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## Sustainable Entrepreneurship in Zambia

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## **English summary**

Entrepreneurship is often seen as a means of reducing poverty and creating gains for economies particularly in developing countries. Despite these important contributions, entrepreneurial activities can also result in destructive outcomes such as pollution and pose risk and damage to nature and human health. In recent years, entrepreneurship has been widely viewed as a solution to many social and environmental problems. This has led the increase to research on sustainable entrepreneurship. Nevertheless, research on factors influencing the engagement in sustainable practices among SMEs in sub-Saharan African country and the performance effect of the engagement in these practices is scanty. Thus, this dissertation aims to investigate the factors influencing the engagement in sustainable practices and to examine the effect of sustainable practices on firm performance among SMEs in Zambia. To achieve this aim, the dissertation's main research question is: *What factors influence the engagement in sustainable practices among SMEs in Zambia and what is the performance effect of the engagement in these practices?* Based on the findings from the four empirical studies (i.e. the PhD thesis' chapters), the main research question is answered.

The four empirical studies were conducted in an under-researched sub-Saharan African country, Zambia. Studies on sustainable practices in Zambia have mainly focused on the companies doing the actual mining. There are hardly any studies on sustainable practices and CSR in SMEs in the trading and services sector that sell their goods and services to the mining industry in Zambia. For this dissertation, we adopted a mixed methods approach, with an emphasis on quantitative data analysis. Qualitative was carried out September, 2012 in which 12 semi-structured interviews with academics, business associations, consultants, entrepreneurs, and regulatory bodies. Data were collected in two waves. The first wave of data collection took place

in 2013 while the second wave was carried out with the same sample after a period of 12 months in 2014. The data collected in the first wave was used in Chapter 2, 3, and 4, while data collected in the second wave was used in the longitudinal analysis in Chapter 5 (in combination with data from the first wave). Survey administration techniques included face-to-face questioning, emailing, and dropping off and picking up were used. The data collected in the survey was analysed quantitatively using IBM SPSS software for the empirical studies in Chapter 2, 3, and 4 while structural equation model (SEM) was used to analyse the longitudinal data in Chapter 5.

Chapter 2 focuses on the ongoing debate on the factors influencing the identification of sustainable opportunities among entrepreneurs managing SMEs and provides an answer to the question: *Which factors influence the identification of sustainable opportunities in Zambia?* On the basis of 220 respondents and a quantitative analysis, the answer is that altruism towards others influences entrepreneurs to identify sustainable opportunities, while knowledge of the social/natural environment and perception of threats to the social/natural environment do not influence entrepreneurs to identify sustainable opportunities. Furthermore, entrepreneurial knowledge does not moderate the relationship between the three factors and the identification of sustainable opportunities. However, entrepreneurial knowledge was found to have a strong impact on sustainable opportunity.

Chapter 3 investigates the influence of personal values on sustainability orientations. The following research question is answered: *What is the influence of personal values of entrepreneurs in SMEs in Zambia on their social and environmental CSR orientations?* On the basis of 221 questionnaires from entrepreneurs, the results show that self-transcendence values positively influence entrepreneurs to engage in socially-oriented CSR while conservation and openness to change values influences entrepreneurs to engage in environmentally-oriented CSR. According to

this study, self-enhancement values do not influence entrepreneurs to engage in any form of CSR activities. This chapter provides a better understanding of which personal values drive entrepreneurs to be more concerned about the welfare of others and care of the environment.

Chapter 4 investigates the factors that motivate entrepreneurs to engage in sustainable practices by answering the research question: *What factors motivate SMEs to engage in different forms of CSR activities in Zambia?* To answer this question, we carried out a regression analysis on 221 entrepreneurs managing SMEs. The results of chapter 4 show that internal factors and the identification of sustainable opportunities motivate entrepreneurs in SMEs to engage in CSR while external factors play no role in motivating entrepreneurs to engage in any form of CSR activities.

Chapter 5 determines the impact of corporate social responsibility (CSR) on firm performance in 153 SMEs using a longitudinal research design. By means of a longitudinal approach and a SmartPLS model, the answer to the research question: *What is the impact of CSR on firm performance in SMEs in Zambia over time?*, is that, CSR has a significant positive effect on financial performance over time. Further, the effects of CSR on the other two indicators of firm performance (corporate reputation and employee commitment) only turned out to be partially significant over time. This means that entrepreneurs in SMEs can be motivated to engage in CSR for financial benefits.

On the basis of the findings from the four empirical chapters, the answers to the main research question that this PhD thesis addressed: *“What factors influence the engagement in sustainable practices among SMEs in Zambia and what is the performance effect of the engagement in these practices?”*, is that altruism towards others, entrepreneurial knowledge, self-transcendence values, conservation values, openness to change values, internal motivations and the identification of sustainable opportunities are the influencers. In turn, the engagement in

sustainable practices leads to better financial performance. Thus, the engagement in sustainable practices is good for firms, society and environment.