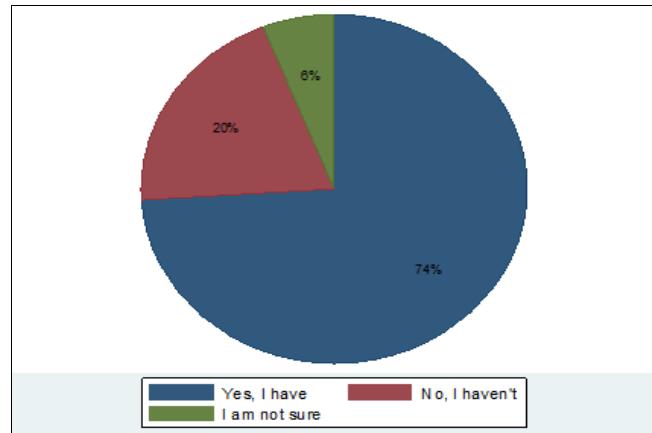


Fig 4.2.2: Use of market development strategy

74% of the respondents indicated using market development strategy to grow their businesses. 20% of the respondents had not used the method in their businesses and 6% were not sure if they had ever used the method.

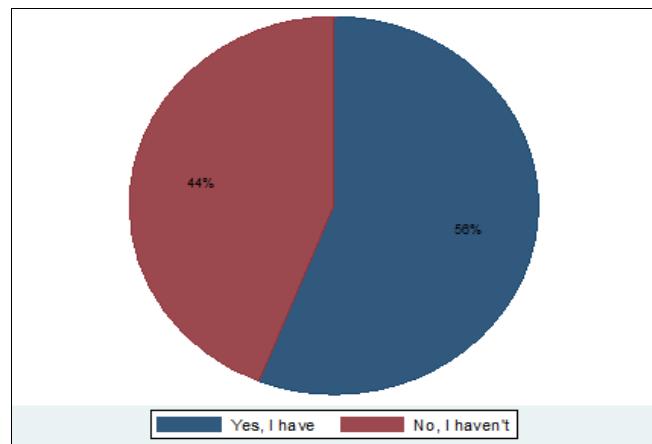


Fig 4.2.3: Use of product development strategy

56% of the responses indicated that the business owners had used product development strategy to grow their businesses and a good 44% of the respondents had not used the strategy.

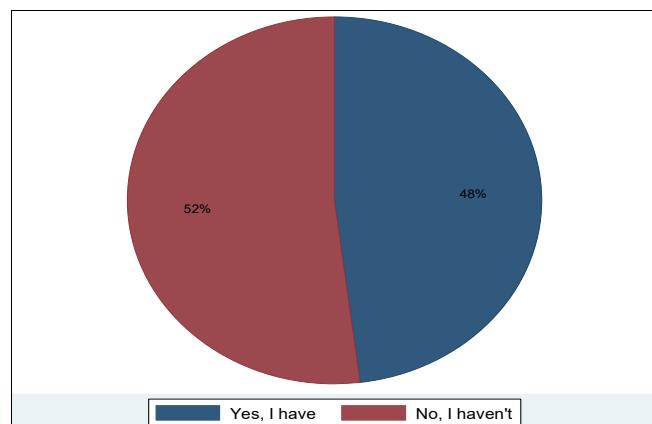


Fig 4.2.4: Use of diversification strategy

Most respondents represented by 52% of the responses indicated that they had never used diversification strategies to grow their businesses and only 48% of respondents had used the strategy in their businesses.

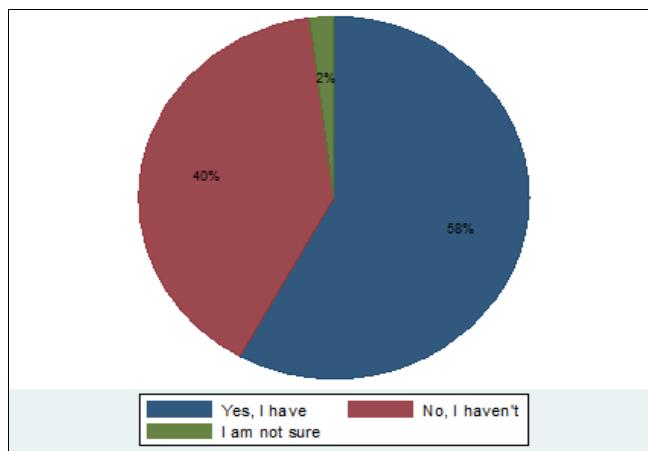


Fig 4.2.5: Use of digital transformation strategy

When asked if they had ever implemented digital transformation strategies in their businesses, 58% of the respondents indicated that they had used the strategy to grow their businesses. 40% of the respondents indicated that they had never used the strategy in their businesses and 2% were not sure about whether or not they had used the strategy.

