

The Role of Artificial Intelligence in Enhancing Operational Efficiency in Zambia Retail Businesses

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ABSTRACT

The rapid advancement of Artificial Intelligence (AI) technologies has the potential to transform operational practices in the retail sector. In Zambia, retail businesses continue to face operational inefficiencies, including stock-outs, inaccurate demand forecasting, high operating costs, and weak supply chain coordination, largely due to limited technological integration (Tembo, 2020; World Bank, 2022). This study employed a mixed-methods research design, combining quantitative data from 50 retail businesses via structured questionnaires with qualitative insights from semi-structured interviews with retail managers and business owners across Lusaka, Kitwe, and Ndola. Quantitative data were analyzed using descriptive statistics, while qualitative data underwent thematic analysis.

Findings: revealed that approximately 60% of sampled businesses had adopted AI-based technologies, primarily for inventory control, supply chain coordination, and sales forecasting. AI adoption was associated with improvements in operational efficiency, including reduced stock-outs, faster replenishment cycles, improved demand accuracy, cost savings, and enhanced customer engagement (Mweemba, 2021). Major barriers included high implementation costs, limited technical skills, inadequate infrastructure, and unreliable internet connectivity (Phiri, 2018).

The study concludes that AI adoption can substantially enhance operational efficiency in Zambia's retail sector. Targeted investments in digital infrastructure, staff training, and supportive policy frameworks are critical to accelerating AI integration, improving competitiveness, and providing empirical evidence for future research in developing economies.

Keywords: Artificial Intelligence, Retail Sector, Operational Efficiency, Zambia, Technology Adoption

INTRODUCTION

The retail industry in Zambia is an integral part of the economy, providing infrastructures to distribute goods, creating employment for thousands of Zambians, and enabling both formal and informal businesses to thrive. However the industry is plagued by inefficiencies and high operating costs, coupled with poor supply chain management, poor inventory control and inconsistent quality of service (Kapasa, 2022). These issues are compounded by increased competition, changing customer requirements, and the need to adapt to a digital economy.

The use of Artificial Intelligence (AI) technology is an emerging phenomenon which is believed to have the potential to address some of these challenges through process automation, enhanced decision making, and better customer engagement. The use of AI in other emerging economies has been well documented to show positive impact on operational efficiency and organizational performance (Huang & Rust, 2021; McKinsey & Company, 2022) but the extent of adoption has been uneven and very limited empirical data on its operational impact in the local retail sector is available. It is on this note that it becomes imperative to understand the extent to which AI technology can be adopted to improve efficiency and its constraints.

BACKGROUND OF THE STUDY

The retail industry in Zambia has a dual structure with both modern retail chains and the informal market coexisting. The formal retail sector has modern shopping malls, supermarkets and electronic gadgets stores

found in urban areas such as Lusaka, Kitwe and Ndola while the informal retail sector comprises of small shops, kiosks and hawkers occupying the peri-urban areas (Zambia Development Agency [ZDA], 2020). Urbanization, demographic growth and increased consumer purchasing power drives the growth of organized retail while there is in the adoption of digitalization processes. However, there are operational deficiencies in the retail industry such as stock outs, overstocking; ordering; delayed replenishments; inefficient demand forecast which reduces operating profit margins and diminishing customer loyalty (Ngwira & Phiri, 2020).

AI has the potential to alleviate these inefficiencies. Inventory management based on AI tools results in accurate demand projection and automated reordering process, minimizing stock spikes and depletion (Chen & Zhao, 2018). Other predictive analytics for prices and supply chain management optimize responsiveness to unpredictable market movements. Customer oriented AI tools, such as chatbots, recommender systems, or virtual assistants, optimize service quality even further, by personalized user experience and immediate assistance (Binns, 2020).

However, adopting AI in Zambia faces structural and contextual challenges. Poor digital infrastructure and unreliable internet and power supply along with prohibitive costs of implementing AI, particularly for Small and Medium Enterprises (SMEs) and high skill requirements, deter enterprise uptake (World Bank, 2021; Ministry of Transport and Communications, 2020). As such, urban and large retailers are more likely to implement AI and improve their operations than smaller counterparts.

Problem Statement

Although there are indications that AI, applied globally, increases operational efficiency, the measurement of AI's implementation and effects in the retail sector in Zambia is limited. Despite continuous operational inefficiencies being reported in a number of businesses, few empirical examinations exist of the impact of implemented AI technologies on inventory management, supply chain coordination, costs and customer service. Nor is there knowledge of the barriers affecting AI implementation and adoption (such as financial, infrastructural or human resource deficits) for small and medium enterprises or for informal grocery retailers.

The absence of relevant evidence at the local level to inform management action leaves a blank space for managers and policies, thus constraining room to introduce specific corrective measures aimed at improving retail efficiency and competitiveness. Filling this gap is essential to knowledge of the relevant operational circumstances in which AI can be best applied in Zambia and what action recommendations can be made.

Research Objectives

This study aims to examine the role of AI in enhancing operational efficiency within Zambia's retail sector. Specifically, the research seeks to:

1. Investigate the extent of AI adoption among retail businesses in Zambia.
2. Identify the key AI technologies implemented in retail operations.
3. Assess the impact of AI adoption on operational efficiency indicators, including inventory management, cost control, and customer service.
4. Provide evidence-based recommendations to support AI adoption and operational improvement in the retail sector.

