The role of state-business relations in the performance of Zambia’s food processing sub-sector

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How to cite:

Abstract. In ensuring growth and development collaborative State-Business relations (SBRs) matters, and with economic growth comes increasing levels of employment, options for poverty reduction and hence more equitable development. Whereas it is known that SBR matters at a macro-economic level, the concept of SBR has also been employed in a more or less all-encompassing way in the literature. Accordingly, while it is clear that SBRs work, there is lack knowledge about which dimensions of SBRs are the most important. Due to the continued importance of agriculture in many developing countries, processing of the food produced in the sector is a key manufacturing activity of high economic importance to many economies. Ensuring collaborative SBRs in the food processing industry is therefore of interest to growth and development, particularly as it is a sector about which little is known about the role of SBRs. The paper attempts to examine how and why SBRs matter to and influence the growth and performance of local owned firms in the food processing sub-sector in Zambia. In particular, the paper analyses the roles and influence of government regulations and policies compared to those of business associations for the performance of the food processing sector in Zambia. The paper draws on primary data from a survey of firms in the food processing sector which was conducted between 2013 and 2014. It is shown that while the majority of the Zambian food processing firms experienced growth over the last five years, with increased employment and in a number of cases growing earnings, this seems to have happened in spite of a business environment which is not particularly supportive. The firms’ experience is that the SBRs mainly constitute institutional barriers to the performance of firms and highlight that formal government institutions and poles are incapable of assisting the firms and in most cases government institutions formulate and enact insufficient support schemes.

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1. Introduction

African firms face a critical challenge in their survival given the ever changing environment in which they operate. It is a truism that certain firms have been more resilient than others. However, there is limited knowledge about how collaborative state-business alliances emerge (Abdel-Latif, Schmitz, 2010) and the current knowledge on state-business relations (SBR) tends to take the perspective of the state thereby leaving the firm perspective under-researched. That there is limited understanding of the specific strategies of African firms in coping with such environment and how firms interact with the particular market structures and institutions of these countries has been noted by different authors (Bigsten, Söderbom, 2006). This goes to show that the firm perspective has been largely absent when studying locally owned, African firms, including their strategies, resources, networks and relations with authorities and other firms (Hansen, Schaumburg-Müller, 2010). This statement reflects the situation for local firms in the Southern African country of Zambia which is investigated in this paper. Zambia is one of the growing economies in Africa, and part of the ‘hopeful continent’. However, Zambia’s development seems to rest on copper while limited change is found in other sectors of the economy, which begs the question of what role SBR plays in this context. Furthermore, the country has been receiving some attention in the international literature which provides a foundation for further, in-depth analysis. The discussion could have relevance for other African countries facing a similar situation.

At independence in 1964 Zambia inherited a private sector driven economy dominated by the foreign-owned mining sector which contributed almost 50% of GDP and an even higher percentage of government revenues. In line with several other newly independent African countries, the Government of Zambia (GoZ) transferred ownership to the hands of the state through a series of ‘Zambianisation’ reforms such as the Mulungushi and Mafuro reforms in the late 1960s (Faber, 1971; Kaunga, 1982; UNDP, 2006). The situation of state ownership, however, was reversed in the early 1990s following the implementation of the structural adjustment programmes which included, *inter alia*, liberalisation of the economy and privatisation of state-owned enterprises. Although the performance of these firms was poor under state ownership, the instigated privatisation also presented challenges. Certain firms had to close, while others had to adjust by shedding labour in order to survive (CSO, 2000; 2006; UNDP, 2006). The mining sector has shaped the Zambian economy due to the importance of the copper itself for export revenues, tax revenues and employment but also directly due to neglect or lack of interest in other sectors (Shafer, 1994).