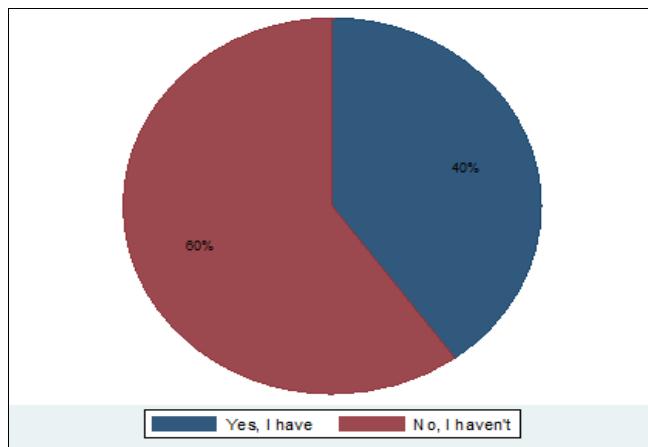


Fig 4.2.6: Use of partnership and collaboration strategy

Most of the respondents, represented by 60% of the responses indicated that they had never used partnership or collaborations strategies to grow their businesses. 40% of the respondents had used the strategy in growing their businesses.

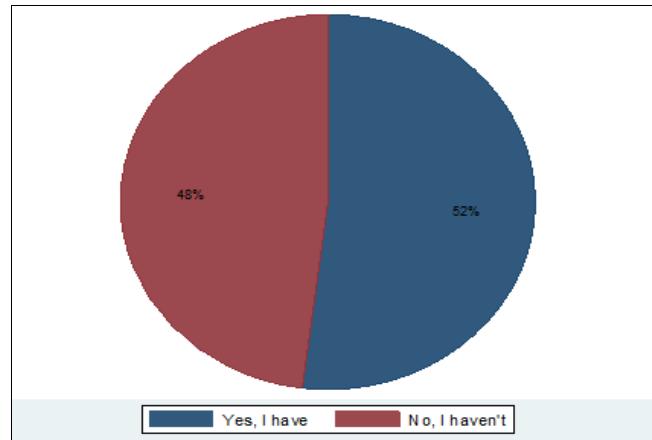


Fig 4.2.7: Use of innovation strategy

Innovation strategy was found to have been used by 52% of the respondents in growing their businesses. 48% of the responses showed that the business owners had never used innovation strategy in growing their businesses.

Table 4.2.1: Strategy with most business groth contribution

Strategy with most growth contribution	Freq.	Percent	Cum.
Market Penetration Strategy	31	62.00	62.00
Product Development Strategy	2	4.00	66.00
Digital Transformation Strategy	3	6.00	72.00
Innovation Strategy	6	12.00	84.00
Market Development Strategy	5	10.00	94.00
Diversification Strategy	1	2.00	96.00
Partnership and Collaboration Strategy	2	4.00	100.00
Total	50	100.00	

When asked which growth strategy had contributed the most to the growth of their businesses, 62% of the respondents chose market penetration strategy to be the most contributing strategy in the growth of their businesses. 12% of the respondents indicated innovation strategy, 10% indicated market development strategy and others identified digital transformation strategy, Partnership and collaboration strategy and product development strategy among others.

Table 4.2.2: Growth strategy avoided

Growth strategies avoided	Freq.	Percent	Cum.
None	35	70.00	70.00
Partnership and Collaboration Strategy	8	16.00	86.00
Diversification Strategy	6	12.00	98.00
Digital Transformation Strategy	1	2.00	100.00
Total	50	100.00	

The findings show that 70% of the respondents had no strategies that they had intentionally avoided in trying to grow their businesses. 16% of the respondents avoided partnerships and collaboration strategies, 12% avoided diversification strategies and 2% had avoided using digital transformation strategies to grow their businesses.

4.3 Presentation of Results Based on a Thematic Area Developed from Objective Two

Table 4.3.1: Type of employment created

Type of employment	Freq.	Percent	Cum.
Full-time Employment	21	42.00	42.00
Part-time Employment	10	20.00	62.00
Temporary or Contract Employment	17	34.00	96.00
Self employment	2	4.00	100.00
Total	50	100.00	

According to the findings, 42% of the respondents had created full-time employment positions in their businesses, 34% had created temporary or contract employment, 20% had created part-time employment and 4% indicated to have created self-employment.

