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Effect Of Personal Reference Groups On Strategic Planning In Women-Owned Smes: A Survey Of Central Business District, Lusaka, Zambia

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Abstract
Women-owned small and medium-sized enterprises (SMEs) in Lusaka's Central Business District encounter substantial obstacles in strategic planning, largely due to over-reliance on personal reference groups such as family and friends, coupled with limited access to professional mentorship and inadequate financial literacy. This dependence often yields suboptimal advice lacking business acumen, exacerbating challenges like debt burdens, restricted capital access, and low awareness of government support programmes. The primary aim of this study was to assess the effect of personal reference groups on strategic planning among these enterprises. A mixed-methods survey design was adopted, incorporating both qualitative and quantitative approaches. Primary data were gathered from 65 respondents – 45 through structured questionnaires and 20 via semi-structured interviews – purposively and randomly selected from women SME owners and managers. Secondary data derived from academic literature. Qualitative data underwent thematic analysis, while quantitative data were analysed using correlation techniques in SPSS and Excel. Key findings indicated that 57.78% of respondents cited capital access as the primary challenge, with 82.22% noting debt's inhibitory effect on growth; 77.78% were unaware of financial literacy initiatives, and personal reference groups significantly shaped investment decisions despite their limited expertise. Government efforts support SMEs broadly but lack gender-specific targeting. These results underscore that enhancing financial literacy and formal mentorship could markedly improve strategic outcomes. Implications include policy recommendations for tailored interventions to empower women entrepreneurs, fostering economic inclusion and sustainable business development in Zambia.
Keywords: *Personal Reference Groups, Strategic Planning, Women-Owned SMEs, Financial Literacy, Mentorship Barriers, Lusaka's CBD Enterprises*

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I. Introduction

Background to the Issue

Strategic planning is crucial for business growth, yet women-owned SMEs in Lusaka face challenges. Early-stage women entrepreneurs often rely on personal reference groups for mentorship, which provides emotional support but lacks depth in crucial business areas like finance and market trends. Sociocultural factors and limited formal mentorships exacerbate this reliance, leading to poor decisions on resources, market positioning, and long-term goals, contributing to difficulties in securing loans and managing debt.

Gap in Existing Research

Past studies highlight the value of mentorship in business success around the world. Works like Kram (1985) and Higgins and Kram (2001) explain how mentors aid career growth and smart choices. However, few studies look at Zambia. There is little research on how personal reference groups shape strategic planning in women-owned SMEs here. Global and African research covers money skills and debt issues, but it misses the links between mentorship blocks, informal advice networks, and knowledge of government help. This leaves a clear gap in local evidence needed to guide better support.

Why this Problem Matters Academically or Practically

This issue has strong academic and real-world value. In theory, it builds on ideas like Dual-Process Theory, which splits decisions into quick gut feelings and careful thought. It adds fresh views from a developing country context. On the practical side, women run 36% of SMEs in Zambia but face extra barriers to funds. Fixing this can boost economic growth, cut poverty, and lift SME input to the country's GDP. Stronger planning means more jobs, better lives for women, and wider community gains.

Research Objectives

The main goal is to examine how personal reference groups affect strategic planning in women-owned enterprises in Lusaka's Central Business District. The specific goals are:

- To spot the main challenges women entrepreneurs face in professional mentorship.
- To measure how much they rely on personal reference groups.
- To check what government steps, exist to aid these entrepreneurs.

Structure of the Paper

The paper continues with a review of past work, a conceptual framework, methods used, results, discussion, key points summary, references, and extra materials in appendices.

II. Literature Review

Theoretical Foundations

Mentorship theory provides a strong base for studying how support shapes business success. Its roots trace back to Homer's *Odyssey*, where the character Mentor guided Odysseus's son Telemachus with wisdom and care. This idea grew over time into modern frameworks. For example, Kram (1985) broke mentorship into two main parts: career functions, such as building skills and connections, and psychosocial functions, like boosting confidence and offering role models. These help people grow in work and life. Dual-Process Theory adds depth here. It explains that decisions split into two paths – fast, gut-feel choices driven by habit or emotion, and slow, careful thinking based on logic and facts. In entrepreneurship, women often lean on personal groups for quick advice, which fits the fast path but may lead to weak strategies. Pro mentors encourage the slow path for better outcomes.

