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An Assessment of Business Management Practices' Effect on the Performance of Small and Medium Enterprises in Lusaka Central Business District

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ABSTARCT: This study purposed to assess business management practices' effect on the performance of small and medium enterprises (SMEs) in Lusaka's Central Business District (CBD). The study was underpinned by three research objectives: to examine current business management practices adopted by SMEs, to determine the effect of these practices on SMEs' performance, and to explore strategies for enhancing business practices. A mixed-method research approach guided the study. A mixed-method research approach guided the study, which targeted a population of 37,000 SMEs in the CBD, with a sample size of 100 participants, which comprised 83 business owners/managers and 17 officials from the Ministry of Small and Medium Enterprises Development. Data was collected through questionnaires and interviews and analyzed using the Statistical Package for Social Sciences (SPSS). 100 questionnaires were distributed to SME owners/managers and officials from MSMED while interviews were conducted with 10 selected SMEs participating in the questionnaire administration. Out of the 100 questionnaires circulated to SMEs, 80 were returned representing an 80% response rate. The study employed purposive and random sampling to strengthen the findings' validity, reliability, and generalizability. The findings revealed that financial management, human resource management, marketing strategies, and strategic planning are key management practices employed by SMEs in CBD. The study found that business management practices significantly and positively affect business performance, leading to improved productivity, profitability, competitiveness, and overall success. However, challenges such as lack of management expertise, high employee turnover, and ineffective performance measurement hinder the adoption and effectiveness of these practices. The study concludes that SMEs can enhance their business management practices and improve performance by adopting effective human resource management, financial management, and strategic marketing practices. Key recommendations include SME owners/managers identifying and implementing missing management practices, embracing modern technologies, and employing SME support mechanisms to help managers and owners acquire the necessary skills. Additionally, the study recommends that SMEs should regularly assess their performance against management practices adopted to ascertain their effect on performance.

KEYWORDS: Assessment, Business Management Practices, Effect, Performance, SMEs, Lusaka.

1. INTRODUCTION

The definition of a small and medium enterprise (SME) has undergone significant evolution, but it generally encompasses businesses with a limited workforce and modest capital. Various international and national organizations have established distinct criteria to define SMEs. According to the International Labor Organization (ILO) (2020), a small enterprise typically has fewer than 50 employees and an annual turnover of less than $10 million. In contrast, the European Union defines micro-enterprises as those meeting at least two criteria: fewer than 10 employees, a balance sheet total below EUR 2 million, and a turnover below EUR 2 million (European Commission, 2022).

In Zambia, the Zambia Development Agency (ZDA) (2022) defines a small enterprise as a business with fewer than 20 employees and an annual turnover of less than K5 million (approximately USD 250,000). Similarly, the Bank of Zambia (2022) defines a small enterprise as a business with fewer than 50 employees and an annual turnover of less than K10 million (approximately USD 500,000). These varying definitions underscore the diversity of SMEs across different regions and economies.

One of the primary obstacles to SME success is the lack of effective business management practices. Research has consistently shown that SMEs that adopt good business management practices tend to outperform those that do not (Kakwezi, 2020). For instance, a study by the International Journal of Business and Management (IJBM, 2022) found that organizations that adopt best business management practices, such as total quality management and supply chain management, tend to achieve superior performance. The significance of Small and Medium Enterprises (SMEs) in driving economic growth and development cannot be overstated. However, despite their vital role in fostering entrepreneurship, innovation, and employment opportunities, SMEs in Zambia continue to face numerous challenges that hinder their success (ILO, 2022; World Bank, 2022).

As the government and businesses strive to stay ahead in an increasingly competitive landscape, it is essential for them to continually assess and refine every aspect of their business management practices to optimize performance and sustain a competitive edge. Implementing business management practices coupled with quality management principles and tools can systematically enhance business performance, particularly when key practices in business excellence are applied across all functional areas within an organization. However, research suggests that many SMEs often imitate the practices of larger firms to boost efficiency and effectiveness. To achieve this, SMEs require access to relevant knowledge and expertise, which can be disseminated through targeted training and development initiatives (Ghobadian, 2020).

This study aims to assess the management practices's effect on the performance of Small and Medium Enterprises (SMEs) in the Lusaka Central Business District, Zambia. Specifically, this research seeks to examine the relationship between management practices, such as strategic planning, human resource management, and financial management, and SME performance. The study is guided by three theoretical frameworks: the dynamic capabilities theory (Teece, 2022), the Resource-Based View (RBV) theory (Hoskisson et al., 2022), and the Contingency Theory (Gupta et al., 2022). By applying these theoretical frameworks, this study aimed to contribute to the understanding of how management practices can enhance SME performance in Zambia.

