Enhancing the performance of women-owned Small and Medium Enterprises (SMEs) in developing countries – A study of Zambia

In this paper we develop a conceptual model of factors which influence performance in women-owned SMEs in developing countries. The model development is based on a thorough review of the literature and an exploratory qualitative study. The context of the qualitative study is women-owned SMEs in Zambia. The conceptual model is developed based on the generally agreed determinants of SME performance including the entrepreneur's personal characteristics, entrepreneurial orientation, entrepreneurial competencies and factors in the firm's internal and external business environments. Our findings indicate that Zambian women entrepreneurs show high entrepreneurial orientation, possess the entrepreneurial competencies reported in the literature and have high levels of human capital. The major challenges found include intense competition and structural barriers like access to financial capital.

Track: Entrepreneurship – female entrepreneurship

Introduction and Background

Small and Medium Enterprises (SMEs) are significant to the development of entrepreneurship and ultimately economic growth and development. Empirical evidence suggests that SMEs are an important source of employment generation and innovation (OECD, 2000). Female entrepreneurship represents an important share of the global SME activity, contributing significantly to the global economy especially through employment creation (GEM, 2007). Additionally, it increases social inclusion because women entrepreneurs tend to employ fellow women (GEM, 2007). Furthermore, in some transition countries women entrepreneurs have also contributed to economic transition by engaging in entrepreneurial activities that were new to their economies (Welter *et al.*, 2006). The positive contribution of women entrepreneurship has not only been experienced in developed economies, but also the developing world such as Taiwan (Sanyang and Huang, 2008) and Bangladesh (Chowdhury, 2011). In the African context, Nigeria represents a specific case where women entrepreneurs played an important role in the industrialization process of the country and continue to play a significant role in the social and economic development of their communities (Adetayo, 2005). The relevance of the contribution of female entrepreneurship to any economy is therefore indisputable.

Unfortunately, despite the contribution mentioned above, the potential of female entrepreneurship remains significantly untapped in many countries (Tambunan, 2009). Previous studies have found that businesses owned by women are generally smaller in size and tend to underperform similar businesses owned by men (Marcovic, 2007) when quantitative financial measures such as sales turnover, jobs created and profitability are considered (Fairlie and Robb, 2009).

Female entrepreneurship is important to the development of the SME sector in Zambia. One reason for this is that sectors with a high participation of women have also shown high contribution to economic development, for example the agricultural sector in Zambia (Chisala, 2007). Additionally, women represent 52% of Zambia's population, 47% of which are economically active (National Gender Policy, 2007) and are increasingly seen to take up the role of headship in Zambian households (ILO, 2003). With this, it may be assumed that if women entrepreneurs become more successful, the entire economy benefits.

Regrettably, very little literature exists on SME's in Zambia, with Phillips and Batia-Panthaki, (2007, p. 2) arguing that "although a small number of (limited) studies on SMEs have been undertaken, no aggregate data exist and in reality the number of small and microenterprises operating in Zambia, nor the size and sector in which they operate can be accurately estimated." Furthermore, little is known about Zambian women entrepreneurs (Konayuma, 2007). This is in line with the argument advanced by Dzisi (2008) that even though there is evidence that indigenous women entrepreneurs dominate SME activity in African countries such as Zambia, Gambia, South Africa, Kenya, Nigeria, Tanzania and Ghana little is known about them in the literature in terms of their contribution to venture start-up, employment creation and ultimately poverty reduction.

Furthermore, theories on women entrepreneurship have predominantly originated from the context of the developed world (Lerner *et al.*, 1997), rendering it crucial to examine to what extent these apply in the context of developing countries such as those in the Sub-Saharan African region. This is especially true considering the contextual differences that exist between any two different contexts.

This study will contribute to bridging this knowledge gap by addressing the following research question;

RQ: What factors influence the performance of women-owned SMEs in Zambia's retail industry?

The Zambian Context

Zambia is a landlocked Sub-Saharan African country located in Central Southern Africa, with a population of approximately 14.58 million people (Zambia Central Statistical Office, 2014). In 2012, it had a GDP of approximately USD 20.68 billion, and its annual GDP growth has been averaging between 5% and 6% (World Bank, 2012), leading to the World Bank classifying Zambia as a lower middle-income nation in 2011.

