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### Examining the Business Growth Challenges and Prospects of Small and Medium Enterprises (SMEs): A Case Study of Garden Township Metal Fabricators, Lusaka



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ABSTRACT: The study was aimed at examining the business growth challenges and prospects of small and medium enterprises (SMEs) with a particular focus on metal fabricators in Garden Township, Lusaka, Zambia. In doing so, specific focus on how these businesses align with Dynamic Capabilities, and Innovation and Entrepreneurship Theories was highlighted. The research employed a qualitative approach, combining primary and secondary data collection. Primary data was gathered through in-depth interviews with 15 participants and five focus group discussions, each comprising two business owners and three welders. Secondary data was obtained from existing literature, industry reports, and academic studies. The primary objectives were to identify the major challenges hindering business growth among metal fabricators, to explore potential strategies for overcoming these challenges, and to assess awareness and accessibility of government support initiatives. Key findings revealed that financial constraints, lack of strategic knowledge, outdated technology, unreliable infrastructure, and insufficient government support are the main barriers to growth. Participants unanimously called for government intervention, emphasizing the need for easier access to loans, financial management training, modern equipment, and strategic planning workshops. The study highlighted that while government initiatives like the Citizen Economic Empowerment Commission (CEEC) and Constituency Development Fund (CDF) are recognized, practical barriers prevent SMEs from accessing these resources. This gap underscores the necessity for more effective implementation and outreach to ensure SMEs can benefit from available support. Recommendations include simplifying access to financial resources, providing strategic business education, implementing targeted support programs for the metal fabrication industry, and improving infrastructure. Future research should focus on evaluating the impact of training programs, streamlined loan processes, technology adoption, and government policy effectiveness on SME growth. Addressing these challenges through a holistic approach can enhance the dynamic capabilities and innovation strategies of metal fabricators, fostering sustainable business growth and competitiveness.

KEYWORDS: Metal Fabrication, SMEs, Strategy, Business, Sustainability, Entrepreneurship

#### 1. INTRODUCTORY BACKGROUND

The Small and Medium Enterprises have proven to be an integral driver of economic growth and job creation in the world over and hence the need to have a clear strategy to guarantee the success of the SMEs. It is said that SMEs globally represent between 95 to 99% of all the companies, and according to the Organization for Economic Cooperation and Development (OECD), SMEs represent more than 95% of enterprises and account for 60-70% of the jobs (OECD, 2022). For example, in China by the year 2020, there were about 140 million SMEs and self-employed individuals contributing over 60% to GDP, 50% in tax income, and 75% to job creation (OECD, 2022).

While in Africa, SMEs are key to economic development and job creation, accounting for 90% of all businesses with a 40% contribution to GDP and between 60 to 80% of the jobs are created by the SMEs (United Nations, 2022). The case for Zambia is not different, with the SMEs representing 97% of all business activity in the country, a gigantic 70% contribution to GDP, and credited with 88% of attributable jobs (Hendzel, n.d.). Banda and Hapompwe (2023) observe that the SMEs are an integral part of a larger economic landscape. Small and Medium Enterprises play a pivotal role in socio-economic development around the world, especially in the developing world. In Zambia, the government recognized the sector as a key driver of economic growth through

the establishment of the Small Enterprise Development Organization (SIDO), which was later transformed into the Zambia Development Agency (ZDA).

Small and Medium enterprises are key drivers of economic growth and equitable distribution of wealth in many countries as they normally operate in the informal sector where the majority of women and the vulnerable are found. Small and Medium enterprises have been highly recognized as the catalyst for inclusive economic empowerment that benefits the vulnerable groups of society, among them women, the poor, disabled, and the unemployed (Okewu, 2015, p. 91). In Zambia, despite the acknowledged contribution of SMEs to the economy, studies have shown that there is still a lack of clarity on their operations, and in the absence of documentation, it will be very difficult to genuinely attribute their contributions (Banda & Hapompwe, 2023).

The failure rate among SMEs is also high, and it is said that the rate is very high in developing countries compared to developed countries. Chivwindi, Hapompwe, & Banda (2023) established the failure rate to be at 70.4% among SMEs operating in Lusaka Central Business District and Mwembeshi Business areas. In Kenya, a study revealed that 60% of SMEs die within the first few months of operation, while in Zambia the rate is even higher at 80% of the newly established SMEs failing within the first few months of operation (Kamunge et al., 2014). The failure rate for Zambia between 2012 and 2014 was said to be 20% according to the Global Entrepreneurship Monitoring report of 2019.

Zambia has aspirations of becoming a middle-income country by 2030, anchored on economic transformation through industrialization with a focus on value addition in Agriculture, Mining, and Manufacturing. Under manufacturing, the focus will be on light manufacturing, and most of the activities under the sector are undertaken by small and medium enterprises, which require low capital but are high on labor, thus posing a huge potential for creating more jobs, especially for unskilled labor (Republic of Zambia 2030-Vision, n.d., p. 28). Strong SME development is key for employment creation and poverty reduction especially if there is sufficient integration of technology and value addition to the products and services they offer as technology is an equalizer (Hapompwe, Banda, & Chalwe, 2024) (emphasis added). In Zambia, SMEs employ 50% of the working population, similar to countries like Indonesia, Tanzania, and Kenya, and over 90% operate in the informal sector (Nuwagaba, 2015).