1.1. Problem Statement

The persistent underperformance of Small and Medium Enterprises (SMEs) in Zambia's Lusaka Central Business District poses a significant threat to the country's economic growth and development. Despite their potential to drive innovation, employment, and economic diversification, SMEs in Zambia continue to face numerous challenges. One of the critical challenges facing SMEs in Zambia is inadequate business management practices. SMEs often lack effective strategic planning, human resource management, and financial management practices, hindering their ability to optimize performance. Additionally, SMEs face challenges such as limited access to finance, insufficient infrastructure, inadequate skills and training, and regulatory challenges. The lack of effective business management practices is a critical constraint to SME performance in Zambia. The scarcity of empirical research on the impact of business management practices on SME performance in Zambia's context exacerbates the problem, leaving policymakers and practitioners without evidence-based solutions. A critical research gap exists in understanding the management practices that most significantly influence SME performance. While numerous studies have explored various aspects of SME management (e.g., Khan et al., 2022; Nguyen et al., 2020), there is a lack of research focusing on a comprehensive assessment of the effect management practices on business performance (Hussain et al., 2022). This gap is particularly evident in emerging economies, where contextual factors may lead to different outcomes than in more developed markets (Mwanzo et al., 2022). Specifically, there is a need for research that examines the effectiveness of management practices on SME performance in Zambia, where SMEs play a crucial role in driving economic growth and development (Kakwezi, 2022). Therefore, this study sought to address this critical knowledge gap by investigating the effect of business management practices on the performance of SMEs in the Lusaka Central Business District.

1.2 Study Objectives

a. To examine the current business management practices adopted by SMEs in Lusaka's Central Business District.
a. To determine the effect of management practices on business performance in Lusaka's Central Business District.
b. To identify potential strategies for enhancing business management practices to improve the performance of SMEs in the Central Business District of Lusaka

2. LITERATURE REVIEW

The relationship between business management practices and the performance of Small and Medium Enterprises (SMEs) has garnered significant attention in recent years. A plethora of studies have demonstrated that effective business management practices are crucial for SME success, as they enable these organizations to optimize their resources, improve efficiency, and drive innovation (Hoskisson, 2020; Kakwezi, 2020). For instance, research has shown that strategic planning, human resource management, and financial management practices are essential for SME performance, as they facilitate the alignment of organizational resources, activities, and strategies (O'Brien, 2022).

2.2. Empirical Review

2.2.1 Business Management Practices Adopted by SMEs

Business management practices refer to the deliberate and systematic approaches organizations employ to plan, organize, lead, and control their resources and activities to achieve their objectives (David, 2022). These practices encompass various aspects of management, including strategic planning, human resource management, financial management, and marketing management. Effective business management practices enable organizations to optimize their performance, achieve sustainability, and gain a competitive edge in their markets (Peteraf et al., 2022).

Research has consistently demonstrated that an organization's performance is heavily dependent on efficient management practices. A study by Khan et al. (2022) identified seven key strategies that can maximize profitability and performance, including strategic planning, innovation management, human resource management, marketing management, operational efficiency, digital transformation, and supply chain management. Several studies have investigated the current business management practices adopted by Small and Medium Enterprises (SMEs) in Zambia. For instance, a study by the Government of the Republic of Zambia (GRZ, 2019) examined the management practices of SMEs in the manufacturing sector, revealing that most SMEs relied on traditional management practices, while some were adopting modern management practices.

These traditional practices are characterized by centralized decision-making, informal communication, and a lack of formalized structures. Critics argue that this reliance on informal practices reflects deeper systemic challenges, highlighting the need for more research on the long-term impact of formalized management approaches and the contextual factors influencing their adoption.

2.2.1.1 Strategic Planning

Strategic planning is a vital component of business management that enables organizations to achieve their objectives and enhance their overall performance. A study by Khan et al. (2022) defines strategic planning as a "formal yet flexible process to determine where an organization is currently and where it should be in the future". This definition underscores the importance of strategic planning in assessing an organization's current situation, identifying its strengths and weaknesses, and developing strategies to achieve its objectives. Effective strategic planning requires a clear vision and objectives, as emphasized by Ahmed et al. (2022). This clarity of direction and goals enables organizations to focus their efforts and resources on achieving their desired outcomes. A clear vision and objectives also facilitate the development of a comprehensive strategic plan that outlines specific actions, timelines, and resource allocations. Research has consistently shown that strategic planning practices have a positive impact on firm performance (Hassan et al., 2022; Al-Shammari et al., 2022). Strategic planning enables organizations to adapt to changing market conditions, identify new business opportunities, and mitigate potential risks. Moreover, strategic planning is particularly beneficial for Small and Medium Enterprises (SMEs), as it encourages entrepreneurs and managers to think critically about their business and seek solutions to open questions (Wang et al., 2022).

2.2.1.2 Human Resource Management

Human Resource Management (HRM) is a critical function that enables organizations to achieve their objectives by effectively managing their human resources. According to Bratton and Gold (2022), HRM involves planning, organizing, directing, and controlling an organization's human resources to enhance productivity, foster innovation, and improve overall performance. The HRM function encompasses various activities, including recruitment and selection, training and development, performance management, compensation and benefits, and employee relations (Mondy & Noe, 2022). Effective HRM practices are essential for achieving organizational success. Research has consistently shown that HRM practices have a positive impact on firm performance, leading to improved productivity, innovation, and competitiveness. For instance, a study by Huselid et al. (2017) found that HRM practices such as recruitment, training, and performance management were linked to improved organizational outcomes, including higher employee motivation, job satisfaction, and commitment. Similarly, Chirwa (2018) investigated the influence of HRM practices on the performance of small and medium enterprises (SMEs) in Zambia's service sector, finding that key HRM practices positively influenced SME performance.