Prior Studies on Core Topic

Research shows women-owned small and medium-sized enterprises (SMEs) expand quickly worldwide but hit key barriers. Globally, SMEs form over 95% of businesses and contribute more than 35% to GDP in emerging markets (Alibhai et al., 2017). In Africa, a Kenyan study found strong financial skills link directly to higher profits for women entrepreneurs (Kalekye and Memba, 2015). Lusardi et al. (2017) noted that women often score lower on finance knowledge tests, which harms their business choices and growth. Closer to home, Zambian data reveal women lead 36% of SMEs yet struggle with funding gaps and training shortfalls (WE-FI, 2021). Studies like Laukhuf and Malone (2015) point out that informal networks from family or friends offer comfort and basic help but deliver advice lacking real business know-how, slowing strategic steps.

Key Themes or Models in Management/Business

Several themes stand out in management and business studies. First, informal networks have limits – they provide emotional backing but little expert input on markets or risks (Ahl and Marlow, 2012). Second, mentorship models highlight role models as key for women, helping with decisions and cutting isolation (Kickul and Gundry, 2006). Tools like SWOT analysis let entrepreneurs map strengths, weaknesses, chances, and threats, often used in mentor talks. Financial literacy models stress how knowing money matters helps use resources well, especially in hard times like debt or low sales. Government aid themes show broad SME support works but often skips gender needs, leaving women behind. These patterns tie back to planning models that stress clear goals, innovation, and risk checks.

Limitations in Existing Literature

Current studies on entrepreneurship and strategic planning in Zambia have notable shortcomings, relying on outdated data or broad perspectives that overlook local economic, institutional, and cultural contexts. While international research provides theoretical insights, it often misses the realities affecting business operations in developing economies. Few studies use mixed methods to capture both quantitative trends and qualitative experiences of women entrepreneurs, limiting understanding of their strategic decisions. Additionally, there is inadequate exploration of how cultural norms and family structures shape reliance on personal networks over formal mentorship. Many studies inadequately address Lusaka’s specific challenges, such as SME debt, limited program awareness, bureaucratic issues, and low financial literacy. Sample sizes often restrict generalizability, and direct comparisons between male and female entrepreneurs are rare, obscuring gender-specific challenges. Furthermore, while African research has highlighted finance and access to capital, it largely overlooks the role of personal reference groups in business decision-making and growth.

Rationale Leading to Research Questions

The identified limitations create a strong need for updated, context-specific research within Zambia. The gaps in prior studies highlight the importance of examining not only access to finance, but also the social and relational factors that shape entrepreneurial behaviour. In particular, there is a need to understand the extent to which women entrepreneurs rely on personal reference groups in the absence of accessible professional mentorship structures. These shortcomings lead to critical research questions: What are the main challenges faced by women entrepreneurs in accessing professional mentorship? To what extent do women-owned enterprises depend on personal reference groups for business guidance and strategic decision-making? What measures has the government implemented to support mentorship and capacity building among women entrepreneurs, and how effective are these measures? This study responds to these questions by focusing on women-owned enterprises in Lusaka's CBD. By adopting a mixed-methods approach that integrates structured surveys with in-depth interviews, the research seeks to generate both statistical evidence and contextual explanations. The findings aim to provide practical insights that can inform policy development, improve mentorship frameworks, and strengthen strategic planning support systems for women-owned SMEs in Zambia.

