

Challenges of Internationalizing the Firms Business Operations: The Case of Zambian-Based SMEs

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ABSTRACT

The purpose of this article is to explore the challenges faced by Zambian-based small and medium-sized enterprises (SMEs) in internationalizing their operations. Through a mixed-method approach, combining both qualitative and quantitative research, utilizing from a sample size of 250 SMEs and in-depth interviews with industry experts this study examined key factors impacting SMEs' ability to access international markets, including access to finance, regulatory obstacles, and infrastructural limitations. Findings indicate that while Zambian SMEs show a high level of interest in global expansion, significant structural and operational barriers limit their competitiveness and market reach. The article contributes to academic discourse by identifying critical areas for policy and practice reform to support Zambian SMEs in their internationalization journey. This research investigates the primary challenges that Zambian-based Small and Medium Enterprises (SMEs) face when attempting to internationalize their business operations. The study employs a mixed-methods approach, utilizing both quantitative data from a sample size of 250 SMEs and qualitative interviews with industry experts. Findings reveal that financial constraints, regulatory hurdles, cultural adaptation issues, and logistical barriers are significant obstacles for Zambian SMEs. The study's insights provide valuable guidance for policymakers, SME stakeholders, and scholars, contributing to an understanding of how Zambian SMEs can enhance their competitiveness in international markets. Some recommendations that have been proposed:

1. Fostering a cross-cultural community within the company will increase interest amongst personnel from various nations, both technically and in terms of a readiness to share information.
2. Gain access to both local and international technical and organizational infrastructures, which are essential for success when you start to internationalize the company.
3. A conscious attempt to gather the information required to support the execution of nation entry plans.

Keywords: Internationalization, SMEs, Competitiveness, Global Markets, Culture differences, Policy, Regulatory, Logistics, Infrastructure

BACKGROUND

The Zambian government formally recognized the importance of the SME sector and its contributions to urban and rural economies as early as 1981 (MCTI, 2009). Through the Small Industries Development Organization (SIDO) Act of 1981, the government sought to address sector challenges and increase its economic contributions. Policy support for SMEs was outlined in the Fourth National Development Plan (1988–1993), which aimed to

provide infrastructure, promote access to credit, and improve production capacities to increase incomes and employment. However, resources allocated to SMEs were insufficient, and public institutions like SIDO, the Development Bank of Zambia, and the Village Industries Services (VIS) faced significant financial and organizational constraints (MCTI, 2009).

In 1994, the Industrial, Commercial, and Trade Policy was established to encourage SME growth. The Small Enterprises Development (SED) Act of 1996 replaced the Small Industries Development Act of 1981, furthering the government's commitment to the sector. In 2010, the SME Policy was launched to provide a supportive framework for SME development (MCTI, 2009). The Citizen Economic Empowerment Policy was also implemented to fund entrepreneurial Zambian citizens, enabling income-generating business ventures (CSR, 2018).

Zambia's SME sector significantly contributes to job creation and GDP but faces limitations in internationalization due to economic, regulatory, and infrastructural challenges (Kalaba & Tembo, 2021). The country's economy, with its robust mining and growing agricultural sectors, offers opportunities for SME growth. However, international market penetration remains limited. Internationalization provides SMEs with opportunities for market diversification and revenue growth, yet challenges persist.

According to Bell and J. (1995), internationalization is a process of organizational market expansion that enhances competencies, access to new markets, customer bases, and competitive advantages. It involves learning cross-cultural management and navigating foreign market complexities. While SMEs in developing countries have achieved domestic growth, global market demands necessitate new norms and practices to remain competitive.

Internationalization requires strategic learning and knowledge management (Autio et al., 2002). Knowledge is as essential to business as breath is to humans, while finance acts as the lifeblood of operations. Proper knowledge management equips organizations to handle global business complexities effectively (Bell & J., 1995). Knowledge management involves handling resources such as human capital, skills development, research, and external relations (Borroso, 1998). Project management also plays a critical role, applying knowledge and tools to meet organizational goals and address complexities during internationalization (PMI, 2013).

Globalization has driven countries to eliminate trade barriers, fostering international business growth. International business facilitates economic growth and provides immense benefits when supported by companies and governments (Johanson et al., 1988). However, SMEs in Zambia face challenges in internationalizing operations, particularly in the manufacturing sector.

Problem Statement

Zambian SMEs encounter significant obstacles, such as inadequate financing, bureaucratic red tape, and regulatory and infrastructural challenges, which hinder their ability to expand into foreign markets. This study aims to explore these challenges in-depth and identify solutions to enhance SME internationalization.

Purpose

This study aims to analyze barriers affecting the internationalization of Zambian SMEs and provide insights for strategies that enhance global competitiveness. SMEs account for over 90% of businesses in Zambia (Nyirenda, 2020).

Research Objectives

1. Identify the main challenges faced by Zambian SMEs in internationalizing their operations.

2. Evaluate the effectiveness of current policies and support mechanisms for internationalization.
3. Provide recommendations for enhancing Zambian SMEs' readiness for global markets.

Research Questions

1. What are the key barriers to the internationalization of Zambian SMEs?
2. How do financial, regulatory, and infrastructural factors influence these barriers?
3. What strategies can support SMEs in overcoming these obstacles?

Significance of the Study

This study offers valuable insights for policymakers to craft SME-friendly policies and supports SME owners in overcoming internationalization barriers. It contributes to academic literature on SMEs in emerging markets, particularly in Africa. The research aims to:

1. Create awareness of strategies to enhance SME sustainability, job creation, and wealth generation.
2. Contribute to Zambia's economic growth through increased SME production, employment, and GDP contributions.
3. Assist stakeholders in developing policies, systems, and strategies to mitigate SME failures related to globalization, knowledge management, and financing.

Internationalization is increasingly seen as an organizational learning process. Rapidly expanding entrepreneurial firms, especially 'born global' ones, highlight the importance of acquiring and managing market knowledge. This study examines how innovative SMEs recognize market opportunities, learn from internationalization experiences, and improve capabilities.

Scope of the Study

This study focuses on Zambian-owned manufacturing SMEs in Lusaka. It explores internationalization theories and knowledge-based perspectives, targeting SMEs with existing or potential international activities. The manufacturing sector is chosen due to its growth potential and relevance to Zambia's economy.

Contextual Analysis

According to PACRA (2021), the registration of manufacturing businesses in Zambia includes 738 locally-owned SMEs and 745 limited companies, with only five international manufacturing firms. This highlights the limited internationalization within the sector. Challenges such as complex regulatory requirements and inadequate infrastructure restrict SMEs from competing globally. Understanding these barriers is critical to developing effective solutions.

This study aims to bridge the gap between theory and practice in the SME internationalization process. It provides a holistic framework for managing internationalization challenges and equips stakeholders with actionable insights. By addressing these barriers, SMEs can contribute significantly to Zambia's economic development through job creation, enhanced production, and global competitiveness.

LITERATURE REVIEW

Internationalization has roots in a variety of disciplines and domains from which it has inherited practices,

systems and associated concepts of which all base augment on globalization (Johanson, et al., 1988). This paper will focus on the review, its interface with other disciplines such as international business studies, Project management, Knowledge Management and discusses some definitions and model of recommendations regarding the challenges.

So, in this study broad aspects related to international business environment, export management, FDI policy, FTP policy, international trade theories, international trade bodies like WTO, international logistics and supply chain, will be been discussed. Added emphasis will be laid on strategic alliances, foreign collaborations and joint ventures abroad, to enable the SMEs to discharge efficient services and to tackle practical situations. In this study every effort will be been made to give a comprehensive coverage of all the topics relevant to the subject.

Internationalization of SMEs

The process of internationalization involves expanding business operations beyond domestic borders and is essential for SMEs aiming to increase market share (Oviatt & McDougall, 1994). Various theories, such as the Uppsala Model, explain the gradual progression of SMEs into foreign markets (Johanson & Vahlne, 2009).

Unlike previous international business literature, which is firmly rooted in economics, and mature international corporations played a main role, small and medium-sized enterprises (SMEs) have recently attracted broader interest. SMEs are more and more active in international markets, thus contributing to economic growth and prosperity (Geringer & McNett, 2022). Traditionally SMEs restricted their activities to the region which they were located, or stayed inside national boundaries however this is not the case nowadays and many Small- and Medium-sized Enterprise are active internationally.

