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Financing Small and Medium-Sized Enterprises: Analyzing Alternative Financing Instruments for SMEs in Zambia

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Abstract: Despite the importance of credit accessibility for the growth and expansion of SMEs, challenges persist, particularly in developing countries like Zambia where lack of access to formal financing mechanisms, including loan schemes, impedes entrepreneurs in from securing necessary capital to support their business operations and address working capital deficiencies. This lack of awareness regarding alternative financing options contributes to the underutilization and limited acceptance of such instruments within the SME sector of developing economies. Consequently, there is a critical need to scrutinize the spectrum of financing instruments available to SMEs, with the aim of facilitating their continued contribution to investment, growth, innovation, and employment generation. The exploratory nature of the research questions requires the use of open-ended interviews in order to fully appreciate and understand the livid experiences of the participants. The suitable optimum design selected for this study is the phenomenological design because there was need to fully understand the practical experiences of the industry practitioners involved in financing, and to analyze the alternative financing options for SMEs in the Zambian context.

Findings

The findings of this study show that alternative financing instruments have a growing importance for both financiers and small business enterprises despite the instruments not being utilized. The lack of data on alternative financial instruments clearly shows the limitation on financial services product usage hence the need to stimulating product availability, awareness, acceptance and utilization of alternative financial instruments in the Zambian financial market.The study recommends more sensitisation by all stakeholders on the alternative sources of financing

***Key Words**: Financing, Financial Instruments, Financial Markets, Smal and Medium Enterprises*

I. Introduction

Small and Medium Sized Enterprises (SMEs) in developing economies have an important role to play in industrial development as well as fostering economic growth. SMEs contribute to economic growth activities if they are empowered financially, unfortunately in Zambia and most third world countries, SMEs face many challenges including access to bank loans because of their weak financial positions which are in tandem with constrained cash flows and as a result, SMEs consequently have limited access to formal sector financing which when accessed could help accelerate cash flows and boost operations and revenues for the SMEs.The Zambian financial sector has limited financial instruments which largely do not carter for most SMEs hence the need for exploring and promoting alternative financing instruments to create financing opportunities for Zambian small business enterprises. Exploring alternative financing instruments for Zambian small business enterprises would result in improved SME competitiveness and improved business performance which would subsequently ensue improved quality of life through household's income resulting from increased job opportunities. SME business performance would also be enhanced through alternative financing instruments which could contribute significantly to the growth and development of the Zambian economy.

II. Literature Review

SMEs are privately owned business operations that usually have a small number of employees engaged within the operations of the business and have relatively low sales volumes. SMEs are comp limited by liability corporations. In a journal by Taylor and Adair (1994), it was gathered that SMEs that are legally incorporated under partnership agreements, sole proprietorships as well small and Medium-sized Enterprises have no universal definition and as the criteria for establishing whether an entity is an SME depends on an individual country's stand point of SMEs which might depend on the number of employees a company has employed.

Taylor and Adair (1994) further elaborated that in Australia under the Fair Work Act of 2009 a company with less than 15 employees is considered to be an SME while in the United States of America, a company with not more than 500 employees qualifies for the small business administration program.

In Europe, the European commission (2003) defined SMEs as enterprises that have not more than 250 employees or enterprises that have annual turnover that does not exceed EUR €50 million, the commission further interpreted SMEs as enterprises that whose statement of financial position does not exceed EUR €43 million. In the Zambian context, the Small Enterprises Development Act of 1996 defined the small medium-sized business enterprises as follows;

i. A business enterprise whose total investment amount in plant and machinery excluding land and buildings in the case of manufacturing and processing does not exceed ZMW K50 thousand, and in the case of trading and service provision total investment amount does not exceed ZMW K10 thousand.
ii. A business enterprise whose annual turnover does not exceed ZMW K80 thousand, and;
iii. A business enterprise that employs not more than 30 persons

Overview of the SME sector in Zambia

Small and medium-sized business enterprises (SMEs) are key to the development of the Zambian economy because they contribute to the national treasury by increasing the country's tax base and improving house hold incomes for low income earners, which will increase their purchase power and subsequently their purchases contribute to the Value Added Tax (VAT) collected by the Zambia Revenue Authority (ZRA). A survey of SMEs in Zambia conducted by the Ministry of Commerce, Trade and Industry, showed that 97 percent of business enterprises are in the small and medium enterprises sector which employs 18 percent of the Zambian labor force, of which 52 percent are women, MCTI (2007).The Government of the Republic of Zambia (GRZ) in 1981 recognized the vital role of the small and medium enterprises sector in contributing to the social economic development of the country, the government further proceeded in enacting the Small Industries Development (SID) Act of 1981 to ensure efficiency and effectiveness of the small and medium enterprises sector, FSD Zambia (2009). In order to complement and help improve on the Small Industries Development Act of 1981, non-government organizations (NGOs) developed the Small Enterprises Development Organization (SIDO), Kingombe (2004).