The importance of HRM practices in SMEs cannot be overstated. SMEs are often characterized by limited resources, which can make it challenging to attract, retain, and develop talent. However, by implementing effective HRM practices, SMEs can improve their competitiveness, innovation, and overall performance. For example, recruitment and selection practices can help SMEs attract top talent, while training and development practices can enhance employee skills and knowledge. Performance management practices can also help SMEs evaluate employee performance, provide feedback, and make informed decisions about promotions and terminations.

2.2.1.3 Marketing Strategies

Marketing is a vital business practice that focuses on understanding customer needs to gain a competitive advantage (Kumar et al., 2022). Effective marketing practices are essential for every business, as they enhance a firm's activities, strengthen competitiveness, and increase market share (Hassan et al., 2022; Al-Shammari et al., 2022). Moreover, firm performance directly depends on efficient marketing strategies. Recent studies have highlighted the importance of digital marketing strategies in enhancing firm performance. For instance, research by Khan et al. (2022) in Malaysia found that social media marketing positively affects firm performance. Similarly, a study by Ahmed et al. (2022) in the United Kingdom found that content marketing effectively enhances brand awareness and customer engagement.

In the context of small and medium-sized enterprises (SMEs), research has shown that customer-centric approaches are effective in fostering long-term relationships. A study by Homburg et al. (2015) in Germany found that SMEs implementing innovative methods, such as digital and social media marketing, demonstrated superior performance compared to those adhering to traditional strategies. In Zambia, research has shown that SMEs rely heavily on informal marketing practices, such as social media and word-of-mouth marketing. A study by Mwamba (2020) found that SMEs in the tourism sector that adopted formal marketing methods, such as market segmentation and targeting, tended to perform better than those that did not. However, Mwamba's study did not examine the role of institutional factors, such as government support and regulatory frameworks, in shaping the marketing practices of SMEs in Zambia.

2.2.4 Financial Management

Financial management is crucial to business operations, particularly for small and medium enterprises (SMEs). It involves planning, organizing, directing, and controlling an organization's financial resources to achieve its objectives (Brigham & Ehrhardt, 2022). Effective financial management encompasses various functions, including financial planning, budgeting, forecasting, funding, investing, and risk management (Keown et al., 2022). The primary goal of financial management is to maximize shareholder value by making informed decisions about investments, financing, and dividend payments (Ross et al., 2022). Research has shown that effective financial management practices are essential for SMEs to navigate economic uncertainties and secure funding from financial institutions. A study by Ismail and King (2021) in Malaysia found that SMEs with effective financial management practices were better positioned to access finance and achieve sustainable growth. However, the study did not explore the specific financial management practices that are most effective in enhancing SME performance in different industries.

In Zambia, research has highlighted the challenges faced by SMEs in accessing finance and managing their financial resources effectively. A study by Chikandiwa et al. (2017) analyzed financial strategies in the Zambian retail sector and found that most SMEs relied on short-term financing, such as personal loans and overdrafts. While some businesses had begun adopting advanced practices like budgeting and cash flow management, the study concluded that significant improvements in financial management are essential to secure formal financing and foster sustainable growth.

2.3 Effect of Management Practices on Business Performance

The effect of business management practices on the growth of SMEs is profound. By implementing effective management practices, SMEs can enhance their ability to adapt to changing market conditions, improve their competitiveness, and achieve their goals. Effective management practices enable SMEs to develop a clear understanding of their internal strengths and weaknesses, as well as external opportunities and threats. This understanding allows SMEs to make informed decisions about their business, prioritize their activities and resources, and allocate their resources effectively. Effective financial management practices are essential for SMEs to manage their finances effectively, which is critical for their long-term survival. By developing strong financial management systems, SMEs can manage their cash flow, reduce their debt, and increase their profitability (Brealey et al., 2012). A comprehensive financial plan provides a roadmap for SMEs to manage their finances, including setting financial objectives, identifying sources of funding, and establishing a budget (Brealey et al., 2020). A comprehensive financial plan should include several key components, such as financial statements, budgeting, and forecasting. Financial statements provide a snapshot of a company's financial position at a particular point in time, while budgeting and forecasting enable SMEs to predict their future financial performance and make informed decisions about their business (Harrison & Horngren, 2020).

In addition to developing a comprehensive financial plan, SMEs should also establish strong financial management systems, including internal controls, accounting systems, and financial reporting systems. Internal controls help ensure that a company's financial transactions are accurate, reliable, and secure while accounting systems provide a framework for recording and reporting financial transactions (Needles & Powers, 2020). Financial reporting systems are also critical for SMEs, as they provide stakeholders with accurate and timely financial information. This information can be used to make informed decisions about the business, such as investments, financing, and strategic planning (Kotler & Keller, 2020). Furthermore, effective financial management practices enable SMEs to manage their cash flow, reduce their debt, and increase their profitability. By developing a cash flow management system, SMEs can monitor their cash inflows and outflows, identify potential cash flow problems, and take corrective action to address them (Brealey et al., 2020).