Despite this achievement, Zambia's poverty levels remain high as evidenced from the fact that approximately 60% of its population still lives below the national poverty line (World Bank, 2012). In 2009, sixteen per cent (16%) out of a total labour force of approximately 9 million people were unemployed, and of the 4.1 million Zambians in employment, approximately 88 percent worked for informal enterprises employing below five employees (Conway and Shah, 2010, p. 14). Despite driving the economy, the small number of large companies in Zambia's private sector only accounts for around 7% of employment (Conway and Shah, 2010). Zambia's private sector comprises approximately 94% micro companies (accounting for 68% of total employment and small, medium and large firms accounting for 5%, 0.4% and 0.06% respectively (Phillips and Bhatia-Panthaki, 2007, p.2). The significance of the small business sector as far as employment creation is concerned in Zambia can therefore not be overemphasised.

The country's major economic activities are mining and agriculture (which mostly produces for domestic consumption through subsistence farming). Zambia depends mostly on a few extractives such as copper and cobalt as well as agricultural products particularly cotton, flowers and tobacco for export earnings. Zambia has for the past decade been striving to reduce its over-dependency on copper exports through diversification of the economy. Employment creation has also been a high priority for the Zambian government, which aspires to reach sustained full employment with an unemployment rate of 10% of the total labour force by the year 2030 (ILO, 2012). One of the strategies implemented to achieve this was the creation of Micro, Small and Medium Enterprises (MSMES) and consequently the development of the MSME policy 2009 to provide support to the development of this sector.

Zambia's MSME sector remains largely underdeveloped resulting in a negligible contribution to the economy. To illustrate, SMEs represent 95% of all firms in Zambia yet account for a meagre 5% of the country's GDP (Chisala, 2007). Part of the reason for this is that little information exists about the MSME sector in Zambia, making it problematic for policy makers and other stakeholders to develop policies and interventions that can assist these MSMEs to become more productive and to grow (Conway and Shah, 2010). A publication by the Zambia Chamber of Small and Medium Business Associations (ZCSMBA, 2009) notes that women are an important component of Zambia's MSME sector.

Definitions

The definition of SME varies from country to country, nevertheless, the most commonly used basis for defining SMEs is employment (OECD, 2004) with many sources taking 250 employees as the cut-off number (Ayyagari *et al*, 2007). In this paper, an SME refers to a business with not more than 250 employees (European Commission, 2005). This definition is adopted by the EU and OECD and therefore provides for comparison with other countries.

A woman SME owner is in this paper defined as a woman who owns and runs an SME. In case of a partnership, a woman who is co-owner and main decision-maker in an SME.

The Proposed Theoretical Framework

A review of the literature leads us to conclude that three broad categories of factors influence firm performance at SME level and these include the characteristics of the entrepreneur (business owner/manager), the firm's internal business environment and the firm's external business environment. Kiggundu (2002) and Man *et al.* (2002) refer to these factors as the generally agreed determinants of SME performance. Similarly, in his conceptual model for describing new venture creation (1985) Gartner views the concept of entrepreneurship as one that encompasses four major perspectives namely the person (s) who start the business, the business they start, the surrounding environment and the process they undertake to establish the business. These perspectives form the theoretical basis of this research.

Firm Performance

There is consensus that performance is a multi-dimensional variable, whose analysis requires the inclusion of numerous factors (Simpson *et al.*, 2012; Murphy *et al.*, 1996; Watson and Robb., 2012). The most commonly proposed performance measures in the literature have been growth (measured by turnover, number of employees, market share), profitability (measured by profit, return on investment, etc…), and survival and business volume (Pasanen, 2003; Simpson *et al., 2012).* Of the three, growth has been identified as the most appropriate measure of SME performance. Additionally, the use of both financial and non-financial measures has been widely recommended in the literature (Simpson *et al.*, 2012 and Greenbank, 2001). Having said that, measuring SME performance still remains a challenge because there is no consensus on what constitutes SME success or performance.

In our model, we propose three sets of measures of firm performance, encompassing both objective and subjective measures. Subjective measures are particularly useful in researching SME performance because it is usually very challenging to obtain financial information in such businesses where financial reporting is not a legal requirement.