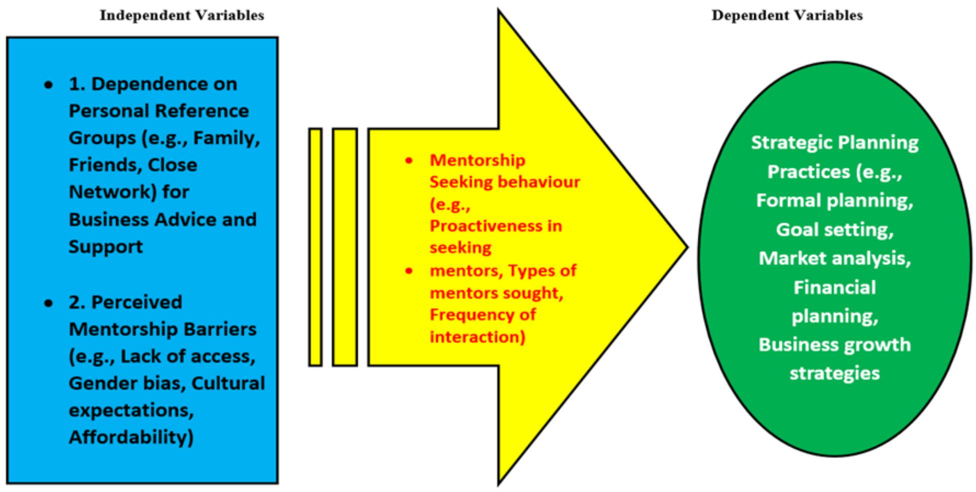
III. Theoretical / Conceptual Framework

Selected Theories

This study draws on two key theories to explain the dynamics at play. First, **Dual-Process Theory** (Kahneman, 2011) splits human thinking into two systems. System 1 is fast and automatic, driven by emotions and habits – like advice from family or friends in personal reference groups. System 2 is slow and effortful, using logic and data for strong strategic plans. For women entrepreneurs, heavy use of System 1 from informal groups can lead to quick but risky choices. Second, **Mentoring Theory** by Kram (1985) outlines how mentors provide career support (skills, networks) and psychosocial support (confidence, role models). These theories fit well, as they show why informal advice falls short compared to formal mentorship in business growth.

Conceptual Model

The model connects personal reference groups and mentorship barriers to strategic planning outcomes, using Dual-Process Theory and Mentoring Theory. Barriers increase reliance on groups, undermining planning.



Linkages Between Variables/Themes

Barriers to mentorship, such as informal structures and cultural challenges, push women entrepreneurs to seek advice from personal networks, which provide emotional support but lack business expertise, leading to harmful decision-making. Poor financial advice from family can increase debt risks and stifle innovation. Enhanced formal mentorship, as per Kram, fosters System 2 thinking, improving goal-setting and growth. Government support can mitigate these barriers, influencing women-owned SMEs in Lusaka.

IV. Methodology

Research Design

This study employed a mixed-methods survey design, blending quantitative and qualitative approaches for a fuller picture. The survey allowed broad data collection on patterns and numbers, while interviews added depth to personal stories. This descriptive approach suited exploring effects of personal reference groups on strategic planning, capturing both stats and themes from women-owned SMEs.

Participants / Data Sources

The study targeted 65 women SME owners and managers from Lusaka's Central Business District. Of these, 45 were selected randomly for questionnaires to ensure a fair spread, and 20 were chosen purposively for interviews based on experience and business type (e.g., services, retail). All met inclusion criteria: women-led SMEs operating at least one year. Secondary data came from books, journals, and reports on Zambian SMEs.

Data Collection Tools

Structured questionnaires used Likert scales (e.g., Strongly Agree to Strongly Disagree) and closed questions for quantitative data on challenges, group reliance, and government aid. Semi-structured interview guides had open questions like "How do family or friends shape your business choices?" for rich qualitative insights. Both tools were piloted for clarity and took 20-30 minutes each. Field notes aided context.

Data Analysis Method

Quantitative data from questionnaires went through SPSS and Excel for descriptivism (means, percentages), correlations (e.g., debt vs. growth), and validity/reliability checks (Cronbach's alpha). Qualitative interview data used thematic analysis: transcribing, coding (open and axial), and grouping into themes like "debt barriers" or "informal advice limits." Triangulation merged both for robust findings.