Research Questions

To address these objectives, the study will answer the following research questions:

1. What is the level of AI adoption among retail businesses in Zambia?
2. Which AI technologies are most commonly used to support retail operations?
3. How does AI adoption influence operational efficiency, including inventory management, cost reduction, and customer service quality?

Hypothesis

Based on the literature and conceptual framework, the following hypotheses will guide the quantitative analysis:

- **H1:** AI adoption has a positive effect on inventory management efficiency in Zambian retail businesses.
- **H2:** AI adoption positively influences supply chain coordination and operational performance.
- **H3:** AI adoption improves customer service quality and satisfaction in retail operations.

Gaps In Existing Research

Existing scholarly literature on Artificial Intelligence (AI) adoption in the retail sector is predominantly concentrated in developed economies, where advanced digital infrastructure, reliable electricity supply, and high levels of technological readiness support widespread AI integration (Huang & Rust, 2021; McKinsey & Company, 2022). These studies provide valuable insights into how AI enhances inventory management, customer engagement, and supply chain efficiency, but their findings are largely context-specific and may not be directly transferable to developing economies with structural and institutional constraints.

Within sub-Saharan Africa, available studies often adopt a generalized regional approach, focusing on broad trends in digital transformation rather than offering detailed, country-specific analyses (Mbambo, 2021). As a result, they tend to overlook the unique economic, infrastructural, and institutional realities that shape AI adoption at the national level. In the Zambian context, empirical research examining AI use in the retail sector remains extremely limited. There is a notable absence of studies that systematically investigate the extent of AI adoption, the specific AI technologies in use, and their measurable effects on operational efficiency indicators such as cost reduction, inventory accuracy, customer service quality, and supply chain performance.

Furthermore, few existing studies employ mixed methods approaches that integrate quantitative performance data with qualitative insights from retail managers and employees. This methodological gap limits a holistic understanding of both the operational outcomes and the practical challenges associated with AI implementation in local retail environments. Consequently, the lack of localized, empirical, and methodologically robust evidence constrains effective managerial decision-making and weakens the ability of policymakers to design informed digital transformation strategies tailored to Zambia's retail sector. This study seeks to address these gaps by providing context-specific evidence on AI adoption and its operational implications within Zambia's retail industry.

Why This Problem Matters Academically and Practically

From an academic perspective, this study is important because it contributes context-specific empirical evidence to the growing literature on Artificial Intelligence (AI) adoption in developing economies. Much of the existing research on AI and operational efficiency is grounded in developed country contexts, where technological infrastructure, skills availability, and institutional support are relatively advanced (Huang & Rust, 2021; McKinsey & Company, 2022). By focusing on Zambia's retail sector, this study extends established technology adoption and operational efficiency theories by examining how structural and contextual constraints such as limited infrastructure, skills shortages, and financial barriers shape AI implementation outcomes in resource-constrained environments. In doing so, the research enriches the academic discourse by highlighting the relevance of contextual factors often underexplored in mainstream AI literature.

Practically, the study addresses a critical managerial and policy challenge facing Zambia's retail sector. Retailers operate in an increasingly competitive environment characterized by rising operational costs, volatile demand patterns, and heightened customer expectations. Understanding how AI technologies can be applied to improve inventory management, supply chain coordination, cost control, and customer service provides actionable insights for retail managers seeking efficiency driven competitive advantage (Ngwira & Phiri, 2020). The study also identifies key barriers to AI adoption, enabling businesses to make informed investment decisions and adopt phased or scalable AI solutions aligned with their capabilities.

For policymakers and development stakeholders, the findings offer evidence-based insights to inform digital transformation strategies. By highlighting infrastructure gaps, skills constraints, and regulatory considerations, the study supports the design of targeted interventions related to ICT infrastructure development, workforce training, and innovation policy formulation (World Bank, 2021; Ministry of Transport and Communications, 2020). Overall, the study bridges the gap between theory, managerial practice, and policy formulation in Zambia's evolving digital economy.

Structure Of the Research

The remainder of this paper is structured as follows. Section 2 provides a comprehensive review of relevant literature, including theoretical foundations, empirical studies, and identified research gaps related to Artificial Intelligence and operational efficiency in retail. Section 3 presents the conceptual and theoretical framework underpinning the study. Section 4 outlines the research methodology, detailing the design, data collection, and analysis procedures. Section 5 presents the empirical findings of the study, while Section 6 discusses these findings in relation to existing literature and theoretical perspectives. Finally, Section 7 concludes the paper by summarizing key insights, outlining practical recommendations, acknowledging study limitations, and suggesting areas for future research.

LITERATURE REVIEW

THEORETICAL FRAMEWORK

The theoretical framework for this study builds on two widely cited theories in understanding the adoption and operational impacts of AI: Technology Adoption Theory (TAT) and Diffusion of Innovation Theory (IDT). Together, they provide a theoretical lens to examine the level of AI adoption and its implications for operational efficiency in Zambia's retail organizations.

Independent Variable: AI adoption, operationalized as the degree to which a retail business has integrated AI, driven processes such as predictive sales forecasting, automated inventory control, or AI, augmented customer support functions, in its operations.

