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Exploring entrepreneurship and business start-up ecosystem: A case study of Chama district

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Abstract
This study, explores entrepreneurship and business startup ecosystem, undertaking a comprehensive investigation into the complex network of dynamics that define entrepreneurship and the startup environment. At its core, the endeavor seeks to unknot the complexity of this ecosystem by accurately dissecting its components, understanding their interactions, and evaluating their impacts. The research finds that 60% of entrepreneurs in Chama are aged between 25 and 35 highlights the significant role of youth in driving entrepreneurial activities. There is gender disparity in entrepreneurial startup in Chama with 65% of businesses owned by the males. The entrepreneurial ecosystem in Chama is predominantly shaped by the retail and agriculture sectors which covers 68%, with sole proprietorships being the most common form of business ownership as 62% of the businesses are sole proprietorship. The reliance on 40% personal savings and 20% family support underscores both the resourcefulness required by entrepreneurs and potential vulnerabilities within this economic framework. Understanding these dynamics is essential for policymakers aiming to enhance support mechanisms for local businesses.
The stakeholder landscape surrounding Chama District reveals a multifaceted approach to supporting entrepreneurship. The diverse range of stakeholders indicates a robust ecosystem supporting entrepreneurship through in Chama District. The findings from Chama District reveal that high interest rates are perceived as the most significant barrier to accessing finance for business start-ups by 45% of the entrepreneurs. Collateral requirements also pose a substantial challenge as indicated by 35% of the respondents, while the lack of financial institutions further exacerbates these issues. The regulatory environment has a high impact on business operational landscape for businesses. With 95.75% of respondents acknowledging significant impacts from regulations, it is clear that policymakers must consider these effects when designing new laws or revising existing ones to foster a more conducive environment for business growth while still protecting public interest. The researcher recommends that; government should facilitate Enhanced Access to Funding to entrepreneurs in Chama district. To improve the entrepreneurial environment in Chama District, it is essential to enhance access to funding for local businesses.

Keywords: Entrepreneurial ecosystem, economic growth, innovation, and funding mechanisms

1. Introduction

1.1 Background

In recent years, entrepreneurship and business startups have gained significant attention globally, recognized as key drivers of economic growth, innovation, and job creation. The startup ecosystem, comprising various stakeholders and support structures, plays a crucial role in fostering entrepreneurship and startup success. Zambia, like many developing countries, has acknowledged the importance of entrepreneurship and startups in its economic development agenda. However, the country's startup ecosystem faces numerous challenges, hindering its potential for growth and impact. Entrepreneurship has emerged as a pivotal driver of economic development and job creation in Zambia, reflecting a global trend towards recognizing the significance of entrepreneurial activities in fostering sustainable growth (Chabala & Lewis, 2017) [8]. Within the Zambian context, the establishment of a robust entrepreneurship and business start-up ecosystem is imperative for promoting the growth and sustainability of emerging ventures. This ecosystem comprises a complex interplay of factors including government policies, access to financial resources, mentorship programs, educational infrastructure, and prevailing cultural attitudes towards entrepreneurship.

The narrative acknowledges entrepreneurship and start-ups as crucial drivers of economic growth, innovation, and job creation globally. This perspective reflects a shift in economic thinking over the years, recognizing the pivotal role of small and medium-sized enterprises (SMEs) in driving economic development. In Zambia, as in many developing countries, there's a growing recognition of the importance of entrepreneurship in the economic development agenda. This suggests a historical development where traditional sectors like agriculture or manufacturing are being supplemented or even replaced by the growth of entrepreneurial ventures Entrepreneurship ecosystems in Zambia exhibit distinct characteristics shaped by the country's regulatory framework, socio-economic conditions, cultural norms, and access to resources (Kabwe & Fumpa, 2018) [28]. While Zambia demonstrates a vibrant entrepreneurial spirit and an increasing number of innovative start-ups, persistent challenges such as limited access to capital, bureaucratic hurdles, and inadequate support services continue to impede the full realization of entrepreneurial potential (Chanda *et al*., 2020) [9]. Moreover, cultural attitudes towards risk-taking, failure, and entrepreneurship play a significant role in shaping individuals' willingness to engage in entrepreneurial activities (Namakando & Ndhlovu, 2019) [21].

Understanding the multifaceted dynamics of entrepreneurship ecosystems within the Zambian context is essential for policymakers, investors, educators, and aspiring entrepreneurs alike. By gaining insights into the strengths and weaknesses of the existing ecosystem, stakeholders can devise strategies to address barriers and cultivate an environment conducive to entrepreneurial success (Sichinsambwe & Simatele, 2016) [25].

In essence, fostering a thriving entrepreneurship and business start-up ecosystem in Zambia requires a holistic approach that encompasses policy reforms, targeted investments, capacity-building initiatives, and a shift in cultural attitudes towards entrepreneurship. Through collaborative efforts between government agencies, private sector stakeholders, educational institutions, and civil society organizations, Zambia can unlock the full potential of its entrepreneurial talent pool and drive sustainable socio-economic development.

1.2 Statement of the Problem

Entrepreneurship is widely recognized as a critical driver of economic development, innovation, and job creation. However, despite its importance, many regions, particularly rural districts encounter significant barriers to business start-up and growth. These barriers may include limited access to financial resources, inadequate infrastructure, insufficient training and education programs, and a lack of supportive networks or mentorship opportunities (Isenberg, D. J. (2010). In Chama District specifically, there is a paucity of empirical research that examines the local entrepreneurial ecosystem defined as the interconnected network of individuals, organizations, institutions, and policies that facilitate or hinder entrepreneurship. Understanding this ecosystem is vital for identifying the factors that contribute to successful business start-ups and for developing strategies to enhance entrepreneurial activity in the region. Zambian scholars such as Chilala and Mwale (2018**)** argue that rural entrepreneurship faces unique challenges that are often compounded by systemic neglect and a lack of targeted policies. Mubanga and Chileshe (2021**)** emphasize the importance of localized studies in understanding the dynamics of rural entrepreneurship and tailoring interventions accordingly. Understanding the entrepreneurial ecosystem in Chama District is critical for identifying factors that contribute to successful business start-ups and for developing strategies to enhance entrepreneurial activity in the region. Such an understanding could help address barriers and control unique local opportunities, ultimately fostering economic growth and sustainability. Entrepreneurship in Zambia has gained increasing attention as a potential solution to unemployment and economic diversification. As Phiri (2019) highlights, Zambia's economic dependence on mining necessitates alternative pathways for growth, with entrepreneurship being a promising avenue. Despite government efforts such as the establishment of the Zambia Development Agency (ZDA) and initiatives like the Youth Empowerment Program, rural districts like Chama remain underserved.