The objective measure comprises firm size indicators measured by sales revenue, number of employees and number of shops. The first set of subjective measures proposed indicate the business owner's perception of their firm's growth and perception of their firm's growth in relation to that of competitors and the second set of subjective measures indicates the business owner's satisfaction with the performance on sales level, growth in sales, net profits, number of customers, business owner's salary, the work and behaviour of employees and overall business performance.

The Entrepreneur

The vast majority of research in the area of women entrepreneurship has focused on using psychological characteristics to explain differences among entrepreneurs (Caputo and Dolinsky, 1998; Brush, 1992). The studies have mostly considered personality traits relevant to achievement, locus of control and risk-taking propensity (Caputo and Dolinsky, 1998) to explain variances in entrepreneurial behaviour. However, Herron and Robinson (1993) argue that entrepreneurship researchers have not been successful in linking personality traits to performance. In support of this argument, we contend that the influence of an entrepreneur on their business is summed up in a set of personal characteristics which includes but is not limited to psychological characteristics. We argue that when it comes to firm performance, the entrepreneur's level of entrepreneurial orientation, entrepreneurial competencies and their human capital including level and field of education, previous work and entrepreneurial experience as well as their demographic characteristics are what collectively form the characteristics of the entrepreneur. We propose that these factors influence SME performance.

Entrepreneurial Orientation

There is growing recognition that Entrepreneurial Orientation (EO) is essential for the growth and survival of firms. Studies by Merz *et al.* (1994) and Covin and Slevin (1989) have shown that entrepreneurial orientation is a good predictor of entrepreneurial behaviour. Lee and Peterson (2000, p. 405) define EO as, "the entrepreneurial process, namely *how* entrepreneurship is undertaken—the methods, practices, and decision-making styles used to act entrepreneurially." This concept is depicted as having five dimensions namely; autonomy, competitive aggressiveness, risk-taking, proactiveness and innovativeness (Lee and Peterson, 2000; Okhomina, 2010; Runyan *et al.,* 2006). Literature suggests that EO improves performance, nevertheless, empirical findings show mixed results (Wiklund and Shepherd, 2004) hence the need for further research in this area. We propose that EO has a significant influence on SME performance.

Entrepreneurial Competencies

Entrepreneurial competencies have been identified as important to business growth and success (Mitchelmore and Rowley, 2010) particularly through contributing to profitability with some (e.g Ahmad *et al.,* 2010) arguing that they are a key driver of success in SMEs. Researchers have defined the concept of entrepreneurial competencies in different yet similar ways (Mitchelmore and Rowley, 2010; Man *et al.*, 2002; Ahmad *et al*, 2010; Man, 2006). We adopt the definition by Mitchelmore and Rowley (2010) that "for SMEs, competencies mean the capability of the entrepreneur and his or her collaborators in acquiring, using and developing successfully resources for their business purpose, in the specific context in which the firm operates," (p. 104). Mitchelmore and Rowley (2010) note four important characteristics of entrepreneurial competencies that researchers ought to be aware of: first that entrepreneurial competencies stem from factors in a person's background including traits, personality, social role and self-image. Second, that relationships among entrepreneurial competencies may overlap. They also note that entrepreneurial competencies are learnable and finally that they tend to vary with context and situation.
We adopt the areas of entrepreneurial competencies identified by Man *et al.,* (2002) namely; opportunity, relationship, conceptual, organising, strategic and commitment competencies. These are adopted on the basis that they were established as directly or indirectly impacting the performance of the firm (Mitchelmore and Rowley, 2010). The entrepreneurial competencies will be defined as in Man *et al*, (2002) as shown in Table 1 below;

Table 1:

Entrepreneurial competence	**Definition**
Opportunity competencies	The ability to identify and develop opportunities
Relationship competencies	The ability to have communication, persuasive and relationship-building skills required to build beneficial relationships with both the internal and external stakeholders i.e. customers, suppliers, employees, networks etc…
Conceptual competencies	The ability to make decisions and to solve problems using cognitive and analytical thinking

Organizing competencies	The ability to organize and develop the various resources required by the firm.
Commitment competencies	The ability to exercise initiative and willingly undertake job roles.
Strategic competencies	Competencies related to setting, evaluating and implementing the strategies of the firm.

