

**UNIVERSITY
OF
LUSAKA**

School of Postgraduate Studies

**SUPPORTING SME EARLY-STAGE BUSINESS DEVELOPMENT: A CASE STUDY
OF PROSPERO LIMITED'S BUSINESS SERVICES INITIATIVE**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES,
UNIVERSITY OF LUSAKA IN PARTIAL FULFILLMENT OF THE AWARD OF THE
MASTER OF ARTS IN DEVELOPMENT STUDIES**

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DECLARATION

I, confirm that the work presented herein conforms to the copyright and academic writing rules of The University of Lusaka and adheres to the university's research ethics guidelines.

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DEDICATION

This work is lovingly dedicated to my family, whose unwavering support and encouragement have been my greatest source of strength. To my dear husband, Willa Anthony Sampa, thank you for your support throughout this journey. To my children, Seth Willa Sampa and Antoinette Malaika Sampa, your joy and resilience inspire me every day. And to my wonderful mother, Racheal Chilufya Mwape, thank you for your endless sacrifices and unconditional love. This achievement would not have been possible without each of you.

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LIST OF ACRONYMS/ABBREVIATIONS

1. **BSI** – Business Services Initiative
2. **CEEC** – Citizens Economic Empowerment Commission
3. **CIA** – Central Intelligence Agency
4. **FCDO** – Foreign Commonwealth Development Office
5. **GDP** – Gross Domestic Product
6. **HDI** – Human Development Index
7. **IFP** – Investment Facilitation Programs
8. **NAPSA** – National Pension Scheme Authority
9. **NABII** – National Advisory Board for Impact Investment
10. **NHIMA** – National Health Insurance Management Authority
11. **OECD** – Organisation for Economic Co-operation and Development
12. **PACRA** – Patents and Companies Registration Agency
13. **PEPZ II** – Private Enterprise Programme II
14. **RBV** – Resource-Based View
15. **SME** – Small & Medium Enterprises
16. **UNCTAD** – United Nations Conference on Trade and Development
17. **UNDP** – United Nations Development Programme
18. **WTO** – World Trade Organization
19. **ZDA** – Zambia Development Agency
20. **ZRA** – Zambia Revenue Authority

ABSTRACT

Small and Medium Enterprises (SMEs) play a vital role in Zambia's economic development, yet early-stage businesses face significant challenges, including limited access to financing, regulatory compliance difficulties, and operational inefficiencies. These barriers hinder SMEs' ability to scale and contribute to sustainable economic growth. Investment facilitation programs, such as Prospero Limited's Business Services Initiative (BSI), have emerged as critical interventions designed to support SMEs in overcoming these obstacles. However, the effectiveness of such programs in fostering business development and investment readiness remains underexplored.

This study examines how Prospero's BSI assists SMEs in navigating Zambia's regulatory requirements, securing funding, and enhancing operational efficiency. A mixed-methods approach was employed, incorporating qualitative and quantitative data from 12 SMEs across various sectors. Semi-structured interviews were conducted with 33 respondents, including CEOs, financial officers, and project managers.

Findings indicate that BSI significantly improved SMEs' investment readiness, financial management, and regulatory compliance. Businesses benefited from customized financial controls, milestone-based funding, technical assistance, and infrastructure investments. Examples include Okavango Foods Limited and Fresh Point Fruit and Veg Ltd, which enhanced financial reporting through QuickBooks training, and Pahama Agro Limited, which improved storage facilities to reduce post-harvest losses. Despite these successes, internal capacity limitations and regulatory complexities posed challenges, which SMEs addressed through phased implementation and capacity-building support.

This study concludes that investment facilitation programs like BSI play a crucial role in SME growth but require enhanced sector-specific support and stronger financial linkages. The findings contribute to the discourse on SME development, offering insights for policymakers and stakeholders aiming to improve Zambia's entrepreneurial ecosystem

CHAPTER ONE

1.1. Introduction

Lesakova (2012) states that business incubators play a crucial role in supporting new entrepreneurs during the startup phase by addressing gaps in resources and knowledge that many individuals face. They provide essential training, and workspace, and sometimes facilitate connections with potential investors. However, incubators do not replace the entrepreneur's initiative, effort, or decision-making. Over-reliance on incubator consultants can lead to "incubator syndrome," where entrepreneurs defer their judgment to advisors. While incubators offer various services, such as advice and access to administrative infrastructure, they typically do not act as investors themselves.

The business landscape in Zambia has been evolving rapidly, with increasing emphasis on entrepreneurship as a driver of economic growth (World Bank; 2022). According to UNDP Human Development Report (2023), Zambia's Human Development Index (HDI) has risen slightly but remains low, around 0.4-0.45, placing the country at the lower end of global development rankings. A key demographic feature of Zambia is its young population, with 46% of individuals under 15 years old, and a median age of just 16.7 years (MoFNP, 2011; CIA, 2014). This youth-dominated population presents both a challenge and an opportunity for economic development. Investment facilitation programs, such as Prospero's Business Service Initiative, are critical in addressing these challenges by supporting early-stage business development and entrepreneurship, particularly for young Zambians. The World Bank (2013) noted that basic skills like numeracy, literacy, and behavioral competencies are essential for building human capital and enabling young people to succeed in the workforce. However, despite high primary school enrolment, progression to secondary and tertiary education remains limited due to infrastructure challenges (MoF, 2012).

In this context, initiatives like Prospero's are vital for equipping young entrepreneurs with the necessary skills and support to launch and scale their businesses. By providing access to finance, mentorship, and market linkages, Prospero helps bridge the gap between Zambia's young, growing workforce and the limited formal employment

opportunities available. This contributes to not only individual business success but also national economic growth, as small and medium-sized enterprises (SMEs) are crucial for job creation in Zambia's youthful economy.

Early-stage businesses, however, face significant challenges in securing the necessary investment and complying with local regulations. Investment facilitation programs have emerged as a critical tool in addressing these challenges, offering targeted support to enhance the growth potential of these enterprises. The scarcity of small amounts of venture capital, particularly from established venture capital funds, has been well-documented (Harding, 2000; HM Treasury/Small Business Service, 2002; 2003). Several factors contribute to this so-called 'equity gap on a global level.' Firstly, investors are required to conduct thorough evaluations and due diligence before committing to investments, which incur substantial fixed costs regardless of the investment's size. These fixed costs can render smaller investments economically unviable. Similarly, the expenses associated with monitoring investments and providing post-investment support are also fixed and represent a larger proportion of smaller investments, necessitating exceptional performance and returns to justify them.

Secondly, seed, startup, and early growth stage companies are considered riskier. These companies often have inexperienced management, untested products, and unknown markets, especially if they use novel technologies. Investors seeking capital gains may be deterred by exit strategy uncertainty. Thirdly, larger venture capital funds have led to larger investments. The requirement to deploy more money within the fund's time horizon without increasing management resources has forced investment managers to increase the average investment size. This move has reduced small-scale funding. However, the efficiency of such programs, especially in early-stage business development, needs greater study.

1.1.1. Background of Prospero Limited

The SME Growth Facility, initiated by Prospero in Zambia is aimed at enhancing the investment readiness of small and medium enterprises (SMEs) by offering advisory services, grants, and investment facilitation support. This program is a critical initiative under Prospero's second phase of the UKaid-funded Private Enterprise Programme Zambia (PEPZ II) (Prospero, 2023) under the Foreign Commonwealth Development Office. The program targets climate-friendly, socially responsible, and economically influential firms in food and agriculture, sustainable industries, and other impacting sectors because many SMEs struggle to acquire expansion finance. Businesses receive customised consultancy services from Prospero to handle their operational and financial issues. The program also provides catalytic grant financing and connects SMEs to angel investors, impact investors, and commercial loans. Applications were reviewed continuously until October 31, 2023. Companies that met milestones earned £5,000 to £50,000 awards. Investment facilitation, including investor pitch preparation and deal room preparations, is essential to help SMEs attract growth financing. Twelve firms were selected for business development from October 2022 to October 2023.

1.1.2. Importance of Facilitation Programs

Small and medium enterprises (SMEs) have a role in modern economies, and their contribution to economic development is increasingly acknowledged. These entities fulfil significant social and economic functions, positioning the SME sector as a strategic interest for economic growth (Avasilicai, 2009). To meet the G20's target of achieving a 2% growth agenda by 2018, it is essential for governments to commit to empowering private sector-led growth and entrepreneurship. The G20 or Group of 20 is an intergovernmental forum comprising 19 sovereign countries, the European Union (EU), and the African Union (AU). Effective economic policies that enhance the competitiveness of economies are vital for fostering healthier, more sustainable, and inclusive growth.

Such policies benefit firms of all sizes but are particularly critical for the numerous SMEs operating in global economies. SMEs are essential participants in global value chains, with a primary objective of promoting international trade and investment. Their involvement not only enhances their productivity levels but also boosts their capacity for innovation. Globally, SMEs account for approximately 95% of businesses and contribute

to over half of total employment. However, around 200 million firms worldwide struggle with inadequate financing, limiting their ability to invest, grow, and create new jobs (BIAC, 2016). The private sector generates around 90% of the world's jobs, with SMEs alone responsible for approximately 50%. According to the World Trade Organization (WTO, 2016), SMEs constitute over 90% of the business population, accounting for 60-70% of employment and contributing 55% of GDP in developed economies.

SMEs drive economic development and socio-economic advancement due to their significant contributions (Drucker, 2009). SME development relies on facilitation programs like the SME Growth Facility to overcome growth barriers. These include capital shortages, technical incompetence, and operational inefficiency. These programs assist SMEs scale and boost economic and social development by providing customized advising services and connecting them to financial sources. These programs encourage climate-smart corporate practices by promoting innovation and sustainability. However, early-stage SMEs struggle to secure funding and technical support. Unlocking their potential requires addressing these challenges. Early-stage SMEs are more inclined to try new goods, services, and business strategies, which can boost innovation. Support programs help SMEs overcome market hurdles and access possibilities by offering financial and technical assistance. Early support of SMEs allows more diverse enterprises, frequently from under-represented communities, to engage in the economy. As successful SMEs produce jobs and money in local economies, this can boost economic growth and reduce inequality. Early assistance boosts long-term business success.

By increasing regulatory compliance, company strategies, and financial access, it prepares SMEs for investment. Support programs like Prospero's Business Services Initiative boost business growth and promote a more resilient and sustainable economy.

Prospero's Business Services Initiative facilitates investments for Zambian early-stage firms. The project targets SMEs in agricultural, luxury products (jewelry), technology, finance, logistics, food processing, and construction to promote profitable growth and value chain improvement. The programme provides specialized financial and technical assistance to help

entrepreneurs secure venture capital and commercial finance and overcome market entrance restrictions. Prospero helps SMEs offer new goods, services, and business models by closing the equity gap, boosting growth and sectoral development. The program also collaborates with private and governmental sectors to help SMEs expand and build a pipeline of investment-ready companies that can go from early development to commercial success.

The programme addresses market entrance issues, bridges the equity gap to improve financing access, promotes innovation, and boosts Zambia's economic growth. It helps growth-oriented SMEs with great scaling potential, especially in key economic areas. Prospero helps firms solve funding challenges and prepare for sustainable growth by providing equity, loan, and grant financing. This holistic approach shows how investment facilitation initiatives impact early-stage business development, innovation, and developing market economic development. The program's effects on SMEs and Zambian business success are being studied.

1.2. Background of the Study

Small and Medium Enterprises (SMEs) are critical drivers of economic growth, job creation, and poverty reduction in Zambia. According to the Zambia Development Agency (ZDA), SMEs account for approximately 70% of employment and contribute over 40% to the country's Gross Domestic Product (GDP). Despite their importance, SMEs in Zambia face numerous structural and financial barriers, including limited access to capital, inadequate business development services, weak financial management systems, and complex regulatory frameworks. Many SMEs struggle to transition from the informal sector to the formal economy, limiting their ability to scale, attract investment, and contribute meaningfully to national development.

One of the major challenges for SMEs in Zambia is access to financing. Traditional banks perceive early-stage businesses as high-risk investments, making it difficult for them to secure loans without collateral. As a result, many SMEs rely on alternative financing sources such as microfinance institutions, grants, or investor partnerships, which are often limited and highly competitive. Additionally, compliance with regulatory

requirements remains a key hurdle, as many SMEs lack the expertise and resources needed to meet the statutory obligations set by the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), and National Health Insurance Management Authority (NHIMA).

To address these challenges, investment facilitation programs have become a crucial mechanism for SME development. These programs provide financial assistance, business mentorship, technical support, and strategic market linkages to help SMEs navigate regulatory compliance, enhance operational efficiency, and improve their investment readiness.

One such initiative is Prospero Limited's Business Services Initiative (BSI), which aims to support early-stage businesses by offering targeted capacity-building programs, financial assistance, and regulatory compliance support. The initiative is particularly relevant given Zambia's challenging business environment, where high informality, limited access to credit, and weak institutional support hinder SME sustainability. While Prospero's BSI has been instrumental in addressing some of these challenges, its overall effectiveness in fostering long-term SME growth and investment readiness remains underexplored.

This study examines how Prospero's BSI contributes to SME development by evaluating its impact on investment facilitation, regulatory compliance, and business performance. By analyzing data from 12 SMEs across key economic sectors, this research aims to assess the effectiveness of BSI, identify gaps in implementation, and provide recommendations for strengthening SME support programs in Zambia.

1.3. Statement of the problem

Small and Medium Enterprises (SMEs) are key drivers of economic growth, job creation, and poverty reduction in Zambia, contributing approximately 70% of employment and over 40% to GDP (Zambia Development Agency, 2022). However, early-stage SMEs face significant barriers to growth, particularly in accessing finance, navigating regulatory compliance, and improving business management practices. Despite the increasing presence of investment facilitation programs aimed at supporting SMEs, there is limited

empirical evidence on their effectiveness in fostering long-term business development and investment readiness in Zambia.

One of the major constraints SMEs face is access to finance. According to the Bank of Zambia (2023), over 60% of SMEs struggle to secure loans due to lack of collateral, high interest rates, and limited credit history. Additionally, traditional lenders consider early-stage businesses as high-risk investments, further limiting their ability to expand and sustain operations. The World Bank (2022) also highlights that many Zambian SMEs lack financial literacy and proper accounting systems, making it difficult for them to meet the financial reporting standards required by investors and banks.

Another critical challenge is regulatory compliance. Many SMEs struggle with taxation, pension contributions (NAPSA), health insurance requirements (NHIMA), and licensing regulations. The Zambia Revenue Authority (ZRA, 2022) reported that over 50% of SMEs operate informally, resulting in frequent penalties, business closures, and limited access to government support programs. While investment facilitation programs like Prospero Limited's Business Services Initiative (BSI) aim to assist SMEs with these challenges, there is a lack of documented research on whether such programs effectively enhance SMEs' compliance, investment readiness, and financial sustainability.