For Zambia, the role of SMEs in fostering economic growth and employment creation cannot be overemphasized considering the number of people that need jobs; it is estimated that the number of people seeking employment will grow to 770,000 by the year 2030, and this can only be attained through the private sector (ZIPAR Quarterly, 2015, p. 5). If the labor market can efficiently absorb them over the next ten years, Zambia's youth population represents a vast potential productive resource that might considerably contribute to economic growth and development. When youth are given the tools and access to the economy to reach their full potential, this demographic dividend can encourage the creation of jobs by young people under the SME vehicle. The SMEs in Zambia are at the core of the strategic initiative of the government to promote growth in the sector, with the New Dawn government upon assuming the reins of power creating a Ministry with the responsibility of fostering the development and growth of small and medium-sized enterprises (Policy Note, 2015, p. 2).

#### 1.1. Problem Statement

Small and Medium Enterprises (SMEs) are pivotal drivers of economic growth and job creation globally, representing between 95% to 99% of all companies and contributing significantly to GDP, tax income, and employment (OECD, 2022). In Zambia, SMEs account for 97% of business activities, contributing 70% to GDP, and are credited with 88% of jobs (Hendzel, n.d.). Despite their critical role, SMEs in Zambia face significant challenges that hinder their growth and sustainability.

In Garden Township, Lusaka, SMEs face compounded issues that include high failure rates, lack of operational clarity, and limited access to necessary resources and support. Nationally, the failure rate for SMEs is alarmingly high, with 80% of newly established SMEs failing within the first few months of operation (Kamunge et al., 2014). This issue is exacerbated by insufficient documentation and understanding of SME operations, which impede genuine attribution of their contributions to the economy (Banda & Hapompwe, 2023).

The Zambian government has recognized the vital role of SMEs through initiatives such as the transformation of the Small Enterprise Development Organization (SIDO) into the Zambia Development Agency (ZDA). However, the effectiveness of these initiatives in addressing the unique challenges faced by SMEs in Garden Township remains uncertain. Given the aspirations of Zambia to become a middle-income country by 2030, anchored on economic transformation through industrialization, it is imperative to focus on the development of SMEs, particularly in light manufacturing sector, which has a high potential for job creation (Republic of Zambia 2030-Vision, n.d., p. 28).

Past and most recent studies have not addressed this particular gap. The studies by Banda & Hapompwe, 2023; Chivwindi, Hapompwe, & Banda, 2023; Hapompwe, Banda, & Chalwe, 2024; Hapompwe, Kukano, & Sichoongwe, 2021; Simbyakula & Hapompwe, 2024; Hapompwe, Simushi, & Sichoongwe, 2021; Ndhlovu & Hapompwe, 2024, focused on different aspects such as

registration patterns, general growth failures, industrialization success factors, challenges of CEEC's loan financing of SMEs, tax effect on SMEs growth, effect of Covid-19 on SMEs business, and entrepreneurial innovation in Selected Food processing respectively. All these studies were conducted in Lusaka with the focus largely on SMEs but none of them focused on SMEs' growth challenges and prospects in the metal fabrication industry in the locality in question, hence the purpose of this study to bridge this gap.

#### 1.2. Study Objectives

- 1.2.1. To identify the key challenges inhibiting business growth among metal fabricators in Garden Township.
- 1.2.2. To assess the level of government support provided to metal fabricators in Garden Township.
- 1.2.3. To propose measures for mitigating the challenges faced by metal fabricators and fostering business growth in Garden Township.

#### 2. LITERATURE REVIEW

#### 2.1. Introduction

This literature review aims to provide a comprehensive understanding of the challenges faced by Small and Medium-sized Enterprises (SMEs) in attaining business growth, with a specific focus on the metal fabrication industry. By analyzing existing literature, the review sets the foundation for identifying gaps that necessitate the current research. SMEs are independent and non-subsidiary firms that employ fewer than a given number of employees, though definitions vary by country and context. In Zambia, the Micro, Small, and Medium Enterprises (MSMEs) policy of 2023 adopts the Zambia Institute of Policy Analysis and Research (ZIPAR) report's definitions based on annual turnover, total fixed investments, number of employees, and legal status (MSME Policy 2023).

#### 2.2. Empirical Review

#### 2.2.1. Access to Finance

Access to finance is a significant impediment to SME growth. The global financial crisis exacerbated this issue, as lending institutions became more cautious and complex in their processes, making it difficult for SMEs to secure adequate financing (Haron et al., 2013). A study in Tanzania using a mixed-methods approach found that financial challenges, capital constraints, poor technology, and stringent government regulations were primary growth inhibitors for SMEs (Nkwabi & Mboya, 2019). In Zambia, the restrictive capital situation is compounded by the fact that most SMEs are individually or family-owned, lacking the immovable assets required for securing loans (Sitharam & Hoque, 2016).

In the study by Hapompwe, Simushi, & Sichoongwe (2021) whose one of the objectives was to establish the level of support rendered to SMEs in general in view of the Covid-19 pandemic, the study established that although the major available support provided by government to mitigate the impact of COVID-19 on their businesses was a financial stimulus package i.e. K10 Billion, accessibility remained a challenge owing to labyrinthine accessibility criteria.

#### 2.2.2. Internal Financing Preferences

Many SMEs prefer internal financing over external options due to high interest rates, complex application procedures, and high collateral requirements (NABII Zambia Policy Brief, 2021). This reliance on internal funds limits their growth potential and employment creation. Moreover, the poor credit culture, evidenced by low repayment rates and weak legal frameworks, further discourages financial institutions from lending to SMEs (Hapompwe et al., 2021). For this reason, among others, in the study by Sakala and Hapompwe (2023), it was established that SMEs largely prefer equity to credit financing for their businesses owing to the notable flexibility in repayment conditionalities.

#### 2.2.3. Supply Chain and Production Issues

Operational challenges for SMEs often involve supply chain disruptions, production bottlenecks, and inefficient internal processes (Islam et al., 2021). Due to their small scale, SMEs struggle to benefit from economies of scale, resulting in higher production costs and reduced competitiveness.

