



**THE IMPACT OF GLOBALISATION ON SMALL INDUSTRY  
DEVELOPMENT IN DEVELOPING COUNTRIES: A STUDY  
OF ZAMBIAN SMALL INDUSTRIES IN THE CENTRAL  
BUSINESS DISTRICT OF LUSAKA**

**By**

**Joy Simasiku**

**000686811**

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**Supervised by: DR Sidney Kawimbe**

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## **Declaration**

I Joy Simasiku Banda, do hereby make a declaration that this research project is my work, submitted and carried out following the regulations of the ZCAS and Greenwich Universities. I declare that this work never been submitted I in full or part thereof to any other Institution for any purpose whatsoever. Views expressed in this work are those of the author and in no way represent those of the Universities.

**Signature ...**  .....

**Date...30/03/2022.....**

**Joy S Banda**

**000686811**

\_\_\_\_\_ **Date**\_\_\_\_\_

**Dr. Sidney Kawimbe**

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## **Abstract**

Globalization has been extensively addressed in different pieces of literature, with a focus on the worldwide benefits it offers, such as trade liberalization, removal of trade obstacles and restrictive trade tariffs. However, little research has been done on the influence of this new global economic order on the development of small businesses, particularly in developing nations. The goal of this research is to look into the influence of globalization on small businesses based on a study of small businesses in Lusaka, Zambia's Central Business District. The data was collected and analyzed using a qualitative and quantitative data collection and analysis approach from 40 randomly selected Small Industries in the study region, with the results being generalized to the full population. The study discovered a link between Small Business performance and the study's findings. Other external and internal elements evaluated, on the other hand, were determined to have a significant impact on the sector. Due to time and cost constraints, as well as a lack of categorical information on the sector's operations, the study could only be cross-sectional. These limitations, however, do not jeopardize the research findings' validity. According to the findings, the government should take steps to improve entrepreneurial management skills, build infrastructure that supports small-scale industry operations, such as Multi facility Economic Zones that encourage clustering of small industry categories, and improve funding for small businesses by establishing Micro Financing Institutions that will cater to their financial needs. Another government intervention strategy should be to open up markets for the sector.

**Keywords:** Globalisation, Small Industries, Zambia.

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## **One - Introduction**

### **1.1 Background**

Globalization has become a topical issue of discussion in recent decades, as globalization has been assumed to be at the core of increased global economic integration. A lot of literature has dwelt on the effects of globalization on the economy and industry. Much of the work, however, centered on how this phenomenon affected Multinational Corporations (MNEs), with little focus on small industries. Chapter one provides the introduction to the research and lays the background of the study, research problems, and research questions, which arise from the research problem. The research objectives, explanatory and dependent variables, research structure, and the contribution of the research are all highlighted.

The results of globalization are increasing in the integration of global economies, more so through the movement of goods, services, capital inflows and outflows, technological skills transfers, and mobility of labor. With technological advances in the late 1980s, it was now made easier and faster to initiate and complete international transactions in trade and finance. Communications were made easier and therefore the gathering and exchange of information necessary for business decisions became a lot easier. The era of globalization has therefore extended beyond national frontiers, all the market forces that operated hitherto, at every level of human economic engagements, within the limits of the domestic boundaries (Agarwal, and Goel, 2012).

Globalization has made it easier for investment funds and businesses to go beyond local and national markets and into international markets. This has enabled global market interconnection, giving firms a competitive advantage, cheaper operating costs, and access to a larger number of products, services, and customers. Access to cheap raw materials and labor became available, especially in developing and Least Developed Countries, as a result of the broadening of resources by industry, the formation, and growth of new investment opportunities to penetrate new markets (LCDs) (İncekara and Savrul, 2012).

Traditional boundaries that separated local business prospects and local organizations from their worldwide counterparts have disintegrated as a result of globalization. Local markets have evolved into essential components of larger global markets. Business managers have now a broader perspective of global markets and a wider range of opportunities and competitive modes. (Agarwal, and Goel, 2012).

The global environment however offers both opportunities and challenges to the emerging industry and already established country-specific ones, and the impacts are reported with varying degrees by country, conditional to the size of the undertaking and industry. (Hartungi 2006).

The subject of globalization, however, cannot be complete without considering the impact of this phenomenon on the small industries in the host countries, especially developing countries like Zambia. With the changes in the global business environment, the role of small industries can play in the local and international economies is increasingly being recognized by many governments. The small industries are now recognized as major drivers of domestic economic growth, job creation, and the betterment of the socio-economic welfare of the populations.

Small-scale industries (SSIs), play an important part in developing countries' economic structures. A thriving small industry sector has the potential to make a significant contribution in terms of output, export promotion, job creation, and poverty reduction. SSIs have been recognised as the vehicle for economic growth and equitable development and growth on a global scale over the years. Small-scale industries, for example, account for about 40 percent of the gross industrial value added to India's economy (Agarwal and Goel, 2012).

Small-scale industries not only contribute to the development of rural and underdeveloped areas, minimizing regional inequalities and ensuring a more just allocation of national income and wealth, but they also help to provide large-scale job openings at lower capital costs than large-scale industries. Small-scale industry units work alongside large and medium-sized industries as auxiliary units (Agarwal and Goel, 2012).

However, small-scale industries are now confronted with issues that were previously only faced by MNEs as a result of globalization and changes in socio-economic situations. Small-scale industries are now facing international competition and the effects of globalization and must innovate to be competitive on a local and global level (Ruzzier, et, al 2006).

Without a doubt, the world's economic integration into a single global economy is both inevitable and beneficial. However, developing countries like Zambia will only benefit if the rules of the game are standardized and the playing field is levelled. Globalization will remain an elusive concept in the growth of emerging economies as long as the world's superpowers continue to use tariff barriers to prevent goods from developing countries from entering their markets, grading them as substandard (Oladimeji, et, al, 2017)



## 1.2 Problem Statement

Globalization has resulted in significant growth in global commerce and interactions in a more open, interconnected, and seamless global economy. Such commerce and exchanges have grown dramatically, not just in conventional global trade in goods and services, but as well as in currency exchange, movement of capital, transfers of technology, movement of people through migration and international travel, and worldwide information and ideas exchange, (Incekara and Savrul, 2012).

The proponents of globalization have espoused many of the benefits of globalization to more upsurges in global trade and exchanges in technical skills and technology through a more open, connected, and borderless global economy. Developing countries have strived to attain more economic development and growth. Globalization is said to have created opportunities that enable them to achieve relative advantages, more advances in technology, muster foreign capital and management expertise, and be favorable for removing anticompetitive tendencies and strengthening market competition.

Small industries have been recognized as the engine room of economic development, innovation, job creation, poverty mitigation, and equalizer of income inequalities, through the equitable distribution of national resources, especially in most developing countries such as Zambia. However, this important sector has for many years not been given the focus on the internalization process and the effects of globalization on small industries. Much focus of the literature has been on larger multinational corporations (MNEs).

Zambia had been a monopolistic state since independence in 1964, until the MMD government, which came to power in 1991, embarked on a series of economic reforms aimed at liberalizing the economy. The new government embarked on several ambitious reforms targeted at making Zambia an attractive environment for foreign investments, that would help to resuscitate the ailing economy, control escalating inflation, reduce the fiscal and budgetary deficits, unbundle the high debt burden as well as redirect real sectors of the economy to a trajectory of economic growth. The reforms resulted in a changeover from a command economy to a liberalized market-driven economy. Zambia, with abundant mineral, water, and land resources soon became attractive to foreign investors from within the region and abroad. The opening of the economy means the Zambian economy must measure to challenges and changes brought about by globalization. The Zambian industries therefore must be able to compete effectively in the international and regional markets in all sectors, which include agriculture, manufacturing, communications, and technology, to mention but a few

However, the full effects of globalization on small industries have not been fully explored. For example, Zambia's small industries appear to have made little impact on the development of the economy, as can be observed from the ever-rising unemployment levels among the youths, with many of them graduating from colleges and universities and offloaded onto the streets. The rise in inflation and deterioration in living standards among the many is another indicator of the dismal performance of the small industry sector, which is supposed to be the pivot of commercial and industrial activities, producing goods and services for both domestic consumption and export markets. More studies are therefore needed in the area of the impact of globalization and the internalization of global markets on small industries in Zambia.

This research, therefore, seeks to examine and identify the effects of globalization on small industry development in Zambia.

### **1.3 Research Aim, Question, and Objectives**

#### **Research Aim**

The purpose of this work is to examine the influence of globalization on the development of the Small-Scale Industries (SSI) industry in developing countries, with a focus on Zambian small-scale industries.

#### **The Research Question**

For this study, the research questions are:

*What are the effects of globalization on small-scale industry performance in Zambia?*

#### **The Research Objectives**

The research objectives of this study arise from the research questions and therefore the goal of this study is to see how globalization affects the performance of small-scale industries in developing countries from a Zambian perspective. Other factors that hinge on small-scale industry performance will be studied and considered in this study to evaluate the firms' performance. Following the research question, the specific objectives of this study are as follows:

1. To establish how globalization impacts small-scale industries in Zambia
2. To examine awareness levels of globalization among Small Industries in Zambia.
3. To establish the challenges globalization poses to the Small Industry market in Zambia.