Ethical Considerations

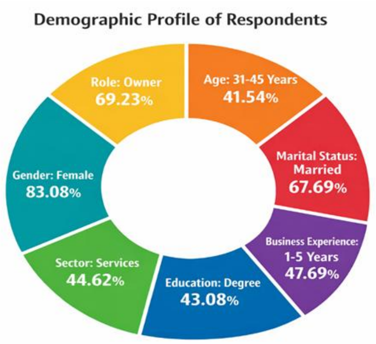
Informed consent was gained via forms explaining purpose, voluntary role, and confidentiality. Participants could withdraw anytime without penalty. Data stayed anonymous (codes, not names) and stored securely. Approval came from the University of Zambia Biomedical Research Ethics Committee. No harm risks arose; benefits like shared insights were highlighted. Cultural sensitivity guided interviews in a Zambian setting.

V. Findings / Results

Biographical Characteristics

This study collected data from 65 women who own or run small and medium-sized enterprises (SMEs) in Lusaka's Central Business District. The group was mostly female (83.08%), which fits the focus on women-led businesses. Ages spread across groups, but the largest share fell in the 31-45 years range (41.54%). This age often brings a mix of energy for business and pressures from family life. A clear majority were married (67.69%), and close to half had 1-5 years of business experience (47.69%). This points to many in early or growing stages, where good planning matters most. Education was a strength – 43.08% had university degrees, helping with basic skills. Businesses spread across sectors, with services leading at 44.62% (think shops, salons, or consultancies). Most respondents (69.23%) were owners, not just managers, giving strong views on real choices.

CHARACTERISTIC	Frequency (%)	NOTES
Gender: Female	83.08	Core Focus Group
Age: 31-45 years	41.54	Peak Business-Building Years
Marital Status: Married	67.69	Often Balances Family/Work
Business Experience: 1-5 years	47.69	Early Growth Phase
Education: Degree	43.08	Solid Knowledge Base
Sector: Services	44.62	Retail/Shops Common
Role: Owner	69.23	Key Decision-Makers

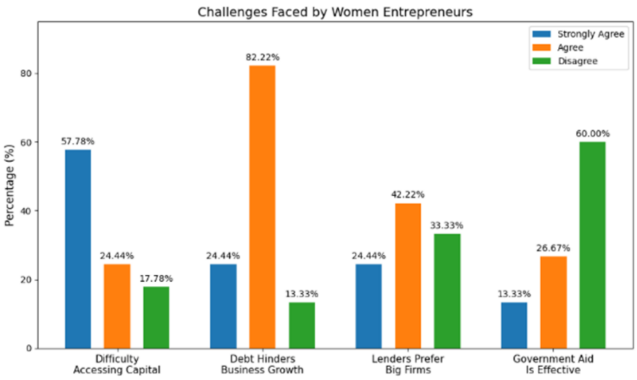


These traits set the tone educated women in mid-career, face growth hurdles amid family roles.

Objective 1: Challenges Faced by Women Entrepreneurs

Funding stood out as the biggest issue. A strong 57.78% highlighted trouble accessing capital, often leading to debt that blocks progress (82.22% agreed debt hurts growth). Banks and lenders seemed to pick bigger firms, with 24.44% strongly agreeing and 42.22% agreeing on this bias. Low profits added pain – 40% disagreed that earnings fuel expansion, trapping businesses small. Government aid got mixed reviews: just 13.33% strongly agreed it helps well, and 26.67% agreed, while 60% saw it as weak. These numbers paint a picture of cash-strapped SMEs, where loans come at high costs and growth stalls.

