

**STRATEGIES TO ADDRESS CHALLENGES FACED BY SMMEs IN THE
CONSTRUCTION INDUSTRY OF THE OMUSATI REGION, NAMIBIA**

by

Johanna Mumangeni

Student number: 217077794

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College of Law and Management Studies

University of KwaZulu-Natal

Supervisor

Dr Vannie Naidoo

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DECLARATIONS

I, Johanna Mumangeni, declare that:

- The research reported in this dissertation is my original work except where otherwise indicated.
- This dissertation has not been submitted for any degree or examinations at any other university.
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Signatures:



Johanna Mumangeni

24 August 2018

Date

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DEDICATION

This dissertation is dedicated to:

- My late Son, Pameni, you will always remain close to my heart.
- My lovely husband Oscar, you have been my pillar and thank you for being a father and a mother to our children during my absence.
- My boys Tangi and Tukwafa, I love you very much and you will understand and appreciate my sacrifice when you grow up one day.

ABSTRACT

The success of all sizes of business is attributed to effective strategies, as they provide directions and lead the business to become sustainable. Successful businesses employ various strategies to gain business opportunity in an aggressive competitive environment. The main aim of this study was to identify and recommend strategies that address challenges faced by SMMEs in the construction industry of the Omusati Region. Statistics show that SMMEs can effectively transform economies. For example, SMMEs in the construction industry contributes immensely towards job creation, skills development and poverty eradication because they also cater for unskilled labour which addresses employment at grassroots. Despite the capabilities of SMMEs in the society, majorities of SMMEs closure has been observed compared to expansions. However, SMMEs have potential to succeed if appropriate strategies are enforced and implemented. Therefore, enterprises that develop and implement strategies usually outperform those conducting business traditionally.

The literature on the topic was reviewed to unpack different views of researchers on SMMEs challenges, strategies and theories associated with the study. A quantitative research approach was used to collect descriptive data. Fifty-six ($n=56$) respondents participated in the study in their capacity as owners or managers of selected SMMEs in the construction industry. Primary data was collected from respondents using questionnaires which was hand delivered and collected upon completion. Collected data were entered into the computer software called Statistical Package for Social Science (SPSS 25) and later analyzed using descriptive and inferential statistics. The study confirms that SMMEs are faced with many challenges that limit their full potential. The findings reveal that business strategies can also be applied to Small, Micro and Medium Enterprises just like with large enterprises. In conclusion, this study recommended that SMMEs should develop and implement business strategies (develop and implement a business plan, focus on the differentiation strategies, enhance the use of Information Communication and Technology, develop and implement marketing strategies and develop and implement financial plans) that would help SMMEs to address the challenges they are facing in the construction industry of the Omusati Region.

UKUQALA

Ukuphumelela kwazo zonke izikhulu zebhizinisi kubangelwa amasu asebenzayo, njengoba inikeza izikhombisi-ndlela futhi iholele ibhizinisi ukuba lihlale liqinile. Amabhizinisi aphumelelayo asebenzisa amasu ahlukahlukene ukuze athole ithuba lebhizinisi endaweni enokuncintisana. Inhloso eyinhloko yalolu cwaningo kwakuwukuhlonza nokuncoma amasu aphantelene nezinsalelo ezibhekene nama-SMME embonini yokwakha ye-Omusati Region. Izibalo zibonisa ukuthi ama-SMME angashintsha ngokuphumelelayo umnotho. Isibonelo, ama-SMME embonini yokwakha anika kakhulu ekudalweni kwamathuba emisebenzi, ukuthuthukiswa kwamakhono nokuqedwa kobuphofu ngoba futhi banakekela abasebenzi abangasebenzi abanamathuba emisebenzi ezindaweni ezincane. Naphezu kwamakhono ama-SMME emphakathini, iningi lama-SMME ukuvalwa liye labonwa uma kuqhathaniswa nokuthuthukiswa. Kodwa-ke, ama-SMME angakwazi ukuphumelela uma amasu afanelekayo ephoqeelwa futhi eqaliswa. Ngakho-ke, amabhizinisi athuthukisa futhi asebenzise amasu ngokuvamile ahluke kakhulu kulabo abaqhuba ibhizinisi ngokujwayelekile.

Izincwadi ezihlosiwe zabuyekwezwa ukuze zihlukanise imibono ehlukeneyo yabacwaningi ngezinsalelo ze-SMMEs, amasu kanye namavesi ahlotsaniswa nesifundo. Indlela yokwenza ucwaningo oluthile isetshenziselwe ukuqoqa idatha echazayo. Abesishiyagalombili nesithupha (n = 56) abaphendulile babambe iqhaza kulolu cwaningo ngokusemandleni abo njengabanikazi noma abaphathi bama SMMEs akhethiwe embonini yokwakha. Idatha eyinhloko iqoqwe kwabaphendulayo besebenzisa imibuzo ekhishwa ngesandla futhi iqoqwe lapho iqedile. Idatha eqoqwe ifakwe kwisofthiwe yekhompiyutha ebizwa ngokuthi iSatatimende sePhakethe yeSayensi Yezenhlalakahle (SPSS) futhi yahlaziywa kamuva ngokusebenzisa izibalo ezichazayo nezilinganiselwe. Ucwaningo luqinisekisa ukuthi ama-SMME ahlalengene nezinsalelo eziningi ezivimbela amandla abo okugcwele. Ukuthola okuqhubekayo kuphetha ngokuthi amasu ebhizinisi angasetshenziswa nakwamabhizinisi amancane, amancane nama-Medium njengamabhizinisi amakhulu. Ekuphetheni, lolu cwaningo lukhuthaze ukuthi ama-SMME kufanele ahlakulele futhi asebenzise amasu ebhizinisi (ukuthuthukisa nokusebenzisa uhlelo lwebhizinisi, ukugxila emasu okuhlukanisa, ukuthuthukisa ukusetshenziswa koLwazi lwezokuThintana neTheknoloji, ukuthuthukisa nokusebenzisa amasu okuthengisa nokuthuthukisa nokusebenzisa izinhlelo zezimali) ingasiza ama-SMME ukubhekana nezinsalelo ezibhekene nazo embonini yokwakha ye-Omusati Region.

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CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

Small, Micro and Medium Enterprises (SMMEs) encounter many challenges at different levels of establishment and development. Generally, SMMEs sector has been neglected although it has the capacity to revive economies, improve Gross Domestic Products and being amongst biggest employer. Small enterprises encourage open market because it offers opportunities to capable and potential entrepreneurs. Prior research concentrated more on challenges and limited studies have been recorded on possible solutions that enhance the success of SMMEs. This study focuses on identifying and recommend strategies that address challenges faced by SMMEs in the construction industry of the Omusati Region.

Chapter 1 begins with a detailed discussion on the background of the study, explain the problem statement, outline the objectives and motivation of the study. This chapter further discusses the research methodology, limitation of the study and concluded with summaries of all chapters.

1.2 Background of the study

Historically, large South African and Germany companies have been leading construction industry in Namibia. However, after Namibia gained her independence in 1990, local businesses penetrated the industry on a slow move. The construction sector is essential because it has a great and positive impact on economies. It is through construction that all buildings such as schools, hospitals, churches, houses, business centre and malls are constructed, and the roads are developed (Hove, 2016:652).

For example, the Namibia Government made significant efforts to develop small and medium enterprises, and in 1997, the then Ministry of Trade and Industry (now Ministry of Industrialization, Trade and SMEs Development, MITSMED) launched the Small and Medium Enterprise (SME) policy with an aim to create, develop and promote a conducive working environment. This policy was revised in 2016 to accommodate the micro businesses as well as to align the policy with the national development plan.

Further, Namibia introduced a Target Intervention Programme for Employment Growth (TIPEEG) in the year 2011, as a three years programme to create employment and support sectors with economic growth. The implementation of TIPEEG supports the sectors with high growth and those of strategic importance to national development such as construction due to the capacity of employment the industry can create (National Planning Commission, 2011:4).

In 2013, the Namibian government launched the Mass Housing Initiative to provide affordable houses to the Namibian nation. According to the National Planning Commission (2013:10), the mass housing programme was launched to provide access to affordable housing and provide massive service infrastructure that will create job opportunities and contribution to sustainable growth and development. The mass housing programme was initiated as a vehicle to create employment and boost the construction industry. In the year 2016, the Minister of Finance, Hon. Calle Schlettwein informed the Nation that Namibia recorded an economic growth of 9.4% and believed that it was due to the increased activities in the construction sector. Additionally, Namibia's 5th National Development Plan, NDP5, 2017 - 2020 supports the creation of a conducive business environment, accelerating SMEs Development and improves access to financing entrepreneurs.

Small, Micro and Medium Enterprises continue to suffer regardless of recorded growth in the construction industry and the government support. Some SMMEs find it difficult to get private or government work, therefore collapsing without developing even a single project. Relevant research related to this study such as the challenges of financing SMEs in construction by Amupolo (2013), challenges facing black-owned SMEs construction companies by Aigbavboa

and Thwala (2014), comparative study of problems facing small building contractors (Mafimidivo & Iyagba, 2015) and study on exploring sustainable challenges and opportunities experienced by funded SMEs by Sheehama and Shihomeka (2017) to mention some, were conducted and confirms that indeed SMMEs faces many challenges.

Apart from many challenges identified by earlier scholars and researchers, records show that SMMEs still have potential to succeed if appropriate strategies are developed and implemented. Potter (1996:64) explains that business strategies lead to the achievement of competitive advantages because strategies help businesses to become different and position itself uniquely in the market. Adendorff, Appels and Botha (2011:41) emphasize that enterprises that evolve business strategies would often lead to success. This study focused on the business strategies as a tool to improve business performance.

1.3 Problem statement

SMMEs in the construction industry face many challenges. Bowen, Morara and Mureithi (2009:16) study reveal that out of five SMMEs registered, three becomes dormant few years after registration. In the agreement, Ogbokor & Ngeendepi (2012:2) disclosed that about 75% of SMMEs in Namibia belongs to the failure group and most of them collapse within the first year of registration without developing a single project, while others abandon projects or works before they are completed. Shifidi (2010:13), Amupolo (2013:56), Hove (2016:654) and Avlijah, Avlijah and Heleta (2015:2) studies confirmed that majority of SMMEs in the construction industry struggles to survive locally and globally.