Internationalization is an important issue for both the firms, as internationalization usually results in vital growth (Zahra, et al., (2000)), useful learning outcomes and enhanced financial performance (Lu & Beamish, 2001); Countries, particularly those experiencing balance of payment deficits, have attempted to increase the international activities of their SMEs in order to boost economic growth, cut unemployment and create potential mini-MNEs in the future.

During past three decades, the internationalization theories have changed a lot, and newer theories always tried to cover the shortcomings of the previous ones and explain the internationalization of SMEs in a more coherent way in my opinion. (Autio, et al., 2002) Part of the concept evolution was due to the (scholars ‘) improved understanding of internationalization of SMEs during these years, and the other reason is because of significant technology development during the past two decades and growing the knowledge-intensive industries mainly in ICT and Biotech industries. Figure 1 shows the evolution of concept during past decades.

This emerging field has its origins in the export marketing literature (McNaughton & Bell, (2009).).

Figure 1: Evolution of Internationalization theories ((McNaughton & Bell, (2009).) p. xxvii)

During the late 1970s, the focus of research attention shifted from exporting to internationalization. It started to argue that exporting is just one of a number of alternative entry modes for firm to enter to new markets. This broader concept of internationalization is apparent in the work of Uppsala school researcher (e.g. (Johanson & Vahlne, 1977)). The received wisdom of this school of internationalization was that internationalization is an incremental process in which firms gradually increase their level of commitment and involvement in foreign markets. This approach to the internationalization was dominant until the mid-1980s, when a dissenting voice was that of Raid (1983, cited in (McNaughton & Bell, (2009).) who argued many of these stages’ models were —much too deterministic. Other authors also challenged the underlying assumption of stepwise progression and increasing foreign commitment of stages theories.

Given these criticisms, as a results, alternative conceptualization of internationalization began to emerge during the late 1980s and early 1990s by appearance the Network perspective as one of the most influential perspectives. This approach provided an appropriate framework for understanding firms as embedded actors in business networks. Network approach assumed that internationalization occurs in the context of interconnected exchange relationships that evolve in a dynamic manner, as increased mutual knowledge and trust lead to greater commitment between international market actors ((McNaughton & Bell, (2009).) p. xxvii).

A Resource Based View (RBV) of internationalization also emerged in the 1990s. Scholars who adopted this approach regard firms as a bundle of heterogeneous resources instead of focusing solely on products and markets. More recently, a Knowledge Based View (KBV) of internationalization has emerged. This approach is linked to the RBV since knowledge is considered as one of the key resources of the firm. However, this approach is more dynamic than RBV; The KBV regards the acquisition, embedding and renewal of knowledge as a continuous process in order to gain sustainable international competitive advantage (McNaughton & Bell, (2009).).

The most significant remark to SME internationalization enquiry occurred in the early 1990s, with the emergence of new stream of research into firms that internationalized rapidly. The concepts such as Born Global's and International New Ventures (INVs) were introduced during this time. As (McNaughton & Bell, (2009).) Argues since the mid-1990s, academic researchers and policy-makers alike have increasingly recognized the importance and vital role of these rapid internationalized SMEs on the economic growth and future prosperity. And this trend towards international entrepreneurship is demonstrated in main stream international business journals.

This chapter is aimed to present an overview of the main theories on internationalization of SMEs in order to make it as clear as possible. The chapter will have also the review the main theories and arguments on the knowledge-based view of the firms with focus on the role of knowledge in internationalization of SMEs. At the end of chapter, the conceptual frame work presenting the main research concepts will be introduced. This framework will provide the basis for designing and conducting a qualitative study in order to answer the research questions.

Research shows SMEs face unique challenges in international markets, often limited by resources and networks (Knight and Cavusgil, 2004). The Uppsala Model and Resource-Based View theories explain these constraints.

RESEARCH METHODOLOGY DESIGN

This study adopted a descriptive case study design with an inductive research approach, chosen for its suitability in exploring the research topic. A descriptive design enables systematic data collection and presentation to provide a detailed understanding of the subject matter (Cooper & Schindler, 2005). The research integrates a mixed-methods approach, combining quantitative data from structured surveys with qualitative insights from interviews. This approach minimizes biases and enhances the reliability of findings (Creswell, 2010). Quantitative data offer statistical patterns, while qualitative data provide descriptive narratives, interpreting phenomena within their natural contexts (Bernard & H.R, 2000).

Empirical Aspects of Methodology

Research Population and Sampling

The target population comprises SMEs operating in five Zambian provinces: Lusaka, Copperbelt, Southern, Northern, and Eastern. The SMEs selected for this study exhibit the following characteristics:

1. Based in Zambia.
2. Operate in the listed provinces.

3. Demonstrate potential for international expansion.
4. Accessible for data collection within the study timeline.

Sampling Frame and Technique

The sample size for the study was set at 250 respondents, distributed equally among the five provinces:

1. Lusaka Province: 50 respondents
2. Copperbelt Province: 50 respondents
3. Southern Province: 50 respondents
4. Northern Province: 50 respondents
5. Eastern Province: 50 respondents

Stratified random sampling and purposeful sampling techniques were employed. Stratified random sampling divided the population into manageable subgroups by province, ensuring diversity, while random sampling within each stratum ensured methodological rigor (Bernard & H.R, 2000; Krueger, 2000). Purposeful sampling was also used to identify SMEs that have attempted or are interested in international expansion.

Sample Size Calculation

The sample size was calculated using Yamane's formula:

$$n = N / (1 + N(e)^2)$$

Where:

- n = Sample size
- N = Total population
- e = Margin of error (10%)

For a total population of 500 SMEs, with a 10% margin of error, the sample size was determined as follows:

$$n = 500 / (1 + 500(0.10)^2) = 250 \text{ respondents}$$

This sample size ensures a 95% confidence level and sufficient representation of the target population. The breakdown is illustrated below:

Respondents	Target Population	Sample Size
Lusaka Province	100	50
Northern Province	100	50
Copperbelt Province	100	50
Southern Province	100	50

Eastern Province	100	50
Total	500	250

Data Collection and Analysis

Data Collection

Primary data were collected through structured surveys and interviews, while secondary data were sourced from relevant reports, journals, and academic papers.

- Surveys: Standardized questionnaires were distributed among the 250 respondents to gather quantitative data on SME challenges.
- Interviews: Conducted with business analysts, SME owners, and stakeholders to obtain qualitative insights.

Primary data collection focused on quantitative responses and qualitative narratives, while secondary data supplemented the analysis with insights from academic literature and industry reports (Bernard & H.R, 2000).

Data Analysis

Quantitative data were analyzed using the Statistical Package for the Social Sciences (SPSS) software. Key techniques included:

- Descriptive statistics: Frequencies, percentages
- Inferential analysis: Chi-square tests

Results are presented in tables and charts for clarity. Qualitative data were analyzed using thematic analysis to identify patterns and themes related to SME internationalization challenges (Krueger, 2000). Triangulation ensured validity by comparing results across data sources (Creswell, 2010).

Ethical Considerations

Ethical protocols were strictly adhered to throughout the research process:

- Informed Consent: Participants were briefed on the study's purpose and provided informed consent before participation.
- Confidentiality: Data confidentiality was maintained, ensuring participant privacy.
- Ethical Approval: The study complied with guidelines set by Kesmond International University.

The researcher ensured ethical integrity by providing clear explanations of the study's purpose to participants. An official letter from Kesmond International University introduced the researcher and facilitated access to participants.

Research Schedule and Budget

The study spanned 36 months, including two months for proposal development. Activities such as data collection, analysis, and final reporting were conducted within this timeline. The budget was estimated at ZMK 30,000, covering logistics, data collection, and analysis expenses.

FINDINGS AND ANALYSIS

Introduction

This chapter covers the data processing, analysis, and presentation methods used in the study. The survey was the primary source of raw data, complemented by secondary data from various publications, documents, and internet resources. These methods enhanced the researcher's understanding of unfamiliar topics and informed the research design.

This chapter further, presented the findings and analysis of the study, which aimed to investigate internationalization and its impact on small and medium enterprises (SMEs) in Zambia. The data was gathered through surveys and supplemented by secondary sources, including published and unpublished documents, and online resources. Document analysis guided research design and tool development. The information obtained significantly enhanced the researcher's understanding of internationalization processes.