CHALLENGE	STRONGLY AGREE (%)	AGREE (%)	DISAGREE (%)	KEY PATTERN
Difficulty Accessing Capital	57.78	24.44	17.78	Top Barrier
Debt Hinders Business Growth	82.22	13.33	4.44	Debt Trap Common
Lenders Prefer Big Firms	24.44	42.22	33.33	Size Bias
Government Aid Is Effective	13.33	26.67	60.00	Low Trust

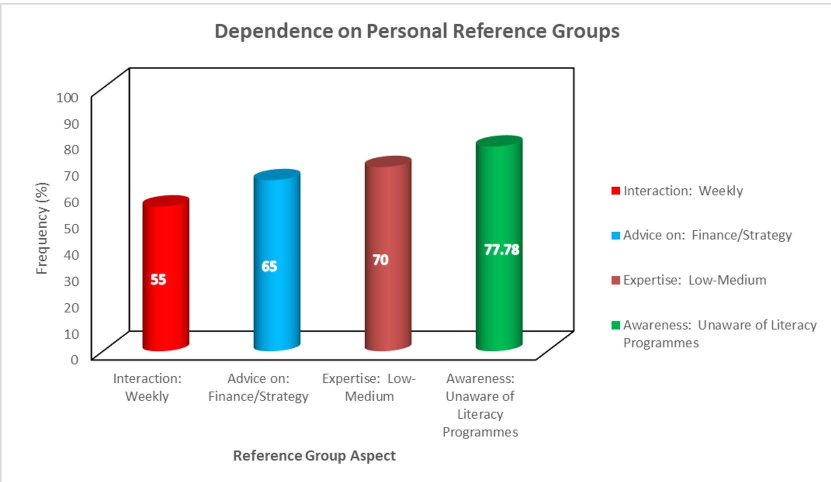


Qualitative Insight: "Banks always ask for collateral I don't have as a small business owner. So, I end up borrowing from friends or family at high interest rates. It keeps my business small and stressed" (Interviewee 8). This real story shows how lack of funds leads to bad debt cycles, hurting long-term plans.

Objective 2: Dependence on Personal Reference Groups

Women leaned heavily on family and friends for guidance – 55% talked weekly, and 65% sought advice on money or strategy matters. Yet, 70% rated these groups' know-how as low to medium, causing advice that did not fit business needs. A striking 77.78% knew nothing about financial literacy programmes from government, pushing more reliance on informal help. This mix led to choices like risky investments based on trust, not facts, slowing performance.

REFERENCE GROUP ASPECT	FREQUENCY (%)	IMPLICATION
Interaction: Weekly	55.00	High dependence
Advice on: Finance/Strategy	65.00	Core areas hit
Expertise: Low-Medium	70.00	Weak guidance
Awareness: Unaware of Literacy Programmes	77.78	Misses formal help