Contrary, Literature has shown that successful businesses employ strategies that enable enterprises to grow, develop systems, examine business performance and uniquely create a trademark for the businesses to compete in a competitive environment (Durmaz and Dusun, 2016:39). The research problem addressed in this study was to examine the challenges facing

SMMEs in the construction industry with the aim to identify and recommend strategies to address the challenges as well as to improve the business.

1.4 Research Objectives

The main objective of this study was to examine the challenges facing SMMEs and recommend business strategies to address the challenges.

Specific objectives are as follows:

- To examine the documents that guide the business operations of Small, Micro and Medium Enterprises in the construction industry of the Omusati Region;
- To investigate challenges facing Small Medium and Micro Enterprises in the Construction industry of the Omusati Region;
- To identify and recommend business strategies that address challenges faced by Small Micro and Medium Enterprises in the construction industry of Omusati Region.

1.5 Questions addressed in this study

- What are the documents that guide the business operations of the Small, Micro and Medium Enterprises in the construction industry of the Omusati Region?
- What are the challenges facing Small, Micro and Medium Enterprises in the construction industry of the Omusati Region?
- What are the business strategies that address the challenges facing Small Micro and Medium Enterprises in the construction industry of Omusati Region?

1.6 Hypothesis

The following hypotheses were developed from the main objectives of the study to test the followings assumptions:

- H1 = There is no statistically significant difference of SMMEs challenges amongst demographic data of owners or managers.

- H2 = There is no statistically significant difference in the development and implementation of a business plan amongst the demographic data of owners or managers.
- H3 = There is no statistically significant difference in focusing on the differentiation strategies amongst the demographic data of owners or managers.
- H4 = There is no statistically significant difference in enhancing the use of Information Communication and Technology strategies amongst the demographic data of owners or managers.
- H5 = There is no statistically significant difference in the development and implementation of marketing plans amongst the demographic data of owners or managers.
- H6= There is no statistically significant difference in the development and implementation of financial plans amongst the demographic data of owners or managers.

1.7 Motivation of the study

Firstly, the study was motivated by the overwhelming contribution SMMEs make to the national economies irrespective of many challenges it faces and the minimal attention it receives in the construction industry.

Secondly, literature motivated this study that small businesses can also develop and implement business strategies as employed by successful businesses. Mintzberg (1987:67) clarified that strategies can be pursued and realized if constructed well and implemented successfully. Therefore, the low success rate of SMMEs in the construction industry may be improved by applying appropriate strategies.

Thirdly, the study is unique on its own because it was never conducted in the Omusati Region of Namibia before. The results of this study are beneficial to both future researchers, scholars, SMMEs in all sectors, the institution of learning, government offices and individuals who will enforce the strategies identified to improve the status of SMMEs.

1.8 Research methodology

A descriptive research was adopted using a quantitative research approach. A descriptive study establishes the association between variables and summarizes what is found in a set of empirical data (White & McBurney, 2013:351). Quantitative research approach fits this study because it allows for the estimation of the population at large, enable the results to be analyzed with statistics, measures the level of occurrence, and allows statistical interpretation between various groups (Creswell, 2014:17).

A probability sampling (simple random probability sampling) was selected for this study. Simple random sampling select sample without bias and provide a representation of the whole population. Krejcie and Morgan (1970: online) table of sampling was used to determine the sample size from the element of sixty-five ($n=65$) SMMEs. The sample size of fifty-six ($n=56$) was selected for this study.

Secondary information on the literature with regards to SMMEs and business strategies were collected from secondary sources such as books, online publications, articles and completed research reports. The primary data was collected from the owners/managers of selected SMMEs in the construction industry of Omusati Region in Namibia. The primary data was collected using questionnaires. Questionnaires are effective in collecting large numbers of quantitative research to collect descriptive data from large enquiries (Kothali & Garg, 2014:96). Questionnaires were designed using the input from the literature review. All questions were fully structured using close-ended questions with options of dichotomous (yes/no), Likert scaling rating and multiple choice answering guidelines.

Primary data was captured into the computer program called Statistical Package for Social Science (SPSS). SPSS is a program or a system designed to analyze data and present it in a table or chart form. Primary data were analyzed using descriptive statistics and inferential analysis. Frequency distribution and measures of central tendency were some of the descriptive statistics acknowledged to measure the intervals and identify the location centre of various distributions.

A nonparametric test known as Kruskal-Wallis test was employed to infer the effect of research assumptions.

1.9 Limitation of the study

Due to limited resources such as funding, this study concentrated on one geographical area of Omusati Region only, therefore the findings may not be generalized for all SMMEs in the construction industry of Namibia.

1.10 Abbreviations

Abbreviation	Full word
SMEs	Small and Medium Enterprises
SMMEs	Small Micro and Medium Enterprise
SPSS	Statistical Package for Social Science
MITSMED	Ministry of Industrialization, Trade and SMEs Development
MSMEs	Micro, Small and Medium Enterprises
GRN	Government of Republic of Namibia
TIPEEG	Target Intervention Program for Employment and Economic Growth
BP	Business Plan
NDP	National Development Plan
GDP	Gross Domestic Products
NPC	National Planning Commission
IBRD	International Bank for Reconstruction and Development

Table 1.1: Abbreviation used in the study

Source: Mumangeni (2018)

1.11 Chapter layout

Chapter 1: Introduction and background of the study

Chapter 1 provides a background of the study, the problem statement, research objectives as well as questions and hypotheses of the study. The research methods employed in this research, the motivation and limitations of the study was discussed in this chapter. This section concluded with the list of abbreviation and the summaries each chapter.

Chapter 2: Literature review

A literature review was conducted to understand the research problem as well as to justify the subject under investigation. This section commences with a brief presentation of theoretical framework associated with strategy development. Resource Based Value was discussed in more details as a framework in which the study was constructed. SMMEs definition, the importance of SMMEs in the industry and in the economy, the legality of SMMEs and the challenges facing SMMEs was presented in this section. This chapter ends with discussions on the level of strategies and strategies associated with business success.

Chapter 3: Research Methodology

Chapter 3 explained deductive and inductive research as approaches to research. The research design was also presented in this chapter. Quantitative research was discussed in more details as a research method adopted for this study. This section further explains the sampling process such as the target population, sample frame, sample design, and sampling strategies followed when recruiting participants. Self-administered questionnaires were discussed in detail as methods employed to collect empirical data. Descriptive and inferential statistics were presented in this section as tools to analyze data. Further, this section discussed the reliability and validity of data as well as ethical issues relevant to this study.

Chapter 4: Presentation of result and data analysis

This section begins with the explanation of response rate for the study. The chapter further presented empirical data in a form of demographic data, business tools/documents and challenges and business strategies. Data were presented using figures and tables.

Chapter 5: Discussion of research findings

Chapter 5 provided research findings on demographic information and presented empirical findings according to the research objectives and hypotheses.

Chapter 6: Conclusions and Recommendations

This chapter provided a broad conclusion according to the literature on SMMEs and conclusion according to empirical study. Recommendations to the government, SMMEs and future

researchers were also presented in this section. Chapter 6 concluded with the discussion on the contribution to the body knowledge.

1.11 Conclusion

The study introduced the subject globally and in Namibia. The background, research problem, research objectives, research methods and the motivation of the study was discussed in detail. The limitations of the study and structure of the study were also highlighted in this chapter. The following chapter discussed literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The previous chapter provides the introduction to the study. This chapter discusses literature review associated with the study. A literature review is an important aspect of research because it provides and guides the new researcher on what was researched on the subject. Creswell (2014:27) justify that literature review present results of other studies related to the problem under investigation. It contains readings and thorough understanding that establish conclusions about published studies as well as presenting secondary findings in an organized manner.

The objectives of this study guide the discussion of topics relevant to the study. This chapter started with a brief discussion of resource-based view as a theoretical framework in which the study was constructed, followed by literature on SMMEs with emphasis on a form of business as well as challenges. This chapter further discussed strategy and strategic management to provide foundations that guide the development of strategies and thereafter, the business strategies were discussed in more details.

2.2 Theoretical Framework

Decision theory, contingency theory, agency theory, transactional theory, game theory and resource-based view theory are some of the theoretical approaches to general management and strategic management (Hashim, 2016:1). Decision theory emphasizes planning according to branches of normative and descriptive data. Contingency theory explains that there is no better way to organize, lead and make decisions rather than to use the optimal course of contingency actions upon the internal and external situation. Agency theory talks about the relationship between agents and principles. Transactional or better known as Social Cost deals with the importance of company or a firm in a market economy and explains why the business exists.

Game theory explains the study of human conflict and cooperation's with competitive and Resource-based view theory explains that the competitive advantages of the business revolve around its resources and its capabilities. This study recognizes Resource-Based View as a theory relevant to the strategy.

2.2.1 Resource Based view

Resource Based View (RBV) emerged as one of the theories of strategic management since the mid-1980s. The resource-based view was introduced by Birger Wernerfelt in his article "a Resource Based view of the firm" in 1984. RBV emphasize the importance of resources in the business as well as on its management. Ferreira, Reis, Serra and Costa (2013:16) explain that RBV theory believes that businesses possess valuable, rare, imitable and non-sustainable resource that are complex, intangible, and dynamic within a firm that creates competitive advantages. Contributing to the study, Sauerhoff (2014:7) stressed that enterprises need to have a concrete understanding of their strength and weakness as a directive measures to develop better strategies that out win their rivals. RBV plays an important role in analyzing the internal strength and weakness of the business and serves as a model that sees resources as one of the keys to superior organization performances.

Resources based approach was designed to explain why some businesses do better than others and it focuses on firms to find the sources of competitive advantage instead of looking at the competitive environment. Halawi, Aronson and McCarthy (2005:77) report that RBV tries to explain why business differs and how it matters. This approach believes that business culture, financial, organizational knowledge, physical, IT, marketing and human resources (to mention a few) are bundles of resources that have potential to create competitive advantages and increase performance (Abosedo, Obasan & Alese, 2016: 316).

Resource Based View dominates the literature in strategic management where strategies are developed with an aim of achieving competitive advantages through the proper use of its

resources (Sauerhoff, 2014:9). In this regard, SMMEs need to focus on resources that are rare, valuable, inimitable and non-substitutable.

Records have shown that each business or organization has collections of unique resources and capabilities that make it unique in the industry of operation. Priem and Butler (2001:28) report that business performances depend on its ability to create distinctive and sustainable competitive advantages. In a similar vein, Theriou, Agglidis and Theriou (2009:178) found that successful businesses find competitiveness in the development of distinct and unique capabilities which are often implicit or intangible in nature. Resource-Based View is relevant to this research because the study looks at the development of strategies to sustain the business.