#### **1.4 Explanatory variables and dependent variables**

The focus of this work is on the impact of globalization on small-scale industry development in developing countries looked at from the lens of the Zambian small industries. Therefore, the explanatory variable is globalization, the dependent variable is small-scale industry.

#### **1.5 Research Contributions**

The findings of this study will aid a diverse group of small industries in Zambia in confronting some of the challenges they face and maintaining their competitiveness in the global economy. In Zambia, the small industry sector is particularly important because it has the potential to employ thousands of unemployed young college and university graduates who are out on the streets. A thriving small industry sector would not only provide much-needed jobs for Zambian youths but would also boost the country's export potential and contribute to the country's total gross domestic product (GDP).

In specific terms, the goal of this research is to give Zambian small industries some guidelines for managing their industry by implementing strategic plans that will help them build resilience, sustainability, and competitiveness in the face of challenges posed by the global free trade environment. The research is expected to add to the vast body of knowledge already available on the subject and assist future research on the subject.

#### **1.6 Overview of Research Design**

##### **Research approach and method**

The adopted approach for this study is a mixed approach to realize the intended objectives of the study and answer the research question. Therefore, quantitative and qualitative research approaches to collecting, processing, and analyzing data will be adopted. Data collected through questionnaires will be analyzed with contingency tables and subjected to statistical analysis to test the hypotheses on the relationships between the variables, while analysis of the qualitative data will answer the rest of the research questions.

##### **Data collection and analysis techniques**

Both qualitative and quantitative methods of gathering data will be adopted for this research, which will use questionnaires to gather primary data, Other data will be collected from published statistics of the world Bank, Bank of Zambia The Small businesses line ministry, and other organizations such as the Small Industry Development Organisation (SIDO). The advantages of secondary data are that it is usually easily available, less time-consuming and

cost-effective, and is a source of quality authenticated data already compiled by others on the same subject (Saunders *et, al*, 2009).

### **1.7 Dissertation Layout**

The dissertation is divided into five chapters as laid out below:

Chapter 1 is the introductory part of the research and includes the dissertation outline, the aims research objectives, research questions, and study methodology and is followed by chapter two, the literature review section, chapter three is the methodology adopted for the study, while chapter four and five dwelt with the aspects of findings, analysis, presentation and conclusions, and recommendations respectively.

### **1.8 Summary**

Chapter one has outlined the problem statement, study background, research objectives and justifications, the research questions, including the research contributions. Concepts and other factors used in this study are also discussed in this chapter. The ensuing chapter discusses the literature review of the work carried out by other researchers on the same topic to further acquire more knowledge and perspectives already available on the subject.

## **Chapter Two: Literature Review**

### **2.1 Introduction**

A literature review, according to Lee and Lings (2008), is the process of reviewing the literature on previous work done on the topic under the current study. This aids the researcher in gaining a better understanding of the field in which he is working, as well as identifying gaps and frequently suggesting areas where new contributions would be beneficial. A review of literature is therefore critical in assessing what has been accomplished already in the area and helps in the identification of knowledge gaps (Walliman,2011).

A literature review's other significant contribution is that it will demonstrate methodologies used by previous researchers in the same field of study to come up with solutions to the research problem (Saunders, *et, al* 2009).

Globalization is a phenomenon that has occurred over the last 50 years and now affects more than just a few industries. Many businesses' recent success can be attributed to globalization, which is not limited to outsourcing for lower-cost labor and resources. Globalization is regarded to represent the second wave of value movement in the modern era (Slywotzky, *et, al.* 2006). Value migration refers to the transfer of value from old, ineffective business models to new, more cost-effective ones (Slywotzky, *et, al.* 2006). Globalization is forcing businesses to adapt and take advantage of new opportunities. How they manage their firm, market segmentation, product or service positioning, business strategy, and other internal operations are all examples of new value. Thanks to innovative business models that are more suited to current market trends, companies can do more than they could previously (Slywotzky, *et, al.* 2006).

Not all businesses, however, can benefit from globalization. As a result of globalization, businesses with good business designs will become stronger, while businesses with weak business designs will become weaker, and businesses will need to understand how to take advantage of the beneficial developments brought about by globalization. Among the significant changes brought about by globalization are advancing in transportation, simple access to information, and broad improvements in information and communication technology (ICT) (Milner and Kubota, 2005).

Trade liberalization, which aims to increase international trade, is a result of globalization. Globalization has had a significant impact on trade, particularly international trade, according

(UNCTAD 2009). However, in developing countries, the figures are less significant than in developed countries.

Globalization has had a considerable impact on FDI, according to data obtained for country statistics. According to the data, globalization has enhanced the opportunity for free movement of productive capital, which supports economic progress (Mamman and Baydoun 2009). Many countries, particularly emerging countries, have seen a surge in FDI. Due to low labor costs, multinational firms are outsourcing their manufacturing activities to emerging countries.

Globalization has also had an impact on nation-states, according to studies. Nation-states have control of their economies diluted due to the effects of global capitalism, led by MNEs (Mamman and Baydoun 2009). Governments have found it hard to control the actions of people and businesses as a result of many international agreements, leaving them with little control over the economy as a whole. Because developing countries have less bargaining power on the global stage, globalization has been shown to have a greater impact on them (Passemard and Kleiner 2000). The more powerful or developed nations are usually the driving forces behind the agreements.

## **2.2 Theoretical Framework**

Economists have been attempting to understand why some countries are wealthy while others are poor since Adam Smith's publication of *The Wealth of Nations* in 1776. (WHO, 1999). From Walter W. Rostow's linear modernization theory to the neoclassical emphasis on free trade as the engine of growth, a variety of economic development theories have attempted to explain the process of development. Theories have looked into both endogenous and exogenous factors that help or hinder growth. Economic theories of growth come in and out of favor depending on the political and economic atmosphere of the international arena.

### **Neo-Classical Theory**

One of the most prominent ideas of economic growth today is market fundamentalism, commonly known as the neoclassical theory of development. Free trade is closely tied to economic growth, according to this idea, and governments should seek deregulation, privatization, and liberalization policies to reach the necessary level of growth (Abdulwahab Addison, 2020). Excessive government interference and inequitable resource allocation as a result of unreasonable pricing practices promote underdevelopment. Free markets, according to neoclassical theory, will generate competitive conditions in which producers will be driven

to engage in the global market (Schoepf, 2000). Several characteristics appear across the different approaches, which are often implemented under the World Bank's Poverty Reduction Strategies. One is loan conditionality; to maintain lending privileges, certain policies and procedures must be followed. Furthermore, from airlines to health care, governments must denationalize industries and services that were previously under their control. The liberalization component mandates that market forces determine prices without government intervention or support. Finally, by the removal of any restrictions on global trade and investment, the country's economy will be deregulated.

Privatization, liberalization, and deregulation are the three prescriptions for economic growth offered by neoclassical theory (Shakow, 2000). The sale of state-owned enterprises, such as airlines and railroads, is known as privatization. It also requires the state to cut spending on social services such as health, education, and sanitation. The motivation for privatization is that government involvement in the economy creates inefficiencies that can be corrected by the "invisible hand" of the market. When it comes to businesses, the idea is that competition will lead to the most efficient allocation methods. In the case of health care, privatization results in the imposition of user fees for services previously covered by the government. Furthermore, the shift from a non-profit to a for-profit model results in the exclusion of many people from healthcare services. When it comes to businesses, the idea is that competition will lead to the most efficient allocation methods. In the case of health care, privatization results in the imposition of user fees for services previously covered by the government. Furthermore, the shift from a non-profit to a for-profit model results in the exclusion of many people from healthcare services.

### **Dependency Theory**

Raul Prebisch created Dependency Theory in the late 1950s. Prebisch and his colleagues were concerned that industrialized countries' economic success did not convert necessarily into growth in poor countries (Agbu, 2006). Their research established that the economic activities of wealthy countries often caused serious economic ramifications in poorer countries. The Neoclassical theory, which assumes that economic growth was of benefit to everybody even when the gains were not always fairly distributed, could not forecast such a scenario.

Prebisch's basic logic was straightforward: poor countries were source of cheap raw materials to affluent countries, which subsequently manufactured and sold goods made from those commodities to the poorer countries at a price "Value Added," which is always more expensive

than the basic materials used to manufacture those goods. Because of this it is difficult for poorer countries to cover their imports with revenues from exports (Yusuf, 1994).

