
**COMPETITION OF STRATEGIC LOCATION BETWEEN SMALL LOCAL AND
MULTINATIONAL AGRIBUSINESS ENTERPRISES IN KAPIRI MPOSHI DISTRICT
OF ZAMBIA**

Saviour Kangwa Chanda¹ and Dr. Prisca Tente (PhD)^{2&3}

¹Graduate School of Business, University of Zambia- saviourkm@yahoo.com

²School of Engineering, Department of Civil & Environmental Engineering, University of Zambia-
pmtente@yahoo.co.uk

³School of Engineering & Technology, Mulungushi - pmtente@yahoo.co.uk

<http://doi.org/10.35409/IJBMER.2025.3696>

Received: 26 June 2025/ Published: 16 July 2025

ABSTRACT

Strategic location is a critical aspect to the success of any business enterprise especially small local agribusiness. However, the inflow of multinational agribusiness enterprises in Zambia seems to affect small local agribusiness in terms of competition for strategic location. This could lead to stagnancy and business failure of small local agribusiness enterprises. Therefore, the paper assesses competition of strategic location between small local and multinational agribusiness enterprises in Kapiri Mposhi District of Zambia.

The target population was 1750 and sample size of 315 was calculated using Cochran formula. Qualitative data was collected through overt observation and quantitative data through an interview-based questionnaire. Small local agribusiness owners and managers were purposively and randomly sampled. Data was quantitatively analysed using Statistical Package for the Social Sciences by means of descriptive statistics and cross-tabulations. The qualitative data was analysed using constant comparative method.

The results showed that 80% of the multinational agribusiness enterprises were strategically located. Therefore, government should encourage multinational agribusiness enterprises to build infrastructure on land lease agreement terms to avoid displacing small local agribusiness from strategic location. Moreover, government should provide low interest loan to small local agribusiness through cooperatives to enable them compete favourably for the available strategically locations.

Keywords: Competition, Kapiri Mposhi, Multinational Agribusiness Enterprises, Small Local Agribusiness, Strategic Location, Zambia.

1. INTRODUCTION

In business, location is a critical aspect of strategic planning for all firms be it private or public firms (Iastremska, 2023). Location is vital for any business sitting up a trading enterprise at a new outlet, choosing where to position a warehouse by a manufacturer, a city planner selecting locations for fire stations, setting up a farm, setting up an agribusiness enterprise (Florida and Adler, 2022; Owen and Daskin, 1998). For business owners and managers, finding the location that strategically best suit the business being undertaken and its market factors, is challenging (Cissé et al, 2020). It is not only just about finding a trading place which is centrally located but

also strategically located.

It takes a considerable amount of effort, financial resources and political connection or influence in most instances to find strategic business locations (Zheng et al, 2022). For Multinational Enterprises (MNEs), the choice of location is an important aspect to consider whenever the firm or company is considering expanding to a foreign country (Donnelly and Manolova, 2020). The MNEs in agribusiness sectors have sort ways and means to establish their business firms in host countries as close as possible to the doorsteps where their products and services are needed. In the agribusiness trading sector, Multinational Agribusiness Enterprises (MNABEs) from the developed countries in most cases often find themselves in developing countries like Zambia which depend on agriculture-based activities for its economic growth (Chanda and Tente, 2024; Kay, 2023).

For MNABEs, choosing the right business location ensures easy access to the target market which goes on to provide a competitive advantage in the business landscape. Good location makes the business more visible and thus significantly playing role in brand recognition and attracting customers (Carpenter et al, 2021). A convenient and easily accessible area is usually the ideal location of choice for MNABEs which can provide sufficient parking space and public transportation options, can attract a larger pool of customers and those who would be customers in future (Akpan and Uford, 2023). Currently, the MNABEs and small local agribusiness enterprise exist side by side in agriculture commodity market. These interactions have been observed in cities, peri urban and rural towns which mostly depend on agricultural activities for survival (Martinez, 2021). Kapiri Mposhi is one such peri urban district that has attracted a number of both MNABEs and small local enterprises establishments (Chanda and Tente, 2024). However, it seems there has been competition for strategic location between the the MNABEs and small local agribusiness enterprises in Kapiri Mposhi. The MNABEs tend to take up most strategic agribusiness locations available, if not addressed, the situation can cause destruction of small local agribusiness enterprise base and subsequently the economic growth of the country (Masroor and Asim, 2019). Owing to the fact that small businesses are building blocks for economies. Therefore, this paper assesses the competition of strategic location between small local and multinational agribusiness enterprises operating in Kapiri Mposhi District of Zambia and recommends ways to address the problem.