2.3 Definition of SMMEs

There is no universal or standard definition when it comes to the term “Small Medium and Medium Enterprises” (SMMEs). Different nations and bodies use different abbreviation and names although the meanings are all the same. For example, the European Union adopted SMEs abbreviation, South Africa is using SMMEs and Namibia adopted both MSME and SMEs abbreviation. This study adopts SMMEs abbreviation because it is known globally.

National Small Business Act of 1996 defined SMMEs as a separate and distinct entity, including co-operative enterprises and non-governmental organization, managed by owners or more which include its branches or subsidiaries if any is predominantly carried on in any sector or subsector of the economy. Most countries adopted quantitative definition based on the categories of enterprises, number of employees and annual turnover (Berisha & Pura, 2015:18).

Namibia defined Micro, Small and Medium Enterprises using the categories of enterprises, the number of employees and the annual turnover. Table 2.1 below provides a definition of MSMEs as per the National Policy on MSME (2016:7) while Table 2.2 provides comparison definition according to difference by various countries.

Category	No of full-time employees	And/or	Annual turnover N\$
Micro enterprise	1 to 10	And/or	0 to 300 000
Small enterprises	11 to 30	And/or	300 001 to 3 000 000
Medium enterprises	31 to 100	And/or	3 000 001 to 10 000 000

Table 2.1: Definition of MSME in Namibia
Source: National policy on MSME (2016:7)

Table 2.1 shows that in Namibia, a business with 1-10 employees is regarded as a micro-enterprise, 11-30 regarded as a small enterprise and 31-100 is regarded as medium enterprises.

Description	European Union	World bank (USA)	China	South Africa	Namibia
	Small and Medium Enterprise (SME)	Small and Medium Business (SME)	Small and Medium Enterprise (SME)	Small, Medium and Microenterprise (SMME)	Micro, Small and Medium Enterprise (MSME)
Number of employees					
Micro	<10	0	0	<20	1-10
Small	<50	<100	<300	50-99	11-30
Medium	<250	<500	300 -2000	100-200	31-100
Annual Turnover					
Micro	3m	0	0	R15 k	N\$ 0-300 000
Small	13m	0	<Y30	R12m to 4.5m	N\$ 300 001-3 000 000
Medium	67m	0	<Y30-Y300m	R4.5m – R50m	N\$ 3 000 001-10 000000

Table 2.2: Comparison of SME definition

Source: Mumangeni (2018)

The comparison of SMMEs definition in Table 2.2 shows the differences in categories by countries. For instance, USA and China did not categorize and differentiate the micro business from SMMEs unlike European Union, South Africa and Namibia. The table further shows that in China, the maximum number of employees SMMEs can employ were 200 compared to 1000 in Namibia. The annual turnover in Namibia is below 10 million compared to countries such as China which records 300 million and South Africa 50 million.

It is worth mentioning that sometimes it is difficult to categorize enterprises across the board. For instance, a business with more than 100 employees in Namibia but its turnover is below N\$ 10 000 000.00 remain under SMMEs umbrella. This study supports other scholars view that it is best for SMMEs to be defined according to countries rather than adopting a global standard definition.

2.4 Defining construction industry

According to Isa, Jimoh and Achuen (2013:3), the construction industry is a sector of the economy which is responsible for the planning, designing, construction, maintenance and repair as well as transforming various resources into constructed facilities. In Namibia, construction is defined by the Government Gazette of Republic of Namibia (2011:4) as “all works, associated with construction, reconstruction, repair or renovation of building structure or works”. The industry is very important because it creates an enabling environment for other industry (Jimoh, 2012:3) to operate because every building and road infrastructure is provided by the industry. This study adopted the definition by the Government Gazette of the Republic of Namibia because the focus of this research was on construction industry of Omusati Region which is in Namibia.

2.5 Characteristics of construction SMMEs

Generally, construction SMMEs are relatively small and have potential to succeed because they pose local knowledge in which they operate and mostly concentrates in one business unit compare to large construction firms. Small, micro and medium contractors have unique characters that drives the economy (Moilwa, 2013:63). Like other SMMEs in other industry, construction SMEs

stimulates innovations, economic growth, create jobs and prevent poverty because most owners operate the business for survival so that they can provide for the family (Arthur-Aido, Aigbavhoa, Twala,2016:231). They are family owned with no formal structure and generally employs between 10-20 employee on a full-time basis and over 100 people in fieldwork. Owners are actively involved in managing the business and projects with full autonomy (Setiawan, Raharjo and Koesmargono, 2017:5). Small businesses play a significant role in bigger organizations as they enable competition and push the large organization to deliver because they can offer substitute products and services instead.

2.6 Importance of SMMEs in the economy

The contribution SMMEs makes to GDP and employment is noted worldwide. As a result, Keskin, Senturk, Sungur and Kiris (2010:185) highlighted that small business are more effective and have more success stories in increasing and creating employment as well as providing elements of balancing income spectrum. Small micro and medium enterprises often concentrate in one area, making it easy to achieve goals in a short period of time. Pride, Hughes and Kapoor (2013:139) enlighten that small businesses are important because they provide technical innovations as part of the economic foundation as they create new jobs almost every year. In the same way, Bosire and Nzaramba (2013:17) add that the contribution of SMMEs to the economy is recorded more on profit generation, increase in sales and provide good returns on investment. Pride et al (2013:141) explain that the presence of SMMEs fill up the needs of the society as they provide products and have the potential to make profits because they usually specialized in one area. SMMEs also create competition and pressurize large businesses and cause them to become more efficient and to become more responsive to customer needs.

For instance, SMMEs in the construction industry employs a large population because they cater for unskilled labour as well contribute to poverty alleviation through jobs and skills development (Hove, 2016:652). Shipulwa (2016:1) study revealed that in 2012, the SME sector contributed over 13 per cent to the Gross Domestic Products in Namibia. The construction plays an important part in the national development because the sector is responsible for the planning,

designing, construction, maintenance and repair as well as transforming various resources into constructed facilities (Isa, Jimoh & Achuen, 2013:3).

Developing countries use SMMEs as a vehicle for economic growth. Ofori (2012:4) explain that the construction industry plays an important role in both economic growth and economic development due to its input and outcome of its activities and the contribution it makes to the labour market. For example, Namibia recorded an increase in economic growth of 9.4% for the first time in history because of the increased activities in the construction sector. In conclusion, Keskin et al (2010:189) concluded that small businesses need to implement specific policies and programmes to grow and survive in an aggressive competitive environment.

2.7 SMMEs as a legal enterprise

An enterprise is a business engaged in economic activity that is formed and provides goods or services irrespective of its legal form (Savoiu, 2014:65). Enterprises can create jobs, contribute to national income as well as creating a sustainable economic development. Pride, Hughes and Kapoor (2013:10) explain that an enterprise is an organization established by efforts of individuals with the aim of satisfying personal or economic needs and to make a profit. Enterprises are essential because they create jobs, contribute to national income and contribute to sustainable economic development.

Registered enterprises benefit both business and the country. Registered businesses are provided with certificates of registration which serves as a powerful tool to enter the market while the country maintains the database of the registered businesses which is used for statistical and provision of incentives (Dutta, 2009:162). Registered businesses are legally recognized, regulated and managed according to the laws of different countries. Registered businesses also benefit for using a registered name for applying jobs or tenders, the opening of banking account, registering with relevant authorities as well as receiving advantages of entering into joint ventures with large local and foreign companies.

2.7.1 Forms of Business

Globally, formal businesses are registered by relevant authorities of a concerned government (Dutta, 2009:162). Namibia recognizes formal business and registration of enterprises has been placed under the Ministry of Industrialization, Trade and SME Development (MITSMED) and now managed by the company established by the MITSMED called Business and Intellectual Property Authorization (BIPA). BIPA is a central body for Registration, Regulation and Administration of business and intellectual properties right, established under Acts of Laws with the purpose to improve the service delivery and company registration in Namibia (BIPA Act No 198 of 2016:5). BIPA introduced online registration of companies as well as verifying trade names online among other things through its website.

There are structures available for enterprises to choose when entering the market. Rwigema and Venter (2004: 274) stressed that enterprises make critical decisions when it comes to the selection of the form of business. They further explain that the South African law permits businesses to register as a sole proprietorship, partnership, close corporation and the company. Accordingly, Lall and Sahai (2008:136) indicate that primary form of business varies from a sole proprietorship, partnership, companies and close corporations while co-operatives and NGOs are regarded as secondary forms of business.

The information from Pride at al. (2013:105) explains some form of business ownership (sole proprietorships, partnership and close corporations) as shown in table 2.5 below.

	Sole proprietorship	Partnership	Close corporation
Definition	A business owned by a single person	Association of two or more people joined together to act as a co-owner of a business for profit	A corporation owned by few people through shares
Establishment	Established by an individual person	Established with a legal partnership agreement	Established through admitted Accountants
Advantages	<ul style="list-style-type: none"> • Individual control • One of the easiest business to start because it doesn't require a lot of documentation • The owner keeps all the profit. • Personal and business taxes are treated as one • The flexibility of being your own boss 	<ul style="list-style-type: none"> • Easy to start up • Availability of capital and credit since members share them • Personal interest in the firm by members. • Combined business skills and knowledge • Retention of profit by the owners • No special taxes from members taxes 	<ul style="list-style-type: none"> • Limited liability to the amount paid for the stock • It is easy to raise capital by borrowing from a lending institution • Easy transfer of ownership when the stock is sold • Perpetual life since it is registered as a legal person and exist independently of its owners and survives them. • Specialized management because they could recruit more skilled, knowledgeable and talented managers.
Disadvantages	<ul style="list-style-type: none"> • Unlimited liability • Lack of business continuity • Lack of money • Limited management skills • Difficulties in hiring employees 	<ul style="list-style-type: none"> • Unlimited liability • Management disagreement • Lack of continuity in case of death or withdrawals • Frozen investment in case of withdrawals 	<ul style="list-style-type: none"> • It is not easy to start up as it has lots of formalities • More paperwork in terms of government regulations • It may create conflict among members • Taxation on the profit • Lack of secrecy because of income sheet submitted to government offices

Table 2.3: Form of business ownership
Source: Mumangeni (2018)

According to Lall and Sahai (2008:136), a sole proprietorship is a single individual running a business in his own name or under a trade name. A partnership is an association of two or more people but not more than twenty people joined together to share responsibilities (Rwigema and Venter (2004:274). Members have advantages of sharing risk among partners, putting resources together and increase the credibility with customers and suppliers. Pride et al (2013:113) explain that a close corporation (cc) is an artificial person, created by law with legal right same to that of a real person and have rights to operate a business, sell and buy properties, borrow money on its name, sue and be sued and enter into agreement. The liabilities of a close corporation are limited to the business. In cc, members come together to realize the gain and pull resources together.