Dependent Variable: Operational efficiency, measured by performance metrics such as reduction in inventory errors, enhanced supply chain coordination, lowered operating costs, and elevated customer satisfaction.

Moderating/Control Variables: Factors such as business size, availability of required digital infrastructure, and employee familiarity with and skills in using digital tools are hypothesized to moderate the effect of AI adoption on operational efficiency.

The basis of using TAT is Davis's (1989) theory that technology adoption depends on perceived ease of use and usefulness, both of which retail managers in Zambia would consider if the AI solutions are proven to be operationally advantageous and compatible with existing systems and business culture. IDT may provide insights on how innovations like AI permeate networks and organizations based on social factors, relative advantage, compatibility, etc. (Rogers, 2003). This theoretical foundation will guide the analysis of both adoption levels and performance impacts in the Zambian retail industry.

Empirical Evidence

On a global scale, studies find that AI adoption boosts operational performance in retail. Inventory and demand forecasting forecast sales more accurately, enable better stock replenishment, improve supply chains, and enhance customer service (Chen & Zhao, 2018; Huang & Rust, 2021; McKinsey & Company, 2022). AI, based automation, optimization, and analytics, driven decision support drives efficiencies, cost savings, and agility.

Regionally, such as in South Africa and Nigeria, there are mixed results, with AI adoption more prevalent among large supermarkets due to scale and capital intensity, improving inventory accuracy and operational metrics but still limited further by small enterprise constraints (Ghosh & Sharma, 2022; Binns, 2020). Within

the African context, studies have identified persistent barriers like lacked capital for investments, weak knowledge levels, and inadequate infrastructure, but also significant operational gains once AI integrations occur. In Zambia, the studies are yet to be conducted, making the implications for the specific context yet to be empirically validated.

Key Themes In Literature

Three dominant themes emerge from the literature. First is AI-enabled automation, where technologies such as machine learning and robotic process automation streamline repetitive tasks, reduce human error, and improve efficiency (Chen & Zhao, 2018). Second is data-driven decision-making, which emphasizes the role of predictive analytics and real-time data processing in enhancing forecasting accuracy and strategic planning (Huang & Rust, 2021). Third is customer personalization, where AI tools tailor marketing, pricing, and service delivery based on consumer behavior and preferences.

While these themes are well established, most studies focus on formal, large-scale retailers. SMEs and informal retailers who constitute a substantial portion of retail activity in developing countries are often excluded from empirical analysis. This omission limits the applicability of existing findings to contexts such as Zambia’s retail sector.

Limitations In Existing Literature And Research Rationale

A critical limitation in existing literature is the lack of localized, empirical studies examining AI adoption in specific developing-country contexts. Few studies integrate both qualitative and quantitative methods to assess how AI influences operational costs, inventory efficiency, and customer service simultaneously. Additionally, limited attention is given to structural barriers such as unreliable electricity, skills shortages, and high implementation costs (World Bank, 2021).

This study addresses these gaps by focusing specifically on Zambia’s retail sector and examining the role of AI in enhancing operational efficiency using mixed methods. By grounding the analysis in established theories while incorporating context specific evidence, the study provides a clearer understanding of AI adoption dynamics in resource constrained retail environments and establishes a strong rationale for the research questions that follow.

The relationship between AI adoption and operational efficiency is not linear but is influenced by several moderating variables. These include business size, availability of digital and power infrastructure, management support, and employee skills and technological competence. Larger retailers with better access to infrastructure and skilled personnel are expected to experience stronger efficiency gains compared to smaller retailers operating under resource constraints. These moderating factors help explain variations in AI outcomes across different retail contexts within Zambia.

The diagram illustrates the relationship between AI Adoption and Operational Efficiency, with moderating variables influencing this relationship.



METHODOLOGY

This study employed a mixed-methods research design to examine the role of Artificial Intelligence (AI) in enhancing operational efficiency in Zambia’s retail sector. Quantitative data were collected through structured

questionnaires from 50 retail businesses to measure AI adoption and operational performance, while qualitative insights were gathered through semi-structured interviews and observations to explore managerial experiences and contextual challenges. Data were analyzed using descriptive statistics, correlation/regression analysis, and thematic analysis, providing a comprehensive understanding of AI adoption, its impact, and the factors influencing operational efficiency.

Research Approach

This study employed a mixed-methods research design, integrating both quantitative and qualitative approaches to provide a comprehensive understanding of the role of Artificial Intelligence (AI) in enhancing operational efficiency in Zambia's retail sector. The quantitative component measured AI adoption levels, operational outcomes, and correlations between adoption and efficiency indicators. The qualitative component, through semi-structured interviews and observations, captured the contextual, experiential, and managerial perspectives that could not be quantified but were critical to understanding adoption dynamics and operational challenges (Creswell & Plano Clark, 2018).

The mixed-methods approach enabled triangulation of data, enhancing the reliability and validity of the findings. By combining descriptive statistics, correlation/regression analysis, and thematic qualitative analysis, the study ensured that numerical patterns were enriched with contextual understanding, providing both breadth and depth in addressing the research objectives.

Hypothesis Testing And Quantitative Analysis

To assess the impact of AI adoption on operational efficiency, the study tested the following hypotheses:

- **H1:** AI adoption positively influenced inventory management efficiency.
- **H2:** AI adoption positively affected supply chain coordination and operational performance.
- **H3:** AI adoption improved customer service quality and overall customer satisfaction.

