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An empirical investigation into the factors affecting the performance of SMEs in the retail sector in Windhoek, Namibia

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DECLARATION

I, undersigned, Heikky Ndjundodhigu Amwele student number 201027461, hereby declare that this research project handed in at the Polytechnic of Namibia in fulfilment of a Master Degree In International Business is my own work. I further hereby affirm that it has not been submitted previously to any institution by me or someone else. I apologise for any errors incurred. All additional information used in this project is given reference andall sources have been accurately reported and acknowledged.

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ACKNOWLEDGEMENT

DEDICATION

I dedicate this work entirely to my late mother Rauha Gandja-aihe Amwele who passed away on the 14th February 2009 and my late father Gideon Mbulu Amwele who passed away in September 1996, may their souls rest in everlasting peace.

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ADP	Automatic Data Processing
BPM	Business performance management
BSC	Balance Score Card
CPM	Corporate Performance Management
DBN	Development Bank of Namibia
FNB	First National Bank
FDI	Foreign Direct Investments
HRM	Human Resource Management
GDP	Gross Domestic Product
IFC	International Finance Corporation
KPI	Key Performance Indicator
MTI	Ministry of Trade and Industry
NamBiC	Namibia Business and Investment Climate
NCCI	Namibia Chamber of Commerce and Industry
NSCA	Namibia Small Constructor Association
OECD	Organization for Economic Co-operation and Development
SME	Small and medium enterprises
TIPEEG	Targeted Intervention Program for Employment and Economic Growth
H1	Hypothesis one

Abstract

In developing countries, Small and medium enterprises (SMEs) play a crucial role in fostering socio-economic development. They create employment opportunities, empower communities and make positive contributions towards the gross domestic product. The survival of SMEs is therefore crucial in alleviating poverty and achieving sustainable development. This research aims to investigate the factors that affect the performance of SMEs in the retail sector in Namibia. The research will begin by highlighting the environment in which the SMEs operate currently as well as the state of doing business in Namibia. It was identified that the economic environment in which the SMEs operates its neither good nor bad, and this was supported by the prior studies in Namibia on contrary.

Various studies on the factors that adversely affect SMEs performance were reviewed and the theoretical framework was derived from the findings of the studies. Hypotheses were drawn from the theoretical frameworkand each hypothesis was tested separate from other factors. The quantitative and qualitative methods where applied in the gathering of data. A 5 Likert scale was used in the questionnaires whereby conclusion where drawn based on the mean results and the weighting ranking method.Out of the 14 attributions examined, the study found out that resources and finance, external environment, competitions and corruption are the most factors that adversely affect the performance of SMEs in the Namibian retail sector. Guidance was also given on what should be done in order to reduce the risk of failing among the SMEs and also to increase the survival chances of the small and medium enterprises in the market. The study also highlights on the rubrics that could be used to measure the performance of SMEs in the

Namibian retail sector. It is up to the SMEs to employ the measurement tool which best fit their business. The rubric would then be employed to establish and isolate the factors that affect the performance of SMEs in the retail sector. The research concluded by giving suggestion on what should be done to improve the performance of SMEs in a dynamic business environment.

1   CHAPTER 1: INTRODUCTION

Visser, (2006) argued that "small and medium enterprises (SMEs) are the backbone of growing economies and serve as a key source of income for most people living in urban and rural communities". In Namibia,over the past five years, SMEs have contributed approximately 12 percent to the Gross Domestic Product (GDP) and have employed about 20 percent of the work force during the same period (Ramsden, 2010). Despite their potential to generate income, SMEs in the Namibian retail sector have struggled to survive, and about 90 percent of the enterprises have collapsed within the first five years of operation (NCCI, 2010). According to Bank of Namibia,(2010) "SMEs operate in a largely volatile and competitive environment which requires efficient and effective monitoring of business operations".

Globally, the significance of SMEs to the economic growth is underlined by their contribution to both developed and developing economies. Empirical evidence show that, even in such developed economies such as the United States of America in recent years,SMEs have been responsible for the creation of 80 percent of all new jobs (Mead and Liedholm, 1998) and currently the number has increased (Scott, 2012). In addition, the USA Automatic Data Processing (ADP) report shows that small business employment is currently 96.7 percent. In Northern Ireland and the UK as a whole, it is estimated that SMEs account for about 56 percent and 48 percent of employment in the private sector (Greer, 1997).

The SME sector in Namibia has two segments, a formal and an informal one (Stork, 2010). According to Stork, (2010) the formal sector is different from the informal sector in the manner in which laws and regulations are followed. In the informal sector, employees usually do not have employment contracts; they cannot take vacation, they

have no social security benefits, no medical aid and the workers are usually family members or friends. The informal enterprises usually do not pay taxes, nor do they keep receipts or conduct bookkeeping. Esselaar and Stork (2006) also point out that the informal sector in Namibia is dominated by people who fail to find formal employment. They then turn to this sector as a last resort and struggle to make a living by operating in this sector.

The Namibian formal sector operates in an environment that is characterised by formal business processes that have widespread standardised procedures which are highly risk adverse (Nyandoro, 2012). According to Smorffit, (2010) in the formal sector there is a clear demarcation between the individual's daily livelihood and business activities. In this sector, effort is made to balance books, record transactions and generally follow business ethics. The World Bank (2013) in the Doing Business Report (2013), indicates how Namibia economy's regulatory environment for business, compares with the regulatory environment in other economies.

Doing Business Report provides an aggregate ranking on the ease of doing business based on indicator sets that measure and benchmark regulations applying to domestic small to medium-size businesses through their life cycle. Economies are ranked from 1 to 185 by the ease of doing business index. For each economy the index is calculated as the ranking on the simple average of its percentile rankings on each of the 10 topics included in the index in Doing Business 2013: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The ranking on each topic is the simple average of the percentile rankings on

its component indicators. The aggregate ranking on the ease of doing business benchmarks each economy's performance on the indicators against that of all other economies in the Doing Business sample. While this ranking tells much about the business environment in an economy, it does not tell the whole story. The ranking on the ease of doing business, and the underlying indicators, do not measure all aspects of the business environment that matter to firms and investors or that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

(World Bank, 2013; Doing Business, 2013) View the Namibian economy as follows;

Region: Sub-Saharan Africa **DB2013 rank**: 87

Income category: Upper middle income, **DB2012 rank**: 81

The population of about: 2,324,004.**Change in rank**: -6

The GNI per capita: (US$) 4, 700,

Figure.1 The chart below shows how Namibia and comparator economies rank on the ease of doing business (World Bank, 2013; DB, 2013)
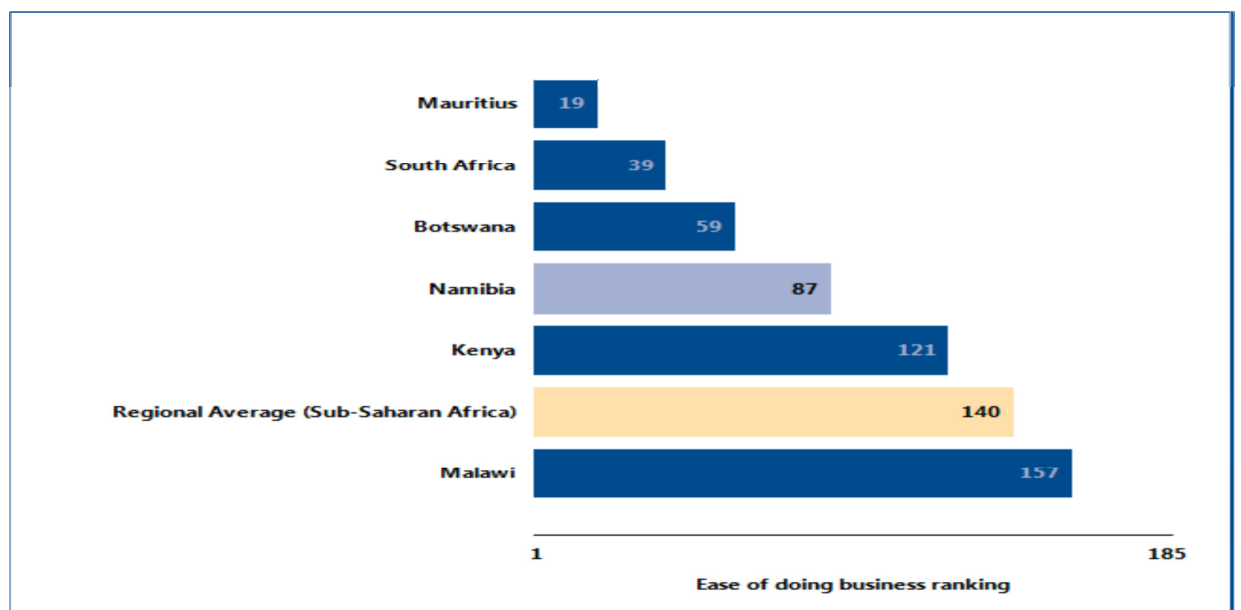
Figure.2 Shows how Namibia ranks on Doing Business topics (World Bank, 2013; DB, 2013)
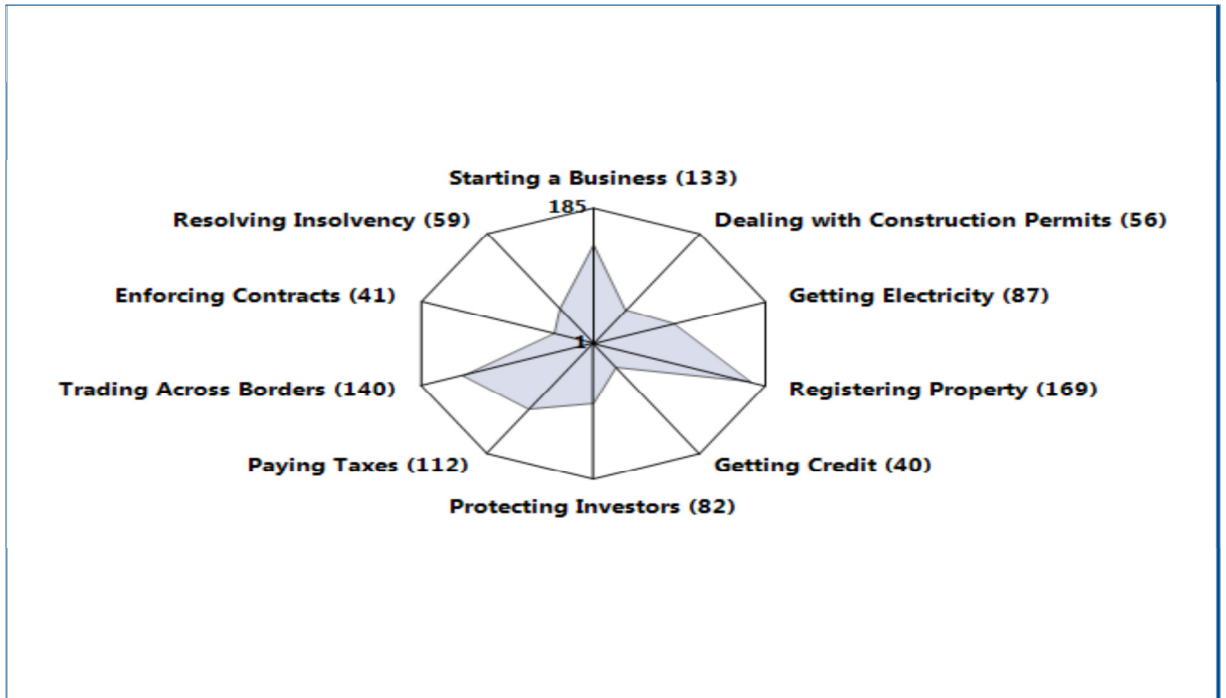
The charts above indicate how the Namibian economy is performing and this is the environment in which the SMEs are currently operating, even though Namibia is not doing badly in terms of economic performance,the SMEs are struggling to survive. According to Stork (2010) the current economic conditions are seen as neither good nor bad by responding businesses. Businesses are far more prepared to invest than they are prepared to employ people. A reason for that could be Namibia's restrictive labour laws that make it a risk for a business to employ someone. Generally, informal businesses are more optimistic than formal businesses.

Therefore this study attempts to investigate and identify factors that affect the performance of small and medium enterprises (SMEs) in the retail sector in Windhoek, Namibia. The study also intends to conduct a holistic assessment of how the SMEs run

their enterprises, and how they could reduce the risk of failure and increase the chances of success.

This research hypothesises that the identification of factors that affect the performance of these SMEs can be used to isolate weaknesses, clarify objectives and improve management processes. While many theories on performance measurement and performance management have been developed e.g. (Kruger, 2004) and (Visser, 2006), these theories have mainly been useful to large organizations and only a few have targeted SMEs. To further compound to this problem, recent research such as Jamil and Mohamed (2011), indicate that the few theories that have targeted SMEs have been inherently weak in that they tend to ignore the volatile contexts within which the SMEs operate.

The theoretical framework in this research was drawn around the findings from different studies.

1.1   Problem statement

The performances of SMEs have a significant influence on the development of an economy. The continued failure of new enterprises and the lack of growth of those that survive continue to pose challenges to the Namibian economy.

SMEs contribute extremely to eliminatingpoverty by creating employmentopportunities, but according to Ramsden (2010) the SME sector will thrive in an environment that supports business growth, where the regulatory regime is transparent and decisions are made in a consistent fashion (and not on an ad hoc basis) and where the physical infrastructure (road and rail networks, power and telecoms connections) is adequate to facilitate trade and commerce (rather than impeding it).

According to the policy and programme on small business development, Namibian small businesses are particularly disadvantaged. Most SMEs are in the informal sectors and they are new, established since independence. The colonial past has made them confine their access to resources and spheres of activity to a very narrow part of the economy which is the most underdeveloped. However the situation still prevailing as SMEs are still struggling to survive and have no access tocredit, lack of skills and lack of variety (Nambic, 2011).

Namibian SMEs have to contend with well-established competitors from South Africa, whose capacity and past experience enable their business practices to see off competition from small Namibian business, therefore Namibian SMEs are struggling with effective performance due to such competitions and other various factors.

1.2 Aims and objectives

The main aim of this research is to identify the factors that affect the performance of SMEs in the Namibian retail sector.