2.7.2 Recognitions by other offices

In Namibia, apart from registration with BIPA, SMMEs also register with other bodies or offices such as the Ministry of Industrialization Trade and SME Development, Ministry of Labor, Ministry of Finance, Social Security, Local authorities and Financial Institutions, professional bodies among others.

The Ministry of Finance (2017:40) provides for binders and suppliers to apply for preference in terms of regulation 54 of the Public Procurement Regulation of 2017 of Namibia and request all enterprises to have the following documents when applying for tenders (purchasing):

- Good standing certificates from Ministry of Finance inland revenue;
- Copy of valid Affirmative Action Compliance Certificate or letter from Employment Equity Commission issued by the Ministry of Labor;
- Good standing certificate from the Social Security Commission;
- Copies of business registration certificate or trade license;
- Copies of registration as a SMEs indicating SME status issued by the MITSMED;
- Registration with procurement policy;
- Bank guarantee issued by the financial institution;
- Technical registrations such as import permits in case of importing and technical registration in case of provision of specialized services.

According to IBRD (2015:20), registration of businesses in South Africa is regulated by the Company Act of 2008 and all businesses are required to register with different offices to obtain company registration certificates, opening of bank accounts, register with South African Revenue Reserves for income and withholding taxes, register with compensation funds, register with South African Revenue reserves for VAT and register with unemployment fund amongst others. Sharing the same procedures, conducting a business in Namibia require registration with relevant bodies as well. The table below provides a list of some of the main bodies or organization where registration is also required as well as a brief explanation to why such registration is needed (Ministry of Trade and Industry, 2010:3).

Organizations	Why necessary	Certificate to be obtained
Business and Intellectual Property Authorization (BIPA)	To provide registration, regulation and administration of business	Trade certificate
Ministry of Industrialization, Trade and SME Development	For SME development and special treatment for tender meant for SMEs	SMMEs certificate
Ministry of Finance	Registration as an income and taxpayer	VAT and Income certificate
Ministry of Labour	To ensure compliance with affirmative policy and labour-related issues	Affirmative certificate
Social Security	Labour security Provides good standing certificates Register as an employer	Social Security Certificates
Local Authorities	For the opening of the office within the municipal area and Health compliance within the municipal area	Certificate of registration with the local authority
Financial institutions	Banking transactions Provision of bank guarantees	Business Banking account numbers
SME & Construction bodies e.g. NCCI and NCB	To benefit from the networking and business advising	Certificates of associations
Others (specialized, E.g. medical board, etc etc)	To provide specialized certificates and ensure compliances	varies

Table 2.4: Registration with relevant authorities:

Source: Mumangeni (2018)

2.8 SMMEs challenges

Failure is a situation that limits a firm or individuals to engage to full potential. Tinarwo (2016:152) explains that the challenges facing SMMEs affect almost everyone in the country

because for example, the closure of SMMEs will contribute to unemployment and low profit will force SMMEs to stop paying taxes which will lead to weakening economic growth and political stability.

Bowen, Morara and Mureithi (2009:21) singled out the competition, loan security and lack of working capital as major challenges that SMMEs are facing. Ramukumba (2014:32) expressed that despite the great success stories on SMMEs, the literature shows that there is more SMMEs closure than expansion because the SMMEs community is stagnant and less effort is shown in terms of wealth and job creation as required to develop national economies. Kazimoto (2014:307) adds that most SMMEs lack government support such as infrastructure, roads, information and telecommunication services as well as the inability to recruit qualified staffs who are motivated and experienced on the operation of small businesses. Chadliwa (2015:55) study also support other researchers that SMMEs do suffer due to lack of management skills, financial skills, expansion of growth, external environment factor and entrepreneurship skills.

The literature on SMMEs identifies finances as the biggest challenges emphasizing on lack of collateral and lack of access to financial institutions. For example, Shifidi (2010:13) reveals that lack of managerial and financial leads to constrain in tendering procedures that impact construction business highly. Amupolo (2013:31) concluded that finance plays a big role in the success of the business, thereby explaining that SMMEs in Namibia are discriminated against large companies due to experiences and fundings. Kambwale, Chisolo and Karodia (2015:80) report that management skills and financial supports were the major factors contributing to SMMEs failures. Shipulwa (2016:71) findings highlight that lack of finance, skills, labour retention, vocational training and lack of advice affect the business negatively because SMMEs are operating independently as major challenges affecting small businesses.

Thwala and Mvubu (2008:97) on their study explain that lack of resources, lack of security, skills and slow on payment limit the contractors in implementing their projects fully. Adding to the literature, Thwala and Mvubu (2009:358) argue that contractors rely on outsourcing of personnel and it severity affect skills training and retention of expertise. Mafimidiwo and Iyagba

(2015:107) also mentioned that high rates of bank interest, lack of capital and lack of incentives from government limit small contractors to succeed in business. Ofori (2012:6) identify that lack of government support affect construction business because the industry fails to receive recognition from the government due to lack of development and implementation of relevant policies that boost the business and the industry. Mthwethwa (2016:1) study identify that shortage of skilled manpower, lack of proper training, difficulties in procuring plans, equipment and inadequate capital to execute the infrastructures projects.

The following sections discuss some challenges in detail.

2.8.1 Lack of Management and business skills

Most businesses are owned by managers with no business skills. Pride et al (2013:138) concluded that SMMEs lack management skills to operate small businesses because capital, human resources and business assets are managed better by people with skills. Complimentary, Farsi and Toghraee (2014:10) extend that owners with educational training are likely to succeed in SMME sector because they can provide leadership through planning, motivating, organizing and controlling of business activities.

2.8.2 Lack Financial support

Finance is the backbone of every business because everything is made possible by money. Without money the project would not be implemented, staff will not be employed and materials, as well as services, will not be delivered. In today's business world, small businesses need to have adequate financing to help the business maintain and acquire solid financial facilitates, attract and retain capable and skilled staff, produce and market products and do any other thing that requires money for smooth operations (Ramukumba, 2014:28).

The study by Tinarwo (2016:151) highlighted lack of government support, lack of capital, lack of market, lack of knowledge and lack of proper infrastructures. Chimucheka and Mandipaka,

(2015:312) extend that SMMEs are facing problems when it comes to securing loans and their inability to buy or rent equipment's which forces contractors to abandon projects or opting to close the business. On the other hand, commercial banks lose confidence in financing SMMEs without collateral because in most cases, owners misuse funds and spend it on personal things such as buying luxurious cars while the projects stand still.

2.8.3 Lack of marketing skills

Majorities of SMMEs are faced with lack of marketing skills as one of the challenges. Marketing provides possibilities for accessing the national and international database. SMMEs utilize marketing efforts, create long-term relationships with clients and provide customers satisfaction and value (Pride et al. (2013:305). Moreover, Bowen et al (2009:22) explain that competition is considered one of the challenges because competitors employ competition edge by selling cheaper products or services. SMMEs lack marketing knowledge on how to apply them in the business to succeed. The marketing skills are needed so that owners and managers gain an understanding of the market and its potential to growth, market segmentation, clients need analysis, competitiveness and marketing of products and services (Cant, 2012:1109).

2.8.4 Lack of professional bodies or affiliations

Professional bodies have potential to provide businesses with much-needed skills to address the problems and help in addressing management and strategic challenges through training on business. Bowen et al (2009:24) advised that it is very important to belong to a professional body to gain a competitive advantage in business through networking and obtaining business information regarding tenders etc. Ramukumba (2014:34) posits that government should assist with the formation of business development programs by playing a role in mobilizing individuals and organization to respond to situations such as providing a range of unavailable services. The government needs to facilitate a trade to ease the situation by establishing information centres and professional bodies across the country.

2.8.5 Lack of government support

Chimucheka and Mandipaka (2015:312) on their study reveals that in most cases SMMEs have no idea or not aware of any governmental assistance available or government support centre or initiatives for supporting small businesses. Often government makes provision for the SMMEs to function freely by providing telecommunication and information technology infrastructure, good roads and consistent political stability, In contrast, Kazimoto (2014:309) explains that SMEs do not reach out to seek the services provided by the government, therefore it cannot be ruled out that government does not support SMMEs development, but rather they do not reach out due to lack of information or purely due to lack of know how to get the support.

2.9 Strategy and strategic management

A strategy is a plan of action, a policy or a document designed to direct the business in achieving its overall objectives. Porter (1996:64) explains that the main goal of a strategy is to achieve competitive advantage, by being different, delivering a unique value added to the customer and having a clear view of how to position the business uniquely in the industry. Mintzberg (2001:11) discusses the strategies using 5Ps. A strategy as a Plan (every strategy should be planned), a strategy as a Pattern (strategy should be influential, easy to follow and able to produce good results), a strategy as a Ploy (strategy should use creativity to enhance success through tricking, and maneuver customers and products to out win the competitors), strategy as Position (a strategy should be able to explore further and see how it fits into the environment and strategy as a Perspective (strategy should look inside the business and raises the intention of behavior in a collective context within an organization .

Strategic Management, on the other hand, is a combination of decisions and actions viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporate vision, missions and long-term performance of the business (Sial, Usman, Zufigar, Satti, Khursheed, 2013:33). Strategies and strategic management present different meaning, therefore to differentiate the two, a strategy is a plan to out-win the competitors in the market while strategic management is a process to be followed on how to achieve the designed strategy.

Khashei and Ashofteh (2016:223) expressed that strategic management should be viewed as a complex of decisions that are constantly reviewed and controlled in time to allow instant fixing of challenges when arises. Traditionally only large businesses employ business strategies, But, in today's complex environment, owners and managers of SMMEs are encouraged to develop and implement strategies as means of attaining overall business objectives, identify differences amongst enterprises and developing sustainable competitive development. Accordingly, Abosede et al (2016:316) posit that strategic management help firm to make effective decisions. Additionally, Durmaz and Dusun (2016:43) expressed that strategic management enables the business to compete effectively as well as planning for the future. A good strategy needs to address short and long-term objectives of the business, resources, capabilities and the industry in which it operates. This study focuses on strategies suitable for SMMEs.