Strategic planning plays a crucial role in enabling SMEs to make informed decisions about their business, which can ultimately lead to improved performance. By developing a strategic plan, SMEs can clarify their mission, vision, and objectives and identify the steps they need to take to achieve them (Johnson & Scholes, 2017). A strategic plan provides a clear direction and focus for the business, enabling SMEs to prioritize their activities and resources effectively. The development of a strategic plan involves several key steps, including conducting a situation analysis, setting strategic objectives, and identifying strategies to achieve those objectives (Wheelen & Hunger, 2017).

A situation analysis involves gathering and analyzing data about the business and its environment, including its strengths, weaknesses, opportunities, and threats (SWOT analysis). This analysis provides a foundation for setting strategic objectives, which should be specific, measurable, achievable, relevant, and time-bound (SMART) (Kotler & Keller, 2016).

Marketing strategies are crucial for SMEs to attract and retain customers and increase revenue. Effective marketing and sales strategies can help SMEs differentiate themselves from their competitors, build strong relationships with their customers, and create a loyal customer base (Kotler & Keller, 2016). A well-crafted marketing strategy can help SMEs identify their target market, develop a unique value proposition, and create a competitive advantage. The effect of marketing strategy on the growth of SMEs is significant. A well-planned marketing strategy can help SMEs increase their brand awareness, generate leads, and drive sales (Kumar et al., 2017).

Human resource management practices are vital for Small and Medium Enterprises (SMEs) as they play a crucial role in attracting, retaining, and developing skilled employees. Effective human resource management practices enable SMEs to build a strong and motivated workforce, which is essential for improving productivity, efficiency, and overall performance (Noe et al., 2020). Recruitment is a critical human resource management practice that enables SMEs to attract and hire skilled employees. The recruitment process involves identifying, attracting, and selecting qualified candidates to fill job vacancies. Effective recruitment strategies can help SMEs reach a wider pool of candidates, reduce recruitment costs, and improve the quality of hires.

There are several effective recruitment strategies that SMEs can use to attract and hire skilled employees. These include social media recruitment, employee referrals, job boards, internships, and networking. By utilizing these strategies, SMEs can improve their chances of attracting and hiring skilled employees who can contribute to the growth and success of the organization. Training and development programs can help SMEs to improve the skills and knowledge of their employees, which can lead to improved job performance and productivity. Performance management practices can help SMEs to evaluate employee performance, provide feedback, and make informed decisions about employee development and compensation. Employee relations practices can help SMEs to create a positive work environment, improve employee engagement and motivation, and reduce employee turnover. By implementing these human resource management practices, SMEs can build a strong and motivated workforce that can drive business success.

2.4 Potential Strategies for Enhancing Business Management Practices to Improve the Performance of SMEs

There is a growing consensus among researchers and scholars that effective business management practices are crucial for improving the performance of Small and Medium-sized Enterprises (SMEs) (Khan et al., 2022; Manyika et al., 2017). This body of knowledge emphasizes that SMEs adopting modern management practices tend to outperform those that do not (Oakland, 2014; Hitt et al., 2016). To enhance the adoption of management practices that improve performance among SMEs, authorities in Zambia can play a vital role. One potential role is providing training and development programs for SME owners and employees to improve their management skills and knowledge. Research highlights the importance of training and development in improving SME performance (Kunda & Mumba, 2016). A potential research topic in this area could be "Assessing the Impact of Training and Development Programs on SME Performance in Zambia."

Another potential role for authorities in Zambia is establishing business support centers that provide SMEs with access to business advisory services, mentorship, and training. Research suggests that business support centers can play a crucial role in promoting SME growth and development (Musonda & Mumba, 2015). A potential research topic in this area could be "Evaluating the Effectiveness of Business Support Centers in Promoting SME Growth and Development in Zambia." Authorities in Zambia can also develop and implement business regulations that support SME growth and development. Research recommends simplifying business registration processes and providing tax incentives to promote SME growth and development (Simumba & Chikandi, 2017). A potential research topic in this area could be "Assessing the Impact of Business Regulations on SME Growth and Development in Zambia."

Providing access to finance is another crucial role that authorities in Zambia can play to support SME growth and development. Research emphasizes the importance of access to finance in promoting SME growth and development (Mwansa & Simumba, 2019). A potential research topic in this area could be "Evaluating the Effectiveness of Access to Finance Initiatives in Promoting SME

Growth and Development in Zambia." Finally, authorities in Zambia can promote entrepreneurship and innovation among SMEs through initiatives such as business plan competitions, innovation awards, and entrepreneurship training programs. A potential research topic in this area could be "Assessing the Impact of Entrepreneurship and Innovation Initiatives on SME Performance in Zambia."