In contrast, though agriculture and food processing have been neglected, these sectors employ the majority of the population which is why growth in them would assist in diversifying the economy, job creation and possible also for poverty reduction. Agriculture and food-processing are important to the Zambian economy through contributing 40% of GDP, 12% of exports earnings, and 67% of employment. Within the manufacturing sector that
currently contributes 11% to GDP, the GoZ has identified six key sub-sectors, which are seen as having particular potential in growing the Zambian economy, including processed foods, textiles and garments, engineering products, gemstones, leather and leather products, and wood and wood products (GoZ, 2011). Among these sectors, the processed foods sub-sector accounts for approximately 60% of the total manufacturing GDP. The major processed foods include, inter alia, maize flour, sugar, wheat flour and stock feeds. Other important crops include cashew nuts, ice, oil seeds, cassava, groundnuts and millet (GoZ, 2004; MoFNP, 2013). According to a recent World Bank (2009) study, cotton and tobacco are also important crops linking farmers and agribusiness, however, as the focus in this study is on food processing, these crops are not part of our investigation. It should be noted, however, that food-processing in Zambia also includes a sizeable production of beef, dairy and poultry (GoZ, 2013: 11).

Nevertheless, the mining sector’s dominance and the Zambianisation reforms still affect the structure and organisation of the Zambian productive sector. Since the publication of the First National Development Plan (1966-1970), all national development plans have stressed the need to restructure the economy by giving priority to for instance agriculture and manufacturing and thereby, seeking to lessen the dependence on copper. Notwithstanding these declarations, no significant restructuring has taken place. Zambia is still overwhelmingly dependent on copper.

As many Zambians continue living in poverty it is essential to expand the economy and strive to be able to provide employment for a growing part of the population. Due to the limited knowledge regarding Zambian-owned firms and how they manage in a volatile business environment, and as ownership is important to the growth of a local capitalist class and a dynamic business sector, the focus of this paper is on these local Zambian firms. As proposed by Shafer (1994) conditions for firms vary across sector, hence it is important to focus on one or certain sectors, such as the food processing sector in this case. In investigating the importance of the state-business relations as they relate to the food-processing sector, the focus is on conditions external to the firms. The early SBR literature perceived SBR as a one way process – from government/state to firm/business. Here the intention is to move beyond this and analyse how certain food processing firms perceive and leverage various aspects of SBRs. As the SBR literature has few contributions, which contain a consolidated firm perspective from a sector view the aim here is to help fill this gap. Hence, an exploratory approach is employed in this investigation.

The goal in this research is to address the following questions:

a) How and to what extent do SBRs in the food processing industry in Zambia influence growth of the firms?
b) What influence does government through ministries, policies and support schemes have on the performance to firms in the food processing industry in Zambia?
c) How does government affect the space available for firms to manoeuvre in, and
d) How do the firms seek to leverage the size of this space, individually and through Business Associations (BAs)

Following this introduction, the paper proceeds with a brief literature review and an outline of the theoretical/analytical framework used. The paper moves on to present the research methods of the study undertaken, before it outlines and discusses the key findings. The paper then finishes with a discussion of the findings and some concluding remarks.

2. Literature review and analytical framework: state-business relations

The past 10-15 years have witnessed the emergence of a growing body of literature which seeks to explain economic growth as the outcome of state-business relations and interactions (Te Velde, 2004; Morris, Schmitz, 2008; Leftwich et al., 2009; Taylor, 2012). The literature highlights that it is essential to investigate both political and economic coalitions in order to explain the pattern of development in a given country. Though the literature agrees that such analysis necessitates an investigation of the state and the firms as well as the link between the
two, different positions exist as how to undertake such investigations and which actors to focus on.

Sen and Te Velde (2009) present an economic perspective on SBR, and insist that it is possible to measure the effects of SBRs. They place emphasis on the role of business associations (BAs) in terms of who are its members, what activities are undertaken, and with which actors. Bräutigum et al (2002) is a representative of a sociological/political perspective, which views so-called ‘growth coalitions’ (collaboration between government, government agencies, BAs, individual businesses and other) as important to development. They also emphasise the need for a sector focus and agree with Sen and Te Velde (2009) that BAs matter. Shafer (1994) and Buur (2010) apply a political-science/political economy perspective, where they view SBRs as working through sectors and the characteristics of these sectors. Hence, they also have a somewhat broader view on the important actors compared to Sen and Te Velde. Taylor (2012) represents a political-economic perspective, where the ‘business environment’ is viewed as mattering more than SBRs. He proposes three different models or approaches for an investigation in the field. In spite of the insistence on a focus on both state and businesses, most contributions tend to focus on the state (and government institutions), where the business perspective is often neglected – and left to the voice of a few selected companies. Finally, the literature has mainly focused on Asian and, to some extent, Latin American countries, while contributions on African countries are fewer. This said, a number of studies exist including some dealing with Zambia (Taylor, 2007; Handley, 2008). The main findings are briefly discussed here.