Quantitative data from structured questionnaires were analyzed using descriptive statistics (frequencies, percentages, and averages) and inferential statistics, including correlation and regression analysis, to test the relationships between AI adoption (independent variable) and operational efficiency indicators (dependent variables). Moderating variables, including business size, digital infrastructure availability, and employee technological skills, were included in regression models to examine how contextual factors influenced the effectiveness of AI adoption. This approach provided empirically supported insights for managerial decision-making and policy formulation.

Study Area

The study focused on major urban centers in Zambia Lusaka, Kitwe, and Ndola where retail activity was concentrated and digital adoption was relatively advanced. These cities provided diverse retail environments, including formal supermarkets, specialty stores, and informal kiosks. Focusing on these areas allowed for comparisons across business types, scales, and levels of technological readiness, providing a comprehensive view of AI adoption patterns in Zambia.

Study Population

The study population comprised retail businesses operating in the selected urban centers, including both formal and informal retailers. Businesses were categorized by type (e.g., supermarkets, clothing stores, electronics outlets) and size (small, medium, and large) to capture variations in operational capacity and readiness for AI adoption. Engaging owners and managers allowed the study to gather both managerial perspectives and operational data.

Sampling Technique And Sample Size

Purposive sampling was employed to select businesses with either active AI adoption or plans to adopt AI technologies, ensuring that participants were relevant to the research objectives. The total sample size was 50 retail businesses, distributed across Lusaka, Kitwe, and Ndola. This sample provided sufficient data for

meaningful quantitative analysis while remaining manageable for in-depth qualitative interviews. The inclusion criteria ensured representation across business types, sizes, and adoption stages.

Data Collection Methods

Data were collected using three complementary methods:

1. **Structured Questionnaires:** Administered to business owners/managers to collect quantitative data on AI adoption, operational efficiency, and perceived effectiveness. Responses used a **Likert scale (1–5)** to facilitate statistical analysis.
2. **Semi-Structured Interviews:** Conducted with selected participants to explore managerial experiences, perceived benefits, and challenges of AI adoption. Open-ended questions allowed participants to provide detailed insights.
3. **Observation:** Researchers observed operational workflows and customer interactions to contextualize quantitative and qualitative data, documenting patterns of technology use and operational dynamics.

Data Analysis

Quantitative data were analyzed using SPSS and Excel, employing descriptive statistics and inferential methods (correlation and regression) to evaluate relationships between AI adoption and operational efficiency. Moderating variables business size, infrastructure availability, and employee skills were incorporated in regression models to explore their influence.

Qualitative data were analyzed using **thematic analysis** (Braun & Clarke, 2019). Interview and observation notes were coded, categorized, and organized into themes aligned with research objectives, such as adoption drivers, operational improvements, and challenges. Integration of both datasets ensured **triangulated, robust insights**.

Ethical Considerations

Given the sensitivity of operational data and competitive nature of the retail sector, ethical safeguards were strictly observed:

- **Informed Consent:** Participants were fully informed about the study's purpose, procedures, risks, and benefits before participation.
- **Confidentiality:** All responses were anonymized, and no identifying information was disclosed.
- **Voluntary Participation:** Participants could withdraw at any point without penalty.
- **Data Protection:** All data were securely stored and used exclusively for academic purposes.

Limitations

Potential limitations included:

- **Participant Reluctance:** Some managers withheld sensitive operational information due to competitive concerns.
- **Sample Size:** Limited to 50 businesses, which may affect generalizability.
- **Context-Specific Constraints:** Findings primarily reflect urban retailers and may not fully capture rural or informal retail dynamics.

Section A: General Information Of Respondents

Business Profile

Table 5.1: Type and Size of Retail Business

Business Type	Frequency	Percentage
Supermarket	18	36%
Clothing Store	12	24%
Electronics Store	8	16%
Convenience Store	7	14%
Other (e.g., Furniture)	5	10%

The data in Table 4.1: Type and Size of Retail Business provides a breakdown of 50 retail businesses by type, along with their frequency and percentage representation. Supermarkets are the most common retail type, making up 36% of the total (18 out of 50 businesses). Clothing stores are the second most prevalent, representing 24% of the sample (12 businesses). Electronics stores account for 16% (8 businesses), showing a moderate presence, likely reflecting the growing but more niche market for tech products. Convenience stores make up 14% (7 businesses). ‘Other’ retail types, such as furniture stores, represent the smallest share at 10% (5 businesses).

Table 4.2: Business Size (by Employees)

Size Category	Frequency	Percentage
Small (1–10)	20	40%
Medium (11–50)	15	30%
Large (51+)	15	30%

The results show that 40% of the retail businesses are small (1–10 employees), 30% are medium-sized (11–50 employees), and another 30% are large (51+ employees). This indicates that most businesses fall within the small to medium size range, with a smaller but equal share of medium and large enterprises.