1.1 Study Area-Kapiri Mposhi

Zambia is a landlocked country in southern Africa. Kaipri Mposhi is located in the central part of Zambia along the line of railway and rain belt. Figure 1 shows the Map of Zambia and Central Province of where Kapiri Mposhi District is located.

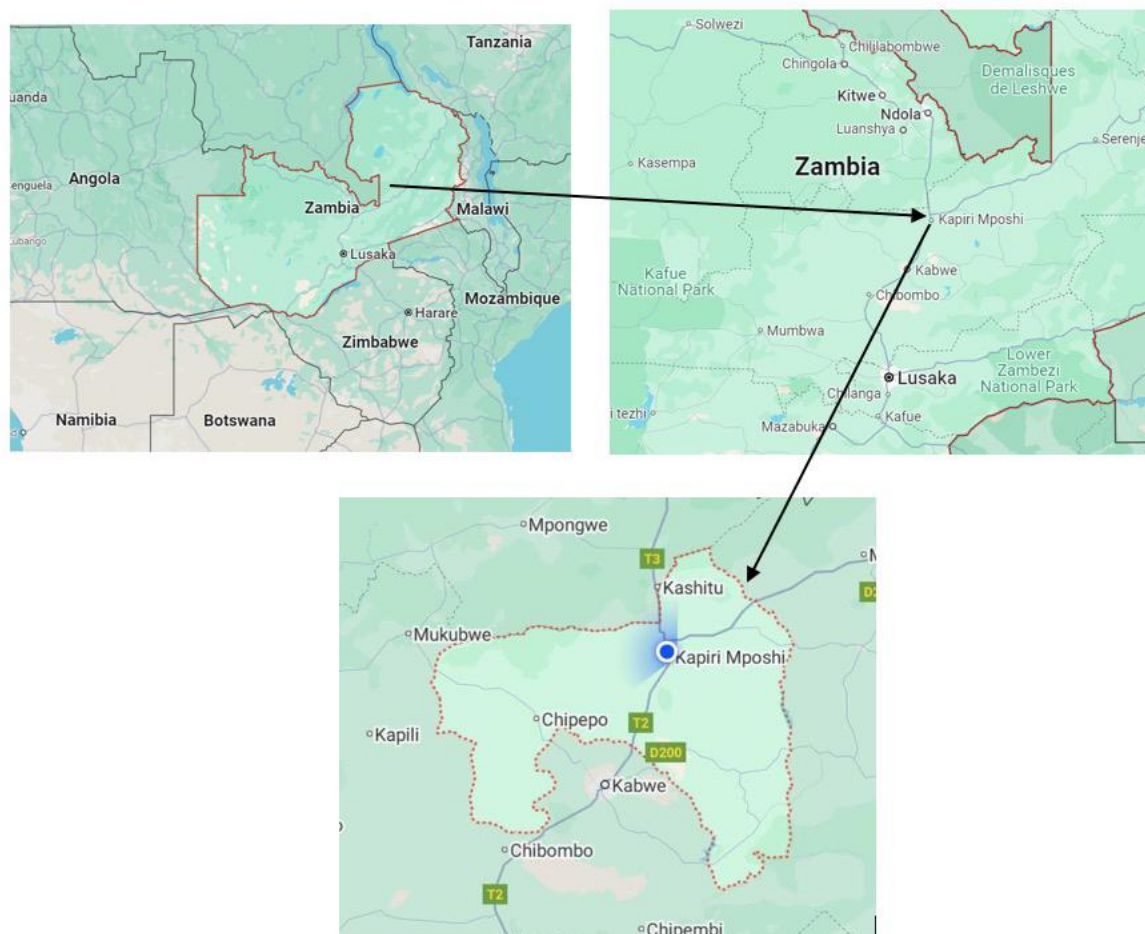


Fig. 1: Map of Kapiri Mposhi District (Source: Chanda and Tente, 2024)

With the population estimated at 371,068, the main economic activity in Kapiri Mposhi is agriculture (Malambo, 2019). Subsistence farming of maize, cassava, sorghum, soya beans and sweet potatoes are common in Kapiri Mposhi. To support these farmers with seed and other agriculture commodities, there has been a growing establishment of small local agribusiness enterprises. Agriculture is one of the sectors that employ many people compared to any other sector (Ministry of Labour and Social Security report, 2023).