Entrepreneur's Personal Characteristics

Every entrepreneur undoubtedly has a unique blend of personal characteristics, which affect the way they manage their business and ultimately impact its performance. Literature (e.g. Bardasi *et al.,* 2011; Simpson *et al.,* 2012) suggests that start-up motivations affect firm performance. The push-pull theory categorizes start-up motivations into "push" or "pull" categories (Kirkwood, 2009). "Push" entrepreneurs are those who are forced into starting a business as a result of some dissatisfaction with their current position as individuals (e.g. dissatisfaction with current employment). 'Pull' entrepreneurs on the contrary are those who are lured into starting a venture by an opportunity they identify on the market or an attractive business idea they possess. Empirical evidence (e.g. Amit and Muller, 1995) suggests that "pull" entrepreneurs are more successful than "push" entrepreneurs.

In addition, Brush and Dı´az-Garcı´a (2010) suggest that the accrual of different kinds of capital is vital to achieving a good performance and to compete. They argue that social capital to sustain entrepreneurship can mainly be accrued through paid employment. Supporting this argument, Murphy *et al* (2007) state that the networks of contacts acquired during previous employment are attracted as customers, suppliers or a channel for enhancing market credibility. Similarly, an entrepreneur's previous entrepreneurial experience especially in the industry has been found to positively relate with firm performance (Kirschenhofer and Lechner (2012). Wright (2001) argues that this is because through previous entrepreneurial activities, entrepreneurs accumulate and cultivate social networks that help them to attract and gather resources. In support of the former and latter arguments, Aldrich and Martinez (2001) found that a certain amount of prior knowledge is required for success, either through training, experience or formal education (Simpson et al., 2004). Watson (2003) suggests that one explanation for the underperformance of women entrepreneurs may be that they have a lower level of education and experience than their male counterparts. On the contrary, Brush *et al.,* (1997) found that the impact of human capital factors on the performance of Israeli women entrepreneurs had mixed results. In that study, previous entrepreneurial experience was not significant, whereas previous paid employment was highly correlated with profitability and previous experience in the industry with revenues. Furthermore there is empirical evidence that an entrepreneur's personal goals or ambitions (Simpson *et al.,* 2012), family responsibilities and the presence of role models (Carter and Jones-Evans, 2000) influence the way they approach their business.

The arguments referred to above all illustrate the idea that there are various personal characteristics specific to the entrepreneur that influence the running and subsequent performance of their firm.

The internal and external business environments

All businesses and certainly SMEs do not operate in isolation from the environment in which they operate. A number of factors within as well as outside the firm tend to impact its performance.

Internally, research (e.g Brush *et al.*, 2005; Brush and Changati, 1999) suggests that resources are important for firm performance. The Resource Based View (RBV) of the firm provides a theoretical foundation for the significance of different forms of resources to firm competitiveness and performance (Roxas and Chadee, 2011). It suggests that firms have the potential to attain and sustain their competitive advantage by possessing tangible and intangible resources with the characteristics of being valuable, rare, inimitable and non-substitutable (Wernerfelt, B., 1984). These resources include the different forms of capital required for new venture creation and development in the form of venture capital (Gartner, 1985), social capital (in form of networks) (Brush *et al.*, 2009), and technology (OECD, 2000).

Another set of resources encompass what are called firm capabilities. Firm capabilities refer to the tasks and activities meant to transform internal resources (Man *et al.*, 2002). Boonpattarakan (2012, p. 17) suggests that "organizational capabilities can be viewed as the foundation in which organizations utilize their strengths to increase competitiveness, contribute to growth, and enhance organizational performance," Based on the suggestions by Man *et al.*, 2002 and Boonpattarakan (2012), entrepreneurial or firm capabilities include the following; Financial, human, marketing and technological resources, innovative ability (ability to be innovative in new products, services or processes), quality (the ability to maintain or achieve high quality in products or services), cost effectiveness (the ability to achieve cost effectiveness so as to set a competitive price) and organicity (the ability to create and maintain flexible structures and systems for achieving production speed and responsiveness).

A firm's external environment on the other hand typically encompasses factors normally beyond the control of the entrepreneur such as national policies, laws and the economy (Brush *et al.*, 2009). Simpson *et al.* (2012) in their model "defining success" argue that the business environment has considerable effect on the owner/manager of an SME, as well as the firm and its critical success factors. Gartner (1985) suggests that certain factors in the firm's external environment may stimulate entrepreneurship. External environmental factors also include factors specific to the industry. The most commonly cited industry sector factors in small business research include availability of opportunities, market attractiveness in terms of level and intensity of competition, the strength of suppliers and customers, market demand and technological sophistication (Simpson *et al.*, 2012; Man *et al.*, 2002).