Section B: AI Adoption and Role in Enhancing Operational Efficiency

AI Adoption Rates

Chart 5.1: AI Adoption Among Retailers

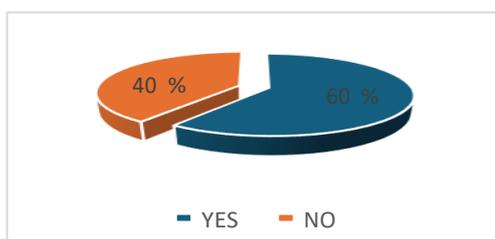
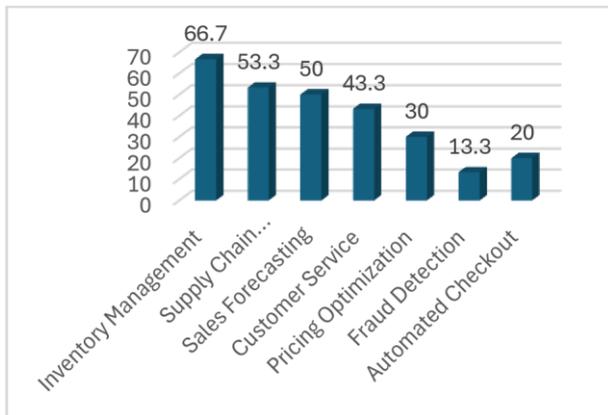


Chart 5.1 above shows that majority (60%) of retail businesses have adopted at least one AI solution in their operations.

Areas of AI Implementation

Figure 4.1: Areas Where AI Is Used (Multiple Responses Allowed)



According to figure 5.1, 66.7% of businesses use inventory management, 53.3% use supply chain optimization, and 50% use sales forecasting. Customer service tools are used by 43.3%, and 30% use pricing optimization. Automated checkout is used by 20%, while only 13.3% use fraud detection.

Perceived Improvements Due to AI

Table 5.3: Perceived Improvement Ratings (1–5 scale)

Aspect	Average Rating
Inventory Management	4.1
Supply Chain Efficiency	3.9
Customer Service	3.6
Cost Reduction	3.8
Employee Productivity	3.5
Customer Experience	3.7

Table 5.3 shows that inventory Management received the highest average rating at 4.1, followed by Supply Chain Efficiency at 3.9 and Cost Reduction at 3.8. Customer Experience rated 3.7, Customer Service 3.6, and Employee Productivity the lowest at 3.5.

AI Technologies Used in Zambia’s Retail Sector

Types of AI Technologies Implemented

Figure 5.2: AI Technologies Used

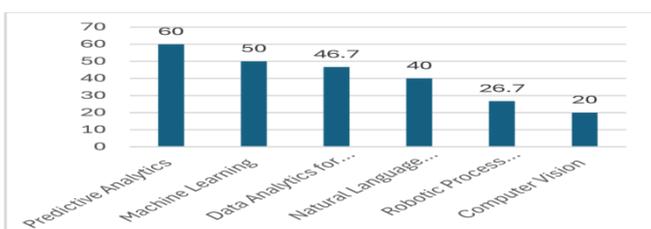


Figure 5.2 shows that 60% of businesses use Predictive Analytics, 50% use Machine Learning, and 46.7% use Data Analytics for Customer Insights. Natural Language

Processing is used by 40%, Robotic Process Automation by 26.7%, and Computer Vision by 20%.

Effectiveness Rating of AI Tools

Chart 5.2: Effectiveness of AI Solutions

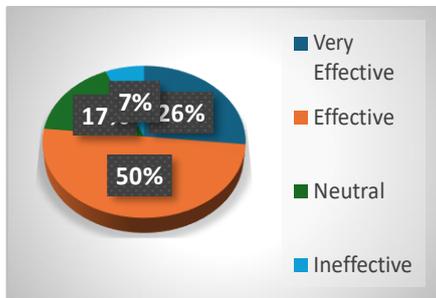


Chart 5.2 shows that 26.7% of respondents found the technology very effective, 50% found it effective, 16.7% were neutral, and 6.7% found it ineffective.

Influence of AI on Operational Costs and Customer Service

Change in Operational Costs

Chart 5.3: Operational Cost Impact

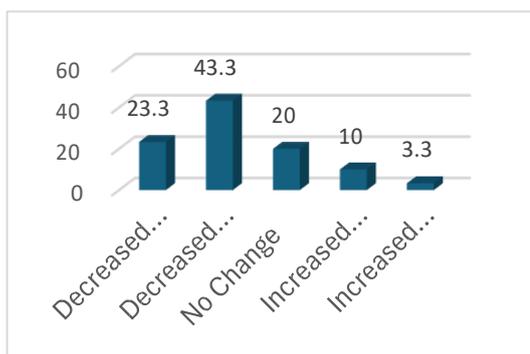


Figure 5.3 shows that 23.3% reported a significant decrease, 43.3% saw a slight decrease, 20% experienced no change, 10% observed a slight increase, and 3.3% experienced a significant increase.

Impact on Customer Service

Table 5.4: Customer Service Improvements (1–5 scale)

Service Area	Average Rating
Response Time	3.9
Customer Satisfaction	3.8
Personalized Recommendations	3.6
Customer Engagement	3.5
24/7 Support Services	3.3

According to table 5.4, response Time received the highest average rating at 3.9, followed by Customer Satisfaction at 3.8. Personalized Recommendations scored 3.6, Customer Engagement 3.5, and 24/7 Support Services the lowest at 3.3.