1.2 Local Agribusiness Enterprise Landscape in Zambia

Africa is considered to have an emerging economy which is slowly but steadily becoming a centre of focus of investments in the global economy positioning (Okon, 2016). Among the sectors that have been highlighted as the leading investment prospects in Africa include Agriculture and its agribusiness enterprises has stood out (Okon, 2016). Zambia has sought ways to diversify its economy from mining dependence on copper (McElwee, 2020; Auty, 1991). In Zambia, agriculture has been targeted as a priority sector for poverty reduction and food security, because two thirds of the population live in rural areas and relies on agriculture (Agnes et al., 2019). Agriculture is estimated to greatly improve Gross Domestic Product (GDP) per Capita (Ureña Espallat et al.,

2022). In the recent past, there has been an increase in small local agribusinesses to offer services to 90% of small-scale farmers (Aregheore, 2009). Kapiri-Mposhi boasts of a huge number of small local agribusiness enterprises as agriculture is number one livelihood for the people through food production and employment (Central Statistical Office, 2012). However, with an increase in the Foreign Direct Investment (FDI) operating as MNABEs, there has been a massive increase in competition for strategic location and shops to be specific to establish their enterprises

1.3 Location

While it might not always appear pivotal at first glance, the choice of where your business is situated can profoundly impact its trajectory. Business location holds significant importance for the success of any venture, influencing customer perception, employee productivity, and overall business activity (Cissé et al, 2020). In central business areas, the challenge is mainly finding the location that strategically best suits the business being undertaken and its dynamics rather market factors (Aversa et al, 2020). Therefore, it takes a considerable amount of effort, financial resources and political connection or influence in most instances to find strategic business location (Mahmood et al, 2017).

The study conducted by Anyanwu, (2012) using the data set used for the empirical analysis consists of annual data from 1996 to 2008 for 53 African countries, revealed that there is a positive relationship between market size and FDI inflows to Africa. Furthermore, the study by Warsame (2021) describes the FDI inflow to Africa as unevenly distributed investment in terms of location choices. The results from the data collected from Financial Times, World Bank, African Development Bank in 54 African countries on 3,768 firms, showed that MNEs choose locations with a large market size and better economic development. The MNEs from developed economies prefer the location with a large market size and a better-developed economy compared to those from the developing economies.

In the agribusiness sector, MNABEs equally consider location choice as one of the most important organizational considerations (Bakar, et al 2022). Zhang, et al (2024) emphasizes that location choice is core to the managerial decisions of MNEs when engaging in FDI. Location choice decisions and cases are costly to alter and hence affect the sustainable development of MNEs. Sadiki, et al. (2020) analysed differences between business obstacles and performance by their location using 92 food and agribusiness firms operating in rural and urban areas. Results revealed that urban firms are able to generate a higher profit margin than rural firms. A location decision is very complex and involves consideration of multiple and diverse elements. The study done by Adler and Hashai (2015) argued that when undertaking location decisions, MNEs should incorporate their competitors' reactions to such decisions as well as consumer preferences for location, in addition to the more standard cost-benefit analyses. Strategic location cut across large parking areas, the roads, the maneuvering and service areas for sales the large asphalt slabs that surround the commercial volumes (Venudo and 2023).

2. DATA AND RESEARCH METHODS

The study was carried out in Kapiri-Mposhi district and targeted registered small local agribusiness enterprises owners and MNABEs through overt observation schedule in Kapiri-Mposhi district

and questionnaire survey. It considered registered small agribusiness enterprises with Patent and Company Registration Authority (PACRA) and Zambia Revenue Authority (ZRA) compliant enterprises. The study targeted population was 900 small local agribusiness owners and managers as respondents. The study used an interview-based questionnaire for easier and faster collection of data as respondents were busy as self-administered questionnaires were going to be challenging to them. The survey was used because it has the potential to generalize a large population (Mouton, 2008). A sample size of 315 small local agribusiness enterprises owners were purposively and randomly selected. Data was collected upon receiving consent from the respondents and ethical approval by the University of Zambia Biological Research Ethics Committee (UNZABREC).