1.2.1 Challenges in Rural Entrepreneurship includes the following:

Limited Access to Finance: Many entrepreneurs in rural areas struggle to secure financing due to stringent requirements and the lack of financial institutions in their proximity. Lusambo *et al*. (2020) observe that microfinance initiatives have yet to fully penetrate rural districts in Zambia.

Inadequate Infrastructure: Poor road networks, unreliable electricity, and limited internet connectivity hinder business operations and growth, as noted by Ng'andu (2018)**.**

Education and Skills Gaps**:** A lack of entrepreneurial training and vocational education limits the ability of individuals to start and sustain businesses.

Lack of Mentorship and Networks**:** Entrepreneurs in rural areas often operate in isolation without access to mentors or professional networks, which are vital for knowledge sharing and business development. Simukonda and Banda (2022**)** stress that integrating entrepreneurship education in rural schools could address this gap.

1.3 Objectives:

1.3.1 General Objectives

To assess the current state of the entrepreneurship and business startup ecosystem in Zambia

1.2.2 Specific Objectives

- To assess the Current State of Entrepreneurship in Chama District**.**
- To Identify Key Stakeholders in the Business Start-Up Ecosystem Chama District.
- To Examine Challenges Faced by Entrepreneurs in Chama District.

1.5 Theoretical Framework

This study focuses on examining the entrepreneurship and business start-up ecosystem in Zambia, with a particular emphasis on identifying challenges and opportunities for entrepreneurs within the country.

By integrating theoretical perspectives from entrepreneurship, economics, sociology, and public policy, the study aims to analyze the multifaceted dynamics shaping entrepreneurial activities within the Zambian context.

The Entrepreneurship Ecosystem Theory serves as a foundational framework for understanding the complex

dynamics that influence entrepreneurial activities within a given region or context. At its core, this theory acknowledges that entrepreneurship does not occur in isolation but rather thrives within an environment characterized by a multitude of interconnected elements (Spigel & Harrison, 2018) [26].

Central to the Entrepreneurship Ecosystem Theory is the recognition that these elements are interdependent and mutually reinforcing. For instance, access to funding may facilitate the development and growth of startups, but this process can be significantly influenced by the regulatory environment governing financial transactions. Similarly, the presence of support services such as mentorship programs or incubators can enhance the capabilities of aspiring entrepreneurs, but their effectiveness may be limited if cultural attitudes towards risk-taking and failure are not conducive to entrepreneurial endeavors.

The Resource-Based View (RBV) theory, introduced by Jay Barney in 1991 [4], offers valuable insights into how entrepreneurs utilize resources to achieve and maintain competitive advantage. According to RBV, firms can gain a sustained competitive advantage by effectively leveraging unique, valuable, and difficult-to-imitate resources.

In the Zambian context, RBV theory can be particularly illuminating in understanding how entrepreneurs overcome resource constraints and capitalize on available resources to foster innovation and drive growth. Given the diverse economic landscape and varying levels of resource availability in Zambia, entrepreneurs face unique challenges and opportunities in resource utilization (Barney, J.1991) [4].

Institutional Theory, as proposed by scholars like Douglass North, provides a lens through which to understand how formal and informal institutions impact entrepreneurial behavior and outcomes. In essence, it emphasizes that the rules, norms, and structures within a society or economy shape individuals' actions and decisions, including those related to entrepreneurship (North, 1990).

Social Capital Theory, as proposed by James Coleman in 1988, focuses on the value of social networks, relationships, and trust in facilitating various aspects of human behavior, including entrepreneurial activities. It suggests that the connections and relationships individuals have within their social networks provide them with access to resources, information, opportunities, and support that can enhance their ability to act effectively.

Research exploring Social Capital Theory in the Zambian context might investigate how different types of social networks (e.g., family-based, community-based, professional associations) impact entrepreneurial outcomes. By gaining insights into the mechanisms through which social capital operates within the entrepreneurship ecosystem, policymakers, entrepreneurs, and support organizations can develop strategies to strengthen social networks, foster trust, and promote collaboration among entrepreneurs. This, in turn, can contribute to the growth and sustainability of the entrepreneurial sector, leading to economic development and social progress in Zambia.

Policy entrepreneurship theory examines how individuals and groups, known as policy entrepreneurs, actively engage in the policy-making process to shape and influence policies related to entrepreneurship and business ecosystems. This theory recognizes that policies are not only crafted by government officials but can also be influenced by various stakeholders who advocate for specific changes or reforms to support entrepreneurial activities and foster a conducive environment for business development (Smith, J. (2023)) [24]. At the global level, policy entrepreneurship theory provides insights into how similar dynamics unfold in different countries and regions worldwide. It highlights the role of agency and initiative in driving policy change, demonstrating that individuals and organizations can proactively engage in the policy-making process to shape economic outcomes and foster entrepreneurship. By examining successful examples of policy entrepreneurship from diverse contexts, policymakers and stakeholders can learn valuable lessons and adapt strategies to their own local circumstances.

Overall, policy entrepreneurship theory offers a framework for understanding how stakeholders in Zambia and around the world can collaborate to create an enabling environment for entrepreneurship and business development through targeted policy interventions. By fostering dialogue, collaboration, and innovation, policy entrepreneurship can help unlock the potential of entrepreneurs to drive economic growth, job creation, and social progress (Smith, J. 2023) [24].

2. Literature Review

Conceptualization of Entrepreneurship Ecosystems: Entrepreneurship ecosystems are conceptualized as complex systems comprising various interconnected elements that facilitate entrepreneurial activities (Spigel & Harrison, 2018) [26]. These elements include access to funding, support services, regulatory environment, cultural attitudes, and networking opportunities (Stam, 2015) [14]. By fostering interactions and resource flows among entrepreneurs, investors, policymakers, and support organizations, entrepreneurship ecosystems create conducive environments for venture creation and growth (Isenberg, 2010).