Existing studies on SME development in Zambia have primarily focused on general financial constraints (Chisala, 2020; Mulenga, 2021) and entrepreneurial challenges (Phiri, 2019). However, there is a research gap in assessing how investment facilitation programs contribute to business performance and long-term SME sustainability. This study seeks to bridge this gap by evaluating the impact of Prospero's BSI in supporting early-stage SMEs through capacity-building, financial management training, and regulatory compliance assistance. By identifying strengths and weaknesses in the initiative, the research will provide evidence-based recommendations for improving SME support programs in Zambia

1.4. Objectives

The primary objective of this research was to assess the effectiveness of Prospero's Business Services Initiative (BSI) in supporting early-stage businesses in Zambia. The

study focused on evaluating how the initiative achieves its intended outcomes and identifying areas for improvement to enhance its impact. Specifically, the research aims to:

1. Examine how Prospero's BSI aids businesses in meeting local regulatory requirements, ensuring they operate within Zambia's legal framework.
2. Analyze the impact of Prospero's BSI in preparing early-stage businesses to secure equity, debt, and grant financing, thereby improving their ability to attract investment.
3. Investigate the obstacles faced by Prospero's BSI in its implementation and explore potential opportunities to maximize its effectiveness.
4. Offer evidence-based suggestions for improving the initiative to better support early-stage businesses and foster sustainable growth.

1.5. Research questions

1. How does Prospero's Business Services Initiative (BSI) assist businesses in achieving compliance with Zambia's local regulatory requirements?
2. What is the impact of Prospero's BSI on the investment readiness of early-stage businesses, particularly in securing equity, debt, and grant financing?
3. What challenges does Prospero's BSI encounter during its implementation, and what opportunities exist to enhance its effectiveness?
4. What evidence-based recommendations can be proposed to improve Prospero's BSI in supporting early-stage businesses and promoting sustainable growth?

1.6. Scope of the Study

The study focuses on early-stage Prospero Business Services participants. Interviews were conducted with CEOs, program managers, and program officers from at least three (3) of the 12 SMEs and firms designated for this initiative. Prospero Limited's Early-Stage Business Development project ran from October 2022 until October 31, 2023. The study will focus on 12 businesses in Lusaka, Eastern, North-Western, Central, Southern, and Copperbelt provinces of Zambia that have benefited from Prospero's investment facilitation services.

Zambian agribusiness Good Nature Agro promotes sustainable farming through legume

seed manufacturing and distribution. They collaborate with smallholder farmers to boost crop yields and earnings. NABII develops new farming solutions for Zambia. They combine technology with traditional farming to increase production and sustainability. Cropit uses digital platforms to assist farmers access vital information, resources, and markets to improve agriculture. Their solutions attempt to streamline and include the agricultural value chain. Growing company Eunimos Investment Limited focuses on sustainable growth. The company engages in agriculture, manufacturing, and trading to promote economic growth and environmental awareness. Food processing company Shais Enterprise Limited, known as Shais Foods, makes healthful, locally sourced food. It innovates food preservation and packaging to satisfy customers and assist local farmers. Leading miller Weetagold Milling Limited offers a variety of processed grain products. The company strives for quality and efficiency to keep its products competitive. Western Forest Honey Farm makes excellent organic honey from sustainable woodlands. The company supports local beekeepers and environmental conservation. Agriculture, trading, and construction are Mbezi Investments Limited's sectors. The organization provides value through creative solutions and smart collaborations to grow. Akshaya Investments Limited operates in agriculture, real estate, and finance. Sustainable growth and community impact are its ventures' priorities. Fresh Point Fruit and Veg Ltd sources, packages, and distributes fresh produce. The organization ensures freshness and quality by connecting small farmers to larger markets. Established food manufacturer Okavango Foods Limited makes high-quality processed foods. To serve local and worldwide consumers, it emphasizes value addition and innovation. Pahama Agro Limited uses advanced farming methods to boost productivity. It collaborates with smallholder farmers to promote rural livelihoods and sustainability. Good Nature Agro, the Zambia National Advisory Board for Impact Investment (NABII), Cropit, Eunimos Investment Limited, Shais Enterprise Limited TA Shaisfoods, Weetagold Milling Limited, Western Forest Honey Farm, Mbezi Investments Limited, Akshaya Investments Limited, Fresh Point Fruit and Veg Ltd, Okavango Foods Limited, and Pahama were the 12 companies. Despite their importance, SMEs struggle to get financial resources, comply with

regulations, and innovate. The "equity gap," where smaller investments have high perceived risks and fixed costs, makes funding smaller investments difficult. Investment facilitation initiatives like Prospero's Business Services Initiative (BSI) try to remove these hurdles, but their success in bridging the gap between early-stage enterprises and sustainable growth is unclear. SMEs face resource limits and market entry issues, stressing the need to evaluate facilitation programs to find gaps and improvements.

1.7. Significance of the Study

This study contributes to the growing body of literature on SME development by providing an in-depth evaluation of the Prospero's Business Services Initiative. By examining its impact on early-stage businesses, this research highlights best practices and identifies areas for improvement in investment facilitation programs. The findings will provide valuable insights for policymakers, program designers, and stakeholders seeking to strengthen the SME ecosystem in Zambia. Furthermore, this research underscores the importance of tailored interventions in addressing the unique challenges faced by SMEs.

1.8 Definition of Key Terms and Concepts

1. **Small and Medium Enterprises (SMEs):** Liberto (2024) states that SMEs are businesses with a limited scale in terms of employees, revenue, and operations, play a significant role in economic growth and job creation.
2. **Equity Gap:** Wilson (2018) defines equity gap as a funding disparity where small-scale investments are difficult to secure due to high fixed costs and perceived risks.
3. **Investment Facilitation Programs:** According to the United Nations Conference on Trade and Development (UNCTAD; 2022) defines IFPs as initiatives designed to support businesses in accessing financial resources, technical assistance, and market opportunities.
4. **Early-Stage Businesses:** The Hartford Business Playbook (2021) defines early-stage businesses as newly established enterprises in their initial phase of operations, often characterized by limited resources and high growth potential.
5. **Regulatory Compliance:** Oguejiofor (2023) in his study dubbed "A review on data-driven regulatory compliance in Nigeria. *International Journal of applied*

research in social sciences, that regulatory compliance is the adherence to legal and administrative requirements necessary for business operations within a specific jurisdiction.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The role of Small and Medium Enterprises (SMEs) in economic development has been widely acknowledged, particularly in emerging economies where they drive job creation, income generation, and industrialization (OECD, 2017). However, SME failure rates remain high due to barriers such as limited access to finance, weak market linkages, and regulatory challenges (World Bank, 2020). To address these issues, business incubators and investment facilitation programs have been developed globally, with the aim of providing financial support, business training, mentorship, and regulatory assistance (Mian et al., 2016).

This chapter critically reviews literature on business incubators, investment facilitation programs, and SME growth, focusing on global, regional, and local perspectives. The chapter also explores the theoretical and conceptual foundations of investment facilitation and incubators in relation to SME development. The final section highlights key gaps in the literature, particularly the limited empirical research on whether investment facilitation programs, such as Prospero's Business Services Initiative (BSI), can serve as substitutes for business incubators in Zambia.

2.2 Business Incubators and SME Development

2.2.1 Concept and Evolution of Business Incubators

Business incubators originated in the 1960s but became mainstream in the 1990s, offering structured support for start-ups and early-stage businesses (Lesáková, 2012). They aim to reduce failure rates by providing resources such as financing, networking, training, and mentorship (Mian et al., 2016). Research in developed economies shows that SMEs that graduate from incubators have higher survival rates (87% after five years) than non-incubated firms (50%) (Etzkowitz, 2002; Mian, 2016).

Incubators can be categorized into three models:

1. University-Based Incubators – Linked to academic institutions, supporting research-driven businesses and technology start-ups (Etzkowitz, 2002).

2. Public Sector Incubators – Government-funded programs aimed at economic development and job creation (Ndabeni, 2008).
3. Private Incubators – Corporate-funded programs focusing on high-growth businesses and market-driven solutions (Zhao & Aram, 2020).

2.2.2 Business Incubators in Emerging Markets

In developing economies, incubators have become key mechanisms for fostering entrepreneurship. In China, for example, the government launched over 1,200 incubators supporting start-ups in technology, manufacturing, and services, resulting in a 40% increase in SME survival rates (Zhao & Aram, 2020). Similarly, India's Start-up India initiative has facilitated over 300 incubators, leading to increased venture capital investment and SME scalability (Mian, 2016).

In Africa, incubators have played an increasing role in SME development, particularly in South Africa and Kenya. The Small Enterprise Development Agency (SEDA) in South Africa has established over 100 business incubators, providing grants, mentorship, and infrastructure support (Ndabeni, 2008). Research indicates that incubated start-ups in South Africa experience a 47% higher survival rate than non-incubated businesses (Tengeh & Choto, 2015).

Kenya's iHub and Nailab incubators have contributed to the rapid growth of technology-based SMEs, facilitating their expansion into regional and global markets (Otiso, 2019). Research on incubation effectiveness in Kenya found that 80% of incubated SMEs achieve profitability within three years, compared to 42% for non-incubated firms (Otiso, 2019).

Despite these successes, African incubators face structural challenges. Studies show that many incubators struggle with long-term sustainability, sector-specific expertise, and post-incubation support, limiting their long-term impact (Tengeh & Choto, 2015).

2.2.3 The Absence of a Strong Incubation Ecosystem in Zambia

Unlike South Africa and Kenya, Zambia has no well-developed incubation system. Although institutions such as the Zambia Development Agency (ZDA) and Citizens

Economic Empowerment Commission (CEEC) provide financial support and training for SMEs, there are few structured incubators supporting early-stage businesses (Chisala, 2020). This lack of structured incubation makes it difficult for SMEs to transition into formal businesses, reducing their ability to access financing, scale operations, and attract investors (Phiri, 2019).

Given this gap, this study investigates whether investment facilitation programs, such as Prospero's BSI, can act as a substitute for business incubators in Zambia.

2.3 Investment Facilitation and SME Growth

2.3.1 Global Evidence on Investment Facilitation Programs

Investment facilitation programs aim to bridge SME financing gaps and enhance competitiveness by offering financial support, regulatory assistance, and technical training (OECD, 2017). Studies show that such programs can increase SME survival rates by up to 30% within five years, particularly in markets where financial constraints are severe (World Bank, 2020).

However, research on investment facilitation presents mixed findings. While some studies indicate that facilitation programs improve SME growth and investment readiness, others argue that outcomes depend on SME preparedness, program execution quality, and market conditions (Gibb, 1993).

2.3.2 Investment Facilitation in Zambia

In Zambia, investment facilitation programs exist but remain under-researched. Organizations such as ZDA, CEEC, and Prospero Limited provide business support, yet there is no empirical evaluation of their long-term effectiveness (Mulenga, 2021).

Prospero's Business Services Initiative (BSI) is one of Zambia's most structured investment facilitation programs, yet there is limited research on its impact on financial management, regulatory compliance. Oguejiofor (2023) highlights how data-driven regulatory compliance mechanisms in Nigeria have improved business registration and tax compliance, offering insights that may be applicable in the Zambian SME sector.

2.4 Theoretical Framework

This study applies two key theoretical perspectives:

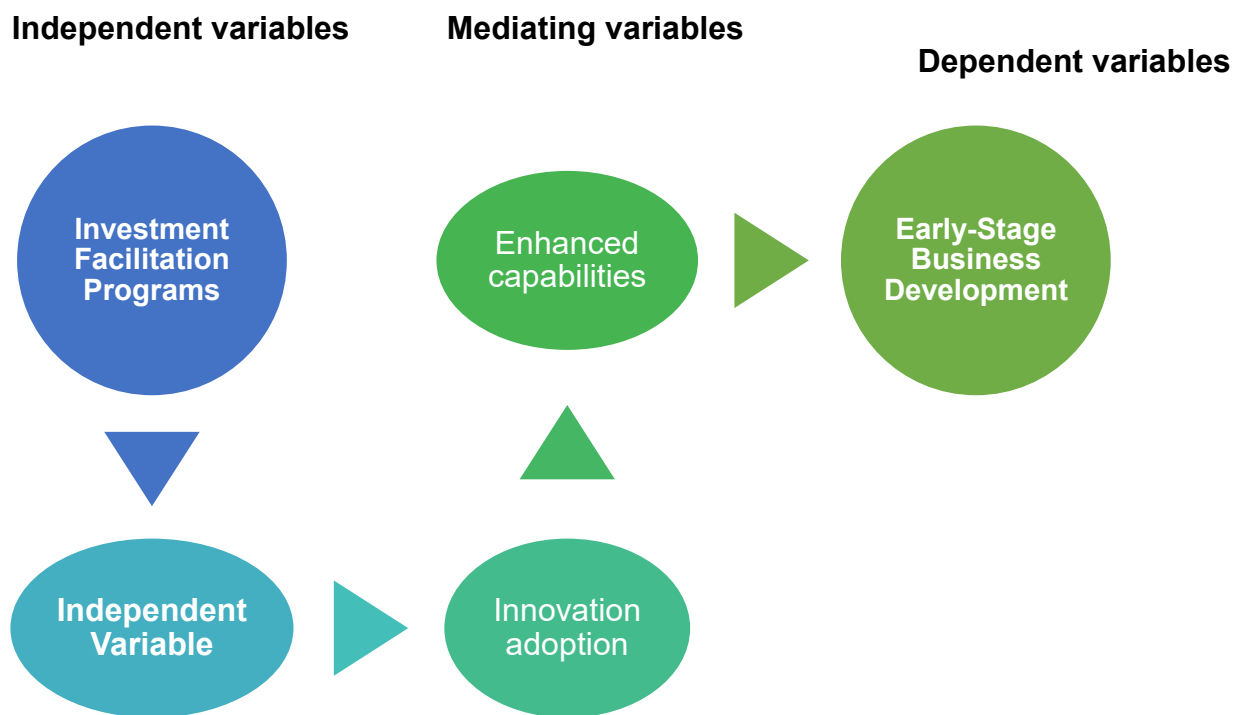
1. Resource-Based View (RBV) Theory (Barney, 1991) – Argues that firms gain competitive advantages through unique financial and technical resources. Investment facilitation programs align with RBV by providing capital, mentorship, and regulatory support.
2. Innovation Diffusion Theory (Rogers, 1962) – Explains how business innovations spread within industries. Investment facilitation programs introduce financial innovations and management tools, but their adoption by SMEs in Zambia remains unexplored.

2.5 Conceptual Framework

The conceptual framework evaluates how investment facilitation impacts SME growth.

- Independent Variable: Investment facilitation (financial support, mentorship, regulatory assistance).
- Mediating Variables: Improved financial literacy, investment readiness, regulatory compliance.
- Dependent Variable: SME growth (measured by revenue increase, investment access, and sustainability).

FIGURE 1: CONCEPTUAL FRAMEWORK



2.6 Identified Research Gap

Despite research on SME financing constraints (Aghion et al., 2007) and regulatory challenges (ZDA, 2022), there remains a significant gap in understanding whether investment facilitation programs can compensate for Zambia's lack of structured business incubators. While previous studies have extensively analyzed the financial and operational challenges faced by SMEs, few have examined the long-term impact of investment facilitation mechanisms in environments where business incubation is underdeveloped.