The sample size was determined by using sample size determination table (Bujang, 2023). The data were quantitatively analysed using Statistical Package for the Social Sciences (SPSS) IBM version 1.0.0.45. by means of descriptive statistics and cross-tabulations. Pearson Chi-square and degree of freedom were used to test the degree of association between the independent and dependent variables. According to Shih and Fay, (2017) Pearson's chi-square test has been widely used in testing for association between two categorical types of comparison of tests of goodness of fit and tests of independence. A test of goodness of fit establishes whether or not an observed frequency distribution differs from a theoretical distribution. A test of independence assesses whether paired observations on two variables, expressed in a contingency table, are independent of each other. Therefore, the Pearson's chi-square in this study was used to test the relationship between the variables. The confidence interval of 95% and the level of significance of $p < 0.05$ were considered as statistically significant.

3. RESULTS AND DISCUSSION

Majority of the respondents agreed that they were centrally located regardless of their settlement scheme be it urban settlement or rural settlement. The results are as shown in figure 3.0

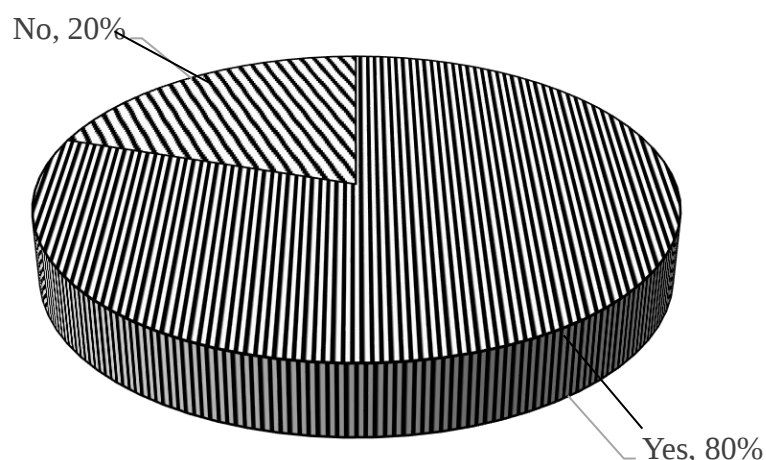


Figure 3.: Small Local Agribusiness's Centrally Located

Respondents highlighted that they were very far and far from the farmers' entry points as shown in Figure 4.6. However, 48% of respondents were centrally located as shown in Figure 4.7. Figure

4.8 shows that most respondents pointed out that the multinational agribusinesses were strategically located.

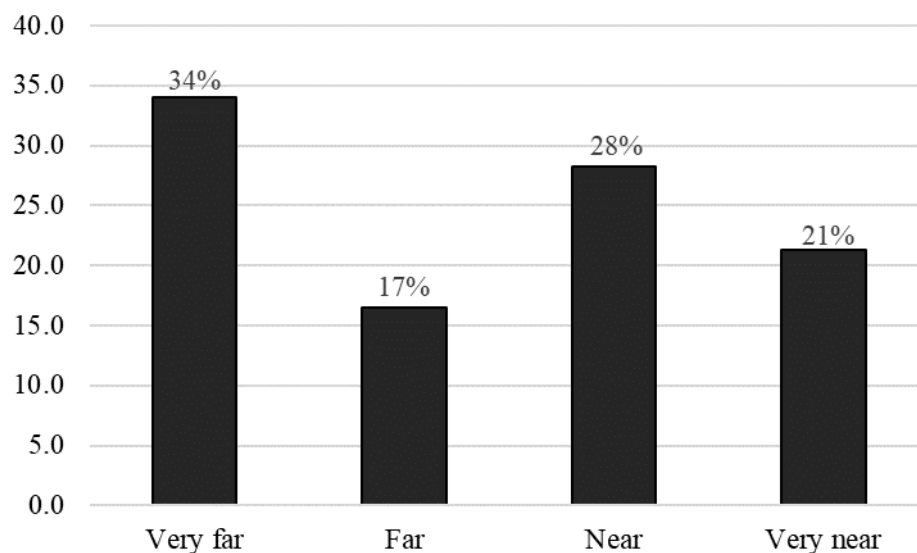


Figure 4.0: Farmers Entry Point

Figure 4.8. shows the response to the question of whether they were strategically located or not. 80% of the respondents agreed that multinational agribusinesses enterprises were strategically located and only 20% of the respondents that MNABEs were not strategically located.

