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## Analyze Business Financial Accounting and Management Systems Among Chinese Retail Business Operating in Lusaka District

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## Abstract

This study aimed to analyze business financial accounting and management systems among Chinese retail business operating in Lusaka District, Zambia. Guided by three objectives—to assess the effectiveness of these systems, determine the financial management practices employed, and identify challenges in aligning with local financial regulations and cultural distinctions—the study adopted a descriptive research design. The target population comprised owners, accountants, financial managers, and officers from 50 purposively selected Chinese businesses. Data were collected using structured questionnaires with closed-ended questions and analyzed using Stata software. The findings reveal that 70% of respondents acknowledged the effectiveness of their financial accounting and management systems in improving operational efficiency, decision-making, and financial accuracy. 40% of businesses rely on bank statements as their main financial data source, while 30% depend on invoices and receipts, indicating a moderate level of automation. Furthermore, 40% reported enhanced forecasting and budgeting accuracy through integrated systems, with 40% highlighting improved cash flow management. Budgeting (40%), cash flow management (30%), and financial reporting (20%) emerged as the most adopted financial management practices. The main challenges include maintaining accurate financial records (50%) and aligning with local financial regulations, with language barriers (50%), policy frameworks (30%), and tax laws (20%) identified as key obstacles. In conclusion, the study affirms that effective financial systems significantly enhance efficiency and decision-making, though regulatory and cultural challenges persist. Addressing these through digital transformation, localized compliance strategies, and cross-cultural capacity-building will strengthen business sustainability and competitiveness in Zambia's evolving economic landscape.

**Keywords:** Financial Accounting, Management Systems Challenges, Local Financial Regulations and Cultural Distinctions

## 1. Introduction
### 1.1 Background
China's rapid economic growth has positioned it as a global economic powerhouse, driving businesses to expand globally (Barney, 2016) [2]. Chinese companies operate in various industries, with a focus on emerging markets (Banda & Bwalya, 2018) [1]. The "Going Global" policy has promoted Chinese firms to invest in foreign markets, with financial backing and diplomatic support from the government (Barney, 2023; Bräutigam, 2019) [3, 4].

In Africa, Chinese businesses have become major players in sectors like mining, construction, and agriculture (CARI, 2019) [5]. China's investment in Africa has grown exponentially, with Chinese foreign direct investment (FDI) reaching $5.4 billion in 2019 (United Nations Economic Commission for Africa, 2019) [11]. Chinese businesses in Africa are involved in large-scale infrastructure projects and extractive industries (Kaplinsky & Morris, 2019) [8].

In Zambia, Chinese investment has been critical in infrastructure development (Muyumba, 2019) [10]. However, Chinese businesses face challenges adapting to local management systems and financial reporting practices (Banda & Cheelo, 2020). Labor unrest and dissatisfaction with working conditions have also been reported, highlighting the need for Chinese businesses to adapt their management systems to local labor practices (Zhu, 2017) [13].

## 1.2 Statement of Problems

The analysis of business financial accounting and management systems in Chinese enterprises presents a multifaceted challenge. One of the primary concerns is the divergence between Chinese Accounting Standards (CAS) and International Financial Reporting Standards (IFRS), which can lead to difficulties in financial reporting and analysis (Ding & Graham, 2011) [7]. Furthermore, the convergence of CAS with tax laws can result in complexities in financial management and decision-making (Chen & Cheng, 2013) [6]. Moreover, Chinese small and medium-sized enterprises (SMEs) often face obstacles in implementing effective financial management systems due to limited resources and expertise (Li & Zhao, 2015) [9]. The lack of standardization in financial reporting and management practices can also hinder the comparability and reliability of financial data (Wang & Zhang, 2018) [12]. Despite the growing importance of Chinese businesses in the global economy, there is a paucity of research on the effectiveness of their financial accounting and management systems. Further studies are needed to investigate the impact of CAS on financial reporting and management decision-making in Chinese enterprises and identify best practices for improvement.

## 1.3 General Objective

analyze business financial accounting and management systems among Chinese retail business operating in Lusaka District.

### 1.3.1 Specific Objectives

1. To determine the business financial management practices used by Chinese business in Lusaka.
2. To identify limitations faced by Chinese business in aligning with local financial regulations and cultural distinctions.
3. To assess the effectiveness of business financial accounting and management systems utilized by Chinese businesses.

## 1.4 Research Questions

1. what impact does the business financial accounting and management system have on Chinese business?
2. What are the limitations faced by Chinese business in aligning with local financial regulations and cultural distinctions?
3. Does the business financial accounting and management system affect Chinese business?

## 1.5 Conceptual Framework

The conceptual framework highlights the dynamic relationship between independent variables (business financial accounting systems and financial management systems) and dependent variables that drive financial success for Chinese businesses in Lusaka. Well-structured financial systems ensure accuracy, transparency, and reliability, enhancing decision-making. However, challenges in aligning with local financial regulations and cultural distinctions can moderate this relationship. Adapting to Zambian tax laws, reporting standards, and business norms is crucial. Successful integration of local expectations and cultural understanding can strengthen financial practices, while misalignments can hinder compliance and operational efficiency.
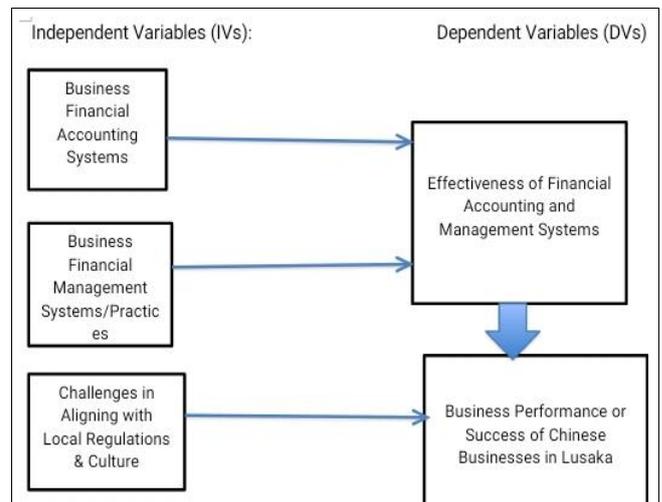


## 2. Literature Review

### 2.1 Business financial management practices

Oteyo (2018) [22] conducted an investigation into the impact of cash management on the performance of Small and Medium Enterprises (SMEs) in the United States. The study was focused on examining how cash management practices—or the lack thereof—affected the financial health and overall performance of SMEs operating within a specific county. SMEs play a crucial role in the U.S. economy, contributing significantly to job creation, innovation, and economic growth. However, many of these businesses face substantial challenges when it comes to managing their finances effectively, particularly in the area of cash management. Cash flow issues, inadequate planning, and a lack of formal financial systems are common reasons why many SMEs struggle to achieve long-term success and sustainability. Oteyo's research sought to shed light on these issues by examining how cash management practices are implemented in medium-sized and small enterprises and how such practices influence their performance.