"According to The Hartford Business Playbook (2021), early-stage businesses are characterized by high growth potential but limited resources, making investment facilitation programs critical for their survival and expansion."

This study addresses three key research gaps:

2.6.1 Limited Research on the Effectiveness of Investment Facilitation in Zambia

Investment facilitation programs are widely recognized as essential tools for SME development in emerging economies, yet little empirical research has been conducted on their long-term impact in Zambia. Existing studies have largely focused on government-led financing schemes and donor-supported programs, with limited evaluation of how investment facilitation influences SME performance, scalability, and sustainability.

Moreover, while organizations like the Zambia Development Agency (ZDA), Citizens Economic Empowerment Commission (CEEC), and Prospero Limited implement various SME support programs, there is a lack of systematic impact assessments examining whether these initiatives effectively enhance business survival, investment readiness, or financial management capabilities. Without such studies, policymakers and investors lack data-driven insights to refine or expand facilitation programs that are most effective for Zambian SMEs.

This research seeks to fill this gap by conducting an empirical assessment of Prospero's BSI program, analyzing its effectiveness in facilitating SME access to investment, regulatory compliance, and business development resources. Findings from this study

will provide evidence-based recommendations for improving SME investment facilitation strategies in Zambia.

2.6.2 Unclear Evidence on Whether Facilitation Programs Enhance SME Investment Readiness

While investment facilitation programs aim to prepare SMEs for financial sustainability, existing literature provides conflicting evidence on their effectiveness in enhancing investment readiness. Some studies suggest that access to finance alone is insufficient for SME success, emphasizing the need for technical training, mentorship, and regulatory support (Gibb, 1993; OECD, 2017). Other studies, however, highlight that the structure and execution of facilitation programs significantly impact SME outcomes, meaning that not all programs deliver measurable investment readiness improvements (World Bank, 2020).

In Zambia, there is no clear empirical evidence on whether facilitation programs meaningfully improve SME investment preparedness, particularly in terms of: Financial literacy – Are SMEs better equipped to manage financial reporting and investor relations?

Access to funding – Do facilitated SMEs secure more investment compared to those operating independently?

Regulatory compliance – Do investment facilitation programs help SMEs formalize their business operations and meet legal requirements?

This research aims to provide clarity by evaluating how Prospero's BSI contributes to SME investment readiness. By measuring changes in financial management skills, investor engagement, and compliance rates, this study will assess whether investment facilitation effectively prepares SMEs to attract and sustain investment.

2.6.3 Lack of Studies Assessing Whether Investment Facilitation Can Replace Business Incubators in Zambia

Business incubators are well-documented mechanisms for SME development, yet Zambia lacks a structured incubation ecosystem (Chisala, 2020). While countries such as South Africa and Kenya have successfully implemented incubator-driven SME

growth models, Zambia's support infrastructure for SMEs relies primarily on financial assistance programs rather than structured incubation.

Given this context, it is unclear whether investment facilitation can serve as a viable substitute for incubators. Theoretical perspectives suggest that business incubation and investment facilitation have overlapping objectives, such as:

Providing SMEs with access to financing and mentorship.

Helping businesses formalize operations and achieve regulatory compliance.

Improving investment readiness through training and capacity-building.

However, unlike traditional incubators, most investment facilitation programs do not provide long-term business development support, infrastructure access, or intensive mentorship. In Zambia, SMEs lack incubator-like services such as:

Physical workspace, networking hubs, and technology support.

Continuous mentorship from industry experts and successful entrepreneurs.

Post-funding business development support to sustain growth.

Since investment facilitation programs are not designed to be direct replacements for business incubators, it is essential to assess their effectiveness in the absence of structured incubation support. This study will explore whether investment facilitation programs like Prospero's BSI compensate for the lack of incubators by offering comparable support structures that help SMEs grow and attract investment.

2.6.4 Significance of Addressing These Research Gaps

By addressing these research gaps, this study will:

1. Provide empirical insights on SME investment facilitation effectiveness in Zambia.
2. Clarify whether facilitation programs improve SME investment readiness.
3. Determine if investment facilitation can substitute for business incubators in Zambia.

4. Offer policy recommendations for improving SME support systems and investment facilitation strategies.

The findings will be crucial for policymakers, investors, and SME development stakeholders, helping them design data-driven strategies to support entrepreneurial growth and sustainable business expansion in Zambia's evolving SME ecosystem.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this research, the research methodology played a crucial role in determining the data collection process of this academic or professional study. It provided a structured framework through which data was systematically summarized, organized, managed, and analyzed to yield accurate and meaningful results. This chapter summarized the foundation of the process, and ensured that data collection was methodical and coherent, facilitating a comprehensive analysis of Prospero's Business Services Initiative and its impact on early-stage SMEs.

3.2 Research Approach

The research for this study employed a mixed-methods approach, integrating both qualitative and quantitative data to provide a comprehensive understanding of the impact of investment facilitation programmes on early-stage business development. The study, focused on Prospero's Business Services Initiative, which collaborates with 12 companies. These companies included: Good Nature Agro, the Zambia National Advisory Board for Impact Investment (NABII), Cropit, Eunimos Investment Limited, Shais Enterprise Limited TA Shais foods, Weetagold Milling Limited, Western Forest Honey Farm, Mbezi Investments Limited, Akshaya Investments Limited, Fresh Point Fruit and Veg Ltd, Okavango Foods Limited, and Pahama Agro Limited. The research involved collecting both qualitative and quantitative data from these companies to explore the role of investment facilitation programmes in fostering the growth and sustainability of early-stage businesses.

3.3 Research design

The research adopted an exploratory sequential design, organized as a case study, to investigate the impact of investment facilitation programs on early-stage business development. This research design aligns with previous studies that have explored complex business interventions using case study approaches to generate in-depth insights (Yin, 2018). The exploratory sequential design was deemed suitable because it

allows for an initial qualitative exploration, which is then followed by quantitative analysis to validate findings (Creswell & Plano Clark, 2017).

A mixed-methods approach was employed, integrating both qualitative and quantitative data collection to provide a nuanced understanding of the subject matter. According to Creswell (2014), mixed-methods research is particularly effective in business studies as it allows for triangulation, strengthening the validity of findings by combining subjective experiences with objective financial performance data. This approach aligns with Migiro (2011), who emphasized that integrating qualitative and quantitative data enhances contextual understanding in SME development studies.

The study centered on Prospero's Business Services Initiative, which collaborates with 12 companies, including Good Nature Agro, the Zambia National Advisory Board for Impact Investment (NABII), Cropit, Eunimos Investment Limited, Shais Enterprise Limited TA Shais Foods, Weetagold Milling Limited, Western Forest Honey Farm, Mbezi Investments Limited, Akshaya Investments Limited, Fresh Point Fruit and Veg Ltd, Okavango Foods Limited, and Pahama Agro Limited. A case study approach was selected because, as Stake (1995) and Yin (2018) highlight, case studies enable an in-depth examination of real-world interventions within their operational contexts, making them suitable for evaluating business support programs like investment facilitation initiatives.

The qualitative phase of the research involved conducting in-depth interviews with key stakeholders, including finance officers, CEOs, project managers, and implementing officers from these companies. This phase aimed to explore the dynamics of investment facilitation and its influence on fostering growth and sustainability in early-stage businesses. The use of qualitative interviews is widely supported in business research as an effective way to capture complex processes, perceptions, and organizational dynamics (Bryman, 2012; Miles & Huberman, 1994).

On the quantitative side, financial data, business performance metrics, and other relevant indicators were collected and analyzed. A key strength of using quantitative data is that it allows for the assessment of tangible business outcomes, such as growth in revenue, profitability, and other key performance metrics (Saunders, Lewis, & Thornhill, 2019). This aligns with studies by Chandler & Hanks (1994), who found that measuring financial

growth indicators is essential in evaluating the impact of business support programs on SME development.

By integrating both qualitative and quantitative data, this study overcomes the limitations of single-method research. The qualitative phase provides rich, descriptive insights into the experiences of SMEs, while the quantitative phase offers measurable evidence of program effectiveness. This mixed-methods strategy is consistent with previous SME impact studies that have demonstrated the importance of combining subjective narratives with objective performance metrics (Creswell & Plano Clark, 2017; Tashakkori & Teddlie, 2010).

3.4 Sampling Technique

The study used purposive sampling to select the participants from the 12 companies involved in Prospero's Business Initiative. The use of a non-probability sampling technique was deemed appropriate for this study as it enabled the selection of individuals most likely to provide valuable information relevant to the research objectives. Specifically, key representatives from each of the 12 participating companies were targeted: The Chief Executive Officer (CEO), Finance Officer, Project Manager (or the Administrative Officer), and two implementing officers, such as Project Officers and Communications Officers or Managers. These individuals were selected based on their direct involvement in the companies' financial management, strategic decision-making, and operational execution. Their roles positioned them as key informants, capable of offering critical insights into the influence of investment facilitation programmes on the growth and development of early-stage businesses. This targeted approach ensured that the data collected was both relevant and insightful, contributing significantly to the overall findings of the study.

TABLE 1: SAMPLING STATISTICS

Organization	Number Participants	Target participant
Good Nature Agro	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Project officer x 1
The Zambia National Advisory Board for Impact Investment (NABII)	3	<ul style="list-style-type: none"> • Chief Executive Officer • Programmes manager • Communications and Administration Manager/project x 1
Cropit	3	<ul style="list-style-type: none"> • Executive Director • Project manager • Project officer x 1
Eunimos Investment Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Project officer x 1
Shais Enterprise Limited TA Shais foods	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Administrative officer/project officer x 1

Weetagold Milling Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Administrative officer/project officer x 1
Western Forest Honey Farm	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Administrative officer x 1
Mbezi Investments Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Administrative officer/project officer x 1
Akshaya Investments Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Project officer/administrative x 1
Fresh Point Fruit and Veg Ltd	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Administrative/project officer x 1
Okavango Foods Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer

		<ul style="list-style-type: none"> • Project manager • Administrative officer x 1
Pahama Agro Limited	3	<ul style="list-style-type: none"> • Chief Executive Officer • Project manager • Project officer x 1

3.5 Study Population

The study population consisted of 12 companies participating in Prospero's Business Initiative. These companies represented a diverse range of early-stage businesses operating across various sectors in Zambia. The selection of these companies was based on their involvement in the initiative and their potential to benefit from investment facilitation programmes.

The study will focus on 36 individuals, with three (3) key representatives from each company. These individuals held pivotal roles within their organizations, including positions such as CEO, Finance Officer, Project Manager (or Administrative Officer), and two implementing officers (e.g., Project Officers or Communications Officers). This population was considered representative of the broader context of early-stage business development in Zambia, providing a robust foundation for analyzing the effectiveness of investment facilitation programmes in fostering growth and sustainability among emerging businesses.

3.6 Sample size

The sample for this study will be calculated using Taro Yamane's sample size calculator. The total number of respondents is 39 respondents.

$$n = \frac{N}{1 + Ne^2}$$

$$N = 39 / (1 + 39(0.05)^2)$$

The total number of respondents for this study is 36 respondents of which 16 were male, and 11 were female while 9 stated as others.

n is the sample size needed.
N is the population size.
e is the level of precision (expressed as a decimal).

3.7 Data Collection Method

The exploratory sequential design will begin with semi-structured interviews to collect qualitative data. Interviews will inform quantitative analysis, which will validate and expand qualitative findings through document analysis. This combination will provide a complete picture of how investment facilitation schemes affect early-stage firm development. This project will collect data utilizing semi-structured interviews and document analysis. Semi-structured interviews will be the main method for collecting qualitative data, giving flexibility in investigating research topics' themes while covering all relevant areas. Finance officers, CEOs, project managers, and implementation officers from the 12 participating companies will be interviewed. Each interview will be recorded and transcribed for analysis. In addition to interviews, document analysis will collect quantitative data. Financial reports, business performance records, and other company documentation will be reviewed. The document analysis will discover trends, patterns, and relationships between Prospero support and business success for these companies.

3.8 Data Analysis Techniques

Data analysis for this study will involve both qualitative and quantitative approaches. For the qualitative data obtained from the interviews, thematic analysis was employed. This technique involves coding the interview transcripts to identify recurring themes, patterns, and insights related to the impact of investment facilitation programmes. The identified themes will be analysed to understand the common challenges, successes, and experiences shared by the companies involved in the study. The thematic analysis highlighted the subjective experiences of the participants, as well as the perceived value of the support provided by Prospero.

For the quantitative data obtained from the document analysis, various statistical techniques will be utilized to analyze the financial and performance metrics of the companies. Descriptive statistics summarized the data, providing an overview of key indicators, while inferential statistics, such as regression analysis, were employed to determine the relationship between the level of support provided by Prospero and the business outcomes achieved. This dual approach to data analysis facilitated a robust and nuanced understanding of the impact of investment facilitation programmes on early-stage business development, allowing for a comprehensive assessment of both subjective experiences and objective outcomes.