In contextualising the SBR in Zambia, a few conditions are important to keep in mind. First, the mining industry has been and continues to be the dominant sector in the economy. Second, the Zambianisation reforms, as mentioned above, also impacted on the structure of the productive sector. This left only a few sectors of the economy for the private sector to focus on. Hence, when privatisation took off, the Zambian-owned private sector was characterised by a lack of capital and lack of management experience. Likewise, it left the success of the private sector in the hands of the political incentives emerging from the state (Bates and Collier, 1995). Thus, it came as no surprise that Zambian-owned businesses failed to benefit from the large-scale divestment programme of the past two decades (Kragelund, 2009). Despite numerous reforms by the GoZ to ease the day-to-day activities of private businesses, Handley (2008) argues that these businesses’ historical entanglement with the political elite has given rise to a tendency among Zambian businessmen to seek opportunities through personal ties with those close to political power.

The development in the Zambian agricultural sector has been and is closely linked to other political and economic developments in the country. The agricultural policy in the years preceding multi-party presidential elections in 1991 comprised comprehensive controls over pricing, marketing and financing. This encouraged the concentration of resources on the production and sale of maize (Copestake, 1998). Widespread liberalisation and privatisation changed this picture altogether. Even though maize is still the most important food crop, many farmers now grow cash crops such as cotton, soya beans, ground nuts, wheat, sunflower, rice, tobacco and sugar.

As for the literature on the Zambian state-business relations (SBR), this highlights that SBRs are dynamic, reflecting the major structural and political changes in society. Furthermore, the literature reveals that the reality of SBRs do not always fit the official wording. Thus, although SBRs in the 1990s in Zambia were cast in partnership terms based on self-regulation, consultative meetings, and mutual accountability (Haglund, 2010), what happened was a further marginalisation of the business sector by the state through ignoring or co-opting it (Taylor, 2007). Moreover, SBRs are highly complex involving numerous Zambian private and public entities as well as several donor agencies seeking to transform the Zambian economy via support to either private or public entities or both. More significantly, donor targeting of the Zambian private sector began in 2002. With the establishment of the Zambia Business Forum (ZBF), an umbrella organisation seeking to bring the State and Business together, donors have been highly influential in changing the SBR in Zambia. Likewise, donors have influenced the decision to employ private sector desk officers in all key ministries (NORAD, 2002; Taylor, 2007).
Based on this account of SBRs in Zambia, it is contended that the following relevant issues should be analysed regarding SBRs in the food processing industry. First, it is proposed that analyses of SBRs should put emphasis on the state and businesses as well as their relationship/linkages, the SBR literature in general and that on Zambia seems to neglect businesses. While references are made to the opinions of BAs and individual businesses (Rakner, 2003; Handley, 2008; Taylor, 2012), the literature has not sought to establish a more comprehensive view from businesses at a sector level. Therefore, in line with what Shafer (1994) proposes this paper intends to fill this gap by focusing on the business perspective. Through the business perspective in a key sector in Zambia the intention is to highlight how businesses view the state and the interaction.

In assessing these views, the findings are discussed vis-à-vis the existing knowledge on SBR in Zambia. Second, we see a need to focus on the interaction between the business environment, where business policy and regulatory environment assist in influencing growth and businesses in a particular section, though not necessary as part of a (strong) BA (Taylor, 2012).

3. Research methods

The article is of a partly exploratory nature due to limited knowledge in the field concerning the food processing businesses’ understanding of the relations to the state and of a partly explanatory nature as it is applies the analytical framework outlined above to investigations of the state-business-relations.