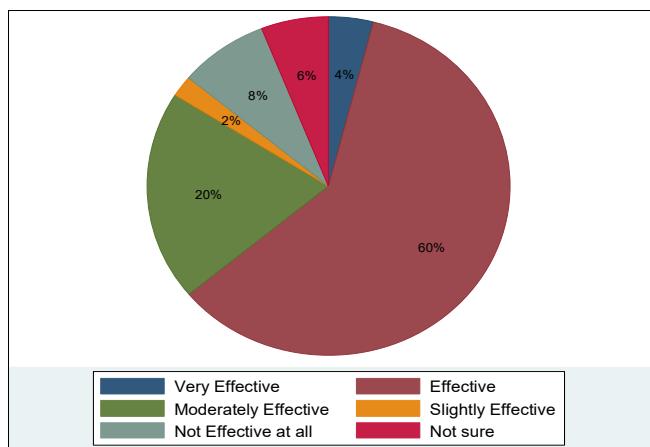


Fig 4.3.1: Past employment strategy effectiveness

When asked how effective the employment creation strategies that they had used in the past were, 60% of the respondents said they were effective, 20% indicated the methods were moderately effective, 8% indicated that they were not effective, 6% indicated that they were not sure of the effectiveness, 4% said their strategy was very effective and 2% indicated that their strategy was slightly effective.

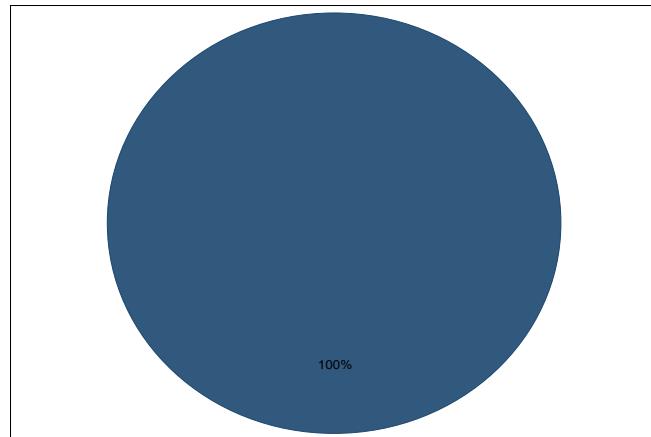


Fig 4.3.2: Does business growth lead to employment creation

When asked if they thought business growth leads to employment creation, all the respondents agreed that business growth leads to creation of employment.

Table 4.3.2: Effectiveness of market penetration strategy in creating employment

How effective is Market Penetration Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	12	24.00	24.00
Effective	10	20.00	44.00
Moderately Effective	5	10.00	54.00
Slightly Effective	5	10.00	64.00
Not Effective at all	18	36.00	100.00
Total	50	100.00	

When asked how effective market penetration strategy is in creating employment, 36% of the respondents said it is not effective at all, 24% indicated that it is very effective, 20% indicated that it is effective, 10% of the respondents said it is moderately effective while the remaining 10% said it is slightly effective.

Table 4.3.3: Effectiveness of market development strategy in creating employment

How effective is Market Development Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	22	44.00	44.00
Effective	17	34.00	78.00
Moderately Effective	7	14.00	92.00
Slightly Effective	2	4.00	96.00
Not Effective at all	2	4.00	100.00
Total	50	100.00	

When asked how effective market development strategy is in creating employment, 44% of the respondents said it is very effective, 34% indicated that it is effective, 14% indicated that it is moderately effective, 4% of the respondents said it is slightly effective while the remaining 4% said it is not effective at all.

Table 4.3.4: Effectiveness of product development strategy in creating employment

How effective is Product Development Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	22	44.00	44.00
Effective	18	36.00	80.00
Moderately Effective	4	8.00	88.00
Slightly Effective	3	6.00	94.00
Not Effective at all	3	6.00	100.00
Total	50	100.00	

When asked how effective product development strategy is in creating employment, 44% of the respondents said it is very effective, 34% indicated that it is effective, 14% indicated that it is moderately effective, 4% of the respondents said it is slightly effective while the remaining 4% said it is not effective at all.

Table 4.3.5: Effectiveness of diversification strategy in creating employment

How effective is Market Diversification Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	29	58.00	58.00
Effective	11	22.00	80.00
Moderately Effective	2	4.00	84.00
Slightly Effective	7	14.00	98.00
Not Effective at all	1	2.00	100.00
Total	50	100.00	

According to the findings, the majority of respondents represented by 58% of the responses indicated that market diversification strategy is very effective in creating employment. 22% of the respondents said the strategy is effective, 14% indicated that it is slightly effective, 4% indicated that it is moderately effective and 2% of the respondents said it is not effective at all.

Table 4.3.6: Effectiveness of digital transformation strategy in creating employment

How effective is Digital Transformation Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	9	18.00	18.00
Effective	12	24.00	42.00
Moderately Effective	5	10.00	52.00
Slightly Effective	9	18.00	70.00
Not Effective at all	15	30.00	100.00
Total	50	100.00	

When asked how effective digital transformation strategy is in creating employment, 30% of the respondents said it is

not effective at all, 24% indicated that it is effective, 18% indicated that it is very effective, another 18% of the respondents said it is slightly effective while the remaining 10% said it is moderately effective.