Hamza (2015) [18] examined the influence of cash management practices on the financial performance of Small and Medium Enterprises (SMEs) in Ghana. His study was motivated by the understanding that, for SMEs, managing cash flow effectively is a critical factor determining their ability to survive and thrive in a competitive, often unpredictable, market. In his research, Hamza employed questionnaires to collect data, targeting a population of 1000 respondents, with a sample of 300 participants selected for detailed analysis. Through this approach, the study found that cash management practices have a direct and substantial impact on the financial success of SMEs. Specifically, it highlighted that businesses with strong, structured cash management were better able to maintain liquidity, meet operational expenses, and, most importantly, improve profitability in the face of a volatile market. The findings of the study underscore a central point: that cash management is not just a financial responsibility, but a strategic practice.

Niwemutoni (2018) [21] conducted a comprehensive study to explore the impact of cash management practices on the performance of Small and Medium Enterprises (SMEs) in the Lusaka District of Zambia. The research sought to address the challenges SMEs face in managing their cash flows, which are often constrained by limited resources, a lack of formal financial systems, and an unpredictable business environment. Niwemutoni's work was particularly

significant given the context of Zambia, where the SME sector plays a crucial role in the economy but is often hindered by financial mismanagement, insufficient access to credit, and a lack of robust financial infrastructure. The research aimed to investigate whether better cash management practices could improve the financial outcomes of SMEs, ultimately contributing to their growth and sustainability.

## 2.2 Challenges faced by Chinese business in aligning with local financial regulations and cultural distinctions

One of the primary challenges that Chinese businesses encounter in the UK is navigating the country's financial regulatory framework, which is often more complex and stringent than what they are accustomed to in China. According to Zhou (2017) [25], Chinese firms operating in the UK must comply with UK tax laws, corporate governance structures, and financial reporting requirements, which are often unfamiliar to them. For example, the UK's Financial Conduct Authority (FCA) regulates many aspects of financial services, and non-compliance with regulations such as the Companies Act 2006 can result in heavy penalties or sanctions. These regulations differ significantly from those in China, where the regulatory framework can sometimes be more flexible or prone to bureaucratic inefficiency.

One particular challenge is taxation. Chinese firms in the UK are required to comply with a complex system of Value Added Tax (VAT), corporation tax, and other business-related taxes, which can be difficult to navigate without an in-depth understanding of the local system. Li *et al.* (2019) [19] found that Chinese firms often struggle with the UK's VAT system, where they are required to charge VAT on many of the goods and services they sell but can only recover VAT on business-related purchases. Without the right guidance, Chinese firms can easily fall into compliance issues.

Additionally, the UK government has strict anti-money laundering (AML) regulations that require businesses to report large financial transactions and ensure transparency in their accounting practices. According to Smith (2018) [23], Chinese businesses have faced scrutiny due to their lack of experience in adhering to these anti-money laundering standards, which has often resulted in additional costs for compliance and regulatory delays.

In South Africa, Chinese businesses must navigate a complex and evolving regulatory environment. The country has stringent taxation laws, import-export restrictions, and employment regulations that require careful attention. One of the most pressing challenges is tax compliance. According to Bhengu and Ntuli (2017) [16], the South African Revenue Services (SARS) implements rigorous tax laws that include Value Added Tax (VAT), payroll taxes, and corporation taxes. For Chinese businesses unfamiliar with the local system, complying with these regulations can be difficult. Zhou (2020) [26] notes that the multi-tiered tax system in South Africa often causes confusion, particularly for Chinese companies unfamiliar with South Africa's approach to capital gains tax and transfer pricing regulations.

One of the primary challenges that Chinese businesses encounter in Zambia is adapting to the local financial regulations. Studies show that Chinese companies often struggle to navigate the regulatory environment in Zambia,

especially in areas like taxation, corporate governance, and labor laws. According to Zhang *et al.* (2017) [24], Chinese businesses frequently face challenges in complying with Zambia's tax regulations, such as Value Added Tax (VAT) and corporate income tax requirements. These businesses, particularly those that are state-owned or have links to state-backed enterprises in China, sometimes fail to meet the local tax filing standards or misinterpret the complex tax regulations, leading to penalties and reputational damage. Furthermore, the Zambian government's foreign investment regulations pose challenges for Chinese businesses, who may find it difficult to meet the specific requirements for investment in various sectors.

Another critical issue is the lack of understanding of Zambian labor laws. As Lu *et al.* (2018) [20] highlight, Chinese businesses often fail to comply with local labor regulations, particularly in areas concerning wages, work conditions, and worker rights. In some cases, Chinese businesses prefer to hire foreign workers in positions where there are qualified Zambians, which leads to tension with local labor unions and government officials. These firms may also fail to understand important aspects of Zambian employee benefits, such as paid leave, pension schemes, and medical insurance, which leads to grievances among employees. This lack of alignment with local labor laws and employment expectations has, at times, resulted in disputes and the intervention of regulatory bodies.

## 2.3 Effectiveness of business financial accounting and management systems utilized

Aladejebi and Oladimeji (2019) [14] conducted an in-depth study on the business financial accounting and management systems utilized by small and medium-sized enterprises (SMEs) in the United Kingdom. The research aimed to explore how financial management and accounting systems impact the success and performance of these businesses. Accounting practices are crucial for the effective management of any organization, as they allow business owners and managers to track revenue, expenses, assets, and liabilities. In the case of SMEs, which often operate with limited resources, sound financial management practices can make the difference between growth and failure. However, despite the vital role of financial record-keeping in running a successful business, many SME owners face challenges in adopting formal and computerized accounting systems. Aladejebi and Oladimeji's study sought to investigate these challenges and offer insights into how financial accounting and management systems impact the overall performance of SMEs.

The study focused on 200 business owners from a range of SMEs within the UK. These 200 entrepreneurs were selected through a sampling process that aimed to represent the diverse range of small and medium-sized businesses operating in the UK. These businesses varied in size, industry, and experience, allowing the researchers to gain a broad understanding of the accounting practices utilized across different sectors. The research method employed was a questionnaire-based survey, in which the 200 business owners were asked to respond to a series of questions related to their accounting and financial management practices. The use of questionnaires allowed the researchers to gather both quantitative and qualitative data, providing a comprehensive view of how SMEs manage their financial records and whether these practices are contributing to the

overall success of their businesses.

Anokyewaa (2019) [15] conducted an important research study on the business financial accounting and management systems utilized by small and medium-sized enterprises (SMEs) in Ghana. This research aimed to explore the types of financial accounting practices that were most commonly employed by SMEs in the region, and how these practices impacted their operational effectiveness. Financial accounting and management systems are key to any business's ability to track revenue, expenses, assets, and liabilities. Proper management of financial records allows business owners and managers to make informed decisions that can have significant consequences for the long-term sustainability of their companies. In Ghana, SMEs represent a major part of the economy, contributing to employment and economic development, yet many face challenges in adopting modern financial management practices. Anokyewaa's study sought to better understand how SMEs manage their finances and how their chosen accounting methods affected their business operations.