The following are the sub objectives

1. Explore the current environment that the SMEs operate in.

2. Identify performance rubrics.

3. Identify the challenges experienced by SMEs in their daily operations.

4. Search for practical solutions that will ensure the success of SMEs.

Research questions

Main research question

1. What factors most negatively affect the performance of SMEs in the Namibian retail sector?

Sub-questions

1. How is the current environment in which the SMEs operate?

2. What tools can be used to measure the performance of SMEs?

3. What are the challenges specific to SMEs in the retail sector?

4. How can the performance of SMEs be improved?

Research methodology

The target sample would be selected using random sampling from SMEs located in Windhoek. The random samples obtained would then form the population that would be investigated. In this research, business success will be the dependent variable and the independent variables would be:

1. Entrepreneur Characteristics,

2. Characteristic of SME,

3. Management and know-how,

4. Products and services.

5. Customers and markets

6. The way of doing business and cooperation.

7. Resources and finance

8. Strategy

9. External environment

10. Innovations and Trainings

11. Competition

12. Infrastructure

13. Government policy and Interventions

14. Corruption

Primary data will be gathered by means of a structured questionnaire. The questionnaire will consist of three parts. The first part will capture demographic information and the current state of the operating environment, the second part will capture the challenges experienced by SMEs in their daily operations, and the third part will capture contextual performance elements that the SMEs currently use or might have used in the past. The respondents will rate the statements on the questionnaire using a 5 point Likert Scale.

The mean system was used to analyse the data, where by the Descriptive analysis was used to present the findings of the study. For the reliability of the method, a weighting ranking system was used in order to avoid the tie among the results. In order to counter the weaknesses of the questionnaire method, a triangulation of methods will be used. This means that interviews and questionnaires' were applied to the same samples.

Delineation of research

This study attempts to investigate and identify factors that adversely affect the performance of small and medium enterprises (SMEs) in the retail sector in Windhoek, Namibia. The study also intends to conduct a holistic assessment of how the SMEs run their activities, and how they could reduce the risk of failure and increase the chances of success. Due to time constraints the study examined fourteen factors that influence the SMEs business operations. These factors were: Entrepreneur characteristics, SMEs characteristic, management proficiency, products and services, customer and market, way of doing business, resources and finance, co-operate strategy, competition, corruption, innovation, government intervention, infrastructures and external environment. The theoretical framework in this research was drawn around the findings of each SME.

Chapter outline

The chapter shed light on the economic environment in which the SMEs operate and how Namibia is currently performing. The chapter also shed light on the main objective of the study and its sub questionnaires.According to the prior studies they indicated that the SMEs struggle to survive in the market and the economic condition where they are operating is neither good nor bad.

2   CHAPTER 2 LITERATURE REVIEW

2.1   Introduction

The ability of the SMEs to perform effectively depends on their potential to invest in restructuring, innovation and management, all these investments need capital and therefore access to finance. Beside access to finance there are variousfactors that could also influence the SME performance,this chapter would shed light on the performance rubrics which could be used to measure the performance of SMEs and also to find out the factors that could affect the SMEs performanceon a theoretical perspective. The chapter would also provide a brief definition of an SME.

2.2   Literature review

2.2.1   Definition of SME

Ayyagari (2003) points out that the term SMEs covers a wide range of definitions and measures varying from country to country and between the sources reporting SME statistics. Some of the commonly used criteria are the number of employees, total net assets, sales and investment level. However there is a variation in defining the upper and lower size limit of an SME. Conceptual and empirical research on Small to Medium Enterprises has long indicated the complexities of researching on this sector (Pasanen, 2005). To start with, there is no universally agreed definition of the term SME, while on the other hand the definitions provided by different scholars at times overlap each other and may have different meanings in different countries (Sten, 1998). As a consequence of this semantic pluralism, comparisons of results from studies conducted in different

contexts are thus subjective and difficult to aggregate. In light of this and as a point of departure a brief definition of the term SME will be given.

OECD (2006) says thatthe most frequent upper limit designating an SME is 250 employees, as in European Union. However some countries set the limit at 200, while the United States considers SMEs to include firms with fewer than 500 employees. Small firms are mostly considered to be firms with fewer than 50 employees while micro enterprise have at most ten, or in some cases, five employees.

In Namibia, there are several definitions given to the term SME (Hansohm, 1996). Nevertheless, a widely used definition of the term is given by the Ministry of Trade and Industry. The Ministry of Trade and Industry defines an SME as any organisation that has an annual turnover of less than N$1 million and employs less than 10 people. The definition is also split into main two categories i.e. manufacturing and service delivery (See table 1).

Table.1: Small to Medium Enterprise Definition

Sector	Employment	Turnover (N$)	Capital (N$) Employed
Manufacturing	Fewer than 10 persons	1,000,000	500,000
Service	Fewer than 5 persons	250,000	100,000

According to this definition the number of employees must fulfil the criteria together with at least one of the other two criteria (Annual turnover and Capital employed). In light of this and also having looked at the various definitions of the term SME, this research used the Ministry of Trade and Industry's definition of an SME. There is no restriction

on other definition because Namibia is clustered with foreign entrepreneurs, from different economic background, and with a different view of defining SME.

2.2.2 **Tools that can be used to measure the performance of a business**

Ryan (2010) points out that performance measurement is an important factor for a business as it moves into the future. Business performance measurement tools provide a window into how every element of your business is working, and if you are on track to meet objectives. Typically, performance measurements fall into financial or non-financial categories, and are considered lagging or leading. Lagging measurements give feedback to past performance and leading look to the future. There are several business performance measurement tools you can use to analyze all aspects of your business.

Clark (2010) says that in order to effectively manage a business, it is advisable for a company to regularly measure its performance. It isn't always clear, however, how one can measure performance. There are several different methods for evaluating a company's performance, namely; The Balanced Scorecard, Gap analysis and financial assessment.

In order for a business to perform effectively, the owner need to know how all the components of the business are operating, if one component is operatingineffectively then the whole system might be affected. Therefore a constant check-up is required for the management to ensure future progress of the business. There a various business tools which SME entrepreneurs could apply to measure their performances as discussed below.

2.2.2.1 The Balanced Scorecard

Clark (2010) the balanced scorecard is a popular method for measuring a company's performance. The idea of the balance scorecard is that you should not evaluate a firm on the basis of one single measure. Instead, it is most effective if you measure a company's performance according to four distinct perspectives. These perspectives are:

the financial perspective (a measure of company earnings); the customer perspective (a measure of performance related to clients); the internal process perspective (a measure of how effectively the organization functions); and the growth perspective (a measure of how well the organization is able to learn and develop). These four perspectives measure a company's performance in a holistic way so that you can gauge the overall health of an organization.

Figure.3The Balance Scored Card

A simple tool for measuring performance
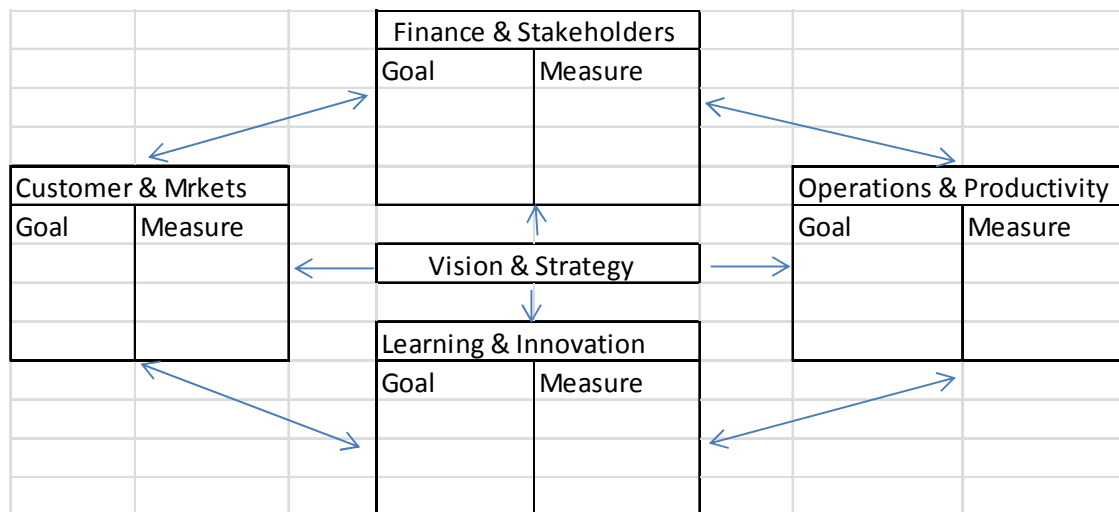
Khani and Ahmadi(2012) stated that,over the past decade, the balanced scorecard (BSC) has become a widely advocated management tool associated with "best practices". As a management tool, the BSC provides an enhancement to the traditional management planning and control system by looking beyond financial measures and considering nonfinancial measures. According to Kaplan and Norton (1996), the developers and staunch advocates of BSC: "The name reflected the balance between short-term and long-term objective, between financial and nonfinancial measures, between lagging and

leading indicators, and between external and internal performance perspectives". The first version of BSC that was developed by General Electric in the 1950s was designed as a performance measurement system, but the BSC has now evolved into a strategic management tool critical to an organization's planning process" (Hendricks *et al.*, 2004). Hoque and James (2000), indicate that BSC enhances higher improvement in organizational functions. Darvish *et al.* (2012) indicated a positive significant

2.2.2.2 *Gap Analysis*

According to Clark (2010),"a gap analysis is a useful method of measuring performance when there are already fixed performance standards. For example, you may have a goal of producing a certain number of units per month. This could be a performance standard. A gap analysis starts with the established performance measure. After looking at the established performance measure, a manager assesses the current performance level. Finally, the manager will calculate the difference between the performance standard and the actual standard. This provides the gap, which is an indication of how close a company has come to its performance standards. The smaller the 'gap', the better the company's performance. An advantage of this performance measure is that it provides an indication of what needs to be overcome in order to achieve the desired level of performance".

2.2.2.3 *Financial Assessment (Accounting tools)*

According to Clark (2010), a financial assessment is the simplest way to analyse the performance of a firm. It may not tell anything about the company's processes, but it entails about a company's end results. A financial assessment analyzes the financial records of a firm in order to determine whether the performance of the company is efficient. Specific measures may differ, but would usually encompass gross profits, return

on investment and total shareholder value. When assessing the financial performance of a firm, a continued growth without a levelling off or decline in profits would be expected to be observed.

2.2.2.4   *Key Performance Indicator (KPI)*

Another SMEs performance measuring tools is Key Performance Indicator (KPI). Taylor (1990) stated that a performance indicator or key performance indicator is a type of performance measurement which an organization may use to evaluate its success or to evaluate the success of a particular activity in which it is engaged. Reh (2013) stated that sometimes success would be defined in terms of making progress toward strategic goals. Often success is simply the repeated periodic achievement of some level of operational goal.Reh (2013) stated that Key Performance Indicators are quantifiable measurements that reflect the critical success factors of an organization. However they would differ depending on the organization.

According to Taylor (1990), choosing the right KPIs relies upon a good understanding of what is important to the organization depending on the department which would measure the performance. This is because the indicators would differ from point to point therefore the KPIs useful to finance will be quite different than those assigned to sales. The selection of performance indicators is associated with various techniques to assess the present state of the business and its key activities; therefore there is a need to well understand what is significant to an organization. These assessments would lead to the identification of potential improvements and so performance indicators are routinely associated with 'performance improvement' initiatives.

2.2.2.5   Business Performance Management (BPM)

According to Brocke and Rosemann (2010), Business performance management (BPM) is another business performance measuring tool. BPM is a set of management and analytic processes that enables the management of an organization's performance to achieve one or more pre-selected goals. Synonyms for "business performance management" include "corporate performance management (CPM) and "enterprise performance management".

According to Brocke and Rosemann (2010) Business Performance Management consist of three main activities:

1. selection of goals,

2. consolidation of measurement information relevant to an organization's progress against these goals, and

3. Interventions made by managers in light of this information with a view to improving future performance against these goals.

Although presented here sequentially, typically all three activities will run concurrently, with interventions by managers affecting the choice of goals, the measurement information monitored, and the activities being undertaken by the organization.

2.2.2.6   Performance Dashboard

Dashboards are diagnostic tools designed to provide busy managers with a quick overview of a company's performance. As a concept, performance dashboards have been around for many years and reports indicate that they have been widely adopted by businesses.

Arnott and Pervan (2005) point out that dashboards are a particular type of decision Support Systems that can be defined as "a visual and interactive performance management tool that displays on a single screen the most important information needed to achieve one or several individual or organizational goals, allowing the user to identify, explore, and communicate problem areas that need corrective action".

According to Yigitbasioglu and Velcu, (2012) dashboards incorporate visual and functional features, which in combination help improve cognition and interpretation, they may be used by different users such as front-line workers to monitor inventory, by middle managers to analyse lagging measures, and by executive managers to evaluate strategic performance against objectives.Pauwels *et al.* (2009) suggested four possible purposes of using dashboards: (i) monitoring, (ii), consistency (iii), planning and (iv), communication. According to Pauwels *et al.* (2009)monitoring refers to the day to day evaluation of metrics that should result in corrective action and it could be also considered as the dashboards most fundamental function. Pauwels *et al*. (2009) further explained that "Consistency relates to the alignment of measures and measurement procedures used across departments and business units. The dashboards may also be used for planning purposes. Finally, a dashboard communicates both performance and the values of an organization to its stakeholders through the choice of the metrics".

2.2.3 The challenges and factors affecting the performance of SMEs in the retail sector

In order for any business to perform efficient and effectively it needs to operate in a conducive environment, however there are many challenges that could influence its performance negatively. Ganbold (2008) stated that a favourable enabling environment for SME sector refers to the economic, physical, legal and institutional framework within

which the SME sector operates in. A positive environment can be defined as the existence of a competitive internal market with access to financial services and supported by healthy and educated human resources.   In addition, the market needs to be connected to an increasingly global economy by an efficient and viable infrastructure and guided by a well-defined legal and regulatory framework. However, the establishment of an environment conducive to supporting SME is not in itself enough to ensure SME sector growth, for the SMEs themselves must be competitive and profitable. In other words, SMEs themselves should overcome internal constraints such as weak management skills and other challenges that could prevent SME from taking advantage of good enabling environment. Many studies had been done on the challenges that affect the performance of SMEs. Therefore in an attempt to get a holistic picture of the problem, a wide range of literature on factors affecting the performance of SMEs in Namibia and beyond was reviewed. Through the review of the literature the researcher identified, the most factors that hinder the performance of SMEs in general as well as in the retailer sector. The researcher drew a framework from the findings of the studies and at the end of this study, the researcher will be able to find out from the framework, which factors affect the performance of SMEs in the retailer sector of the Windhoek vicinity. The studies presented as follows;

In India, Amin, (2010) found out that the key obstacles and problems faced by Indian retailers and how the severity of the obstacles varies across rich and poor states and small and large stores. Inadequate power supply, poor access to finance, and high corruption are the three mostpressing problems. The note also sheds light on the low level of competition in the sector and its consequences for the efficiency of retail stores.From a

list of twenty obstacles, stores were asked to identify the one most important for their business. Most stores (33 percent) identified electricity as the most important obstacle followed by access to finance (16.7 percent), corruption (11.5 percent), land-related problems (9.8 percent), and high taxes (9.1 percent). These top five obstacles are consistent across small and large stores as measured by the floor area of the shop. However, large stores are less concerned about finance and more concerned about taxes. The data also show an interesting pattern across high income (leading) and low-income (lagging) states.3 Compared with the lagging states, fewer stores report access to finance as the single most important obstacle in the leading states (22.9 percent vs. 9.7 percent). This is also true of electricity (40.6 percent vs. 28.7 percent). The opposite holds for corruption (8 percent vs. 15.4 percent), tax rates (3.2 percent vs. 12.6 percent), and land-related problems (7.3 percent vs.11.1 percent). We note that these comparisons do not imply that leading states perform worse in absolute terms than the lagging states in governance-related issues (corruption, taxes). Rather, with economic development, governance related issues become greater binding constraints for stores 'operations than finance and infrastructure.