Table 4.3.7: Effectiveness of partnership and collaboration strategy in creating employment

How effective is Partnership and Collaboration Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	11	22.00	22.00
Effective	7	14.00	36.00
Moderately Effective	5	10.00	46.00
Slightly Effective	9	18.00	64.00
Not Effective at all	18	36.00	100.00
Total	50	100.00	

According to the findings, the majority of respondents represented by 36% of the responses indicated that partnership and collaboration strategy is not effective at all in creating employment. 22% of the respondents said the strategy is very effective, 18% indicated that it is slightly effective, 14% indicated that it is effective and 10% of the respondents said it is moderately effective.

Table 4.3.8: Effectiveness of innovation strategy in creating employment

How effective is Innovation Strategy in employment creation?	Freq.	Percent	Cum.
Very Effective	15	30.00	30.00
Effective	19	38.00	68.00
Moderately Effective	8	16.00	84.00
Slightly Effective	6	12.00	96.00
Not Effective at all	2	4.00	100.00
Total	50	100.00	

When asked how effective innovation strategy is in creating employment, 38% of the respondents said it is effective, 30% indicated that it is very effective, 16% indicated that it is moderately effective, another 12% of the respondents said it is slightly effective while the remaining 4% said it is not effective at all.

4.4 Presentation of Results Based on a Thematic Area Developed from Objective Three

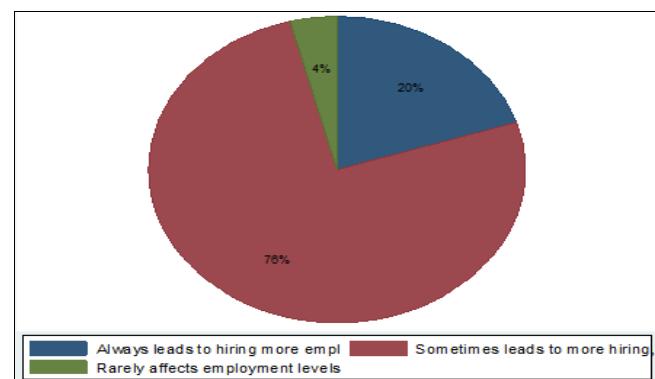


Fig 4.4.1: How growth affects number of employees.

When asked how the growth of their businesses affects the number of people they employ, the majority of respondents represented by 76% of the responses said that business growth sometimes leads to more hiring, depending on demand. 20% of the respondents indicated that business growth always leads to hiring more employees and the remaining 4% of the respondents said that business growth rarely affects employment levels.

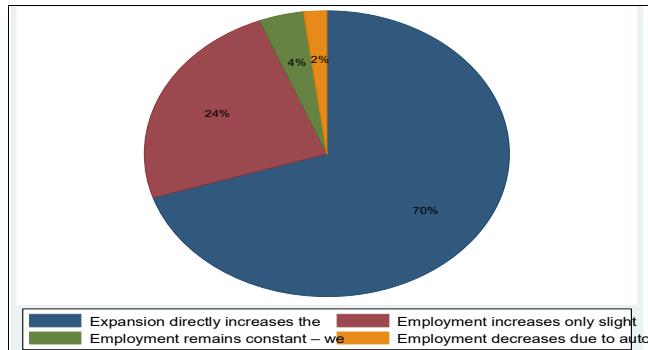


Fig 4.4.2: How changes in business size influence employment levels

When asked about how changes in business size influence employment levels, 70% of the respondents said expansion directly increases the number of employees. 24% of the respondents indicated that employment increases only slightly with expansion, 4% indicated that employment remains constant as businesses redistribute existing staff and the remaining 2% indicated that employment decreases due to automation or restructuring.

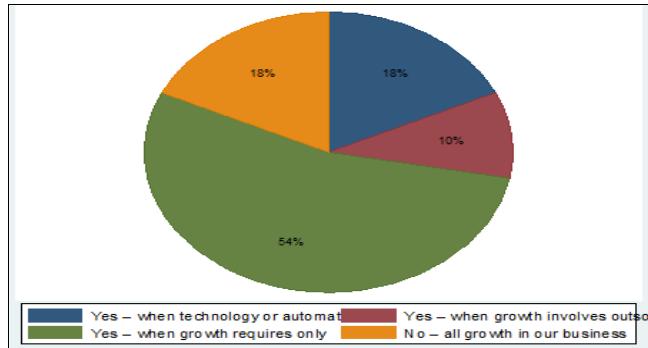


Fig 4.4.3: Situations where business growth does not necessarily lead to more employment

According to the findings of the study, 54% of the respondents said that growth does not lead to more employment when it requires only capital investment, not labour. 18% said that growth does not lead to more employment when technology or automation improves efficiency. Another 18% indicated that all growth leads to more hiring and the remaining 10% said that growth does not lead to more employment when it involves outsourcing or subcontracting.