Boateng (2015) [17] conducted a study that explored the business financial accounting and management systems used in Zambia. The research aimed to examine how businesses, particularly banks, manage their financial records and the effects of adopting computerized accounting systems on their accounting practices. A case study approach was employed, allowing Boateng to delve deeply into the specific challenges and benefits faced by businesses implementing modern accounting technologies. The study included a sample size of 60 respondents, predominantly from the banking sector, which was particularly relevant given the complex nature of financial operations within banks and the increasing importance of accurate and efficient accounting practices in today's business world.

One of the key findings of the study was that the introduction of computerized accounting systems had a positive impact on record-keeping in the banks involved. Before the adoption of computerized systems, many banks and businesses relied on manual accounting practices, which involved maintaining ledgers, using paper-based spreadsheets, and filing physical documents. These traditional approaches were labor-intensive, prone to human error, and lacked the ability to track financial data in real time. Boateng's study found that computerized systems helped resolve many of these issues by automating aspects of accounting such as transaction recording, reconciliation, and report generation. This automation significantly improved the accuracy and efficiency of financial record-keeping.

## 3. Resaerch Methodology
### 3.1 Research Design
The study employed a descriptive research design (Thornhill, 2019) [27] to investigate financial management practices of Chinese businesses in Lusaka. This design enabled accurate description without manipulating variables, allowing for comprehensive understanding of financial management practices. Surveys and interviews were used to collect data, which were analyzed to identify patterns, trends, and correlations. The design provided a detailed description of financial management practices, highlighting strengths and weaknesses. By using this design, the researcher answered questions about the current state of financial accounting and management systems in Chinese

businesses, providing valuable insights into their practices.

### 3.2 Target Population
A target population refers to the specific group of individuals or entities that a researcher aims to study or understand in a research project. In the context of the study on analyzing business financial accounting and management systems in Chinese businesses: A case study of Lusaka district, the target population consists of Chinese businesses operating in Lusaka, Zambia, specifically owners, financial managers, accountants, and financial officers who are responsible for financial management and accounting functions. These individuals possess valuable insights and knowledge about the financial management practices of Chinese businesses in Lusaka, making them crucial for understanding the research problem.

### 3.3 Sample Size
A sample is a collection of a subset of elements from a larger group of objects which could be people, numbers, products and other things. a sample of 50 Chinese businesses operating in Lusaka, Zambia, selected using a purposive sampling procedure. This approach allowed the researcher to target specific businesses and individuals with relevant knowledge and experience in financial management, ensuring that the sample was representative of the target population.

### 3.4 Sampling Procedure
The sampling procedure used in the study on analyzing business financial accounting and management systems in Chinese businesses: A case study of Lusaka district was purposive sampling. This procedure involves selecting participants based on their relevance to the research question and their ability to provide valuable insights into the phenomenon being studied. In this case, the researcher targeted Chinese businesses operating in Lusaka, Zambia, and specifically selected owners, financial managers, or accountants who have knowledge and experience in financial management practices. This approach allowed the researcher to gather rich and detailed data from individuals who are familiar with the financial management systems and practices of Chinese businesses in Lusaka.

### 3.5 Data Collection Methods
A structured questionnaire with closed-ended questions was used to collect data from Chinese businesses in Lusaka. The questionnaire collected data on financial management practices, accounting systems, and compliance with financial regulations. The use of closed-ended questions ensured accurate and reliable data, which was easily quantified and analyzed. The questionnaire was efficient in collecting data from a large number of respondents, increasing the response rate. Statistical analysis software was used to analyze the data, providing valuable insights into the financial management practices of Chinese businesses in Lusaka.

### 3.6 Triangulation
Triangulation was used in the study to verify research findings by employing multiple statistical analysis techniques, including descriptive statistics and frequency analysis. This approach confirmed the consistency of results, increased confidence in conclusions, and ensured the

findings were robust and accurately represented the financial management practices of Chinese businesses in Lusaka. Triangulation enhanced the credibility and reliability of the study's results, providing a strong foundation for the research conclusions.

**3.7 Data analysis**
Data analysis was conducted using Stata software, calculating descriptive statistics and inferential statistics, including regression analysis. The results were presented in tables and charts, revealing significant findings that informed research objectives. Stata's capabilities enabled efficient and accurate analysis, allowing the researcher to draw meaningful conclusions about financial management practices of Chinese businesses in Lusaka. The analysis results were used to make recommendations, contributing to a comprehensive understanding of the research topic and informing policy and practice.

**3.8 Ethical consideration**
The study prioritized ethics, ensuring participants' rights and dignity were respected. Participants provided informed consent, and confidentiality and anonymity were guaranteed. They were informed of their right to withdraw without penalty. The researcher maintained trust and cooperation, upholding research ethics guidelines and prioritizing participants' well-being and privacy.

**4. Presentation, Interpretation of Findings and Discussion of the Findings**
**4.1 Background Information**
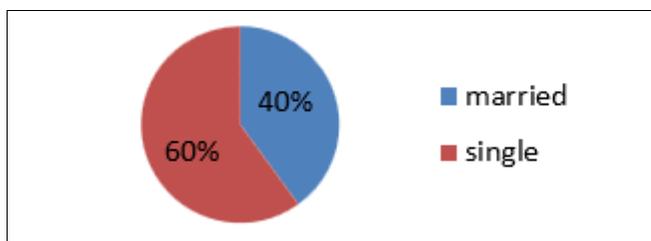


**Fig 1:** Marital status

The study requested respondents to indicate their marital status. The data collected showed that 60% of the majority respondents indicated that they were single. It is important to note that the term "majority respondents" implies that the study population had a larger proportion of individuals who identified as single. Additionally, the data revealed that 40% of the respondents indicated that they were female.
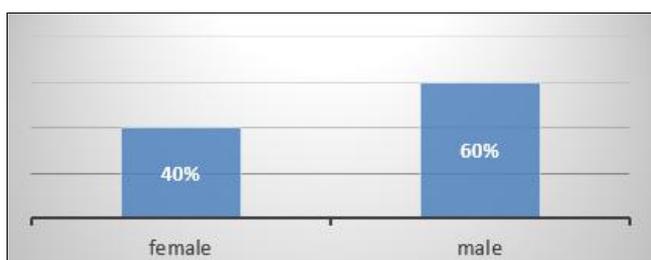


**Fig 2:** Sex

The survey or study requested the respondents to indicate their sex. The majority of the respondents, which made up 60%, indicated that they were male. On the other hand, 40% of the respondents indicated that they were female. It is important to note that sex is a biological trait that refers to the physical and physiological differences between males and females. However, it should not be confused with gender, which refers to the socially constructed roles, behaviors, and expectations associated with being male or female.
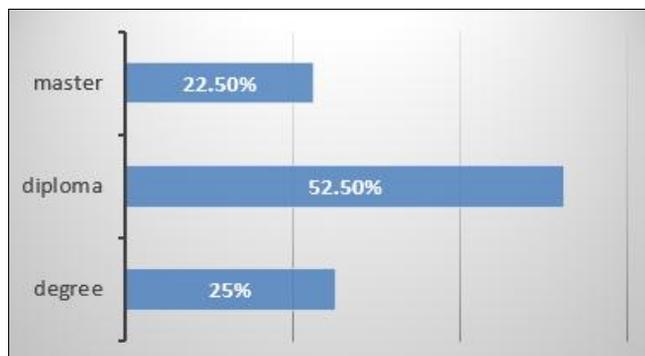