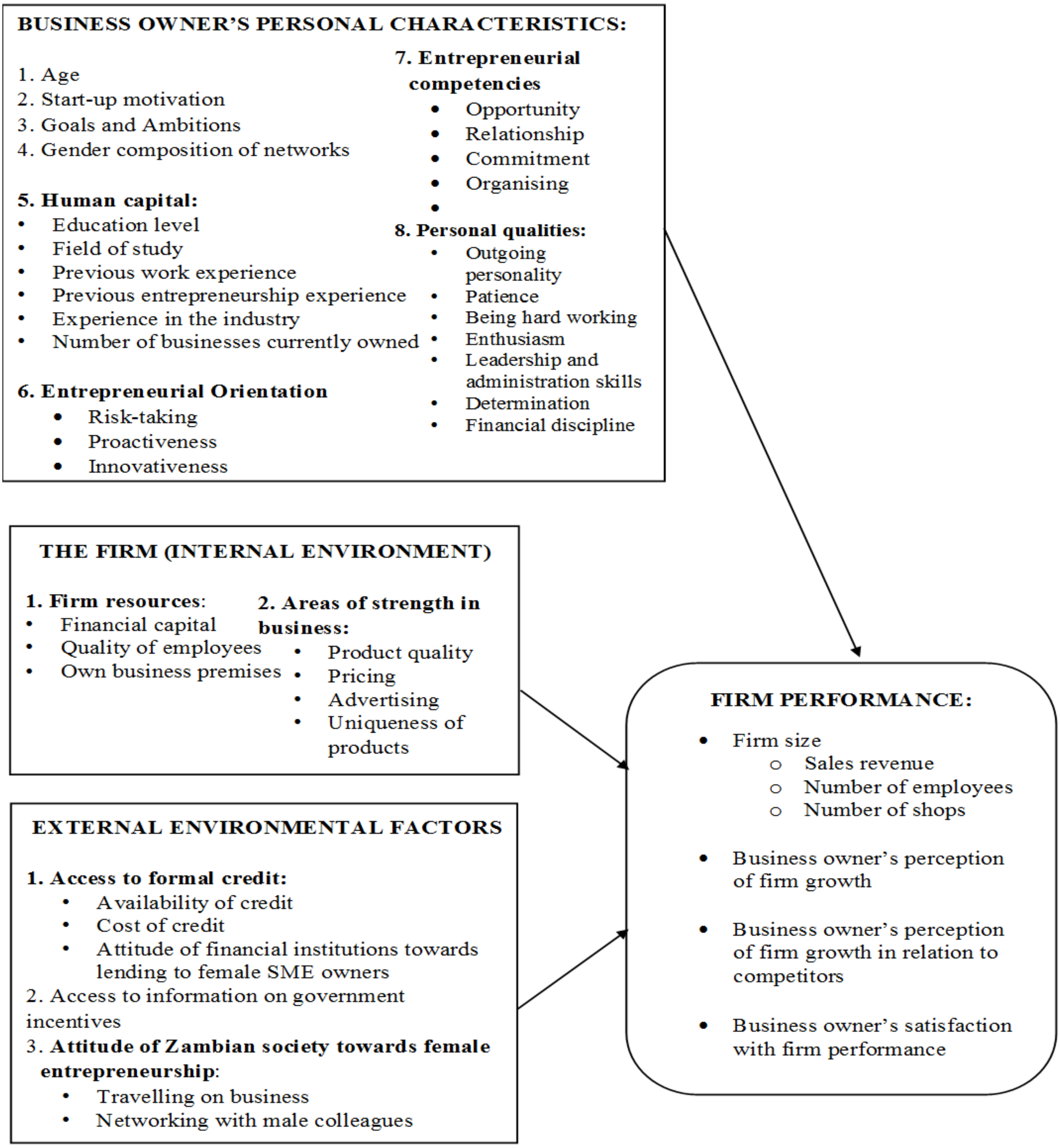
Drawing on these theoretical perspectives and an exploratory study, an integrated conceptual model of factors which influence SME performance was developed (*see Figure 1).*

Methodology

A qualitative approach was adopted for this study. Based on the literature, an interview schedule was developed covering the generally agreed determinants of SME performance. An exploratory qualitative study was then conducted in Zambia's Lusaka and Copperbelt Provinces, covering three major cities of Lusaka, Ndola and Kitwe. The two provinces were selected on the basis that they house approximately 65% of all businesses in Zambia (MCTI, 2007).