2.5. Gaps in the Literature

Research on Small and Medium-sized Enterprises (SMEs) has been extensive globally, yet significant research gaps persistently exist. One notable gap is the scarcity of studies focusing specifically on SMEs in developing countries (Khan et al., 2022). A systematic review of studies on SMEs in developing countries revealed that only 15% of the studies concentrated on this area (Hassan et al., 2022). This indicates that the majority of SME research has centered on developed countries, leaving a substantial knowledge gap regarding SMEs in developing countries.

Another research gap is the limited examination of the impact of external factors, such as technological disruptions, regulatory challenges, and market volatility, on the effectiveness of management practices in SMEs globally (Khan et al., 2022). Most studies have focused on internal factors, including strategic planning, financial management, and human resource management, without considering the external environment in which SMEs operate.

Furthermore, there is a lack of longitudinal studies that investigate the long-term impact of management practices on SME performance globally (Hassan et al., 2022). In Zambia, several research gaps also exist. While studies such as Kunda and Mumba (2016), Musonda and Mumba (2015), Simumba and Chikandi (2017), and Mwansa and Simumba (2019) have contributed to our understanding of current management practices, their effects on SME performance, and strategies to enhance these practices, these studies have limitations that need to be addressed.

Additionally, there is a lack of comprehensive studies that provide an in-depth examination of current management practices in SMEs in Zambia. Most studies have focused on specific aspects of management, such as strategic planning or financial management, without providing a thorough overview of management practices in Zambian SMEs. Secondly, while numerous studies have examined the effects of management practices on SME performance in Zambia, there is limited empirical evidence on the specific challenges that SMEs face in implementing these practices.

Thirdly, there is a need for more research on strategies to enhance management practices in SMEs in Zambia. Most studies have focused on the development of management practices without guiding how to implement and sustain these practices over time.

2.6. Theoretical Frameworks

The guiding theories for this research to understand the relationship between business management practices and SME performance in Zambia are the Resource-Based View (RBV) theory, the Contingency Theory, and the Dynamic Capability Theory.

2.6.1 Resource-Based View Theory (RBV)

The resource-based view, introduced by Penrose (1959) and further developed by Barney (1991), emphasizes the role of firm-specific resources and capabilities in achieving sustainable competitive advantage. This theory can be applied to assess management effectiveness within SMEs by focusing on how managerial competencies and organizational capabilities contribute to superior performance outcomes. For example, effective management practices such as strategic decision-making and talent development initiatives can be viewed as mechanisms for leveraging and enhancing the firm's internal resources and capabilities. By incorporating RBV, the study can investigate how the effective utilization of managerial resources and capabilities influences the competitive advantage and performance of SMEs.

2.6.2 The Contingency Theory

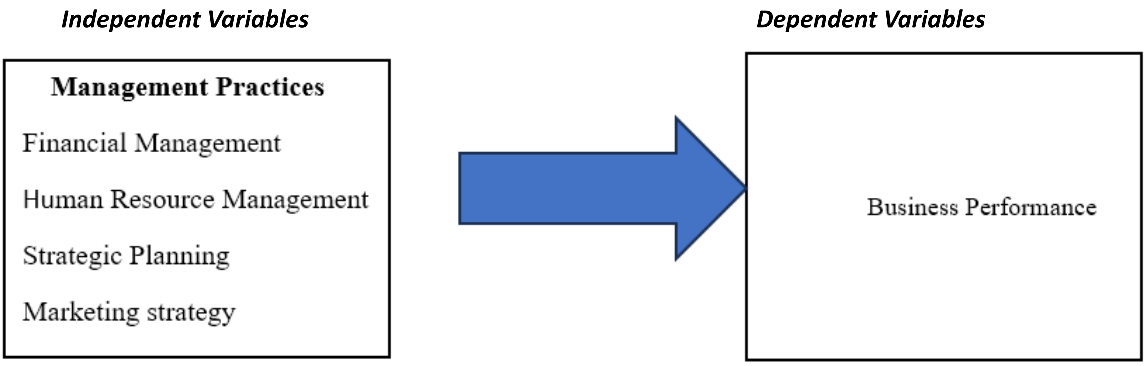
The Contingency Theory, also known as Contingency Management Theory, was developed by Fred Fiedler in the 1960s (Fiedler, 1964). In the context of SMEs, contingency theory can be applied to business management practices such as strategic planning, financial management, and marketing management. For instance, a small manufacturing firm in Zambia may adopt a flexible and adaptive strategic planning approach due to the uncertainty and volatility of the market, whereas a larger firm in the same industry may adopt a more formalized and structured approach.

2.6.3 The Dynamic Capability Theory

The Dynamic Capability Theory (DCT) was developed by David Teece, Gary Pisano, and Amy Shuen in their 1997 paper titled "Dynamic Capabilities and Strategic Management" (Teece et al., 1997). It suggests that firms can achieve sustained competitive advantage by developing and leveraging dynamic capabilities, such as the ability to adapt to changing market conditions and to innovate and improve products and processes. In the context of business management practices' influence on performance, dynamic capability theory can be used to examine how Small and Medium-sized Enterprises (SMEs) can develop and leverage dynamic capabilities, such as marketing strategies, to enhance their performance and competitiveness. For instance, an SME can develop a dynamic capability in marketing by creating a flexible and adaptive marketing strategy that allows it to quickly respond to changes in the market. This can include using social media and other digital marketing tools to reach customers and promote products, as well as continuously gathering and analyzing customer feedback to improve products and services.