2.9.1 Importance of strategy to the business

Literature has shown that research in SMMEs strategies are limited in Namibia despite its importance to all types of business being new, old, small or large. Wang, Walker and Redmond (2007:3) explain that strategies are important to the business because they deal with setting long-term goals for the business. Their study further reveals that enterprises that engage in strategic planning have potential to achieve high sales, asset and employment growth. Majama, Israel and Magang (2017:89) add that strategic planning is important because it provides direction to the business on what needs to be done, by whom, when and the types of resources required to achieve the planned activities. Strategies become reality if they are achievable and communicating clearly to the business.

A strategy would direct a business on how to position itself in the market and how to provide better services and products than competitors. Tapera (2016:123) explains that strategies allow managers to proactively craft how the business will be conducted, how to please and convince customers and how to help businesses identify its weakness, strength and opportunity as well as to identify where its competencies are.

2.9.2 Levels of strategies

Strategies can be implemented at three levels such as corporate strategies, business strategy and functional strategy.

2.9.2.1 Corporate strategy

Gallagher (2003:1) explain that corporate strategies deal with establishing and choosing the market in which the business operates. Corporates strategies specify actions of the business to advance competitive advantages. At this level, businesses select and manage combinations of different business units competing in different markets. These types of strategies focus on creating owners value and seek opportunities outside the original ideas. Gallagher (2003:03) extend that at corporate level strategies, firms share resources, transfer competencies and specify assets needed to complete projects. Decisions made at corporate level seek to improve combined efforts through sharing and coordinating resources among the business units as well as complement other corporate business activities.

Companies need to set long-term policies in which Strategic Business Unit is operating. Accordingly, Andedorf and Botha (2011:52) identify five corporate strategies, namely joint venture partnership, acquisition, subcontracting, vertical integration and diversification. Stewart and Maughn (2011: online) explained that a joint venture is a temporally business established by two or more firms for a specific task, for example, a large construction company may enter into a joint venture with a small business, working together to share resources such as cost, expertise, machinery etc. Once the project is completed, a joint venture may be dissolved.

Diversification is the variation between businesses within the company, (Kenny, 2009:2). Vertical integration looks at firms that take on activities that were formally done by others on its behalf (Gallagher, 2003:2). Subcontracting refers to the arrangement of the two firms, whereby a contractor authorizes another company to implement a project secured by authorizing firm (Ganiyu & Shash, 2010:2). At corporate level decisions are made to decide the types of business the organization is focusing on and how activities are planned and managed (Andedorf & Botha, 2011:48). SMMEs especially those in the construction industry may opt to enter in a joint

venture or subcontracting by large enterprises. This level fits enterprises with numerous business units.

2.9.2.2 Business strategy

Chuan, Ming and Lin (2014: 133) report that business strategies concentrate on creating a unique and valuable position of businesses while using different activities in the process. Business strategies seek to determine how the businesses compete in each functional area to gain competitive advantage using core competencies in a specific market. Strategies made at the business level position the business against its rivals and influence the nature of competition by looking at strategic actions such as vertical integration.

According to Andedorf and Botha (2011:48) strategies set at business level, determine how the businesses compete in the market. Focus, differentiation and cost leadership strategies are generic strategies associated with the business level strategy. Ritson (2011:19) stated that business strategies refer to competitive strategies which focus on efforts each business unit put in ensuring that it contributes to the attainment of mission and overall objectives of the organizations. These strategies create competitive advantages through identifying and satisfy customers, offer goods that meet their needs, increases operational profit, focus on positioning against the competitors and keep up to date with the market trends and technological change. Business level strategies are implemented at the single business unit and focused on the achievement of competitive advantage within its own market. This level of strategy suits small, micro and medium enterprises because they usually concentrate on one business unit which allows for all resources and capabilities to focus on one area of the business.

2.9.2.3 Functional Level strategy

Functional or operational level strategies contain details of how functional areas, such as marketing, operations, HR and finance implement business-level strategies. According to Ritson (2011:19), functional strategies refer to decisions made at operation level to see how functional area support strategic business unit to contribute to the attainment of corporate strategies.

Functional level strategies acquire, develop, and manage resources and offer support to the strategic business unit. Specific functions such as finance, marketing, human resources, IT to mention few, allocate resources between functions for optimum contribution to the attainment of the strategic business unit and corporate level objectives. The functional strategies ensure that its objectives support the attainment of business strategies.

2.9.3 Strategies to sustain business

It can be argued that strategies are developed to create competitive advantage and set a business apart from its rivals. The strategist guru, Mintzberg (1987:69) justified that all strategies are important, and no single strategy preferred significant than others because they complement one another, and they are all beneficial to the business if constructed well and implemented successfully.

Porter (1980:469) outlined three competitive strategies namely cost leadership, differentiation strategies and focus strategy which is still used by most businesses globally to achieve competitive advantages. Moreover, Valipour, Birjandi and Honarbakhsh (2012:20) explain that cost leadership and product differentiation are the best strategies for the business performance. Apart from the generic strategies, some firms employ strategic alliance and partnership through a joint venture, merge with larger enterprise and outsource functions which lack the expertise to create a competitive advantage. The Oxford Economics (2017:10) suggested that SMMEs need to apply technology, agility, accelerate innovation as well as attracting and attaining talents as strategies to build competitive strength.

Robu (2013:86) explain that small businesses have potential to promote attractiveness which enhances the possibilities of bringing new products or technics to the market and promotes competitiveness that increases productivity. The Oxford Economics (2017:14) advocates for innovation as an opportunity for SMMEs to accommodate market demand and responsiveness to customers. In agreement, the OECD (2018:5) policy note supports small and medium enterprises to be innovative as it helps the business to enhance productivity. Successful

businesses are those that are proactive in gaining and maintaining the competitive advantages in the holistic environment.

Ercan (2012:1789) express that the growth strategies are the best strategy for expansion and growth of the business, especially in construction management because it creates positive images of stakeholders. Ercan further extends that enterprises may opt to enter foreign markets in the local market is draining via exporting, licensing, franchising and by the strategic alliance.

In recognizing the market trends and changing environment, Ghobaklo, Hong, Sabouri and Zulkifli (2012:56) alluded that the enhancement of Information Communication Technology (ICT) promotes electronic trading (e-commerce) therefore small and medium enterprises need to invest in information technology because ICT generates new business opportunities, improve business performance and help businesses to compete with larger counterpart.

Wan-Pun (2009:32) suggest that SMMES need to implement financial strategies, invest in marketing programs, oversee market, concentrates on the core business and undertake small implementable projects which are affordable and within the resources at their disposal. On the other hand, Ajam (2016:205) posits that financial resources are conventional wisdom that helps the business to plan and improve operational effectiveness, therefore, finance and strategies need to be integrated for smooth implementation of activities. Similarly, Ramukumba (2014:25) stated that small and medium enterprises need adequate financing to enable them to maintain and acquire facilities, attract and retain capable staff, produce and market products that require funds to operate effectively.

Contributing to the strategies for SMMEs, Wan-Pu (2009:199) express that small enterprise can also tap from large organizations and implement the strategic decision and cost control decisions to ensure survival. Cant (2012:1109) stated that marketing strategy is needed to create long-term relationships with clients and help the businesses to gain and understand its potential on growth, market segmentation, client's needs analysis, competitiveness and marketing of products

and services. Accordingly, Bowen et al (2009:24) add that SMMEs that utilizes marketing programs such as satisfying customer needs, strategically locate the business within the reach of clients and sets itself apart from the failure group.

Successful business recognized that management training and capacity development play an important role to the success of the business because education equips people with knowledge and enhance the level of understanding (Bosire & Nzaramba, 2013:22). Educated owners or managers can formulate objectives, policies, procedures, budgeting, organizing the team, fitting the individuals into functions, motivating, leading as well as unifying the action of a group of people. With regards to educated owners, Farsi and Toghraee (2014:10) argued that SMMEs with educated owners and managers are likely to succeed compared to the uneducated because education prepare owners or managers to take risks just to ensure that their ideas, products or service are acceptable in the society.

The following business strategies were discussed in detail:

2.9.3.1 Proper Management skill

According to Hellriegel, Jackson, Solum, Staude, Amos, Klopper, Louw and Oosthuizen (2008:33) owners and managers of the business need to be oriented with planning and administration, teamwork and communication competencies as an effective package to manage resources successfully. Management skills which are acquired through training are required by all leaders of businesses to help owner's plan, lead, organize and control the work or functions of the business. Niaz, (2011:54) express that training should provide opportunities for learning and growth which enhances organizational competitive performances.

Bosire and Nzaramba (2013:22) explain that education equips people with knowledge, skills and makes them understand how things are done. Managers with management skills establish business goals and decide how to accomplish them. Education simplifies formulation of objectives, policies, procedures, budgeting and organizing team. Skilled managers identify skills and resources required for the specific task, they understand the operation of the business and

effectively place individuals into functions, motivate, lead and unify actions of groups of people (Farsi & Toghraee, 2014:10). Similarly, Tehseen and Ramayah (2015:56) add that skilled owners and managers apply learned knowledge to practical activities as a strength for the business.

2.9.3.2 Business plan

A business plan is a document that defines the business strategy, purpose to be achieved, long term and short terms objectives as well as the future in which the business wants to see itself (Boghas, 2017:10). A business plan can serve as communication tools for employees, investors, and other stakeholders. Pride et al. (2013:143) explain that a business plan helps potential investors to examine and establish the business potential to make profits. A business plan should be able to track, monitor and evaluate progress which guides management in various phases of business.

A business plan describes the operation of the business, provide the profiles of management with their expertise, present the marketing strategies to be followed, provide the financial projections, specify the resources required and available, project the risk anticipated and provide the information on where the business wants to see itself in a long run (Pavon, 2009:15). Wang, Walker and Redmond (2011:3) report that strategic planning which is closely associated with Business Plan set long-term goals, allocate sufficient resources and ensure that all activities are aligned with funds for the business to create competitive advantages.

A strong business plan contributes to the success of the business because it aims at achieving, sustaining and enhancing the competitive advantage of the business. Accordingly, successful businesses develop business plans to guide the main ingredients of the business model. Effective development of a business plan depends on the resources and capabilities that are considered to determine its chances of creating competitive advantages in the industry.

Table 2.5 below shows key areas of a business plan.