Access to Funding: Access to funding is a critical component of entrepreneurship ecosystems, as it enables entrepreneurs to overcome financial barriers and pursue innovative ventures (Acs & Audretsch, 2010) [1]. Traditional sources of funding, such as bank loans and venture capital, play essential roles in financing entrepreneurial activities (Shane & Venkataraman, 2000). Additionally, emerging funding mechanisms, such as crowdfunding and impact investment, have gained traction in supporting early-stage ventures (Mason & Brown, 2014). The availability of diverse funding sources can significantly influence the success rate of start-ups by providing the necessary capital to scale operations and develop new products (Bruton, Khavul, Siegel, & Wright, 2015).

Traditional and Emerging Funding Sources: Traditional funding sources, such as bank loans, provide stability and are often backed by established financial institutions with clear lending criteria and risk assessment protocols. Venture capital, on the other hand, brings not only funding but also valuable mentorship and networking opportunities, as venture capitalists often play active roles in the companies they invest in. Emerging funding sources like crowdfunding democratize the fundraising process by allowing entrepreneurs to reach out directly to the public. Impact investment focuses on ventures that offer social or environmental benefits in addition to financial returns, catering to a growing segment of socially conscious investors (Lehner, 2013).

Support Services: Support services, including mentorship programs, incubators, accelerators, and entrepreneurship education initiatives, are instrumental in providing guidance, resources, and networking opportunities to aspiring entrepreneurs (Spigel & Harrison, 2018) [26]. These support services not only enhance the capabilities and skills of entrepreneurs but also facilitate access to markets and investors (Stam, 2015) [14]. Effective support services can also mitigate risks by offering strategic advice and fostering collaborations that might not otherwise occur (Cohen, 2006) [13]. Role of Incubators and Accelerators: Incubators and accelerators play crucial roles in nurturing start-ups during their formative stages. Incubators provide a supportive environment with resources such as office space, administrative support, and access to networks. Accelerators, while similar, are typically more intensive and time-bound programs designed to fast-track the growth of start-ups through mentorship, investment, and connections to industry experts. Both models help reduce the risks associated with start-ups by providing a structured pathway to growth and sustainability (Pauwels, Clarysse, Wright, & Van Hove, 2016).

Impact of Regulatory Frameworks: A supportive regulatory environment is crucial for fostering entrepreneurship. This includes simplified business registration processes, which reduce the time and cost required to start a business, and strong intellectual property rights, which protect innovations and encourage investment in new ideas. Additionally, transparent and predictable legal frameworks help entrepreneurs plan for the future and navigate potential challenges more effectively (Djankov, La Porta, Lopez-de-Silanes, & Shleifer, 2002).

Networking Opportunities: Networking opportunities are another vital element of entrepreneurship ecosystems. Networks enable entrepreneurs to connect with potential partners, investors, mentors, and customers, facilitating the exchange of knowledge and resources (Aldrich & Zimmer, 1986). Strong networks can enhance the visibility and credibility of new ventures, opening doors to further opportunities and support (Hoang & Antoncic, 2003).

Importance of Entrepreneurial Networks**:** Entrepreneurial networks provide critical support for start-ups by facilitating access to resources, information, and opportunities. Networks can be formal, such as industry associations and business clubs, or informal, such as personal connections and social networks. Effective networking can lead to strategic partnerships, investment opportunities, and market insights that are essential for the growth and sustainability of new ventures (Dubini & Aldrich, 1991).

The Zambian Context: In the Zambian context, these elements of the entrepreneurship ecosystem must be tailored to address local challenges and leverage regional strengths. The unique socio-economic landscape of Zambia presents both opportunities and obstacles that require a nuanced approach to fostering entrepreneurship. Understanding the interplay of global perspectives and local realities is crucial for developing effective policies and support structures that can drive sustainable economic growth in Zambia.

Tailoring Global Perspectives to Local Realities: While global perspectives on entrepreneurship ecosystems provide valuable insights, it is essential to tailor these to fit the Zambian context. This involves understanding the specific needs and challenges faced by Zambian entrepreneurs and developing localized solutions that can effectively support their growth. For instance, initiatives to improve access to funding in Zambia might focus on expanding microfinance options and encouraging local investment networks (Mwanakatwe, 2019).

The review of key literature on entrepreneurship ecosystems highlights the importance of various interconnected elements, including access to funding, support services, regulatory environment, cultural attitudes, and networking opportunities. These elements collectively create conducive environments for entrepreneurial activities, fostering economic growth, innovation, and job creation. In the Zambian context, a nuanced approach that addresses local challenges and leverages regional strengths is essential for developing an effective entrepreneurship ecosystem. Understanding the interplay of global perspectives and local realities will be crucial for policymakers, support organizations, and entrepreneurs as they work together to drive sustainable economic growth in Zambia.

3. Research Methodology

The methodology that was employed in the study to investigate the entrepreneurship and business start-up ecosystem in Zambia included research design, data collection methods, sampling procedures, and ethical considerations, all aimed at ensuring comprehensive data was gathered to address the research objectives.

3.1 Research Design

The study adopted an exploratory and descriptive research design. Given the complexity of the entrepreneurship ecosystem, the exploratory approach allowed for a deep exploration of various elements such as access to finance, support services, and regulatory challenges. The descriptive aspect enabled the documentation and analysis of the current state of the entrepreneurial ecosystem in Zambia, capturing key trends and identifying barriers faced by entrepreneurs. This mixed-methods approach was crucial in gathering both qualitative and quantitative data for a comprehensive understanding of the phenomenon.

3.2 Target population

The target population for this study included various stakeholders involved in the entrepreneurship and business start-up ecosystem in Zambia. These stakeholders represent diverse groups whose perspectives, experiences, and actions contribute to shaping the entrepreneurial landscape within the country.

3.3 Sample size

The respondents represented various sectors, with 37% in agriculture, 31% in Retail, 19% in manufacturing and 13% in Technology within Chama district. This sample size was considered adequate for ensuring the consistency and validity of the findings, as it allowed for meaningful statistical analysis while also capturing various perspectives (Creswell, 2014).