Overview of Findings

In order to achieve the goals of the study, the results are arranged in two major divisions based on themes that are derived from the questionnaire's questions. Section A, which examines demographic data, was designed to give background information about the respondents' names, ages, educational backgrounds, firm status, business type, and positions within the companies sampled in this study. And section B, which concentrated on the goal of internationalization, addressed topics like defining internationalization and the variables that demonstrated the degree of company involvement. Additionally, this section examines the systematic knowledge process that aims to establish management commitment and involvement in the development and implementation of internationalization.

Finally, it concentrated on the bottom-line measures that were meant to bring out measurement policies as well as key notes to establish success and failure factors. The knowledge process was designed to establish management commitment and involvement in the creation and implementation of international trade culture. Simply put it, the findings are categorized into two sections:

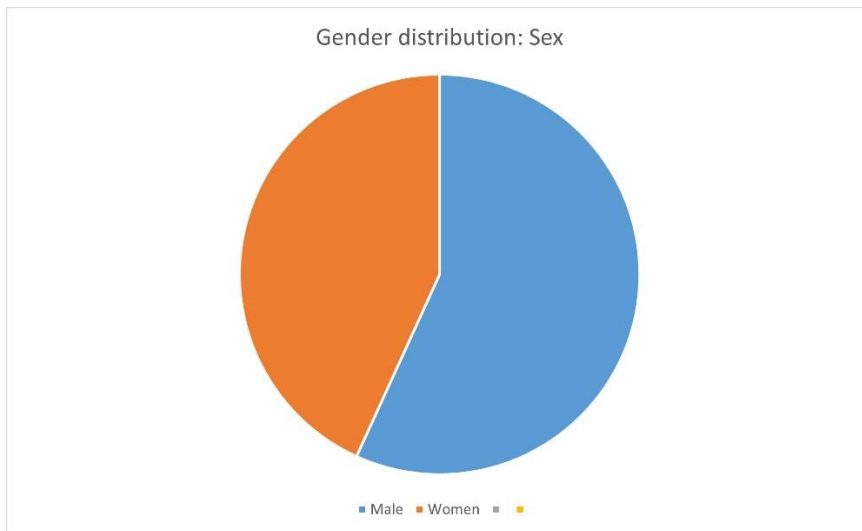
- **Section A:** Demographic characteristics, including respondent profiles (e.g., age, gender, education level, business status).
- **Section B:** Insights into internationalization goals, challenges, and factors influencing engagement in global trade.

To achieve the study's objectives, findings are arranged into two sections based on questionnaire themes: Section A provides demographic data such as respondents' age, gender, educational background, and company roles. Section B focuses on internationalization goals, including defining internationalization, assessing company involvement, and examining systematic knowledge processes for developing international trade cultures.

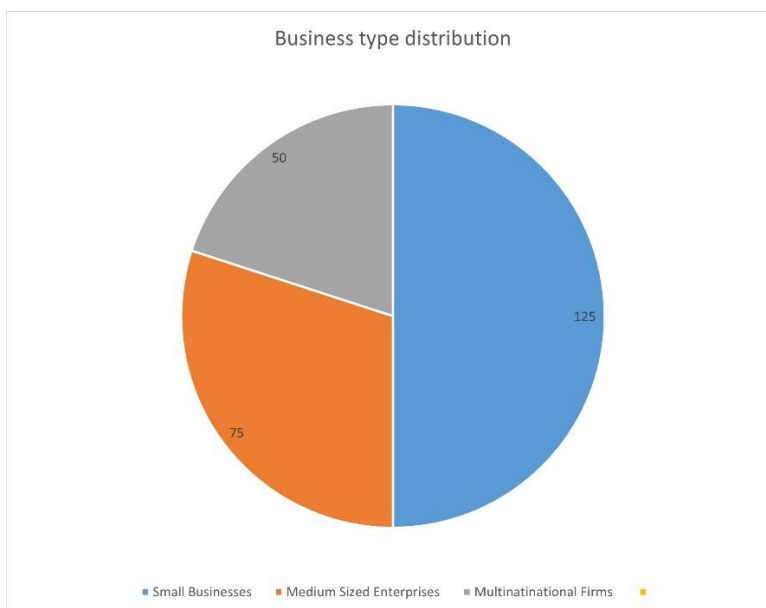
Sample Distribution

The study utilized its sample size of 250 respondents, distributed across five locations (Lusaka Province - Lusaka, Northern Province - Kasama, Copperbelt province - Kitwe, Southern Province - Livingstone, and Eastern Province- Chipata). The sample composition was as follows:

- **Gender:** 155 men (62%) and 95 women (38%). The study revealed that the majority of respondents were men (62%), compared to women (38%). Represented in pie chart below:



- **Business Types:** The sample included 125 small businesses (50%), 75 medium-sized enterprises (30%), and 50 multinational firms (20%).



Data Analysis

Both questionnaires and secondary methods were used to sort the data, and it was then cleaned and edited to synchronize a system that could be used to codify information. This made it possible for us to clear up any misunderstandings and achieve accuracy and comprehensiveness. In order to determine the link between and among the research variables, the data was then appropriately codified and displayed in frequencies and tables (diagrams) (Krueger, 2000). The results are shown in two sections: section A discusses the study's demographics, which will help us comprehend how respondents relate to knowledge management, and section B discusses the study's internationalization goal. The questionnaire has now been concretized into a number of parts and subheadings.

Section A: Demographic Data

a) Gender Distribution

The gender distribution remained consistent, with men comprising 62% of the sample and women 38%. Figure

4.2.1.1 provides a histogram illustrating the gender proportions across the sample.

b) Age Distribution:

The data indicated variations in international trade knowledge across age groups. Respondents aged 29–40 demonstrated the highest levels of knowledge, with significant contributions from both genders. The majority of respondents were between the ages of 29–40 (40%) and 41–55 (35%). This demographic reflects the increasing participation of younger professionals in Zambia's SME sector. The age distribution is summarized in Table 4.2.1.

Age Range	Male (%)	Female (%)	Total (%)
20–29	12%	13%	25%
30–40	17%	23%	40%
41–55	21%	14%	35%

c) Education Levels

Respondents' educational backgrounds influenced their understanding of internationalization. Men had higher representation at the postgraduate and undergraduate levels, reflecting better knowledge of global trade. Educational attainment among respondents significantly influenced their understanding of internationalization. Table 4.2.2 provides detailed data on education levels by gender.

Education Level	Male (%)	Female (%)	Total (%)
Postgraduate Degree	15%	10%	25%
Undergraduate Degree	35%	20%	55%
College Diploma	10%	10%	20%

d) Schooling Level: An individual's lifestyle, social orientation, and degree of educational expression are all influenced by their level of schooling. To determine each respondent's degree of comprehension of the subject, data on their educational background was gathered throughout the study. The majority of male respondents had 16 college degrees (37.14%), 10 university undergraduate degrees (22.86%), and 5 post-graduate degrees (5.71%), according to data on educational attainment. In contrast, female respondents had 10 college degrees (22.86%) and 8 university undergraduate degrees (11.43%). The results demonstrated that individuals with greater levels of education had a better understanding of the study than those with lower levels of education. Such could indicate that organizations are willing to offer or recruit students, and that the adoption of internationalization of operations in many businesses may have an impact on education. The study's impact on firm growth and sustainability was further demonstrated by the researcher's perseverance in determining if respondents' ability to execute internationalization was influenced by their educational attainment. Some respondents, however, believed that education alone was insufficient for them to be successful as SMEs in Zambia. According to one reply, "he had difficulties growing up and didn't have the opportunity to advance in his education." Therefore, he doesn't need foreign marketing as long as his consumers continue to place orders. An additional diagrammatic breakdown of the proportion by educational level can be found below.