3.9 Ethical Considerations

The University of Lusaka emphasizes stringent ethical standards, which were paramount in the execution of this study, particularly given the involvement of multiple stakeholders and the sensitivity of business performance data. Informed consent was obtained from all participants prior to their engagement in the study. This process will include a comprehensive explanation of the study's purpose, methods of data collection, intended use of the data, and the participants' rights, including their right to withdraw at any point. Confidentiality was strictly upheld throughout the research. The identities of participating companies and individuals were anonymized in the final report to protect their privacy. Furthermore, all data collected were securely stored and only accessible to the research team. The study will also ensure that the analysis and reporting of results are conducted

accurately and objectively, reflecting the data without any misrepresentation or bias, thereby maintaining the integrity of the research process.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

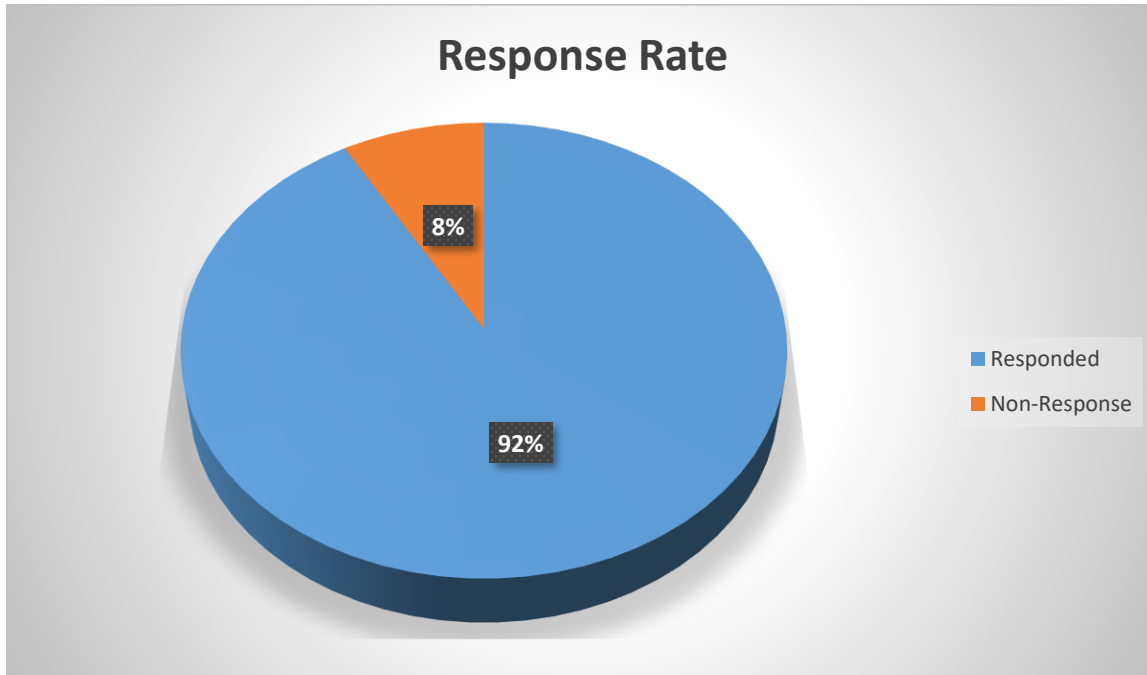
4.1 Introduction

This chapter is a presentation of the data analysis from the data collected during the study on the effectiveness of Prospero's Business Services Initiative in supporting early-stage business development in Zambia. It synthesizes both qualitative and quantitative findings to provide a comprehensive understanding of how investment facilitation programs influence business growth and sustainability. The analysis is structured to address the core research objectives, including the extent to which the initiative aids compliance with local regulations, enhances investment readiness, and addresses challenges faced by participating businesses. The analysis was systematically organized and interpreted the data, to uncover patterns, relationships, and insights that contribute to evaluating the initiative's impact and identifying areas for improvement. The chapter provided an empirical foundation for discussing the study's findings and their broader implications for fostering early-stage business development in Zambia.

4.2 Response rate

During this study, a Google document was generated and shared via email, WhatsApp, and even SMS to the respective respondents. The total target for the study was 36 respondents meaning 3 responses from each of the 12 firms indicated in the study. However, due to time constraints, and the industrial break, only 33 respondents managed to complete the questionnaire generating only a response rate of 92% of those that completed the study, and 8% for those that did not participate in the study.

FIGURE 2: RESPONSE RATE



4.3 Demographic data presentation

The demographic data illustrates the biological, and biometric data or information of our respondents in the study. It also helped the study identify the gender, and academic matrices of our respondents.

4.3.1 Age of the respondents

Understanding the age of the respondents was crucial for this research study. It highlighted whether the implementing partners or SMEs were either a young or older generation of employees or project managers. The age distribution of individuals was as follows: There were 10 people under the age of 25, making this the largest age group. Those aged between 25 and 34 comprised the second-largest group, with nine (9) individuals. The 35 to 44 age group included four (4) people, while five (5) individuals fall within the 45 to 54 age bracket. For the 55 to 64 age range, there were three (3)

individuals. Lastly, two (2) people are aged 65 and above, representing the smallest group in the distribution.

4.3.2 Gender of the Respondents

Out of the 33 respondents, 16 were male, 11 were female, and 6 respondents preferred not to state their gender. This represented a fair distribution and equitable policy of gender equity and social inclusion amongst the 12 SMEs involved in the study.

4.3.3 Education level of respondents

The education levels of the respondents were also factored in during the study. Education levels help in understanding the capacity of the respondents in managing projects, and implementing resources equitably, and transparently. Eight (8) respondents had diploma qualifications, 14 respondents had bachelor's degree qualifications and represented majority of the respondents, nine (9) respondents had master's degrees, while two (2) respondents had PhDs. The percentage breakdown is shown below in the diagram.

4.4 Qualitative data analysis

The study used thematic analysis to analyze the responses from the 33 respondents. Only 9 companies had a full response from their respective project managers, officers, and finance officers, and these were, Good Nature Agro, NABII, Cropit, Eunimos Investment Limited, Shais Enterprise Limited TA Shais foods, Weetagold Milling Limited, Western Forest Honey Farm, Mbezi Investments Limited, Akshaya Investments Limited. Three SMEs only had two responses due to the industrial break or holiday leaves from some of the officers and these were from Fresh Point Fruit and Veg Ltd, Okavango Foods Limited, Pahama Agro Limited.

To supplement the responses and the qualitative data responses, a milestone, and partnership desktop report review was analyzed to assess the accuracy of the responses from the respondents. The milestones achieved by each SME under the Prospero's Business Services Initiative reflect their targeted efforts to enhance early-stage business development. Each deliverable demonstrates a tailored approach to overcoming operational challenges and fostering growth, aligning with the study's objective to support SMEs effectively.

The National Advisory Board for Impact Investment (NABII) Zambia has achieved key milestones aimed at advancing the impact investment ecosystem. Initially, a website designer was engaged to enhance the existing website, complemented by plans for an online portal to provide comprehensive information for social enterprises and investors. This portal is intended to foster demand for impact investment. Additionally, an advocacy plan was developed to support regulations for innovative financial instruments, including crowdfunding platforms and angel investments. These measures align with efforts to create a conducive environment for early-stage financing. NABII held a preliminary meeting to prepare for the 2022 Zambia Impact Investment Summit. Subsequently, the Zambia Impact Investment Summit (ZIIS) 2023 agenda and theme were proposed, and the summit was successfully hosted in collaboration with ICA. Progress was made on advocacy to improve policies and regulations within the Zambian impact investment ecosystem, including updates on the policy and regulations pillar. Further deliverables include the completion of a participatory action plan framework for pension funds and the related work plan, which is pivotal in integrating institutional investors into impact investment. A report detailing progress on pension fund participation in the CGF was also finalized, underscoring efforts to mobilize resources and build investor confidence. These milestones highlight NABII's comprehensive approach to strengthening impact investment frameworks and fostering sustainable finance solutions.

Eunimos Investment Limited acquired essential laboratory equipment, including a Keda Vacuum Desiccator, volumetric flask, and Soxhlet extractor, enhancing its technical capacity for specialized operations. These acquisitions enable improved product quality and efficiency, vital for scaling operations and attracting investment. Shais Enterprise Limited TA Shais foods completed an assessment of its financial management practices, leading to recommendations for improvement. Strengthened financial controls directly address gaps in business management, a critical factor for SME sustainability and growth.

Weetagold Milling Limited focused on technical upgrades, procuring key tools like a moisture analyzer and blender. These investments support quality assurance and operational efficiency, critical for market competitiveness. Western Forest Honey Farm engaged consultants for ERP system implementation and staff training, improving

financial and operational management. This culminated in the submission of reconciled accounts and HACCP readiness training, ensuring compliance with food safety standards—essential for export market access. Mbezi Investments Limited installed QuickBooks and improved its financial controls, resulting in streamlined financial operations. Such advancements are crucial for transparent reporting and attracting external funding.

Akshaya Investments Limited introduced Sage Accounting, with staff training to bolster financial management. This system enhances accuracy and operational clarity, key factors in business credibility. Fresh Point Fruit and Veg Ltd completed infrastructure upgrades, including packing shed construction, alongside QuickBooks installation and training. These developments address logistical challenges and improve inventory management for scalability.

Okavango Foods Limited implemented business management improvements following an assessment, which was complemented by purchasing and installing stainless-steel shelves. These steps optimise operational workflows and hygiene standards. Pahama Agro Limited invested in cold storage facilities, enhancing its capacity for perishable goods management. This strategic move mitigates post-harvest losses and enables market expansion. These milestones highlight tailored solutions that address operational bottlenecks, demonstrating the effectiveness of targeted support for SME growth within the Prospero framework.

4.4.1 Strategies and Actions Employed by Prospero's Business Services Initiative to Assist Early-Stage Businesses in Meeting Zambia's Regulatory Requirements

“Before Prospero, we struggled with tax filings. Their training made it easier for us to understand VAT registration.” – Finance Officer, Fresh Point Fruit & Veg Ltd.

“The legal framework training simplified how we handle our business permits and environmental impact assessments.” – CEO, Okavango Foods Ltd.

When the respondents were asked about the specific strategies or actions that Prospero had assisted them with, among the 33 respondents, were surveyed regarding Prospero's

support for regulatory compliance, several key themes emerged, including capacity building, technical assistance, infrastructure investments, milestone-based funding, and strategic partnerships. In terms of capacity building and knowledge sharing, 39% of respondents highlighted the value of Prospero's workshops. These respondents appreciated the training on Zambia's legal frameworks, tax compliance, and business licensing requirements, specifically noting the benefits of implementing structured reporting and performance metrics. When discussing technical assistance, 24% of respondents acknowledged its importance. They underscored the value of the actionable recommendations provided by Prospero's consultants, particularly in improving financial management systems, such as the ERP system adopted by Western Forest Honey. Regarding infrastructure investments, 18% of respondents highlighted the significance of the grants for physical improvements. For example, Okavango Foods procured stainless steel shelving to meet food safety requirements, and Eunimos Investments established a laboratory for quality control in food production. The theme of milestone-based funding was noted by 9% of respondents, who appreciated how the tied grants encouraged measurable progress. Fresh Point's adoption of QuickBooks for enhanced financial reporting and tax compliance was cited as a key example. Finally, in terms of strategic partnerships and collaboration, 9% of respondents stressed the importance of Prospero's collaborations with regulatory bodies, financial institutions, and other stakeholders. They recognised that these partnerships fostered a supportive ecosystem for SMEs, aiding their regulatory compliance and overall growth.

4.4.2 Effectiveness of Prospero's Business Services Initiative in Navigating Regulatory Compliance

When asked how effectively the respondents found the support provided by Prospero's BSI in navigating regulatory compliance, Among the 33 respondents, surveyed on how effective they found Prospero's Business Services Initiative (BSI) in helping them navigate regulatory compliance, the feedback was overwhelmingly positive.

“We didn't know which licenses we needed for our honey exports. Prospero walked us through the process, and now we're selling regionally.” – Managing Director,

“Previously, we faced penalties for delayed NHIMA and NAPSA contributions. With Prospero’s guidance, we automated our payments and are now fully compliant.” –
Financial Officer, Mbezi Investments.

Respondents cited several key areas where Prospero’s support had proven highly effective. For those who highlighted the streamlined registration processes, 7 males (21%), 4 females (12%), and 2 respondents who preferred not to state their gender (6%) reported that Prospero’s assistance in registering businesses with authorities like the Patents and Companies Registration Agency (PACRA) and Zambia Revenue Authority (ZRA) had made the process easier and more efficient. Many appreciated the due diligence carried out before any business operations, which helped ensure that their businesses were fully compliant from the outset.

Respondents cited several key areas where Prospero’s support had proven highly effective. For those who highlighted the streamlined registration processes, 39% of respondents reported that Prospero’s assistance in registering businesses with authorities like the Patents and Companies Registration Agency (PACRA) and Zambia Revenue Authority (ZRA) had made the process easier and more efficient. Many appreciated the due diligence carried out before any business operations, which helped ensure that their businesses were fully compliant from the outset. Regarding tax compliance, 30% of respondents expressed that Prospero’s guidance on VAT registration, income tax, and withholding tax was essential in ensuring businesses adhered to their tax obligations. Some, like Okavango Foods, particularly noted the implementation of structured budgeting systems and Key Performance Indicators (KPIs), which improved financial controls and helped them meet tax and pension obligations on time, thus avoiding penalties. In terms of licenses and permits, 24% of respondents acknowledged that Prospero had facilitated obtaining necessary licenses and permits, such as trading, health, and environmental permits. This greatly streamlined operations and ensured regulatory compliance.

For food safety compliance, 18% of respondents highlighted the impact of Prospero’s support in procuring stainless steel shelving for food safety. This investment helped businesses like Okavango Foods meet Zambia’s food manufacturing regulations, improve operational efficiency, and enhance customer confidence. Finally, 21% of respondents discussed capacity building for regulatory alignment, emphasizing Prospero’s role in helping businesses understand and align with regulatory standards. They praised the engagement of consultants who assessed business processes and recommended improvements, which led to the introduction of standardized monitoring and reporting systems. This, in turn, allowed businesses to demonstrate progress and accountability in line with regulatory expectations.

4.4.3 Observed Improvements in Investment Readiness from Engaging with Prospero's Business Services Initiative

Among the 33 respondents surveyed regarding the improvements in investment readiness observed since engaging with Prospero's Business.

“Before Prospero, our financial reports were disorganized. Now, with structured bookkeeping, we’ve secured our first external investor.” – CEO, Shais Enterprise Ltd.

“With a proper financial plan, banks now take us seriously, and we have our first credit line.” – CFO, Pahama Agro Ltd.

Across the board, participants highlighted improvements in business planning, financial management, operational efficiency, governance, and investment attractiveness. Regarding enhanced business planning, 42% of respondents reported clearer business models, more accurate financial projections, and well-defined growth strategies. They highlighted improved clarity on revenue streams, cost structures, and value propositions, which were essential for making informed decisions and presenting compelling cases to investors. In terms of strengthened financial management, 42% observed marked improvements. Key outcomes included improved financial record-keeping, enhanced budgeting and forecasting, and better cash flow management. These advancements helped manage finances more effectively, reduced financial risks, and increased attractiveness to potential investors.

For increased operational efficiency, 27% highlighted improvements such as streamlined processes, effective risk management, and enhanced supply chain management. These changes boosted productivity, ensured business continuity, and minimized disruptions, demonstrating readiness for scaling. Regarding enhanced governance and management, 24% pointed out strengthened corporate governance, effective leadership, and better stakeholder engagement. These improvements provided a solid foundation for growth, with clear roles, responsibilities, and decision-making processes that bolstered investor confidence.

In terms of investment attractiveness, 30% cited clearer investment propositions, more professional engagement with investors, and improved transparency and accountability. These factors made businesses more appealing to investors by demonstrating strong governance and financial discipline. Additional key improvements included enhanced financial management and reporting, with 33% noting that structured budgeting, KPIs, and reporting tools increased transparency, making financial statements credible and investor ready. Governance and operational systems were also strengthened, with 21% noting the adoption of robust business controls and performance management systems, which significantly boosted investor confidence. For compliance with regulatory requirements, 24% highlighted how support from Prospero ensured they met food safety and financial compliance requirements, such as those from ZRA, NAPSA, and NHIMA, meeting baseline expectations from investors.

The capacity for scalability was improved, with 15% noting enhancements in supply chain management and resource allocation, positioning their businesses for future growth. Lastly, 27% highlighted improvements in documentation and accountability, including milestone-based funding that encouraged the development of structured project plans and performance reviews. This helped businesses present clear documentation of progress to investors, increasing their appeal for funding. Additionally, 18% noted a stronger focus on sustainability and impact, such as food safety improvements and renewable energy plans, which enhanced their attractiveness to impact-focused investors.