### **2.2.1 Key definitions and Concepts**

#### **Concept of Globalization**

Globalization is a process that aims to integrate national economies and societies around the world by increasing the free flow of ideas, people, services, capital, and culture. It is a call for national economies all over the world to be open to trade, international capital flows, and labor mobility as a matter of deliberate policy. Globalization, according to its proponents, is expected to raise people's living standards in all participating countries by increasing incomes and transferring sophisticated technology from developed to developing economies; and promoting human freedom by disseminating information that broadens people's choices (Annan-Yao, 1996). International trade, capital flows, technological advancements in telecommunications and transportation, and other factors all contribute to globalization. The anticipated reduction of barriers to free trade as a result of World Trade Organization (WTO) agreements, as well as growing global technology and improved work organizations, are some of the aspects of globalization that are expected to guide fair competition.

Globalization is a long-term socioeconomic trend that has an impact on everyone's life. It has influenced human growth and development for millennia. Although globalization has been a phenomenon for millennia, it did not gain formal scholarly or political attention until the late 1900s, when it became a reality (Das, 2009). All types of economies, persuasions, and convictions are striving for a slice of the rising international transaction pie, which involves developing optimal conditions to reap the benefits.

Additionally, efforts are being undertaken to reduce the barriers to global transactions in general, and commodities and services trade in particular. Most countries had intensified their global economic integration by the late 1990s to improve international trade and investment flows (Das, 2009), this was accomplished by the formation of the World Trade Organization (WTO). The fundamental contribution of WTO has been the elimination of erroneous protectionist trade barriers that have resulted in market distortions and inefficiencies. Because of WTO regulatory and policy improvements, market inefficiencies have been reduced, including, more significantly, protection for inefficient and uncompetitive industries. Through the resulting rationalization of resources and components of production, several countries have been able to reduce on costs by achieving economy-wide efficiency gains and becoming more competitive globally (Cirera *et al*, 2013,).



Globalization has affected every aspect of society, including social activities and, most importantly, all industries. Globalization is defined in many ways, but it most commonly refers to the economic, financial, and market integration of global activities (Lee and Vivarelli 2006). It also encompasses the societal and cultural features of integrated societies, including their political connectedness, all of which enhance trade liberalization, technological advancement, and changes in government trade policies (Thoumrungroje and Tansuhaj 2004).

The consequences of globalization, may not be the same to all connected countries or by every firm within a country and will differ according to economic standing, size, and other factors (Hartungi 2006). The relevance of aspects such as FDI has been highlighted as a result of globalization's impact on a country's economy and trade. The increased trade liberalization culminated in significant spread of foreign direct investment (FDI), which has had some consequences for local industry, especially in emerging economies (Lee and Vivarelli 2006). Different types of FDI have different effects on receiving countries' local industries, communities, and economies.

The two types of FDI are efficiency-seeking investments and market-seeking investments (Farrell 2004; Zhouying 2005). The efficiency-seeking investment aims to minimize production costs by the location of manufacturing in developing countries, where salaries are lower and resources are less expensive. Market-seeking investment however, seeks for new markets to invest in. These two forms of investments have different consequences on FDI recipients or host countries. The efficiency-seeking investment appears to have a lot of positive and negative effects on host countries (Farrell 2004; Zhouying 2005). It helps to raise manufacturing and standards of living without being a threat to domestic producers. On the other hand, market-driven investments, hurt local producers, even though they benefit the economies of the host countries. Local producers and businesses face direct competition as a result of this type of investment (Farrell 2004; Zhouying 2005). Local firms, particularly small-scale industries, face a significant threat from developed-country firms, which have more technological advantages and similar labor costs.

Because of the good effects that FDIs have on the economy, industry, and living standards, governments around the world, especially in developing nations, provide incentives to attract FDIs. Many studies, however, show that these incentives are significantly less important than macroeconomic stability in a country. (Lipsey and Sjöholm 2011; Zhouying 2005).

### **Concept of Small Industries**

Because different countries have distinct classification parameters, small industry definitions vary per country. The measure is based on the amount of capital employed in certain nations, in others on the number of employees. Small businesses in Jordan, for example, are categorically divided into three: small businesses with fewer than ten employees, medium businesses with 15 to 30 employees, and large businesses with more than 30 employees, whereas in France and Italy, small and large businesses are distinguished by a maximum of 500 employees (Lozi, 2008).

In Zambia, however, small industries are defined by the line ministry (MTCI, 2008) on the different business parameters: total fixed investments, sales volume, number of people employed, and the firm's legal position.

Small industries, which account for the majority of businesses and often provide the most opportunity for job creation, are the economic backbone of most economies (Mohd and Mohamed, 2013). Of late, there has increasingly been a lot of interest in the study of the effects of globalization on small businesses in international circles. Small businesses have an important role in the economies of both less developed and developed countries, one of the reasons for worldwide interest in them. Small-scale industries account for around 55 percent of GDP and 65 percent of total labour in high-income countries, (UNCTAD, 2004). Furthermore, small-scale industries are key actors in the East Asian exporting business, according to Elizabeth and James (2006), and account for 56 percent and 40 percent of export in Taiwan and South Korea, respectively. They also demonstrated that in many developing nations, small-scale companies are regarded as a substantial contributor to poverty reduction.

Small Industries in Zambia are defined as firms that engage in conventional business sectors, mainly in the manufacture of goods and services for the local market. The fundamental purpose of most entrepreneurs is to provide employment and revenue to meet their requirements. Most small industries' commercial undertakings in the country are characterized by the employment of old technology and a concentration on local and not affluent market groups.

With the adoption of structural economic changes and Zambia's shift to a liberalized economy in 1991, the small industrial sector has experienced tremendous activity. The existence of a substantial small industry sector in Zambia, of which over 90% is unregistered, has significant economic implications. However, there is a scarcity of data on small business operations and their contribution to national development and economic progress. Because of the Central

Statistical Office's (CSO) failure to disaggregate national output statistics by business size, determining the whole size of Zambia's private sector is difficult.

The Zambian Small Industry is dominated by businesses with less than ten employees, according to the 1996 Small Industry baseline survey, and rural areas account for 52 percent of all Small Industry activity. Manufacturing activities make up 41% of the Small Industry sector, while trading activities make up the remaining 49%. Services made up only 10 percent of the economy. The most common small-business operations are trading, simple manufacturing, and service provision, artisanal mining, wood processing, light engineering and metal fabrication, food processing, leather, and others.

Zambia's current economic scenario, includes the government's undertaking of macroeconomic reforms resulted in major reductions in inflation rates, a competitive private sector, opened trade policies, and the elimination of foreign exchange controls, offers prospects that, if seized, can lead to a booming small industry sector. Zambia also has a plethora of natural resources that can be used to give a competitive edge through many value-added industries. Despite its enormous potential for economic development, equitable wealth transfer, and poverty reduction, Zambia's modest industrial sector is hampered by many commercial obstacles and roadblocks that limit its capacity to contribute successfully to national economic development. According to (MCTI, 2006), small industries face many challenges, including limited access to markets, the use of old technology, a focus on local and less affluent market segments, as well as limited access to financing solutions, and inadequate infrastructure. Lack of technical and managerial competencies, insufficient and suitable operational structures that can assist business growth, insufficient governing structures and extreme rivalry from the worldwide free trade environment are among the other obstacles.

As observed in India, Central Asia, and South Africa, all of these business limits and problems have resulted in the sector's failure to grow into a feasible bottom-up development instrument and an active contributor to national development (MCTI, 2006).

### **2.2.2 Major Theories and Models**

The link between globalization and small-scale industrial performance has been the subject of numerous studies. For example, Onyeaghala and Anele (2014) examined the relationship between globalization and small-scale industry performance using annual time series data and discovered that globalization is strongly and favorably associated with small-scale industry

performance. They discovered that small-scale industry performance was favorably connected with globalization across all dimensions (jobs, income, and social system).

Ebong, et al. (2014) used the vector autoregressions technique within an error correction framework, based on the Engle-Granger two-step and Johansen Cointegration tests, to investigate the nature of the impact that globalization may have had on Nigeria's industrial development from 1960 to 2010. They established that globalization had a significant impact on Nigeria's industrial development. Similarly, Sonia (2009) found that the employment growth rate in India had grown, showing that job prospects had increased as a result of the open market and liberalized establishment of small-scale enterprises in India by foreigners, which produce jobs for the country. The study discovered that because of globalization, the value of exports has increased, meaning that Indian small-scale enterprises were increasingly focusing on exports to earn more money. Ogunrinola and Osabuohien (2010) investigated the effects of globalization on job creation in Nigeria's industrial sector. In this study, the Ordinary Least Square (OLS) approach was employed in conjunction with a variety of diagnostic tests. In Nigeria's manufacturing sector, globalization was determined to have a favorable impact on employment levels. However, Elizabeth and James (2006) found that, all things being equal, globalization has no major effect on the gains of white-owned firms, but that the projected coefficients of all three measures of globalization were significant at the 5% levels for minority-owned small-scale industries, implying that minority-owned firms operating in more globalized regions earn on average lower profits (Asiedu and Freeman (2007).