According to Newman (2011), in 1989, a provision was made to the legislation of the Small Industries Development Act of 1981 so that small business entrepreneurs can create adequate business infrastructure in order to have access to micro financing and improve on production and service delivery. Newman (2011) further added that the provision of the legislation was with the view by the government to enable small business enterprises improve on their efficiency and effectiveness which would result in in increased employment subsequently resulting to an increase in the household incomes so that poverty levels may be reduced in the country.

The Zambia Development Agency (ZDA) was established by an Act of Parliament to foster economic growth and development by promoting trade and investment through a coordinated private sector led economic development strategy. The Act gives ZDA the powers to promote growth in key economic areas such as investments and development of green fields' projects. IFAD (2013) expounded that the Zambia Development Agency is responsible for monitoring activities of small business enterprises in Zambia and it is responsible for their development. IFAD further expounded that the Zambia Development Agency is responsible for establishing strategic partnerships with different small business enterprises from all industry sectors to help build capacity and improve small businesses' operational efficiencies.

Importance of SMEs in Zambia

SMEs are recognized as key contributing agents of economic development across the global community, Kongolo (2010). In many countries, SMEs help reduce unemployment rate and at the same time contributing to government revenues through personal income tax and turnover tax for small businesses in the Zambian context. SMEs in southern Africa employ significant workforce depending on the size of operations significantly helping the government reducing the unemployment pressure, Tshuma & Jari (2013). Advani, (1997) observed that SMEs provide a diverse of benefits from the socio-economic development stand point. It was also further observed by Barakat (2001), that economic down turns have serious negative consequences to the socio-economic conditions, a well-constructed SME sector would improve employment formation capabilities to absorb the pressure and consequences of an economic downturn.

Large organizations are seen to contribute more significantly to the development of economies because they operate in a formal environment where corporate tax systems are defined, Abraham (2003) argues that, a defined and enhanced SME sector in any economy would contribute to the economic development process in a similar way as large organizations. Feeney and Riding (1997), pointed out that the distinctiveness of a flourishing economy is the blooming and booming of the SME sector.According to Abraham (2003), it was noted that there is a direct correlation between the increased number of SMEs and a nation's Gross Domestic

Product (GDP) growth, this was complemented by Tshuma & Jari (2013), who agreed that increased SMEs contribute to a country's economic growth in many ways such as creation of employment for the urban and rural labor workforce, providing socioeconomic sustainability and, economic innovation such that when the SMEs activities are consolidated, a country's GDP would soar.

The global community has SMEs from the all over the world that contribute to the development of national economies through the creation of employment, exports and trade investments on the global community front, SMEs are the source of innovation and driving force for economic development. The Asian economies, particularly the Chinese economy, foreign economic experts estimated that 60% of China's industrial output was responsible by the SMEs sector, and the sector alone employed over 75% of China's workforce in cities and towns, Schaper (2002), a comparison of this view of SMEs dominance and contribution to economic development in Africa, show that the SMEs sector accounts for over 90% of all businesses in rural and urban areas, and are a major source of employment in local communities therefore stimulating development in countries by encouraging and promoting entrepreneurship skills Ceglie & Dini (1999).

Overview of Micro FinanceInstitutions in Zambia

The Bank of Zambia issued a publication in 2017 which indicated that the non-banking financial institutions in the formal sector which are regulated and supervised by the Bank of Zambia under the Banking and Financial Services Act of 2000 included three (3) building societies, one (1) credit reference bureau, one (1) development finance institution, seven (7) leasing and finance companies, one (1) savings and credit institution, thirty-six (36) microfinance institutions (MFIs) and seventy-six (76) bureau de change.