Indarti and Langenberg (2005) identified key components that are important in analyzing the success of SMEs in any given context. The components identified were

1. The characteristics of the entrepreneurs

2. The characteristics of the SMEs

3. The contextual elements of SME development.

In another similar research, Stork (2010) studied factors influencing the survival of small firms in Namibia, while Ramsden (2010), made a cross national study of the key

success factors of Namibian SMEs and made reference to lessons learnt from other countries and concluded that, the key impediment to SME sector development is the lack of access to external finance, since there is a limit to how far firms can grow simply by reinvesting earnings and tapping into their owners' personal funds. On the other hand (Smorfitt, 2010) carried out a complimentary study and investigated the determinants of various financing strategies to these SMEs.

Stork (2010) stated that access of finance and cost of capital remains the biggest obstacle to business performance and further investment (53%). Family and friends remain the main source for business loans in the informal and formal of micro business sector.

Support programmes for the informal sector need to be different from the formal sector. Informal businesses require assistance in raising capital to expand. In addition they need investments, accounting and entrepreneurial skills. Financial management and accounting in secondary school would boost skill-levels and prepare learners for the harsh Namibian realities, where only a small number of school leavers find formal employment and others are pushed into entrepreneurship or forced to find employment in the informal sector.

According to the study made in Kenya, one of the most significant challenges is the negative perception towards SMEs (Amyx, 2005). The negative perceptions toward SMEs result influence the potential clients to perceive small businesses as lacking the ability to provide quality services and simultaneously unable to satisfy more than one critical projects therefore often larger companies are selected for such projects and for their clout in the industry. It was further substantiated by Gwari and Bruhns (2005) as

they indicated that, Namibian small businesses still have difficulty in establishing their positions when dealing with bigger Foreign Direct Investments (FDI). This is because Namibian SMEs are classified as tiny by European standard and they are managed by individuals or families with no real professional managerial cadre. The absence of professional managerial cadre tends to generate a certain degree of inflexibility in responding to changed market conditions.

This could also be classified as a negative perception upon SMEs. However Gwari, *et.al* (2005) added that the lack of inflexibility in responding to market conditions is often compounded by a range of other human resources constraints related to the availability of both formally skilled trained labours and support services which were routinely available in Europe, but are in short supply in Namibia. It is against such background that Namibian SMEs need:

1. Assistance in finding new markets

2. Diversification of product range

3. Product development technical assistance

4. Concessional financing

5. Trade development support

The study of Amyx (2005) and Gwari (2005) indicates that the management characteristics of an SME could easily develop a negative image in the mind of the clients, which could affect the performance of business in terms of customer retention, market growth and financial growth.

Starting and operating a small business includes a possibility of success as well as failure. A simple management mistake is likely to lead to sure death of a small enterprise

hence no opportunity to learn from its past mistakes. Longenecker, *et al.* (2006) indicated that lack of planning, improper financing and poor management among SMEs was the main causes of failure of small enterprises. While (Oketch, 2000; Tomecko and Dondo, 1992; Kiiru, 1991) identified lack of credit as one of the most serious constraints faced by SMEs and it hinder their developments.

Bowen, *et al.* (2009), conducted a studymanagement of business challenges among small and micro enterprises in Nairobi-Kenya, the study concluded that, "the main challenges facing Small Businesseswere; competition, insecurity, debt collection, lack of working capital and power interruptions. 89.4 percent of respondents mentioned competition while 68.2 percent mentioned insecurity as a challenge. 54.5 percent, 53 percent and 44.9 percent of the respondents mentioned debt collection, lack of working capital and power outages respectively.Out of the 177 respondents who mentioned competition as a challenge, 71 percent mentioned it among their top three. When asked how they counter their competitors, 30.2 percent of the respondents mentioned good customer service followed by discount offers (which vary according to client), which was mentioned by 18.3 percent as the remedy. According to Bowen, *et al* (2009) 7.9 percent of the respondents reported that they use price as a competitive edge by selling goodsmore cheap than their competitors. Selling a variety of products was mentioned by only 6.3% of the respondents. 5.6 percent of the respondents mentioned offering credit facilities, 4% selling of quality goods and services, while 3.2% mentioned offering customer's additional services like free training. Bowen, *et al.* (2009), further stated that using price to compete might results in lower profit, whether the stock turnover would be high. If the business does not generate enough income it won't be able to cater for all its

expenses, therefore the business might die eventually. This strategy can be employed by everybody.

Chen and Liang (2011) in their study concluded that SMEs have weaker competitive competence and lack a variety of resources that enables them to grow, compared to large companies. Therefore for the SMEs to manage competitions they should establish co-operation relationships, the most beneficial function of building co-operation relationships is to capture external resources that are difficult to find in the market, such as skilled employees and technology. Weak capabilities usually cause high production costs. Establishing a co-operation network can be treated as an optimizing resource process, which is beneficial for reducing the cost and improving the profitability. SMEs tend to cooperate with competitors for outsourcing parts of jobs/contracts to improve productivity.

Another study done in Malaysia, (Krishna *et.al.*, 2012) concluded that, effective entrepreneurship, appropriate HRM (Human Resource Management), use of marketing information and application of information technology do have a significant impact on the performance of SMEs in Malaysia whereas the use of marketing information has the strongest relationship among the four variables in affecting the organization performance SMEs in the manufacturing industry in Malaysia.

Chuthamas, *et.al* (2012) in Thailand found out that, the most significant factors that affect the business success of SMEs are: SMEs characteristic, customer, market, the way of doing business, external environment, resources and finance. Chuthamas, *et.al* (2012) further suggested that, for the SMEs to continue successful growing, resources and finance, customer and market should be developed continuously.

According to Ramsden (2010), the barriers to growth faced by SMEs do vary from country to country; some common themes tend to emerge:

1. Business regulation (how easy it is to open and close a business and obtain the necessary operating permits and licenses)

2. Infrastructure (erratic electricity supply, logistics of getting produce to market)

3. Corruption

4. Access to finance (across the full range of financial services, not just credit);

5. Management capacity (having skills across a wide range of disciplines)

Ramsden (2010) concluded that there is no one 'magic bullet' that will ensure growth in a country's SME sector, however in an effort to ensure SME growth and development there is a need for government and the private sector to come together to address SME needs, especially the financing needs that so often suppress the creativity and innovation characteristically seen amongst SMEs from around the world.

In addition to these themes, Enterprise Surveys conducted by the World Bank (2010) also show that in Namibia, SMEs face more severe financing constraints than large firms. By contrast, although large firms also face the same constraints, they seem to be in a better position to deal with these constrains.

This notion was further substantiated by the Doing Business indices. The Doing Business indices is made up of a variety of business relevant indicators which rank countries based on their ease of establishing, running, and closing an enterprise. Namibia is ranked 66th overall (out of 180 countries). Yet, in two important areas i.e. starting a business and registering property, Namibia ranks much lower (123rd and 134th

respectively). These rankings are relevant to this research and Bank of Namibia (2010) tends to suggest that:

a. More needs to be done to facilitate the growth of the formal sector

b. Difficulties in registering property would normally increase the difficulties enterprises have in accessing finance, since they are less likely to be able to offer title to property as collateral for bank funding.

2.2.4   Theoretical Framework

The literature review indicated that there are many factors that can affect the performances of business and these factors differ from country to country however at some point they correspond. The factors identified from different studies were, inadequate power supply, poor access to finance, high corruption, land related issues, high taxes, entrepreneurs characteristics, SMEs characteristics, contextual elements of SME development,negative perceptions toward SMEs, competition, insecurity, debt collection, lack of working capital, power interruptions, management skills, appropriate HRM (Human Resource Management), marketing information, information technology, customer and market, external environment, business regulation, infrastructures, difficulty in registering properties, creativity and innovation. The factors identified where classified in the following, 14 categories as some factors derived from the same root.

1.   Entrepreneur Characteristics,

2.   Characteristic of SME,

3.   Management and know-how,

4.   Products and services.

5.   Customers and markets

6.   The way of doing business and cooperation.

7.   Resources and finance

8.   Business strategies

9.   External environment

10.   Innovations and Trainings

11.   Competition

12.   Infrastructures

13.   Government interventions and policies

14.   Corruption

The 14 factors identified formed a theoretical framework of the study, whereby the researcher investigated each component of the framework in order to find the solution to the main research question. The researcher investigated the degree of effects each variable had on the performance of SMEs in Windhoek. In this research, business successful performance was the dependent variable and the independent variables were the 14 categories.

Figure.4: Theoretical frameworks model for the factors that affect the performance of SMEs

Independent Variables   **Dependent Variable**

Entrepreneur characteristics

SME Characteristics

Management and Know how

Products and Services

Customers and Market

Way of doing business and operation

Resources and Finance

Business strategies

External environment

Innovations and Trainings

Competition

Infrastructure

Government interventions

Corruption

Business Performance that results in success
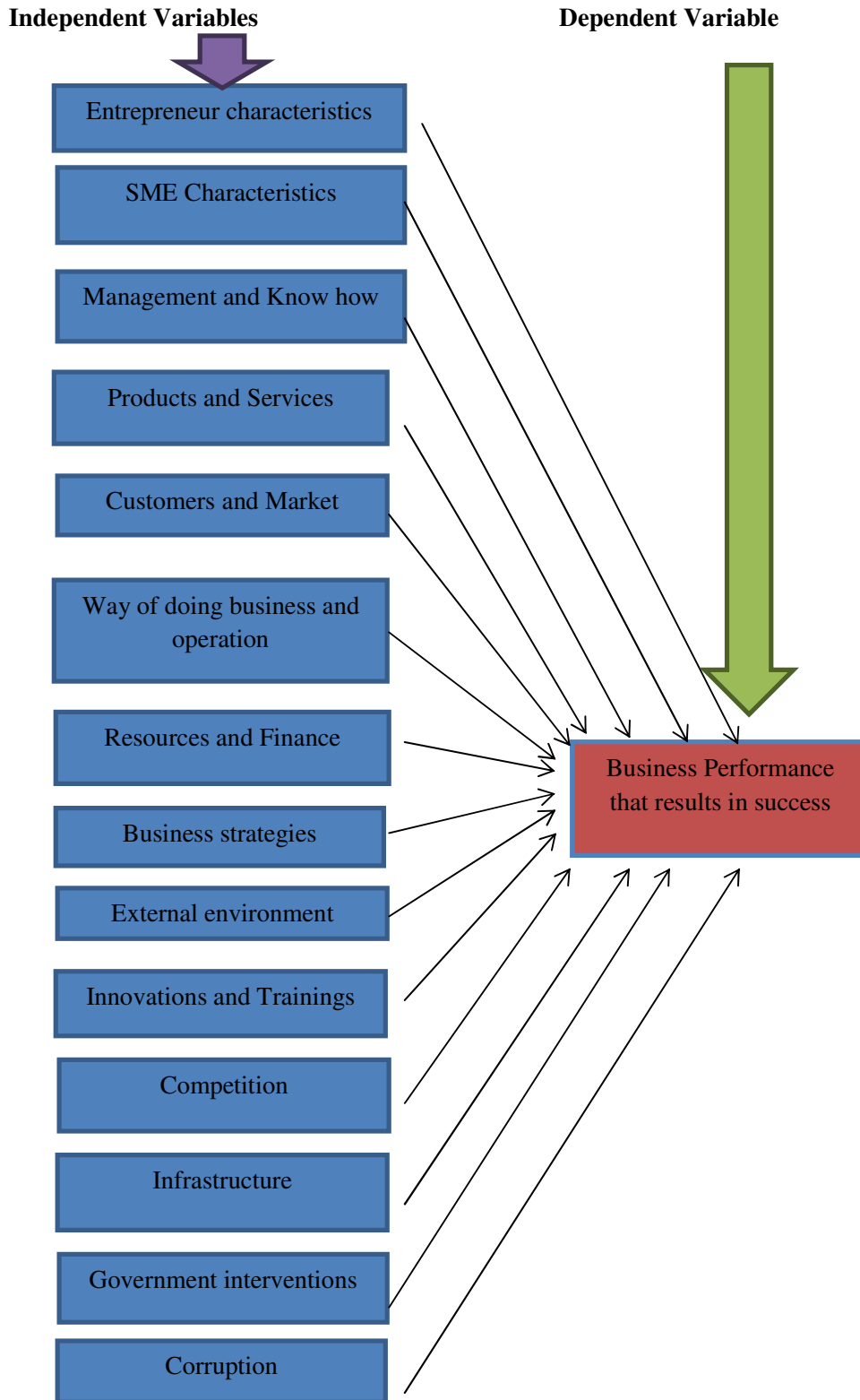
The theoretical framework in this researchprovidedthe perspective, through which the research objectives were examined. Therefore the following hypotheses were derived from the above theoretical framework:

H1 Entrepreneur characteristics affect the performance of the SMEs.

H2 SME characteristics affect the performance of the SMEs.

H3 Management and know-how affects the performance of the SMEs.

H4 Products and services affect the performance of the SMEs.

H5 Customer and the market affect the performance of the SMEs.

H6 The way of doing business affect the performance of the SMEs.

H7 Resources and finance affect the performance of the SMEs.

H8 Business strategies affect the performance of the SMEs.

H9 External environment affect the performance of the SMEs.

H10 Innovations and IT affect the performance of the SMEs.

H11 Competition affects the performance of the SMEs.

H12 Infrastructures affect the performance of the SMEs.

H13 Government intervention and policies affects the performance of the SMEs.

H14 Corruption affects the performance of the SMEs.

2.2.5 Summary

The chapter covered the different tools which can be used by SMEs to measure their performances, it also identified various factors affecting the performance of the SMEs from a theoretical perspective; enabling the researcher to develop a holistic picture of the possible limiting factors of efficient and effective performance of the SMEs in Namibia. The factors identified were used to form a

theoretical framework of the study and the hypothesis where derived from the framework.

The following chapter focuses on the research methodology applied in executing the research. It would also entail the different methods used as well as the research instruments applied and the rationale for utilising such instruments.