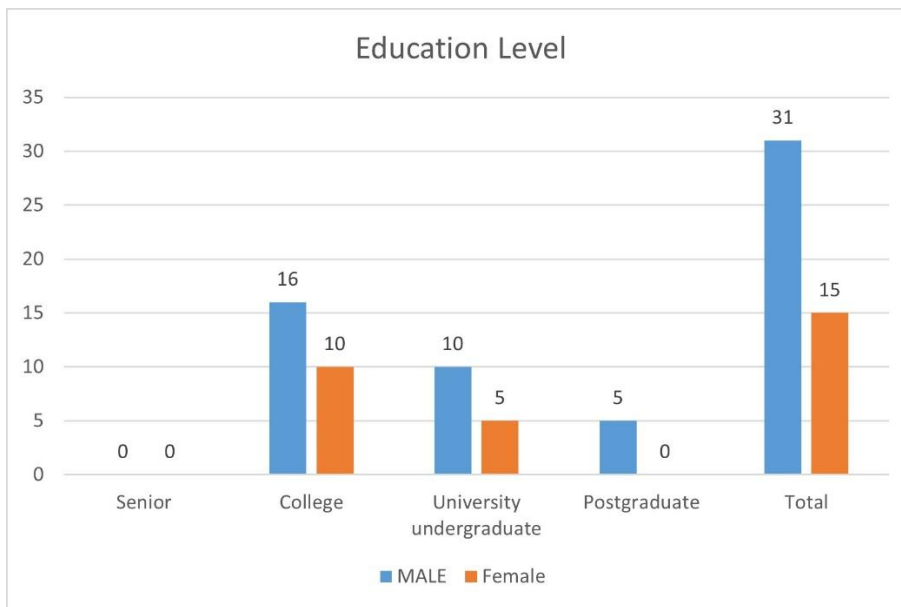


Figure 4.2.1.2 Distribution of respondents by educational level

Held position

The majority of respondents were either Managing Directors (35%) or Marketing Managers (30%). Notably, 20% of female respondents held director positions, compared to 15% of males. The most astounding discovery regarding the roles that respondents held within the company was that every single responder was either the managing director or the marketing manager. Twelve (22.86%) of the female respondents were managing directors, and 10 (22.86%) of the male respondents were marketing managers, while six (11.43%) were managing directors. Establishing a more accurate picture of the existence of foreign trade in organizations was the goal of this section of the questionnaire. The percentage distribution of respondents' positions is displayed in the image below:

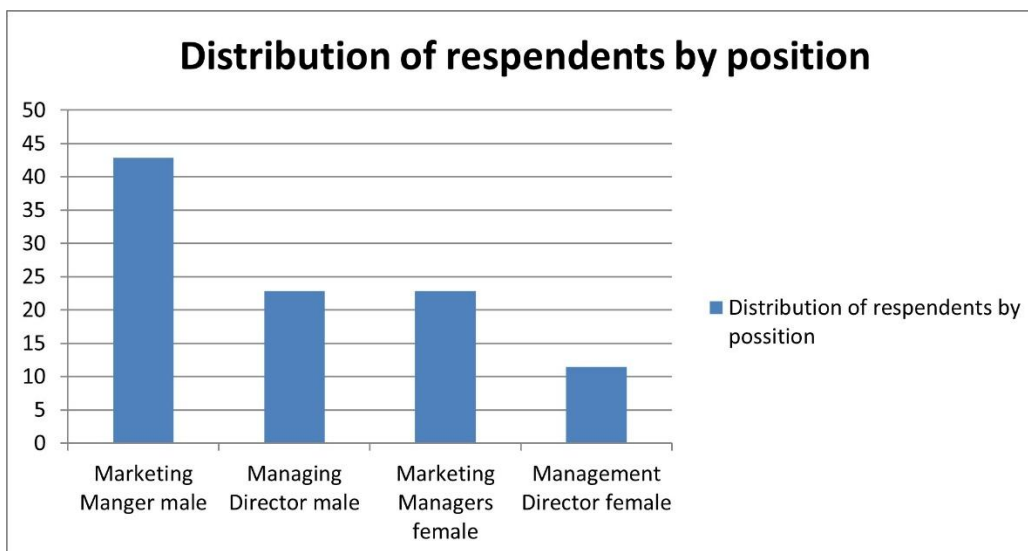


Figure 4.2.1.3 Distribution of respondents by position held

e) Status: In order to determine the degree of organizational revolution required to implement significant modern concepts (business life cycle), respondents were asked to describe the status of their organizations. The table below illustrates this. The study examined 30 small businesses (60%) and 15 medium-sized businesses (30%),

as well as 5 multinational businesses (10%), with no representation for global businesses. This indicated that the study was in line to produce empirical results regarding how international commerce affects small businesses in Zambia.

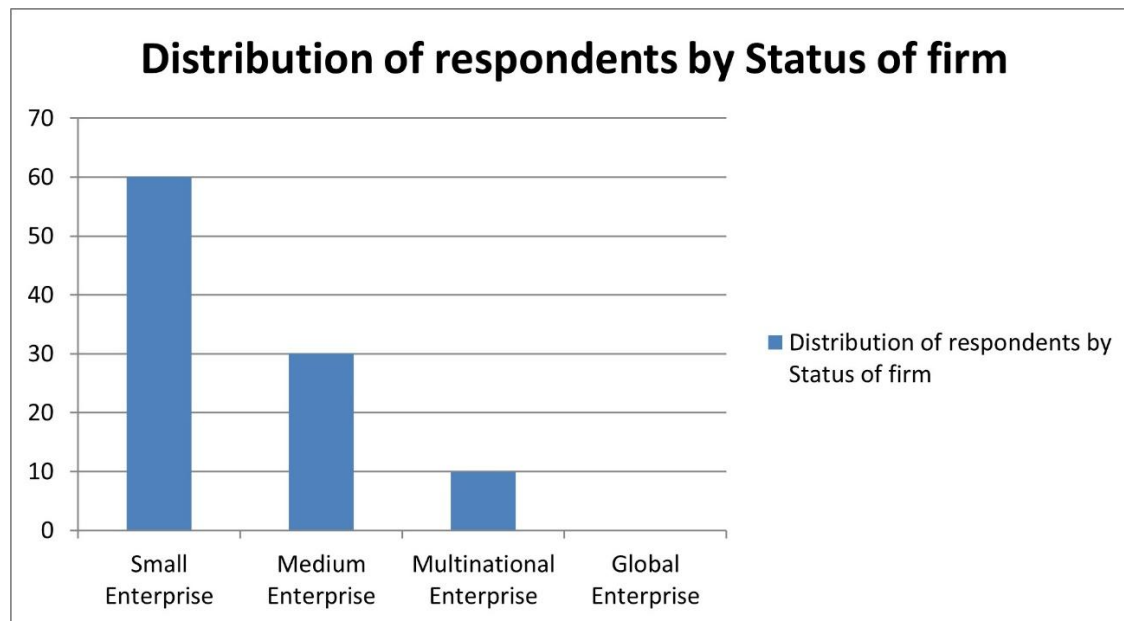


Figure 4.2.1.4 Distribution of respondents by status

f) Business type: In order to determine which industries were leading the way in internationalization and which were lagging behind, the respondents were also asked to specify the kind of business they were engaged in. According to the data gathered, we received two (5.71%) from insurance, one from health care (2.90%), eight from the media (16%), five from the production of goods (10%), five from the food industry (14.90%), five from education (10%), lodging 0 from financial services 0 from financial services 3 (6%), Estates 4 from manufacturing 2 (4%), and no response at all to the other request. The data examined a cross-sectional balance of the various business types and further emphasized that the study covered a sufficient amount of ground to measure results.

Section B: Internationalization Intent

This section examined participants' understanding of international trade concepts and organizational preparedness for global engagement. The most significant factors influencing internationalization included market expansion, global presence, and export demands.

Understanding of Internationalization

The study revealed that 65% of respondents understood internationalization, with notable variations based on education and exposure.

This part examined a number of variables related to the ideas of international trade. Establishing the purpose of the study was crucial, therefore participants were briefed on the main points of the investigation, especially the topic of internationalization and global trade in general. It is crucial to acknowledge that international trade is a crucial factor in an organization's development, and as such, care must be made to make sure that all of the complications it brings are appropriately harnessed and protected.

The study began with a question about "what internationalization is." Four multiple-choice answers were given; 10 (20%) selected option A, 20 (40%) selected option B, and 13 (26%) selected option C. Option D received no response.