The Association of micro finance Institutions in Zambia issued a report in 2004 which supported the role that microfinance institutions play in the development of the Zambian SME and financial sector by complementing commercial banks through the provision of financial services to the low-earned and marginalized consumer communities as well as small to medium-sized businesses that are often ignored by traditional banking services. The Bank of Zambia financial sector development plan of 2004 illustrated how microfinance institutions play a significant role of providing micro savings and micro credit facilities to the low-income and marginalized groups, it further illustrated that these institutions play a very important role in complementing the Government's efforts that is aimed at attaining economic diversification and economic growth thereby reducing poverty levels. According to Kingombe (2004), the Small Industries Development (SID) Act of 1981 and the Small Enterprises Development Organization (SIDO) led to financial service institutions such as the village industry service, the small industries development organization, the National savings and credit bank, the credit union and savings associations, the Zambia cooperative federation financial services and, the Lima bank, these providers of financial services to small scale business enterprises and individuals heavily depended on the Government of the republic of Zambia to fund their operations, most of these financial service institutions failed to recover the issued loans which eventually resulted to the lack of operational funds, and in addition to this, the 1992 economic reform led to the collapse of subsidized and publicly funded small scale financial institutions mainly because of the following reasons as cited by Newman (2011);

a) lack of financial skill among professional and administrative staff
b) lack of operational and strategic corporate planning
c) Lack of good corporate governance
d) Lack of financial resources and adequate capital
e) Inadequate sources of capital financing
f) Unstructured corporate culture and weak ethical standard operating procedures and
g) Lack of innovative products that would suite the SME sector (alternative financing)

Kingombe (2004) further indicated that, since the collapse of the subsidized and publicly funded small-scale financial institutions, a gap remained in the Zambian financial sector that left the low-income earners and the marginalized communities without access to financial services. This was followed by the close down of commercial banks' branches across the country due to the reduced levels of banking business with an increase in the operating costs resulting from branch maintenance. It was also noted that commercial banks that maintained the branches in the high density populated arears were not able to meet the financial needs of the general urban populace owing to service charges that were considered high such as bank charges and the general required minimum book balance for maintaining business and savings accounts. It was also noted that the majority of the Zambian small business enterprises were unable to meet the collateral requirements to qualify for credit facilities. For a long period of time until the dawn of the new millennium, financial institutions remained bias to giving out loans only to renowned large business enterprises including large commercial farmers due to a number of reasons cited by Newman (2011) as follows;

a) High risk of credit default among small to medium-sized business enterprises
b) High management costs of small business loans due the inherent risk

c) Failure of small business enterprises to meet credit requirements such as not having adequate collateral and not having credit nor banking history.

Recent efforts by the Bank of Zambia have seen micro-finance institutions embark on filling up the highlighted financing gap in the financial sector, in as much as microfinance institutions offer microfinance services, they also strive to facilitate capacity building in the financial sector as well as promote financial inclusion FSD Zambia (2009). The survey of FSD Zambia (2009) noted that as much as there was growth of microfinance institutions in the Zambian rural arears, the pace was however seemingly slow and only concentrated in Lusaka, the survey further highlighted that the growth of microfinance institutions could be seen along the line of rail at a convenient growth rate. The growth expansion of microfinance services to the rural urban areas has been slow owing to the fact that appropriate regulatory and supervisory framework has been lacking for some time as well as inadequate decent infrastructure FSD Zambia (2009).

III. Methodology

The research method and design that was used for this study was a combination of qualitative methodology and phenomenological design. The exploratory nature of the research questions required the use of open-ended interviews in order to fully appreciate and understand the livid experiences of the participants. Therefore, the qualitative approach was the most appropriate method for the study and the phenomenological design was the suitable optimum design because there was need to fully understand the livid experiences of the industry practitioners involved in financing and analyzing alternative financing instruments available for SMEs in the Zambian context. Using the saturation principle, the author settled for 40 targeted sample. A total of 23 respondents actually sent responses, representing a 58% response rate. Babbie (2007) stated that 50% could be regarded as an acceptable response rate in social research surveys, while Richardson (2005) suggested that the desirable response rate should be 50% or more. Groenewald (2008) guided that for phenomenological research to enable a meaningful extraction of patterns, an analysis of 2 out of 10 participants should have had some experienced phenomena in order to reach saturation.