Tamuno and Edoumiekumo (2012) found that the Nigerian industrial sector has a poor base, making it hard for them to compete favorably with their overseas rivals. They analyzed annual time series data from 1970 to 2008 to study the effect of globalization on the Nigerian industrial sector.

### **2.2.3 Relationships Between Concepts being Studied**

Globalization's effects on SSIs and corporate internationalization have gotten little attention in the past. The majority of research has centered on multinational corporations (MNCs), but in the last 10 years, it has switched to small-scale industries (SSIs). SSIs are experiencing issues that were previously solely confronted by MNEs as a result of globalization and changes in social-economic settings. International competitiveness and globalization consequences have put SSIs in jeopardy. They can no longer afford to ignore the global environment and must innovate to compete on a local as well as global scale (Ruzzier, *et, al* 2006).

The motivation of this research is the impact of globalization on small-scale industry development in Zambia, how changes in the global environment, that is the expansion of a free trade area, ICTs, and the competitive market environment affect the small-scale industry. The relationship between these variables has been reported to varying degrees.

### **2.3 Empirical Studies**

Trade, direct foreign investment, and the impact on nation-states have all been explored in studies on the impact of globalization on industry and the economy. (Mamman and Baydoun 2009).

Many scholars have performed research in the fields of globalization and the performance of Small-Scale Industries (SSIs). Elizabeth and James (2006) found that, all other things being equal, globalization has no major effect on the gains of white-owned companies in the United States, but that the estimated coefficients of all three measures of globalization are significant at the levels of 5% for minority-owned small-scale industry, implying that minority-owned companies operating in more globalized regions earn lower profits on average.

Onyeaghala and Anele (2014) explored the association between globalization and the performance of small-scale industries, indicating that globalization is significantly and favourably related to small-scale industry performance. Globalization had an impact on every area of the small-scale industry performance, they discovered (jobs, income, and social system). Their findings are consistent with Hitt *et al.* (2001), who defined globalization as the spread of economic innovation around the world, as well as the political and cultural changes that ensue.

In other research, Rathod (2007) looked at the growth and patterns of India's Small-Scale Industry sector, determining the reasons for success and failure, assessing the impact of globalization on SSIs and export opportunities, and identifying the obstacles and constraints that face them in dealing with globalization. According to the study, India's SSI sector has had a remarkable export performance, with exports increasing by double digits over the last ten years. The study concluded that globalization offered both opportunities and challenges.

Another study conducted by Aarti (2014) on Indian small industries, concluded that globalization hurt the development of this sector, studied in terms of the number of units, production, jobs, and exports, and asserted that globalization poses significant threats and challenges to micro, small, and medium-sized businesses.

Dr. Kumari (2020), citing Sebastain and Morris (2006) in his study to determine the cause of small-scale industry non-development as a result of increased globalization, concluded that the major problem faced by small-scale industries is their inability to deal with government policies and framework, as well as the requirements of laws and regulations.

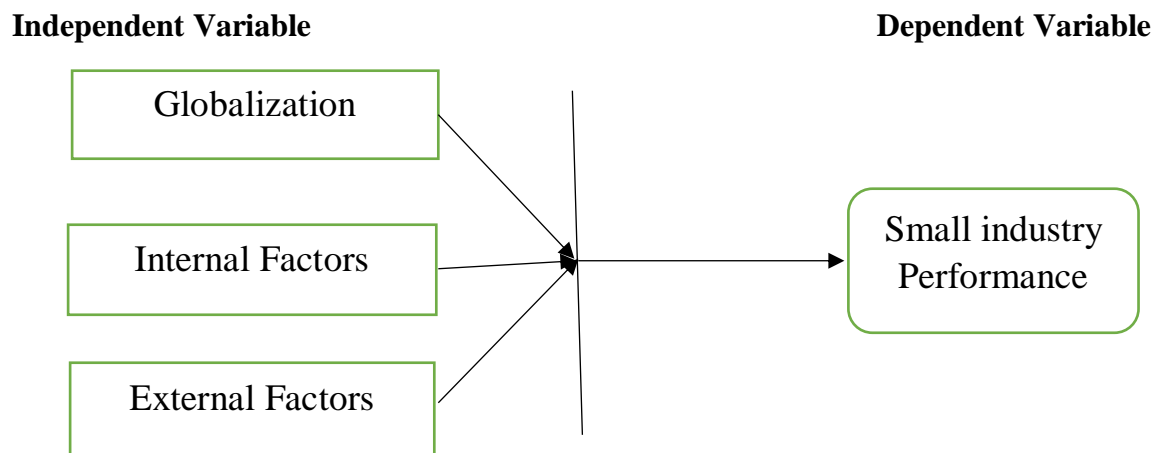
## **2.4 Gaps in the Literature**

A country's overall economic power has become a key determining factor in determining its position in the world beyond its borders. Multinational firms profit from this by gaining part of a government's economic functions and capabilities. The emerging global order, according to Alapiki (2005), is a continuous process that no one can fully comprehend all aspects of, and exist without its effect and influence. Their analysis supports the idea that current globalization trends may have serious consequences for the growth of small-scale industries in developing countries like Zambia. Many types of research on globalization and small-scale industry have been undertaken in both developed and developing countries. Many Zambian scholars are interested in diving into the conceptual concerns surrounding globalization as they affect Africa generally and Zambia in particular, according to a review of the literature. Surprisingly, there have been few attempts to empirically link globalization to the performance of small-scale industries, and there are likely none in Lusaka. To address this knowledge gap, it is important to research the impact of globalization on the performance of the small-scale sector, based on a selected sample of 40 small industries in the Central Business District of Lusaka, Zambia. The study's findings might then be applied to the entire population. As a result of the apparent information vacuum, the focus of this research will be on how globalization affects the performance of Zambia's small-scale sector.

## **2.5 Conceptual Framework**

Before deciding on the specifics of how the research will be done, the study's conceptual framework must be developed. The conceptual framework helps in the creation of the research question and hypotheses by providing a general perspective of the study. The conceptual frame depicts the scope of this study and explores the impact of globalization on small industry development in developing nations from a Zambian perspective.

**Table 1: Independent and Dependent Variables**



### **2.5.1 Dependent Variable(s)**

This research dwelt on the impact of globalization on small industry development in developing countries, with particular reference to Zambian small industries. The dependent variable, therefore, is the small industry. The study will examine the causal effects of globalization and its other factors that influence changes in small industry performance. (Table 1).

### **2.5.2 Independent/Explanatory Variables**

The independent or explanatory variable is one in which any changes have an effect of causing changes in the other variables. In this research, the independent variables are Globalization, Internal and External Factors. The study therefore will examine how these variables, have affected small industry performance. (Table 1).

## **2.6 Chapter Summary**

Chapter 2 discussed the literature existing in the topic area and summarised the gaps in the literature. A conceptual framework of the study was elaborated, which emanated from the literature review. Other areas of the research in this chapter looked at empirical studies. The following chapter will talk about the research methodology adopted in this study

## **Chapter Three: Research Methodology**

### **3.1 Introduction**

The study literature on the consequences of trade liberalization on the industry in general, and small-scale industry in particular, was explored in the previous chapter. The factors that have been discovered to have a major impact on the performance of SSIs were discussed in this chapter. The goal of this chapter is to bring all of the theoretically important and empirically identified components together into a single framework that can be used to answer the study's questions.

The present chapter builds on the prior chapter to outline the study's empirical approach. The selection of research methodologies presented below was aided by the conceptual framework, research questions, and hypotheses discussed in the previous chapter, as well as the continued development of the conceptual framework in this chapter. The research methodologies employed in this study, along with the conceptual framework generated from the literature review outlined in Chapter 2, helped to provide answers to the research questions and hypotheses derived from the study objectives.

### **3.2 Theoretical Framework of Methodology**

To effectively answer the research questions, a mixed-methods approach is used. Both quantitative and qualitative research methodologies have been adopted. The advantages of using both approaches are that this approach will help the researcher to equalize the limitations or weaknesses inherent in a single method and this helps to enhance the research results. This research has adopted a descriptive research design, with self-administered questionnaires to collect primary data and secondary data collection methods that incorporate quantitative and qualitative methodological paradigms. The combination of qualitative and quantitative strategies of analysis enhances the explanatory power and generalisability of statements (Denzin, 1970).

#### **3.2.1 Research paradigm/philosophy**

The research paradigm is the overall strategy chosen for integrating the various elements that make up the study into a well-coordinated and logical sequence to achieve the research goals of addressing the research problem and answering the research questions. The research paradigm directs and guides the collection, measurement, and analysis of data.

This study used a mixed research design approach, which includes both qualitative and quantitative data collection methods (Saunders, *et, al*, 2016). This is necessary to comprehend



the theoretical framework and respond to the research questions. An interpretive research paradigm, an inductive approach to verifying the theory, and a non-sampling purposeful technique are all supported by this type of research approach. To integrate the research data, the qualitative and quantitative data collection methods were considered appropriate for this study to obtain answers that addressed all of the research questions. The use of one research method was considered not appropriate to answer all of the research questions (Thomas 2003).