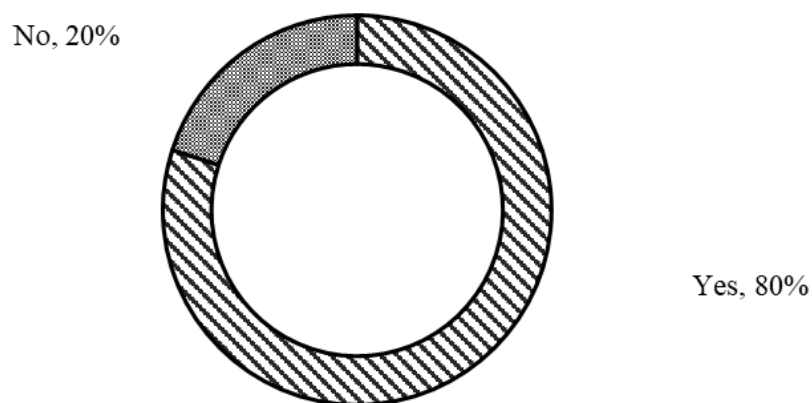


Figure 5.0: Multinational Agribusiness's Strategically located



Figure 6.0: Multinational Agribusiness's Strategically located long a Busy main road and a secure car park.



Figure 7.0: Multinational Agribusiness's Strategically located long a Busy main road and farmers entry point.



Figure 8.0: Multinational Agribusiness's Strategically located long a Busy main road and right at the bus station.



Figure 9.0: Small local agribusiness enterprise centrally located in middle of the town without vehicle parking area.



Figure 10.0: Small local agribusiness enterprise centrally located in middle of the town far from the farmers entry points.



Figure 11.0: Small local agribusiness enterprises clusters, centrally located in middle of the town and without parking area.

Table 3.1: Presence of Multinational Agribusinesses and Its Effect on Small Local Agribusinesses

Effects	Frequency (%)	Presence of Multinational Agribusinesses		Pearson Chi-Square	df	p-value
		Yes N(%)	No N(%)			
MNABE's Strategically Located						
Yes	80	184 (100)	0(0)	112.81	1	0.000
No	20	67(51)	64(49)			
Farmers Entry Point Location						
Very far	34	107(58)	0(0)	240.99	3	0.000
Far	17	52(28)	0(0)			
Near	28	25(13)	64(48)			
Very near	21	0(0)	67(52)			
Centrally Located						
Yes	80	184(100)	0(0)	108.45	1	0.000
No	20	69(52)	62(48)			
Expected Sales in Absence of Multinational Agribusinesses						
Good	61	184(100)	7(5)	287	2	0.000
Fair	33	0(0)	105(80)			
No difference	6	0(0)	19(15)			

The table shows a statistical relationship between the independent variable (presence of multinational agribusiness) and the dependent variables (effects) as p-values were all less than 0.05 for significance. Therefore, H_0 was rejected. The MNABEs have an effect on small local agribusiness enterprises in Kapiri-Mposhi.

The study established that MNABEs were present in Kapiri Mposhi district representing 60% of respondents agreeing that they were in operation as shown in Figure 2.0. The findings are similar to the study results by Nugroho and Lakner (2022), Corcioli et al. (2022), Narula & Pineli (2017) who established the presence of MNEs in developing countries. On the other hand, 40 % respondents indicated that they do not have MNABEs present in their trading areas the findings are similar to the research finding by Lorenzen et al. (2020) which revealed that MNEs are mostly located in cities and towns, kind of environment unlike small local agribusiness enterprises who are present not only the urban set up but also deep in the villages and town peripheries where MNABEs have not yet reached.

Furthermore, the study established that 80% of the respondents as shown in Figure 3.0 agreed that they were centrally located regardless of their settlement scheme be it urban settlement or rural settlement. Depicting agribusiness enterprises which are generally centrally located just around

town centre or resettlements scheme's main markets. This is similar to Warsame (2021) findings which highlighted that MNEs choose locations with a large market size and better economic development. Besides, Figure 3.0 establishes that it's not only MNABES who seek to finding enterprise trading location which are centrally located but also small local agribusiness enterprise. However, MNABEs goes an extra mile to find trading locations which are strategic to their line of operations with 80% of MNABEs being strategically located compared to only 20% of small local agribusiness enterprises. Figure 5.0 statistically shows that Multinational Agribusiness's are Strategically located. This is further highlighted by observation schedule findings in Figure 6.0, 7.0 and 8.0 which confirmed that MNABEs tend to strategically choose locations which are near farmers entry points, near the main road or busy road, shops with parking space, bigger or good sizable shops and shops with large veranda which acts as waiting bay or shed area for farmers during rainy season, summer and generally as meeting point when waiting to transport to transport them back to their various resettlement schemes or villages.