HEADING	DESCRIPTION
Introduction	Basic information such as the name, address and phone numbers of the business, the date the plan was issued and a statement of confidentiality to keep information away from potential competitors
Executive summary	A one to two pages overview of the entire business plan, including the justification why the business will succeed
Benefits to the community	Information on how the business will have an impact on the economic development and human development
Company and industry	The background of the company, choice of the legal business form, information on the products or services to be offered an examination of the potential customers, current competitors and business future
Management team	Discussion of skills, talents and job descriptions of the management team, managerial compensation, management training needs, and professional assistance requirements
Labor Force	Discussion of the quality of skilled workers available and the training, compensation and motivational workers
Marketing Plan	Discussion of the market, market trends, competition, market share, pricing, promotion, distribution and service policy
Financial Plan	Summary of the investment needed, sales and cash flow forecast, break-even analysis and sources of funding
Exit s Strategy	Discussion of a succession plan or going public
Critical Risk and Assumption	Evaluation of the weakness of the business and how the company plan to deal with these and other business problems
Appendices	Supplementary information crucial to the plan such as the resume of the owners and principal managers, advertising sample, organization chart and any other related information

Table 2.5: Components of a business plan

Source: Pride, Hughes and Kapoor. (2013:144)

According to Table 2.5, above, Pride et al. (2013:144) explain that a business plan should consist of “an introduction, an executive summary, benefit to the community, company and industry, management team, labour forces, marketing plan, financial plan, exit strategy, critical risk and assumptions as well as appendices”.

Literature shows that majority of small and medium enterprises do not have business plans however business plans determine the success of the enterprises and helps the business to outperform those without strategies (Karel, Adam & Radomir, 2013:71). Enterprises employ

business plans for internal planning, loan application and to persuade investors for investment (Dutta 2009:186). A good business plan alone does not ensure success but needs proper implementation and allocation of resources to make the business successful. Businesses are urged to set realistic goals, commit themselves, develop schedules to measure progress monthly and update the business plan accordingly.

2.7.3.3 Differentiation strategy

Differentiation is a viable strategy for earning an above-average return in the industry. According to Ritson (2011:46) businesses that employ differentiation strategies distinguish its products from the rivals. Accordingly, Hellriegel et al (2008:220) explain that often businesses allocate people and other resources to activities that allow the firm to achieve its overall goals. Businesses can position its product with respect to characteristics that competitors ignored to gain meaningful and distinct competitive position in the target minds of the customers. Therefore, SMMEs that support differentiation strategies should ensure that their products are reliable and reputable.

Mercedes Benz is a good example of differentiation strategy, because they kept the brand, create outstanding reputations and maintained the quality of products. For example, despite the current change in many motor vehicle keys to wireless keys, Mercedes Benz kept the same key even in their latest edition, however, they fitted their cars with current features to ensure customers satisfaction. Enterprises differentiate themselves through products, services, locations, availability and the time required responding to client's queries (Andedorf and Botha, 2011:49).

The niche strategies are often appropriate for small business because they have limited resources to engage in different business unit, thereby concentrates on meeting specific needs of its customers. For example, in a construction industry, SMMEs would concentrate on designing products that meet the needs of the customers in the industry, adding special products such as furniture's and provide complete houses to the client.

Porter (1980:469) highlighted that businesses employing differentiation strategy need to put more energy on creating unique quality products recognized industry-wide and position the business to charge any amount of money due to the business image and product design. On the other hand, Tanwar (2013:14) stated that focus strategies emphasize on effectiveness and concentrates on selecting a target market by focusing on marketing efforts of small market segmentation that meet the needs of the target market. In conclusion, focus and differentiation strategies require businesses to master advertising and promotional efforts in the specific geographical area and provide an individual attention to that “one” customer.

2.9.3.4 Internet, Information Communication and Technology strategies

Internet, information communication technology applies to wide range of areas of business and helps all types of business in day to day operations. Apulu (2011:52) outlined that ICT allows for access, storing, processing, distribution and exchanging of information between and within the organization which increase efficiency, quality and make the enterprise more innovative and the generation of growth. Additionally, ICT help SMMEs to compete effectively with large enterprises in the market because the buyers and sellers can connect more quickly and effectively. Effective use of ICT helps SMMEs improve communication, attract customer, aid in strategic decision making, enhances productivity and improve operational efficiency (Oxford Economics, 2017:13).

Marnarwick (2014:11) study indicate that ICT provides more advantages for SMMEs growth and stimulates economies. ICT has potential to innovate, deepen skills, promote growth and strengthening working relationships between workers, suppliers and clients (Amin, 2012:2). The use of information and communication technology surpasses the boundaries of time and space, allows the effective penetration in the global markets and it enables companies to offer products or services in many different countries on the comfort of their PCs. The use of Information Technology generates new business opportunities, provides information on time, cut on cost and enhance the general performance of the business (Ghobaklo, Hong, Sabouri & Zulkifli, 2012:37). The OECD (2018:5) policy note reports that the adoption of information technology by SMMEs

aid owners with the professional management skills because ICT allows for certain management software which can be of beneficial to the business and allows business to adapt digital revolution.

The Internet enables SMMEs to minimize cost in marketing because enterprises can reach broader markets using social media such as Facebook, Twitter and other online media to market their products free of charge and at the same time reaching large audiences. ICT helps employees, suppliers and stakeholders to share audios and videos related to the projects on real-time, products or service are offered via emails and other communication tools while meetings are conducted virtual using Skype and teleconferencing (Berisha-Shagir, 2015:76).

Apulu and Lantham (2011:55) conclude that ICT create competitive advantage and assist businesses to increase efficiency which benefits SMMEs for business transactions, business growth and enable easy access to the market. In the agreement, Pride et al. (2013: 414) argued that ICT benefit SMMEs because it enables online payment which helps small businesses to reach global and domestic customers as well as improve productivity in terms of data processing, business reporting, making communication easy and aid in smart decision making. Kuyol'Shade, Awodele, Alao and Omotude (2013:786) report that ICT changes the structures of the industry which create competitive advantages and spawns the whole new business from within.

2.9.3.5 Marketing plans

Marketing attracts new deals and enables businesses to create sustainable competitive advantages through marketing of products and services as well as increase profit and improve reputation and quality (Mokhtariani et al, 2017:2). Naranjo et al (2011:251) suggest that enterprises need to know the range of possibilities when it comes to business and clients to define which marketing strategies to choose and emphasize more on satisfying customers, reduce costs, qualities, market orientation, establish communication abilities and create platforms to attend to complaints.

Successful businesses utilize marketing programs and create long-term relationships with clients. As a result, Dutta (2009:322) indicates that small and medium enterprises need to concentrate on marketing its products to acquire customers and in returns gain continuous flow of new customers because a satisfied customer will always return or recommend the same service. It is in the best interest of SMMEs to employ four marketing mix (product, price, promotion and place) when developing marketing strategies. Trivedi (2013:21) adds that marketing identifies best opportunities that exist in the market and suggest that innovation of products and marketing techniques such as promotional tools, digital advertising as well as generating new ideas to understand the link of the customers, consumers and the market are crucial activities of marketing.

Marketing strategies have been adopted by successful businesses, therefore, enterprises need to obtain information about its present and potential customers, then determine the area that needs direct marketing activities and resources as well as obtain marketing information with regards to the effectiveness of marketing efforts. Businesses that support marketing plan create advantages using its resources to meet the business objectives using marketing mix such as the product, price, place and promotion to satisfy a target market (Pride et al. 2013:310).

With regards to developing marketing strategies, enterprises are required to select and analyze target markets, create appropriate marketing mix and analyze marketing environment to develop a marketing plan. Yan and Chew (2010:2397) identified two categories of marketing strategies, namely the competitive marketing strategies which deals with the deployment of resources and capabilities to compete in the market while relationship marketing strategies deal with networking and alliance resources. Favourably, SMMEs in the construction industry are advised to use marketing strategies as an improvement tool for development of the construction industry (Naranjo et al, 2011:252).

Table 2.6 below presents the stages of a marketing plan. The development of a marketing plan starts with the analysis of the environment, identify SWOT analysis, specify marketing objectives, identify marketing strategies, outline marketing implementation plan and provide an explanation on how the marketing plan will be evaluated and controlled.

COMPONENT	SUMMARY	HIGHLIGHTS
Executive summary	One to two pages synopsis of the entire marketing plan	
Environment analysis	Information about the company situation with respect to the marketing environment	<ul style="list-style-type: none"> • Assessing the marketing environmental factors • Assessing target markets • Assisting current marketing objectives and performance
SWOT Analysis	Assessment of the organization strength, weakness, opportunities and threats	<ul style="list-style-type: none"> • Strength • Weakness • Opportunities • Threats
Marketing objectives	Specifications of the firms marketing objectives	<ul style="list-style-type: none"> • Qualitative measures of what is to be accomplished
Marketing strategies	Outline of how the business will achieve its objectives	<ul style="list-style-type: none"> • Target market • Marketing mix <ul style="list-style-type: none"> ○ Products ○ Price ○ Promotion ○ Distribution
Marketing implementation	Outline of how the business will implement its marketing strategies	<ul style="list-style-type: none"> • Marketing organizations • Activities and responsibilities • Implementation timetable
Evaluation and control	Explanation of how the business will measure and evaluate the results of the implemented plan	<ul style="list-style-type: none"> • Performance standards • Financial controls • Monitoring procedures (audit)

Table 2.6: Components of a marketing plan
Source: Pride, Hughes and Kapoor (2013:317)

2.9.3.6 Understanding financial literacy and planning

Money is a powerful tool for business because everything is made possible by money. Without money, projects would not be completed, staff will not be employed and products, as well as services, will not be delivered, hence a need to understand financial literacy and planning. Financial literacy enables managers to read financial documents without discomfort (Kotze & Smith, 2008:35) because lack of financial knowledge contributes to the failure of SMMEs. Managers who are financially literate make good financial choices and respond positively to financial decisions, therefore SMMEs need financial education and training. Avlijas, Avilijas and Heleta (2014:114) extend that financial literacy creates financial awareness and knowledge to manage funds effectively. SMMEs need to conduct cost analysis and find funding mix that meets their needs. They need to diversify and find other sources of funding apart from banks such as peer to peer lending and crowdsourcing (Oxford Economics, 2017:22).

The financial plan estimates the start-up cost, financial alternatives and develops a financial projection of the business, hence giving an assurance of the viability of the business. Calopa (2016:112) adds that financial literacy plays an important role in making valuable financial decisions concerning the business and categorized as one of the important management functions which enhance performance and productivity. Managers who are financially equipped make knowledgeable judgments and take positive actions with regards to the management of money.