### **3.2.2 Research Approach**

This study employed a mixed research design, which means it collected, processed, and analyzed data using both qualitative and quantitative approaches. This strategy helps the researcher overcome the shortcomings of a single methodology, which typically fails to cover all parts of the research process. The employment of a mixed research paradigm improves the validity, reliability, and generalizability of the research process (Amaratunga, 2002).

### **3.2.3 Time horizon**

The study is cross-sectional. Because of time and resource constraints, a longitudinal study was not considered appropriate for this study. As a result, the cross-sectional study approach was chosen, and the research was carried out over four months, from December 2021 to March 30th, 2022, the deadline for submission.

### **3.2.4 Research strategy**

Through a simple random sampling method, data was gathered from targeted respondents using a self-administered structured questionnaire. Secondary data was gathered from publicly available sources on country statics, trade, and industry. With the help of the Statistical Package for Social Sciences (SPSS), simple regression analysis was used to analyze the data collected to examine the casual effect of the independent variable (globalization) on the dependent variable (small industry).

## **3.3 Empirical Aspects of Methodology**

Using the Engle-Granger two-step test, Johannsen Cointegration test, and vector autoregression technique within an error correction framework, Ebong *et al.* (2014) investigated the nature of the impact of globalization on Nigeria's industrial development from 1960 to 2010 and concluded that globalization had a significant impact on Nigeria's industrial development.

Ogunrinola and Osabuohien (2010) investigated the impact of globalization on Nigeria's manufacturing sector by using Ordinary Least Squares (OLS) and other diagnostic tests. Their findings were that globalization had a positive impact on manufacturing employment levels.

Zainawa (2006), on the other hand, concluded that globalization hurt the footwear industry in Kano State after examining the impact of globalization on the Nigerian industry, with a focus on the footwear industry, using a time series covering the period 1980-2004 and analyzing the data using descriptive methods. According to the author, globalization has resulted in industrial closures, underutilization of production capacity, joblessness, slothful growth, industrial backwardness, and an overdependence on imports of leather footwear products from developing economies. Anugwom (2007), who studied the effects of globalization on the Nigerian construction industry between August and November 2000, agrees with Zainawa's findings, concluding that globalization outcomes are not favorable to the construction industry.

### **3.3.1 Population**

Small industries in Lusaka Province, Zambia's central business district, make up the study's population. The province of Lusaka has 555 active SMEs, according to the World Bank Survey Report (2010), and the targeted population should have some visible features, to which the researcher aims to generalize the study's findings.

#### **Sample Population**

The sample for the study was created using a basic random sampling procedure. The simple random sampling strategy is utilized because it reduces sampling error by assigning an impartial probability of selection to each element in the target population. Probabilistic sampling offers each member of the population a chance of inclusion in the sample. For statistical generalization, a sample of at least 30 people is required (Cooper and Schindler, 2003). Additionally, a larger sample size lowers the error. Kotler (2001) claims that well-chosen samples of about 10% of a population can often yield acceptable reliability. According to other studies, sample size selection is mostly based on judgment. The study used a ten percent sample of SMEs in Lusaka's Central Business District, resulting in 40 SMEs.

### **3.3.2 Data collection**

This study takes a hybrid approach to data collection, combining quantitative and qualitative data collection techniques. This method is advantageous to the research because it increases the chances of answering the research question (Tashakkori and Teddlie, 2003). Bryman (2006) examined over 200 social science reporting studies using mixed methods and found that mixed methods allow the researcher to use different designs to meet different study goals. According to Smith (1981), both qualitative and quantitative data collection techniques and analysis procedures have their strengths and weaknesses, implying that combining the two methods tends to cancel out method effects, resulting in greater confidence in the results.

### **3.3.3 Data processing and analysis**

The Statistical Package for Social Scientists (SPSS) will be used to process and analyze data in a more informative and understandable format, such as graphs and charts and this will allow the researcher to present and interpret the findings in a logical manner and understandable formats.

### **3.4 Reliability, validity, and generalisability of research findings**

Reliability and validity are two of the most significant issues for every researcher. If the results are not assessed for reliability and validity, the study findings may be questioned or even discarded. Two issues arise when evaluating data collected, that object identification and the precision of measurement (Valaste and Tarkkonen, 2008).

#### **Validity**

In qualitative research, validity is how closely an inference, conclusion, or measurement reflects the real world and offers the best possible approximation of its truth. The ability of an instrument to measure the right elements that need to be measured is referred to as validity. Random and systematic errors have little impact when a measure is valid. 'Accuracy' is the finest synonym for validity (Frey, et, al, 1999). The validity, according to Joppe (2000), refers to whether the research accurately assesses the things it was designed to test or whether the research's conclusions are appropriate (near to the truth). It has to do with the ability of the research tool to answer the research question.

#### **Reliability**

The term "reliability" in quantitative research relates to the accuracy of the measurements. To be called dependable, any measurement must be consistent and repeatable. It's something that can only be approximated, not computed. "Reliability" is defined as "the degree to which a measurement equipment or process delivers the same findings on many trials" (Carmines and Zeller, 1979). Without accurate measures, theories, which are the purpose of all academic research, cannot be evaluated or constructed.

#### **Generalizability**

The application of any research outcomes is referred to as generalizability. It refers to the degree to which a research study's outcomes may be applied to larger a populations (Ryan and Bernard 2000). A study's findings are judged to have the most practical value if they can be used to explain similar situations in the future. External validity is a term that is sometimes

used to describe generalizability. The goal of an experiment is to see if the dependent and independent variables have any cause-and-effect relationships. The researcher does it in such a way that the study's findings can be applied to a larger population. The 'generalizability' of the study refers to how far this can be done. The findings of a study are said to have high external validity when they can be applied to a larger population.

The same validity standards for qualitative studies can be used to determine generalizability: methodical sampling, triangulation, continuous comparison, good reviewing and documentation, and multi-dimensional theory are all things to consider (Finfgeld-Connett, 2010). Some researchers, on the other hand, advocate for the analytical generalization approach, which evaluates the generalizability of one study to another based on similarities in time, place, people, and other social contexts, and the proximal similarity model, which evaluates the generalizability of one study to another based on similarities in time, place, people, and other social contexts.

Both qualitative and quantitative data collecting, processing, and analytical instruments were used to meet the validity, reliability, and generalizability of this study.

### **3.5 Ethical and access issues**

#### **Accessibility**

Before beginning the research, a letter introducing the researcher to would be participants was obtained from the university, which was addressed to potential participants in the study and requested that they aid as needed for academic processes. When managers/owners or targeted respondents are hesitant to divulge certain information about the company, accessibility issues become a major challenge. The majority of the data for this study came from secondary reliable sources on the performance of small businesses in Zambia before and after the globalization era, while in certain cases managers and owners become responsive after the introduction and the researcher's open explanations of the purpose and benefits of the research.

#### **Research Ethics**

Ethics are extremely important in research. Before beginning the study, all aspects of research ethics were considered, including disclosure, knowledgeable consensus, anonymity and confidentiality, and voluntary participation. This was accomplished by the researcher informing potential participants about the study's purpose, potential benefits to the participants, and assuring them that their interests and future well-being would be protected. This included the ability to participate or not participate in the study, as well as the ability to withdraw before

their responses were recorded. Before any data collection began, the respondents' informed and voluntary consent to participate was obtained. Respondents' identities were not published or revealed, and all information gathered was kept in strict confidence.

### **3.6 Summary**

In Chapter 3, the study technique was thoroughly examined, including the research method as well as the reason for the data collecting, processing, and analysis procedures. This chapter covers the research paradigm, deduction, and inductive approaches, temporal horizon, reliability, validity, the generalizability of research findings, ethical and access issues, as well as research ethics. Following this chapter, the research findings, analysis, and presentation of the research findings will be discussed.

## Chapter Four: Findings Analysis and Presentation

### 4.1 Introduction

In Chapter Three, the research methodology and research designs were extensively discussed. The focus of this research is to examine the impact of globalization on small industry growth. Data for this analysis is collected majorly from reliable secondary sources, such as the archived statistics of the Bank of Zambia, Central Statistics Office (CSO), and other reputable published sources. Primary data was collected through questionnaires to Small Industries in the selected sample. This chapter also describes the sample demographic characteristics of the respondents. Practical issues, such as data entry are addressed before formal analysis. Both qualitative and quantitative research approaches are employed to augment the legitimacy of the research findings.

### 4.2 Demographic Data

Gender, age, education, and qualifications were used to categorize the demographic data of the respondents, whereas size, years in operation, and kind of business were used to categorize the demographic data of the firm. This was done to determine the respondents' varied background characteristics. The amount of the variances was shown using frequencies and percentages.