A total of twenty-two (22) in-depth interviews were conducted with women SME owners in a face-to-face fashion. The participants were purposively sampled from an SME register from a government agency called the Zambia Development Agency (ZDA). As a result of the considerable challenge of an official comprehensive SME register not being available, we employed a pragmatic approach to finding respondents by asking the women entrepreneurs to identify others like them. Therefore, referrals from entrepreneurs themselves as well as business associations were also used to target potential respondents. Each interview lasted 1 hour 15 minutes on average, was tape-recorded and consequently transcribed. Data analysis is was done using Nvivo and the results were used to further the development of a conceptual model based on the literature to accommodate the contextual factors. *See Figure 1* below;

FIGURE 1: CONCEPTUAL MODEL



Findings

Profile of respondents

The majority of the business owners sampled were married, aged between 46 and 55 years, and running sole proprietorships. One possible explanation for this could be that these business owners chose to venture into business after pursuing a career in formal employment. The findings indicate that more than 75% of the respondents were previously employed, with most of them having ventured into business after leaving formal employment. Another argument could be that that these women only seized the opportunity to start their own business after raising a family. As indicated in the ILO's Decent Work Country Profile Report (2012, p. 25), "the burden of family responsibilities in Zambia falls disproportionately more on women than on men, and women are seen as caregivers of the family who continue to be primarily responsible for household chores, caring for children and the elderly members of the family."

The sample generally exhibited a high level of human capital in terms of education and experience. The majority of the respondents had a College Diploma (9 respondents), eight (8) had a College Certificate, two (2) had a University Degree, two (2) went up to secondary school and one (1) had a Master's Degree. This appears to indicate that small business owners in Zambia are generally formally educated, with a significant number acquiring tertiary education. Of all the respondents, only four (4) stated that their field of education was related to their current business, indicating that the decision to enter into the industry in question had little to do with one's field of study but was possibly linked to low entry barriers in terms of low capital requirement, lack of technical training requirement etc…

Another interesting finding was that half of the respondents stated that they had previous entrepreneurship experience, with some having started running their own business alongside formal employment.

Motivation for start-up

The study found that most of the business owners started a business out of their personal conviction rather than influence from external parties. Motivations for start-up varied among the sample, including seeing an opportunity on the market, achieving independence, achieving personal goals, personal interest, unemployment and the urge to leave formal employment.

The most cited reason for starting a business was the desire to leave formal employment (6 respondents) due mostly to dissatisfaction with working conditions. Achieving independence followed with five (5) respondents. The meaning of independence came across in the following ways; first, starting one's own business was seen as a route to financial independence i.e. the ability to depend on oneself as well as to contribute to one's household financially. This is validated in an ILO (2003) which found that Zambian women were increasingly taking up the role of headship in Zambian households. Second, independence meant being self-employed and therefore having the flexibility to do and achieve whatever one wants without the restrictions often imposed by formal employers. Third, to some respondents, independence meant being one's own boss and therefore making one's own decisions.

Four (4) respondents cited unemployment and personal interest respectively as reasons for starting their own business. Of those who cited the latter, only one developed an interest to become an entrepreneur as a child. Two (2) respondents out of the twenty-two interviewed were driven to start their own business because they saw an opportunity on the market, which they felt they could exploit. Similarly, two (2) respondents indicated that part of the motivation for starting up a business was to achieve their personal goals as a family such as the flexibility of being with their children while at work and earning extra money to build their dream house.

Entrepreneurial competencies

Six sets of entrepreneurial competencies were identified in the literature namely the opportunity, relationship, organising, conceptual, strategic and commitment competencies. Of these, the conceptual and strategic competencies did not appear to characterise the business owners interviewed. This could possibly be linked to the the cultural context or level of education of the respondents given the nature of the competencies in question.