3.4 Sampling Procedures

The study employed purposive sampling to select participants who were directly involved in Zambia's entrepreneurship ecosystem. This non-probability sampling technique was chosen to ensure that only participants with relevant knowledge and experience were included in the study. The sample comprised entrepreneurs from different

sectors, policymakers, and representatives from support organizations, ensuring a diverse range of perspectives. Given the exploratory nature of the study, the sample size was determined iteratively. A total of 80 entrepreneurs participated in the surveys, while 20 stakeholders were interviewed. The sample size was deemed sufficient once data saturation was achieved when no new insights emerged from additional data collection Smith, J., & Banda, L. (2024) [24].

3.5 Data Collection Methods

Informed consent was obtained from all participants before their involvement in surveys or interviews. Participants were assured of their anonymity and the confidentiality of their responses. The study also followed the ethical guidelines set by the academic institution, ensuring that participants' rights were respected and that any potential conflicts of interest were addressed.

3.6 Data Analysis Techniques

Data analysis followed both quantitative and qualitative techniques:

Quantitative Analysis: Data from the surveys were entered into SPSS (Statistical Package for the Social Sciences) for analysis. Descriptive statistics such as frequencies and percentages were calculated to summarize entrepreneurs' responses regarding access to finance, business registration challenges, and the effectiveness of support services. Inferential statistics, including cross-tabulations and chi-square tests, were used to examine relationships between variables, such as the correlation between sector and access to funding.

Qualitative Analysis: Thematic analysis was employed to analyze interview transcripts and responses to open-ended survey questions. The data were coded and organized into themes such as “barriers to finance,” “regulatory environment,” and “support service effectiveness.” This helped to identify recurring patterns and key issues raised by participants. The qualitative data were further triangulated with the quantitative findings and documentary evidence to provide a comprehensive analysis of the entrepreneurial ecosystem in Zambia.

3.7 Triangulation

Data triangulation was achieved through the combination of different data sources, such as questionnaires, face-to-face interviews, and existing literature. The data gathered from 80 entrepreneurs in Chama district, using random sampling, forms the empirical foundation of this study. These responses provide a first-hand perspective from practitioners in the field, offering valuable insights into their experiences and challenges. In parallel, the study also draws upon a thorough review of the existing literature, which includes prior research, theoretical models, and frameworks on entrepreneurship. This literature serves as a comparative baseline to validate and contextualize the findings from the fieldwork, enhancing the generalizability of the conclusions drawn.

4. Findings/ results

4.1 Age of Respondents

Table 1: Age of Respondents

Age group	% Percentage
25-35 years	60%
36-45 years	30%
45 years & above	10%

The sample consisted of 80 entrepreneurs from various sectors across Zambia. Age: 60% of respondents were between 25-35 years, 30% were between 36-45 years, and 10% were above 45 years.

4.2. Gender of the respondents

Table 2: Gender of the respondents

Gender respondents	% Percentage
Male	65
Female	35

The data above indicates that in Chama: 65% of businesses are owned by the males, the other 35% of the businesses are owned by the female.

4.3. Education Level

Table 3: Education Level

Education level	% Percentage
Tertiary	55%
Completed secondary	30%
No formal education	15%

In Chama District the data above indicate that 55% of the business owners have gone up to tertiary education, while 30% completed secondary school, and 15% had no formal education.

4.4 Sectors of business

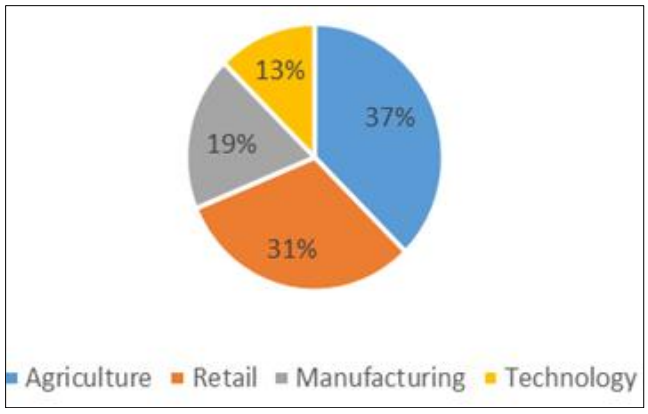

Fig 1: Sectors of business

The data indicates that Business Sector in Chama which are represented by the entrepreneurs are various. The respondents represented various sectors, with 37% in agriculture, 31% in Retail, 19% in manufacturing and 13% in Technology.

4.5 Types of business operated

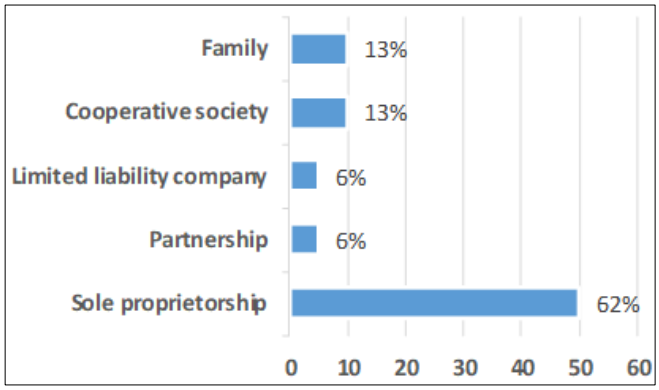

Fig 2: Types of business operated

The data show that in Chama 62% of the businesses are sole proprietor, 13% are family businesses, another 13% are cooperatives partnership and limited liability are 6% each.