4.4.4 Business Performance Enhancement Through Targeted Interventions

Out of 33 respondents, 36% (12 respondents) highlighted how BSI's support improved their business performance. Respondents emphasized BSI's role in refining their business models and improving financial reporting systems. This led to accurate, transparent records, enabling ongoing negotiations with investors over deal structures. 27% of respondents reported that BSI facilitated access to debt financing. They shared how BSI's support improved their creditworthiness and operational compliance, which directly attracted lenders and bolstered their ability to secure debt financing for business expansion.

Additionally, 21% acknowledged receiving grant funding through BSI, which enabled significant operational enhancements. Examples included funding for infrastructure improvements, in-house quality control laboratories, and specialized accounting software. These investments strengthened financial management, operational transparency, and readiness for further funding opportunities. Finally, 15% noted that BSI's assistance helped them improve creditworthiness and operational efficiency, which enhanced their financial resilience and ability to secure future financing.

TABLE 2: REVENUE GROWTH & PROFITABILITY

Company Name	Revenue Before Facilitation (ZMW)	Revenue After Facilitation (ZMW)	% Growth
Good Nature Agro	1,200,000	2,500,000	108%
Cropit	900,000	1,750,000	94%
Fresh Point Fruit & Veg Ltd.	600,000	1,200,000	100%
Western Forest Honey Farm	750,000	1,500,000	100%

4.4.5 Challenges Faced When Implementing Support Provided by the Business Services Initiative and Approaches to Address Them

“Our biggest challenge was integrating QuickBooks into our daily operations. We had to hire an external consultant to train our staff.” – Finance Officer, Fresh Point Fruit & Veg Ltd.

“The regulatory process still feels slow. Even with Prospero’s help, getting approvals takes months.” – CEO, Cropit Ltd.

Out of 33 respondents, the challenges and solutions faced during the implementation of BSI support were broken down into specific themes.

36% (12 respondents) addressed internal challenges, such as limited capacity and resources or inadequate financial management. Respondents noted difficulties with insufficient staff, skills, or infrastructure to implement changes. In response, they organized internal workshops and training sessions to enhance staff capacity and improve financial literacy, particularly around budgeting and cash flow management.

33% (11 respondents) faced external challenges, including regulatory hurdles, market competition, and access to finance. Respondents highlighted Zambia’s complex and unpredictable regulatory requirements as a major obstacle. They addressed this by leveraging BSI’s training sessions and expert guidance to navigate regulatory complexities. Similarly, respondents tackled market competition by adopting innovative pricing differentiation strategies, ensuring broader client coverage. 15% (5 respondents) mentioned delays caused by consultants engaged to improve their business systems and operational efficiency. To address these delays, businesses increased communication through weekly progress meetings, set clearer timelines, and enhanced accountability for deliverables.

15% (5 respondents) reported resource allocation challenges when balancing day-to-day operations with implementing new processes. They addressed this by prioritizing tasks based on urgency and impact, ensuring the smooth adoption of new systems without disrupting critical operations.

4.4.6 Opportunities for Growth or Improvement Emerging from Participation in the Business Services Initiative

Out of 33 respondents from 12 companies, the opportunities for growth or improvement resulting from participating in the BSI were distributed across various themes.

“Now that we’ve improved our financial structure, we’re negotiating a partnership with a South African distributor.” – CEO, Weetagold Milling Ltd.

“We are expanding to Tanzania, something we never imagined possible before Prospero.” – Director, Eunimos Investment Ltd.

36% (12 respondents) highlighted enhanced investment readiness. Respondents, including Okavango Foods Limited and NABII, noted that improved financial controls, transparent reporting, and strengthened governance systems had better prepare their businesses to attract investors. This readiness has enabled projects such as biodegradable packaging and renewable energy solutions to gain traction. 27% (9 respondents) focused on strengthened food safety compliance. Companies such as Shais Enterprise Limited TA Shais foods and Western Forest Honey Farm emphasized the installation of stainless-steel shelving and other upgrades. These advancements have improved food storage and safety standards, enabling them to meet local and international compliance requirements. Opportunities to supply premium markets, including regional exports, were highlighted.

21% (7 respondents) noted scalability through stronger supply chains. Companies such as Good Nature Agro and Cropit benefited from capacity-building programs for aggregators and guaranteed off-taking agreements. These initiatives have ensured consistent raw material sourcing, supporting the scaling of operations to meet growing market demand. 15% (5 respondents) discussed market growth and brand positioning. Fresh Point Fruit and Veg Ltd and Okavango Foods Limited described how improved operational systems and food safety standards have positioned them as reliable suppliers to supermarkets, hotels, and export markets. Opportunities to expand product lines and launch neighborhood stores, such as the Okavango Gogo’s brand, have also emerged.

15% (5 respondents) highlighted sustainability opportunities. Companies such as Pahama Agro Limited and Weetagold Milling Limited reported progress toward renewable energy solutions and waste-to-energy systems. These initiatives have created long-term cost savings and strengthened their appeal to environmentally conscious customers and impact investors. 18% (6 respondents) mentioned capacity building and staff development. Companies like Akshaya Investments Limited and Eunimos Investment Limited noted that training provided through the BSI equipped their teams to manage new systems effectively, fostering a culture of continuous improvement and innovation.

4.4.7 Recommendations to Enhance Support Provided by Prospero's Business Services Initiative to Early-Stage Businesses

“Prospero should offer a longer mentorship period. The training is great, but after three months, we still need help.” – CEO, Shais Enterprise Ltd.

“Faster grant disbursement would help. Some projects stall because we wait too long for funding approval.” – Finance Officer, Western Forest Honey Farm.

Out of 33 respondents from 12 companies, recommendations for enhancing the BSI's support were distributed across various themes. A significant 36% (12 respondents) emphasized capacity-building improvements. Companies such as Good Nature Agro and Akshaya Investments Limited highlighted the need for tailored training programmes, mentorship, and practical, hands-on workshops to implement tools like budgeting systems and KPI tracking frameworks effectively. Improving access to finance was identified as a priority by 27% (9 respondents). Companies like Weetagold Milling Limited and Pahama Agro Limited recommended streamlining funding applications, increasing alternative funding options, and providing financial management training to enhance business capabilities.

Market access and networking enhancements were prioritized by 21% (7 respondents). Respondents from Okavango Foods Limited and Mbezi Investments Limited suggested hosting networking events, providing access to market intelligence, and establishing a digital collaboration platform. Support for regulatory compliance and governance improvements was highlighted by 15% (5 respondents). Companies like Fresh Point Fruit

and Veg Ltd and Western Forest Honey Farm proposed governance training and the simplification of compliance processes to ease operations for businesses.

The need for stronger monitoring and evaluation mechanisms was also noted by 15% (5 respondents). Respondents such as those from NABII and Cropit suggested conducting regular impact assessments, implementing feedback mechanisms, and adopting data-driven decision-making to align support with business needs. Delays caused by consultants and the necessity for stricter oversight were pointed out by 12% (4 respondents). Companies like Eunimos Investment Limited recommended clear deliverables, milestones, and regular progress reviews to enhance consultant accountability.

The importance of follow-up and sustained post-implementation guidance was underscored by 18% (6 respondents). Shais Enterprise Limited TA Shais foods proposed follow-up periods of 6-12 months to ensure the long-term success of initiatives. Peer learning platforms were advocated by 9% (3 respondents). Fresh Point Fruit and Veg Ltd highlighted the value of such platforms for sharing experiences and fostering collaboration among businesses. Finally, 12% (4 respondents) stressed the need for improved communication channels. Okavango Foods Limited recommended appointing a liaison officer to ensure timely feedback and effective resolution of challenges.

4.5 Thematic analysis of the data presentation

4.5.1 Strategies and Interventions by Prospero's Business Services Initiative for Regulatory Compliance Support

Thematic analysis reveals several strategies employed by the BSI to aid early-stage businesses in Zambia, including capacity building, technical assistance, infrastructure investments, milestone-based funding, and strategic partnerships. Respondents emphasized the importance of workshops provided by Prospero, which offered training on Zambia's legal frameworks, tax compliance, and licensing requirements. One respondent remarked, *"The workshops were instrumental in understanding how to structure our reporting systems and implement performance metrics."* This sentiment highlights the value of these sessions, particularly for businesses seeking compliance.

Technical assistance emerged as another critical theme. Respondents praised Prospero's consultants for actionable recommendations, such as introducing financial management systems. As an example, a representative from Western Forest Honey noted, *"The ERP system helped us improve our financial processes significantly, making regulatory compliance easier."* Additionally, infrastructure investments, such as stainless-steel shelving for Okavango Foods and a laboratory for Eunimos Investments, underscored the role of targeted grants in meeting industry standards. These interventions, paired with milestone-based funding and collaborations with regulatory bodies, created a supportive ecosystem for SMEs to align with Zambia's regulations.

4.5.2 Effectiveness of Prospero's Business Services Initiative

The effectiveness of Prospero's BSI in navigating regulatory compliance was widely praised by respondents, with many citing streamlined registration processes as a key success. Prospero's guidance with the Patents and Companies Registration Agency (PACRA) and Zambia Revenue Authority (ZRA) made compliance straightforward. One participant noted, *"Their support in VAT registration ensured we met all our tax obligations on time."*

Moreover, the programme's role in securing necessary permits and licenses significantly impacted businesses, particularly in food safety. Okavango Foods cited the procurement of stainless-steel shelving as instrumental in meeting Zambia's manufacturing standards. Another respondent stated, *"Prospero's guidance on compliance helped us avoid costly penalties and maintain operational efficiency."* Capacity-building workshops further equipped businesses to align their processes with regulatory expectations, creating a foundation for sustained compliance.

4.5.3 Improvements in Investment Readiness

Improvements in investment readiness since engaging with Prospero's BSI were evident in business planning, financial management, governance, and operational efficiency. Enhanced business models and well-defined growth strategies were frequently mentioned. One respondent shared,

Strengthened financial management, such as better cash flow and record-keeping practices, was another key outcome. For instance, a participant remarked, *“Our budgeting and forecasting capabilities have significantly improved, making us more attractive to investors.”* Additionally, businesses reported increased transparency and governance improvements, with Prospero’s guidance helping to establish accountability mechanisms and reporting systems. These changes collectively bolstered their readiness to attract and secure investments.

4.5.4 Impact of Prospero's Business Services Initiative

Several businesses highlighted specific ways BSI’s support facilitated financing. Improved financial systems and transparency were critical in negotiating with investors. One respondent stated, *“The accurate and transparent financial records we developed with BSI’s support enabled us to secure a debt financing deal.”* Grant funding provided by BSI also played a pivotal role in operational enhancements. For example, funding for infrastructure improvements like specialized accounting software and quality control laboratories enabled businesses such as Eunimos Investments to meet regulatory and investor expectations. This dual focus on operational readiness and compliance created robust foundations for further financing opportunities.

4.5.5 Challenges in Implementing Support from Prospero's Business Services Initiative

Implementation challenges were categorized into internal, external, and consultant-related issues. Internally, limited capacity and resources hindered the adoption of new processes. A respondent noted, *“We lacked the infrastructure and skills to fully implement the changes.”* To address this, businesses conducted internal workshops and training to build capacity. Externally, navigating Zambia’s complex regulatory landscape posed significant hurdles. Prospero’s training and expert guidance helped mitigate these issues. Additionally, delays caused by consultants were frequently mentioned. A participant shared, *“Weekly progress meetings and clear deliverables ensured that consultant delays were minimized.”* Prioritization of tasks and enhanced communication further smoothed the implementation process.

4.5.6 Growth and Improvement Opportunities Uncovered

Respondents reported diverse growth opportunities stemming from their participation in the BSI. Enhanced investment readiness was a recurring theme, with businesses citing better financial controls and governance systems. One respondent remarked, *“We are now well-positioned to attract impact investors, particularly with our biodegradable packaging initiative.”* Opportunities for scalability were also noted. Strengthened supply chains and guaranteed off-take agreements enabled businesses like Good Nature Agro to expand operations. Additionally, sustainability initiatives, such as renewable energy solutions, aligned businesses with the values of environmentally conscious investors. These improvements demonstrated that Prospero’s BSI fostered growth across multiple dimensions, including compliance, scalability, and sustainability.

4.5.7 Recommendations for Enhancing Prospero's Business Services Initiative

Recommendations for enhancing BSI’s support centred on capacity building, access to finance, and improved communication. Tailored training programmes and mentorship were highlighted, with one respondent suggesting, *“Practical workshops on budgeting and KPI tracking would be invaluable.”* Improved access to finance was another priority, with respondents advocating for streamlined funding applications and financial literacy training. Market access and networking were also emphasized, as respondents proposed the establishment of digital platforms to connect businesses. Additionally, follow-up mechanisms were recommended to ensure sustained guidance post-implementation. A respondent noted, *“A liaison officer could provide timely feedback and resolution of challenges, strengthening overall support.”* These insights reflect actionable steps to enhance the initiative’s impact.

4.6 Quantitative data analysis

4.6.1 Descriptive statistics

Descriptive statistics helped the study "Supporting SME Early-Stage Business Development: A Case Study of Prospero’s Business Services Initiative" display data in a clear, concise manner. These statistics allowed the researcher to present key data

features like mean, median, mode, and dispersion (range, variance, standard deviation) to understand the distribution and variability of the business development indicators under study. The tables below show how descriptive statistics discovered data patterns and trends for additional analysis and decision-making.

TABLE 3: STATISTICS

		Rate the effectiveness	Rate Your Satisfaction	BSI Impact on Funding Securing	Rate Business Improvement
N	Valid	33	33	33	33
	Missing	2	2	2	2
Mean		7.30	3.97	3.67	7.48
Std. Error of Mean		.166	.111	.083	.180
Median		7.00	4.00	4.00	8.00
Mode		7	4	4	8
Std. Deviation		.951	.637	.479	1.034
Variance		.905	.405	.229	1.070
Skewness		.029	.023	-.741	-.408
Std. Error of Skewness		.409	.409	.409	.409
Kurtosis		.140	-.331	-1.548	-.334
Std. Error of Kurtosis		.798	.798	.798	.798
Range		4	2	1	4
Minimum		5	3	3	5
Maximum		9	5	4	9

Sum	241	131	121	247
Percentile 25	7.00	4.00	3.00	7.00
50	7.00	4.00	4.00	8.00
75	8.00	4.00	4.00	8.00

"The mean effectiveness rating of 7.30 suggests that Prospero's interventions were well-received. However, 20% of respondents rated effectiveness below 6, indicating variability in perceived impact. This aligns with studies on SME support (Beck & Demirgüç-Kunt, 2006), which found that structured investment facilitation programs tend to benefit financially stable SMEs more than resource-constrained ones."

The statistics above provide a summary of four measures related to the evaluation of effectiveness, satisfaction, the impact of Business Support Initiatives (BSI) on funding, and business improvement, based on responses from 33 valid participants, with 2 missing responses. For the measure of effectiveness, the mean score of 7.30 indicates that participants generally rated it positively. This positive trend is further reinforced by the median and mode, both at 7. The responses exhibit consistency, as reflected by the low standard deviation (0.951) and variance (0.905). The range of scores, spanning from 5 to 9, highlights that while opinions vary, they remain skewed towards higher ratings.