2.7 Conceptual Framework

The conceptual framework helps in clearly defining the independent variables of the management practices, which include financial management, strategic planning, human resource management and strategic marketing. On the other hand, Business Performance serves as the dependent variable, representing the overall success or failure of SMEs.



Source: Researchers Construction (2024)

To ensure the validity and reliability of research findings, this study employed a multi-item scale approach to investigate the relationships between management practices and business performance. This approach allowed for a comprehensive and accurate understanding of the complex concepts being studied (Hair et al., 2022). Various researchers support the use of multi-item scales, arguing that they provide a more accurate and reliable measure of complex constructs compared to single-item scales (Podsakoff et al., 2020; Richardson et al., 2020).

The study examined four independent variables: management practices, financial management, human resources management, and marketing strategy. Management practices were assessed using a 15-item scale, incorporating strategic planning as a key dimension. Strategic planning enables organizations to establish clear goals and objectives, and develop strategies to achieve them (Johnson et al., 2020). This is consistent with the strategic management literature, which emphasizes the importance of strategic planning in achieving organizational success (Nag et al., 2020).

Financial management was evaluated using a 5-item scale, focusing on financial planning. Financial planning enables organizations to establish clear financial goals and objectives and develop strategies to achieve them (Brealey et al., 2022). The financial management literature supports this, highlighting the importance of financial planning in achieving financial performance (Ross et al., 2022).

Human resources management was measured using a 5-item scale, emphasizing performance management dimensions. Performance management enables organizations to establish clear performance goals and objectives and develop strategies to achieve them (Noe et al., 2022). This is consistent with the human resources management literature, which emphasizes the importance of performance management in achieving organizational success (Boselie et al., 2022).

Marketing strategy was assessed using a 5-item scale, covering market research and product development. Market research and product development enable organizations to understand customer needs and preferences and develop products and services that meet those needs (Kotler et al., 2022). The marketing literature supports this, highlighting the importance of market research and product development in achieving marketing performance (Kotler & Armstrong, 2022).

Business performance, the dependent variable, was measured using a 5-item scale comprising sales growth, profitability, and customer satisfaction. Sales growth and profitability were measured by asking respondents to indicate percentage increases over the past year (Kaplan & Norton, 2022). Customer satisfaction was measured by asking respondents to indicate their level of satisfaction with the organization's products or services.

3. METHODOLOGY

A mixed-method research approach guided the study, which targeted a population of 37,000 SMEs in the CBD, with a sample size of 100 participants, including 83 business owners/managers and 17 officials from the Ministry of Small Medium Enterprises

Development. Data was collected through questionnaires and analyzed using the Statistical Package for Social Sciences (SPSS). Qualitative data was done through a structured interview schedule. 100 questionnaires were distributed to SME owners/managers and officials from MSMED while interviews were conducted with 10 selected SMEs participating in the study. In the study, a sequential explanatory design was employed as a mixed methods approach the study began with a quantitative phase, where a survey questionnaire was administered to 100 SME owners/managers in the Lusaka central business district. The questionnaire sought to gather data on the effect of business management practices, such as strategic planning, human resource management, financial management, and marketing strategies on SME performance. The quantitative data was analyzed using descriptive statistics and inferential statistics, such as regression analysis, to identify the relationships between business management practices and SME performance. The qualitative data was analysed thematically.

4. FINDINGS

A total of 100 questionnaires were distributed to managers and employees of selected Small and Medium Enterprises (SMEs), with 80 completed and returned. This yielded an 80% response rate.

4.1 Current Business Management Practices Adopted by SMEs in Lusaka's CBD

The study sought to identify the common business management practices employed by Small and Medium Enterprises (SMEs) in Lusaka's Central Business District. The results show that 47% of the respondents cited financial management as a key practice, 26% emphasized human resource management, 15% identified marketing strategy, and 12% cited strategic planning.

In an interview, the respondents were asked to describe the business management practices they had adopted, how they managed and allocated resources, and how they stayed updated with the latest trends and best practices.

One respondent stated, " we have implemented several key management practices, including strategic planning, performance management, and continuous monitoring and evaluation. We also have a strong focus on customer service and relationship management. Our business is a retail enterprise that specializes in selling clothing and accessories. We have been in operation for about three years now, and we have a team of five employees."

Another respondent had a different view: "I don't think we use any formal strategic plan. We are a small business, and we can't afford to spend a lot of time and money on planning. We just focus on providing good customer service and ensuring our customers are happy. Our business is a small manufacturing enterprise that specializes in producing food products. We have been in operation for about two years now, and we have a team of three employees."

4.2 Effect of Management Practices on Business Performance

The section requested the respondents to state whether the business management practices employed in their businesses influenced their business performance. The results indicate that a significant majority 60% of respondents believe that the management practices employed by their business have a positive influence on their business performance. On the other hand, a notable minority 40% of respondents do not believe that their management practices influence their business performance.