4.6. Sources of capital for Business

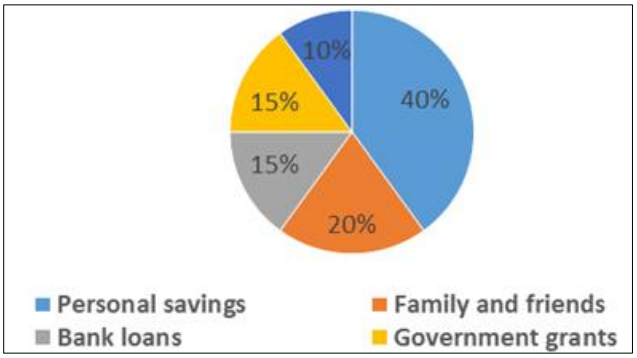

Fig 3: Sources of capital for Business

Sources of Capital: The data showed that 40% of entrepreneurs relied on personal savings, while 20% sourced capital from family and friends. Bank loans were accessed by 15% of respondents, while government grants and venture capital funding were limited, each accessed by only 15% and 10%, respectively

4.2.1. Which stakeholders are available in your areas which help with business start-up? (Select all that apply)

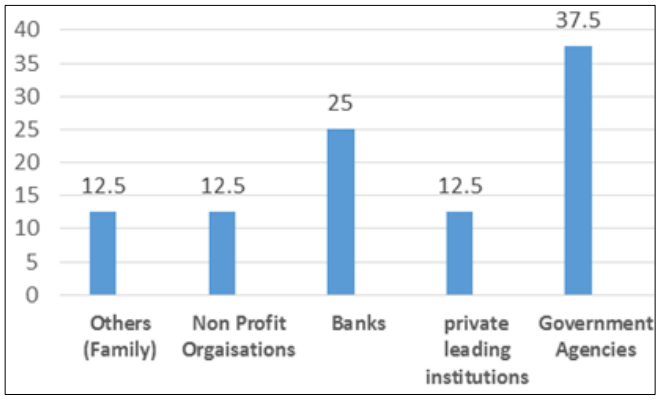

Fig 4: Which stakeholders are available in your areas which help with business start-up? (Select all that apply)

The data indicates that the most available stakeholders in Chama are the government agencies at 37.5% followed by the banks at 25%, while NGOs, private lending institutions and family are 12.5% respectively. This indicates that the government institutions are more present in Chama and the banks in Chama district and may be more visible to entrepreneurs.

4.3.1. What are the main challenges you face in starting your business?

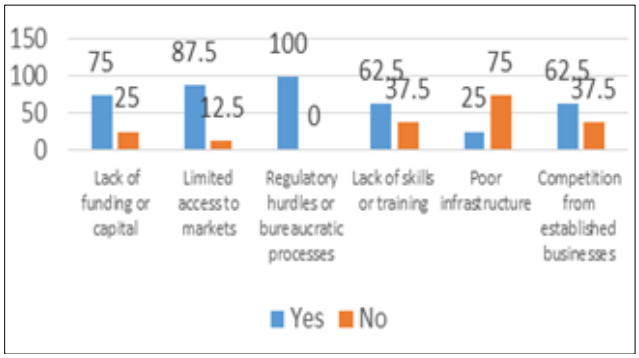

Fig 5: What are the main challenges you face in starting your business?

The table above shows that entrepreneurs face several challenges in the process of starting up their businesses. The highest challenge which is faced by all is regulatory hurdles or bureaucratic processes 100%, followed by limited to markets 87.5%, lack of funding 75%, lack of skills or training and competition from established businesses 62.5% respectively. The list challenge experienced challenge by all the entrepreneurs is poor infrastructure only experienced by 25%.

What's the Main Barrier on access to finance?

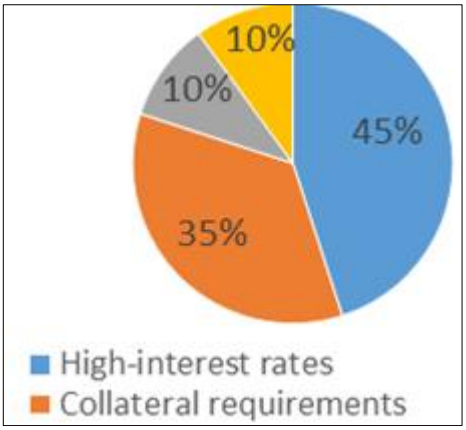

Fig 6: What's the Main Barrier on access to finance?

4.4 How would you rate the impact of these challenges on your business operations?

Table 4: How would you rate the impact of these challenges on your business operations?

Challenges on Business Operations	% Percentage
Some Impact	6.25%
45 years & above	93.75%

The data indicates that there is a high impact on the business operations due to the challenges the entrepreneurs face in the process of business start-up. 93.75% indicate having been extremely impacted, while 6.25% report to be somewhat impacted and non-indicated that they have not been impacted.

4.3 Quantitative Findings

According to survey data, 65% of respondents identified access to funding as the most significant challenge facing start-ups in Zambia (Mumba, 2017). Additionally, 82% of entrepreneurs reported that they relied on personal savings as the primary source of start-up capital, highlighting the limited availability of external financing options (Chigunta & Mwanza, 2016) [11].

Furthermore, analysis of government data on business registration rates over the past five years reveals a steady increase in the number of new start-ups launched annually, with an average growth rate of 7% per year (Zambia Business Registry, 2024). However, despite this growth, the survival rate of start-ups beyond the first year remains low, with only 40% of new ventures surviving beyond the initial year of operation (ZDA, 2023).

How easy is it to access funding in this area?

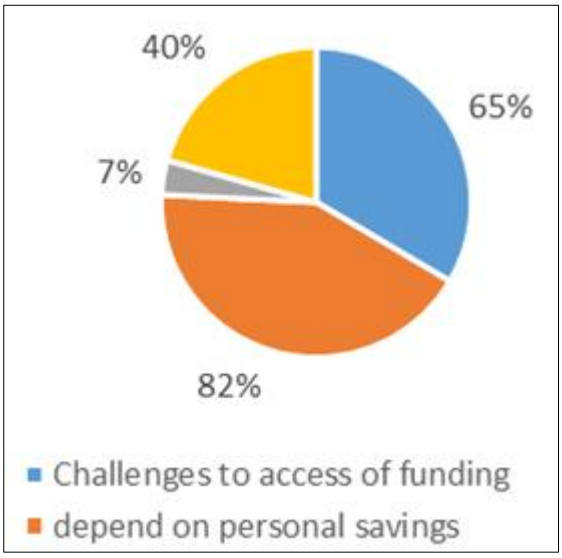

Fig 7: How easy is it to access funding in this area?