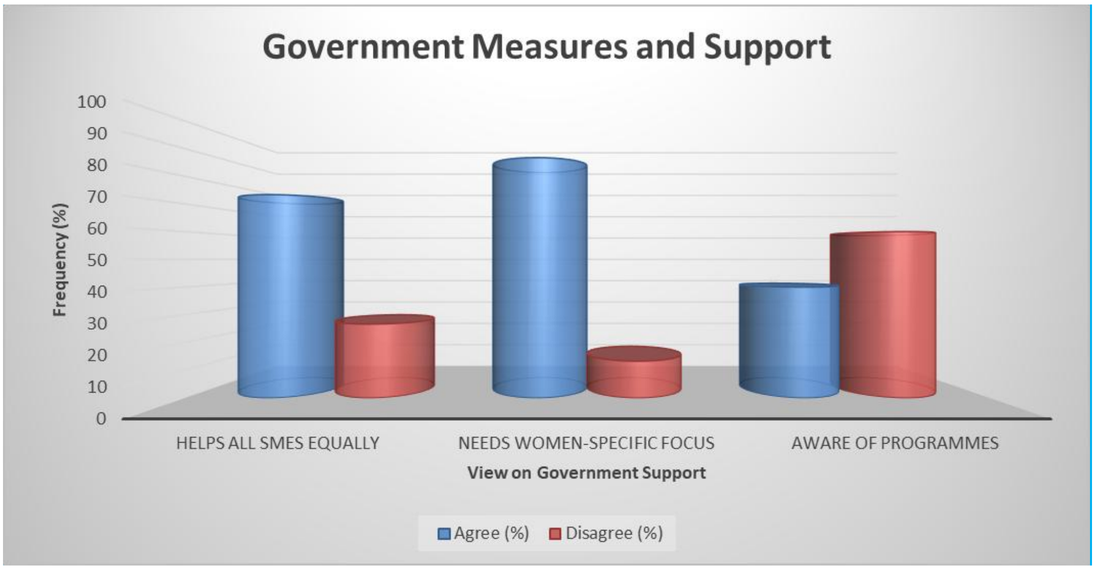


Qualitative Insight: "My sister always advises me on taking loans because she cares. But she has no clue about business risks or markets. I follow her anyway – family comes first" (Interviewee 12). Quotes like this reveal emotional bonds overriding expert needs, a key pattern in weak planning.

Objective 3: Government Measures and Support

Government does aid SMEs overall – 73.33% agreed it helps all types fairly, with programmes like CEEC loans existing longer than many knew. Still, 86.67% said it needs more focus on women, and awareness lags at 40%. Family duties and info gaps leave women out. This theme shows help exists but does not reach those who need it most.

View on Government Support	Agree (%)	Disagree (%)	Pattern
Helps All SMEs Equally	73.33	26.67	Broad but general
Needs Women-Specific Focus	86.67	13.33	Strong call
Aware of Programmes	40.00	60.00	Low reach



Qualitative Insight: "I hear about government loans, and they help some SMEs. But for women like me, family duties and no clear info mean we miss out every time" (Interviewee 5). Such views stress the need for targeted outreach.

Overall Patterns and Themes

Three big themes tie the results: **funding and debt traps** block growth; **informal group reliance** gives comfort but poor advice; **government aid** works generally yet skips women. Numbers back this – high debt agreement (82%), low expertise ratings (70%), weak awareness (77%). Quotes add colour, showing daily struggles. Together, they prove personal groups harm strategic planning through skill gaps. These clear patterns lead into the next section's deeper look.

VI. Discussion

Interpretation of Key Findings

The findings highlight significant challenges faced by women entrepreneurs in Lusaka's Central Business District, primarily access to capital, with 57.78% reporting funding difficulties. This reliance on debt impedes growth for 82.22% of respondents. Lenders favour larger firms (66.66% agree), disadvantaging smaller women-led SMEs. Low profits hinder expansion (40% disagree on earnings supporting growth), while personal networks provide limited assistance—55% engage weekly, but 70% rate their expertise low to medium. Awareness of financial literacy programs is limited, with 77.78% unaware and only 40% knowledgeable about government aid. Interviews illustrate these issues, with several women experiencing high-interest family loans and inadequate advice. Though 73.33% acknowledge the availability of government support, 86.67% emphasize the need for a women-specific focus. Overall, funding shortages, weak informal advice, and low skills hinder effective strategic planning.

Links to Theories and Prior Studies

The results align closely with established theories and past research. Dual-Process Theory (Kahneman, 2011) explains the decision patterns well. Personal reference groups trigger System 1 thinking – fast, emotion-driven choices based on family trust. This skips the slow System 2 process of logical analysis needed for strong strategies like risk assessment or market plans. Kram's (1985) Mentoring Theory supports this too. Informal groups provide psychosocial benefits, such as emotional comfort and role models, but fall short on career functions like skill-building or wide networks. Professional mentors would offer both, leading to better outcomes. These ideas match global studies. Lusardi et al. (2017) linked low financial literacy to poor choices, mirrored here by 77.78% unawareness and its impact on investments. Ahl and Marlow (2012) warned that informal networks limit exposure to best practices, just as 70% low-expertise ratings suggest. In Africa, Kalekye and Memba (2015) showed financial skills boost profits for women SMEs – Zambia's 36% women-led businesses face similar finance barriers (WE-FI, 2021). Laukhuf and Malone (2015) highlighted flaws in family advice, proven by quotes like "My sister advises... but she doesn't know risks." Unlike broader studies, this work adds a local lens, confirming theories in Lusaka's context while showing how culture strengthens informal ties. It builds on these by blending numbers and stories for proof.