In an interview, the effect of the business practices adopted and how they measure the success.

One respondent stated, "We use a combination of financial and non-financial metrics to measure the success of our management practices. We track our sales revenue, profitability, and customer satisfaction, among other metrics." Another respondent mentioned, "We measure the success of our management practices through our ability to achieve our business goals and objectives."

When assessing the impact of management practices on business performance, one respondent stated, "We use a variety of tools and techniques to assess the impact of our management practices on business performance. We conduct regular financial analysis and performance reviews, and we also use tools such as balanced scorecards and key performance indicators (KPIs)." Another respondent mentioned, "We assess the impact of our management practices on business performance through our ability to adapt to changes in the market and to respond to customer needs."

Examples of successful business outcomes included increasing sales revenue by 20% and improving customer satisfaction ratings by 30%. One respondent stated, "One example of a successful business outcome as a result of effective management practices is our ability to increase our sales revenue by 20% over the past year." Another respondent mentioned, "Another example of a successful business outcome as a result of effective management practices is our ability to improve our customer satisfaction ratings by 30% over the past year."

4.3 Potential strategies for enchasing business management practices and improving the performance of SMEs

The study examined the specific strategies that SMEs in Lusaka's Central Business District can adopt to enhance their management practices and ultimately improve their performance. The results show that the majority of respondents (86%) identified financial management as a key strategy for enhancing management practices and improving performance. In addition to financial management, a smaller proportion of respondents identified marketing strategies (5%), strategic planning (6%), and human resource management (2.5%) as important strategies for enhancing management practices and improving performance.

When asked about potential strategies for enhancing business management practices and improving the performance of SMEs in the Central Business District of Lusaka, one respondent stated, "I think one of the most effective strategies for SMEs is to adopt a customer-centric approach. This involves understanding the needs and preferences of customers and tailoring business practices to meet those needs." Another respondent mentioned, "Investing in technology is also crucial for SMEs. This can include adopting digital marketing strategies, implementing enterprise resource planning (ERP) systems, and using data analytics to inform business decisions."

Regarding marketing strategies, one respondent stated, "I think social media marketing is a highly effective strategy for SMEs. It allows businesses to reach a large audience at a relatively low cost, and it provides a platform for engaging with customers and building brand awareness." Another respondent mentioned, "Networking is also an important marketing strategy for SMEs. This can involve attending industry events, joining business associations, and building relationships with other business owners and stakeholders."

6. DISCUSSION OF FINDINGS

6.1.1 Current Business Management Practices Adopted by SMEs in Lusaka's Central Business District

The findings from the study highlight the diverse management practices employed by SMEs, emphasizing financial management, human resource management, marketing strategies, and strategic planning. The resource-based View (RBV) theory emphasizes the importance of internal resources and capabilities as sources of competitive advantage. The finding that financial management is prioritized by 47% of SMEs underscores the recognition of financial resources as critical assets. By mastering financial planning, resource allocation, and cost management, SMEs enhance their ability to withstand economic fluctuations, such as those caused by currency volatility and inflation, as seen in the study by Mwila and Phiri (2023). Moreover, Barney, 2020 suggests that RBV that the uniqueness and strategic deployment of financial resources, coupled with the adoption of effective marketing and human resource management strategies, enable SMEs to build a sustained competitive advantage. Marketing strategies and strategic planning, which were also highlighted, serve as valuable intangible assets, allowing SMEs to position themselves effectively in their markets and align operations with their long-term goals.

The findings from the study highlight two critical elements for the success of Small and Medium-sized Enterprises (SMEs): effective human resource management (HRM) and the adoption of technological and marketing strategies. These factors underscore the need for SMEs to adapt dynamically to their environments while maximizing their internal resources, aligning well with three key management theories: the Resource-Based View (RBV), Contingency Theory, and Dynamic Capability Theory. The RBV theory suggests that SMEs can achieve sustained competitive advantage by leveraging their unique internal resources and capabilities (Barney, 2020).

Effective HRM is a critical component of this approach, as it enables SMEs to develop and utilize their human capital to drive business success (Wright et al., 2020). Contingency Theory posits that SMEs must adapt their strategies and structures to fit their external environments in order to achieve success (Donaldson, 2020). Dynamic Capability Theory suggests that SMEs must develop and deploy dynamic capabilities in order to adapt to changing environments and achieve sustained competitive advantage (Teece, 2020). By adopting these theories, SMEs can develop effective strategies to drive business success.

6.1.2 The Business Management Practices' Effect on Business Performance

The findings of this study are consistent with existing literature on the importance of business management practices in enhancing business performance. Several studies have highlighted the positive impact of effective management practices on business success (Barney, 2020; Prajogo & McDermott, 2020; Khan et al., 2022). For instance, a study by Prajogo and McDermott (2020) found that effective management practices, such as human resource management and strategic planning, were positively related to business performance. Similarly, a study by Khan et al. (2022) found that SMEs that adopted effective management practices, such as financial management and marketing, tended to perform better than those that did not. These findings are consistent with the results of this study, which show that SMEs in Lusaka's CBD that adopt effective management practices tend to perform better than those that do not.