**Fig 3:** Education

The study requested that respondents indicate their level of education. Out of the majority of respondents, 52.5% indicated that they hold a diploma, while 25% indicated that they hold a degree. Additionally, 22.5% of the respondents indicated that they hold a master's degree.
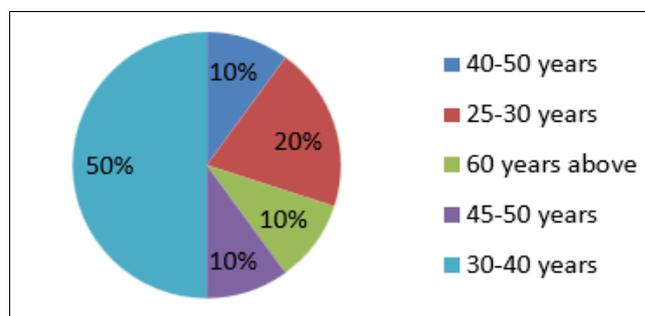


**Fig 4:** Ages

The study requested respondents to indicate their age, and the results showed that the majority of respondents (50%) fell within the age range of 30 to 40 years old. This suggests that the study is most representative of individuals in their prime working years. It is also noteworthy that 20% of the respondents fell between the ages of 25 to 30 years old, which is a significant proportion of the sample. This suggests that the study may have captured the perspectives of younger adults who are starting their careers or are in the early stages of their professional lives. Additionally, 10% of the respondents indicated that they were between the ages of 40 to 50 years old, while another 10% indicated they were 60 years old or above. This suggests that the study captured a range of perspectives from individuals who may have more experience in their careers and are potentially nearing retirement age.

## 4.2 Assess the effectiveness of financial management practices by Chinese-owned businesses in Lusaka
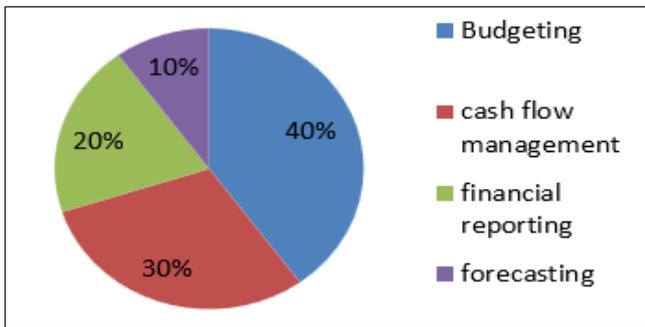


**Fig 5:** What specific financial management practices have Chinese-owned businesses in Lusaka adopted to improve their financial performance

The study found that Chinese-owned businesses in Lusaka have adopted various financial management practices to improve their financial performance, with budgeting being the most common at 40%, followed by cash flow management at 30%, financial reporting at 20%, and forecasting at 10% These practices help businesses plan and track expenses, ensure liquidity, and inform decision-making. By adopting these practices, Chinese-owned businesses in Lusaka can enhance their financial planning, monitoring, and decision-making, ultimately improving their financial performance.
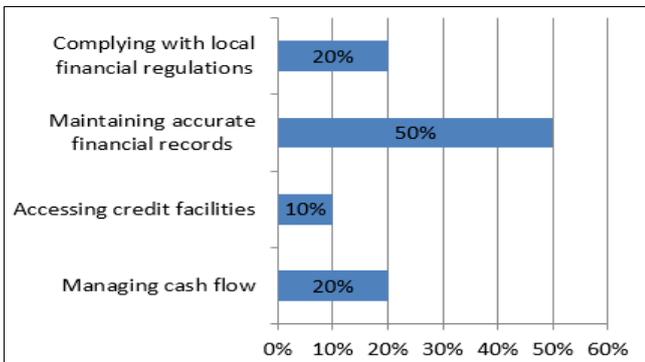


**Fig 6:** What is the primary financial management challenge faced by Chinese-owned businesses in Lusaka

The primary financial management challenge faced by Chinese-owned businesses in Lusaka is maintaining accurate financial records, as indicated by 50% of respondents. This suggests that these businesses struggle with keeping track of their financial transactions, which can lead to poor financial decision-making and potential financial losses. The other challenges, such as managing cash flow (20%), complying with local financial regulations (20%), and accessing credit facilities (10%), are also significant, but maintaining accurate financial records is the most pressing issue for these businesses.
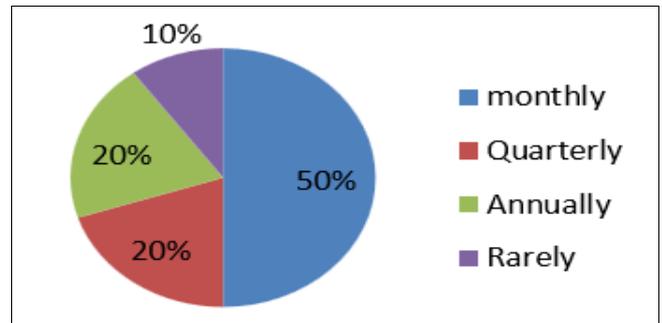


**Fig 7:** How often do Chinese-owned businesses in Lusaka review and update their financial plans

The study found that 50% of Chinese-owned businesses in Lusaka review and update their financial plans monthly, indicating a strong emphasis on regular financial monitoring and adaptability. Quarterly reviews are practiced by 20% of businesses, while another 20% review their plans annually. Meanwhile, 10% of businesses rarely review and update their financial plans. Overall, the majority of Chinese-owned businesses in Lusaka prioritize frequent financial reviews, likely to respond to changing market conditions and ensure financial stability.
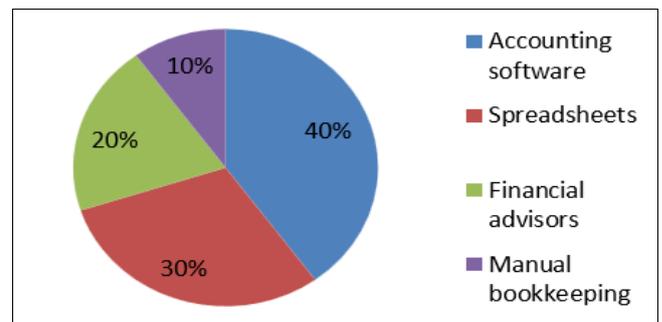