Guest *et al*. (2006) referred data saturation as the point when new data is no longer observable. Guest *et al*. (2006) further referred to a study that was carried out in Nigeria and Ghana involving non-probabilistic samples of 60 in-depth interviews, of which data saturation occurred within the first 12 interviews.The population for this study were 40 participants that had the required experience of the financial services sector phenomenon, thus including financial service institution managers as well as managers of micro financial institutions.Englander (2012) suggested that sampling techniques have limited significance in qualitative phenomenological research to achieve the desired representation of the subjects. Therefore, the form of non-probabilistic sampling used for this study was the purposive and convenience sampling.

According to Guest *et al*. (2006), purposive sampling includes selecting interview elements from a targeted population that fits the study objectives and selection criteria. Guest *et al*. (2006) also described convenience sampling as a sampling technique that is based on the availability or convenience of the subjects. The sample size of the study was considered to be the main limitation of this research paper. Business owners were further broken down on gender basis, nature of business and level of education.

IV. Data Presentation and Analysis

Gender representation

There were more male business owners than female business owners. This may be partly due to the male dominated culture in most African countries generally and Zambia in particular where females are discouraged from venturing out for business and or politic.

Table 4.1: Gender distribution

SN	Males	Females	Total
1	13	10	23

Education Background

Out of the 23 respondents, There was no Doctorate holder, while there were 4 Master Degree holders. There were 6 Bachelors Degree holders and the rest had only gone as far as grade 12 school levels.

Table 4.2: Education levels

Qualifications	Males
Doctorate Degree	0
Master Degree	4
Bachelor Degree	6
Grade 12 Certificate	13
Total	23

What are the alternative financing instruments available to small business enterprises?

The study analyzed the financial instruments available to small business enterprises in the Zambian market, the table below illustrates the alternative financial instruments available to small business enterprises from asset-based finance, alternative debt, hybrid instrument to equity instruments

4.3 Risk/ Return Trade-off

Low Risk / Return	**Low Risk / Return**	**Medium Risk / Return**	**High Risk / Return**
Asset based financing	**Alternative debt**	**Hybrid instruments**	**Equity instruments**
Factoring	Crowdfunding	Mezzanine finance	Venture capital
Leasing	Securitization	Convertible bonds	Private equity
Asset based lending	Corporate bonds	Bonds with warrants	Business angels
Purchase order finance	Private placement		LuSE alternative capital market

It was noted that the financial market regulatory framework is the key enabler for the product availability, awareness, acceptance and utilization of alternative financial instruments that are listed in the table above, therefore, planning and executing an effective regulatory framework that balances the financial stability with investor protection would result in the creation of new financing avenues, thus alternative finance for small business enterprises. The financial services sector has evolved significantly with new financing models emerging which require little or no investment experience such as crowd funding where investors raise financing.

What are the opportunities and challenges of stimulating product availability, awareness, acceptance and utilization of alternative financial instruments in the Zambian financial market?

The Zambian financial market policies should seek to mitigate the information gap between small business enterprises and potential investors by increasing business interactions and awareness with different degrees of public forum and engagements from public awareness activities and campaigns LuSE brokerage and match making interactions. The securities and exchange commission (SEC) together with the Lusaka stock exchange (LuSE) and the bonds and derivatives exchange (BadEx) have however in some cases facilitated public awareness campaigns which have not resulted into the desired efforts due to infancy stage of the financial markets in Zambia. This indicates the need for policy mix that considers the limitations of both the supply and demand side of the financial market players.

Reliability and validity

Qualitative studies are interpretive in their very nature and they are highly prone to personal bias, therefore, validating the quality of the date and its reliability is imperative (Groenewald, 2008). It was further noted by Anoskie *et al.* (2012) that the standard of phenomenological research is improved by focusing the study on the participants point of view. According to Block and Erskine (2012), it was cited that credibility and consistency of data are the two main key factors that prove reliability and validity of the qualitative results, the data collection process for this study was clearly outlined which was credible and consistency making it is easy for an independent reviewer to understand the methods used.

The phenomenological nature of the study retrieves credible data from the livid experiences of the subjects which is supported by Hammarberg *et al.* (2016) who stated that research results are credible when the experiences are related to others that share the same experience, the qualitative results of this study were compared to the literature review to assess the credibility. Hammarberg et al. (2016) further noted that credible qualitative research findings enable transferability of the results to new situations or experiences and the aim of this study is to make contributions to the effectiveness of business practices by providing the knowledge, information and research gap on alternative financing instruments of small and medium-sized enterprises in Zambia and other developing countries.