5 Conclusion

The study findings established that MNABEs are strategically located compared to small local agribusiness enterprises despite both being centrally located around town centre. Economically, MNABEs's have access to strategically located trading locations which are near farmers entry points, along the main road or busy road, shops with parking space, bigger or good sizable shops. According to the study findings, the strategical positioning of MNABEs has a negative impact on the small local business in terms of sales and their general survival on the market. Among the MNABEs which were found to be strategically located included ETG, Omnia and Farmarama. Despite, several studies highlighting the benefit which MNABEs bring to the host town and country in general.

Therefore, to improve the strategic location challenges between MNABEs and small local agribusiness enterprises, peri-urban of districts in Zambia, like Kapiri-Mposhi, government should encourage MNABEs to build their own infrastructure on land lease agreement teams which favour both parties. Government should provide incentives such as zero to low interest loans to local agribusiness enterprises through cooperatives so that they can compete favourably for the available strategically located trading places with the MNABEs. Additionally, the government through policy formation should restrict MNABEs from displacing small local agribusiness enterprises their trading locations especially those that are strategically located.

5.1 – Limitation of the Study

The study was limited to only small local agribusiness enterprises operating in Kapiri Mposhi district which are registered with patent and company registration authority of Zambia. The study further did not consider interviewing or getting feedback from multinational agribusiness enterprises MNABEs representative or officials. Furthermore, the study was limited to data collected using a questionnaire and overt observation schedule without considering interviews-based data collection methods.

6 – References

- Adler, N., & Hashai, N. (2015). The impact of competition and consumer preferences on the location choices of multinational enterprises. *Global Strategy Journal*, 5(4), 278-302.
- Agnes, A. D., Audrey, K., Karin, L., Mukata, W., (2019). Yearning to farm – Youth, agricultural

intensification and land in Mkushi, Zambia. *Journal of Rural Studies*, <https://doi.org/10.1016/j.jrurstud.2019.08.010>

Akpan, S. J., & Uford, I. C. (2023). Retail Outlet Location and Business Performance in Uyo Metropolis. *International Journal of Advances in Management and Economics*, 12(4), 9-18.

Anyanwu, J. C. (2012). Why does foreign direct investment go where it goes? New evidence from African countries. *Annals of economics and finance*, 13(2), 425-462.

Aregheore, E. M., (2009), Country pasture and forage profile: Zambia. Rome. Food and Agriculture Organisation.

Auty, R. M. (1991). Mismanaged mineral dependence: Zambia 1970–90. *Resources Policy*, 17(3), 170-183.

Aversa, J., Hernandez, T., & Doherty, S. (2020). Spatial big data and business location decision-making: Opportunities and challenges. *Regional Intelligence: Spatial Analysis and Anthropogenic Regional Challenges in the Digital Age*, 205-224.

Bakar, A. H. A., Sinnappan, P., Salim, F. A. A., & Teo, P. C. (2022). Factors influencing foreign direct investment (fdi) location selection: a review of the literature. *International Journal of Academic Research in Business and Social Science*, 12(7), 1271-1291.

Bujang, M. A. (2023). An elaboration on sample size planning for performing a one-sample sensitivity and specificity analysis by basing on calculations on a specified 95% confidence interval width. *Diagnostics*, 13(8), 1390.

Carpenter, C. W., Van Sandt, A., & Loveridge, S. (2021). Empirical methods in business location research. *Regional Studies, Regional Science*, 8(1), 344-361.

Cissé, I., Dubé, J., & Brunelle, C. (2020). New business location: how local characteristics influence individual location decision? *The Annals of Regional Science*, 64(1), 185-214.

Chanda, S. K., & Tente, P. (2024). Adverse Impact of Multinational Agribusiness Enterprises on Small Local Agribusiness Enterprises. Case Study of Kapiri-Mposhi District in Zambia. *Economia Aziendale Online*-, 15(3), 587-600.

Corcioli, G., Medina, G. D. S., & Arrais, C. A. (2022). Missing the target: Brazil's agricultural policy indirectly subsidizes foreign investments to the detriment of smallholder farmers and local agribusiness. *Frontiers in Sustainable Food Systems*, 5, 796845.