Two approaches were used to collect relevant data for this paper. The first approach involved assessing the available literature on businesses in Africa and in particular the literature on state-business-relations in terms of drafting an analytical framework for the survey questionnaire and this study. The second approach combined two phases of data collection; a mapping and a survey phase, which were conducted between 2012 and 2013 and 2013-2014. Due to the lack of consolidated data on the food processing industry, the main objective of the mapping phase was to identify the firms in this sub-sector of agri-processing and where they are located. At the end of this phase, 96 firms were identified. The survey questionnaire was administered to all the identified firms that fitted in the criteria of: a) having Zambian ownership, b) being at least 5 years old, and c) a labour force of a minimum of 10 employees. As 24 firms were foreign owned and 26 firms were either too small or too young, 46 companies fitted these criteria. Based on this figure, the survey phase aimed at interviewing as many firms as possible, and consequently, a total of 38 firms were interviewed across the country. However, the majority of these firms were located within Lusaka Province (31 out of 38), with 7 firms located in the Copperbelt, Southern and Eastern Provinces.

The 38 firms belong to different sub-sectors and were dominated by grain milling, dairy processing and edible oils. Others include the production of snacks, sauces and jams, horticulture and beverages. The distribution on sectors is shown in Table 1.

<table>
<thead>
<tr>
<th>Sub-sectors</th>
<th>Absolute number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain Milling</td>
<td>14</td>
<td>40</td>
</tr>
<tr>
<td>Edible Oils</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Dairy</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Authors

The survey questionnaire included six main sections, including one on SBR issues. The companies were contacted via phone, where appointments were made. The interviews were conducted by the authors and research assistants with key managers of the companies at the premises of the companies. The interviews lasted from one to two hours and were, in some cases, followed up with an additional visit or a phone call in order to obtain missing information. Data analysis was done using SPSS.

4. Findings

In this section, a general description of the interviewed firms is provided and then the main findings are presented regarding the investigated state-busi-
ness relations. With respect to the SBRs, the following aspects are presented: characterisation of the state-business relations, membership to business associations, compliance with trade relations, existence of trade incentives and access to these incentives. Other issues include how trade regulations affect competitiveness, availability of support schemes and programmes as well as whether or not firms influence policy and regulations and how

**General description of the interviewed firms**

The vast majority of firms (84%) are private limited companies, while two firms or 7% stating that they are 'partnerships.' The companies employed a total number of staff in the range from 11-600 persons in 2012, with the mean value of 119 persons. The firms are generally established in the sector as more than two thirds (68%) are 11 years or more of age, while about 29% are from 5-10 years. 13% declined to provide such information.

As shown in Table 1 40% of the companies are in grain milling, 21% in dairy, 13% in edible oils, while slight more than a quarter is distributed across 'sauces and jams,' 'snacks' and 'other.' Of these companies, nearly half of them (47%) report that they have performed 'well above' or 'somewhat above average' over the last 2-3 years, while 42% stated that the performance was on par with the industry in general, 8% stated they were 'below average' and one company did not reply. However, the performance measured as EBIT (Earnings Before Interest and Tax) shows huge differences ranging from profit margins at -38% to +56% in 2012. The mean value was 10%.

While not all firms provided information on the change in their turnover from 2007 to 2012, a clear majority of the firms had grown. Interestingly, our data analysis shows that there is a relationship between growth in turnover and growth in the number of employees from 2007 and 2012. Hence, there is a clear employment effect of the growth in turnover. According to the firms, the major drivers of performance include personal networks and proper functioning of business associations, while the main barriers to the growth of the businesses, were cited to be 'insufficient' and/or 'lack of government support schemes and programmes' as well as 'corruption.'

**Features of the state-business relations in the Zambian food processing industry**

In describing the relations between the state and interviewed firms in the food processing industry, the findings show that close to 50% of the surveyed firms described the relations as 'average.' About 30% indicated that the relations are 'good' or 'very good,' while about 20% of the firms indicated that the relations with the state are 'below average.' Overall, approximately 80% of the respondents indicated that they belong either to one or more associations and organisations (see Table 2).

<table>
<thead>
<tr>
<th>Membership</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a member</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>Member of one organisation</td>
<td>21</td>
<td>55</td>
</tr>
<tr>
<td>Member of two or more organisations</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2013, 2014*

Among the firms being a member of a BA or PSO, 15 (or 50%) were members of the Millers Association of Zambia. Nine firms (28%) were members of Zambia's Association of Manufacturers (ZAM), 6 firms (20%) were members of the Zambia National Farmers Union (ZNFU) and 4 firms (13%) were members of the Dairy Association of Zambia.