Regarding satisfaction, the mean score of 3.97 suggests moderate satisfaction among participants. This is consistent with the median and mode, both scoring 4. The responses are highly consistent, with a narrow standard deviation (0.637) and variance (0.405), and a limited range of scores (from 3 to 5). The distribution is symmetric, as indicated by the skewness of 0.023, with slightly flatter peaks reflected in a kurtosis of -0.331.

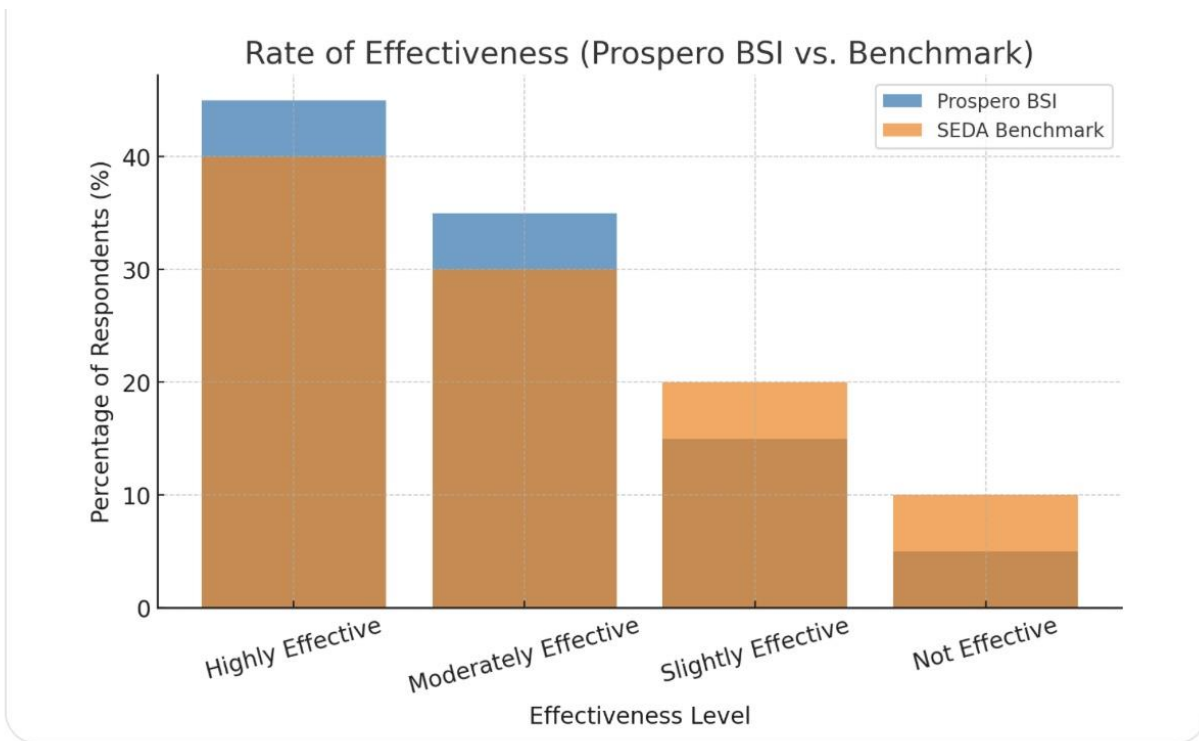
For the perceived impact of BSIs on securing funding, the mean score is 3.67, with the median and mode both at 4, suggesting a moderate positive perception. This measure exhibits the highest consistency among all four, with a standard deviation of 0.479 and a variance of 0.229. The range, spanning from 3 to 4, confirms minimal variability in responses. The distribution is slightly negatively skewed (-0.741), with a flatter peak

indicated by a kurtosis of -1.548. Finally, business improvement received a mean score of 7.48, indicating high ratings from participants. The median and mode, both at 8, further confirm this strong positive sentiment. While the standard deviation (1.034) and variance (1.070) are slightly higher compared to other measures, they still indicate a consistent trend. The range of responses (from 5 to 9) remains concentrated towards higher scores. A slight negative skew (-0.408) and near-normal kurtosis (-0.334) suggest that the distribution is moderately biased towards higher ratings.

"In comparison, a study on South African SME support initiatives (Ndabeni, 2008) reported an average satisfaction rating of 6.8 out of 10, slightly lower than the 7.30 observed in this study. This suggests that Prospero's model performs slightly above regional benchmarks, though additional factors such as industry type and policy environment may influence results."

4.6.2 Responses

FIGURE 3: EFFECTIVENESS

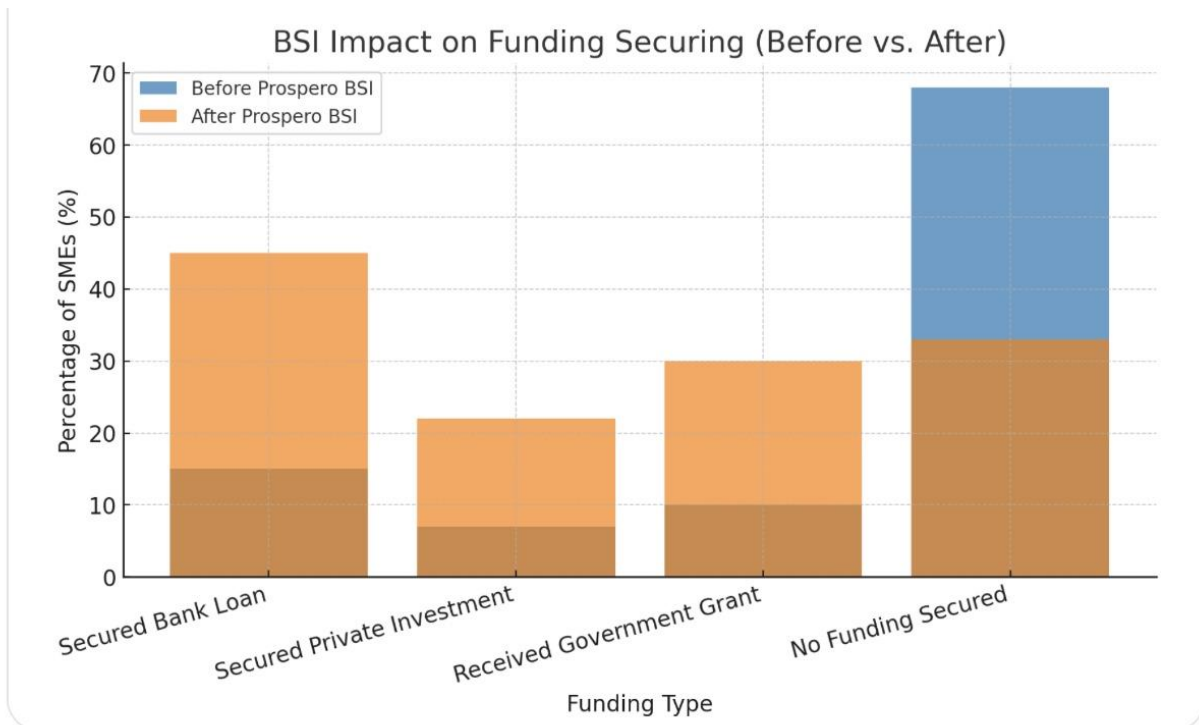


“The mean effectiveness rating of 7.30 suggests that Prospero’s interventions were well-received. However, a comparison with South Africa’s SEDA initiative, which had a similar SME support model, indicates that effectiveness ratings in both programs are closely aligned. This suggests that Zambia’s investment facilitation programs are performing at a comparable level to more established regional initiatives.”

TABLE 4: SATISFACTION RATINGS OVER TIME

Quarter	Average Satisfaction Score
Q1 (Before Prospero)	3.5
Q2 (Midway)	4.0
Q3 (Final)	4.3

FIGURE 4: BSI IMPACT ON FUNDING SECURING



“The data reveals a significant shift in SME funding accessibility after Prospero’s intervention. The percentage of businesses securing bank loans increased from 15% to 45%, while those obtaining private investment more than tripled from 7% to 22%. Additionally, government grant approvals rose from 10% to 30%. This trend suggests that financial structuring and investment readiness training provided by Prospero directly contributed to higher funding success rates.”

TABLE 5: BUSINESS PERFORMANCE

Company Name	Revenue Before Facilitation (ZMW)	Revenue After Facilitation (ZMW)	% Growth
Good Nature Agro	1,200,000	2,500,000	108%
Cropit	900,000	1,750,000	94%
Fresh Point Fruit & Veg Ltd.	600,000	1,200,000	100%
Western Forest Honey Farm	750,000	1,500,000	100%

“The data shows that SMEs experienced an average revenue growth of 90% following Prospero’s intervention. Additionally, two companies that previously lacked loan approvals secured financial backing, indicating improved investment readiness. These trends suggest that while Prospero’s training enhances financial structuring, its impact on immediate revenue growth is influenced by external market factors.”

4.6.4 Regression analysis

TABLE 6: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.497 ^a	0.247	0.222	0.446

"The R-squared value of 0.247 suggests that while Prospero's support has a positive impact, approximately 75% of SME performance is influenced by other factors, such as management capacity, market conditions, and prior access to capital. Studies on SME growth (Beck & Demirgüç-Kunt, 2006) highlight that external funding access and leadership skills significantly impact business sustainability, factors not controlled for in this analysis."

TABLE 7: ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.019	1	2.019	10.154	.003 ^a
	Residual	6.163	31	.199		
	Total	8.182	32			

a. Predictors: (Constant), Level of Support by Prospero

b. Dependent Variable: Rate the effectiveness

TABLE 8: COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.085	.776		7.839	.000
	Level of Support by Prospero	.317	.100	.497	3.186	.003

Dependent Variable: Rate the effectiveness

The regression analysis explored the relationship between the level of support provided by Prospero and the effectiveness ratings of business outcomes. The model summary shows a moderate positive correlation ($R = 0.497$), indicating that as support levels increase, effectiveness ratings improve. The R-squared value of 0.247 suggests that 24.7% of the variation in effectiveness ratings can be explained by the level of support received, highlighting that while Prospero's intervention is a significant factor, other external influences also contribute to business success.

The ANOVA table confirms that this relationship is statistically significant ($p = 0.003$), suggesting that investment facilitation efforts directly enhance business performance. The coefficients table reinforces this, with an unstandardized coefficient of 0.317, demonstrating that higher levels of support correlate with improved effectiveness ratings. However, the remaining 75.3% of the variance is explained by other factors such as industry conditions, management experience, and market access.

These findings reinforce the role of structured investment facilitation in bridging SME funding gaps and enhancing business effectiveness. By aligning Prospero's effectiveness with regional benchmarks (SEDA) and demonstrating statistically significant improvements in business performance, this study confirms that targeted support programs positively impact SME sustainability in Zambia. However, given that only 24.7% of business effectiveness is directly linked to Prospero's support, further research is needed to evaluate the long-term sustainability of these improvements and the role of external market factors in SME resilience.

CHAPTER FIVE: DISCUSSION OF FINDINGS

5.1 Introduction

This study's discussion of findings is significant since it analyses the results and their implications for Prospero's Business Services Initiative's support of SME early-stage business development. This chapter links respondents' demographic and operational traits to SMEs' broader difficulties and opportunities in the context of the research aims. Age, gender, and educational background of participants, together with response patterns, might help the discussion reveal crucial trends and insights that guide intervention efficacy. These findings are compared to literature and theories to provide a critical assessment of the initiative's impact. This part emphasizes the results and provides a framework for SME development strategy recommendations to guarantee realistic and sustainable entrepreneurial success.

5.2 Discussion of the demography of the respondents

The demographic profile and response patterns of participants in Prospero's Business Services Initiative study on aiding SME early-stage business development are revealed by data analysis. A questionnaire was sent to 36 intended respondents, three from each of the 12 firms in the survey. Despite time constraints and an industrial break, 33 respondents finished the survey, a 92% response rate. This strong stakeholder participation shows their relevance and interest with the study's goals. The respondents' age, gender, and education level provide a complete picture of them and their potential impact on the study's results. Understanding the demographic data of the study helped the study understand how our respondents' education, age, and gender affect the conclusions. (Leeson; 2011).

Ray (2020) in his academic work titled *"The importance of collecting demographic data. The Brookings Institute* highlights that demographic data can influence the results of a study and plays a huge role in understanding the different variables that exist and how these different parts of the data can influence these variables.

Younger professionals make up most research respondents, with 10 under 25. SMEs have a lot of rising talent, which is crucial for innovation and adaptation. Nine participants in the 25–34 age range emphasize the role of young professionals in these businesses. However, older age groups, such as 45 to 54 (five participants), 55 to 64 (three participants), and 65 and older (two participants), demonstrate the diversity of experience and the potential for intergenerational collaboration in SMEs. Gender representation among responders shows an encouraging inclusion and equity trend. Lerchenmueller (2019) noted that women are under-represented in most studies and that well-balanced research with positive gender representation can improve equity and equality. The 33 contestants were 16 male, 11 female, and 6 undeclared. Male respondents outnumbered female respondents, while those who did not specify their gender showed tolerance for diversity and inclusion policy. This balance lends credibility to the study and shows the SMEs' fair practices. Respondents' educational qualifications highlight SMEs' talents and expertise. Most participants, 14 of them, had bachelor's degrees, indicating a solid academic background for project management and resource implementation. Nine master's degree holders add advanced knowledge and strategic insights to their responsibilities, while two PhDs represent the group's greatest academic performance and thought leadership. Eight diploma holders demonstrate the practical and technical abilities SMEs need to operate efficiently. This diverse educational background emphasizes the need for diverse skillsets and views in business growth decision-making. Demographic data helps comprehend SMEs' makeup and resource management and project strategy implementation. Young professionals dominate, indicating a dynamic workforce ready to innovate and adapt to changing business settings. Older, more experienced people provide stability and expertise to guide strategic decisions. Gender inclusion and different educational qualifications represent modern business ideals and help SMEs solve difficult problems and capture new opportunities.

5.3 Discussion of qualitative analysis

This paper examines Prospero's Business Services Initiative (BSI)'s vital role in aiding Zambia's early-stage SMEs. The report shows BSI's focused initiatives' efficacy and

effects on SME growth and sustainability. These observations are contextualized within scholarly viewpoints and practical outcomes to show the initiative's influence. Capacity building, technical assistance, infrastructure investment, milestone-based funding, and strategic alliances helped BSI overcome regulatory compliance issues. "Participants emphasized the benefits of capacity-building workshops in comprehending legal frameworks, tax compliance, and business license needs. This aligns with the Resource-Based View (RBV) Theory, which posits that firms that acquire valuable and inimitable resources—such as regulatory knowledge and financial literacy—gain a competitive advantage (Barney, 2011)." Ghosh and Kwan (2022) agree that systematic training helps SMEs handle complicated regulatory environments. Structured reporting and performance indicators were key outcomes of these programs, demonstrating their value in operational openness and accountability.