Donnelly, R., & Manolova, T. S. (2020). Foreign location decisions through an institutional lens: A systematic review and future research agenda. *International Business Review*, 29(4), 101690.

Florida, R., & Adler, P. (2022). Locational strategy: Understanding location in economic geography and corporate strategy. *Global Strategy Journal*, 12(3), 472-487.

Kay, G. (2023). Agricultural progress in Zambia. In *Environment and Land Use in Africa* (pp. 495-524). Routledge.

Lakner, C., Mahler, D. G., Negre, M., & Prydz, E. B. (2022). How much does reducing inequality matter for global poverty? *The Journal of Economic Inequality*, 20(3), 559-585.

Iastremska, O. (2023). Genesis of the Concept and Process of Strategizing at Enterprises.

Lorenzen, M., Mudambi, R., & Schotter, A. (2020). International connectedness and local disconnectedness: MNE strategy, city-regions and disruption. *Journal of International Business Studies*, 51(8), 1199.

Mahmood, I., Chung, C. N., & Mitchell, W. (2017). Political connections and business strategy in dynamic environments: How types and destinations of political ties affect business diversification in closed and open political economic contexts. *Global Strategy Journal*, 7(4), 375-399.

-
- Malambo, A. H. (2019). Agricultural transformation in Zambia's Chibombo, Kapiri Mposhi and Mumbwa districts, during the periods 1980-1990 and 1997-2008 (Doctoral dissertation, University of Zambia).
- Martinez Valle, L. (2021). Rethinking rural-urban linkages: Villages and agribusiness in the Ecuadorian Highlands. *Journal of Agrarian Change*, 21(4), 854-869.
- Masroor, N., & Asim, M. (2019). SMEs in the contemporary era of global competition. *Procedia Computer Science*, 158, 632-641.
- MINISTRY OF LABOUR AND SOCIAL SECURITY (2023) LABOUR FORCE SURVEY (LFS) Prepared by; Zambia Statistics Agency Nationalist Road, P.O. Box 31908 Lusaka Tel: +260 211 251377 website: www.info@zamstats
- Narula, R., & Pineli, A. (2017). Multinational enterprises and economic development in host countries: What we know and what we don't know. *Development finance: Challenges and opportunities*, 147-188.
- Okon, E. E. (2016). Operational Structure of Multinational Enterprises in Africa. In *Multinational Enterprise Management Strategies in Developing Countries* (pp. 329-350). IGI Global.
- Owen, S. H., & Daskin, M. S. (1998). Strategic facility location: A review. *European journal of operational research*, 111(3), 423-447.
- Sadiki Mutarushwa, J., Vwima, S., & Lebailly, P. (2020). Obstacles and Performance of Agribusiness Enterprises: Evidence from South-Kivu Eastern Democratic Republic of Congo. *Asian Social Science*, 16(11).
- Shih, J. H., & Fay, M. P. (2017). Pearson's chi-square test and rank correlation inferences for clustered data. *Biometrics*, 73(3), 822-834.
- Ureña Espaillat, H.J., Briones Penalver, A.J. and Bernal Conesa, J.A. (2022). Influencing responsible green innovation in Dominican agribusiness performance. *Corporate Social Responsibility and Environmental Management*, 29(3), pp.675-685.
- Venudo, A., & Meninno, C. (2023). Shopping Mall Parking Lot as/is a Meeting Place: Typologies and Strategies for a New Polarity in Architectural and Landscape Design. *ATHENS JOURNAL OF ARCHITECTURE*, 9(2), 171-200.
- Warsame, A. S. (2021). The location choice of foreign direct investment and economic development in Africa. *International Journal of Economics and Finance*, 13(10), 1-69.
- Wood, A., & McElwee, G. (2020). Innovation in Zambia's wetland farming as a stimulus to rural entrepreneurship. In *Enterprising Africa* (pp. 98-114). Routledge.
- Xiao, S., & Tian, X. (2023). Performance feedback and location choice of foreign direct investment. *International Business Review*, 32(4), 102104.
- Zhang, Y., Xu, Q., & Liu, C. (2024). Geopolitical Risk and the Location Choice of Chinese Outward FDI. Available at SSRN 4945462.
- Zheng, W., Ang, S. H., & Singh, K. (2022). The interface of market and nonmarket strategies: Political ties and strategic competitive actions. *Journal of World Business*, 57(4), 101345.