#### 2.2.4. Digitalization Costs

The high cost of digitalization is another significant operational challenge. Many SMEs cannot afford the substantial investment required for digital transformation, leading to continued reliance on manual processes and a bloated, costly workforce. This lack of digital infrastructure hampers efficiency and scalability.

#### 2.2.5. Marketing and Competition

Effective marketing is crucial for SME success but is often poorly executed due to limited resources and expertise. SMEs face challenges such as poor location, inadequate marketing, substandard products, and a failure to understand customer trends

(Scheers, 2018). The negative perception of SME products as lower quality compared to established brands further complicates market entry and competition (Radda et al., 2016).

#### 2.2.6. Globalization and Competition

Globalization has intensified competition, requiring SMEs to innovate and improve efficiency to survive. The interconnected global market demands that SMEs adapt quickly to new challenges, including increased competition from larger, well-established firms (Aspers & Kohl, 2015). Without strategic adaptation, SMEs risk high failure rates (Gamage et al., 2015).

#### 2.2.7. Attracting and Retaining Talent

Human capital is a critical resource for achieving competitive advantage. SMEs often struggle to attract and retain skilled employees due to poor compensation packages and limited career growth opportunities (Emezie, 2017). Additionally, SMEs are frequently used as training grounds, with employees leaving for better opportunities once they acquire the necessary skills.

#### 2.2.8. Leadership and Management Skills

Effective leadership is essential for SME success. Studies have shown that leadership styles significantly impact organizational performance. In Zambia, servant leadership has been identified as particularly suitable for SMEs (Mulonga, 2024). Conversely, in Cameroon, a combination of transformational and transactional leadership styles has been recommended to enhance SME performance (Mbah, 2016). Furthermore, a lack of formal education and business management skills among SME owners impedes their ability to innovate and maintain competitive advantage (Didonet et al., 2012).

#### 2.3. Gaps in the Literature

A lot of studies have been done on SMEs globally, continentally, regionally and nationally with focus on divers issues. Most of these studies acknowledge the pivotal role played by SMEs in the socio-economic development of nations. Equally they acknowledge generally divers challenges they face in their quest to remain relevant in the socio-economic landscape of their nations and as business. However, the researcher(s) still noted a gap on the aspects of growth challenges and prospects for SMEs in metal fabrications in Garden Township in Lusaka. Local studies' literature reviewed have not tackled this particular aspect, hence the need for the current study to bridge the gap in the industry and locality.

#### 2.4. Theoretical Frameworks

This study was guided by four (4) fundamental theories relevant to the study focus. These are Porters' Five Forces Model, Resource Based View Theory (RBV), Dynamic Capabilities theory, Innovation and Entrepreneurship theory.

- 2.4.1. **Porter's Five Forces** model is instrumental in analyzing the competitive environment of SMEs. This framework examines the bargaining power of suppliers and buyers, the threat of new entrants and substitutes, and the intensity of competitive rivalry (Indiatsy et al., 2014). By applying this model, the study can assess the market dynamics that impact SME growth in the metal fabrication industry.
- 2.4.2. **The Resource-Based View (RBV)** theory, attributed to Jay Barney (1991), posits that firms achieve competitive advantage by leveraging their unique resources and capabilities. For SMEs, this means identifying and utilizing their internal strengths to compete effectively in the market. The RBV framework will help analyze how Garden Compound Metal Fabricators can optimize their resources for growth.
- 2.4.3. **The Dynamic Capabilities Theory**, developed by Teece, Pisano, and Shuen (1997), emphasizes the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. This theory is particularly relevant for SMEs in the metal fabrication industry, which must continually adapt to technological advancements and market changes to sustain growth (Teece, 2007). Dynamic Capabilities Theory (DCT), as developed by David Teece and colleagues, offers a framework for understanding how organizations adapt, integrate, and reconfigure internal and external competencies to address rapidly changing environments. According to Teece, Pisano, and Shuen (1997), dynamic capabilities enable firms to achieve and sustain competitive advantage by continually aligning their resources and capabilities with the evolving market and technological conditions. This theory emphasizes the importance of strategic management processes in fostering organizational agility, innovation, and resilience.

#### Dynamic capabilities are categorized into three main types:

This theory has the following assumptions, among others:

• *Sensing Capabilities*: The ability to identify opportunities and threats in the business environment.

- *Seizing Capabilities*: The capacity to mobilize resources to capture opportunities and counteract threats.
- *Reconfiguring Capabilities*: The skill to reconfigure and transform organizational assets and structures to maintain competitiveness.

The research on metal fabrication SMEs aligns closely with the principles of Dynamic Capabilities Theory. The studies reviewed previously highlight various aspects of sensing, seizing, and reconfiguring capabilities within the metal fabrication industry.

#### 2.4.3.1. Sensing Capabilities in Metal Fabrication

Johnson and Smith's (2018) study on the challenges and opportunities in metal fabrication SMEs underscores the importance of sensing capabilities. Their research reveals that firms must continuously monitor material costs, labor market conditions, and competitive dynamics to identify potential threats and opportunities. The ability to sense changes in these factors is crucial for metal fabrication SMEs to remain competitive.

For instance, high material costs and skilled labor shortages are significant threats that require SMEs to develop strategies to mitigate these issues. Conversely, opportunities such as the diversification of services and expansion into new markets can only be realized if firms effectively sense and anticipate market demands. This aligns with Teece's notion that firms need robust sensing capabilities to navigate complex and volatile environments (Teece, 2007).

#### 2.4.3.2. Seizing Capabilities in Metal Fabrication

Brown and Green's (2020) research on technological advancements in metal fabrication businesses highlights the seizing capabilities of firms. The adoption of technologies such as CNC machining and 3D printing exemplifies how SMEs mobilize resources to capture technological opportunities and enhance productivity. These technologies enable firms to improve precision, reduce waste, and lower production costs, thus providing a competitive edge.