#### Statistics

Gender Age in years Education level attained Business type Operation years Number of employees

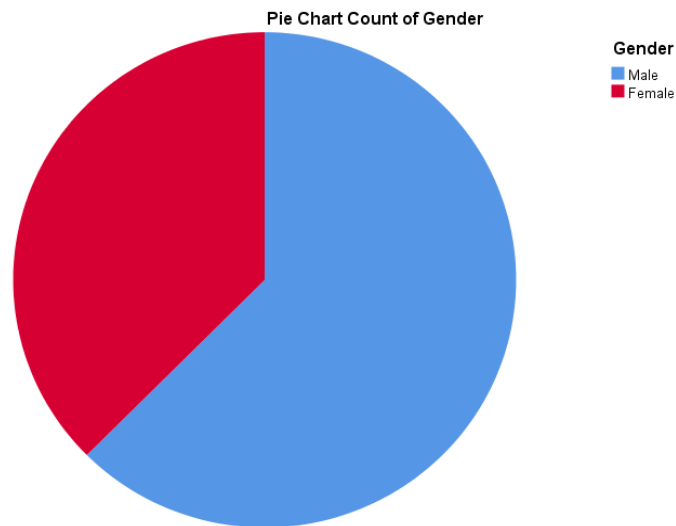
N	Valid	40	40	40	40	40	40	
	Missing		0	0	0	0	0	0
Mean		.38	1.80	1.50	2.38	1.50	2.13	
Std. Error of Mean				.078	.140	.113	.159	.113 .125
Median			.00	1.50	1.00	2.50	1.00	2.00
Mode		0	1	1	3	1	2a	
Std. Deviation			.490	.883	.716	1.005	.716	.791
Minimum			0	1	1	1	1	1
Maximum			1	3	3	4	3	3
Sum		15	72	60	95	60	85	

a Multiple mode exists. The smallest value is shown

**Source: Field Work**

## Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	25	62.5	62.5	62.5
	Female	15	37.5	37.5	100.0
	Total	40	100.0	100.0	

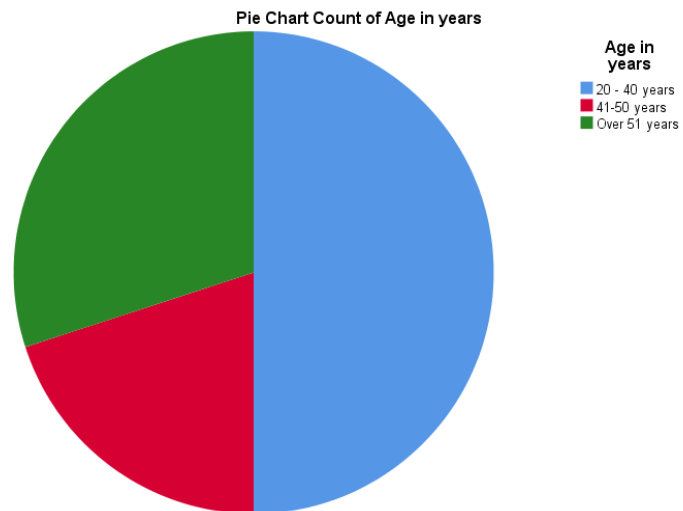


Source: Field Work

## Age in years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 40 years	20	50.0	50.0	50.0
	41-50 years	8	20.0	20.0	70.0
	Over 51 years	12	30.0	30.0	100.0
	Total	40	100.0	100.0	

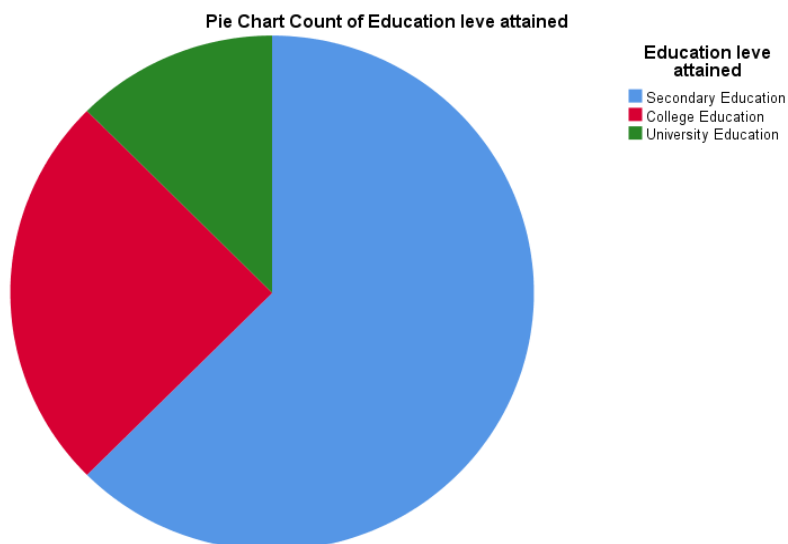
Source: Field Work



Source: Field Work

### Education level attained

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary Education	25	62.5	62.5	62.5
	College Education	10	25.0	25.0	87.5
	University Education	5	12.5	12.5	100.0
Total	40	100.0	100.0		

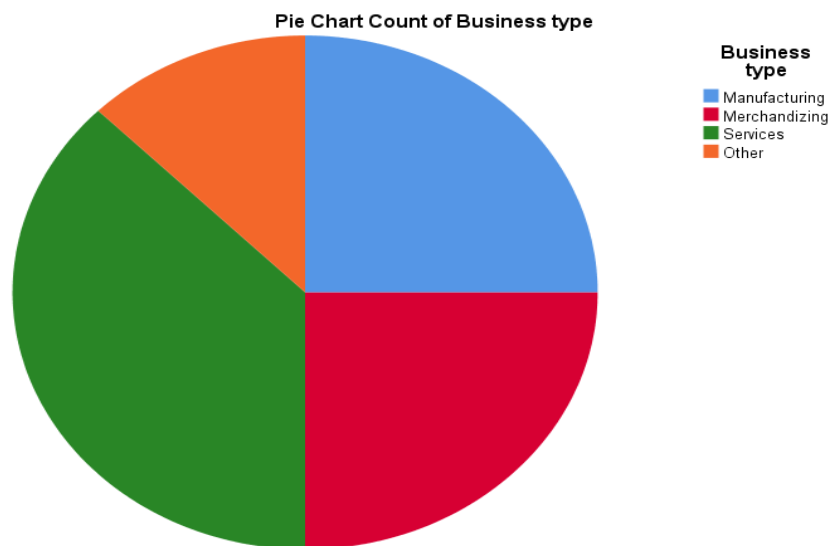


Source: Field Work



### Business type

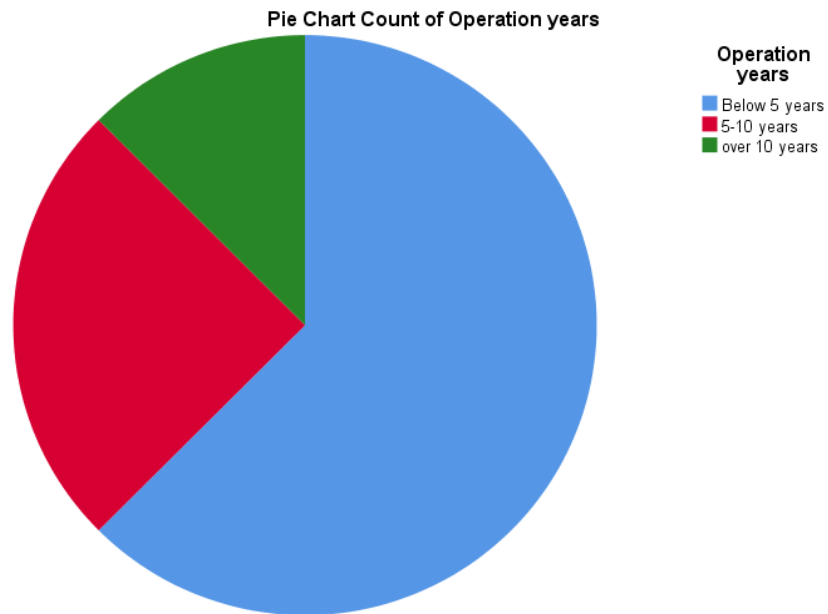
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manufacturing	10	25.0	25.0	25.0
	Merchandizing	10	25.0	25.0	50.0
	Services	15	37.5	37.5	87.5
	Other	5	12.5	12.5	100.0
Total	40	100.0	100.0		



Source: Field Work

### Operation years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 5 years	25	62.5	62.5	62.5
	5-10 years	10	25.0	25.0	87.5
	over 10 years	5	12.5	12.5	100.0
Total	40	100.0	100.0		