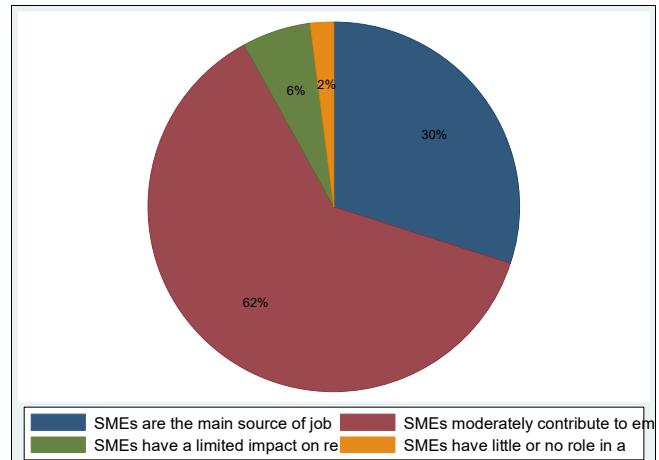


Fig 4.4.4: Role of MSMEs in addressing unemployment

When asked about the role MSMEs play in addressing unemployment in Ndola, 62% of the respondents indicated that MSMEs moderately contribute to employment creation in Ndola. 30% of the respondents believed that SMEs are the main source of job creation in Ndola, 6% indicated that SMEs have a limited impact on reducing unemployment and the remaining 2% indicated that SMEs have little or no role in addressing unemployment.

4.5 Presentation of Results Based on a Thematic Area Developed from Objective Four

Table 4.5.1: Main business growth challenges

	Frequency	Percent of responses	Percent of cases
A Limited access to finances	44	22.80	88.00
B High interest rates	28	14.51	56.00
C High competition	20	10.36	40.00
D Poor infrastructure	38	19.69	76.00
E Lack of Government support	24	12.44	48.00
F Limited customer demand	24	12.44	48.00
G Shortage of skilled employees	15	7.77	30.00
Total	193	100.00	386.00
Valid cases:	50		
Missing cases:	0		

When asked about the main challenges their businesses face in trying to grow, 88% of the respondents said limited access to finances or credit facilities was a major challenge. 76% of the respondents indicated that poor infrastructure was a big limitation to growth. 56% of the respondents identified high loan interest rates to be a growth limiting factor. 48% of the respondents said lack of government support or incentives was a challenge in trying to grow. Another 48% of the respondents said limited market access or customer demand was big challenge in their businesses. 30% of the respondents indicated that they were facing shortage of skilled employee issues.

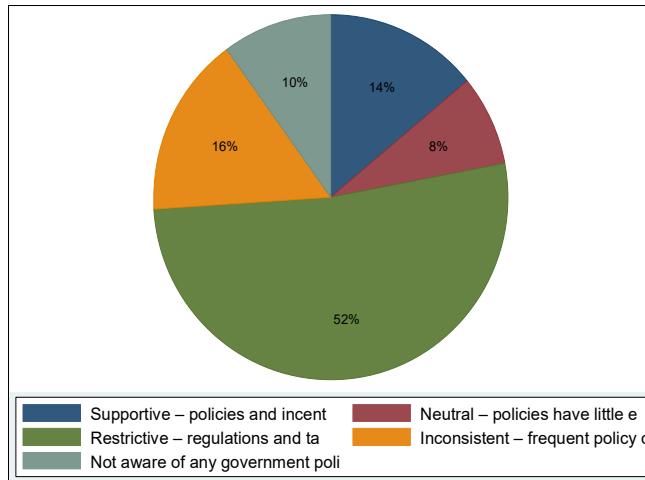


Fig 4.5.1: Role of government regulations or policies in supporting or hindering business growth

The findings show that the majority of respondents, represented by 52% of the responses believed that government support was restrictive of business growth due to regulations and taxes. 16% indicated that government support was inconsistent because frequent policy changes create uncertainty. 14% of the respondents said that government was supportive of business growth as their policies and incentives promote MSME growth. 10% of the respondents indicated that they were not aware of any government policies that affect their business and 8% said that government support was neutral because policies have little effect on business operations.

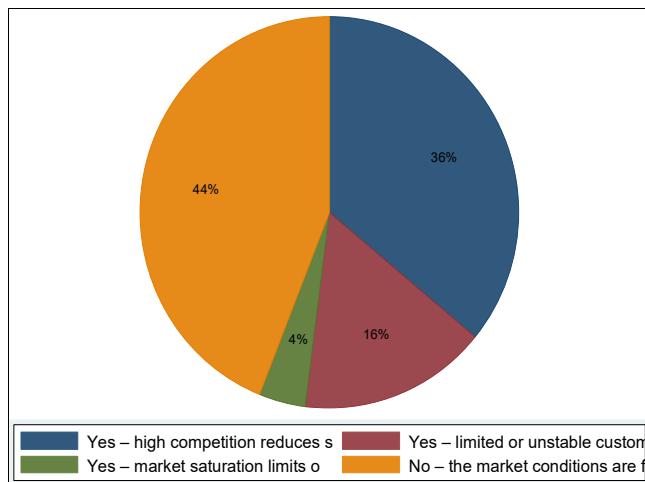


Fig 4.5.2: Market-related challenges that limit your growth

In response to the question of whether or not there are any market-related challenges that limit the growth of their businesses, the majority of respondents represented by 44% of the responses indicated that the market conditions are favorable for growth. 36% of the respondents indicated that high competition reduces sales and profits, 16% indicated that limited or unstable customer demand affects their growth and 4% indicated that market saturation limits their

opportunities for expansion.