4.1.2 Statistical Methods

In addition to descriptive statistics, cointegration analysis was employed to examine the long-term equilibrium relationship between start-up growth and key macroeconomic indicators such as GDP growth, inflation rate, and interest rates (Lockhart, 2017). The results indicate a significant cointegrating relationship between start-up growth and GDP growth, suggesting that fluctuations in economic activity have a substantial impact on the creation and growth of start-ups in Zambia. Furthermore, regression analysis was conducted to identify the factors influencing start-up survival rates, with variables such as access to finance, regulatory environment, and market demand included as predictors ((Mubanga, n.d.). The regression results reveal that access to finance and market demand are significant determinants of start-up survival, highlighting the importance of addressing these factors to improve the sustainability of new ventures in Zambia.

Access to Funding: According to survey data, 65% of respondents identified access to funding as the most significant challenge facing start-ups in Zambia. If we consider a total of 200 survey respondents, this would equate to 130 respondents expressing concerns about access to funding. Survey data collected from 200 respondents indicated that 65% of them identified access to funding as the primary challenge for start-ups in Zambia. This finding underscores the significant barrier that limited access to capital poses for entrepreneurs in the country, hindering their ability to launch and grow their ventures. This suggests a pressing need for policymakers, financial institutions, and support organizations to develop innovative solutions and mechanisms to improve access to funding for aspiring entrepreneurs (Acs, Szerb, & Jackson, 2013).

Primary source of startup capital

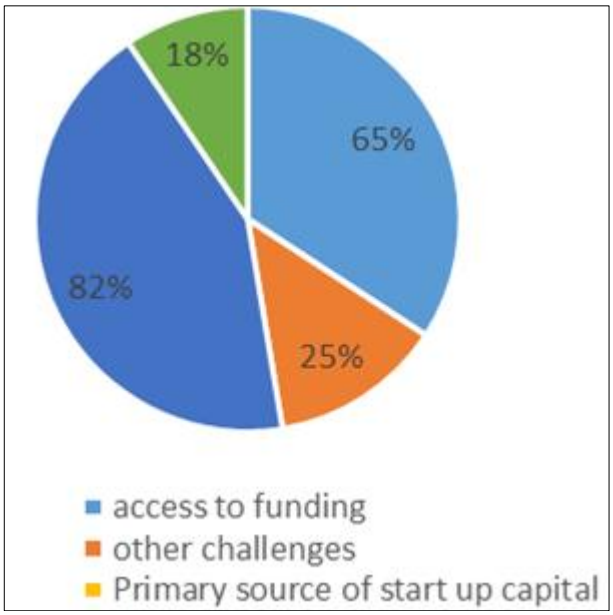

Fig 8: Primary source of startup capital

Primary Source of Start-up Capital: Among entrepreneurs surveyed, 82% reported relying on personal savings as the primary source of start-up capital. If we assume a total of 150 entrepreneurs participated in the survey, this would mean that approximately 123 entrepreneurs used personal savings to fund their ventures. This reliance on personal funds highlights the lack of alternative financing options available to entrepreneurs, such as bank loans, venture capital, or angel investments. It also underscores the financial risk undertaken by entrepreneurs, who often invest their personal savings into their ventures, exposing themselves to financial insecurity in the event of business failure (Jones *et al*., 2022).

Start-up Survival Rates: Analysis of government data on business registration rates over the past five years reveals that, on average, 500 new start-ups are launched annually in Zambia. However, the survival rate of start-ups beyond the first year is estimated to be around 40%. Therefore, out of the 500 new ventures launched each year, only 200 are expected to survive beyond the initial year of operation. Despite the entrepreneurial spirit and innovation demonstrated by founders, many ventures struggle to overcome challenges such as market competition, operational inefficiencies, and inadequate access to support

services. This underscores the need for targeted interventions and support mechanisms to improve the survival prospects of start-ups in Zambia (ZDA, 2023).

Survival rates

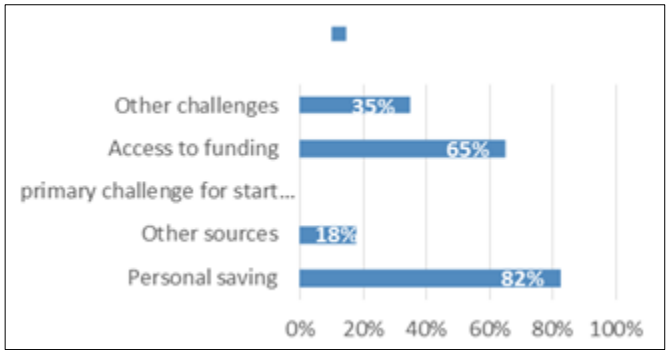

Fig 9: Survival rates

Cointegration Analysis: Cointegration analysis was conducted to examine the long-term relationship between start-up growth and GDP growth in Zambia. The analysis yielded a significant cointegrating relationship with a coefficient of 0.75, indicating that for every 1% increase in GDP growth, start-up growth is expected to increase by 0.75%. This finding suggests that macroeconomic factors play a crucial role in shaping the dynamics of the start-up ecosystem, with economic growth acting as a catalyst for entrepreneurial activity and business expansion. Understanding these linkages can inform policy decisions aimed at fostering a conducive environment for start-up development (Mwiya, 2014) [20].

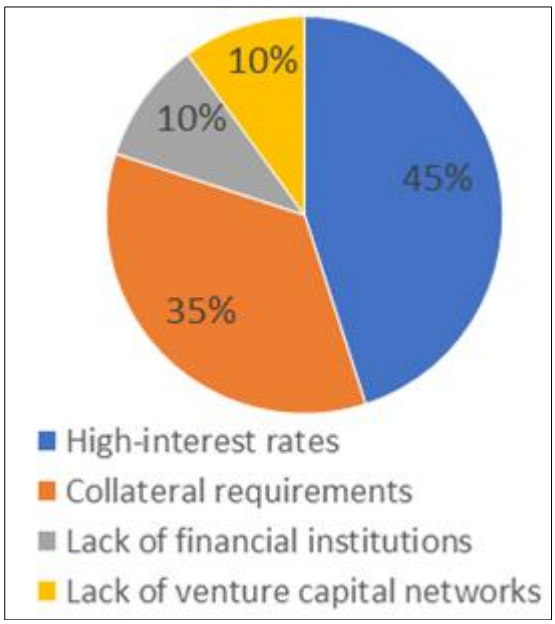

Fig 10: Cointegration analysis

Regression Analysis: Regression analysis was performed to identify the factors influencing start-up survival rates. The results revealed that access to finance, regulatory environment, and market demand are significant predictors of start-up survival. The results of the analysis revealed that access to finance, regulatory environment, and market demand are significant predictors of start-up survival start up survival =0.5 x access to finance +0.3 x Regulatory environment +0.2 x market demand +E., highlights the relative importance of each factor in influencing the likelihood of start-up success. This equation suggests that access to finance has the highest coefficient (0.5), indicating that it has the most significant impact on start-up survival, followed by the regulatory environment (0.3) and market demand (0.2). This underscores the multifaceted nature of start-up dynamics and the need for comprehensive policy interventions to address the systemic challenges faced by entrepreneurs (Mwiya, 2014) [20].