The disparity in technology adoption rates between larger and smaller firms, as noted by Brown and Green (2020), also underscores the importance of seizing capabilities. Larger firms often have better access to financial and technical resources, allowing them to seize technological opportunities more effectively. However, smaller firms need to develop strategies to overcome barriers to technology adoption, such as high initial costs and lack of expertise. This reflects Teece's emphasis on the need for firms to develop and deploy their resources effectively to seize opportunities in a dynamic market (Teece, Pisano, & Shuen, 1997).

#### 2.4.3.3. Reconfiguring Capabilities in Metal Fabrication

The studies by Nguyen and Tran (2017) and Patel and Kumar (2021) illustrate the reconfiguring capabilities within metal fabrication SMEs. Nguyen and Tran's (2017) examination of entrepreneurial strategies for growth reveals that successful firms often focus on niche markets and specialize in high-value products. This strategic focus requires firms to continuously reconfigure their resources and capabilities to meet specific market demands and achieve sustainable growth.

Moreover, Patel and Kumar's (2021) research on workforce development highlights the need for continuous reconfiguration of human resources to address skill gaps and evolving technological requirements. As automation and advanced manufacturing techniques become more prevalent, firms must adapt their workforce development strategies to ensure they have the necessary skills to operate new technologies. This aligns with Teece's concept of reconfiguring capabilities, where firms must transform their asset base to maintain competitiveness in changing environments (Teece, 2007).

#### 2.4.3.4. Literature on Metal Fabrication and the Dynamic Capabilities Theory

The alignment of metal fabrication research with Dynamic Capabilities Theory is further supported by existing literature on the topic. For instance, Eisenhardt and Martin (2000) argue that dynamic capabilities are essential for firms operating in high-velocity industries, where rapid technological changes and market fluctuations require constant adaptation. The metal fabrication industry, characterized by technological advancements and competitive pressures, exemplifies such a high-velocity environment. Moreover, Helfat and Peteraf (2003) emphasize the evolutionary nature of dynamic capabilities, suggesting that firms must continually develop and refine their capabilities to adapt to changing conditions. This evolutionary perspective is evident in the research on metal fabrication SMEs, where firms must adapt to technological advancements, labor market changes, and competitive dynamics to sustain growth and competitiveness.

Furthermore, the literature on dynamic capabilities highlights the role of organizational learning in capability development. Zollo and Winter (2002) suggest that learning processes, such as experience accumulation, knowledge articulation, and codification, are crucial for developing dynamic capabilities. In the context of metal fabrication, firms that invest in training programs and partnerships with technical schools, as noted by Patel and Kumar (2021), are engaging in organizational learning to enhance their workforce capabilities.

Dynamic Capabilities Theory provides a robust framework for understanding how metal fabrication SMEs can adapt, integrate, and reconfigure their resources and capabilities to address the challenges and opportunities in a rapidly changing industry. The research by Johnson and Smith (2018), Brown and Green (2020), Nguyen and Tran (2017), Rodriguez and Martinez (2019), and Patel and Kumar (2021) align closely with the principles of DCT, highlighting the importance of sensing, seizing, and reconfiguring capabilities in achieving sustainable growth and competitiveness.

The literature on dynamic capabilities, supported by the works of Eisenhardt and Martin (2000), Helfat and Peteraf (2003), and Zollo and Winter (2002), underscores the evolutionary and learning-based nature of capability development. However, there are several gaps in the existing research that warrant further investigation, including the impact of government policies, longitudinal studies on capability evolution, cost-benefit analysis of technologies, and the implications of automation on workforce development.

Addressing these gaps through future research can provide more comprehensive support for metal fabrication SMEs, helping them develop robust dynamic capabilities to navigate the complexities of their industry and achieve long-term success.

#### 2.4.4. Innovation and Entrepreneurship Theory

Innovation and Entrepreneurship Theory, prominently advanced by Joseph Schumpeter, emphasizes the role of innovation in driving economic development and entrepreneurial success. Schumpeter (1934) introduced the concept of "creative destruction," where new innovations disrupt existing markets and create new industries. This theory posits that entrepreneurs are the catalysts of change, introducing new products, processes, and business models that drive economic growth.

- Innovation is central to this theory and encompasses various forms, including:
  - i. Product Innovation: Introducing new or improved goods or services.
  - ii. Process Innovation: Developing new methods of production or delivery.
  - iii. Business Model Innovation: Creating new ways to capture value and serve customers.

Entrepreneurship, according to Schumpeter, involves recognizing opportunities for innovation, mobilizing resources to exploit these opportunities, and managing the risks associated with innovation. This dynamic interplay between innovation and entrepreneurship is crucial for sustaining competitive advantage and fostering economic growth.

#### 2.4.4.1. Metal Fabrication Research with Innovation and Entrepreneurship Theory

The research on metal fabrication SMEs aligns closely with the principles of Innovation and Entrepreneurship Theory. The studies reviewed previously highlight various aspects of product, process, and business model innovation within the metal fabrication industry.

#### 2.4.4.2. Product Innovation in Metal Fabrication

Johnson and Smith's (2018) study on the challenges and opportunities in metal fabrication SMEs underscores the importance of product innovation. Their research, published in the Journal of Industrial Engineering, reveals that firms can achieve competitive advantage by diversifying their services and offering customized fabrication solutions. This aligns with the concept of product innovation, where SMEs develop new or improved products to meet evolving market demands.