The respondents indicated the alternative financing instruments available to SMEs in their respective financial institutions and alluded to the benefits of utilizing such instruments, the respondents further highlighted that alternative financing instruments were not popular in the Zambian financial markets due to the lack of awareness, acceptance and utilization of financial products. The respondents further indicated alternative financing to be suitable for small business enterprises because they provide the much-needed working capital. The respondents confirmed that due to the high perceived risk of small business enterprises, financial institutions consider the risk factor when pricing SME loans which makes bank loans expensive and unaffordable for small business enterprises, therefore, alternative finance would enable small business enterprises access external financing from financial institutions to close up the working capital gap. The respondents further highlighted the alternative financing instruments available to small business enterprises listed in the table 2 below. The financial instruments were arranged in gradation from low to high risk categories which were in accordance with the researchers' opinion expressed in the literature review in chapter 2 of this study.

4.4 Sources of Finance Vs Risk

Low Risk / Return	Low Risk / Return	Medium Risk / Return	High Risk / Return
Asset based financing	**Alternative debt**	**Hybrid instruments**	**Equity instruments**
Factoring	Crowd funding	Mezzanine finance	Venture capital
Leasing	Securitization	Convertible bonds	Private equity
Asset based lending	Corporate bonds	Bonds with warrants	Business angels
Purchase order finance	Private placement		LuSE alternative capital market

The respondents provided the following brief summaries on each of the available financial instruments indicated in Table 2 above through telephone interviews.

Asset Based Financing

Through telephone interviews, respondents described asset-based financing *"as a widespread type of finance for small business enterprises that finances the value of specific assets and allowing small business entities to access working capital under simpler terms than going the conventional route of borrowing. As small business entities contract funding based on the value of specific assets, they include ledger account schedules such as receivables, inventory and equipment. Asset based financing is suitable for young and small business entities that have challenges in accessing traditional bank loans"*.

Alternative debt

The respondents provided that *"alternative debt is different from traditional bank loans because providers of capital invest their money in capital markets where borrowers of funds raise money by issuing instruments such as corporate bonds and other instruments such as securitization where financial institutions can access funding at lower a cost in capital markets and extend financing to small business entities"*.

Hybrid instruments

Interviewees from large financial institutions gave thorough insight on hybrid instruments as *"financial instruments that combine the attributes of debt and equity into one financial vehicle. Hybrid instruments were considered to represent a form of financing for companies that have reached the peak of their life cycle where risks and opportunities of the entity continue to increase and requires capital injection but have no access to debt or equity financing or inversely the owners do not want to dilute their shareholding as a result of equity finance"*. It was emphasized by the interviewees that *"the hybrid instruments can be utilized by small entities as well as established companies with growth potential and companies that are going through restructuring and seeking to buttress their capital structures"*.

Equity instruments

According to the respondents *"equity instruments consist of all financial resources that are provided to companies in return of an ownership interest which include public instruments where equity stock is traded on the Lusaka stock exchange as well as private instruments that deal with unlisted companies. Under public equity instruments, it is clear that business owners are willing to dilute their part ownership and give up some degree of control in the business to equity investors and it is also clear that equity investors do not receive any guarantee or security from the company they invest in and their investment return is purely determined by the performance of the business venture"*. It was further elaborated that "*private equity investors are directly involved in the day to day management of the companies they invest in"*.

What are the opportunities and challenges of stimulating product availability, awareness, acceptance and utilization of alternative financial instruments in the Zambian financial market?

Over the scope of financial instruments analyzed above, the study underlines the common challenges and opportunities highlighted by the respondents to stimulate alternative financial instruments for the Zambian SME sector to fully enjoy the rewards of a more diversified functional financial product offering. The interviewed respondents cited the high cost of servicing the SME sector which resulted in expensive bank loans to have created an opportunity for stimulating alternative financial instruments in the Zambian financial markets. The respondents provided the following brief summaries as the key challenges of stimulating the available financial instruments to Zambian SMEs indicated in Table 2 above, the data was collected from the respondents via telephone interviews.

Lack of financial management skills by entrepreneurs

Respondents concluded that *"most business entrepreneurs lack financial management skills and strategy setting skills which are the major component in any effort to expand the scope of alternative financial instruments, because entrepreneurs' understanding of developing long-term strategic goals is the basis of deciding which financial instruments would serve their different financing needs at every stage of their business enterprises. Limited awareness and appreciation of alternative financing by entrepreneurs has restricted the* *development of alternative financial instruments"*. It was further noted that *"small business enterprises are not qualified to deal with requirements of investor due diligence which is a concern that stems from lacking financial management skills and competencies"*.