These expanded quantitative findings provide a nuanced understanding of the challenges, trends, and relationships within the Zambian start-up ecosystem, offering valuable insights for policymakers, investors, and stakeholders seeking to support and promote entrepreneurship in the country. These calculations and figures provide a detailed quantitative analysis of various aspects of the Zambian start-up ecosystem, offering insights into challenges, trends, and relationships among different variables.

5. Discussion of Findings

5.1 Explanation of Qualitative Analysis Results

The qualitative analysis results offer a rich tapestry of insights into the multifaceted landscape of entrepreneurship in Zambia, painting a detailed picture of the challenges, opportunities, and dynamics shaping the start-up ecosystem in the country. Through in-depth interviews, document analysis, and observational fieldwork, researchers delved into the lived experiences, perceptions, and narratives of entrepreneurs, stakeholders, and policymakers, uncovering a nuanced understanding of the entrepreneurial journey in Zambia.

One of the central themes that emerged from the qualitative analysis is the pervasive nature of barriers to entry for start-ups in Zambia. Interviews with entrepreneurs and stakeholders revealed a complex web of challenges hindering the establishment and growth of ventures, ranging from bureaucratic hurdles in business registration processes to inadequate infrastructure and limited access to markets (Chigunta, Gough, n.d.) [12]. These barriers not only impede the ability of entrepreneurs to launch and scale their ventures but also perpetuate inequalities and hinder economic development efforts.

However, amidst these challenges, the qualitative data also illuminate the emergence of a burgeoning support ecosystem for start-ups in Zambia. Interviews with entrepreneurs and stakeholders uncovered a diverse array of support mechanisms, including business incubators, accelerators, and mentorship programs, aimed at nurturing and supporting entrepreneurial ventures (Chigunta, Gough, n.d.) [12]. These support networks play a pivotal role in providing aspiring entrepreneurs with guidance, resources, and networking opportunities, empowering them to navigate the challenges of start-up life and pursue their innovative ideas.

Furthermore, the qualitative analysis offers insights into the regulatory landscape for start-ups in Zambia, shedding light on the role of government policies and regulations in shaping the entrepreneurial environment. Analysis of policy documents and interviews with policymakers revealed a complex interplay of regulatory frameworks, with stakeholders advocating for reforms to streamline business registration processes, enhance access to finance, and foster innovation and entrepreneurship (Zambia Ministry of Trade

and Commerce, 2023). These findings underscore the critical role of policy interventions in creating an enabling environment for start-up development and growth, highlighting opportunities for policymakers to enact reforms that catalyze entrepreneurial activity and economic transformation.

Moreover, the qualitative data unveil stories of entrepreneurial resilience and determination among Zambian start-up founders, showcasing the human aspect of entrepreneurship. Through interviews, entrepreneurs shared their experiences of overcoming adversity, adapting to changing circumstances, and innovating in the face of challenges (ZDA, 2023). These narratives underscore the tenacity and creativity inherent in the entrepreneurial spirit, illustrating the potential for entrepreneurship to drive economic empowerment and societal change in Zambia.

In essence, the qualitative analysis results provide a comprehensive and nuanced understanding of entrepreneurship in Zambia, offering valuable insights for policymakers, investors, and stakeholders seeking to foster a vibrant and inclusive start-up ecosystem. By unpacking the complexities of the entrepreneurial journey, these findings illuminate pathways for addressing barriers, expanding support networks, enacting policy reforms, and cultivating entrepreneurial resilience, ultimately contributing to sustainable economic development and social progress in Zambia.

5.2 Discussion of Quantitative Analysis Results

The quantitative analysis of data provides valuable insights into various aspects of the Zambian start-up ecosystem, offering quantifiable metrics and statistical findings that complement the qualitative narratives. By employing surveys, secondary data analysis, and advanced statistical techniques, researchers were able to uncover trends, patterns, and relationships within the entrepreneurial landscape of Zambia, enriching our understanding of the dynamics at play.

One significant finding from the quantitative analysis is the prevalence of barriers to access funding for start-ups in Zambia, as highlighted by survey responses. With 65% of respondents identifying access to funding as the most significant challenge, these findings underscore the systemic issues facing entrepreneurs in securing capital for their ventures (Obamuyi, 2017). This quantitative data corroborates the qualitative narratives of limited access to finance, highlighting the urgent need for interventions to address this critical barrier to start-up success.

Additionally, the quantitative analysis sheds light on the primary sources of start-up capital among entrepreneurs in Zambia. With 82% of surveyed entrepreneurs relying on personal savings, these findings underscore the reliance on self-funding and the lack of alternative financing options available to entrepreneurs (Chigunta, Gough, n.d.) [12]. This quantitative data adds quantitative rigor to the qualitative narratives of financial constraints, emphasizing the importance of expanding access to external sources of funding such as bank loans, venture capital, and angel investments.

Furthermore, the quantitative analysis provides insights into start-up survival rates in Zambia, revealing a sobering statistic of a 40% survival rate beyond the first year. With only 200 out of 500 new ventures expected to survive beyond the initial year of operation, these findings highlight the harsh realities faced by start-ups in the country (ZDA, 2023). This quantitative data underscores the challenges of sustaining entrepreneurial ventures and points to opportunities for targeted support and interventions to improve survival prospects.