VII. Practical Implications For Organisations, Managers, And Policymakers

The findings point to clear, doable steps for different groups.

For organisations and managers: Start with basic financial training workshops tailored for women SMEs. Pair owners with professional mentors through simple matching programmes – perhaps via business associations. Introduce easy tools like SWOT analysis to move from family chats to fact-based plans. Track debt early with monthly reviews to spot and fix traps. These low-cost steps can build skills and cut reliance on weak advice.

For policymakers: Launch targeted financial literacy campaigns using radio, markets, and SMS in local languages to reach 77.78% unaware women. Simplify CEEC loans by easing collateral rules for small SMEs and adding flex for family duties. Set up women-only SME desks at banks with mentors on site. Track gender data in all aid programmes to measure gaps and success. Fund mobile advice clinics in Central Business District hotspots.

Broader real-world steps: Business networks can share success stories via WhatsApp groups to build trust. Banks could partner with mentors for loan advice sessions. Communities might run peer groups blending family support with expert input. These actions address debt (82.22%), low awareness (77.78%), and group limits (70%), turning findings into growth without huge budgets.

What the Study Reveals about the Problem

This research uncovers a repeating cycle at the heart of the issue: mentorship barriers and cultural norms drive women to personal reference groups, whose limited business skills – combined with low financial literacy – fuel debt traps and stunt growth. Government aid exists and works for SMEs generally, often more than credited, but fails women due to poor awareness, family overload, and lack of targeted design. Unlike past views that blame only funds, Lusaka's case shows informal networks do more harm than good in strategy – emotional comfort masks flawed advice on risks and markets. Financial literacy emerges as the key breaker; 77.78% unawareness links straight to bad investments and missed chances. The study reveals that women entrepreneurs need a mix: keep family strengths for motivation but add formal guides for smarts. It shifts understanding – not just access to money, but access to sound thinking drives success. In Zambia, this means economic gains wait on blended support, with women SMEs ready to lift GDP if barriers fall. These insights fill a local gap, proving the problem stems from support quality, not effort alone.

VIII. Conclusion

Summary of Key Insights

This study examined how personal reference groups affect strategic planning among women-owned SMEs in Lusaka's Central Business District. Key findings reveal major hurdles like limited access to capital (57.78%), debt burdens stalling growth (82.22%), and over-reliance on family and friends for advice (55% weekly contact), despite their low business expertise (70%). Low financial literacy awareness (77.78% unaware of programmes) worsens poor investment choices, while government aid supports SMEs broadly but lacks women-specific focus (86.67% call for it). Interviews highlighted emotional ties to informal advice over expert input, trapping businesses in cycles of weak planning and slow progress.

Contribution to Knowledge

The research fills a clear gap in Zambian scholarship on women entrepreneurs. It applies Dual-Process and Mentoring Theories to show how informal networks drive fast but flawed decisions, adding local evidence from Lusaka beyond global or broad African studies. Unlike prior work focused on finance alone, it links reference groups, literacy gaps, and policy reach to strategic outcomes. This proves government efforts exist longer than thought and underscores financial literacy as a growth driver, enriched by mixed-methods data from 65 women. It advances management strategy fields with context-specific insights for developing economies.

Practical Recommendations

- **Boost financial literacy**: Policymakers should run free workshops, radio campaigns, and SMS alerts on programmes like CEEC loans, targeting women in markets.
- **Tailor government aid**: Ease collateral for small women-led SMEs and add family-duty flex; create women-only desks at banks with mentors.
- **Build formal support**: Business groups can match women with pro mentors and teach tools like SWOT; blend family input with expert checks.
- **Track progress**: Collect gender data in SME aid to spot gaps and share success stories via community networks.

These steps can break debt cycles, cut informal reliance, and lift women SMEs toward sustainable growth.

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