**Fig 8:** What financial management tools do Chinese-owned businesses in Lusaka commonly use

Chinese-owned businesses in Lusaka commonly use various financial management tools, with 40% utilizing accounting software to streamline financial transactions and improve accuracy. Spreadsheets are used by 30% of businesses for financial record-keeping and analysis, while 20% consult financial advisors for expert guidance. Manual bookkeeping is still used by 10% of businesses. Overall, the use of accounting software and spreadsheets suggests a moderate level of technology adoption in financial management among Chinese-owned businesses in Lusaka.
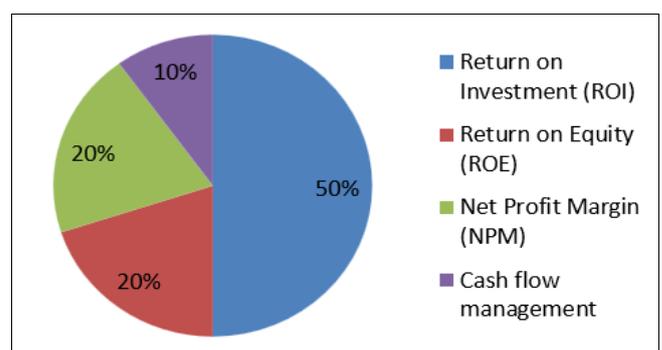


**Fig 9:** How do Chinese-owned businesses in Lusaka measure their financial performance

The study found that Chinese-owned businesses in Lusaka primarily measure their financial performance using Return on Investment (ROI), with 50% of respondents relying on this metric. Return on Equity (ROE) and Net Profit Margin (NPM) are also used by 20% of respondents each, indicating a focus on profitability and efficiency. Cash flow management is used by 10% of businesses, suggesting that while important, it is a less prominent metric. Overall, ROI is the most widely used metric, indicating its importance in evaluating financial performance among Chinese-owned businesses in Lusaka.
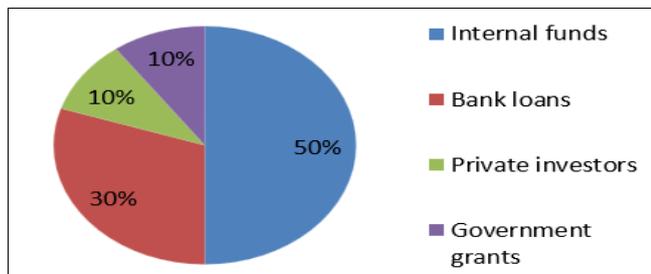


**Fig 10:** What is the main source of funding for Chinese-owned businesses in Lusaka

The study found that the main source of funding for Chinese-owned businesses in Lusaka is internal funds, accounting for 50% of funding sources. This indicates that these businesses primarily rely on their own resources, such as profits and savings, to finance their operations. Bank loans are the second most common source, used by 30% of businesses, while private investors and government grants each account for 10% of funding sources. This suggests that Chinese-owned businesses in Lusaka tend to favor internal financing over external sources.

## 4.3 Challenges faced by foreign business in aligning with local financial regulations and cultural distinctions
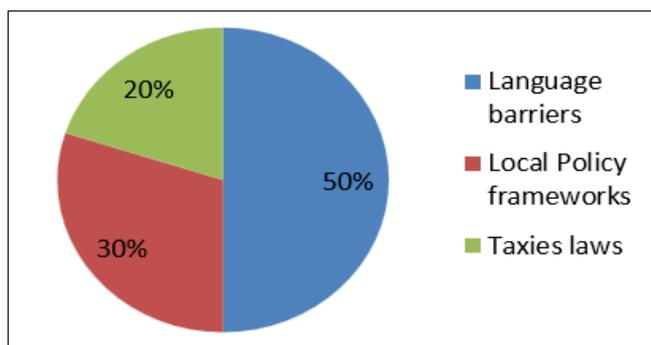


**Fig 11:** What challenges do you face in aligning with local financial regulations and culture distinction

The study reveals that Chinese-owned businesses in Lusaka face challenges in aligning with local financial regulations and cultural distinctions, primarily due to language barriers (50%). This suggests that communication difficulties hinder their ability to navigate local financial systems. Local policy frameworks are another significant challenge (30%), indicating that understanding and complying with local regulations can be complex. Tax laws also pose a challenge (20%), although to a lesser extent. Overall, language barriers are the most significant obstacle, highlighting the need for improved communication and cultural understanding.
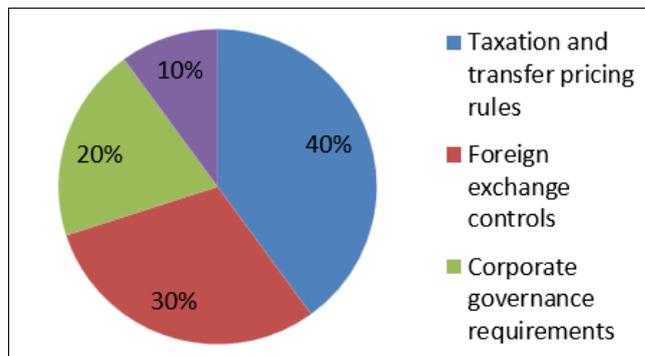


**Fig 12:** Which regulatory area poses the greatest challenge for Chinese businesses operating abroad

The greatest challenge for Chinese businesses operating abroad appears to be taxation and transfer pricing rules, cited by 40% of respondents. Foreign exchange controls are also a significant challenge (30%), while corporate governance requirements (20%) and financial reporting standards (10%) are less prominent concerns. This suggests that navigating complex tax regulations is a major hurdle for Chinese businesses operating internationally.
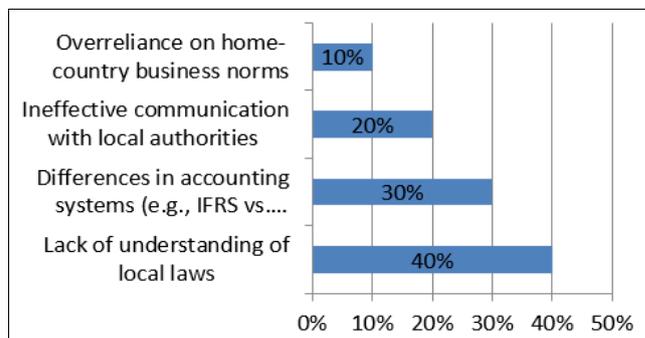


**Fig 13:** What is the primary cause of misalignment between Chinese and host-country financial practices

The primary cause of misalignment between Chinese and host-country financial practices is a lack of understanding of local laws, cited by 40% of respondents. Differences in accounting systems (30%) and ineffective communication with local authorities (20%) are also significant contributors. Overreliance on home-country business norms is the least cited factor (10%). This suggests that improving understanding of local laws and regulations is key to reducing misalignment.
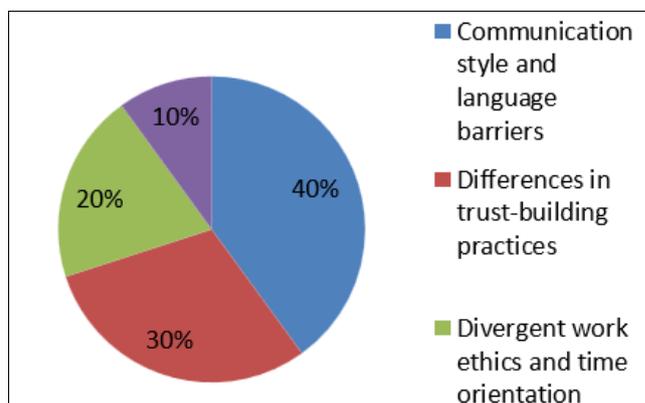