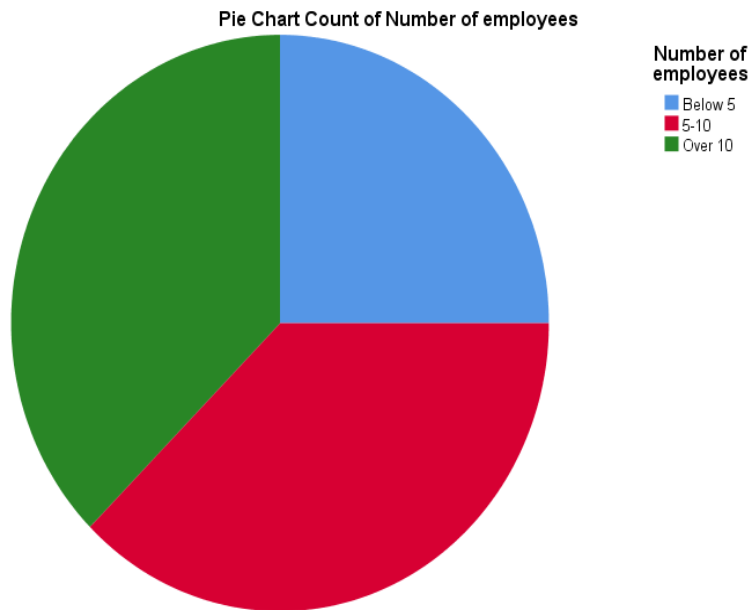


**Source: Field Work**

#### **Number of employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 5	10	25.0	25.0	25.0
	5-10	15	37.5	37.5	62.5
	Over 10	15	37.5	37.5	100.0
Total	40	100.0	100.0		

**Source: Field Work**



**Source: Field Work**

From the frequency tables above, it was observed that 62.5 percent of the participants were male, while 37.5.9 percent were female, according to the gender breakdown. The majority of participants (50%) belonged to the 20–40-year age group, which would be called the median age group of the participants, followed by 30.0 percent who were over 50 years old and 20% who were 41–50 years old. When it came to educational attainment, the bulk of participants (87.5%) were Secondary and College graduates, with only 12.5 percent having completed a University education. The findings indicate that a sizable number of educated Zambians work in Lusaka's Small Industries Central Business District. According to their business experience, 87.5 percent had been in business for less than 10 years, while just 12.5 percent had been in business for more than 10 years, indicating that the bulk of the SMEs surveyed had only minor business experience. Because of their lack of business expertise, 75 percent of them could hire ten or more individuals, whereas 25 percent employed fewer than ten people. In terms of the businesses that were operated, the majority (50%) were manufacturing and merchandising businesses, 37.5 percent were service businesses, and 12.5 percent were other works enterprises.

## Globalization Awareness among Small Industries Entrepreneurs

		Statistics				
N	Valid	Globalization Awareness	Allows Networking and Information sharing	Globalisation allows buying and selling of goods and services online	Globalization gives access to cheaper raw materials	Globalisation has facilitated online transactions
	Missing	40	40	40	40	40
		0	0	0	0	0
Mean		1.53	1.4500	1.4000	1.3750	1.2000
Std. Error of Mean		.124	.10096	.12810	.10554	.09608
Median		1.00	1.0000	1.0000	1.0000	1.0000
Mode		1	1.00	1.00	1.00	1.00
Std. Deviation		.784	.63851	.81019	.66747	.60764
Skewness		1.089	1.129	1.559	1.574	2.772
Std. Error of Skewness		.374	.374	.374	.374	.374
Kurtosis		-.439	.253	.451	1.205	5.979
Std. Error of Kurtosis		.733	.733	.733	.733	.733
Minimum		1	1.00	1.00	1.00	1.00
Maximum		3	3.00	3.00	3.00	3.00
Sum		61	58.00	56.00	55.00	48.00

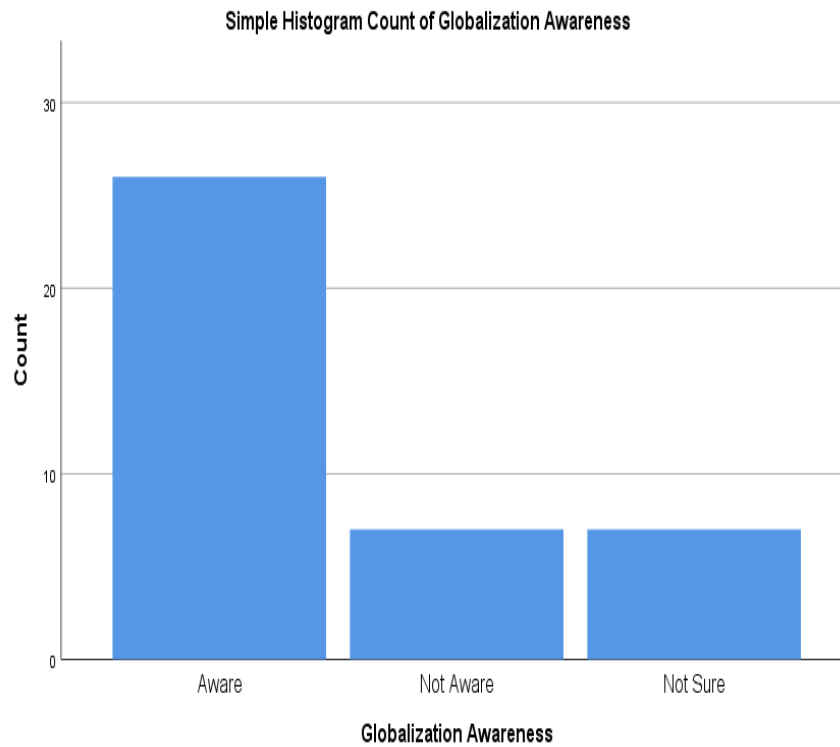
Source: Field Work

## Frequency Tables

### Globalization Awareness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Aware	26	65.0	65.0	65.0
	Not Aware	7	17.5	17.5	82.5
	Not Sure	7	17.5	17.5	100.0
Total	40	100.0	100.0		

Source: Field Work

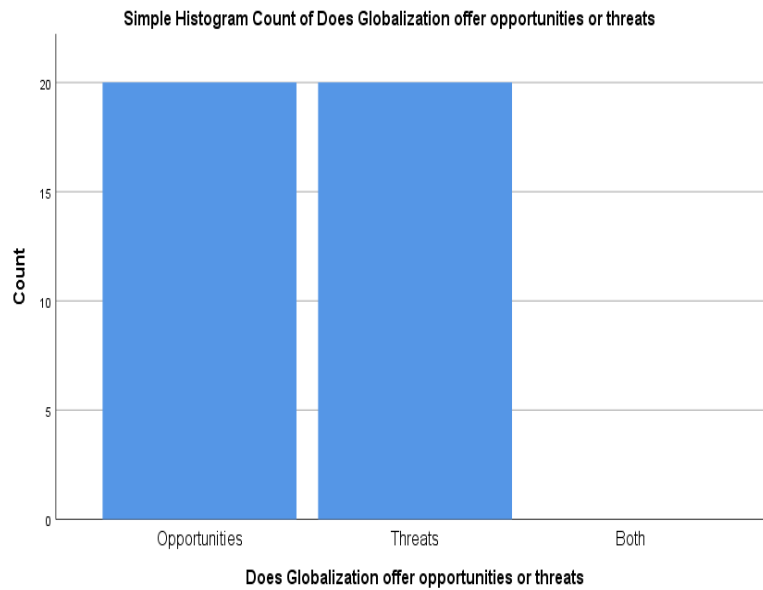


**Source: Field Work**

**Does Globalization offer opportunities or threats**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Opportunities	20	50.0	50.0	50.0
	Threats	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

**Source: Field Work**



**Source: Field Work**

#### **Allows Networking and Information sharing**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	62.5	62.5	62.5
	No	12	30.0	30.0	92.5
	Not aware	3	7.5	7.5	100.0
Total	40	100.0	100.0		

**Source: Field Work**

#### **Globalisation allows buying and selling of goods and services online**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	32	80.0	80.0	80.0
	Not aware	8	20.0	20.0	100.0
Total	40	100.0	100.0		

**Source: Field Work**

#### **Globalization gives access to cheaper raw materials**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	29	72.5	72.5	72.5
	No	7	17.5	17.5	90.0
	Not aware	4	10.0	10.0	100.0
Total	40	100.0	100.0		

**Source: Field Work**

### Globalisation has facilitated online transactions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	90.0	90.0	90.0
	Not aware	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

**Source: Field Work**

Globalization awareness among Small Industry Entrepreneurs is reasonably high at about 65%, with the remaining 35% either not sure or unaware. The majority of the respondents are aware of the other benefits that come about in a globalized business environment, such as the ability to network and share information with other counterparts in different parts of the world, the ease with which business can be conducted while in the conforming of one's premises and easy accessibility and sourcing of cheap raw materials from other regions. These count for more than 76% on average and the rest, an average of about 24% either not sure or unaware.