Table 3 shows how regulations affect the firms' competitiveness. The nature of the responses ranged from being positive to negative. Almost 31% of the firms indicated that the effect was negative while only 24% agreed that the effect was positive.

<table>
<thead>
<tr>
<th>Type of Effect</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Negatively</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td>Not applicable</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Both positive and negative</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Not indicated</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2013, 2014*
Availability of relevant support schemes and programmes was also interrogated as part of the survey. Of the surveyed firms, 71% indicated that the state does not provide any support schemes and programmes. Only 21% of the respondents acknowledged the existence of support services (see Table 4 below).

Table 4. Relevant support schemes and programs availability within your business area

<table>
<thead>
<tr>
<th>Availability</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>71</td>
</tr>
<tr>
<td>Not indicated</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013, 2014

Another critical aspect of the SBRs relates to whether or not firms have any influence on state policy and regulations. The majority (71%) answered in the negative, while 29% said that firms do influence state policy and regulation in a variety of ways. Regarding how the firms influence policy formulation and regulations, the responses were varied. They indicated that the state invited some firms to participate in discussion fora and also by lobbying government. For example, the edible oil firms pressurized the state to ban the importation of processed edible oils into the country. Lobbying is especially done through their sector associations and organisations. Those that do not influence policy and regulations changes or formulation argued that it was difficult to do due to the political nature of certain sectors. For example, the grain milling sector is very sensitive politically as it involves the processing the staple crop; while others argued that they were too small to create an impact as they did not belong to any association or organization.

Finally, compliance with trade regulations was investigated as a part of the relations between the state and the firms. It is evident from Table 5 that the majority (42%) of surveyed firms indicated that complying with regulations was average in terms of the easiness to comply. Approximately 31% of the firms described the compliance as below average.

Table 5. Effort needed to comply with trade regulations

<table>
<thead>
<tr>
<th>Nature of Effort</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very easy</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>Easy</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Average</td>
<td>16</td>
<td>42</td>
</tr>
<tr>
<td>Difficult</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Very difficult</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Not indicated</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013, 2014

It is also of significance to observe that about 42% of the firms did not know whether or not trade incentives existed in their business area while 26% confirmed the existence of trade incentives. In terms of the actual enjoyment of these incentives, 53% of the firms acknowledged that they have not been granted these incentives while 43% confirmed receiving these incentives (see Table 6).

Table 6. Receipt of trade incentives

<table>
<thead>
<tr>
<th>Access to incentives</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>35</td>
</tr>
<tr>
<td>No</td>
<td>20</td>
<td>52</td>
</tr>
<tr>
<td>Not indicated</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013, 2014

Another consideration was to find out whether or not the trade regulations affect the competitiveness of the firms. It is noteworthy to observe that these regulations indeed had an effect on their competitiveness of the firms. Approximately 73% of the firms indicated in the affirmative.

5. Discussion

Following the presentation of the results above, the focus of the discussion now turns to Taylor’s (2007) framework for the analysis of the findings. He highlights that the business environment is an important facilitator in the growth of firms. One of the findings in this paper is that the major institutional driver in this sector is personal networks. This
finding is in line with the observation by Handley (2008) that businesses in Zambia have a historical entanglement with political elites leading to seeking favours from those who wield political power. Apart from being ranked the most important driver, the same driver was again mentioned as the third most important by the firms. The second most important driver was proper functioning of the business associations. In Zambia, these associations play a role for their members through lobbying, marketing, standards training, networking, and liaising with the state on several matters and provision of taking information. The importance of these associations cannot be over-emphasised as noted by (NORAD, 2002; Taylor, 2007; Kragelund, 2009; Haglund, 2010). However, in spite of all the potential benefits to the members of these associations, some firms do not belong to any organisation and as Taylor (2007) argues their roles should not be over-emphasised as some of the associations tend to have a weak membership foundation.