**Fig 14:** Which cultural challenge most affects Chinese businesses' relationships with local partners

The cultural challenge that most affects Chinese businesses' relationships with local partners is communication style and language barriers, cited by 40% of respondents. Differences in trust-building practices (30%) and divergent work ethics and time orientation (20%) also pose challenges, while contrasting leadership and management expectations (10%) are less significant. This highlights the importance of effective communication in building strong relationships with local partners.
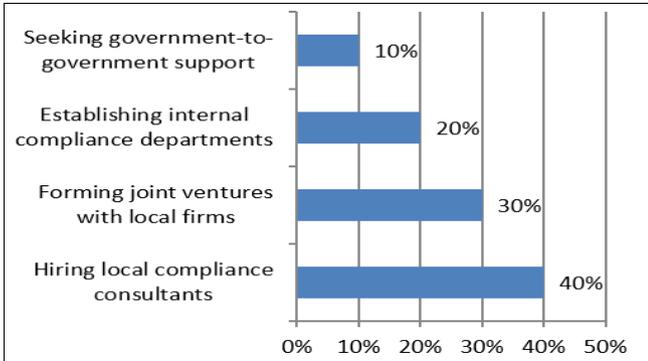


**Fig 15:** What strategy is most commonly used by Chinese businesses to ensure compliance with local financial regulations

The most common strategy used by Chinese businesses to ensure compliance with local financial regulations is hiring local compliance consultants, cited by 40% of respondents. Forming joint ventures with local firms (30%) and establishing internal compliance departments (20%) are also used, while seeking government-to-government support is the least common approach (10%). This suggests that leveraging local expertise is a key strategy for navigating complex regulatory environments.
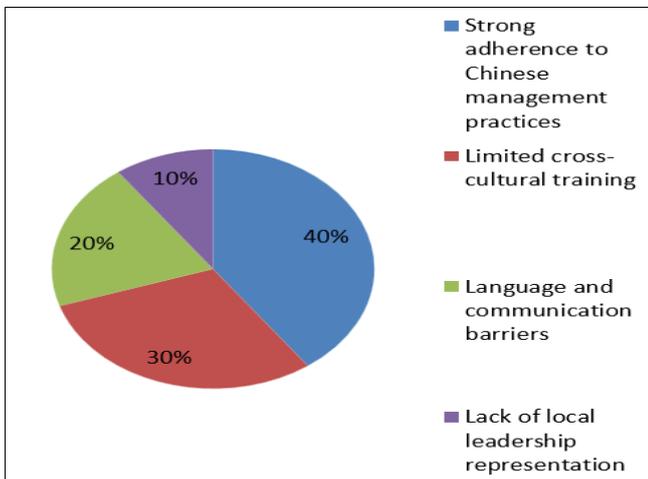


**Fig 16:** Which factor most hinders Chinese firms from adapting to host-country corporate cultures

The factor that most hinders Chinese firms from adapting to host-country corporate cultures is strong adherence to Chinese management practices, cited by 40% of respondents. Limited cross-cultural training (30%) and language and communication barriers (20%) also pose challenges, while lack of local leadership representation (10%) is less significant. This suggests that Chinese firms' strong cultural identity can sometimes hinder their ability to

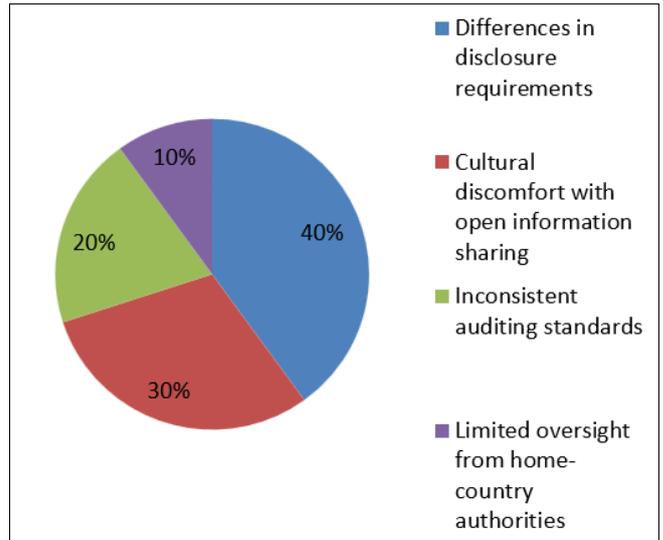adapt to local business norms and practices.



**Fig 17:** In managing financial transparency, what is the biggest obstacle faced by Chinese businesses abroad

The biggest obstacle faced by Chinese businesses abroad in managing financial transparency is differences in disclosure requirements, cited by 40% of respondents. Cultural discomfort with open information sharing (30%) and inconsistent auditing standards (20%) also pose challenges, while limited oversight from home-country authorities (10%) is less significant. This highlights the complexity of navigating varying regulatory environments and disclosure requirements in different countries.

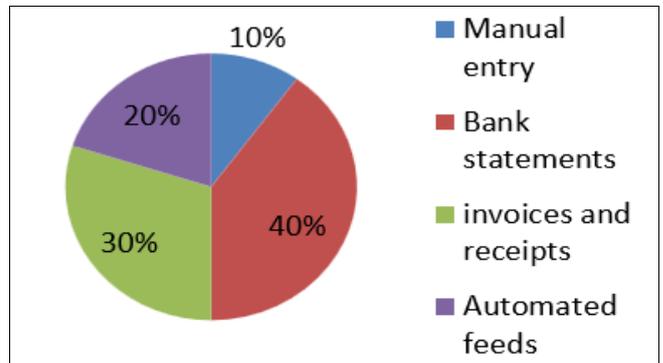**4.4 To assess the effectiveness of the business financial accounting and management systems utilized**



**Fig 18:** What is the primary source of financial data for the accounting system

The primary source of financial data for the accounting system is bank statements, as indicated by 40% of the respondents. This suggests that most businesses rely on their bank statements to inform their financial records and accounting systems. Automated feeds and invoices and receipts were also significant sources of financial data, with 20% and 30% of respondents indicating these respectively. Manual entry was the least common source, with only 10% of respondents relying on this method. This indicates a moderate level of automation in financial data collection, with a mix of manual and automated processes in use.
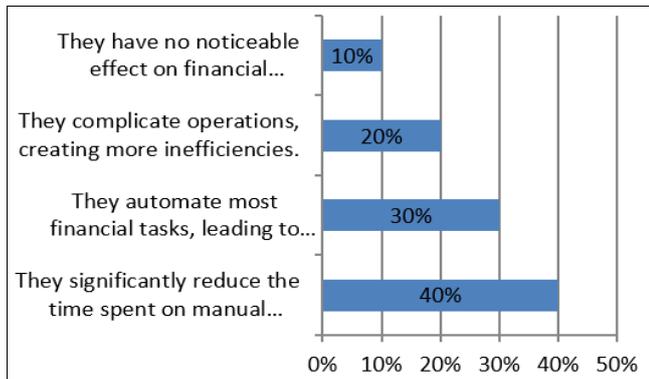
**Fig 19:** How effective are current business financial accounting and management systems in streamlining financial operations