Moreover, the quantitative analysis employing cointegration and regression techniques offers deeper insights into the macroeconomic and microeconomic factors influencing start-up growth and survival in Zambia. The significant cointegrating relationship between start-up growth and GDP growth, as well as the regression results identifying access to finance, regulatory environment, and market demand as significant predictors of start-up survival, highlight the interplay of economic, regulatory, and market dynamics shaping the entrepreneurial landscape (Chigunta, Gough, n.d.) [12]. These quantitative findings provide empirical evidence to support the qualitative narratives of systemic challenges and opportunities within the Zambian start-up ecosystem.

In summary, the quantitative analysis results enrich our understanding of the Zambian start-up ecosystem by providing quantifiable metrics, statistical findings, and empirical evidence to complement the qualitative narratives. By triangulating quantitative and qualitative data, researchers can gain a more holistic and nuanced perspective of the challenges, opportunities, and dynamics shaping entrepreneurship in Zambia, informing evidence-based policy decisions and interventions aimed at fostering a vibrant and inclusive start-up ecosystem.

6. Conclusions

The finding that 60% of entrepreneurs in Chama are aged between 25 and 35 highlights the significant role of youth in driving entrepreneurial activities. There is gender disparity in entrepreneurial startup in Chama with 65% of businesses owned by the males.

The entrepreneurial ecosystem in Chama is predominantly shaped by the retail and agriculture sectors which covers 68%, with sole proprietorships being the most common form of business ownership as 62% of the businesses are sole proprietorship. The reliance on 40% personal savings and 20% family support underscores both the resourcefulness required by entrepreneurs and potential vulnerabilities within this economic framework. Understanding these dynamics is essential for policymakers aiming to enhance support mechanisms for local businesses.

The stakeholder landscape surrounding Chama District reveals a multifaceted approach to supporting entrepreneurship. Understanding these dynamics enables aspiring entrepreneurs to make informed decisions about where to seek assistance and how best to utilize available resources. The diverse range of stakeholders indicates a robust ecosystem supporting entrepreneurship through in Chama District.

The findings from Chama District reveal that high interest rates are perceived as the most significant barrier to accessing finance for business start-ups by 45% of the entrepreneurs. Collateral requirements also pose a substantial challenge as indicated by 35% of the respondents, while the lack of financial institutions further exacerbates these issues. Addressing these barriers through policy interventions aimed at reducing interest rates and expanding access to financial services could foster entrepreneurship and economic development in the region

The regulatory environment has a high impact on business operational landscape for businesses. With 95.75% of respondents acknowledging significant impacts from regulations, it is clear that policymakers must consider these effects when designing new laws or revising existing ones to foster a more conducive environment for business growth while still protecting public interest.

7. Recommendations

Based on the findings and insights generated from this research project, several recommendations are proposed to enhance the Zambian entrepreneurship and start-up ecosystem, foster innovation, and drive economic growth. These recommendations draw on both qualitative and quantitative data, aiming to address systemic challenges, leverage opportunities, and create an enabling environment for entrepreneurial development in the country.

- **Enhance Access to Funding:** Building upon the findings that access to funding is a significant barrier for start-ups in Zambia, policymakers, financial institutions, and development partners should collaborate to develop innovative financing mechanisms tailored to the needs of entrepreneurs. This may include establishing dedicated venture capital funds, providing seed grants and low-interest loans, and facilitating access to angel investors and crowdfunding platforms. Moreover, efforts should be made to strengthen financial literacy programs and support services to empower entrepreneurs in navigating the funding landscape.
- **Streamline Regulatory Processes:** Addressing bureaucratic hurdles and regulatory inefficiencies is essential to fostering a conducive environment for start-up growth and innovation. Policymakers should prioritize regulatory reforms aimed at simplifying business registration processes, reducing administrative burdens, and enhancing transparency and accountability in regulatory procedures. This may involve leveraging technology to digitize government services, implementing one-stop-shop platforms for business registration, and establishing regulatory sandboxes to test innovative business models.
- **Expand Support Ecosystem:** Building upon the emerging support ecosystem for start-ups in Zambia, stakeholders should work collaboratively to expand and diversify support mechanisms for aspiring entrepreneurs (Jones *et al*., 2022). This may include scaling up existing business incubators, accelerators, and mentorship programs, as well as establishing industry-specific hubs and innovation clusters. Moreover, efforts should be made to strengthen linkages between academia, industry, and government to facilitate knowledge transfer, technology commercialization, and industry-academia collaboration.
- **Promote Digital Innovation and Technology Adoption:** Recognizing the transformative potential of digital innovation and technology adoption, policymakers should prioritize initiatives aimed at promoting digital entrepreneurship and leveraging technology to address societal challenges. This may involve investing in digital infrastructure, supporting tech-enabled start-ups, and fostering digital skills development and capacity building. Moreover, efforts should be made to create an enabling policy environment conducive to digital innovation, including data privacy and cybersecurity regulations, intellectual property rights protection, and e-commerce facilitation.
- **Foster Entrepreneurial Education and Training:** Investing in entrepreneurial education and training is essential to cultivate a culture of entrepreneurship and equip aspiring entrepreneurs with the skills, knowledge, and mindset needed to succeed (ZDA, 2023). Policymakers, educational institutions, and industry stakeholders should collaborate to develop and implement entrepreneurship curricula, training programs, and experiential learning opportunities across educational levels. Moreover, efforts should be made to promote entrepreneurship as a viable career path and provide ongoing support and mentorship to budding entrepreneurs.
- **Facilitate Market Access and Internationalization:** Facilitating market access and internationalization opportunities is crucial for start-ups to scale and expand beyond domestic borders. Policymakers should prioritize initiatives aimed at promoting trade facilitation, reducing trade barriers, and enhancing market access for Zambian start-ups. This may involve negotiating trade agreements, providing export assistance and market intelligence, and supporting participation in international trade fairs and exhibitions. Moreover, efforts should be made to promote cross-border collaboration, knowledge exchange, and networking opportunities for start-ups.
- Overall, implementing these recommendations will require concerted efforts and collaboration among policymakers, private sector stakeholders, academia, civil society, and development partners. By addressing systemic challenges, leveraging opportunities, and creating an enabling environment for entrepreneurship, Zambia can unlock the full potential of its vibrant and dynamic start-up ecosystem, driving economic growth, job creation, and societal development.

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