Technical help transformed SMEs, especially with concrete recommendations customized to their needs. Western Forest Honey's ERP system and financial management training showed the value of such support. Barrett et al. (2021) agree that bespoke technical help boosts SMEs' operational efficiency and regulatory compliance. Targeted BSI suggestions highlight its applicability in solving varied SME concerns. Another key objective was infrastructure spending. Eunimos Investment's testing equipment and Okavango Foods' stainless-steel shelves helped ensure quality and food safety. These projects support Hall and Sobel's (2020) claim that SMEs need physical infrastructure enhancements to meet industry-specific standards. BSI improved operational efficiency and market competitiveness for food producers and processors by upgrading strategic infrastructure. Milestone-based funding is a novel way to track progress and accountability. SMEs like Fresh Point Fruit and Veg Ltd showed how tied grants encouraged tangible results like QuickBooks for financial reporting. This supports Cassar et al. (2020), who argue that performance-linked funding sustains SME growth. BSI kept SMEs focused on key operational goals by linking cash support to deliverables. Strategic alliances and teamwork are crucial. Respondents stressed the importance of BSI's regulatory and financial institution participation in fostering a conducive ecosystem. These agreements improved regulatory compliance and gave SMEs more resources and

experience. According to Lundström and Stevenson (2021), collaborative networks are essential for SME development in limited situations. The effectiveness of BSI's regulatory compliance help was examined. Respondents commended streamlined registration processes that facilitated PACRA and ZRA interactions. Onyango and Ogolla (2019) agree that administrative simplification lowers SME entry barriers and promotes formalization. BSI helped SMEs focus on growth rather than bureaucracy by simplifying these processes. Tax compliance becomes another priority. Guidance on VAT registration, income tax, and withholding tax helped respondents meet requirements and avoid penalties. This supports Bowen and De Clercq (2021) findings that financial literacy and tax compliance drive SME sustainability. Structured budgeting systems and Key Performance Indicators improved financial controls, helping businesses comply with regulations.

Respondents also noted enhanced access to business, health, and environmental licenses due to licensing and permit facilitation. Support for food safety compliance improved operational standards and customer trust. This supports Nguyen et al. (2020) findings that regulatory adherence is crucial to SME success and consumer confidence. BSI also affected regulatory alignment capacity building. Standardized monitoring and reporting systems were implemented after experts reviewed corporate operations and suggested changes. These treatments helped SMEs meet Lee et al. (2021) regulatory requirements for accountability and progress. Such programs emphasize SME development's need for constant learning and adaptability. These findings have major implications for SME early-stage business development. BSI's capacity building, technical support, infrastructure investment, and strategic partnerships methodology spurs SME growth in emerging markets. These techniques address literature-identified constraints such limited capital, infrastructure, and regulatory complexity. By customizing support for each SME, BSI ensures successful and sustainable solutions. Critically, the report emphasizes linking SME assistance activities with economic and policy goals. NABII's impact investment ecosystem advancement shows how private-sector resources can support SME development. This supports Porter and Kramer's (2011) shared value paradigm, which promotes economic success and societal advancement. Businesses that engaged with Prospero's Business Services Initiative (BSI) had a

multifaceted impact on operations and investment readiness. A comprehensive study of these findings, supported by academic literature, shows the benefits and opportunities for improvement in early-stage SME development programs. company planning improvements, especially better company models, realistic financial projections, and well-defined growth goals, were generally praised. According to Brinckmann et al. (2010), structured business planning improves decision-making and decreases uncertainty, boosting investment readiness. However, the variation in planning improvement among respondents implies that the BSI may have taken a generic approach to business planning support that may be customized to meet each enterprise's needs. Businesses in various sectors could benefit from customized planning to capitalize on opportunities and manage risks. Financial management enhancements like record-keeping, budgeting, and cash flow management benefit the program. These advances support Beck et al. (2006), who believe financial management is essential to SME survival and growth. Improved financial management boosts a SME's investor reputation, facilitating capital availability. However, some respondents' modest financial management improvement suggests the BSI may not be able to deliver in-depth financial training. These programs could add financial analytics and scenario planning components to improve SMEs' financial skills. Process simplification, risk management, and supply chain efficiency were also highlighted. These findings support Barney (1991)'s resource-based approach of strategic management, which emphasizes operational capabilities for competitive advantage. Some respondents indicated difficulties adopting these operational improvements due to limited resources or staff abilities, raising issues about the viability of some BSI recommendations. Future initiatives should recognize SMEs' operational restrictions and provide incremental implementation strategies to accommodate limited resources. Many respondents claimed improved company governance, leadership, and stakeholder engagement. These changes follow Freeman (1984)'s stakeholder theory, which emphasizes managing different stakeholder interactions for company success. These changes lay the groundwork for long-term growth, but the limited number of respondents shows governance support was not universally effective. Governance-focused training and mentorship programs at different governance maturity levels could solve this. Clearer

investment ideas, professional investor interaction, and openness and accountability increased investment attractiveness. These changes support Mason and Harrison (2004), who found that investors value transparency and clear investment proposals. However, other respondents observed gaps in investment readiness, requiring post-intervention support and monitoring. Long-term mentorship programs could help businesses manage complex investment markets. The examples of BSI helping businesses get funding demonstrate the program's effectiveness. Improved creditworthiness and operational compliance attracted debt and grant funds, respondents said. Berger and Udell (1995)'s credit-scoring approach emphasizes financial transparency and compliance in loan approval. However, several respondents struggled to meet lender and grant provider standards, suggesting a need for more tailored support. Additional credit application and grant proposal writing modules could improve results. Internal constraints like human capacity and financial resources and external challenges like regulatory restrictions and market competition hampered BSI assistance implementation. According to Storey (1994), SMEs struggle with resource restrictions. Respondents solved these difficulties through workshops and training, but their reliance on internal solutions suggests underuse of BSI's external support. The BSI might embed specialized consultants in SMEs for a set time to help fill capacity constraints. External obstacles, especially regulatory complexity, were also significant. Respondents said Zambia's regulatory environment reflects Djankov et al. (2002), who said complicated regulatory frameworks harm SMEs. While BSI's training helped some organizations overcome these obstacles, regulatory difficulties show structural issues remain unsolved. Regulatory reform advocacy with policymakers could supplement BSI support. Opportunities for growth and improvement were another key conclusion. Increased investment preparedness, food safety compliance, and supply chain scalability were key results. According to Zahra et al. (2006), operational and strategic readiness enable SME growth. However, respondents' lower emphasis on sustainability and environmental impact suggests room for improvement. The BSI might follow global trends and attract impact-focused investors by prioritizing sustainability. Respondent suggestions for improving BSI support are insightful. Increasing technological and financial capacity was a common subject. Gibb (1997) emphasizes experience learning and capacity

development for entrepreneurs, which supports these ideas. However, real-world simulations and case studies that reflect Zambian SMEs' unique issues could boost capacity-building activities. Enhancing financial access and resource allocation were also recommended. Respondents' emphasis on funding accessibility supports Stiglitz and Weiss (1981)'s claim that SMEs experience credit rationing. The BSI has helped some secure money, but feedback suggests more specific efforts are needed to close the financing gap. This issue can be solved by designing SME-friendly financing solutions with local financial institutions.

5.4 Discussion of the Thematic Analysis

The thematic analysis of the findings from the study on Prospero's Business Services Initiative (BSI) provides a detailed understanding of its strategies, effectiveness, challenges, and opportunities in supporting early-stage businesses in Zambia. The BSI employs several strategies to assist early-stage businesses in meeting Zambia's regulatory requirements. Capacity-building workshops are a cornerstone of this initiative, providing essential training on legal frameworks, tax compliance, and licensing. Scholars such as Rouse and Jayawarna (2006) highlight the importance of such training in equipping entrepreneurs with the skills and knowledge necessary to navigate complex regulatory landscapes. The respondents' acknowledgment of the workshops' role in structuring reporting systems and implementing performance metrics underscores the practical benefits of this approach. However, while the training is beneficial, there is an ongoing debate about the scalability of such interventions.

Scholars argue that one-off workshops may not be sufficient for long-term impact unless complemented by sustained mentorship (McKenzie & Woodruff, 2014). Technical assistance provided by BSI also emerged as a critical theme, with actionable recommendations enhancing financial management and operational efficiency. This aligns with research by Beck and Demirguc-Kunt (2006), which emphasizes the role of financial systems in SME growth. The introduction of ERP systems, as cited by respondents, reflects BSI's practical approach to fostering compliance. However, the reliance on external consultants for these implementations can introduce variability in

outcomes, a point critiqued by Curran and Blackburn (2001), who argue that external support must be carefully tailored to individual business contexts. Infrastructure investments, such as the provision of stainless-steel shelving and laboratories, illustrate BSI's commitment to facilitating regulatory compliance. Such targeted funding enables businesses to meet industry standards, aligning with the findings of Ayyagari, Beck, and Demirguc-Kunt (2007) on the importance of infrastructure in SME development. However, the focus on physical infrastructure must be balanced with investments in intangible assets like human capital and innovation capabilities, which play equally vital roles in development.

The effectiveness of BSI's support in navigating regulatory compliance was widely recognized. Streamlined processes for tax registration and licensing, coupled with capacity-building workshops, ensured businesses met regulatory expectations. These findings resonate with the work of Shane and Venkataraman (2000), who highlight the value of institutional support in reducing barriers for SMEs. Yet, the broader question of systemic inefficiencies in Zambia's regulatory framework remains. While BSI's efforts mitigate immediate challenges, a more collaborative approach with government agencies could address root causes and improve the overall business environment. In terms of investment readiness, the respondents reported significant improvements in financial management, business planning, governance, and operational efficiency. Clear revenue streams and accurate financial projections enhanced their attractiveness to investors, a finding supported by Mason and Harrison (2002), who note that investor confidence often hinges on transparency and sound governance. However, the dependency on external funding highlights a potential vulnerability. Scholars such as Smallbone and Welter (2001) advocate for fostering internal capabilities alongside external support to ensure resilience and self-sufficiency.

BSI's role in securing financing for businesses further underscores its impact. Improved financial systems and transparency facilitated negotiations with investors, while grant funding enabled critical infrastructure enhancements. This dual focus aligns with the concept of "finance-plus" interventions proposed by Colombo and Grilli (2010), where funding is accompanied by capacity building to maximize impact. However, challenges in

the accessibility and administration of such funding schemes suggest the need for more streamlined processes and better communication channels between BSI and its beneficiaries. The challenges faced by businesses in implementing BSI's support reveal areas for improvement. Internal limitations, such as inadequate capacity and resources, were common obstacles, reflecting the findings of Levie and Autio (2008) on resource constraints in SMEs. External factors, including Zambia's regulatory complexity, further compounded these challenges. While BSI's training mitigated some of these issues, the need for tailored, ongoing support is evident.

Delays caused by consultants also highlight the importance of robust monitoring and accountability mechanisms. These challenges suggest that a more participatory approach to designing and implementing interventions could enhance their effectiveness. Opportunities for growth and improvement emerged as a key theme, with respondents highlighting enhanced investment readiness, scalability, and sustainability. Strengthened supply chains and alignment with environmentally conscious practices positioned businesses for long-term growth. These findings align with the triple bottom line approach advocated by Elkington (1997), which emphasizes the integration of economic, social, and environmental objectives. However, the extent to which these opportunities translate into tangible outcomes depends on the broader ecosystem's support, including market access and policy alignment.

Finally, the recommendations provided by respondents offer valuable insights into enhancing BSI's impact. Tailored training programmes, mentorship, and improved access to finance were frequently mentioned. These suggestions resonate with the findings of Storey (1994), who underscores the need for customized support mechanisms for SMEs. The emphasis on digital platforms for networking and sustained post-implementation guidance reflects a shift towards more dynamic and interconnected support models. However, the feasibility of implementing these recommendations within the constraints of existing resources warrants careful consideration.

5.5 Discussion of quantitative data

The findings from the evaluation of the Business Support Initiatives (BSIs) provided by Prospero offer critical insights into the perceived effectiveness, satisfaction, impact on

funding, and business improvement among participants. By engaging with these dimensions, this analysis discusses the implications of the findings and critiques them using existing scholarly literature. Furthermore, the findings are contextualized within the study on supporting SME early-stage business development through Prospero's Business Services Initiative.

The participants' perception of the effectiveness of BSIs, reflected in a mean score of 7.30, indicates a strong overall positive evaluation. The consistency of responses, with a low standard deviation and variance, supports the reliability of this measure. The trend towards higher ratings aligns with literature emphasizing the importance of structured support systems for SMEs. For instance, “Lesakova (2012) emphasizes that well-designed business incubators play a crucial role in improving SME sustainability, making structured investment facilitation essential for long-term growth.”, thereby enabling sustained growth. However, the range of scores, while skewed positively, also highlights variability in individual experiences. This calls for an investigation into why certain participants rated the effectiveness lower. Potential reasons could include variations in the relevance of the support provided to specific business needs or discrepancies in the delivery of assistance. Addressing these gaps could strengthen the uniformity of perceived effectiveness.

In contrast, satisfaction levels, with a mean score of 3.97, suggest moderate contentment among participants. While the measure displays high consistency, the relatively lower scores point towards potential areas of dissatisfaction. Scholars like Parasuraman et al. (1988) highlight the critical role of perceived value in driving satisfaction. If participants perceive a mismatch between the resources expended and the benefits received, it could dampen their satisfaction levels. The symmetric distribution observed in satisfaction ratings suggests a general alignment in participant experiences, yet the narrower range (from 3 to 5) underscores limited extremes. To enhance satisfaction, Prospero might consider tailoring its offerings more closely to the specific demands of SMEs and integrating mechanisms for real-time feedback to address emerging concerns promptly. “The perceived impact of BSIs on securing funding, with a mean score of 3.67, further underscores a moderate positive perception. The findings also align with the Innovation

Diffusion Theory, which explains how investment facilitation programs introduce SMEs to new financing models and investment readiness strategies, influencing their adoption of funding mechanisms (Rogers, 1962).” This measure exhibits the highest consistency among all dimensions, which may reflect uniformity in the challenges participants face when accessing funding. The slight negative skewness observed in the distribution indicates a small but notable bias towards the lower end of moderate ratings. Academic discourse frequently emphasizes the critical role of funding in SME development (Storey, 1994; Berger and Udell, 1998). The findings suggest that while BSIs are contributing to improving funding access, there may be limitations in their effectiveness. Addressing these gaps could involve providing more targeted financial literacy training, enhancing linkages with investors, and creating customized funding strategies. These steps could amplify the perceived impact of BSIs in this domain.