The findings indicated 40% of the majority respondent they significantly reduce the time spent on manual processes, 30% of the respondent indicated they automate most financial tasks leading to fewer errors, 20% of the respondent indicated they complicate operations creating more inefficiencies and 10% they have no noticeable effect on financial operations.
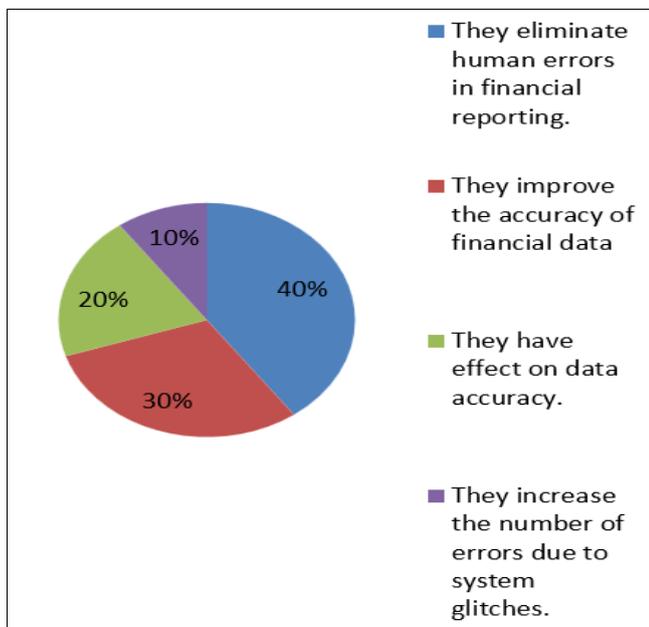


**Fig 20:** To what extent do business financial accounting and management systems improve the accuracy of financial data

The study found that 40% of respondents believe their current business financial accounting and management systems significantly reduce the time spent on manual processes, while 30% think these systems automate most financial tasks, leading to fewer errors. However, 20% of respondents feel that these systems complicate operations, creating more inefficiencies, and 10% believe they have no noticeable effect on financial operations. Overall, the majority (70%) of respondents view their financial systems as effective in streamlining financial operations, either by reducing manual process time or automating tasks to reduce errors.
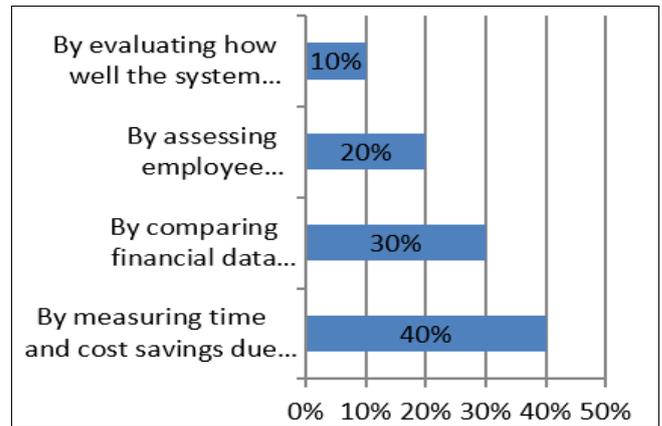


**Fig 21:** How do businesses evaluate the return on investment (ROI) for their financial accounting and management systems

The study found that 40% of businesses evaluate the return on investment (ROI) for their financial accounting and management systems by measuring time and cost savings due to automation. Additionally, 30% of businesses assess ROI by comparing financial data accuracy before and after implementation. Employee satisfaction with the system is used as an evaluation metric by 20% of businesses, while 10% evaluate ROI based on how well the system integrates with other business functions. Overall, the majority of businesses prioritize quantifiable benefits like time and cost savings, as well as data accuracy, when evaluating the effectiveness of their financial systems.
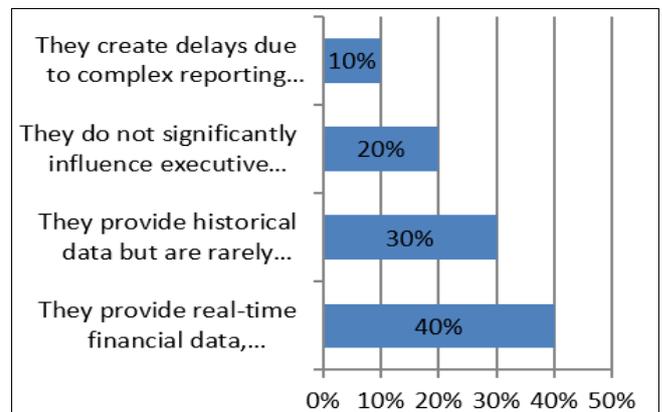


**Fig 22:** How do business financial accounting and management systems affect decision-making processes at the executive level

The study found that 40% of respondents believe business financial accounting and management systems provide real-time financial data, enabling quick and informed decision-making at the executive level. Meanwhile, 30% of respondents think these systems provide historical data that is rarely used for immediate decision-making. Additionally, 20% believe these systems do not significantly influence executive decisions, and 10% think they create delays due to complex reporting processes. Overall, the majority of respondents (40%) see these systems as valuable for facilitating timely decision-making, while others see limitations in their use or impact.
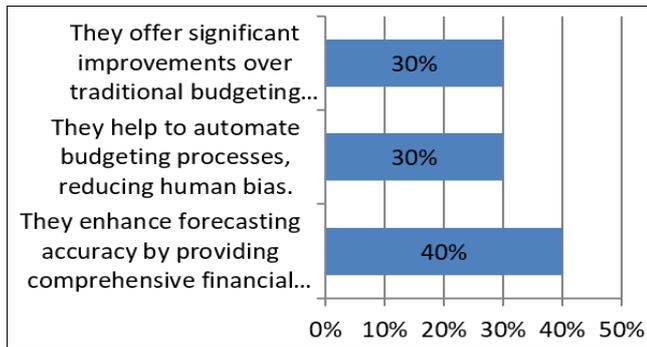
**Fig 23:** How do integrated financial management systems impact the ability to forecast and budget for future financial performance