3   CHAPTER 3 RESEARCH METHODOLOGY

3.1   Introduction

This chapter focuses on the research design and methodology, how the information was obtained from the relevant sources. The aim of this study is to investigate the possible factors affecting the performance of SMEs in Namibia particularly in Windhoek. Therefore this chapter also covers the definition and description of the different methods used for data gathering. This chapter also explains the rationale for utilizing various methods or techniques.

3.2   Research questions

The performances of SMEs have a significant influence on the development of the economy. The continued failure of new enterprises and the lack of growth of those that survive continue to pose challenges to the Namibian economy. This research will attempt to investigate these problems by addressing the following research questions

Main research question

1. What factors most negatively affect the performance of SMEs in the Namibian retail   sector?

Sub-questions

1. How is the current environment in which the SMEs operate?

2. What tools can be used to measure the performance of SMEs?

3. What are the challenges specific to SMEs in the retail sector?

4. How can the performance of SMEs be improved?

3.3   Research objectives

The main aim of this research is to identify the factors that affect the performance of SMEs in the Namibian retail sector.

The following are the sub objectives

1. Explore the current environment that the SMEs operate in.

2. Identify performance rubrics

3. Identify the challenges experienced by SMEs in their daily operations.

4. Search and recommend practical solutions that would ensure the successful performance of SMEs.

3.4   Research design

William, (2006) stated that sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen.

The research population was selected using random sampling from the SMEs located in Windhoek. According to the records of the Municipality of Windhoek there are only 113 SMEs known by them, therefore 40 SMEs were selected by using a simple random sampling to form a research sample. Forty self-designed questionnaires were prepared and forty SMEs where interviewed. The researcher decided to interview the participants personally because some participants could not read and write and some could not understand the questions very well, therefore the researcherhad to translate in vernacular and complete the questionnairesaccording to therespondent's answers. Out of 40 participants further interview was conducted depending on how they rated each variable. Therefore a stratified sample was exercised on this activity as the researcher

wanted the extra questionnaire to be answered by a specific group, however the researcher could not predict how many participants will be in each rank. In this research, business effectively performance was the dependent variable and the independent variables were;

1. Entrepreneur Characteristics,

2. Characteristic of SME,

3. Management and know-how,

4. Products and services.

5. Customers and markets

6. The way of doing business and cooperation.

7. Resources and finance

8. Business strategies

9. External environment

10. Innovations and Trainings

11. Competition

12. Infrastructures

13. Government interventions and policies

14. Corruption

3.5   Research strategy

3.5.1   Research method

The gathering of information of any kind will involve the contribution of many individuals; therefore the present research applies both quantitative and qualitativeapproaches as they complement each other.

Quantitative research method generates numerical data or information that can be converted into numbers. In addition quantitative Research is objective in approach in the sense that it only seeks precise measurements and analysis of target concepts to answer the research problem. The quantitative was used because it was easier to analyse numeric data from the questionnaires' and the study was aiming to test hypothesis , whether each independent variables had negative impact on the SMEs performance or not.

Explorable.com (2009), Qualitative research focuses on gathering of mainly verbal data rather than measurements. Gathered information is then analyzed in an interpretative manner, subjective, impressionistic or even diagnostic. Therefore the qualitative method was used as it was subjected to collect and analyse data which were generated from the extra interviews upon the ranking as the researcher wanted detailed information. The study also wanted to find out why an attribution is regarded as a threat to the performance of SMEs. The researcher felt that through open –ended questions, a detailed explanation could be generated.

3.6   Data collection

Data can be collected in a number of various ways and from different sources; exampleGovernment publication, interview, internet, statistical sources and books.

Therefore various research instruments were used in gathering information of this study namely, questionnaires, literature review and interviews.

3.6.1 Research instruments

3.6.1.1 Literature study

Various studies done in line with this study where reviewed for the reason given by leedy and Omrod (2005) who stated that the literature review describes theoretical perspectives and previous research finding regarding the problem at hand. Its function is to review what others have done in areas that are similar, though not necessarily identical to, one's own area of investigation. In addition the literature study enables the researcher to know what has been explored about the problem at hand in order to be able to explore the unknown. Therefore the studies done in India, Thailand, Malaysia, Kenya, Nigeria, Namibia, and across the globe were reviewed. Upon the findings of the different studies a theoretical framework was drawn.

3.6.1.2 Questionnaires

Forty self-designed questionnaires were used to gather primary data from the participants. The questionnaire was divided into five parts. The first part comprised of general information of the company, business operating environments, challenges to the performance of the business, public policy and administrative environment. The second part consisted extra questionnaires for each attribution, however only two extra questionnaires the participants answered depending on which attribution ranked as number 1 or 2 factor with a negative impact on the performance of his/her business. The respondents were asked to rank statements on contextual condition related to each factor affecting business performance. This part consisted of 39 questions which were intended

to measure factors that affect business performances, using 5-point Likert scale anchored by strongly disagree to strongly agree. Out of 39 questions, 71.8 percent (28 questions) require a 5-point Likert scale while the remaining 11 were open-ended questions. At the end of the first part the respondents were asked to rank attributions depending on how they affect the performance of their business with 1 being the category that affects the business the most negatively and 14 being the category that affects their business the least negatively.

The second part had 14 questionnaires with 4 questions on average in each. Out of 14 questionnaires only two required per respondent depends on the ranking done by the participant.The factors were entrepreneur characteristics, characteristic of SMEs, management and know-how, products and services, customer and markets, the way of doing business, resources and finance, strategy, and external environment, innovation and trainings, competition, infrastructures, government interventions and policy and corruption.

Pollard and Tann (1993), defined questionnaires as a form of data collection uses questions and statements to stimulate responses to set items. Questionnaires are usually given to the respondent to fill in. The technique can be used for collecting factual information as well as opinions.

Veal (2005) indicates that questionnaires are cheaper to use and quicker to elicit information from the respondents and relatively anonymous. The disadvantage of questionnaires is sometimes the researcher gets patchy responses, incomplete responses,and there is a risk of frivolous responses.

Questionnaires in particularare limited in the sorts of data that can be collected. They are, for example, less effective for exploratory type research (Saunders *et al*. 2003) and where the information required is of a more qualitative or open ended in nature (Robson 2002).

However, the questionnaires were used to elicit information about the demographic information and the current state of the environment in which the SMEs are operating. To capture the challenges experienced by SMEs in their daily operations and lastly the contextual performance elements that the SMEs currently use or might have used in the past.

3.6.1.3 Interviews

Interviews were done for the reasons in line with the explanations done by Crowther and Lancaster (2009) and (Veal 2005).

Crowther and Lancaster (2009) stated that interview is a face-to-face questioning technique, which aimed to collect information from the respondents. They further indicated the advantages of interviews;

The face-to-face questioning techniques in particular allow the researcher to provide feedback to respondents immediately upon collecting the data. This, in turn, enables the researcher to check the validity and relevance of data as it is collected.

The Interview technique has the potential for substantial depth and detail, and where data encompasses complex issues.Moreover, the interview can explore and negotiate understandings because of the possibility of immediate feedback and follow-up.

According to Veal (2005), collection of information through interviews is more accurate, high responses rate, fuller and more complete answers and the design can be

less 'user friendly'. However it has some disadvantages which are; higher cost, less anonymity, exaggerated desire to please interviewer and more care needed in layout and presentation.

The researcher used the interview method in order to collect the information from the interviewees in full depth. The interview method has been used by the researcher with the hope of supplementing data collected from using other methods. Furthermore an interview also enables respondents to have more room to answer their answers with close ended question. It also stimulates more information and clarification on follow-up questions.

3.7 Data analysis

The Likertt scale data were analyzed at the interval measurement scale. Likertt scale items are created by calculating a composite score (sum or mean) from four or more type Likertt-type items; therefore, the composite score for Likertt scales should be analyzed at the interval measurement scale. Descriptive statistics recommended for interval scale items include the mean for central tendency and standard deviations for variability. After the questionnaires were completed, each question was analysed separately only few questions whereby the responses were summed to create a score for a group of items. Hence, Likertt scales are often called summative scales. A mean score was calculated for each question in order to get the overall response toward a statement. The mean is calculate when the value of an item summed up and divide the sum by the number of values.

The fourteen hypotheses were tested in this manner in order to determine, the factors that affect the performance of the SMEs. The mean scores were compared against

the five points on the Likertt scale. Any score above three was regarded positive toward the statement. Mean scores were compared to one another and the factors with the highest mean score and above three were the factors that negatively affect the performance of SMEs.

Although the average values for sub-topic give some idea of the strength of concern, people tend to see every sub-issue as important in and of itself. Therefore, for reliability of the test, weighted rank system was applied in order to combine the issue ranking and the strength of concern for each sub-issue.The weighted ranking method was calculated by multiplying each score by the weight for the relevant attribute. Thus weighted, the scores are totalled to obtain an aggregate weighted score for each option. The attribute with a highest aggregate weighted score was regarded to be the most factors with a negative impact on the performance of SMEs.

Open ended questions were analysed by looking for patterns and trends in the responses in order to reach some conclusions as to what is viewed.

3.8   Ethical Considerations

Upon the collection of the research data and the compilation of the research, the researcher ensured to abide to the following ethic principles;

Strive for honesty in all scientific communications. Honestly report data, results, methods and procedures, and publication status. Do not fabricate, falsify, or misrepresent data. Do not deceive anyone upon the collection of data.Keep your promises and agreements; act with sincerity; strive for consistency of thought and action.

Avoid careless errors and negligence; carefully and critically examine your own work and the work of your peers. Keep good records of research activities, such as data collection, research design, and correspondence with agencies or journals

Share data, results, ideas, tools, resources. Be open to criticism and new ideas.

Honour patents, copyrights, and other forms of intellectual property. Do not use unpublished data, methods, or results without permission. Give credit where credit is due. Give proper acknowledgement or credit for all contributions to research and never plagiarise.

Protect confidential communications, such as papers or grants submitted for publication, personnel records, trade or military secrets, and patient records.

Ensure that SMEs participants are interviewed willingly.

The researcher ensured that there is no content in the research instruments or in his conduct that could cause physical or emotional harm to the subject.

3.9   Summary

This chapter highlights the different methods applied in the execution of this study, whereby the research population was selected through random sampling.It's alsogave a fully detailed explanation of various research instruments used namely, literature review, questionnaires, and interviews.

The data collected would be analysed and processed by using by means of calculating mean scores and for the reliability of the data the weighted rank method would be applied. Tables and graphs would be used to represent data collected.

The next chapter focused on the analysis and interpretations of the data collected.

4   CHAPTER 4 ANALYSIS AND RESULTS

4.1   Findings

4.1.1   Description of the sample

A total of 45 questionnaires (in hard copy) were distributed to selected respondents, only 40 questionnaires were collected back. Thirty-five (35) questionnaires were administered by the researcher and they were all returned and fully completed. The remaining 10 questionnaires administered by the assistant, however out of the 10 questionnaires administered by the assistant only seven were return and 2 were not fully completed, therefore only 5 were used for the study. Therefore in total, 40 questionnaires were used for analysis.

4.1.2   Analysis of data

The survey results show that out of 40 respondents 32 (80%) of the company participated where close corporation, while 8(20%) were sole traders. 60% of the participants had been in operation for 1-5 years, 25% for 6-10 years, 7.5% for 11-15 years, 5 % for 16-20 years and 2.5% for 21-25 years in operations. The survey analysis also shows that out of 40 respondents, there were more male than female respondents. The results show that 26 (65%) of the respondents are male and the remaining 14 (35%) are female. The majority of respondents, a total of 22 (55%) were aged between 31 to 40 years old, 12 (30%) were aged between 21 to30, 4(10%) were aged between 41 to 50 years old, 2 (5%) were above 50 years old. The survey results show that 67.5% of the companies have annual turnover of N$10 000.00- N$500,000.00, while 12.5% have turnover of N$ 600,000-N$1million and yet another 20% have turnover of over N$1 million.

The companies which took part in this study were from different sector and where represented as follows, in the table below.

Table.2: The sectors and number of respondents from each sector

Business sector	No	Business sector	No
Event management	0	Hair salon/Barbershop	3
Farming	2	Tourisms	0
Mining	1	Transport/Communication	2
Manufacturing/Processing	2	Financial services	0
Water/Electricity	0	Import/Export trade	2
Construction and Civil Engineering	13	Kapana Seller	1
Shebeen	4	Street Vendor/Hawker	1
Market Operator	5	IT	1
Consultants	2	Cell phone Airtime	2
Food and Beverage	10	Private Education Institution	0
Cleaning	0	Mechanical Engineering and repairs	5
Accountant/Bookkeeping	1	Marketing & others( )	3
Total	**40**	**Total**	**20**

Some companies operate in more than one business sector that's why the number exceeded forty which was the number of the participants.

On average 35 SMEs agreed that they are registered with the Ministry of Trade and Industry while 5 respondents (12.5 %) are not registered. 90% of the SMEs respondents, sell 100% of their products and services domestically and 10% of the SMEs indicated that they sell 75% of their products /services domestically and 25% exported.

On average most SMEs had invested in equipment and materials, however they are uncertain whether they invest in research and developments. In addition the study find out that most SMEs do not invest in the education of their staffs, however 100% of the SMEs are willing to further invest in their business for business upgrade. The number of

employees, 30 (75%) SMEs had employees from 1-10employees, 9 (22.5%) had 11-50 employees and 1(2.5%) had 51-200 employees. In addition 35(87.5) respondents had strongly agreed to employee more 1-10 employees, 3(7.5%) to employee 11-50 employees and 2 (5%) to employee none.

On average (3.35) the respondents indicated that the economic condition in which their business currently operate is neither bad nor good. The respondents also indicated that it is neither difficult nor easy to establish and register a business in Windhoek. Again on average it is neither difficulty nor easy to obtain a permit for a specific industry. Twenty-two (22) (55%) of the respondents agree that it was difficult to establish and register their business, 16(40%) said it was easy and 2(5%) were neutral. However on average (4.05) it is difficult for the respondents to obtain a land or space for their businesses in Windhoek.

The descriptive analysis indicate that time and complexity of the process on average (1.88), Costs of registering a business (2.03), Need of official documents (1.63) and labour regulations (1.30) were not obstacles for the SMEs respondents to register their business. 39 (97.5%) respondents foresee the benefit of registering a business with the Ministry of trade and Industry.