Table 4.5.2: How technological or infrastructural issues affect business expansion efforts

	Frequency	Percent of responses	Percent of cases
A Lack of modern technology reduces productivity and efficiency	23	17.69	46.00
B Poor internet connectivity limits marketing and communication	39	30.00	78.00
C Frequent power outages disrupt business operations	43	33.08	86.00
D Inadequate transport or logistics infrastructure affects supply	23	17.69	46.00
E Technology and infrastructure do not affect our business	2	1.54	4.00
Total	130	100.00	260.00
Valid cases:	50		
Missing cases:	0		

In answering the question of how technological or infrastructural issues affect their business expansion efforts, 86% of the respondents indicated that technological or infrastructural issues such as frequent power outages disrupt their business operations. 78% of the respondents said that poor internet connectivity limits their marketing and communication. 46% of respondents indicated that that lack of modern technology reduces productivity and efficiency in their businesses. Another 46% of respondents indicated that inadequate transport or logistics infrastructure affects their supply. 4% of the respondents indicated that technology and infrastructure do not affect their businesses.

Table 4.5.3: Internal challenges that hinder business growth

	Frequency	Percent of responses	Percent of cases
A Lack of skilled or experienced employees	12	16.67	24.00
B Low employee motivation	9	12.50	18.00
C Poor management or leadership capacity	5	6.94	10.00
D Limited strategic planning and innovation	7	9.72	14.00
E Weak financial management or record keeping	10	13.89	20.00
F Lack of business experience and knowledge	9	12.50	18.00
G None	20	27.78	40.00
Total	72	100.00	144.00
Valid cases:	50		
Missing cases:	0		

When asked about the internal challenges that hinder their business growth, the responses were; none (40%), lack of skilled or experienced employees (24%), weak financial management or record keeping (20%), low employee motivation (18%) and lack of business experience and knowledge (18%). 14% of the respondents said limited strategic planning and innovation was a challenge in their business and 10% said poor management or leadership capacity was an issue in their businesses.

Table 4.5.4: Support systems that could help MSMEs overcome business growth limitations

		Percent of Frequency	Percent of responses	Percent of cases
A Easier access to affordable loans or credit facilities	41	18.81	82.00	
B Government grants, tax relief, or business incentives	46	21.10	92.00	
C Training programs for business owners and employees	42	19.27	84.00	
D Improved infrastructure (e.g., electricity, roads, internet)	43	19.72	86.00	
E Support from business associations or chambers of commerce	18	8.26	36.00	
F Mentorship or partnership programs with larger firms	28	12.84	56.00	
Total	218	100.00	436.00	
Valid cases:	50			
Missing cases:	0			

When asked about which support systems or interventions they thought could help MSMEs overcome business growth limitations, 92% said government grants, tax relief, or business incentives could help. 86% indicated that improved infrastructure could help, 84% indicated that training programs for business owners and employees could help, 82% indicated that easier access to affordable loans or credit facilities could help, 56% indicated that mentorship or partnership programs with larger firms could help and 36% indicated that support from business associations or chambers of commerce could help MSMEs overcome the business growth strategies that they face.

4.6 Discussion of Research Findings

4.6.1 Demographic information

Most MSMEs in Ndola are concentrated in the town centre (22%), reflecting the area's role as the city's main commercial hub. Significant business activity is also found in densely populated townships such as Lubuto (20%), Masala (18%), and Twapia (16%), where high residential populations create strong demand for retail goods and services. Other areas, including George Compound, Mushili, Mapalo Township, Chifubu, and Kansenshi, also host active small businesses serving local community needs.

The findings reveal that Ndola's retail sector is highly diverse, with electronics, clothing, and phone accessories being the most common business types (38%) due to their low capital requirements.

The results show that most MSMEs in the study were relatively young, with 34% operating for less than two years and 32% for two to five years, while only 16% had been in existence for six to ten years. This pattern, consistent with Gaskins (2019) [23], highlights the difficulties SMEs face in sustaining long-term operations.

The findings indicate that most SMEs in Ndola are very small, with 80% employing one to five workers, 12% employing six to twenty, and only 8% employing 21 to 50 workers. These findings are consistent with the findings of Kambone (2024), who found that most Zambian SMEs typically employ fewer than ten people.