In terms of opportunity competencies, the analysis indicated that the respondents were generally alert to business opportunities in their environment and took the necessary steps to take advantage of them. Opportunities cited included building networks with government institutions for purposes of supplying them with goods, and supplying occasion wear to the corporate world for such occasions as Labour Day celebrations.

The sample appeared to have high entrepreneurial orientation, with respondents generally considering themselves to be risk-takers (in line with the finding in Phillips and Bhatia-Panthaki, 2007), innovative and proactive. There was no evidence however of autonomy and competitive aggressiveness which represent other dimensions of entrepreneurial orientation found in literature.

In terms of factors related to the firm, the respondents identified a number of attributes which they felt represented their competitive edge such as offering better quality products at lower prices than competitors, offering unique products and advertising the business.

A number of challenges also emerged from the discussion on firm resources. For example, most of the respondents cited the lack of or insufficient financial capital as the major challenge. They also seemed to share the view that the quality of employees is cardinal to the performance of the business. Generally, the respondents were not satisfied with the quality of their employees stating that the employees needed further training and constant close supervision to get the work done. Other challenges mentioned were high levels of pilferage, absenteeism and a negative attitude towards work.

Another challenge found was that the cost of renting business premises was very high. Most of the respondents were renting business premises and they generally felt that rent charges represented their major cost, and made it difficult for them to compete with businesses operating in their own building.

Some challenges associated with the external environment also emerged from the study. The majority of the respondents stated that it was extremely difficult to access formal credit, citing collateral requirements and high interest rates among others. University of Amsterdam and IAIS (2009) argues that these difficulties force most of the Zambian women to depend on informal sources of borrowing. They further inform that the challenges experienced by Zambian women in accessing formal credit are linked to their lack of ownership rights. Historically, Zambian women experienced discrimination in terms of ownership rights, traces of which are still evident today with most of the land in Zambia being owned by men and women still having limited rights in relation to family matters. In an effort to remedy the situation, the Zambian government has implemented various policies aimed particularly at increasing women's access to the much valuable resources such as land and financial capital, however, these efforts generally remain futile in the face widespread corruption in the country.

Industry-related factors

The industry appeared to be characterised by high levels of competition. Competition from street vendors or informal traders (who had recently been allowed to trade on the streets by the government) was cited as one of the main challenges. The respondents felt strongly that they were competing unfairly with the street vendors because the latter did not pay taxes, or incur other costs such as rent and overheads associated with formally established businesses. Phillips and Bhatia-Panthaki (2007) found that some business owners were resorting to tax avoidance because the informal traders were pushing them out of business. Another source of competition cited was foreign retailers especially the Chinese and South African retailers. Competition with these foreign retailers was deemed unfair because apart from being generally bigger in size, these retailers unlike the local businesses, were also benefitting from government incentives meant to promote foreign investment. The respondents bemoaned the lack of government support for local businesses. In line with this, one argument for the government would be that some initiatives such as the Citizen's Economic Empowerment Commission (CEEC) have been implemented to help support the MSME sector. However, the implementation has not been managed properly resulting in only a few entrepreneurs (mostly those believed to have connections within government) benefitting from it. This is partly attributed to the high levels of corruption in the country where even access to public resources depends on know-who.
A number of respondents stated that they had lost confidence in such governement initiatives after submitting applications for credit to the CEEC and receiving no feedback whatsoever.

Much as the above arguments appear to hold water, suffice to say that finger-pointing in this case does not get to the root of the problem which appears to be that the market for apparel in Zambia is simply saturated, much to the ignorance of most players. This is demonstrated by Phillips and Bhatia-Panthaki's study (2007) which finds that almost all micro business owners did not undertake any kind of market research before entering the market, with over half of them believing there was an opportunity in that market merely by seeing others in it (when the market was actually saturated).
It does not take much for one to observe that there has been an overwhelming increase in the number of fashion boutiques in Zambia particularly over the last decade, generally stocking the same items imported from the same suppliers mostly in South Africa, China, the UAE and Thailand. What is needed to survive and thrive in this industry clearly is to be able to command a competitive edge.

The issues highlighted pertaining to the political/legal environment included high import duty, which is potentially a very important issue considering that most of the goods traded on the Zambian market are imported. Secondly, it emerged that the Zambian market was flooded with product imitations, making it difficult for businesses dealing in genuine products to compete as the imitations were in most cases priced lower.