On the public policy and administrative environment, 36(90%) of the respondents did not benefit from any government programmes which aimed to empower the SMEs with jobs or resources, while 4(10%) of the SMEs benefited. From the 4 that benefited,1benefitted from Targeted Intervention Program for Employment and Economic Growth(TIPEEG), 1 on Green scheme and 2 on Government Annual Tenders. On average (4.01) the respondents are aware of the government programmers. An

average of (2.08), of the respondents did not approach the local authority for business advice, but an average (2.70), of respondents were not satisfied with the services provided by the local authority. On average (4.18), the respondents indicated that the government's red tape (bureaucracy) is a big problem when dealing with issues that affects their business. The survey results show that 39 (97.5%) of the respondents and 4.88 on average, agreed that they have vision and mission, however on average (2.70), the respondents do not have standard business plans. The SMEs respondents analyse their business market resources' obstacle to success and specific advantage. On average (4.71), the respondents agreed that they do analyse the four aspects mentioned above. Thirty-nine (97.5%) respondents forecast on how many sales their business should have annual or monthly, while 1 (2.5%) was neutral. 18 (45%) of the respondents are aware of different business tools to measure their business performances. Again 18(45%) of the respondents are not aware at all and 4(10%) were not sure whether what they knew are the tools inquired or not. Yet out of the 18 that are aware only 6 (33.3%) that use such tools in their business.28 (70%) SMEs considered their current businessperformances toward their goals to be neither good nor bad (neutral), while 7 (17.5%) considered their business performance good, with only 3 (7.5%) respondents say their performance were very good , 1(2.5%) deteriorating and 1(2.5%) very poor. (See figure 4.1)

Figure.5: Rating of SMEs performance
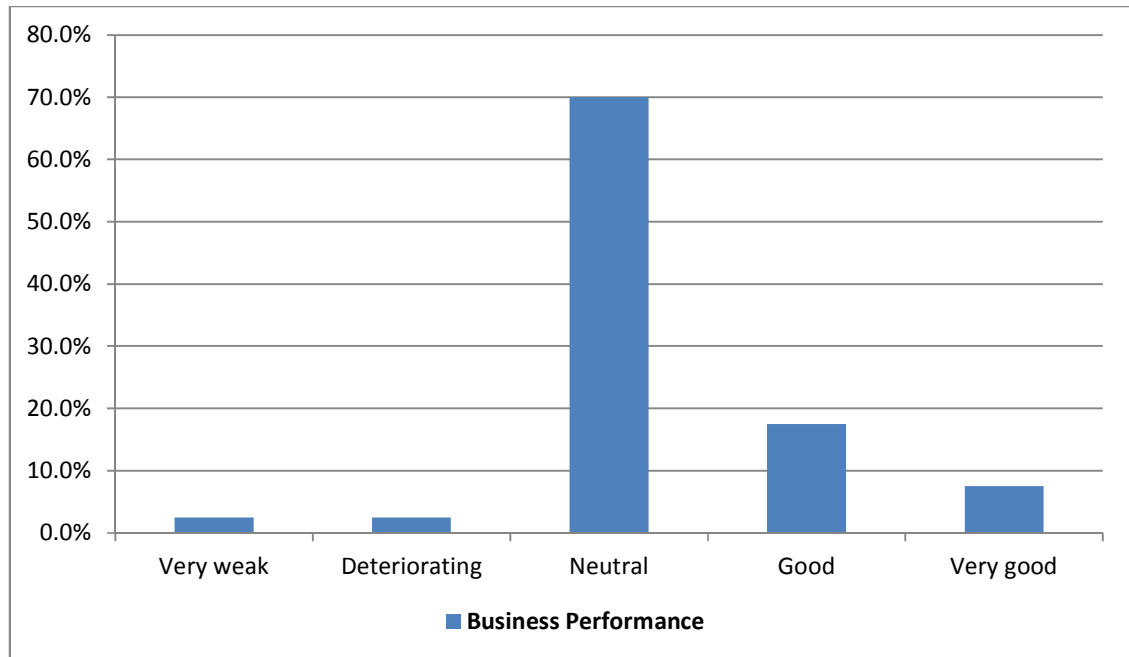
The factors affecting the effective performances of SMEs

Any attribution with a mean greater than three has a negative impact on the current performances of the SMEs respondent.

On average (1.30) entrepreneur characteristic is not an obstacle to the SMEs performance.

On average (1.13) SME characteristics is not the most obstacle to the SMEs performance.

On average (1.53) Management and Know how was not an obstacle to the SMEs performance.

On average (1.68) Products and services was not an obstacle to most SMEs performance.

On average (1.83) Customers and Market were not the obstacles to SMEs performance.

On average (1.25) the way of doing business was not the obstacle to the SMEs Performance.

On average (4.33) the respondents strongly agreed that Resources and Finance were the obstacles to their performances.

On average (1.30) Business strategies was not an obstacle to the performances of the respondents.

On average (4.13) the survey shows that external environment is an obstacle to the current performances of the respondents.

On average (1.90) the survey shows that innovations and trainings had no negative impact on the current performance of the respondents.

On average (3.43) the survey analysis results shows that competitions has a negative impact on the current SMEs performances.

On average (1.95) the infrastructures had no negative impact on the current SMEs performances.

On average (2.18) the government interventions and policy had no negative impact on the SMEs current performances.

On average (3.30) the survey analysis results show that corruption had a negative impact on the performances of the respondents.

See the result on the table below

In the table the letters were used for the attribution factors because a full complete word could not fit in the table, therefore the letter representation is indicated as follows:

A= Entrepreneur characteristics   H= Business strategies

B= SME characteristics   I= External Environment

C= Management and know how   J= Innovation and Training

D= Product and services   K=Competition

E= Customers and market   L=Infrastructures

F= The way of doing business   M=Government interventions and policies

G= Resources and finance   N=Corruption

Table.3: Shows the Likert scale results for each variable

Respondent no	A	B	C	D	E	F	G	H	I	J	K	L	M	N
						Answer from the 5 point liker scale of each respondent								
1	1	1	1	3	2	1	5	1	5	1	2	3	2	1
2	1	1	1	5	5	1	4	1	1	1	1	1	1	4
3	3	3	5	3	5	5	5	4	4	5	3	2	5	5
4	1	1	1	1	2	1	2	1	2	1	3	1	1	1
5	1	1	4	1	1	2	5	4	5	1	5	1	3	5
6	1	1	1	1	1	1	5	1	3	1	2	1	1	5
7	1	1	2	1	1	1	3	1	5	1	3	1	2	2
8	1	1	1	2	1	1	4	1	3	3	5	3	2	1
9	1	3	1	1	1	1	5	1	4	1	2	3	3	5
10	1	1	1	2	3	1	5	1	5	3	5	3	4	5
11	1	1	1	4	1	1	5	1	5	4	3	1	1	1
12	1	1	4	1	3	1	4	1	3	1	5	3	4	5
13	1	1	1	1	1	1	5	1	5	3	1	4	4	4
14	1	1	1	1	2	1	5	1	5	1	2	1	1	5
15	3	1	1	1	3	1	1	1	5	3	5	4	4	5
16	1	1	3	1	1	1	4	1	3	1	1	1	1	5
17	1	1	1	1	1	1	5	1	4	1	1	1	4	3
18	1	1	1	1	1	1	5	1	4	1	4	1	4	5
19	1	1	2	1	1	1	5	1	4	1	1	1	1	1
20	1	1	1	4	1	1	5	1	5	3	5	1	1	1
21	1	1	1	1	1	1	3	1	3	1	1	1	1	1
22	1	1	1	1	1	1	5	1	3	1	2	1	2	5
23	2	1	2	2	4	3	5	2	5	4	4	4	2	5
24	1	1	1	1	1	1	5	1	5	1	3	2	2	5
25	1	1	1	2	2	1	5	1	4	1	2	2	1	2
26	1	1	1	1	1	1	3	1	5	2	2	1	1	1
27	1	1	1	1	2	1	4	1	5	3	5	1	2	3
28	1	1	1	1	1	1	3	1	5	1	5	2	1	1
29	1	1	1	1	2	1	3	1	5	3	5	2	1	1
30	1	1	1	1	2	1	4	2	5	3	4	2	1	4
31	1	1	1	3	3	1	5	1	4	2	5	1	2	2
32	1	1	1	1	1	1	5	1	4	1	5	1	4	5
33	1	1	1	1	1	1	5	1	5	1	5	2	2	3
34	1	1	1	1	1	1	5	1	5	3	1	4	1	1
35	5	1	5	1	2	1	5	1	1	1	5	1	5	5
36	2	2	2	2	2	2	2	2	5	2	5	2	2	5
37	1	1	1	5	5	3	5	3	1	3	5	5	3	5
38	3	1	2	1	1	1	5	1	5	1	4	5	1	4
39	1	1	1	3	2	1	4	1	5	1	5	1	3	4
40	1	1	1	1	1	1	5	2	5	4	5	1	1	1
Total	52	45	61	67	73	50	173	52	165	76	137	78	87	132
Mean	1.30	1.13	1.53	1.68	1.83	1.25	4.33	1.30	4.13	1.90	3.43	1.95	2.18	3.30

The formula used to calculate the mean was: Mean =Total value/number of values

The descriptive statistics shows that the variables that negatively affect the performances of the SMEs are resource and finance (4.33), external environment (4.13), competitions

(3.43) and corruption (3.30). These variables had the mean average greater than 3. The resource and finance was the most common factor which affect the performance of the SMEs, because of the highest average recorded on it. See the full results on the table below.

Table.4: The ranking of the attribution based on their mean results, from the factor that adversely affect the SMEs performance the most.

Attribution factors	Code	Total value	Mean value
Resource and finance	G	173	4.33
External environment	I	165	4.13
Competitions	K	137	3.43
Corruption	N	132	3.30
Government interventions	M	87	2.18
Infrastructures	L	78	1.95
Innovations and training	J	76	1.90
Customer and market	E	73	1.83
Product and services	D	67	1.68
Management and know how	C	61	1.53
Entrepreneur characteristics	A	52	1.30
Business strategies	H	52	1.30
The way of doing business	F	50	1.25
SME characteristics	B	45	1.13

The data in the table was represented in the graph below which clearly shows the four factors with the highest average, and they are above 3 which is a neutral point, there any attribution with the average above three has a negative impact on the SMEs performance.

Figure.6: The average rating of attributions recorded from a Likert scale
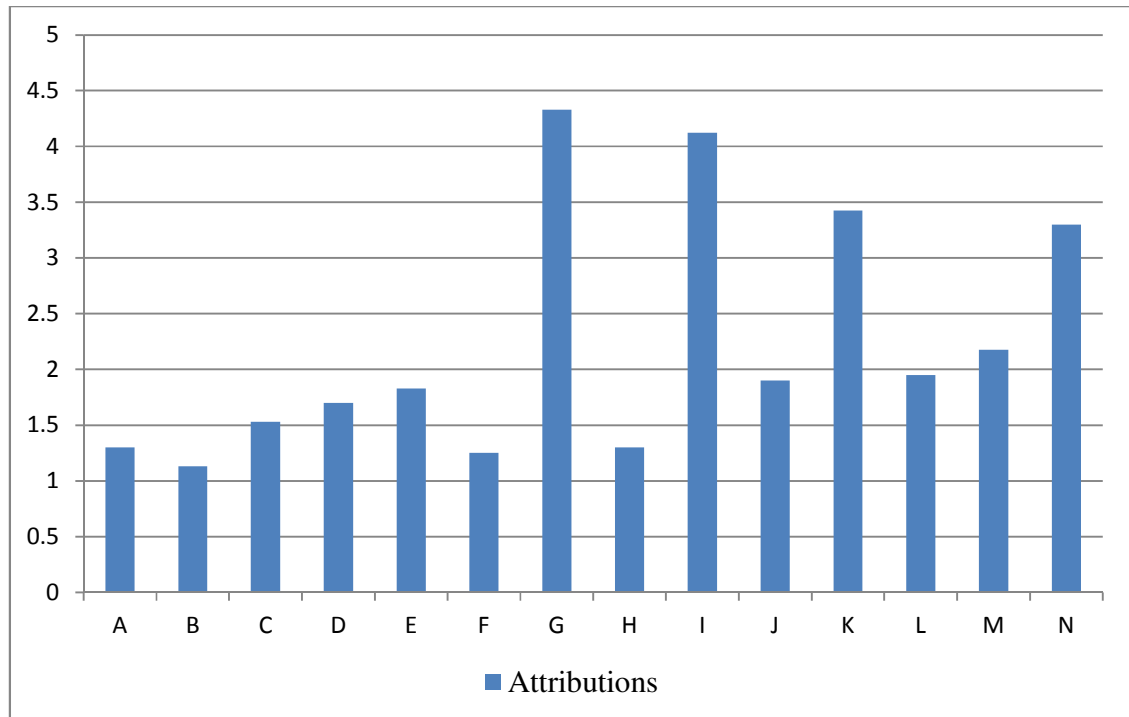
4.1.2.1 Reliability of instruments

For reliability of the instruments the weighting ranking system was used in order to determine exactly which attribution factor was ranked as the biggest obstacle to the SMEs performance and also to avoid a tie as experienced between entrepreneur characteristics and business strategies, they both had an average mean of 1.30. Therefore five categories were set up, whereby category 1 represent the rank 1, category 2 for rank 2 ,then category 3,4 and 5 respectively. An attribution factor was given 5 points for each number 1 rank, 4 points for number 2 ranks, and 3 points for number 3 ranks, 2 points for number 4 ranks and 1point for number 5 ranks. For each attribution factor we calculated how many participants ranked it number 1, 2, 3, 4 and 5 respectively. The sum of ranks per category was multiplied by the point(s) given for that category. Then the scores for each category per attribution was added together to give the subtotal scores. The

attribution with the highest subtotal score was the one which most negatively affected the performances of the SMEs and the one with the lowest subtotal scores has a least impact on the performance of SMEs. The weighting ranking results was as follows, resource and finance (162 scores), external environment (132 scores), competitions (103 scores), corruption (97 scores), Government interventions and policy (25 scores), infrastructure (21 scores), innovations and trainings (20 scores), products and services (13 scores), customers and market (12 scores), Management and know how (7 scores), business strategy (2), the way of doing business (1 score), SME characteristics (1score) and entrepreneur characteristics (0).

The findings of the study revealed that, the first five attribution factors from the frame work which had negative impact on the performance of SMEs in Windhoek retail sector are; resource and finance, external environment, competition, corruption and government interventions and policy. Resource and finance was viewed as the most crucial effects upon the performance of SMEs, followed by the external environment. Even though the government intervention is among the top 5 categories, it is not a real threat as its scores on weighting ranking system and the average results were far too low in comparisons to the first four factors.

Table.5: The table shows the weighted ranking results.