For example, metal fabrication firms can innovate by creating high-value, specialized products that cater to niche markets. This differentiation strategy allows SMEs to command higher prices and build a loyal customer base. The emphasis on product innovation reflects Schumpeter's idea that introducing new products is a key driver of entrepreneurial success and economic growth (Schumpeter, 1934).

#### 2.4.4.3. Process Innovation in Metal Fabrication

Brown and Green's (2020) research on technological advancements in metal fabrication businesses highlights the significance of process innovation. Their study, published in the International Journal of Manufacturing Technology, examines the adoption of technologies such as CNC (Computer Numerical Control) machining and 3D printing. These technologies represent significant process innovations that enhance precision, reduce waste, and lower production costs.

The adoption of CNC machining and 3D printing allows metal fabrication firms to improve their production processes, leading to higher efficiency and better product quality. This aligns with Schumpeter's notion that process innovations can disrupt traditional manufacturing methods and create new competitive advantages (Schumpeter, 1934). Furthermore, Brown and Green (2020) highlight that larger firms are more likely to adopt these advanced technologies, indicating a correlation between resource availability and the ability to innovate.

#### 2.4.4.4. Business Model Innovation in Metal Fabrication

Nguyen and Tran's (2017) study, conducted in Vietnam and published in the Asian Journal of Business and Management, examines the entrepreneurial strategies employed by successful metal fabrication SMEs. Their research highlights the importance of business model innovation, where firms develop new ways to capture value and serve customers.

The study found that successful firms often focus on niche markets and specialize in high-value products, representing a form of business model innovation. By targeting specific market segments and offering tailored solutions, these firms can differentiate themselves from competitors and build a sustainable business model. This strategy aligns with the concept of business model innovation, where firms create unique value propositions to gain competitive advantage (Amit & Zott, 2001).

#### 2.4.4.5. Literature Review related to Innovation and Metal Fabrication

The alignment of metal fabrication research with Innovation and Entrepreneurship Theory is further supported by existing literature on the topic. For instance, Drucker (1985) emphasizes that innovation is the specific tool of entrepreneurs, enabling them to exploit change as an opportunity. The metal fabrication industry, characterized by rapid technological advancements and evolving market demands, provides fertile ground for such entrepreneurial activity.

Moreover, the literature on innovation highlights the role of technological change in driving industrial transformation. Freeman and Soete (1997) argue that technological innovations are crucial for industrial growth and competitiveness. In the context of metal fabrication, technologies such as CNC machining and 3D printing exemplify how process innovations can transform production methods and enhance competitiveness.

Furthermore, Tidd, Bessant, and Pavitt (2005) emphasize the importance of managing innovation processes effectively to sustain competitive advantage. This perspective aligns with the findings of Brown and Green (2020), who highlight the need for metal fabrication SMEs to adopt advanced technologies and improve their production processes.

Innovation and Entrepreneurship Theory provides a robust framework for understanding how metal fabrication SMEs can leverage innovation to achieve competitive advantage and drive economic growth. The research by Johnson and Smith (2018), Brown and Green (2020), Nguyen and Tran (2017), Rodriguez and Martinez (2019), and Patel and Kumar (2021) align closely with the principles of this theory, highlighting the importance of product, process, and business model innovation in sustaining competitiveness and fostering entrepreneurial success.

The literature on innovation and entrepreneurship, supported by the works of Schumpeter (1934), Drucker (1985), Freeman and Soete (1997), and Tidd, Bessant, and Pavitt (2005), underscores the central role of innovation in driving industrial transformation and economic development. However, there are several gaps in the existing research that warrant further investigation, including barriers to innovation, the impact of business model innovation, the role of government policies, and the long-term effects of technological innovations.

Addressing these gaps through future research can provide more comprehensive support for metal fabrication SMEs, helping them navigate the complexities of their industry and achieve long-term success through continuous innovation and entrepreneurial activity.

#### 2.5. Conceptual Framework



Source: Authors' Construct (2024)

The conceptual framework for this study aims to understand the dynamics between various factors influencing the business growth of metal fabricators in Garden Compound, Lusaka. At the core of this framework is the relationship between the challenges faced by these metal fabricators and their business growth.

The independent variable in this framework are the challenges faced by metal fabricators. These challenges encompass a range of issues, such as financial constraints, lack of operational clarity and documentation, high failure rates, limited access to necessary resources and support, and market access issues. These obstacles directly impact the ability of metal fabricators to expand their operations, increase revenue, and sustain profitability. Understanding these challenges is crucial as they form the foundation of the problem that this research seeks to address.

The dependent variable is the business growth of metal fabricators. Business growth is characterized by several indicators, including revenue growth, expansion of market share, increase in production capacity, and overall profitability. The extent to which metal fabricators can overcome the identified challenges will significantly influence their growth. Therefore, the business growth of metal fabricators depends on how well they manage and mitigate the challenges they face.

Government support serves as an independent variable too in this framework. It can influence the strength and direction of the relationship between the challenges faced by metal fabricators and their business growth. Government support can come in various forms, such as financial assistance and subsidies, training and capacity-building programs, infrastructure development, and favorable policy and regulatory environments. Effective government support can alleviate some of the challenges faced by metal fabricators, thereby enhancing their potential for growth. For instance, access to financial assistance can mitigate financial constraints, while training programs can improve operational clarity and efficiency.

The other independent variable in this framework are the strategies for growth. These strategies are specific approaches and methods designed to address the challenges faced by metal fabricators and promote their business growth. Key strategies include improving access to finance, building capacity through training and development, expanding market reach, and adopting innovative technologies. By implementing these strategies, metal fabricators can better navigate the challenges they face, leading to improved business outcomes. The effectiveness of these strategies can significantly impact the relationship between the challenges and business growth, acting as a bridge to facilitate growth despite existing obstacles.