### Globalization – Opportunities and Threats for Small Industry

		Statistics					
		Does Globalization offer opportunities or threats	Foreign competition stifling Small local Industry	Technology factor affecting competitiveness	Is access to finance easy for Small Industry	Is Market information adequate for Small Industry	Does the Legal environment support Small Industry growth
N	Valid	40	40	40	40	40	40
	Missing	0	0	0	0	0	0
Mean		1.50	1.00	1.00	1.25	1.55	2.0000
Std. Error of Mean		.080	.000	.000	.106	.113	.16013
Median		1.50	1.00	1.00	1.00	1.00	2.0000
Mode		1 <sup>a</sup>	1	1	1	1	1.00 <sup>a</sup>
Std. Deviation		.506	.000	.000	.670	.714	1.01274
Skewness		.000			2.357	.926	.000
Std. Error of Skewness		.374	.374	.374	.374	.374	.374
Kurtosis		-2.108			3.741	-.408	-2.108
Std. Error of Kurtosis		.733	.733	.733	.733	.733	.733
Minimum		1	1	1	1	1	1.00
Maximum		2	1	1	3	3	3.00
Sum		60	40	40	50	62	80.00

a. Multiple modes exist. The smallest value is shown

**Source: Field Work**

**Does Globalization offer opportunities or threats**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Opportunities	20	50.0	50.0	50.0
	Threats	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

**Source: Field Work****Foreign competition stifling Small local Industry**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	40	100.0	100.0	100.0

**Source: Field Work****Technology factors affecting competitiveness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	40	100.0	100.0	100.0

**Source: Field Work****Is access to finance easy for Small Industry**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	87.5	87.5	87.5
	Somehow	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

**Source: Field Work****Is Market information adequate for Small Industry**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	23	57.5	57.5	57.5
	No	12	30.0	30.0	87.5
	Somehow	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

**Source: Field Work**



### **Does the Legal environment support Small Industry growth?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	50.0	50.0	50.0
	More to be done	20	50.0	50.0	100.0
Total	40	100.0	100.0		

### **Source: Field Work**

There is much literature by several scholars on the subject of globalization. Much of the literature however dwells more on the beneficial effects than the harmful effects that have come with globalization. Many of the issues talked about in the literature are the expected rise of people's living standards in all participating countries through the increase in incomes and transference of sophisticated technology from developed to developing economies; and the promotion of human freedoms through the dissemination of information that broadens people's choices (Annan-Yao, 1996). International trade, increased capital flows, technological advancements in telecommunications and transportation, are among the factors that contribute to globalization.

However, little has been documented about the impact of globalization on Small Industries, particularly in developing countries such as Zambia. This study studied the impact of globalization on Small Industry development in Zambia, through a study conducted on 40 selected Small Industries in the Central Business District of Lusaka. The findings of the study are given below.

### **Impact of Globalization on Small Industry**

According to the study, it has been established that globalization offers both opportunities and threats to the Small Industry. An equal number of the respondents 50% agree with the opportunities and threats. Most respondents feel that a lack of technology and modern equipment is inhibiting them to compete favourably with foreign companies, most of whom are major Multinational Corporations dealing in the same goods and services. Therefore, the use of absolute equipment and outdated technologies is disadvantaging the Small Industries compared to the local and foreign large industries. Other factors, internal and external characterize the performance of Small industries, ranging from the legal environment, which many respondents, about 50% feel there must be more reforms to the regulatory business

environment to make it more responsive to the needs of Small Industries. The issue of access to cheap finance is another issue that is affecting some Small Industries (12.5%).

The market environment is ever-changing and many respondents in the study (32.5%), feel the market information provided to the Small Industries is inadequate.

#### **4.7 Chapter summary**

The research findings are discussed in full in this Chapter. The data collected were analyzed through the Statistical Package for Social Sciences (SPSS). The findings of the research suggest that globalization has both positive and harmful effects on the growth of the small industry. Small industries, which can harness the benefits of globalization through its spillover effects, such as the removal of trade barriers and liberalization of global markets, and innovations in information and communications technology, have become successful and able to compete favorably with other firms in the same industry. For many small industries in Zambia globalization has posed many challenges due to their inability to up their strategies in line with the trends that have come about with globalization, inadequate resources, and lack of skills.

## **Chapter Five: Conclusions and Recommendations**

### **5.1 Introduction**

The empirical study on the impact of globalization on Zambian small industries is summarized in this chapter. An overview of the research, results, recommendations, study limitations, and future research proposals are all included in this chapter.

### **5.2 Conclusions**

From the research, it can be concluded that many small industries are affected adversely by globalization due to many factors such as firm size, inadequate capital resources, and proper Business infrastructures, such as building from which to operate and Information and Communications Technology infrastructure and know-how. Lack of markets locally and internationally is another factor that contributes to the poor performance of Small Industries. The legal environment must also be levelled to give more support to small and start-up industries. This has made it almost impactable for the small industry in Zambia to compete with Multinationals and local large companies in the highly competitive liberalized markets.

### **5.3 Practical/managerial implications of findings/Recommendations**

The focus of this study was to examine the impact of globalization on the small industries in Zambia, from a sample of selected small industries based in the Lusaka Central Business District. From the study, it has been observed that this sector faces many challenges; such as outdated equipment; lack of skills and resourceful manpower; finance resource constraints, markets, and proper infrastructure in most cases. These challenges have impeded the industry's ability to compete favourably with other companies, foreign or local in the same industries.

The recommendation is for the Zambian government to embark on policy measures that will help to build capacity in the sector, by providing low-cost capital, training entrepreneurs, and building modern facilities, where small industries could operate and provide easy access to markets.

### **5.4 Limitations of the study and directions for future research**

#### **Study Limitations**

The study's limitation is that the results may not be generalizable to a larger population due to the study's limited sample size. Another constraint was time, as well as financial resources. Because the study duration was limited, it was decided to do a cross-sectional study rather than a longitudinal one. Other drawbacks were some respondents' hesitation to complete the

questionnaires unless they were provided greater reassurance. Although this study had some constraints, the researcher went to great lengths to ensure the research's integrity. The cross-sectional character of the research approach may limit the validity of the conceptual framework.

### **Directions for future research**

Globalization has undoubtedly impacted the world business environment in many ways. Several scholarly articles have been written about the benefits of globalization to world economies, through the removal of trade barriers hitherto and liberalization of the trade environment. However not much has been documented on the effects of globalization on small-scale industries, particularly in developing countries like Zambia. This study has examined the effect of this global phenomenon on small industries in Zambia, through a study of selected small businesses in the Central Business District of Lusaka. It is hoped that more studies will be carried out on globalization and the Zambian small-scale industry sector to have a broader perspective on the subject.

### **5.5 Chapter summary**

This study discussed the consequences of globalization on small-scale industries in Zambia. Based on the selected sample of small industries in Lusaka's Central Business District, the findings are that globalization has both beneficial and harmful effects on the sector. The study further established that most of the respondents/ business owners lack knowledge about globalization due to low literacy levels.

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## Appendix 1

### EFFECT OF GLOBALIZATION ON SMALL INDUSTRIES IN ZAMBIA- A CASE STUDY OF SELECTED SMALL INDUSTRIES IN LUSAKA CENTRAL BUSINESS DISTRICT.

#### 1. Demographic Background (N =40)

Variable	Category	Frequency
Gender	Male Female	
Age in years	20-40 41-50 Above 50	
Education level	Secondary Tertiary University	
Number of Employees	Below 5 5-9 10 and above	
Number of years in business	Below 5 5-9 10 and above	
Nature of Business	Production Merchandize Services Works	

#### 2 Level of awareness of Globalization by Small industries

	Yes	No	Not Sure
Are you aware that you can network your business?			
Are you aware that you can send your goods to wherever you want without going there physically?			
Are you aware that you can order my raw materials online and get them delivered?			
Do you agree that globalization can connect to doing business worldwide?			
Are you aware you can do business online without renting a shop?			
Are you aware you can get raw materials cheaper in other countries?			



### 3. Extent of agreement on effects of globalization

	Yes	No	Not Sure
Do you agree that globalization enhances your knowledge and experiences to improve your performance?			
Do you agree that the availability of raw materials makes you increase your performance?			
Do you agree that globalization allowed you to learn about advanced technology which has improved your performance?			
Do you agree that you achieve higher profits in international markets than in the domestic market?			
Do you agree that globalization has offered you opportunities to diversify your market to spread the risk and improve your performance?			
Do you agree that there are better negotiations prospects with customers abroad compared to the domestic market?			

### 4. Prospects of Globalization in Small Industry

	Yes	No	Not Sure
Do you agree that globalization can connect you to the rest of the world?			
Do you agree globalization can bring flexibility to doing business?			
Do you agree that globalization can give periodic market information?			
Do you agree that globalization can support innovative technology in Small industries?			
Do you agree that globalization can facilitate access to finance?			
Do you agree that globalization can decrease taxes?			

### 5. Challenges of globalization on Small Industries.

	Yes	No	Not Sure
Does competition from foreign companies disadvantage small industries?			
Do levels of taxation affect small industry growth?			
Does lack of technology hamper small industry growth?			
Does the legal environment support small industry growth?			
Is access to credit and finance easy for the small industries?			
Is relevant marketing information adequate for small industries?			