Sales Forecasting

Chart 4.3: Sales forecasting



Chart 5.3 shows that 36.7% responded “Yes, significantly,” 46.7% said “Yes, to some extent,” 10% answered “No,” and 6.7% were “Not sure.”

Section C: Challenges in AI Adoption

Common Barriers

Figure 4.3: Challenges Faced (Multiple Selections Allowed)

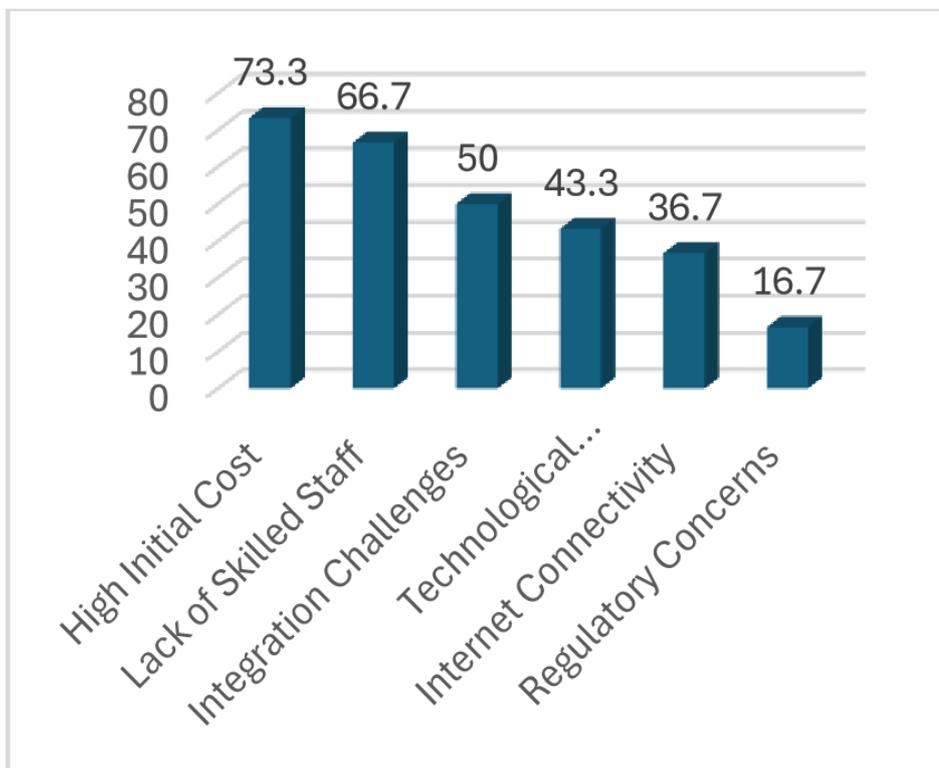


Figure 5.3 shows that 73.3% of respondents cited high initial costs as a challenge, 66.7% mentioned lack of skilled staff, and 50% reported integration challenges. 43.3% noted issues with technological infrastructure, 36.7% with internet connectivity, and 16.7% with regulatory concerns.

Strategies to Overcome Challenges

Chart 4.4: Strategies

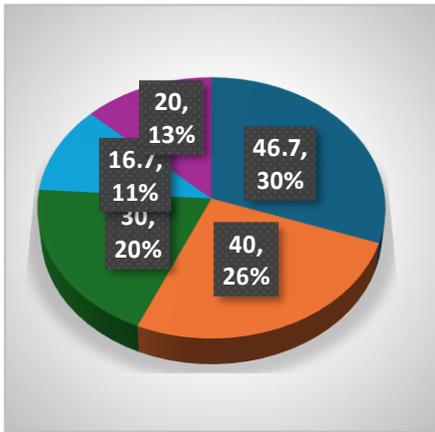


Chart 4.4 above shows that 46.7% of businesses are partnering with tech vendors, 40% are focusing on employee training, and 30% are upgrading infrastructure. 20% are engaged in knowledge sharing, while 16.7% are utilizing government grants.

Desired Support for AI Adoption

Figure 4.4: Support for AI adoption

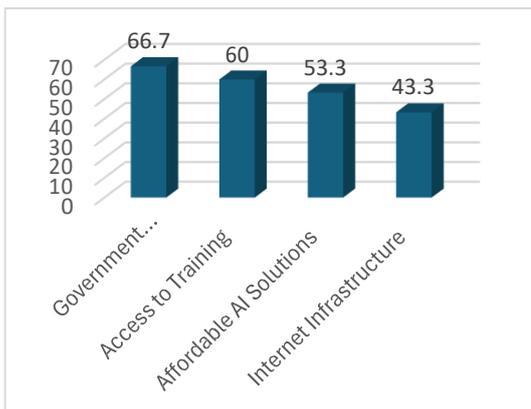


Figure 5.4 shows that 66.7% of businesses see government incentives as a key factor, followed by 60% who prioritize access to training. 53.3% find affordable AI solutions important, and 43.3% emphasize the need for better internet infrastructure.

DISCUSSIONS

This section interprets the study findings in relation to the research hypotheses and theoretical framework. It examines how AI adoption (independent variable) influenced operational efficiency (dependent variable) across inventory management, supply chain coordination, sales forecasting, and customer service. Moderating factors such as business size, digital infrastructure, and employee skills are also considered to explain variations in outcomes. The discussion highlights both practical and academic contributions, connecting empirical results to established theories such as the Technology Adoption Model (TAM) and Innovation Diffusion Theory (IDT).