4.6.2 Types of business growth strategies used by MSMEs

The findings reveal that market penetration is the most widely used strategy among MSMEs in Ndola, with 96% of businesses adopting it because it is simple, low-cost, and focuses on increasing sales in existing markets. Market

development is the second most common strategy (74%), driven by the need to reach new customer groups or geographic areas once local demand becomes saturated. In contrast, product development is less frequently used, as most MSMEs in the retail sector depend on reselling already-manufactured goods.

Diversification is also rarely practiced, with 52% of businesses reporting that they never engage in it. This limited adoption is mainly due to financial constraints, limited managerial expertise, and the high risks associated with diversifying into unfamiliar products or markets. Digital transformation shows moderate uptake (58%), reflecting a growing recognition of its importance, although progress is slowed by factors such as high costs of digital tools, limited digital skills, and inadequate technological infrastructure.

Partnerships and collaborative strategies remain underutilized, with only 40% of MSMEs engaging in such arrangements. Trust issues, fear of unequal benefits, and poor organisational structures make collaborative efforts difficult to sustain. Innovation strategies are adopted by 52% of respondents, but their implementation is hindered by a lack of funding, inadequate skills, and limited access to innovative technologies. Overall, MSMEs in Ndola primarily rely on low-cost and low-risk strategies, while more advanced or resource-intensive growth strategies are constrained by financial, technological, and managerial limitations.

4.6.3 Effectiveness of employment creation strategies

The study shows that MSMEs in Ndola create different types of jobs, with 42% offering full-time employment, 34% providing temporary or contract jobs, and 20% offering part-time roles. Only 4% create jobs solely for the owners. This pattern reflects a preference for flexible, lower-cost labour arrangements.

Most employment creation strategies used by MSMEs are seen as effective, aligning with broader research that identifies MSMEs as major job creators in developing economies. However, perceptions vary by strategy.

Market penetration is often seen as ineffective for job creation because it relies on existing markets and usually does not require new workers. In contrast, market development is widely viewed as highly effective, as expansion into new areas typically requires additional staff. Product development and diversification are also considered strong drivers of employment due to their need for new skills, processes, and expanded operations. Innovation strategies similarly receive positive ratings for their potential to stimulate job creation.

Digital transformation and partnerships are generally viewed as less effective, mainly due to barriers such as cost, limited skills, trust issues, and organisational differences. However, a notable minority of respondents report positive employment effects from these strategies.

Overall, the findings emphasize that employment creation by MSMEs depends on how well growth strategies are implemented. Firms that adopt and tailor strategies effectively are more likely to generate sustainable employment opportunities.

4.6.4 Relationship between business growth and employment creation

The study reveals that MSME owners and managers in Ndola generally perceive business growth as contributing to employment creation, but 76% emphasized that growth does

not automatically result in new hires. Decisions to employ additional staff are influenced by operational needs, efficiency requirements, and cost considerations, even when businesses experience growth. A significant majority (70%) agreed that business expansion usually necessitates more employees, although the extent of hiring depends on the scale and nature of the expansion. Overall, the findings indicate that MSMEs in Ndola moderately contribute to employment creation, consistent with national data showing SMEs account for 88% of employment in Zambia. These conclusions are supported by studies such as Atwine *et al.* (2023) [11], which indicate that firm expansion and innovation remain key drivers of employment creation.

4.6.5 Limitations of business growth strategies used by MSMEs

The study identifies multiple interrelated challenges hindering the growth of MSMEs in Ndola's retail sector. Limited access to finance emerged as the most significant constraint, affecting 88% of businesses. High collateral requirements, complex application procedures, and prohibitive loan interest rates (up to 36.75%) restrict SMEs' ability to expand into new markets (90%), acquire stock or equipment (84%), conduct marketing (56%), or invest in technology and innovation (44%).

Poor infrastructure is another critical barrier, reported by 86% of respondents. Frequent power outages, weak transport systems, inadequate internet connectivity (78%), and limited access to modern technology (46%) undermine operational efficiency and competitiveness. Closely related is the issue of high loan interest rates, which further limits access to capital for growth.

Lack of government support and incentives was cited by 48% of businesses, alongside regulatory and tax policies perceived to hinder growth (52%) and inconsistent policy implementation (16%). Other challenges include limited customer demand (48%), exacerbated by inflation and exchange rate volatility, and a shortage of skilled employees (30%) despite high local unemployment. Market conditions also play a role: while 44% view the environment as favourable, 36% report intense competition, and 16% cite unstable customer demand.

Internally, 40% of MSMEs reported minimal internal constraints, yet issues such as lack of skilled employees (24%), weak financial management (20%), low employee motivation (18%), insufficient business experience (18%), limited strategic planning and innovation capacity (14%), and poor leadership (10%) were noted by smaller proportions, indicating that internal capacity remains a factor in growth.