Another challenge related to the political/legal environment appeared to be that SME owners generally did not have access to information on government incentives or programmes available to support entrepreneurship. There was a perception that one needed to be affiliated to the ruling political party to benefit from empowerment programmes being implemented by the government. Some programmes mentioned included training opportunities and opportunities to attend and participate at trade fairs and similar events abroad.

Access to formal credit

When asked how they financed their business start-up, over three quarters of the respondents stated that they used savings rather than financial institutions as the main source of initial capital. This is in line with the findings in Phillips and Bhatia-Panthaki (2007), who argue that accessing start-up as well as working capital is difficult for Zambian firms because of the high interest rates. This was reaffirmed in a study by the ZCSMBA (2006), which found that the three most cited reasons by Zambian entrepreneurs in the trading sector for not applying for formal credit were high interest rates, lack of collateral and ignorance about the application process.

In addition to high interest rates, lack of collateral due to lack of property ownership and the requirement by some lending institutions for spouse approval before lending to women were cited as barriers to accessing formal credit in this study. These two factors are linked to the social-cultural environment of the Zambian society which is only now being seen to increasingly gain confidence in the potential of women to manage businesses successfully (as much as their men folk) and be able to duly service loans. Other challenges cited were high interest rates, cumbersome procedures involved in the application process and a perceived negative attitude of banks toward lending to female small business owners. Lending institutions particularly commercial banks are hesitant to lend to MSMEs because they consider it a high risk (ZCSMBA, 2009). One respondent argued that she felt that banks were for the highly educated because of the way the not-so-educated like herself were being received at banks. On the contrary, another argued that the problem was not the bank but rather that women lacked the self-confidence required to approach the bank and clearly articulate their business proposal. ZCSMBA (2009) notes that lack of or poor access to finance represents the paramount impediment to the growth and development of MSMEs in Zambia.

In terms of culture, the respondents were generally of the view that the Zambian culture had changed from one that believed that women belonged at home to one that was supportive and enabling of female entrepreneurship. The respondents generally stated that they did not feel disadvantaged on the basis of their gender. Nevertheless, three challenges were noted pertaining to culture; first, difficulty in accessing formal credit either due to lack of collateral (as most women did not own property) or the requirement by some lending institutions for approval by one's spouse before they could lend to women. Second, difficulty to network with male colleagues due to misconceptions about women and men doing business together and third, the general misconception that women in business (especially those who travelled on business) were immoral.

In order to capture characteristics that may be specific to the Zambian context, the respondents were asked to talk about the personal qualities they felt they possessed or that were required to run their businesses successfully. Varied responses were given including having an outgoing personality (to be able to communicate with potential and existing customers, and market one's products), a hard working nature, being patient and enthusiastic (to keep the business going in times when business is especially slow), possessing good leadership and administration skills, being determined and having financial discipline (i.e. ability to separate personal and business finances).

In addition to the above findings, two interesting contributions emerged from the study. A couple of respondents noted that women generally lacked self-confidence which made it difficult for them to express their ideas clearly enough to convince bankers to grant them loans compared to their menfolk. The other issue raised was that women generally had a negative attitude toward fellow women and so were not supportive of one another when in positions of influence.

Conclusions

This paper has made a theoretical contribution by proposing a conceptual model for understanding factors that influence the performance of women-owned SMEs in Zambia. The model was developed based on a review of literature and further refined using the findings of an exploratory qualitative study conducted in the Zambian context. This model can potentially be applied to other countries that share similar characteristics with Zambia such as those in Sub-Saharan Africa.

Further research

The next stage of this research will involve testing the model that has been developed. In order to achieve this, structured questionnaire surveys have been self-administered to a target sample of 200 female SME owners in Zambia's retail (apparel trading) industry. The study covered the two major provinces of Lusaka and Copperbelt. The sample was purposively sampled from an SME register provided by the Zambia Development Agency. Referrals from business associations and entrepreneurs themselves were also used to target potential respondents. This approach was particularly employed because it was observed during the exploratory study that potential respondents were generally reluctant to participate in the research unless the researcher had been referred to them by someone they personally knew. In order to establish the validity and credibility of the scales used to measure both the independent and dependent variables, an exploratory factor analysis as well as reliability tests will be conducted on the sample using SPSS. Further to this, multiple regression analysis will be used to test the relationships between the independent variables and firm performance indicators.

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