This framework provides a comprehensive understanding of the factors at play and serves as a guide for developing targeted interventions to support the growth of metal fabricators in Garden Compound, Lusaka.

#### 3. METHODOLOGY

A qualitative research design was appropriate for this study due to its exploratory nature, which aligns with the objectives of examining the challenges faced by Garden Township metal fabricators. This design facilitates a comprehensive examination of the experiences and perspectives of these fabricators, allowing for the identification of patterns and themes that might not be evident through quantitative methods (Bryman, 2016). The qualitative approach enables the researcher to delve deeply into the context-specific issues that affect business growth, providing rich, detailed insights. The research paradigm underpinning this study was interpretivism, which is suitable for understanding the complex and subjective experiences of the participants. Interpretivism posits that reality is constructed through social interactions and is therefore best understood through the meanings and interpretations that individuals ascribe to their experiences (Creswell & Poth, 2018). This paradigm supports the use of qualitative methods to explore the lived experiences of metal fabricators in the Garden Compound, helping to uncover the nuanced challenges they face.

The research strategy involved the use of structured interviews and focus group discussions to collect qualitative data from the metal fabricators. This strategy was chosen to facilitate detailed and in-depth data collection, allowing the researcher to explore the participants' experiences, perceptions, and challenges in a comprehensive manner. The structured interviews ensured consistency in data collection, while the focus group discussions provided a platform for participants to share and discuss their experiences collectively (Guest, Namey, & Mitchell, 2017).

The study site was Garden Township, situated in Lusaka, Zambia, a densely populated urban area known for its vibrant community and active informal economy. The population of Garden Township is estimated to be around 80,000 to 100,000 residents, comprising mainly low- to middle-income households. According to the Patents and Companies Registration Agency (PACRA), there are approximately 15,000 registered metal fabricators in Zambia. In Lusaka, the number of registered metal fabricators is around 3,500, with a significant concentration in areas such as Garden Township.

The sampling population for this study comprises metal fabricators based at the Garden Compound market. A purposive sampling technique was employed to ensure that the most relevant and knowledgeable respondents were included in the study (Palinkas et al., 2015). This technique is suitable for qualitative research where the aim is to gain deep insights from specific individuals who have direct experience with the research topic.

A common criticism of qualitative research is that insufficient justification is provided for a sample size (Boddy, 2016). The sample size for qualitative research is typically smaller than that for quantitative studies. For this study, a saturation point method for metal fabricators was been determined to be sufficient. This size allows for an in-depth exploration of the participants' experiences while ensuring that the data remains manageable and can be analyzed thoroughly (Vasileiou et al., 2018). Data collection involved structured interviews and focus focused group discussions, the data collected was analyzed using a combination of thematic and narrative analysis. Thematic analysis involves identifying, analyzing, and reporting patterns (themes) within the data (Braun & Clarke, 2019). Ethical considerations and measures of data quality control were adhered to with the deserved strictness.

#### 4. FINDINGS AND DISCUSSION

#### 4.1. Challenges faced by Garden Township Metal fabricators

This section presents and analyzes the data collected from the interview guide consisting of 10 welders and 5 business owners in the metal fabrication industry in Garden Township a number which the research reaches the saturation point on. The participants were asked questions related to the research question: "What are the primary challenges do you face as metal fabricators in this township that hinders business growth?" Their responses highlighted several key challenges: electricity and load shedding, financial challenges, difficulties accessing loans, lack of advanced technology, and lack of strategic knowledge for business growth. Electricity and load shedding emerged as one of the most significant challenges faced by metal fabricators in Garden Compound. A substantial portion of both welders and business owners identified this issue as a major impediment to their operations. Specifically, 70% of the welders (7 out of 10) and 60% of the business owners (3 out of 5) mentioned that frequent power outages disrupt their production schedules, leading to delays and increased operational costs. These interruptions hinder the ability of metal fabricators to meet customer demands on time, affecting their reputation and business growth prospects. The dependency on stable electricity for operating heavy machinery and tools makes load shedding a critical bottleneck in their workflow. The business owners emphasized financial constraints and the difficulty of accessing loans as primary challenges. One business owner stated, "*The loan application processes are too complicated and time-consuming for us.*" The welders in this group pointed to frequent electricity load shedding and outdated technology affecting productivity, with one welder commenting, *"We lose hours of work every day due to power cuts."* 

The issue of electricity and load shedding is a critical challenge that aligns with the Dynamic Capabilities Theory, which emphasizes the importance of sensing, seizing, and reconfiguring capabilities to adapt to changing environments (Teece, Pisano, & Shuen, 1997). The frequent power outages reported by the participants indicate a significant environmental challenge that metal fabricators must sense and respond to. The inability to ensure stable electricity supply affects their operational efficiency and capacity to meet customer demands, thus hindering their ability to seize market opportunities.

This finding is corroborated by the study by Johnson and Smith (2018), which highlights how infrastructure deficiencies can severely impact the performance and growth of SMEs in the metal fabrication industry. The need for stable and reliable electricity is crucial for the continuous operation of heavy machinery and tools used in metal fabrication, and without it, firms struggle to maintain productivity and competitiveness.

Business owners identified bureaucratic hurdles in accessing government support and financial services. One owner stated, *"Even if the support exists, getting through the red tape is almost impossible."* Welders cited poor infrastructure and unreliable power supply as major obstacles. *"We need better roads and consistent electricity to run our businesses efficiently,"* one welder explained. Financial challenges, particularly accessing loans, were cited as significant barriers to business growth. Half of the welders (50%, or 5 out of 10) and a notable 80% of the business owners (4 out of 5) expressed difficulties in securing financial support. The long and complicated process involved in obtaining loans from financial institutions was a common complaint. Participants highlighted that stringent requirements and lengthy approval times discourage them from pursuing financial assistance, which in turn limits their capacity to invest in new equipment, expand their operations, and improve their competitiveness. The inability to secure adequate funding forces many metal fabricators to operate on a small scale, constraining their growth potential.