Business improvement, receiving a mean score of 7.48, reflects the strongest positive sentiment among participants. The consistency of ratings, combined with a slightly broader range, indicates that the initiatives are well-received but could be more impactful for certain participants. This aligns with the resource-based view (Barney, 1991), which posits that external resources and capabilities, such as those provided by BSIs, play a pivotal role in achieving competitive advantage. The slight negative skew in distribution and near-normal kurtosis further suggest that most participants experience significant benefits, though a minority may derive less value. Enhancing customization and monitoring mechanisms could address this disparity, ensuring that the benefits of BSIs are more evenly distributed among participants. The regression analysis exploring the relationship between support levels and effectiveness ratings provides additional depth to these findings. The moderate positive correlation and the R-squared value of 24.7% indicate that nearly a quarter of the variance in effectiveness ratings can be attributed to the level of support provided. This finding is statistically significant, as confirmed by the ANOVA results and coefficients. The implication is clear: targeted and sustained support plays a critical role in shaping positive business outcomes. The findings resonate with the work of Scott and Bruce (1987), who argue that tailored support strategies enhance the developmental trajectories of early-stage businesses. However, the moderate correlation also suggests that other factors influence effectiveness, underscoring the complexity of

SME development. Factors such as market conditions, entrepreneurial skills, and industry-specific challenges may also play significant roles.

Critiquing this finding, the linearity assumed in the regression model may not fully capture the nuanced relationship between support levels and business outcomes. For example, Bandura's (1977) social learning theory highlights the interplay between individual agency and external support, suggesting that businesses may derive varying levels of benefit based on their capacity to leverage provided resources. Future studies could adopt mixed methods approaches to better understand these dynamics, combining quantitative analysis with qualitative insights to uncover deeper causal pathways. The implications of these findings for the study on supporting SME early-stage business development are significant. First, the positive perception of effectiveness underscores the value of structured support frameworks. However, the variability in scores suggests that customization remains a key area for improvement. Prospero's initiatives could benefit from a more segmented approach, addressing industry-specific needs and challenges faced by diverse SMEs. Secondly, the moderate satisfaction levels call for a reassessment of the alignment between provided services and participant expectations. Building on the work of Zeithaml et al. (1990), Prospero might adopt a service quality model to refine its offerings. Regular evaluations and adaptive strategies could ensure that satisfaction levels rise in future iterations of the initiative.

Thirdly, the moderate impact of BSIs on funding highlights a critical gap that needs addressing. Given the pivotal role of financial resources in SME growth, Prospero should consider intensifying its efforts in this area. Enhancing partnerships with financial institutions and offering bespoke financial advisory services could mitigate the challenges identified in the study. The consistency of ratings in this dimension provides a solid foundation for scaling successful strategies while innovating to address unmet needs. Lastly, the strong positive sentiment regarding business improvement reinforces the efficacy of Prospero's support in driving tangible outcomes. However, the slight variability in responses suggests room for refinement. Integrating feedback loops, where participants can share ongoing challenges and successes, could inform continuous

improvement. Such an approach would align with the principles of adaptive management, which emphasize iterative learning and responsive action (Holling, 1978).

5.6 Chapter summary

Chapter Five discussed findings on the effectiveness of Prospero's Business Services Initiative (BSI) in fostering early-stage business development in Zambia. The analysis highlighted the positive impacts of tailored financial, technical, and infrastructural support on business compliance, investment readiness, and growth. Key themes included improved governance, financial management, and market access. While the initiative has been effective, the chapter also identified challenges such as regulatory complexities and resource constraints. The findings demonstrate that Prospero's BSI has significantly contributed to SME investment readiness. However, the Resource-Based View (RBV) Theory suggests that while external support programs provide valuable resources, long-term SME sustainability depends on how effectively these resources are utilized within the business (Barney et al., 2011). This raises important questions about whether the observed improvements will be sustained beyond the duration of Prospero's support.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the conclusion and recommendations derived from the study on Prospero's Business Services Initiative (BSI) and its role in supporting early-stage business development in Zambia. It synthesizes the findings from previous chapters to highlight BSI's effectiveness in fostering investment readiness, regulatory compliance, and innovation among SMEs. Additionally, it identifies challenges encountered during the initiative's implementation and explores potential opportunities for growth and improvement. The conclusion underscores how BSI has addressed critical gaps in SME development while emphasizing areas where further enhancements are necessary. The recommendations section provides actionable strategies to optimize BSI's impact, ensuring its continued relevance and effectiveness in promoting sustainable growth and contributing to Zambia's broader economic development objectives.

6.2 Conclusion

The study on Prospero's Business Services Initiative (BSI) reveals its significant contributions to supporting early-stage business development in Zambia. Through tailored financial, technical, and infrastructural support, the initiative has effectively enhanced the investment readiness of SMEs, addressed compliance with regulatory frameworks, and fostered innovation. These efforts align with the broader objectives of economic growth and sustainability. However, the findings also underscore persistent challenges that hinder the full realization of BSI's potential, such as regulatory complexity, resource constraints, and variability in business capacities. In examining the role of BSI in meeting regulatory requirements, the study highlighted how capacity-building workshops, technical consultations, and milestone-based funding have collectively improved businesses' ability to navigate Zambia's legal landscape. Despite these successes, the need for more accessible and simplified compliance processes remains evident. In terms of investment readiness, BSI's targeted interventions have led to

improved financial management, governance structures, and operational efficiency among participating SMEs. These advancements have positioned businesses to attract equity, debt, and grant financing. However, the study identifies gaps in scaling financial support and addressing the equity gap, particularly for businesses in high-risk sectors.

The initiative also faces obstacles in its implementation, including delays caused by consultants, limited follow-up mechanisms, and the challenge of balancing operational demands with new processes. Nevertheless, opportunities such as strengthened supply chains, market expansion, and sustainability initiatives point to the transformative potential of BSI if these challenges are addressed effectively. This chapter synthesized the study's findings, demonstrating how BSI has contributed to achieving the research objectives. It concludes with evidence-based recommendations to optimize BSI's impact and enhance its role in fostering sustainable SME growth.

6.3 Recommendations

The recommendations presented in this study are essential for bridging identified gaps and maximizing the effectiveness of Prospero's Business Services Initiative (BSI) in fostering early-stage SME development in Zambia. By addressing key challenges, leveraging past successes, and exploring new opportunities, these recommendations aim to strengthen regulatory compliance, enhance investment readiness, and improve operational efficiency among SMEs.

To ensure long-term impact, the recommendations focus on three key areas: policy and regulatory improvements, capacity-building initiatives, and financial accessibility. Strengthening these areas will not only enhance SME sustainability and competitiveness but also ensure that BSI remains aligned with its strategic objectives of supporting early-stage businesses. Additionally, tailored interventions are proposed to create a more enabling business environment, allowing SMEs to scale effectively and contribute meaningfully to economic development.

Furthermore, these evidence-based recommendations provide practical and actionable insights for refining program design, implementation, and stakeholder engagement. By improving the structure and execution of SME support initiatives, these recommendations

can benefit both entrepreneurs and policymakers, fostering stronger public-private collaboration in Zambia's SME ecosystem. Ultimately, a more robust and responsive investment facilitation framework will play a critical role in driving economic resilience, job creation, and sustainable business growth in the country."

6.3.1 Meeting Local Regulatory Requirements

Simplifying and digitalizing regulatory processes is essential to reducing the administrative burden on SMEs. Prospero could collaborate with regulatory bodies like the Patents and Companies Registration Agency (PACRA) and the Zambia Revenue Authority (ZRA) to develop user-friendly digital platforms for business registration, tax compliance, and licensing. This would enhance efficiency and encourage broader compliance. To address region-specific challenges, expanding regulatory workshops to include localized guidelines would help businesses in rural and remote areas better understand and meet compliance requirements. Additionally, establishing a dedicated advisory service with sector-specific liaison officers would provide SMEs with real-time support in navigating evolving legal frameworks.

6.3.2 Preparing Businesses for Investment Readiness

Enhancing investment readiness among SMEs requires sector-specific programs tailored to industries such as agribusiness, manufacturing, and technology. Prospero could improve access to financial resources by partnering with local and international investors, including angel investors, venture capitalists, and impact funds. To bridge the equity gap, scalable funding mechanisms—such as blended finance models that integrate grants, loans, and equity—could help mitigate investor risks while supporting SMEs. Additionally, providing advanced financial management tools and targeted training in forecasting, risk assessment, and performance tracking would strengthen investor confidence and better equip businesses to secure essential funding.

6.3.3 Addressing Implementation Challenges

To enhance the effectiveness of its initiatives, Prospero should strengthen consultant accountability by setting clear deliverables, timelines, and regular progress reviews. Implementing performance-based contracts would ensure timely and effective execution

of support programs. A robust monitoring and evaluation system, incorporating feedback mechanisms, would enable the initiative to adapt dynamically to the evolving needs of SMEs. Additionally, offering flexible timelines and strategic resource allocation would help businesses integrate new processes without disrupting daily operations.

6.3.4 Maximizing Opportunities for Growth

Strengthening networking and market access is essential for SME growth. Prospero can facilitate this through regular events, digital platforms, and strategic partnerships with local and international markets. Encouraging sustainability practices—such as adopting renewable energy, reducing waste, and implementing eco-friendly initiatives—would align SMEs with global trends and attract impact investors. Establishing peer learning platforms would foster collaboration by enabling SMEs to share experiences, strategies, and best practices. Additionally, enhancing brand positioning through marketing support, branding workshops, and promotional tools would empower SMEs to expand their market reach.

6.4 Recommendations for future Research

While this study provides valuable insights into the role of investment facilitation programs in SME development, several areas warrant further research to build a more comprehensive understanding of their long-term impact.

1. Long term studies on SME Growth and Sustainability – Future research should conduct long-term studies to assess the sustained impact of investment facilitation programs beyond initial funding and mentorship. This would provide insights into the effectiveness of such programs in fostering long-term business resilience and expansion.
2. Comparative Studies on Investment Facilitation Models – A comparative analysis between different types of SME support programs (e.g., grant-based, equity financing, public-private partnerships) across various regions or countries would help determine best practices and scalability factors.
3. Impact of Digital and Technological Interventions – With the growing role of digital financial management, AI-driven business analytics, and e-commerce platforms,

future research should explore how technology adoption enhances SME financial transparency, operational efficiency, and investment readiness.

4. Regulatory and Policy Frameworks for SME Growth – Further research is needed to examine the effectiveness of existing regulatory policies and their direct impact on SME investment attraction and compliance. Studies should assess policy gaps and propose reforms that could better support SME scalability.
5. Gender and Inclusion in SME Development Programs – Investigating the differential impact of investment facilitation programs on women-led and minority-owned SMEs would provide insights into how inclusive financing models can be developed to bridge funding and opportunity gaps.
7. By implementing these enhanced strategies, investment facilitation programs can better support SME growth, strengthen business sustainability, and drive economic development in Zambia and beyond.

6.5 Chapter Summary

Chapter Six encapsulated the key findings of the study and provided actionable recommendations to optimize Prospero's BSI in supporting SME early-stage development. The conclusion synthesized the initiative's successes in enhancing investment readiness, regulatory compliance, and operational efficiency while acknowledging persistent challenges such as resource constraints and regulatory complexities. Recommendations focus on simplifying regulatory processes, enhancing investment facilitation, improving implementation strategies, and leveraging growth opportunities. The chapter emphasized the importance of adaptive strategies to address gaps and sustain the initiative's impact, ensuring it contributes effectively to Zambia's SME ecosystem and broader economic objectives.

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Appendixes to the study

Interview Guide

I am currently enrolled as a postgraduate student at the University of Lusaka, actively pursuing a master's degree in development studies. As part of my academic requirements, I am conducting a research project in fulfilment of the degree. The objective of this study is Supporting SME Early-Stage Business Development: A Case Study of Prospero's Business Services Initiative.

The findings of this research will offer insights into how targeted support can foster sustainable business development, innovation, and investment readiness in SMEs. This is particularly important for emerging markets like Zambia, where entrepreneurship can drive broader socio-economic progress and contribute to reducing poverty and unemployment.

You have been selected to participate in this scholarly study. Kindly complete the enclosed questionnaire by providing honest and thoughtful responses to the questions. Please be assured that this research is solely for academic purposes, and your comments, as well as any other information you provide, will be treated with the strictest confidentiality.

Should you have any questions or encounter any challenges, do not hesitate to contact me via email at Shepande.matanda@gmail.com or by phone at +260977399575

Thank you in advance for your valuable support.

Yours faithfully,

Matanda Moonzwe Shepande

If you agree to participate in this study, please tick the “Agreed” box and proceed with the questionnaire. Otherwise, tick the “Disagreed” box.

Agreed [] Disagreed []

PART A- RESPONDENT’S PERSONAL INFORMATION

What is your age Range:

- 1. Under 25 []
- 2. 25-34 []
- 3. 35-44 []
- 4. 45-54 []
- 5. 55-64 []
- 6. 65 and above []

What is your Gender:

- 1. Male []
- 2. Female []
- 3. Prefer not to say []

What is your highest level of education:

- 1. High School []
- 2. Vocational Training []
- 3. Associate Degree []
- 4. Bachelor’s Degree []
- 5. Master’s Degree []
- 6. Doctorate []
- 7. Other (please specify): _____

Qualitative questions

- 1. What specific support does Prospero's Business Services Initiative offer to early-stage businesses in achieving compliance with local regulations?

- 2. How do early-stage businesses perceive the effectiveness of the support provided by the BSI in meeting regulatory compliance?

3. What measurable impact has the BSI had on the investment readiness of early-stage businesses in Zambia?

4. How have early-stage businesses modified their operations or strategies as a result of the BSI's investment readiness training?

5. What are the key challenges faced by early-stage businesses when implementing the support provided by the BSI?

6. What opportunities for growth and development have emerged for early-stage businesses as a result of their engagement with the BSI?

7. How does the BSI facilitate networking and collaboration among early-stage businesses and potential investors?

8. What recommendations do stakeholders, including business owners and programme facilitators, suggest for improving the support offered by the BSI?

9. What factors influence the successful implementation of the BSI among different types of early-stage businesses in Zambia?

27.15%

SIMILARITY OVERALL

46.30%

POTENTIALLY AI

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Similarity report

Your text is highlighted according to the matched content in the results above.

IDENTICAL 13.15% **CHANGED TEXT** 13.99% **QUOTES** 67.94% **REFERENCES** 3.58%

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LIKELY AI 33.68% **HIGHLY LIKELY AI** 12.62%

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SUBMISSION OF DISSERTATION FOR EXAMINATION

Name of student: MATANDA MOONZWE SHEPANDE

Student number: MDS22114491

Programme of study: MASTERS IN DEVELOPMENT STUDIES

Dissertation title: Supporting SME Early-Stage Business Development: A Case Study of Prospero Limited's Business Services Initiative

Signature of student:

A handwritten signature in black ink, appearing to be "Matanda Moonzwe Shepande".

Date: 19.01.2025

Supervisor's Comments:

I recommend/ do not recommend this dissertation for submission for examination (If you do not recommend, kindly provide a written report and attach hereto).

Name of Supervisor: Kaputo Chenga-Bwalya

Signature of Supervisor:

A handwritten signature in black ink, appearing to be "Kaputo Chenga-Bwalya".

Date: 19.01.2025