The findings of this study provide strong evidence that Artificial Intelligence (AI) contributes significantly to operational efficiency in Zambia’s retail sector. Businesses that adopted AI solutions reported improvements across several operational dimensions... [continue with the original detailed findings].

The study also reveals that AI adoption is uneven across different retail business types and sizes. Larger businesses, such as supermarkets and electronics chains, are more likely to implement advanced AI technologies, including predictive analytics, machine learning, and natural language processing, due to greater access to financial resources, technical expertise, and infrastructure. Small and medium-sized enterprises (SMEs), on the other hand, face barriers such as high implementation costs, limited digital infrastructure, and a shortage of skilled personnel. These contextual constraints mirror observations in similar developing-country contexts, where structural limitations often inhibit the full realization of AI benefits (World Bank, 2021; Mbambo, 2021).

The findings highlight the importance of scalable and affordable AI solutions tailored to resource constrained environments. Retailers could benefit from modular AI platforms, cloud-based systems, and vendor-supported implementation programs that reduce upfront costs and technical complexity. Additionally, investments in employee training and digital literacy can enhance adoption outcomes, particularly in SMEs. Policy interventions, including government incentives, infrastructure development, and targeted capacity-building programs, are also essential to facilitate wider adoption and maximize operational efficiency gains across the sector (Ministry of Transport and Communications, 2020).

Overall, the study underscores that while AI offers substantial operational advantages, the realization of its full potential depends on addressing both organizational and systemic barriers. By integrating AI adoption strategies with supportive policies and infrastructure development, Zambian retailers can achieve sustainable improvements in efficiency, competitiveness, and service quality, aligning with broader objectives of digital transformation in emerging economies.

CONCLUSION

This study demonstrated that Artificial Intelligence (AI) significantly enhanced operational efficiency in Zambia's retail sector. Businesses that had adopted AI solutions reported measurable improvements in inventory management, supply chain coordination, sales forecasting, cost control, and customer service delivery. Inventory management, in particular, experienced the greatest positive impact, reflecting AI's ability to optimize stock levels, minimize stockouts, and streamline replenishment cycles. These results aligned with findings from global studies highlighting the benefits of AI integration in retail operations (Chen & Zhao, 2018; Huang & Rust, 2021; McKinsey & Company, 2022).

The research also revealed that AI adoption was uneven across business types and sizes. Larger retailers, including supermarkets and electronics chains, implemented advanced AI technologies more extensively than small and medium-sized enterprises (SMEs), due to greater access to financial resources, technical expertise, and infrastructure. SMEs faced significant barriers, including high implementation costs, limited digital infrastructure, and shortages of skilled personnel. These findings underscored the importance of contextual factors, such as resource availability and organizational capacity, in shaping AI adoption outcomes. Overall, the study provided localized, empirical evidence on AI use in Zambia, contributing to both academic knowledge and practical understanding of technology-driven operational efficiency in developing economies.

RECOMMENDATIONS

Based on the findings, the study provided the following recommendations for retail businesses, policymakers, and development stakeholders:

For Retail Businesses:

- Adopt scalable and cost-effective AI solutions, such as modular or cloud based platforms, to improve inventory management, supply chain coordination, and customer service.
- Invest in staff training to enhance digital literacy and technological competence, particularly in SMEs.
- Partner with technology vendors to support implementation, reduce integration challenges, and access ongoing technical expertise.

For Policymakers:

- Develop incentives, including tax relief or grants, to encourage AI adoption among resource constrained businesses.
- Invest in digital infrastructure, including reliable internet and power supply, to support technology deployment across retail sectors.
- Promote capacity-building programs focused on AI skills development and digital transformation initiatives.

For Future Research:

- Conduct longitudinal studies to evaluate the long-term impact of AI adoption on operational efficiency.
- Expand research to include rural and informal retail sectors to assess the broader applicability of AI technologies.
- Examine sector-specific AI applications beyond retail to understand cross-industry adoption patterns and efficiency outcomes.

Implementing these recommendations would enable Zambian retailers to maximize operational efficiency, improve competitiveness, and strengthen customer service, while providing evidence-based guidance for policy and technology interventions in emerging digital economies.

Figures and Tables

Figure 4.1: Areas Where AI Is Used (Multiple Responses Allowed)