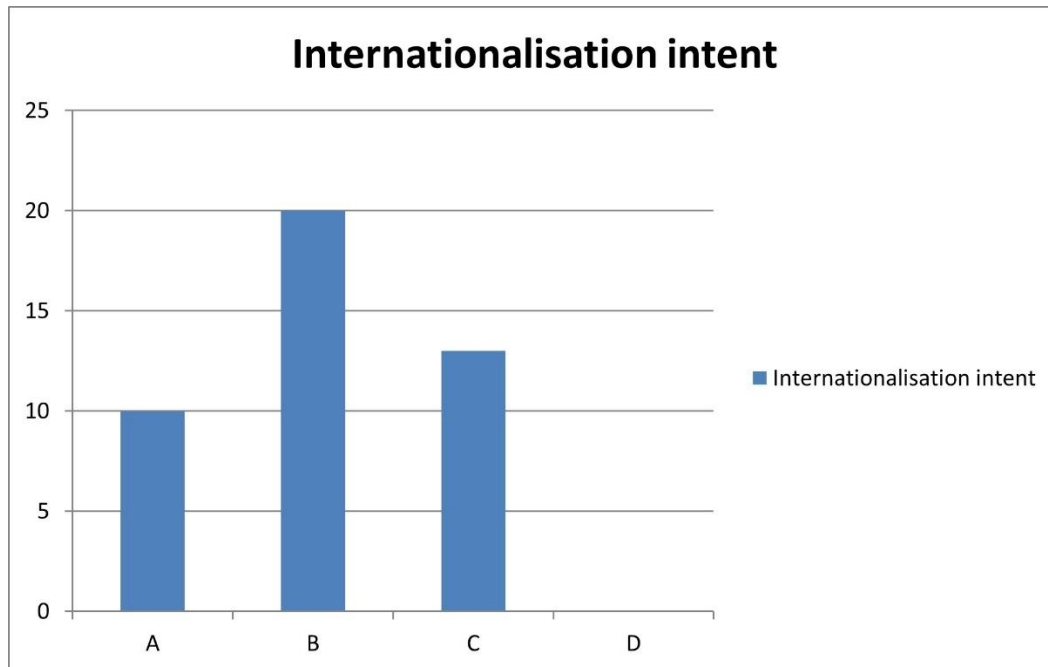


Figure 4.2.2.1 Internationalization Intent

In order to determine if the respondents understood the questions they were responding, the study then examined the opportunity cost. For this alfa multiple-choice question, there were five possible answers: 15 (30%) selected option A, 5 (10%) selected option B, 0 selected option C, and 15 (30%) selected option D. No one chose to submit a particular response for option E.



Figure 4.2.2.2 Opportunity Cost

In order to highlight the engagement of this organization in internationalization, the research focused on the internal workings of the organization and examined how international marketing was implemented in this target audience (groups). There were five choices for this one as well, and six (12%) selected option A, ten (20%) selected option B, four (8%), ten (20%) selected option D, and five selected option E. However, it was not made clear if option E required a specific response.

An option for respondents to write about how they believed international trade helped their organization succeed was provided because the study also aimed to determine the difficulties of internationalization on organizations. This provided us with information that will ultimately be crucial to the completion of this study. Given the nature

of this inquiry, the researcher used a general rule of empirical report analysis to analyze the data. A percentage value was assigned to each response based on the total number of respondents. The findings showed that 20 (40%) had a decent understanding of how internationalization had aided in the growth of their organization, while 5 (10%) were fully aware of how this had been essential to their continued existence as a business.

According to one respondent from Strong Enterprise, his company relies on its employees' abilities to fulfill the promise of a globally recognized brand in the SADC. Additionally, five (10%) were gracious enough to acknowledge that they were not engaging in any international trade since they just did not know what or how to do it. Once more, a number of obstacles that prevented them from exploring foreign markets were mentioned. However, five additional people (14.29%) did remark on this part.

The study also sought to determine whether these organizations encouraged learning and employee involvement. Being a learning organization and having a high level of employee involvement in the organization's operations were two characteristics of a company that was implementing international trade involvement. There were four answers to this question, and 15 (30%) chose option A, indicating that these organizations only asked their employees to get to school; 10 (20%) chose option B, which had a policy of job rotation; and 5 (10%) chose option C, which indicated that they provide internal training for their staff. Option D also received no answer.

We did not respond to the topic of internationalization protection. Only five (10%) people responded to the question about international marketing culture. The percentage distribution of inquiries with a knowledge management objective is displayed in the figure below.

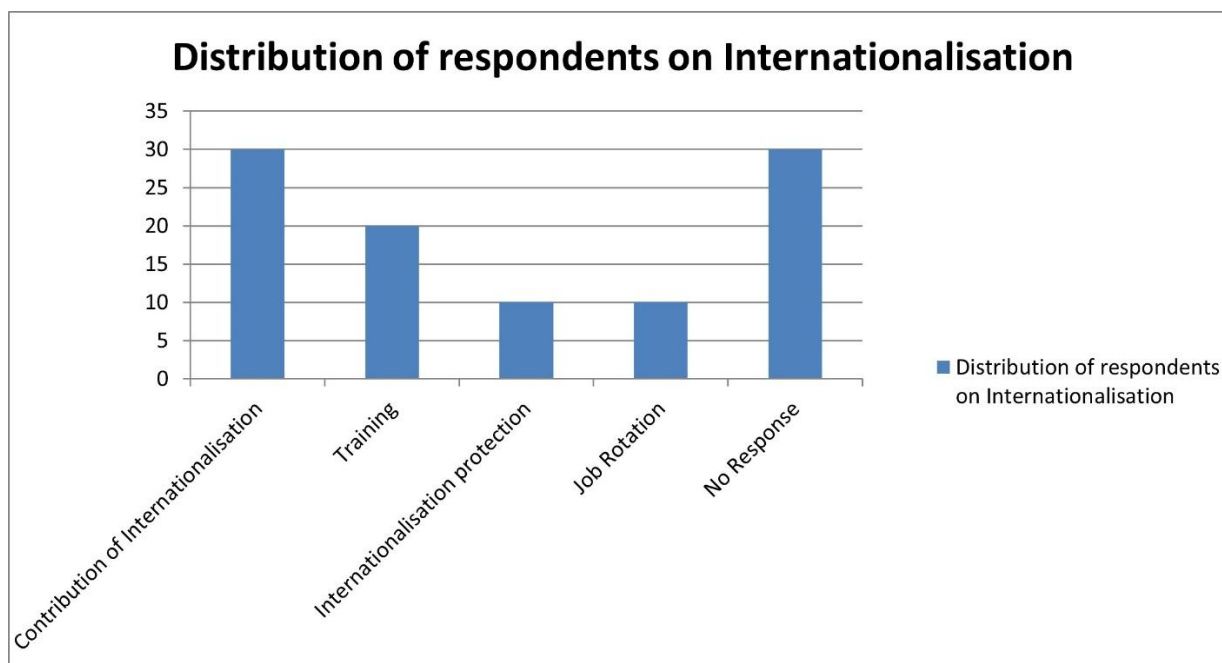


Figure 4.2.2.3 Distribution of respondents on international expansion intent

Reinforcing Factors

The inclusion of the study's reinforcing variables was crucial since they demonstrated the management of these organizations' involvement in international marketing, international trade, and its implementation. The following variables were assigned a required level of agreement: innovation (10%), cross-cultural training (10%), research and development (5%) and motivation (10%). As can be seen in the diagram below, when asked if they had been applying any of the following cultures, they responded, "learning culture 15 (30%), creativity culture 2 (10%), and marketing culture 18 (36%)."