The financial challenges, particularly the difficulties in accessing loans, align with both the Dynamic Capabilities Theory and the Innovation and Entrepreneurship Theory. From the perspective of dynamic capabilities, access to financial resources is essential for reconfiguring and reallocating resources to adapt and innovate (Teece, 2007). The inability to secure loans restricts metal fabricators' capacity to invest in new technology, expand their operations, and pursue new market opportunities.

The Innovation and Entrepreneurship Theory, as articulated by Schumpeter (1934), emphasizes the role of financial resources in enabling entrepreneurs to innovate and drive economic development. The study by Nguyen and Tran (2017) also supports this view, highlighting that financial constraints are a significant barrier to innovation and growth in metal fabrication SMEs. The

participants' experiences of long and complicated loan processes underscore the need for more accessible and supportive financial services tailored to the needs of SMEs.

The lack of access to advanced technology was another critical challenge highlighted by the participants. Six out of ten welders (60%) and three out of five business owners (60%) indicated that outdated machinery and tools hinder their ability to improve production efficiency and product quality. The participants stressed the need for modern equipment that can enhance precision, reduce waste, and increase productivity. However, the high cost of advanced technology and the lack of financial support to acquire such tools create a significant barrier. The reliance on manual processes and old machinery puts metal fabricators at a disadvantage compared to competitors who have adopted more advanced technological solutions.

The participants' reliance on outdated machinery indicates a gap in their technological capabilities, which limits their ability to reconfigure resources and processes to adapt to market demands and technological advancements. This finding is supported by the study by Brown and Green (2020), & Hapompwe, Banda, & Chalwe, (2024) which emphasize the impact of technological advancements on the competitiveness and growth of metal fabrication businesses and technology being an equalizer in business growth respectively. The high cost of modern equipment and the lack of financial support to acquire such tools create significant barriers for metal fabricators. The need for investment in advanced technology is crucial for enabling firms to innovate and improve their production processes.

Besides, a lack of strategic knowledge and business acumen was identified as a critical challenge by both welders and business owners. Forty percent of the welders (4 out of 10) and 60% of the business owners (3 out of 5) acknowledged that they lack the necessary skills and knowledge to develop effective growth strategies. Participants mentioned that they struggle with planning, marketing, and financial management, which are essential for scaling their businesses. This knowledge gap prevents them from identifying and capitalizing on market opportunities, optimizing their operations, and sustaining long-term growth. The absence of strategic guidance and training resources has led to many metal fabrication businesses stagnating or closing down. The business owners discussed the high cost of modern machinery and lack of training opportunities. *"We can't afford the new equipment that could make us more competitive,"* one business owner remarked. The welders mentioned insufficient government support and the negative impact of financial hardships on business continuity. *"The government's promises of support have not materialized for us,"* said one welder.

The lack of strategic knowledge and business acumen aligns with both the Dynamic Capabilities Theory and the Innovation and Entrepreneurship Theory. From the dynamic capabilities' perspective, strategic knowledge is essential for sensing opportunities, seizing them, and reconfiguring resources to achieve sustained competitive advantage (Teece, 2007). The participants' struggle with planning, marketing, and financial management indicates a gap in their strategic capabilities, which hinders their ability to develop and implement effective growth strategies.

The Innovation and Entrepreneurship Theory also highlights the importance of strategic knowledge and skills for successful entrepreneurship. Drucker (1985) emphasizes the role of strategic thinking and innovation in driving business growth and competitiveness. The participants' need for strategic guidance and training resources underscores the importance of education and mentorship programs designed to empower business owners and workers with the necessary skills and knowledge.

The study by Freeman and Soete (1997) further supports this finding, highlighting the critical role of strategic knowledge in enabling firms to innovate and adapt to changing market conditions. The absence of strategic guidance and training resources has led to many metal fabrication businesses stagnating or closing down, indicating the need for targeted interventions to support the development of strategic capabilities in SMEs.

#### 4.2. Level of Government Support Provided to Metal Fabricators in Garden Township.

The data collected from the interviews consisting of 10 welders and 5 business owners in the metal fabrication industry in Garden Compound. The participants were asked, "What forms of government support have been extended to metal fabricators in Garden Compound?" Their responses highlighted awareness of several government initiatives aimed at supporting SMEs, but also revealed that none of the participants had accessed these supports at the time of the research.

The findings from the focus groups reveal significant insights into the awareness and accessibility of government support among metal fabricators in Garden Township. The discussion here ties these findings to the Dynamic Capabilities Theory and Innovation and Entrepreneurship Theory, referencing specific studies that support these insights.

The feedback from participants about the new dawn government's strategies and the challenges in accessing CEEC and CDF supports align with the broader literature on SME support and financial accessibility. Johnson and Smith (2018) emphasize the importance of infrastructure and financial support in enhancing the performance and growth of SMEs. The establishment of the

Ministry of SME and the recognition of CEEC and CDF as potential supports are steps in the right direction. However, the practical barriers to accessing these supports highlight the need for more effective implementation and outreach.

The finding that none of the participants had accessed the mentioned supports at the time of the research suggests a significant gap in the practical availability of these resources. This gap aligns with the broader challenges identified in the literature, where bureaucratic complexities and insufficient communication often hinder SMEs from benefiting from available supports. The study by Brown and Green (2020) also supports this finding, highlighting the critical role of accessible and supportive financial services in enabling SMEs to innovate and grow.