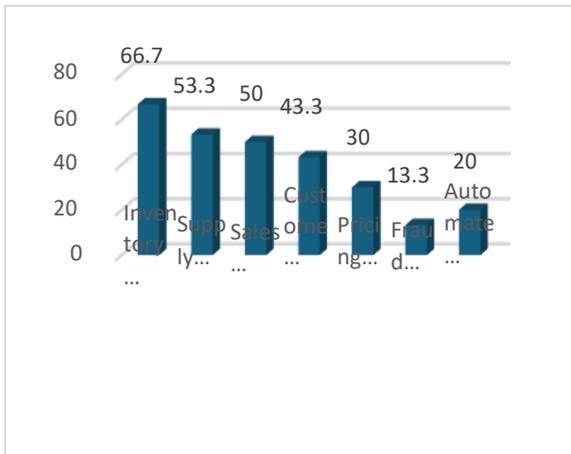


Chart 4.1: AI Adoption Among Retailers

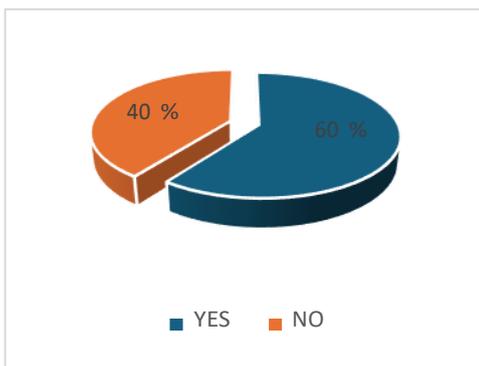


Figure 4.2: AI Technologies Used

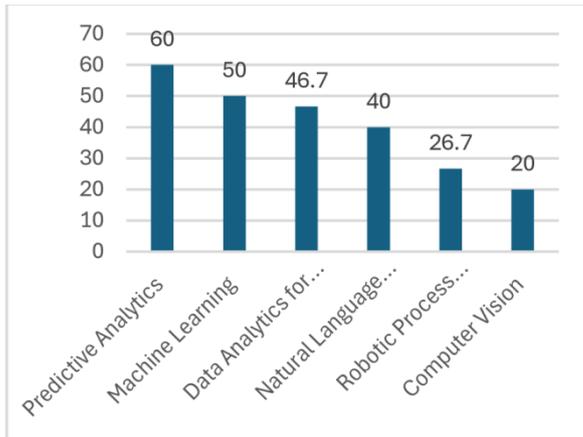


Chart 4.3: Operational Cost Impact

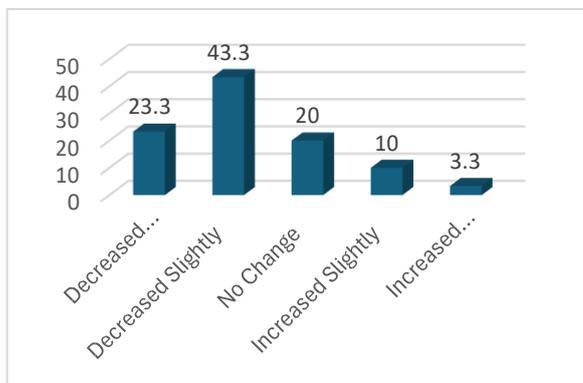


Chart 4.2: Effectiveness of AI Solutions

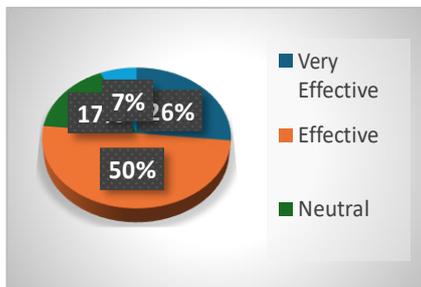
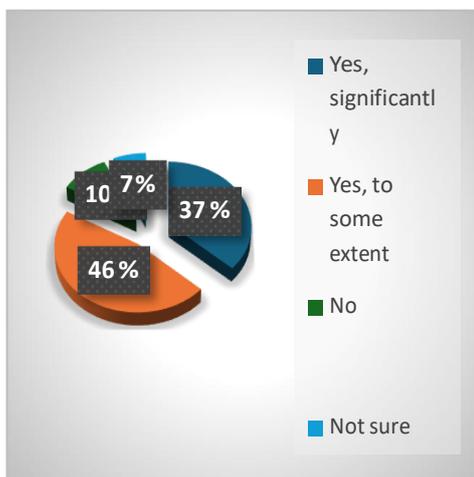


Chart 4.3: Sales forecasting



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About the Author

Augustine Mukuka is a dynamic professional and researcher with a passion for the Zambian extractive sector. He is currently a Master of Business Administration candidate at the University of Zambia and holds a Bachelor's degree in Economics. Augustine applies his academic insights as the Director of Business Development for Afri works Zambia Limited, a key provider of construction and mine support services across Southern Africa. His current research critically examines the profound impact of global mineral price fluctuations on the mining of copper, cobalt, and gold in Zambia, seeking to inform strategies for greater economic resilience and sustainable industry growth.

Ethical Considerations

This study observed established ethical standards to protect participants and ensure the integrity of the research process. The research involved retail business owners and managers; therefore, ethical principles of informed consent, confidentiality, and voluntary participation were strictly upheld throughout the study.

All participants were adequately informed about the purpose of the study, the nature of their involvement, and the intended use of the data. Participation was voluntary, and respondents were assured of their right to withdraw from the study at any stage without any negative consequences. Consent was obtained prior to the administration of questionnaires and interviews.

Confidentiality and anonymity were maintained by ensuring that no identifying personal or business information was disclosed in the study. Data were anonymized and used solely for academic purposes. This was particularly important due to the competitive nature of the retail sector and the sensitivity of operational and technology-related information.

The study was designed to avoid harm to participants by refraining from collecting sensitive financial or strategic data. Findings were reported objectively and honestly, ensuring that no individual business or category of retailers was misrepresented. The research complied with institutional ethical guidelines and relevant national research standards.