Accordingly, Ramukumba (2014:25) findings report that SMMEs require adequate financing to maintain, facilitates, attract and retain capable staff, produce and market products to ensure that business operates successfully. In most cases, small businesses are not comfortable with the risk associated with borrowing from commercial banks while some have difficulties to meet the requirement of loans from the banks. Table 2.7 below shows a financial planning process for the business. A financial plan begins with establishing goals of the business, followed by determining the budget required to accomplish the goals and identify available sources of funding as depicted below.

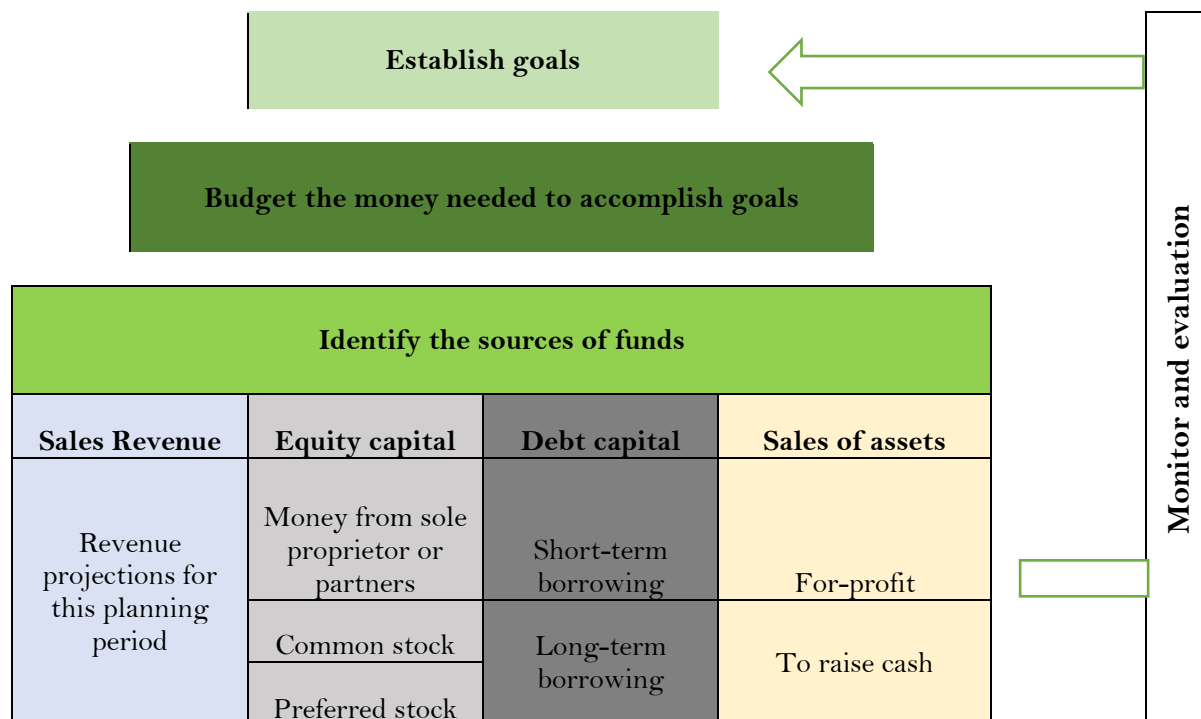


Figure 2.1: Steps of financial planning
Source: Pride, Hughes and Kapoor (2013:474)

A financial plan establishes realistic, specific and measurable goals that need money for funding generated from sales revenue, equity capital, debt capital and from the sales of business assets.

2.10 Conclusion

Chapter 2 discussed a theoretical framework for this study. The resource-based view was discussed as one of the strategic management theory associated with strategy development. Detailed discussion with regards to SMMES, its significant to the economy and its legality was presented. The factors that limit the full operation of the business was also discussed in detail. The chapter concluded with strategies that sustain the business. The following chapter discusses the methodologies used to collect data.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter reflects on the theoretical background and reviewed the literature relevant to the study. Research Methodology explains the methods and procedures the researcher employs to describe, explain and predict the phenomenon. Research methodology provides a systematic search for knowledge, new and useful information on a topic with an aim to find solutions and social phenomenon through objectives (Rajasekaar, Philominathan & Chinnathambi, 2006:2).

In this chapter, the researcher outlined the objectives and hypothesis of the study. The researcher further discusses approaches to research, research design, sampling and sampling strategies, data collection methods, data analysis, quality of data as well as ethical considerations.

3.2 Research Approaches

Approaches to research enable the researchers to make an informed decision when it comes to designing the research and selecting strategies appropriate to the study. Deductive and inductive research are two common approaches to research (Saunders et al., 2009:117).

Deductive approach: Saunders et al. (2009:117) indicated that deductive approach explains the relationship between variables, allows for testing of hypotheses, and usually adopts highly structured methods of collecting data to ensure reliability. This approach is mostly associated with positivism and testing theories as well as measuring the results. Accordingly, Bambale (2014:865) add that deductive approach develops a hypothesis and design appropriate strategies to test and validates the hypothesis. The deductive approach was employed in this study.

Inductive approach: The inductive approach supports qualitative research because it aims to feel and understand better the causes of the problem under study (Saunders et al, 2009:119).

According to Bambale (2014:865), the induction approach is based on observing phenomena or data and draws the conclusion of data from observation of facts and the findings that build theories. Table 3.1 below provides differentiation between deductive and inductive research.

Deductive Approach	Inductive Approach
<ul style="list-style-type: none"> • Scientific principle 	<ul style="list-style-type: none"> • This approach deals with gaining an understanding of meanings, human attach to events
<ul style="list-style-type: none"> • Moving from theory to data 	<ul style="list-style-type: none"> • A close understanding of the research context
<ul style="list-style-type: none"> • The collection of quantitative data 	<ul style="list-style-type: none"> • The collection of qualitative data
<ul style="list-style-type: none"> • The application of control to ensure the validity of data 	<ul style="list-style-type: none"> • A more flexible structure to permit changes of research emphasis as the research progress
<ul style="list-style-type: none"> • The operationalization of concepts to ensure clarity of definition 	<ul style="list-style-type: none"> • A realization that the researcher is part of the research process
<ul style="list-style-type: none"> • A highly structured approach 	<ul style="list-style-type: none"> • Less concerned with needs to generalization
<ul style="list-style-type: none"> • Researcher independent of what is being researched 	
<ul style="list-style-type: none"> • The necessity to select a sample of sufficient size to generalize the conclusion 	

Table 3.1: Differences between deductive and inductive research approaches
Source: Saunders, Lewis and Thornhill (2007:120)

3.3 Research Design

Bambale (2014:866) explain that research may be designed in three ways, the exploratory research, descriptive research and explanatory research. Saunders et al, (2009:139) explain that exploratory research seeks to understand what is happening and assessing the phenomena. Descriptive research is conducted to ascertain and describe a characteristic of variables in the situation (Bambale, 2014:866). Explanatory studies seek to connect ideas that help to understand the meaning of effect. Research design helps the researcher to obtain and collect information from participants, set plans that describe why participants are needed and develop plans that will direct how to reach the conclusion of the research problem.

Appropriate research design minimizes expenditure related to the study, facilitate smooth scaling, collect relevant data and techniques, provide a blueprint for plans and provide direction

to the researcher (Pandey & Pandey, 2015:18). Accordingly, research design provides guidance on how to collect, analyse and interpret the research findings through various stages (Degu & Yigzaw, 2016:25). Research design increases the chances of obtaining information that could be associated with the real situation. This study adopted descriptive study.

3.3.1 Descriptive study

This study adopted a descriptive research to describe the phenomenon and estimate population (Bambale, 2014:866). In the same vein. Saunders et al, (2009:134) explain that descriptive study ensures that the events or situations are portrayed accurately to have a clear picture of the phenomenon. Additionally, Bambale expresses that this design is structured in a way that it measures the characteristics of the study as described in the research questions. The descriptive study can be conducted in three ways such as observation, case study and survey study.

3.4 Research Methods

According to Almalki (2016:288) qualitative, quantitative and mixed methods research are commonly three approaches to research methods. The qualitative approach focuses on understanding the phenomenon from a closer perspective. The quantitative approach tends to approximate phenomena from a larger number of individuals. Mixed methods combine the qualitative and quantitative research. This study adopted quantitative research.

3.4.1 Quantitative research as an adopted method

This study chooses quantitative research as a research strategy for this study. This approach determines the relationships that may exist between variables. Almalki, (2016:290) indicated that quantitative research deals with testing and reproducing of hypothesis with relationships. Choy (2014:101) add that quantitative research allows statistical data collection, which can be compared between variables, requires many samples to become representation and enables the researcher to record the extent of agreement and disagreement to the statement.

The aim of quantitative research is to achieve generalized and valid results beyond the situation in which they are measured. Quantitative research focuses on measuring social reality, allows for the estimation of the population at large, enables the results to be analyzed with statistics, measures the level of occurrence and allows statistical comparison between various groups. The table below (table 3.2) provides an overview of both approaches using different measures.

	Quantitative research	Mixed methods	Qualitative research
Scientific	Deductive of top-down The researcher test hypotheses and theory data	Deductive and Inductive	Inductive or bottom up The researcher generates new hypotheses and grounded theory from data collection during fieldwork
View of human behaviour	Behaviour is regular and predictable	Behaviour is somewhat predicted	Behaviour is fluid, dynamic situational, solid, contextual and personal
Most common research objectives	Description, explanation and prediction	Multiple objectives	Description, Exploration and discovery
Focus	Narrow-angle lens, testing specific hypotheses	Multilens focus	Wide angle and deep angle lens examining the breadth and depth of phenomena to learn more about them
Nature of observation	Attempts to study behaviour under controlled condition	Study behaviour in more than one context or condition	Study behaviour in the natural environment, study the context in which behaviour occurs
Nature of reality	Objective different observers agree on what is observed	Common sense realism and pragmatic view of works i.e. what works is what real or trues	Subjective, personal and social structures
Form of collection of data	Collect quantitative data based on precise measurements using structured and validated data collection instruments e.g. closed-ended, rating scale and behaviour response	Multiple forms	Collect qualitative data e.g. in-depth interviews, participants observations, field notes and open-ended questions, the researcher is the primary data collection instruments
Nature of data	variables	A mixture of variables, words and images	Words, images categories
Data analysis	Identify, the statistical relationship	Quantitative and qualitative	Search for patterns, theme and holistic features
Results	Generalizable findings	The corroborated finding may generalize	Participants findings presentation of inside view pointy, present perspectives
Forms of final reports	Statistical reports, e.g. with correlations comparison of means and reporting of statistical significance of findings.	Eclectic and pragmatic	Narrative report with contextual description and direct quotation from research participants.