The study by Hapompwe, Simushi, & Sichoongwe (2021) also ascertained the difficulty encountered by SMEs in trying governmental financial support for their businesses.

#### 4.3. Mitigating the Challenges Faced by Metal Fabricators and Fostering Business growth in Garden Township

The participants were asked, "What strategies can be implemented to mitigate the identified challenges and enhance business growth among metal fabricators in Garden Township?" Their responses highlighted a lack of specific strategies but called on the government for targeted support to sustain their businesses.

All 15 participants, comprising 10 welders and 5 business owners, indicated that they do not have specific strategies they can identify to help mitigate their challenges and enhance business growth. This unanimous response underscores a significant gap in strategic planning and knowledge among the metal fabricators in Garden Compound.

One welder remarked, "We are struggling to keep our businesses running. We know what the problems are, but we don't have the expertise to come up with solutions on our own."

The Dynamic Capabilities Theory emphasizes the ability of firms to sense opportunities, seize them, and reconfigure resources to adapt to changing environments (Teece, Pisano, & Shuen, 1997). The lack of specific strategies among metal fabricators indicates a significant gap in their ability to sense and seize opportunities. This aligns with the concept of dynamic capabilities, where firms must continuously develop and renew their strategic knowledge to remain competitive.

The participants' inability to identify specific strategies for mitigating challenges and enhancing business growth highlights their struggle with strategic planning and knowledge. This finding is consistent with the study by Freeman and Soete (1997), which emphasizes the importance of strategic knowledge in enabling firms to innovate and adapt. The absence of effective strategies among the metal fabricators suggests that they are not adequately equipped to reconfigure their resources and processes to adapt to their challenges.

This gap in strategic planning underscores the need for targeted interventions that focus on developing strategic capabilities among metal fabricators. Education and training programs designed to equip them with the necessary skills and knowledge are crucial for enabling them to sense opportunities, seize them, and reconfigure their resources effectively.

#### 5. CONCLUSION AND RECOMMENDATIONS

#### 5.1. Conclusion

The study identifies interconnected challenges inhibiting business growth among metal fabricators in Garden Township, such as inadequate infrastructure, limited access to financial resources, lack of modern technology, and insufficient strategic business education. Addressing these issues with a holistic approach can unlock growth potential and enhance the local economy. Insights from focus groups highlight the need for targeted interventions to support sustainable development.

Government support for metal fabricators in Garden Township is lacking in strategic knowledge and planning, emphasizing the need for intervention to address financial challenges. Simplifying access to financial resources, providing strategic business education, and implementing targeted support programs are essential. These improvements can help SMEs develop necessary capabilities and strategies for sustained growth, offering valuable guidance for policymakers to enhance support programs and foster innovation and entrepreneurship.

To mitigate challenges and foster business growth, the study suggests a model that includes simplified access to financial resources, strategic business education, and targeted support programs. This holistic approach can help metal fabrication SMEs develop dynamic capabilities and innovation strategies, ensuring sustained growth and competitiveness. The insights provide a foundation for policymakers to improve support programs, creating a more supportive environment for the metal fabrication industry.

#### 5.2. RECOMMENDATIONS

#### 5.2.1. Proposed Framework for Addressing Challenges Faced by Metal Fabricators in Garden Township

The data gathered from the interviews and focus groups indicate significant challenges in the metal fabrication industry within Garden Township. These challenges include financial constraints, lack of strategic knowledge and planning, inadequate access to modern technology, unreliable infrastructure, and insufficient government support. Addressing these challenges requires a comprehensive and multifaceted approach. This proposed framework aims to develop solutions by leveraging insights from Dynamic Capabilities Theory and Innovation and Entrepreneurship Theory





Figure 2: Strategic Capacity Building

Authors' Construction (2024)

The proposed framework addresses the multifaceted challenges faced by metal fabricators in Garden Compound by enhancing strategic capabilities, simplifying financial access, modernizing technology, improving infrastructure, and strengthening government support. Implementing these solutions can significantly contribute to the growth and sustainability of the metal fabrication industry. Future studies should focus on assessing the impact of these interventions to ensure continuous improvement and adaptation to emerging challenges.

#### 5.2.2. Implications of the Model

- **5.2.2.1.** Develop Comprehensive Training Programs and these should focus on strategic planning, financial management, and business operations. Include modules on modern technology usage and maintenance.
- **5.2.2.2.** Simplify Financial Support Access such as streamlining loan application processes, increase awareness and accessibility of government-backed financial programs.
- **5.2.2.3.** Enhance Technology and Infrastructure: by providing subsidies for purchasing advanced machinery and ensuring a stable and reliable power supply and improved infrastructure.
- **5.2.2.4.** Strengthen Government Support Mechanisms by reducing bureaucratic hurdles in accessing support programs and improving the dissemination of information regarding available resources and support.
- **5.2.2.5.** Promote Market Access and Business Sustainability by facilitating connections between metal fabricators and larger markets.
- **5.2.2.6.** Develop succession planning and business continuity workshops.

#### 5.2.3. Recommendations for Future Studies

- **5.2.3.1.** Conduct longitudinal studies to evaluate the effectiveness of strategic and financial training programs on business performance.
- **5.2.3.2.** Research the impact of streamlined loan processes and government-backed financial programs on the growth of metal fabrication businesses.
- **5.2.3.3.** Study the effects of modern machinery and technology adoption on productivity and business growth in the metal fabrication industry.
- **5.2.3.4.** Analyze the impact of improved infrastructure, such as reliable power supply and better roads, on the operational efficiency of metal fabrication businesses.
- **5.2.3.5.** Investigate the effectiveness of government policies and support programs in fostering the growth and sustainability of SMEs in the metal fabrication sector.

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