Attribution factors	Categories					Total
	1	**2**	**3**	**4**	**5**	**Total**
	5(x)	4(x)	3(x)	2(x)	1(x)	
Resource and finance	95	40	21	6	0	**162**
External environment	35	60	36	4	1	**136**
Competitions	25	36	21	18	3	**103**
Corruption	40	20	21	10	6	**97**
Government interventions	0	0	3	12	10	**25**
Infrastructures	0	0	9	6	6	**21**
Innovations and training	0	0	0	16	4	**20**
Customer and market	0	4	3	4	2	**13**
Product and services	5	0	3	2	2	**12**
Management and know how	0	0	3	2	2	**7**
Business strategies	0	0	0	0	2	**2**
Entrepreneur characteristics	0	0	0	0	1	**1**
The way of doing business	0	0	0	0	1	**1**
SME characteristics	0	0	0	0	0	**0**

Qualitative analysis was also applied in the second part of the questionnaire in order to substantiate the quantitative analysis, however they were combined to shed more lights in the findings as follows:

On the resource and finance the study further revealed that SMEs experienced difficulties in getting access to credit facilities. On average (4.7), the SMEs find it difficult to acquire loans from financial institutions. It was also revealed that, the financial institutions and other credit provider; often required collateral, extensive businesses plan, standard financial statements as well as a proven track record of repaying their debts (good bank rating,) and these are things that most SMEs do not have easy access to or knowledge about. 89.7% of the respondents find it difficult to provide collateral and they also revealed that the cost of credit on the funds borrowed is high. On average (4.3) the SMEs agreed that they have adequate information on how to get access to financial services.

Over ninety percent (90.9%) of the 22 respondents, who ranked external factors in position 1 and 2, revealed that is unaffordable to rent or lease a place for their business in Windhoek. The respondents find it expensive to lease a place for business use in their current locations; therefore most SMEs are unable to grow financially as the large portion of the income goes in the rental expenses. One hundred (100%) of the respondents find it difficult to acquire land for business use in Windhoek. According to the participants, if the good commercial land is available, it would again be expensive to acquire it. According to the study, another factor that adversely affects the performance of SMEs was inflation. When the costs of goods like fuel and basic foods, increases SME size businesses are, not surprisingly, very negatively impacted. This is because SMEs are far

more intensely impacted by price variations than other larger businesses or companies in the industry. This is because the larger companies have many different suppliers in place and extremely efficient distribution networks while SMEs often have fledgling distribution networks and only a handful of suppliers, if they are lucky.

The qualitative analysis from the respondents revealedthat, the SMEs face competition from large organisations and they also indicated that there are too many SMEs in the market providing similar services and products. Market operators and restaurants (food and beverage) have a fierce competitions from Pick' n Pay, Woermann Brock, Shoprite, U-save. They lack resources which their competitors have. The SMEs lack variety which their competitors possessed, because SMEs have far less working capital in their disposal. This lack of variety can in turn make many SMEs much less appealing to customers to shop at when compared to their large competitor. Large organisations have all the products and services that the customers demand.

Another factor that put them at risk is economic of scale. The SMEs are forced to buy their stock on high prices than those of their competitors, this is because they can only afford to buy their products in small quantities, while their large competitors are able to buy their products in large quantities, as a result they benefit on bulk discount and overall low prices. The SMEs respondent also revealed that they have trouble keeping their businesses properly stocked because of the weak distribution networks. This means that customers are not always able to find certain products at the business consistently. This causes many SMEs to lose their customers to their much larger competitors that have been able to invest in creating and maintaining strong distribution networks. Hence on average (3.4) the respondents indicated that the competition they got is beyond their

control. On average (2.2) the respondents agreed that they don't feel the government intervene when it comes to foreign competition. Foreign companies are not limited to venture in any sort of trade in Windhoek.

The SMEs indicated that corruption negatively affect their progress in the awarding of public tenders, the allocation of land and loan financing from Development Bank of Namibia (DBN). In most cases favouritism, bribery, fraudulent, political affiliation, lobbing, is highly being practiced to benefit from such activities. The corruption activities in the system make it difficult for all SMEs to perform effectively and efficiently. Therefore SMEs that happened to penetrate the corruption system remain the beneficiary of available resources meant for all SMEs. It was already indicated that on average (3.18) SMEs acquire certain permits of certain industries. The SMEs indicated that corruption is still an obstacle for business to acquire permits for transportation, mining permits, fishing quarter permits, after normal hour liquor license. Therefore the SMEs find it difficult to diversify their business due to inability to acquire permits, which believed to be surrounded by corruption.

4.2 Limitations observed and possible areas for further study

The sample size of the research was reduced from 50 to 40 because the initial procedure was to distribute questionnaires to individuals, through the internet, in person or through assistants, but when a pilot was done, it became clear that participants could not complete the questionnaires clearly and to the satisfaction of the researcher, therefore the researcher decided to interview the participants in person, whereby he could explain or translate questions that could not be clearly understood by the participants. It also came to the attention of the researcher that some SMEs owners were illiterate, they cannot read and write whether in their mother tongue or in English. It was then difficult

financially, to reach all the 50 participants due to the distances. Future researchers can expand their researches by expanding the sample size in study that could enhance the variety of perceptions.

Another limitation was the lack of reliable SMEs data from the Ministry of Trade and Industry, their data system had been offline since 2012 to the time of doing the research, therefore it was difficult to find out how many SMEs registered in Windhoek and other necessary information.

Some SMEs were not in position of co-operating as they did not see the importance of the study.While some of the SME owners thought that the researcher was spying on them, especially the street vendors. As a result, a well balance of participants from all business sectors could not be met. Hence accidental sampling was done.

The study used 14 specific independent variables only. Future researchers can increase the independent variables or add moderating variables to the study in order to enhance the results.

4.3   Summary

The chapter covered a full analysis on identifying the factors which adversely affect the performance of the SMEs in the Windhoek retail sector. Questionnaires were set up and interviews were conducted, therefore this chapter covers the results of the interviews. The study revealed that from the 14 attributions in the theoretical framework, there are four factors which currently affect the performance of SMEs. The four factors are resources and finance, external environment, competition and corruption. Different statistical methods were used to analyse data, namely mean and weighting ranking system.

The following chapters focus on the discussions, conclusion and the recommendations.

5   CHAPTER 5 DISCUSSION

The purpose of this study was to identify the most factors affecting the business performance of small and medium sized enterprises in Namibia. The results of the study enable individuals who would like to establish small and medium enterprises business and those who are current running SMEs business to develop a deep cognizance of the factors that commonly adversely affect the performance of business in general. The study enables individuals to be in position of addressing these factors and for decision making.

The study had 14 hypotheses due to the fact that each attribution was to be examined or tested separately from others. The results of the study support all the hypothesis however the ranking and rating of the hypotheses determined the factors which regarded as the biggest obstacles toward the SMEs performances. The hypothesis could only be accepted if its mean value on the Likert scale was above three. Three were chosen because it was the neutral point on the 5 Likert scale. Any point above three was agreed to be an obstacle to the performance of the SMEs. While on the weighting ranking, the hypothesis could be accepted if it scores an aggregate point of 90 and above. Ninety was chosen because it is 45% of (200 points) the total score. Hypothesis 7,9,11 and 14 were accepted for this study as they were identified by the majority of the respondents and their average results exceeded three which was the neutral point on the parameter. The rest of the hypotheses' were below three, this indicated that they were not considered as threats to the business performance by the majority of the respondents, therefore they were nullified.

The aim of Hypothesis 1 was to find out whether entrepreneur characteristics affect the performance of the SMEs. However this Hypothesis was not accepted because according to the Likert scale result it scored an average result of 1.30 which was far

below the acceptable means value and its aggregate score on the weighting rank was 1. Therefore H1 was not accepted, which indicated that the entrepreneur characteristics do not negatively affect the performance of SMEs. Indarti and Langenberg (2005) found out that there is positive relationship between the entrepreneur characteristics, in Thailand, however that was not foreseeable in Namibian SMEs.

The aim of Hypothesis 2 was to find out whether the SME characteristics affect the performance of the SMEs. This hypothesis was rejected because when it was tested on the Likert scale, it obtained a mean value of 1.13, which was the lowest value among all and with an aggregate score of zero on the weighting ranking. Therefore it was nullified. However Amyx (2005) found out that the characteristics of SMEs were the most significant challenges in Kenya, SMEs were viewed small and incapable to deliver the services that the clients might require, therefore in many cases the clients opt for large companies instead of SMEs. However this was the case in Namibia according to Gwari and Bruhns (2005) as they indicated that, Namibian small businesses still have difficulty in establishing their positions when dealing with bigger Foreign Direct Investments (FDI).

This is because Namibian SMEs are classified as tiny by European standard and they are managed by individuals. Therefore the situation has changed now whenever a large company awarded a tender there is always a clause in the tender which instruct the large company to subcontract SMEs. This could be the reason why the SMEs respondents, felt that Hypothesis 2 was not a threat to their performance and was rejected in the Namibian context. However they viewed corruption as a threat to their

performance when it comes to the selection of which company to be subcontracted. (Further discussed under H14)

Hypothesis 3 intended to test whether Management and know-how affects the performance of the SMEs. However this hypothesis was also rejected, because of its mean value (1.53) which was below 3, and low aggregate score (7) on the weighting ranking. Longenecker, *et al., (*2006) found out that lack of planning and poor management have been posited as the main causes of failure of small enterprises in Namibia during the time of his study. However the situation has improved as the SMEs do no longer feel management as a problem to their performance, because a lot of SMEs trainings on management had been initiated in the country, by tertiary institutions, NCCI, NSCA and other in-depended bodies.

Hypothesis 4 intended to find out whether products and services affect the performance of the SMEs. It was rejected because its mean value and aggregate score were below the acceptable margins respectively.

Hypothesis 5 and 6 were rejected respectively due to the reason that their mean values and aggregate score were also below the acceptable margins. (See the results on table 4 and table 5)

Hypothesis 7 intended to test whether resources and finance adversely affect the performance of the SMEs. This hypothesis was accepted by the study because its mean value (4.33) was above the acceptable margins and it was the highest among all. In addition this hypothesis had the highest aggregate score of 162. Resource and finance was viewed as the deadly threat to the majority of the respondents. This hypothesis is not only acceptable in Namibia but also in other country elsewhere in the world.

The result of this study correspond with Amin (2010) who found out that, poor access to finance, high corruption and land related problems are among the top five obstacles toward the performance of SMEs, however the most pressing problems Amin noted in India was inadequate power supply among business, followed by access to finance (16.7 percent), corruption (11.5 percent), land-related problems (9.8 percent), and high taxes (9.1 percent). Amyx (2005) argue that the most significant challenge was the negative perception towards SMEs referring to the sizes and ability of the enterprises, which fall under SMEs characteristics category in the framework of this study.

Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. This might be the rationale why SMEs felt that there is high discrimination on public tender awarding upon SMEs in Namibia. Perhaps they are viewed similarly to Amyx (2005) by potential clients, even though on average they disagree that SME characteristics does not affect their performances negatively. Amyx (2005) further stated that often larger companies are selected and given business for their clout in the industry and name recognition alone.

In addition Gwari and Bruhns (2005) correspondingly stated that Namibian SMEs are classified as tiny by European standard and they are managed by individuals or families with no real professional managerial cadre, that's why they could not really benefit on the Foreign Directive Investments (FDI). The leading FDI projects in Namibia were GIZ funded by the Federal Republic of Germany and Millenniums Challenge Account (MCA) funded by the government of the United States of America. Most SMEs

who benefited from such initiatives were struggling to cope with the standard of services required under these projects.

Stork (2010) also concluded on the contrary, that access to finance (credit) as the biggest challenges to the SMEs across Namibia, however power supply is not an issue in Namibia as founded in India by Amin (2010), the infrastructures issues where ranked number 6 out of 14 with an average of 1.95 which indicates the level of disagreement of the respondents on a 5 Likert scale. The study revealed that the most popular sources of business loans (credit) among SMEs in Namibia remain friends and relatives, which correspond with Stork (2010) who concluded similarly.

Hypothesis 8 intended to find out whether business strategies affect the performance of the SMEs. This hypothesis was not accepted because of its lower mean value of 1.30 and low aggregate score of 2. Business strategies was ranked number 11 according to the weighting ranking, therefore it was not a threat to the performances of SMEs.

Hypothesis 9 intended to find out whether external environment affect the performance of the SMEs. This hypothesis was accepted because its mean value was 4.13 and this was the second highest mean value. In addition external environment was ranked number 2 on the weighting ranking with the second highest aggregate score of 136. The most external factor that affects most of the SMEs was the land related issues. Therefore the external environment factors were rated among the top four obstacles to the performance of small and medium enterprises.   This corresponded with Amin (2010) who also identified the land related issues among the top five obstacles of SMEs performance in India. Access to commercial land increase the estate of the business and

can be used as a security to obtain finance or access to other credit facilities. It would also minimise the cost of leasing and increase the wealth of the business. Lack of access to commercial land could be one the reasons why most SMEs do not secure loans or credit facilities from commercial banks and other institutions that offer credit services.

Hypothesis 10 intended to find out whether innovations and trainings affect the performance of the SMEs negatively. This hypothesis was rejected because its mean value and aggregate score were below the acceptable margins respectively. (See the full results on table 4 and 5)

Hypothesis 11 wanted to find out whether competition affects the performance of the SMEs. This hypothesis was accepted because its mean value and aggregate score were above the acceptable margins respectively. The mean value was 3.43 which were the third highest and the aggregate score was 103. Competition was ranked at number 3 based on mean values and aggregate score respectively. Many researches seem to suggest that access to credit has been the number 1 challenge to SMEs performances. However Bowen (2010) relegates access to credit to fourth place with competition and poor security ranking first and second respectively. Correspondingly the study rank competition among the 4 factors that pose threat to effective SME performance.

Bowen (2010) claim that different SMEs meet the above mentioned challenges in different ways. Strategies used included fair pricing, discounts and special offers, offering a variety of services and products, superior customer service and continuously improving quality of service delivery. Clearly there is no magic bullet in achieving success. Business success is a consequence of embracing the whole package of strategies in order to succeed. Selling a variety of products or offering a variety of services is just as

important as embracing prudent financial management systems. Chen and Liang (2011) who also supporting Bowen, they advised SMEs to co-operate with their competitors especially large companies.

The high competition in Namibia results in most SMEs struggling neither to survive in the dynamic economy nor to find their positions in the market.

Hypothesis 12 intended to find out whether infrastructures affect the performance of the SMEs in the Namibian retail sector. This hypothesis was rejected because its mean value and aggregate score were below the acceptable margins. However it was ranked number 6 on the weighting ranks. Its mean value and aggregate score were 1.95 and 21 respectively.

Hypothesis 13 intended to find out whether the government intervention and policies affects the performance of the SMEs. This hypothesis was rejected even though it was ranked number five in the list. Its aggregate score and mean value were far below the acceptable margins. The aggregate score and the mean value were 25 and 2.18 respectively.

Hypothesis 14 intended to test whether corruption affects the performance of the SMEs.This hypothesis was accepted, because its mean value and aggregate score were above the acceptable margins. This result corresponds with Amin (2010) who ranked corruption among the top five factors that affect the SMEs performance in India.