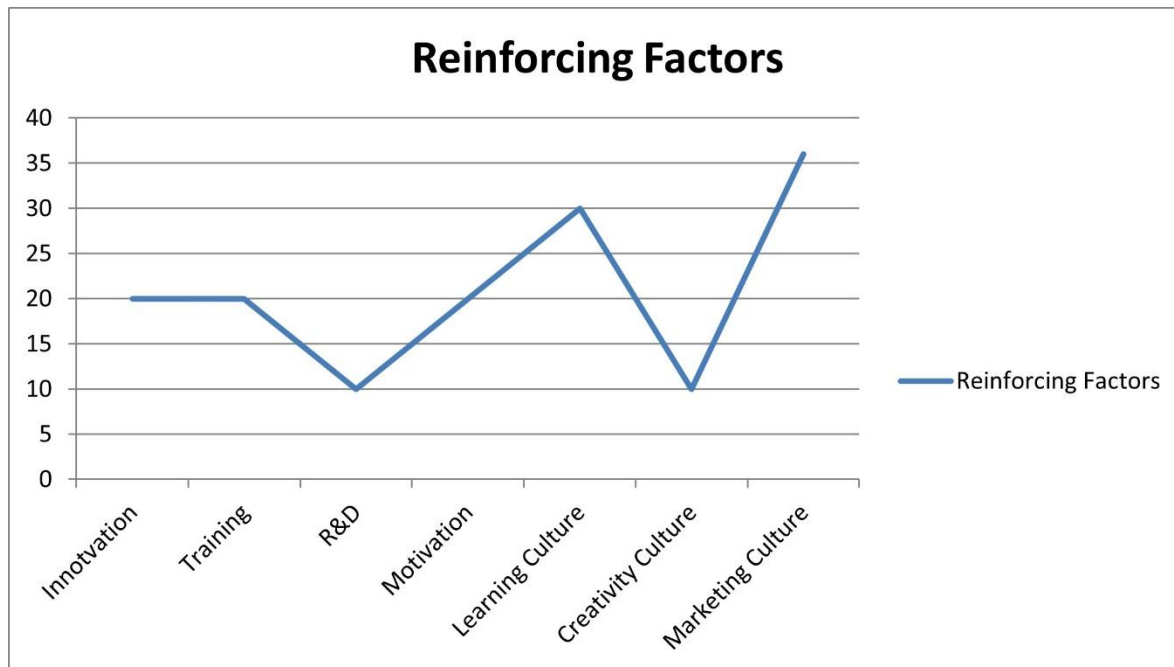


Figure 4.2.3.1 Distributions of respondents on the Reinforcing factors.

For example, in question 18, respondents had the opportunity to explain in their own words why the company would internationalize its activities. A pie chart displayed the following answers: The following are shown: market expansion (10%), global presence (10%), export demands (20%), regional integration (5%) and investment opportunities (5%)

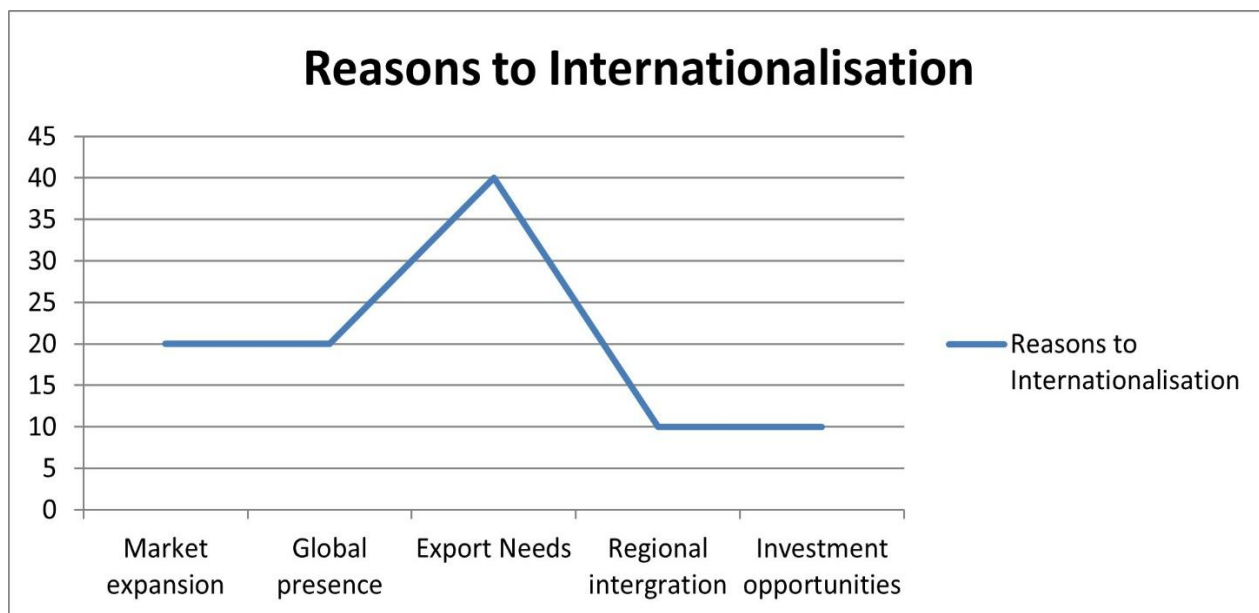


Figure4.2.3.2 Reasons to Internationalization

In response to question 20 about the difficulties encountered in internationalization and what they would like to do to help their organization achieve the intended sustainable growth, the following responses were obtained: Twenty responses (40%) came from R&D on financial constraints, ten from cultural integration on market entry and cultural differences, ten from labor difficulties on Regulatory & policy barriers, five from CRM interface on logistics and infrastructure, and five from political influence. The picture below illustrates this; however, keep in mind that responses will vary depending on the experiences of different countries and firms.

Reinforcing factors such as innovation, cross-cultural training, research and development, and motivation were identified.

A majority of respondents emphasized the importance of marketing and learning cultures in driving international trade success. Respondents identified Key factors that encouraged internationalization:

- **Marketing Culture:** 45%
- **Learning Culture:** 35%
- **Export Demands:** 20%

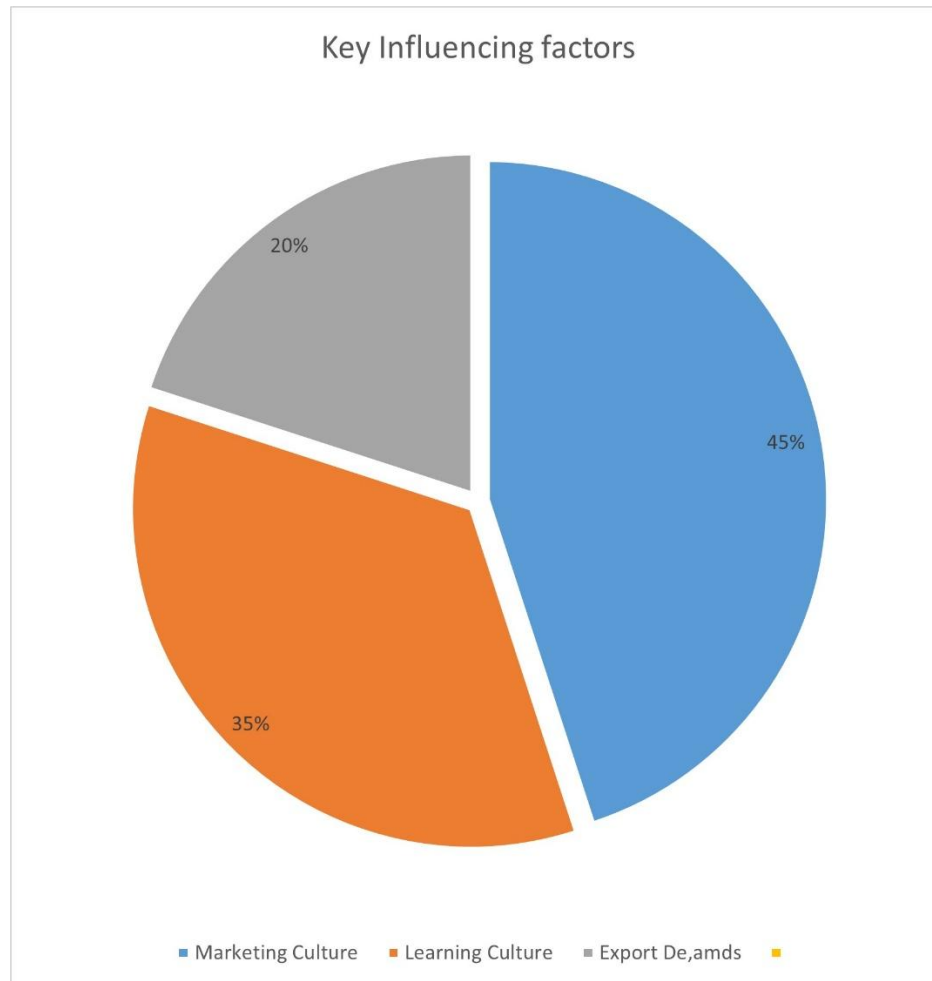


Figure 4.2.3 illustrates the distribution of influencing factors.