However, the findings of this study also suggest that a notable minority of respondents do not believe that their management practices influence their business performance. This is consistent with a study by Madori et al. (2020), which found that some SMEs lack awareness of the importance of effective management practices in driving business success. On the other hand, a study by Soininen et al. (2022) found that SMEs that adopted effective management practices, such as human resource management and financial management, were more likely to achieve business success.

In agreement with these findings, a study by Hair et al. (2022) found that effective management practices, such as strategic planning and human resource management, were positively related to business performance. Similarly, a study by Kotler et al. (2022) found that SMEs that adopted effective marketing strategies tended to perform better than those that did not.

However, a study by Morgan et al. (2022) found that the adoption of effective management practices was not a guarantee of business success, and that other factors, such as market conditions and competition, also played a role. This is consistent with the findings of this study, which suggest that while effective management practices are important for business success, they are not the only factor.

6.1.3 Potential Strategies for Enchasing Business Management Practices and Improving the Performance of SMEs

Financial management emerged as a top priority for improving performance, with an overwhelming 86.3% of respondents recognizing its importance, strategic planning was identified by 21.1% of respondents. While this percentage is lower compared to financial management, it underscores the importance of aligning organizational goals with external environmental factors—a key tenet of Contingency theory (Donaldson, 2020). This theory posits that there is no one-size-fits-all approach to management, and success depends on the fit between organizational strategies and the specific circumstances or contingencies they face (Morgan et al., 2022). Besides, only 2.5% of respondents identified human resource management (HRM) as a key area for enhancing business performance. This finding contrasts sharply with the extensive literature emphasizing the strategic importance of HRM (Armstrong, 2022; Ulrich et al., 2022). Scholars like Armstrong (2014) highlight HRM as essential for attracting, developing, and retaining skilled talent, which is critical for organizational success. Similarly, a study by Khan et al. (2022) found that effective HRM practices were positively related to business performance.

Furthermore, a study by Prajogo and McDermott (2022) found that HRM was a critical component of SME success, and that it was positively related to business performance. Another study by Soininen et al. (2022) found that SMEs that adopted effective HRM practices tended to perform better than those that did not. In addition, a study by Hair et al. (2022) found that HRM was an important predictor of business performance, and that it was positively related to organizational success. Overall, the literature suggests that HRM is a critical component of organizational success, and that it should be given more attention by SMEs.

6.1 CONCLUSION

This research identified key management practices employed by SMEs, including financial management, human resource management, marketing strategies, and strategic planning, with financial and HR management recognized as the most successful. Despite their importance, many SMEs face challenges such as lack of management expertise, high employee turnover, ineffective performance measurement, and insufficient strategic planning, which hinder the long-term effectiveness of these practices. The study also highlighted the significant effect of these management practices on business performance, revealing that most SMEs track key metrics such as revenue, profitability, and customer satisfaction. While many have introduced new management practices, they struggle with implementation. To improve performance, SMEs emphasized the need for stronger financial management strategies and operational enhancements. The lack of resources and support was a significant concern, with government intervention in financial and regulatory matters deemed essential. SMEs called for better access to financial support, infrastructure, and training to enhance their management capabilities. Ultimately, the study underscores the importance of effective management practices in driving SME success and offers key insights for entrepreneurs, consultants, and policymakers aiming to support the growth of SMEs in the region.

6.2 RECOMMENDATIONS

1**. SME Managers/Owners to Identify and Implement Missing Management Practices**

Empirical studies have shown that SMEs that identify and implement missing management practices experience improved performances. Therefore, SMEs should identify the missing practices in their businesses and ensure that they implement them. The RBV theory suggests that firms can achieve sustained competitive advantage by leveraging their internal resources and capabilities, including effective management practices.

2. SMEs to Adopt Modern Technologies to Enhance Performance

Research has shown that the adoption of modern technologies can enhance the performance of SMEs. Therefore, SMEs should adopt modern technologies, such as digital marketing tools and enterprise resource planning (ERP) systems, to improve their performance. The Dynamic Capability Theory suggests that firms can achieve sustained competitive advantage by developing and leveraging their dynamic capabilities, including the ability to adopt and implement new technologies.

3. Enhance SME Support Mechanism

Empirical studies have shown that SME support mechanisms, such as financial aid and training programs, can enhance the performance of SMEs. Therefore, government and other stakeholders should enhance SME support mechanisms to help managers and owners acquire the necessary skills to properly implement management practices and address resource gaps. The Contingency Theory suggests that firms should adopt management practices that are contingent upon their internal and external environments. In this case, SMEs require support mechanisms that are tailored to their specific needs and environments.

6.4 FUTURE STUDIES FOCUS

Future studies on the assessment of business management practices' effect on the performance of Small and Medium Enterprises (SMEs) could adopt a more contextualized approach, moving beyond the dominant positivist and functionalist perspectives. Studies could examine how power dynamics, social relationships, and institutional contexts shape the adoption and implementation of business management practices among SMEs.

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