6   CHAPTER 6 CONCLUSION AND RECOMMENDATION

6.1   Conclusion

This research study was conducted to gain knowledge about the factors that negatively affect the performance of the Small and Medium enterprises in the retail sector in Windhoek. The study also intended to analyse the environment in which the SMEs operate as well as the performance rubrics which the SMEs could apply to evaluate their performances and identify the obstacles to their success. The significant of this study is to provide optimal understanding to existing, new or potential entrepreneurs of SMEs in the retail sector about the factors which can adversely affect business performance, with the aim of reducing the risk of failure and increase chances of success. This is to ensure that their business continue to grow and ultimately help to support the development of economy in Namibia.

The study found out that some SMEs are not registered with the Ministry of Trade and Industry (MTI). Nevertheless, it is neither easy nor difficult to register a business in Namibia. There are many advantages for a business to be registered with the MTI. The company will have identity, get an opportunity to vie for public tenders, and open a bank account, gain access to credit facilities from the suppliers, given permit in various industries. It was also found that it is difficult to obtain a certain industry permit. The study also revealed that it is very difficult for SMEs to acquire aexcellent commercial land in Windhoek, and only a few SMEs benefited from government economic programmes. Most SMEs do not feel protected by the government against competition from foreign companies. SMEs felt that the government is very slow in processing documents therefore at some stage corruption is exercised to catalyse the process. The economic condition in which the SMEs operate was viewed as neither good nor bad.

The study also found out that some SMEs are not aware of the performance rubrics, and among those that are aware, only a few SMEs apply these rubrics to evaluate their performance. The rubrics identified by the study were; the Balanced Score Card (BSC), Gap analysis, Accounting tools, Key performance indicators (KPIs), Business Performance Management (BPM) and performance dashboard. However the SMEs need to be trained in order to apply these tools in their respective businesses.

Finally, there are a number of factors that affect Small and Medium Enterprises (SME) in Namibia, particularly those in Windhoek's retail sector. In an attempt to find out the factors that affect the performance of small and medium enterprises the most, the study found out that resources and finance, external environment, competition and corruption are the most significant factors which adversely affect the performance of SMEs.

Ramsden (2010), made a cross national study of the key success factors of Namibian SMEs and made reference to lessons learnt from other countries and concluded that, the key impediment to SME sector development is the lack of access to external finance.

According to Stork (2010) Access to and cost of capital remains the biggest obstacle to business performance and further investment (53%). Family and friends remain the main source for business loans in the informal and/or micro business sector.

The results of this study also supports prior researches by Ramsden(2010) and Stork (2010) as it concluded that access to financing remains one of the biggest factors affecting SMEs performance. This isn't surprising as many of the individuals who are

interested in starting small or medium size business generally don't have access to large amounts of personal savings or assets which they can easily liquidate. This means that often times entrepreneurs interested in starting a SME or to expand their business need to go to financiers (such as FNB, Bank Windhoek, Standard bank etc.) or find equity investors to buy equity or a stake in the business.   On the other hand, it is very difficult for Small and Medium enterprises to get access to credit or financially facilities, because of the requirements and principles of the financial institutions which are collateral, extensive businesses plan, standard financial statements as well as a proven track record of repaying their debts. These are things which most SMEs have no access to, it is against this background that Stork (2010) and this study concluded correspondingly that family and relatives remain the reliable sources of credit for SMEs.

External environment was another factor revealed by the study which also immensely affects the performance of the SMEs. The inflation, the unavailability of commercial land and cost of leasing space, hinder the effective performance of the SMEs as there are no accesses to capital. It is very difficult for entrepreneurs to start businesses without access to affordable land.   Yet, the price of ideal land, particular commercial land located in urban centres, for businesses tends to be very expensive in many parts of Namibia. Furthermore, the local authorities are not always willing to allow entrepreneurs to utilize the land that is available. This in turn forces them to compete with one another for whatever available developed commercial plots.

Competition was also identified by the SMEs as a threat to their performance. The type of competitions the SMEs got from their large competitors is beyond their control as they lack variety, purchase products on high prices and poor distribution network. There

is also a high competition among the SMEs as the lack innovative skills which enable them to add value to their products and to be different from others.

The fourth factor which was also viewed as a threat to the performance of the SMEs is corruption, upon public tender awarding, land allocation, approval of various industrial permits.   Discrimination, bribery, fraudulent, political affiliation and fraud is highly been exercised.

In conclusion, this study has achieved its research objectives. Theoretical framework and research design were designed to achieve the research objectives.

6.2   Recommendations

In order to improve the state of doing business in Namibia, the public services like registrations of company, tender awarding, various permit application must be decentralized. Regional offices should be empowered to carry out various decisions in order to avoid the overcrowdings of offices in Windhoek and reduce the lead time of documents processing. The overcrowding could result in long lead time, loss of some documents and poor performance among SMEs.

SMEs need to be made aware of various performance rubrics and the training should be facilitated among the SMEs on how to apply various performance rubrics.

Each attribution examined deserve a greater research attention on its own in order to find out at what degree it can impact negatively on business performance. Identify the other contribution factors of each attribution, and how they could be addressed. This would provide more information which enable the entrepreneur to be in complete control of their business activities and to make better decision that would enable further growth

in their day to day business activities, be it financially, diversification or in service delivery.

The management skills require a greater study, as entrepreneurs often lack the business skills required to run a business successful. As a result they often run into issues when it comes to determining whether or not their business idea is viable as well as how much or even if it is making a profit on a regular basis.

Therefore financial literacy programmes need to be used as a platform to undress the issues about the management of companies' finances among the existing, new or potential entrepreneurs of SMEs. It should also be introduced in primary schools in order to form a strong foundation of financial management at the tender age, because primary and secondary school drop outs are the one who establish SMEs the most, for survival purposes.

Financial institutions should provide adequate information regarding the accessibility to credit and finance to the existing, new or potential entrepreneurs. The bank of Namibia should review the interest rates on loan because it seems to be very high; otherwise the government should find amicable solutions either to subsidize the SMEs with sort of incentives.

Financial institutions (Commercial banks and Risk cover organizations) should provide trainings to the youth, existing, new or potential entrepreneurs about investments or risk cover policies like life cover, which can be used as collateral in the absence of fixed cash in the bank.

Economics need to be a compulsory subject from primary school until grade 10. It would provide better understanding to any individual who would like to become an

entrepreneur.SMEs should always be in contact with the Namibian Chamber of Commerce and Industry (NCCI) for business advice, such as training in conducting business,and for any business related questions that may be encountered. However the businesses should be registered with the NCCI.

Regarding external environment upon the ease access to land according to namBiC (2013) there is a need to review existing legislation with the aim of streamlining and expediting the process of obtaining serviced and un-serviced land. Furthermore the transformation of customary land rights and permission to occupy into freehold leases has to be accelerated.

Land for business purposes should not be used to maximize the revenue of Local Authorities but to attract investment, in particular from micro and small enterprises. The local Authority and the economy as a whole would benefit from additional investment and consequently additional employment through increased revenue from the provision of municipality services such as water and electricity supply to companies and private households.

There is an abundantly of un-service land in Windhoek, if the Municipality does not have adequate resources to service the land, local companies with expertise and resources should be given opportunity to service the land in order to increases access to land in the area.

SMEs lack innovative skills, therefore more training are needed in this business discipline, that's why many entrepreneurs just buy a product and resell it without trying to add any kind of value to it, such as exceptional customer service, after sales service,

etc. This makes it very difficult for the business, particular if it is in the retail sector, to distinguish its products from those of its competitors, except by price.

Various trainings can be obtained through NCCI, NSCA (Namibia Small Constructor Association) and other relevant bodies like SMEs Compete.

SMEs should also find other ways to diversify their business and invest in marketing researches in order to avoid competitions. The SMEs feel not protect by the government upon foreign competition, therefore the government should limit the foreign business to engage in some small business activities which could be meant for local enterprises only unless a joint venture between a foreign company and the local company.

For self-upgrading and exposure the SMEs entrepreneurs should also develop a habit of reading business news resources, like SME gazette, NamBiC survey reports, NCCI reports, all the recognised local newspapers and also to watch business news programmers on TV be it local nor international news.

Recommendations on corruption upon public tender award is done by supporting NamBiC (2012) Although government is reviewing the tender provisions, business people feel the whole process is cumbersome. Media reports suggest that the process is not transparent, and hence the tender process is open to accusations of irregularities, and ultimately, court procedures. Much closer consultation and cooperation between the private and the public sector are needed to improve the whole process. Tender information should be available to companies across the country. Government could also consider including private sector representatives on the tender boards in order to increase transparency as well as the level of expertise.

The government should review the procedure of the awarding of certain permits, either by decentralising such services to avoid long lead time by SMEs as well as to improve the government red tape because the government interventions and policy also identified by the study as the 5th factors that negatively affect the performance of SMEs.

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8   APPENDIX A

HAROLD PUPKEWITZ
GRADUATE SCHOOL OF BUSINESS

POLYTECHNIC OF NAMIBIA
Leadership |Technology | Entrepreneurship | Innovation
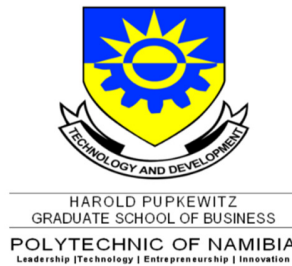
SCHOOL OF BUSINESS AND MANAGEMENT

My name is Amwele N. Heikky (Student No.201027461) a student at Polytechnic of Namibia, currently studying towards a Master Degree in International Business. I'm therefore doing a research within the business industry which will contribute to the welfare of business operation in Namibia. It has been noted by several researchers, that SMEs in Namibia are struggling with performances neither in order to reach their goals nor to sustain themselves in operation. This questionnaire is distributed in order to gather information regarding the factors that affect the performance of SMEs in the retail sector. Through your participation, the study will be able to make possible recommendations that will highlight the negative factors toward the performance of the SMEs and the guidelines for possible solution to the problem. The following questions that you will read below pertain to your perception on the factors that affect the performance of your business negatively. Please answer the questions as honestly as possible. This information will be treated with confidentiality and will only be used for the purpose of this study.

Thank you very much for your cooperation.

SECTION 1   GENERAL COMPANY INFORMATION
1. **How would you describe the type of ownership of this business?** *(Please tick the correct answer)*

Sole Trade	*(A business owned by one person)*	A	
Partnership	*(Two to Twenty owners)*	B	
Close Corporation **CC**	(One to ten members)	C	
Public Company **Ltd**	(At least seven shareholders)	D	
Private Company **Pty Ltd**	(One to fifty shareholders)	E	

2. **How many years has your business been in operation?**

   _____

3. **What is your business' annual income or revenue** *(this question is not asking for profit)***?**

_____

4. **In which sector(s) does this business operate in**?*(Please tick the appropriate answer)*

Event management	A		Hair salon/Barbershop	M	
Farming	B		Tourisms	N	
Mining	C		Transport/Communication	O	
Manufacturing/Processing	D		Financial services	P	
Water/Electricity	E		Import/Export trade	Q	
Construction and Civil Engineering	F		Kapana Seller	R	
Shebeen	G		Street Vendor/Hawker	S	
Market Operator	H		IT	T	
Consultants	I		Cellphone Airtime	U	
Food and Beverage	J		Private Education Institution	V	
Cleaning	K		Mechanical Engineering and repairs	W	
Accountant/Bookkeeping	L		Marketing & others ( )	X	

5. **Is your business registered with the Ministry of Trade and Industry** *(MTI)*?

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

6. **Where does your business sell its product/services?** *(Please tick where appropriate)*

The Business sells**100%** of its products **domestically**	A	
The Business sell **75%** of its products **domestically** and **exports** the remaining **25%**	B	
The Business sells **50%** of its products **domestically** and **exports** the remaining **50%**	C	
The Business sells **25%** of its products **domestically** and **exports** the remaining **75%**	D	
The Business **exports100%** of its products	E	

Did you make any investments of the following kind in your business during the course of the current year?	Strongly Disagree	disagree	neutral	agree	Strongly Agree
Equipment and material for business expansion or upgrading	1	2	3	4	5
Research and development	1	2	3	4	5
Education	1	2	3	4	5

10. Do you intent to invest/further invest in any of the above mentioned items (Q 7, 8 and 9)

Strongly Disagree	disagree	neutral	agree	Strongly Agree
1	2	3	4	5

11. If you do not plan any investments please explain why you have made this decision otherwise please estimate the amount of money you plan to invest in your business this year.

_____
_____
_____
_____

12. How many employees are employed at this business?

_____

13. Did you or do you plan to hire more employees?

Strongly Disagree	disagree	neutral	agree	Strongly Agree
1	2	3	4	5

14. If you plan to hire more employees please state the exact number of additional employees you plan to hire?

_____

15. If you do not plan to hire more employees, what is the main reason for this decision?

SECTION 2   BUSINESS ENVIRONMENTS

16. Is the current economic condition very good, in which your business is operating in?
where one (1) is *Strongly disagree* and five (5) is *strongly agree*

Strongly disagree	disagree	neutral	agree	Strongly agree
1	2	3	4	5

Was the process difficult to obtain the following items, where one (1) strongly disagree and five (5) strongly agree	Strongly Disagree	disagree	neutral	agree	Strongly Agree
Establishing and registering a business	1	2	3	4	5
Obtaining a permit for a specific industry	1	2	3	4	5
Obtaining land/space for your business	1	2	3	4	5

Are the following factors an obstacle for you to register your business? where one (1) is *a Big obstacle* and five (5) is *No obstacle.*	Strongly Disagree	disagree	neutral	agree	Strongly agree
Time and complexity of the process	1	2	3	4	5
21. Costs of registering	1	2	3	4	5
22. Need for official documents	1	2	3	4	5
23. Labour regulations	1	2	3	4	5

24. Do you see any benefits in business registration, where one (1) is a *strongly disagree* and five (5) strongly agree.

Strongly Disagree	disagree	neutral	agree	Strongly Agree
1	2	3	4	5

SECTION 3.   PUBLIC POLICY AND THE ADMINISTRATIVE ENVIRONMENT

Indicate, where one (1) strongly disagree and five (5) strongly agree	Strongly Disagree	disagree	neutral	agree	Strongly Agree
Have you ever benefited from any	1	2	3	4	5

government programmer(s)?					
Are you aware of different government programmers which benefits SMEs?	1	2	3	4	5
Which programmer(s) did you benefit from? (Write in the space provided)					
Have you ever approached your Local Authority for business advice?	1	2	3	4	5
You are satisfied with the services provided by the local authority?	1	2	3	4	5
In your experience, is Government red tape a big problem, when dealing with issues that affecting a business like yours?	1	2	3	4	5

SECTION 4 CHALLENGES TO THE PERFORMANCE OF THE BUSINESS

Was your business established with the following aspects? where one (1) is *Strongly disagree* and five (5) is *strongly agree*	Strongly Disagree	disagree	neutral	agree	Strongly Agree
Mission and Vision	1	2	3	4	5
Standard business plan	1	2	3	4	5
Do you analyze your business's:					
Market	1	2	3	4	5
Resources	1	2	3	4	5
Obstacle to success	1	2	3	4	5
Specific advantage	1	2	3	4	5
Do you plan or forecast on how many sales your business should have?	1	2	3	4	5
Are you aware of different business tools to measure your business performance?	1	2	3	4	5
If you are aware do you use such tools in your business?	1	2	3	4	5

36. **The current performance of your business toward your business goals is very good?**
    Please rate it on the scale where one (1) is strongly disagree and five (5) strongly agree.