To address these challenges, MSMEs proposed interventions including government grants, tax relief, and incentives (92%), improved infrastructure (86%), and training programs for owners and employees (84%). Additional recommendations included easier access to affordable financing (82%), mentorship or partnerships with larger businesses (56%), and support from business associations or chambers of commerce (36%).

These findings align with previous studies such as Kambone, (2024), Bank of Zambia, (2022) and the Revised National MSME Development Policy (2023) which highlight finance, infrastructure, skills shortages, regulatory burdens, and market constraints as key limitations to MSME growth. The implications are clear: MSMEs must adopt adaptive strategies to overcome operational challenges,

financial institutions should design accessible and affordable loan products, and policymakers should create a supportive business environment through improved infrastructure, targeted programs, and regulatory reforms to promote SME growth and employment creation.

5. Conclusion and Recommendations

5.1 Conclusion

This study analyzed the effectiveness of MSME strategies for employment creation in Ndola's retail sector. Specifically, it sought to identify the business growth strategies used by MSMEs, assess the effectiveness of MSME employment creation strategies, examine the relationship between business growth and employment creation, and highlight the limitations associated with the business growth strategies adopted by MSMEs.

The findings reveal that MSMEs in Ndola contribute moderately to employment creation, suggesting that the employment creation strategies they use are generally effective. This outcome aligns with global and local research which recognises SMEs as major drivers of job creation. In the Zambian context, the Ministry of Micro, Small and Medium Enterprises has similarly established that MSMEs contribute approximately 88% of national employment. These insights collectively reinforce the effectiveness of MSME-led employment creation initiatives.

The study identified several business growth strategies used within Ndola's retail sector, listed in order of their prevalence among businesses:

1. Market penetration
2. Market development
3. Digital transformation
4. Product development
5. Innovation
6. Diversification
7. Partnerships and collaborations

The results demonstrate that MSMEs implement these growth strategies not only to promote business growth but also as indirect strategies for employment creation. Because employment expansion within MSMEs is closely tied to business growth, strategies such as market expansion, product diversification, and innovation serve a dual purpose—fostering business development while simultaneously creating new job opportunities. The study therefore emphasizes that the effectiveness of employment creation is strongly dependent on how well these business growth strategies are implemented. SMEs that tailor their strategies to their operational needs and implement them efficiently are more likely to generate employment.

With regard to the relationship between business growth and employment creation, the study concludes that although business growth generally promotes employment expansion, the relationship is not automatic. Hiring decisions depend on the nature of growth pursued, the financial resources available, and the strategic priorities of the firm.

Finally, the study identified several challenges that constrain MSME growth in Ndola's retail sector. Ranked in the order of their popularity among businesses, these challenges include:

1. Limited access to finance
2. Poor infrastructure
3. High loan interest rates
4. Inadequate government support
5. Limited customer demand

6. High competition within the retail sector

7. Shortages of skilled employees

These constraints hinder the ability of MSMEs to fully implement effective business growth and employment creation strategies. Addressing these challenges is therefore essential to enhancing the role of MSMEs in employment generation and economic development in Ndola.

5.2 Recommendation

For MSMEs in Ndola's retail sector to achieve sustainable growth, they should diversify their use of business growth strategies rather than relying predominantly on market penetration. In an era defined by digital transformation, MSMEs are encouraged to embrace technological tools and platforms to enhance efficiency, competitiveness, and visibility. Incorporating innovation-driven strategies in daily operations can further stimulate growth, improve productivity, and create new market opportunities. Despite the challenges faced—such as limited access to finance and inadequate infrastructure—MSMEs should adopt creative and adaptive approaches to overcome these constraints.

Financial institutions, including banks, should consider developing more MSME-friendly financial products. This may include offering affordable and flexible loan packages tailored to the needs and capacities of small businesses. Accessible financing would not only support MSME growth but also expand the client base for financial institutions. Insurance companies can complement these efforts by promoting loan insurance products that protect lenders from default risk while enabling MSMEs to access much-needed funding.

The government also has a critical role in fostering a supportive environment for MSME growth. Policies and regulations should be designed to enable, rather than hinder, business expansion. Continued efforts to simplify tax systems, streamline licensing procedures, and reduce the cost of doing business are essential. Additionally, the government should increase awareness of available support initiatives—such as Citizen Entrepreneurial Development Commission (CEEC) programs—and ensure that MSMEs have clear information on how to access these opportunities. Strengthening infrastructure, improving policy implementation, and expanding mentorship and training programs will further support MSME development and enhance employment creation.

Finally, researchers should explore how well-informed MSME owners are regarding existing government incentives, donor-funded programs, private-sector support initiatives, and policies affecting MSMEs. Understanding these knowledge gaps will help guide future interventions aimed at strengthening the MSME ecosystem.

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