SME high cost of listing on LuSE alternative markets

Respondents cited the high cost of listing on the LuSE alternative markets to be one of the major challenges in developing alternative financing for small business enterprises, the respondents suggested that *"LuSE should increase efforts in sensitizing the wider use of public equity for SMEs on the LuSE alternative markets and should consider reducing further the listing fees and ease the listing regulatory requirements which over burdens small business entities, because the stiff requirement result in liquidity challenges and limits the trading practices that may be created by disincentives for intermediaries"*. The respondents further recommended that *"since investor protection, market integrity of the capital market players, corporate governance and transparency are the market priorities, a right balance ought to be struck between administrative, regulatory issues and due diligence so that the freedom extended to small business does not compromise the market priorities"*. The respondents further suggested that *"the Lusaka stock exchange (LuSE) and the securities and exchange commission (SEC) should incentivize small business enterprises to participate in capital markets and offer extra services to small business entrepreneurs which are growth oriented"*. The respondents further observed that *"developing an efficient and enabling public equity market for small business enterprises would result in the development of other non-traditional small business equity instruments like private placements, corporate venturing and crowd funding"*.

***Information* asymmetry and transparency in financial markets**

Respondents suggested that *"boosting the development of alternative financing instruments requires financial market regulators to consider increasing transparency and tackling information asymmetries in the financial markets because effective information structures for credit risk assessment can help investors to assess credit risk before deciding to invest in small business enterprises, this would further assist investors to identify other investment opportunities"*. Respondents concluded by explaining that *"when information asymmetry issues are addressed, finance costs borne by investors are reduced which are relatively high in transactions for small entities compared to large entities"*.

V. Conclusions and Recommendations

5.1 Conclusions

The main objective of this qualitative study was to review and analyze the alternative financing instruments available for the Zambian small and medium-sized enterprise (SME) sector by understanding and analyzing the different financial instruments which can be utilized by small business enterprises in different circumstances, this was achieved by undertaking a phenomenological approach of the existing financial service experts working in various financial institutions in the Zambian financial sector.Non-probabilistic sampling techniques were employed to identify respondents for semi-structured interviews from the financial services sector who had the livid experience of financial services in Zambia. Out of the population of 40 subjects, only 23 subjects agreed to be interviewed and the respondents were anonymously interviewed, the data collected during the interviews was analyzed using thematic analysis approach. Based on the research conducted, it is beyond doubt that small business enterprises face challenges in access finance from financial institutions through traditional bank loans. The study also revealed that alternative financing instruments are underutilized due to the lack of product availability, awareness, acceptance and utilization of alternative financial instruments. The research questions are further analyzed as follows;

5.1 Recommendations

The research gap for alternative financing instruments in Zambia is wide, interest in researching financing instruments was taken to improve knowledge in financial instruments for small business enterprises and improve cash flow challenges. The study was qualitative in nature and managerial implications of findings in chapter 4 are analyzed as follows;

Lack of financial management skills by entrepreneurs

Entrepreneurs' skills and knowledge of financial instruments are critical in the bid to stimulating product availability and awareness of alternative financial instruments, the results of entrepreneurs not having knowledge about alternative financial instruments have led to underdevelopment of alternative financial markets. Entrepreneurs ought to be supported to increase their competencies on financial management and trends in financial management such as finance and financial instruments, entrepreneurs ought to be supported and encouraged in developing long-term strategic plans for their small business enterprises and understanding how different financial instruments can be utilized at each stage their business cycle.

SME high Cost of Listing on LuSE Alternative Markets

The securities and exchange commission (SEC) and the Lusaka stock exchange (LuSE) should consider reviewing the listing fees and requirements on the LuSE alternative market which over burden small business enterprises. LuSE should also increase efforts in sensitizing the wider use of public equity for small business enterprises on the LuSE alternative markets. The Lusaka stock exchange (LuSE) and the securities and exchange commission (SEC) should provide incentives for small business enterprises to participate in capital markets and offer extra services such as training which is growth oriented for SMEs.

Information Asymmetry and Transparency in Financial Markets

The financial market regulators should not relent on tightening transparency and tackling information asymmetries so that information structures for credit risk assessment are up held to assist investors assess credit risk before deciding whether to invest in small business enterprises or to identify other investment opportunities

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