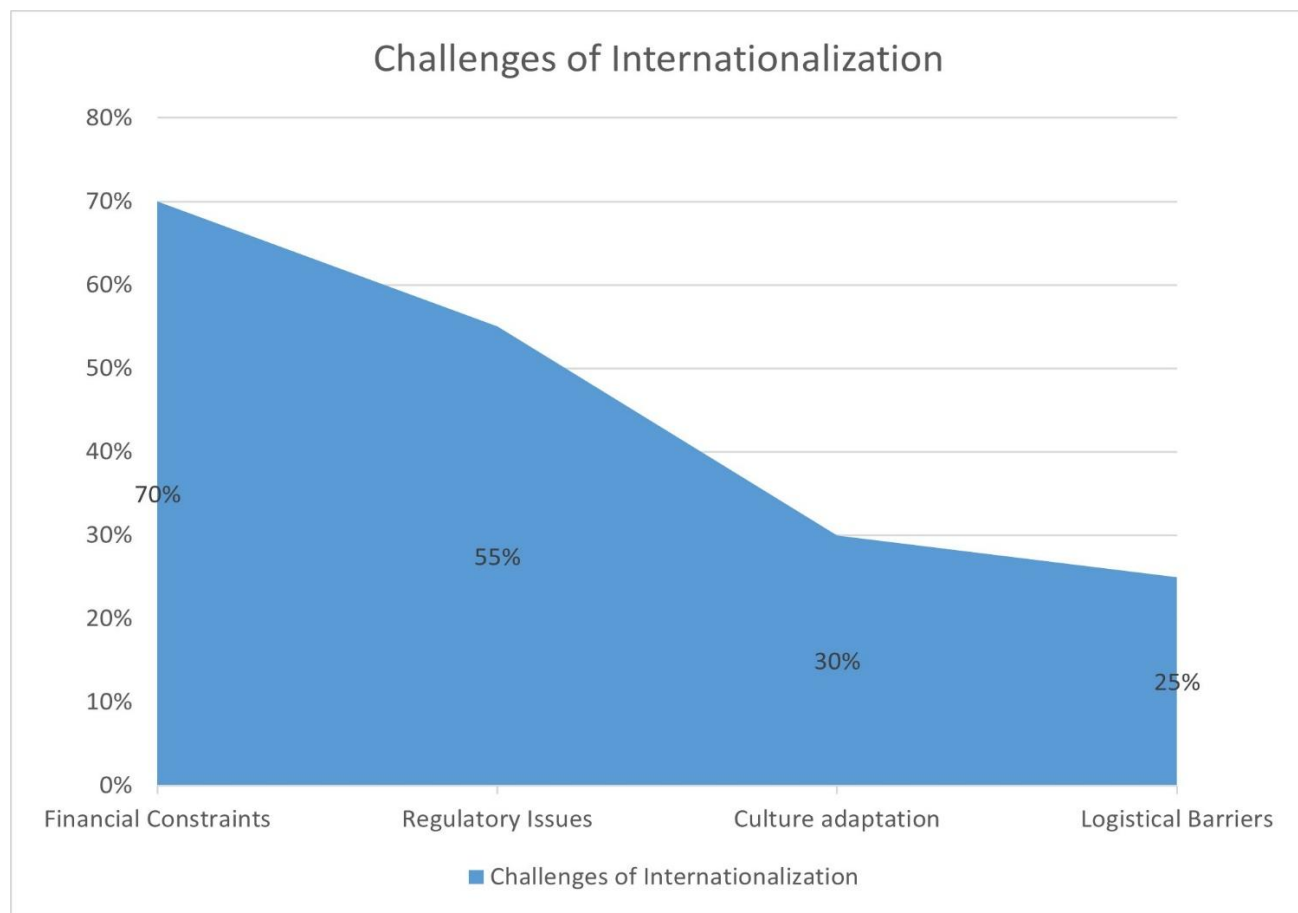
Challenges to Internationalization

The study highlighted key challenges such as financial constraints, regulatory barriers, market entry difficulties, and logistical issues. These challenges align with global trends but are exacerbated by Zambia's unique context. Major Challenges included:

1. **Financial Constraints:** Reported by 70% of SMEs as the primary barrier.
2. **Regulatory Issues:** 55% highlighted difficulties with compliance.
3. **Cultural Adaptation:** 30% faced challenges understanding foreign markets.

4. **Logistical Barriers:** 25% cited poor infrastructure as a hindrance.

Table 4.2.4 below



Systematic Internationalization Process

A systematic process for knowledge capture, market expansion, and organizational innovation was reported by most respondents.

These processes are critical for sustaining international trade engagement. Five questions were included in the study in order to gather systematic data on international trade or marketing that will result in the difficulties. 15 (30%) of the respondents supported a systematic process for knowledge capture, 5 (10%) supported a process that would improve market expansion and business rationalization, 10 (20%) supported internationalization protection, and 5 (10%) supported easy access to people and information. Based on this data, the researcher came to the conclusion that the majority of Zambian businesses had procedures in place that made foreign trade successful and were prepared to safeguard, expand, and innovate their business's engagement in other countries.

Bottom Line Measure

Let's examine the data we gathered to evaluate the bottom-line metrics in order to understand the impact that intangible assets, or knowledge assets, play in the marketplace. Respondents were given five questions, four of which had hard answers and one of which called for their participation and ideas. 15 (or 30%) have established policies to gauge the impact of global trade, 5 (10%) balanced financial performance with non-financial metrics that supported value creation from global markets, 5 (10%) funded their research and development initiatives, and 10 (20%) had hired human resources capable of establishing an international marketing culture and fostering long-term organizational growth. This is represented by figure chart below:

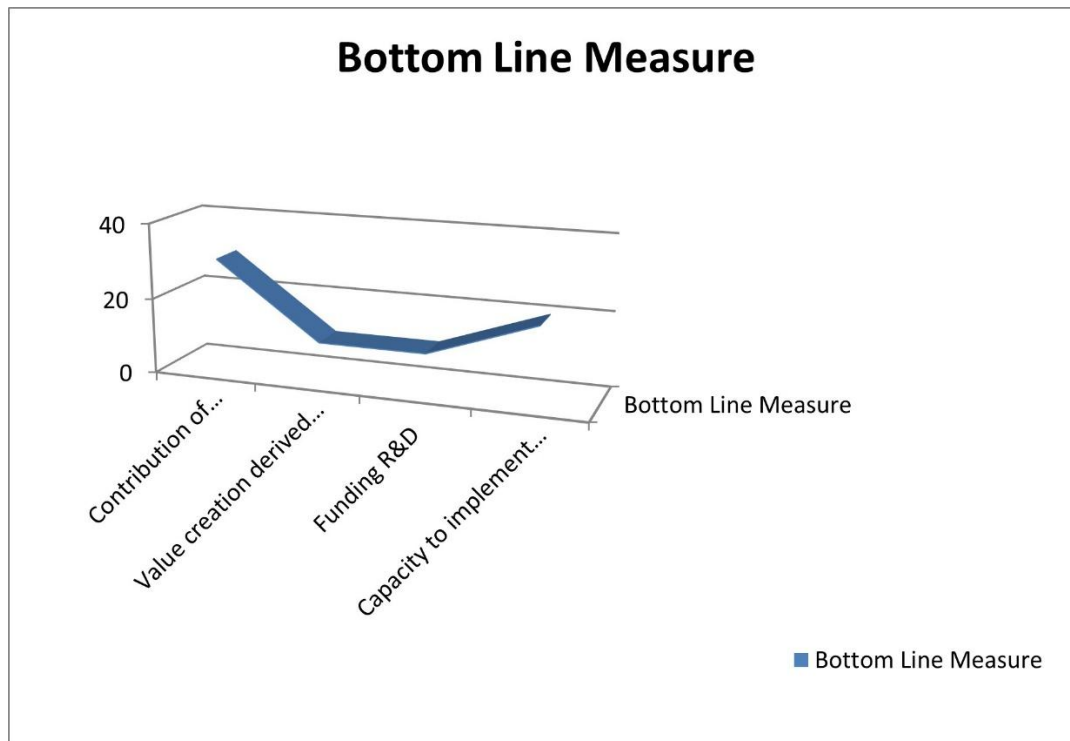


Figure4.2.5.1 Bottom line measure

Additionally, respondents did not react when asked about the economic relationships between the suppliers of technology and strategic expertise. This section of the survey examined partnerships that organizations had, whether they were a learning process, a way to create value, or a way to bounce back from setbacks.