Strongly Disagree	disagree	neutral	agree	Strongly Agree
1	2	3	4	5

37. Are the following factors big obstacles to your business performance, where one (1) is *strongly disagree* and five (5) is *strongly agree*		Strongly Disagree	disagree	neutral	agree	Strongly Agree
Entrepreneur Characteristics	A	1	2	3	4	5
SME characteristics	B	1	2	3	4	5
Management and know how	C	1	2	3	4	5
Products and Services	D	1	2	3	4	5
Customers and Market	E	1	2	3	4	5
The way of doing business	F	1	2	3	4	5
Resources and Finance	G	1	2	3	4	5
Business strategies	H	1	2	3	4	5
External environment	I	1	2	3	4	5
Innovations and Trainings	J	1	2	3	4	5
Competitions	K	1	2	3	4	5
Infrastructures	L	1	2	3	4	5
Government interventions &policy	M	1	2	3	4	5
Corruption	N	1	2	3	4	5

38. Rank the following categories on how they affect your business negatively with 1 being the category that affects your business the most negatively and 15 being the category that affects your business the least negatively.

Entrepreneur characteristics	A	
SME Characteristics	B	
Management and Know how	C	
Product and Services	D	
Customers and Market	E	
The way of doing business	F	
Resources and Finance	G	
Business Strategies	H	
External environment	I	
Innovations and Trainings	J	
Competition	K	
Infrastructures	L	
Government interventions and Policies	M	
Corruption	N	

39. Complete your personal information	Tick in the box next to your appropriate response					
Gender	Male				Female	
Age (write in the space provided)						
Marital status	Single		Married		Others	

THANK YOU FOR YOUR PARTICIPATION

SECTION 5 (answer any 2 set of questionnaires according to the ranking done in question NO.38)

ENTREPRENEUR CHARACTERISTICS

40. **What do you think are the key skills and interests that good entrepreneurs need**

_____
_____
_____
_____
_____
_____
_____
_____
_____

41. **What do you like about being an entrepreneur?**

_____
_____
_____
_____
_____

42. **What you don't like about being an entrepreneur?**

_____
_____
_____
_____
_____

43. **Do you think the entrepreneur characteristics contribute to the good performance of the business?**

Strongly Disagree				Strongly Agree
1	2	3	4	5

44. **The impact of your entrepreneurial characteristics is excellent, on the current performance of your business?** (*Please rate it on the scale where one (1) is strongly disagree and five (5) is strongly agree*)

Strongly Disagree				Strongly Agree
1	2	3	4	5

45. **What should be done in order for the entrepreneur to develop characters that would enhance the performance of his/her business?**

_____
_____

_____
_____
_____
_____

46. Do you have a five year plan for your business? If you do have a five year plan for your business please briefly explain what it is?

_____
_____
_____
_____
_____

SME CHARACTERISTICS

47. How do the characteristics of your business affect its performance?

_____
_____
_____
_____
_____
_____
_____
_____

48. In your opinion, which characteristic(s) is/are the main determinant(s) of whether or not a business will perform poorly?

_____
_____
_____
_____
_____
_____
_____
_____

49. How is your business perceived (seen) by the community and its customer? Does it gives a very good reputation. Rate it on the scale where one (1) is strongly disagree and five (5) Strongly agree

Strongly disagree				Strongly Agree
1	2	3	4	5

50. What, in your opinion, could you do to improve, develop or sustain your business' reputation?

_____
_____
_____
_____
_____
_____
_____

MANAGEMENT AND KNOW HOW

51. How does the 'Management and know how' affect the performance of a business?

_____
_____
_____
_____
_____
_____
_____
_____
_____

During the past year, have you undergone business training on:	No	Yes
52. Business administration		
53. Filing		
54. Budgeting		
55. Planning and implementation		
56. Assessing business performance		
57. Financial literacy		
58. Adapting to changes		
59. Others		
60. Did not attend any training		

Are the following factors an obstacle for you to run your business where one (1) is *Strongly disagree* and five (5) is *strongly agree*	Strongly Disagree				Strongly Agree
61. Management skills	1	2	3	4	5
62. Planning skills	1	2	3	4	5
63. Organizing	1	2	3	4	5
64. implementing	1	2	3	4	5
65. Marketing skills	1	2	3	4	5
66. Adding value to products	1	2	3	4	5

67. What should be done on your managerial capacity in order to enhance the performance of your business?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

PRODUCTS AND SERVICES

68. Do you think there is a high demand for your business' products and/or services?

Strongly Disagree				Strongly Agree
1	2	3	4	5

69. Do your customers look satisfied with your products and/or services?

Strongly disagree				Strongly Agree
1	2	3	4	5

Explain your answer

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

70. Do you regularly interact with (meet, talk to or help) your customers?

Strongly Disagree				Strongly Agree
1	2	3	4	5

71. Do you often introduce new products and/or services to your customers?

Strongly Disagree				Strongly Agree
1	2	3	4	5

72. Do you add any kind of value to the products you buy to make them different from either your competitors or suppliers?

Strongly Disagree				Strongly Agree
1	2	3	4	5

73. What do you think should be done in order to increase the demand of your products?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

CUSTOMERS AND MARKET

74. How do customers and the market affect the performance of your business?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

75. What could be done to improve your business' current customer and market situation?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

76. Do you invest in research and development (R&D) to improve your customers' satisfaction level?

Strongly Disagree				Strongly Agree
1	2	3	4	5

77. Are your customer and/or business market accessible?

Strongly Disagree				Strongly agree
1	2	3	4	5

RESOURSES AND FINANCE

During the past year, have you accessed credit from:	No	Yes
78. Friends and relatives		
79. Micro-lenders		
80. Aid projects		
81. Commercial banks		
82. Development Bank of Namibia		
83. Others		

84. Do you find it difficult to get a loan for your business?

Strongly Disagree				Strongly agree
1	2	3	4	5

If difficult, what are the obstacles?

_____
_____
_____
_____
_____
_____
_____

85. Do you find it difficult to provide the collateral required by most financial institutions?

Strongly Disagree				Strongly Agree
1	2	3	4	5

86. Is the cost of credit (interest rates) low, when your business borrows money?

Strongly disagree				Strongly Agree
1	2	3	4	5

87. Do you have enough information to allow you to easily understand and access financial services?

Strongly Disagree				Strongly agree
1	2	3	4	5

88. What do you think should be done to help more SMEs gain access to financing?

_____
_____
_____
_____
_____
_____
_____
_____
_____

BUSINESS STRATEGIES

89. Was your business established with the following aspects? where one (1) is *Strongly disagree* and five (5) is *strongly agree*	Strongly Disagree				Strongly Agree
Mission and Vision	1	2	3	4	5
Standard business plan	1	2	3	4	5
Is your business plan available?	1	2	3	4	5
90. Do you analyze your business's:					
Market	1	2	3	4	5
Resources	1	2	3	4	5
Obstacle to success	1	2	3	4	5
Specific advantage	1	2	3	4	5
91. Do you plan or forecast on how many sales your business should have?	1	2	3	4	5
92. Are you aware of different business tools to measure your business performance?	1	2	3	4	5
93. If you are aware do you use such tools in your business?	1	2	3	4	5

94. Base on the above questions what do you think is lacking in your business?

_____
_____
_____
_____

95. What should be done to improve your business' performance in this regard?

_____
_____
_____

_____
_____

96. How do you determine the yearly performance of your business?

_____
_____
_____
_____
_____
_____
_____

EXTERNAL FACTORS

Are the following factors big obstacles for your business?	Strongly Disagree				Strongly Agree
97. Inflation (fuel and food)	1	2	3	4	5
98. Availability of affordable land	1	2	3	4	5
99. Cost of leasing	1	2	3	4	5
100. Commodities	1	2	3	4	5

101. Rank from 1 to 5 how much the following external factors negatively affect your business with 1 being the external factor that affects your business the most and 5 being the external factor that affects your business the least.

Inflation (When the cost of fuel, food and other essentials increases)	
Availability of affordable land	
Cost of leasing or renting land or commercial real-estate	
An increase in Commodity prices	
Others (specify)	

102. Do you find it affordable to rent or lease a place for your business in the current location?

Strongly Disagree				Strongly Agree
1	2	3	4	5

103. How do inflation and the cost of leasing affect your business performance?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

104.   Do you find it easy to acquire land for your business operations?

Strongly Disagree				Strongly Agree
1	2	3	4	5

INNOVATIONS AND TRAININGS

105.   The skills level of your employees after public schools/institutions education and training looks good, where one (1) is *Very poor* and five (5) is *Very good.*

Strongly disagree				Strongly Agree
1	2	3	4	5

106.   How do innovations and trainings affect the performance of your business?

_____
_____
_____
_____
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107.   Do you invest on training yourself and/or your employees to acquire new business skills and capabilities? If so how much do you invest in these trainings?

_____
_____
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_____

108.   What kind of recent business innovations are currently affecting your business' performance?

_____
_____
_____
_____
_____

109. **What could be done to overcome any challenges your business has with innovation or training?**

_____
_____
_____

COMPETITION

110. **How does competition in your business' sector affect your business' overall performance?**

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_____
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_____

111. **Who are your business' direct competitors and how do they directly impact your business' performance?**

_____
_____
_____
_____
_____
_____
_____

112. **Your business' competition is beyond your control?**

Strongly Disagree				Strongly Agree
1	2	3	4	5

113. **What do you think could be done to help your business overcome its biggest competitors?**

_____
_____
_____
_____
_____

114. **What, if anything, in your opinion does the government do to protect your business from foreign competitors?**

_____
_____
_____

_____
_____

115.   **Does the Government intervene when it comes to foreign competition?**

Strongly Disagree				Strongly Agree
1	2	3	4	5

INFRASTRUCTURE

116.   **What parts of Namibia's infrastructure (access to road, electricity, water, cell networks, etc.) affect the performances of your business and how?**

_____
_____
_____
_____
_____

117.   **What do you think should be done to overcome your business' infrastructure related challenges?**

_____
_____
_____
_____
_____
_____

Do you have access to the following services at your business location	Strongly Agree			Strongly Disagree
118. Electricity	1	2	3	4	5
119. Clean Water	1	2	3	4	5
120. Internet	1	2	3	4	5
121. Cell phone network or telephone landline	1	2	3	4	5
122. Tarred road	1	2	3	4	5

123.   **The accessibility of water and electricity connectivity is affordable?**

Strongly Disagree				Strongly Agree
1	2	3	4	5

GOVERNMENT INTERVENTIONS

124.   **How do government interventions affect the performance of your business?**

_____
_____
_____
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125.   **Which Government policies negatively affect the performance of your business?**

_____
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_____

126.   **What do you think the government could do to improve Namibia's current economic situation?**

_____
_____
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_____

(See other questions in section 3

CORRUPTION

127. **How does corruption affect the performance of your business?**

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_____

128. **What are the types of corruption that affect your business the most?**

_____
_____
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129. **What do you believe could be done to reduce the corruption that is currently affecting your business' performance?**

_____
_____
_____
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_____
_____
_____
_____

130. **Is crime a problem for your business, where one (1) is _Not at all_ and five (5) is _Very much._**

Strongly Disagree				Strongly Agree
1	2	3	4	5

THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY

Key terms and words in the questionnaire

- **Entrepreneur Characteristics** is the features or quality of a person who organizes and manages a business undertaking, assuming the risk for the sake of profit.

- **SME characteristics**- the features of the business which are the economic activities, size, years of existence, financial status, the mission and vision of the business etc.

- **Management and know how**
  Management in all business and organizational activities is the act of coordinating the efforts of people to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal.

- **Products and Services**
  A product is anything that can be offered to a market that might satisfy a want or need. In retailing, products are called merchandise.

  Service is a type of economic activity that is intangible, is not stored and does not result in ownership.

- **Customers and Market**

  A customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration.

  A market is an actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, or contracts or instruments, for money or barter.

- **The way of doing business**- the technique that u use to add value to your services or business transaction that will enable you to get potential clients to choose your business to spend their money with? Or the way to position yourself as being different from all your competitors in a very positive way.

- **Resources and Finance**
  A resource is defined as a commodity, service, money, staff or other asset used to

produce goods and services that meet human needs and wants.

Finance is the funds for a corporation's activities

- **Business strategy** is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

  Strategy is management's game plan for strengthening the performance of the enterprise.

  It states how business should be conduct to achieve the desired goals.

- **External environment** refers to the factors outside a business that influence its decisions. Or the conditions, entities, events, and factors surrounding an organization that influence its activities and choices, and determine its opportunities and risks.

- **Innovations and Trainings**

  Innovations are the process of translating an idea or invention into a good or service that creates value or for which customers will pay. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products.

  Training- Organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill.

- **Competitions**-the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms". Competition occurs when two or more organizations act independently to supply their products to the same group of consumers.

  There are two bases on which firms can compete:

  Price - where firms are selling identical or very similar products, they must compete on price with each firm trying to undercut the others. Successful price competition depends on cost leadership the ability to supply the product at a lower cost than any other competitor.

  Differentiation - non-price competition depends on making a product different from those of competitors and by giving it distinctive qualities that are valued by the target market. These might include branding, styling, special features or higher levels of customer service. Such factors can allow a premium price to be charged while still offering target customers competitive value-for-money.

- **Infrastructures**- are basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. It can be generally defined as the set of interconnected structural elements that provide framework supporting an entire structure of development. Such as roads, bridges, water supply, sewers, electrical grids, telecommunications,

- **Government interventions &policy**
  Government intervention is any action taken by a government or an international institution in a market economy or market-based mixed economy in an effort to impact the economy beyond the basic regulation of fraud and enforcement of contracts and provision of public goods. The intervention can be aimed at a variety of political or economic objectives, such as promoting economic growth, increasing employment, raising wages, raising or reducing prices, promoting equality, managing the money supply and interest rates, increasing profits, or addressing market failures.

- **Corruption**- is spiritual or moral impurity or deviation from an ideal. Another definition says corruption is the abuse of public office and/or power for private and personal gain. Corruption may include many activities including bribery and embezzlement. Government, or 'political', corruption occurs when an office-holder or other governmental employee acts in an official capacity for his or her own personal gain.