The study found that 40% of respondents believe integrated financial management systems enhance forecasting accuracy by providing comprehensive financial data. Additionally, 30% think these systems help automate budgeting processes, reducing human bias, while another 30% see significant improvements over traditional budgeting methods. Overall, the majority of respondents recognize the value of integrated financial systems in improving forecasting and budgeting capabilities.
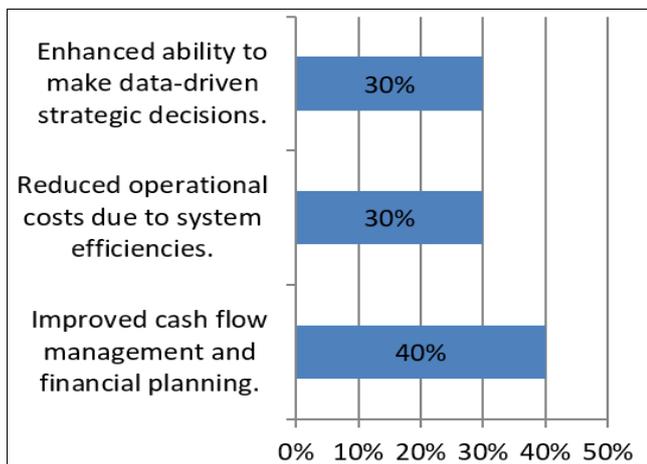


**Fig 24:** What are the key indicators of success for financial accounting and management systems in terms of overall business performance

The study found that 40% of respondents consider improved cash flow management and financial planning as key indicators of success for financial accounting and management systems. Meanwhile, 30% of respondents see reduced operational costs due to system efficiencies as a key indicator, and another 30% believe it's the enhanced ability to make data-driven strategic decisions. Overall, the respondents prioritize the system's impact on cash flow, cost efficiency, and strategic decision-making as measures of its success in driving business performance.

## 4.5 Discussion of the Findings
### 4.5.1 Financial management practices by Chinese-owned businesses in Lusaka
the study provides important insights into the financial management practices of Chinese-owned businesses in Lusaka, highlighting both strengths and challenges. The most commonly adopted financial practices are budgeting (40%) and cash-flow management (30%), emphasizing a focus on immediate financial needs, resource allocation, and

liquidity control. However, the relatively low adoption of financial reporting (20%) and forecasting (10%) suggests that these businesses prioritize short-term operational management over long-term strategic planning. Despite the emphasis on budgeting and cash-flow management, half of the businesses (50%) face significant challenges with maintaining accurate financial records, undermining the reliability of their financial practices. This issue is exacerbated by limited use of advanced technologies, with only 40% of businesses utilizing accounting software, and 30% relying on spreadsheets. While the use of digital tools like accounting software is recognized for enhancing financial efficiency, 10% of businesses still depend on manual bookkeeping, highlighting the gap in technological adoption. Moreover, 50% of businesses conduct monthly reviews of their financial plans, indicating a proactive approach to monitoring and adapting to market conditions. The study also reveals that these businesses tend to prioritize internal funding (50%) over external sources, with a modest reliance on bank loans (30%) and minimal use of private investors or government grants (10%). These findings suggest that Chinese-owned businesses in Lusaka display a pragmatic and self-reliant approach to financial management but face significant barriers, particularly in data accuracy and record-keeping, that could hinder the effectiveness of their financial practices. Strengthening record-keeping systems, improving technological integration, and expanding the use of strategic financial tools could further enhance their financial performance and long-term sustainability.

### 4.5.2 Challenges faced by foreign business in aligning with local financial regulations and cultural distinctions
The study reveals that Chinese-owned businesses in Lusaka encounter substantial challenges in aligning their financial and regulatory practices with local norms, mainly due to language barriers, regulatory complexity, and cultural differences. Language barriers, reported by 50% of respondents, are the most significant obstacle, hindering effective communication, interpretation of financial regulations, and collaboration with local authorities. Regulatory and tax-related challenges, cited by 30% and 20% of respondents respectively, further highlight the difficulty of navigating Zambia's policy and fiscal frameworks, which are often complex and inconsistently enforced. A lack of understanding of local laws (40%) and misalignment between Chinese and Zambian accounting systems (30%) underscore systemic gaps in institutional adaptation. Many firms continue to use Chinese accounting software and reporting templates incompatible with Zambia's Financial Reporting Standards, resulting in compliance risks, inefficiencies, and strained relations with regulators such as the Zambia Revenue Authority. Ineffective communication with local authorities (20%) compounds these issues, revealing that compliance challenges are as relational as they are technical. The findings suggest that most barriers are structural and informational rather than attitudinal—Chinese firms are willing to adapt but face institutional distance, as described by Kostova and Zaheer (2019) [31]. To mitigate these challenges, strategies such as hiring local compliance consultants (40%), forming joint ventures (30%), and establishing internal compliance units (20%) have proven effective. Cultural adaptation also plays a critical role: differences in communication styles (40%) and trust-

building practices (30%) often lead to misunderstandings with local partners. Therefore, investing in bilingual staff, cross-cultural training, and hybrid governance models that blend Chinese efficiency with Zambian regulatory and relational norms is vital. Policymakers can support this integration through bilingual regulatory guides, tax literacy workshops, and clearer compliance frameworks, ensuring that both foreign investors and local institutions collaborate more effectively for sustainable business growth.

### 4.5.3 Business financial accounting and management systems utilized

The findings of the study provide critical insights into the effectiveness and structure of business financial accounting and management systems, emphasizing the importance of data sources and automation in shaping financial practices. The study reveals that bank statements are the primary source of financial data for most businesses, underscoring the pivotal role financial institutions play in maintaining data integrity and enhancing transparency. This reliance aligns with Atrill and McLaney's (2019) [28] view that bank-generated data minimizes human error and strengthens internal control systems. Moreover, the inclusion of automated feeds, invoices, and receipts as supplementary data sources signals a growing trend toward digital integration and real-time financial management. Automation has significantly reduced manual data entry and errors, allowing accountants to focus on analytical decision-making (Warren, Reeve & Duchac, 2020) [32]. However, while most respondents acknowledge the benefits of automation—such as improved efficiency and data accuracy—a minority express concerns about system complexity, costs, and user adaptation challenges (Granlund, 2011) [30]. These concerns suggest that the transition toward full automation remains gradual, influenced by financial and technical constraints. The findings also highlight that automation not only enhances operational efficiency but also improves forecasting accuracy, budgeting precision, and cash flow management through integrated financial systems. This shift reflects a broader global move toward data-driven decision-making, where real-time insights enhance responsiveness and competitiveness (Bhimani & Willcocks, 2014) [29]. Ultimately, the study underscores that successful adoption of financial automation depends on balancing technology with human expertise, continuous training, and system alignment with organizational goals to ensure sustainable financial performance.

### 5. Conclusion

The study highlights the crucial role that financial accounting and management systems play in enhancing business efficiency, decision-making, and financial performance. The majority of businesses surveyed reported that automation has streamlined financial operations by reducing manual workloads and minimizing errors, with many recognizing improvements in real-time data access, forecasting accuracy, and cash flow management. Notably, Chinese-owned businesses in Lusaka face unique challenges related to language barriers, local regulations, and cultural differences, which impact their ability to fully integrate with local financial practices. Despite these obstacles, these businesses are leveraging strategies such as local partnerships and compliance consultants to navigate regulatory environments. The findings underscore the importance of adopting advanced financial technologies,

integrating local knowledge, and fostering cross-cultural understanding to enhance the sustainability and competitiveness of both local and foreign businesses in Zambia's evolving economic landscape. Addressing these challenges will be essential for optimizing financial management practices and ensuring long-term success.

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