The firms also experience barriers to the growth of their businesses and what should be termed as an ‘insufficiently supportive business environment’ from the findings. Firstly, insufficient or lack of government support schemes was rated as the most important barrier in doing business in Zambia. Hence, according to the findings, relatively fewer firms indicated that they receive support schemes and programmes. Although corruption is rarely mentioned in the Zambian literature as among the institutional barriers, the findings show that this is the most important barrier to doing business in Zambia.

Secondly, it has also been recognised that for the firms to succeed they need a strong collective voice for lobbying government and to influence policy and regulations. The importance of lobbying has also been noted by the donor agencies with the formation of the Zambia Business Forum which is supposed to represent the private sector is an effort to influence policy and regulations. However, this body has failed to play a significant role over time, as have other BAs, like Zambia Chamber of Commerce and Industry (ZACCI) and Zambia Association of Small and Medium Business Associations (ZASMA). To a certain extent this explains why the majority of the firms felt that they did not influence policy formulation, due to their lack of a united voice that could play the role of advocacy on their behalf. According to the findings, the majority of the firms stated that they do not influence policy and regulations due to the fact that there is political interferences. In the same vein, it was noted that the development of the agricultural sector is closely linked to other political and economic developments in the country. Consequently, there is emphasis on the production of maize which is the staple food (Copestake, 1998). Issues related to maize milling and pricing would obviously attract the attention of the state.

One of the key findings relates to the trade regulations. Generally, some of these laws that affect these firms include Custom Duty Provisions, Trade Law Regulation, Service Delivery Related and Laws of Importation. However, only a few firms are affected by these laws. The most important laws that have affected the majority of the firms negatively are the labour laws, in particular the minimum wage regulation of 2012. Other key laws and regulations include the Safety Act, Public Health Act as well as Tax Laws.

Based on the discussion above, it is important to observe that SBRs are an important component for the growth in the food processing industry in Zambia. The Government has a critical role to play through various government agencies in order to enhance the performance of firms in the Food Processing Industry. Despite this strategic position which the government occupies, evidence from the survey findings show that very little has been done to assist these firms. It is clear from the findings that the majority of the firms have no access to support schemes and programmes which are meant to enhance their performance. Once again, the majority of the firms indicated that they have no influence on policy and regulation formulation. This implies that the firms have limited freedom in these SBRs in Zambia. Hence, the need for Government to create more space that will allow the firms to participate more in the affairs that affect their businesses. Of course the firms have made attempts to have their voices heard through their associations. But again, not all the firms are members of these associations. It is very difficult for the individual firms to influence policy and regulations without joining hands and forming effective associations.
6. Conclusion

This paper is based on findings from a business survey conducted in Zambia between 2013 and 2014. The focus of the paper was on a firm level perspective in order to gain insights regarding the performance of these firms and how the business environment, including the Zambian government and BAs influence the growth of the firms. The findings have demonstrated that SBRs are important for the growth of the food processing sector. Clearly, the state has an important role and should consider providing certain support schemes and programmes to create a conducive environment that will provide support to the local firms so that they grow. The findings also highlight that the firms place considerable trust on the BAs, however, the BAs do not always live up to this trust. Moreover, although there are several specific sector associations, not all firms are members and this limits their participation in influencing policy and regulations. It would also be important to further find out why certain firms have no membership of any organisation? Is it because these associations are not effective? There are certainly some regulations which affect the local firms unfairly in terms of the ability to compete with foreign firms. It is nevertheless, important for future research to dig deeper into the understanding of how precisely these firms have been affected by unfair laws, policies and regulations and to what extent? Which specific laws or policy or regulations have negatively affected the performance of the sector and to what extent? Finally, it is clear from the discussion above the Taylor’s (2007) and Shafer’s (1994) perspectives on SBR are relevant for our study. However, further assessment in terms of more qualitative investigations and engagement with government agencies and BAs over time is needed. These are among the most critical issues to understand in terms of furthering our understanding of the role of SBRs play in the performance of the food processing sub-sector in Zambia.

Acknowledgements

This paper draws from data collected for the Successful African Firms and Institutional Change (SAFIC) Project. The inputs made by the SAFIC team and especially by Prof. Peter Kragelund Roskilde University, Denmark are hereby acknowledged. Usual disclaimers apply.

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