Comparative Analysis

Findings from Zambia aligned with trends in other emerging markets, but logistical and regulatory challenges were more pronounced locally. SMEs in Lusaka and similar provinces reported better access to resources and markets compared to those in more remote locations.

To incorporate a comparative analysis of SMEs in emerging economies facing internationalization challenges, the following section analyzed the similarities between Zambia's SMEs and those in other developing regions. This comparison will highlight shared obstacles such as financial constraints, policy and regulatory barriers, cultural differences, and infrastructural limitations, providing insights for enhancing Zambian SMEs' approach toward internationalization.

Financial Constraints

Financial barriers are commonly cited among SMEs in Zambia, where 65% of surveyed businesses reported limited access to funding as a key challenge in expanding internationally. Similar findings are seen in other emerging economies, including Nigeria, where the lack of venture capital and limited access to foreign markets hinder the ability of small businesses to scale (OECD, 2020). In South Africa, SMEs similarly struggle with financial barriers, as access to credit often requires extensive collateral, limiting smaller businesses' potential to invest in global market expansion (Fatoki, 2014). This shared constraint underscores the need for tailored financial solutions like SME-targeted loans, micro-financing, and government-backed grants.

Policy and Regulatory Barriers

Policy and regulatory issues are particularly challenging for SMEs in emerging markets due to the complexities

involved in compliance. In Zambia, 54% of SMEs highlighted export licensing and international standards as obstacles. Similarly, in India, where bureaucracy and stringent export policies have long been barriers, SMEs face delays and extra costs associated with regulatory compliance (Kumar & Singh, 2018). Comparing Zambia's challenges with India's suggests that simplifying regulatory frameworks and providing compliance support through training or consultancy can help SMEs overcome these barriers, thereby facilitating smoother entry into international markets.

Market Entry and Cultural Differences

Cultural adaptation poses significant challenges for SMEs entering foreign markets. Zambian SMEs reported difficulties in understanding and adapting to the consumer behaviors and business practices of foreign markets, similar to experiences in Kenya, where SMEs encounter cultural differences as a primary hurdle when expanding to markets outside East Africa (Mbugua, 2019). Addressing these issues through cross-cultural training and hiring locally knowledgeable staff could enable Zambian SMEs to better understand target markets, ultimately facilitating smoother integration and customer engagement abroad.

Logistics and Infrastructure

The logistical and infrastructural challenges faced by Zambian SMEs are compounded by the country's limited transport network and connectivity. Over 70% of SMEs in Zambia cited logistical constraints as a hindrance to their internationalization efforts. Similarly, in other African nations such as Ghana, inadequate infrastructure is often a barrier to seamless trade and supply chain management (Asare et al., 2021). Infrastructure improvements, such as enhanced transportation networks, digital connectivity, and reliable supply chains, are critical to supporting SMEs in emerging markets. Public-private partnerships, where governments collaborate with international organizations and private investors, can drive such infrastructure enhancements, benefiting SMEs by reducing export costs and improving reliability.

Practical Implications for Zambian SMEs

Based on these comparative insights, Zambian SMEs could benefit from a multi-pronged approach to overcoming internationalization challenges. Recommended steps include:

1. **Securing Targeted Financial Support:** Developing SME-specific financial products, such as government-backed loans, venture capital, and credit facilities for export businesses, can help Zambian SMEs overcome financial barriers. This approach is exemplified by Kenya's Youth Enterprise Development Fund, which provides loans and financial assistance to SMEs with export potential (Kamau & Mugo, 2020).
2. **Simplifying Regulatory Compliance:** To ease regulatory burdens, Zambian authorities could establish a one-stop export licensing office that simplifies procedures for SMEs. This model, adopted in Rwanda through the Rwanda Development Board, has successfully streamlined compliance processes, making it easier for SMEs to operate internationally (Bokpin, 2018).
3. **Enhancing Cross-Cultural Training:** Adopting cultural training programs for SME leaders and employees could mitigate the challenges of understanding foreign markets. South Africa's experiences show that cultural training initiatives help firms adjust marketing strategies and customer relations to align with local norms (Can't & Wiid, 2013). Zambian SMEs might benefit from partnerships with cultural organizations to offer such training.
4. **Improving Logistical Infrastructure:** Encouraging public-private partnerships focused on

infrastructure development could improve logistics for Zambian SMEs. For example, Ethiopia's model of collaborating with Chinese firms to build transport infrastructure has helped SMEs access global markets by reducing transportation costs (Chakravarty & Ramachandran, 2019).

Comparing Zambia's SMEs with those in other emerging economies demonstrates that internationalization challenges—financial barriers, regulatory issues, cultural adaptation, and infrastructure constraints—are prevalent across developing markets. However, successful strategies implemented in countries such as Kenya, South Africa, and India offer actionable insights that could enhance Zambia's internationalization efforts. By securing financial support, simplifying regulatory processes, investing in cross-cultural training, and improving logistics, Zambian SMEs could strengthen their capacity to expand into global markets, contributing to sustainable economic growth.

CONCLUSION

Internationalizing operations presents considerable challenges for Zambian SMEs, arising from limited access to finance, regulatory barriers, and insufficient infrastructure. Nonetheless, the results of this study indicate a strong willingness among SMEs to pursue global markets despite these hurdles. To leverage this motivation, strategic interventions by both governmental and private entities are crucial to help SMEs overcome structural barriers and realize their potential in international markets (Zimba, 2022).

According to this study, the evaluation of internationalization and the function of international commerce in SMEs has shown that there is a role to be played and that it is an essential component of the culture of international marketing, but it is unclear how secure this will be in the long run. The study concentrated on the difficulties SMEs encounter when trying to enter foreign markets, whether through exporting or foreign direct investments. By analyzing the data and developing a strong interpretation of the results, the study expanded on the advantages of international trade for an organization and furthered the opportunity cost of doing so.

The results underscore the importance of improving access to finance and regulatory reform to aid internationalization. The researcher's evaluation of the managers' internal capabilities and ability to successfully execute internationalization and become multinational corporations (MNCs) was aided by the education level data. It was found that, in reality, just 8.57% of these organizations were on track to prosper. This indicated that the growth of Zambian businesses was gradually being hampered by the difficulties of internationalization. Additional recommendations include the following: 52% of organizations had a general marketing culture, 28.57% implemented innovations and training programs specifically designed for cross-cultural management, particularly for foreign markets, and some organizations were at least implementing an international marketing culture rather than a domestic one.

According to 42.86% of the research, policies and techniques for calculating the total impact of international trade had been established. Without a plan to execute change initiatives, the change concept's role will now be restricted (remember that entering foreign markets generates changes in how organization is run or viewed).

RECOMMENDATIONS

Following the evaluation of the data gathered from an outside research desk, this study served as a foundation for additional research and scholarly comments. Suggestions regarding the difficulties and advantages of Zambian business internationalization, particularly for start-ups and small businesses. Additionally, it provides a model for internationalization implementation, which serves as the foundation for a follow-up study on how foreign marketing affects Zambian SMEs. Here are some recommendations that have been proposed:

1. Fostering a cross-cultural community within the company will increase interest amongst personnel from various nations, both technically and in terms of a readiness to share information.

2. Gain access to both local and international technical and organizational infrastructures, which are essential for success when you start to internationalize the company.
3. A conscious attempt to gather the information required to support the execution of nation entry plans. Acknowledging the necessity of numerous means for information collection and dissemination to any overseas market in which you may be interested. Organizations and entrepreneurs should ensure that they embrace and implement internationalisation of firms operations in order to maximize chances of survival and success in fast growing global squealed market. Internationalisation is too critical a resource to be left to chance.
4. Adopting a marketing culture and successfully implementing internationalization require the backing of senior management. Setting a good example is likely to yield observable benefits.
5. To guarantee that the internalization agenda is successfully and actively advanced, a specialist champion or internationalization implementation leader must be appointed.
6. To guarantee adherence to the strategies, policies, and practices implemented to advance the internationalization agenda, there must be a common understanding of the organization's goals.
7. To guarantee success, international marketing should be approached as a continuous, ongoing program rather than as a one-time endeavor. This will make it easier to expand the operations internationally.
8. Government must have deliberate policy that encourages internationalization among SMEs by offering incentives such as rebates and tax cuts and streamlined red tapes around permits to export.

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