Table 3.2: Quantitative, qualitative and mixed research:

Source: Tashakkori and Tendler (2003)

3.5 Sampling

Sampling is a process of selecting a portion of the population to represent large population (Bambale, 2014:867). Sampling involves five steps. The first steps start with defining a target population, followed by determining the frame in which the sample is drawn, defining the design to be followed on sampling, establishing the appropriate strategies and lastly execute the sampling process.

3.5.1 Target population

The population of this study was 65 ($n=65$). The population was based on all SMMEs in the construction industry of the Omusati Region. Omusati Region was selected because it is one amongst the largest Regions in Namibia, with three Settlements and four Town Councils in need of development in terms of building and infrastructures, thereby making it suitable Region for the study. Bambale (2014:867) describe target population as a total group of individuals, events, institution or interests that the researcher wishes to investigate. The process of selecting a population needs to provide element and geographic boundaries of the population targeted for the study.

3.5.2 Sample frame

A list (database) of all registered SMMEs in the construction industry of the Omusati Region was the sample frame for this study. The list was made available by the Ministry of Industrialization, Trade and SMEs Development. According to Saunders et al. (2009:208), “a sampling frame is a list of all cases in the population from which the sample is drawn” which represent the element of the population.

3.5.3 Sampling design

Probability and non-probability sampling are two major types of sampling design. Saude et al (2009:215) explain that in probability sampling, all elements are eligible to be selected and included in the sample. In non-probability sampling, the probability of each case is not known, and only small number of the sample may be included in the sample (Taheldoorst, 2016:20). This

study employs probability sampling method called simple random sampling to determine the size of the study.

3.5.3.1 Sample size

A sample size is the units chosen from the entire population (Bless et al, 2006). The study adopts Krejcie and Morgan (1970: online) table of sampling shown below to select the sample. Table 3.3 direct that a population of 65 elements (n=65) should draw a sample size of 56 (n=56) participants. A sample size of 56 (n=56) was selected for this study.

<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Note: N is Population Size; S is Sample Size

Table 3.3: Table of sampling
Source: Krejcie & Morgan (1970: online)

3.5.3.2 Simple random sampling as an adopted strategy

The study employs a simple random sampling. According to Saunders et al (2007:215) explain that a simple random sampling is a probability sampling which involves selecting a sample from the random frame. Taheldoorst (2016:21) report that in simple random sampling, every case has an equal chance to be included in the sample. Saunders et al further express that this strategy considers that each element has a known and equal chance of being included in the study without bias and it represents the whole population.

3.5.3.3 Strategy for recruiting elements

The researcher assigned single numbers to each element in the list (database) of SMMEs received from the Ministry of Industrialization, Trade and SME Development. This was done to ensure anonymity and discourage bias when selecting participants. The researcher wrote numbers on small paper fold it and place it in a bucket. Each number represents the element which started with 001 and ended with a 065. In total 065 (n=65) small papers were placed into a bucket. The selection of elements was conducted manually by a small child ages 5-year-old. The child was requested to select papers, picking one at a time (one by one) until a sample size of 56 (n=56) was selected. The process of selecting the sample size took one hour to complete.

3.6 Data Collection Methods

Data represent a set of values of quantitative or qualitative variables and can be collected using primary or/and secondary data collection methods. Primary data are the original information or raw information collected without the interpretations that represent an original opinion. Walliams (2011:70) explains that secondary data are referred to already available recorded and interpreted data. Primary data can be collected from participants using interview, questionnaire, observations, experimental and focus groups. Bambale (2014:871) explain that survey, experimental, and case studies are some of the types of enquiry Secondary data can be collected using books, journals, articles, internet and newspapers.

A questionnaire was designed to collect primary data in this study.

3.6.1 Questionnaire as adopted tools for collecting data

The questionnaire was adopted as a tool for collecting primary data. According to Bambale (2014:871), a questionnaire is a designed set of questions, formulated to collect primary data of which respondents are required to record their responses. Questionnaires are effective tools for collecting large numbers of quantitative data. Saunders et al (2009:356) indicate that the questionnaires are necessary for descriptive research because it allows researchers to classify and define the variability of phenomena. Descriptive research usually employs questionnaires to identify and describe the variability in different phenomena. Ponto (2015:170) expand that the

design of a questionnaire should reflect the aim and objectives of the study and demonstrate a fit between its content and research problems. Questionnaires are aimed at receiving comparable answers from all participants. Denscombe (2010:170) add that questionnaire should be designed in such a way that it records information to be used for data analysis.

Questionnaires may be administered through self-administered survey and interviews administered survey (Saunders et al., 2009:357). Explaining the two types of research, Saunders et al reports that self-administered questionnaires are conducted by the respondents themselves using online questionnaire, postal questionnaire and delivery and collection of questionnaire while the interview-administered questionnaires are recorded by the interviewer as per answers received from participants using telephone and face to face interview. The setting of the questionnaire may be open or close-ended questions.

This study adopts self-administered questionnaires using personal delivery and collection of questionnaires. The questionnaire was designed using the input from the literature review. Dichotomous (yes/no), five-point measuring Likert scaling and multiple-choice questions were useful tools in guiding respondents when answering questions. All questions were fully structured using close-ended questions. Bird (2009:1130) outline that close-ended questions are easy to analyze, easy to be coded and allows for comparison of variables.

3.6.1.1 Advantage and disadvantages of questionnaires

Questionnaires are less expensive to conduct, take lesser time to complete and have a higher response rate especially when they are personally derived and collected (Mathers, Fox & Hunn, 2009:9). In the agreement, Denscombe (2010:169) added that questionnaires are economical, easy to arrange, allow for scandalized answers, ensures data accuracy and encourage pre-coded answers which facilitates coding and analysis. Further, it allows respondents to maintain anonymity. Findings in questionnaires may be generalized and empirical data have validity because they can be tested. Questionnaires also have disadvantages such as if mailed by postal, response rate may be demoralizing because it may take a longer time to receive sufficient

responses back or no response will be received at all. Close-ended questions frustrate respondents because their responses are limited and restricted.

3.6.1.2 Administration of questionnaires

Questionnaires were personally hand-delivered to all selected owners or managers of fifty-six (n=56) SMMEs in the construction industry. The researcher contacted participants one week prior to actual distribution of the questionnaires. The purpose of pre-contact was to inform participants about the objectives of the study, to inform participants that they were selected to participate in the study as well as to confirm whether they were available and willing to take part in the study. All 56 participants confirmed their availability and their willingness to take part in the study. The process of delivering and collecting of questionnaires started on the 10th of December 2017 and the last questionnaire was collected back on the 20th of February 2018.

The questionnaire consisted of four sections:

Section A: consisted of eleven questions on demographic information.

Section B: consisted of four questions on business operations.

Section C: consisted of thirteen questions on challenges of SMMEs.

Section D: consisted of thirty-nine questions on strategies to sustain the business.

3.6.1.3 Testing of the questionnaire

Three owners of SMMEs in the construction industry of Omusati Region tested the draft of the questionnaires before the main study was conducted. Williams (2003, online) recommended that questions should be pre-tested on a small population to ensure that data collected from the questionnaires are valid and reliable as well as to ensure that questions are clear and understandable. Presse, Couper, Lessler, Martin, Rothgeb and Singer (2004:109) explain that testing of questionnaires (pilot study) is very important as it helps the researcher to evaluate in advance whether questionnaires are clear and detect whether the methodology used was appropriate for the study. Additionally, Saunders et al (2009:388) add that pre-testing enables the researcher to make an assessment on time, assess validity and reliability as well as allowing for the suggestion to be made in the questionnaire. Testing of questionnaires before the actual collection of data has advantages such as identifying possible ethical problems and determining whether hypotheses were appropriately constructed.

The pilot test concludes that:

- Questionnaire requires 20 - 30 minutes to complete.
- The terms used were common in business.
- The language used was clear and understandable.

3.7 DATA ANALYSIS

According to Kelley et al (2003:265), data analysis deals with combining and summarizing empirical data in a logical way that involves reducing information into a manageable size. In quantitative studies, data analysis employs the statistical program to measure, make comparisons, examine the relationships, test hypothesis and construct theories (Walliman, 2011:113). Additionally, statistical data help the researcher to summarize, organize, evaluate, interpret and communicate quantitative data. Denscombe (2010:269) charge that quantitative data analysis provides scientific results, allow statistical testing of significance, measure quantities rather than an impression, analyses large volumes of quantitative data and makes its research finding available in graphs and table charts which makes it easier for presentation to people with no statistical background.

Data analysis begins with data capturing. In this study data capturing commence immediately after receiving questionnaires from respondents one by one. Answers from respondents were captured into the computer software called Statistical Package for Social Science (SPSS). Accordingly, Landau and Everitt (2004: online) explain that SPSS is a package of programs for assembling, manipulating, classifying, tabulating and summarizing numerical data to obtain meanings or information. The strategy to capture responses immediately after receiving the questionnaires back from respondents saved time and enable the researcher to start analyzing data immediately after the completion of data capturing because no questionnaires were piled up.

Data analysis begins on 24 February 2018. Quantitative data were analyzed using statistical programs called descriptive and inferential statistic. Saunders et al. (2009:433) expressed that descriptive statistics help the researcher to compare variables using numerical values,

summarizes and present data using graphical and numerical techniques. Inferential statistics determine whether there is the difference between variables and infer conclusion or interpretations about the features of a population (Thompson, 2009:57).

3.7.1 Descriptive statistics

Vergura et al (2009:1) explain that descriptive statistics is a useful tool for collecting, combining and analyzing sets of known data through assigning proper descriptive model. Accordingly, Thompson (2009:57) explains that descriptive statistics compare samples from one study, detect sample characteristics that may influence the conclusion. It converts various data into an organized and visual characterized data that provide clear and understandable meanings to the readers. Accordingly, Kern (2013:3) expressed that descriptive statistics organize summarized data and observe new areas of interaction as well as recognizes significance. The common descriptive approaches are frequency distribution, measures of central tendency, measures of variability and measures of relationships. Frequency distribution and measures of central tendency were used in this study to present descriptive statistics.

3.7.1.1 Frequency distribution

In this study, descriptive data were presented by frequency distributions bar charts, tables and pie charts. Frequency distribution provides a number of descriptions each subject select using numerical values or graphical techniques in one variable or two variables (Thompson, 2009:58). It describes nominal and ordinal data and the characteristics of quantity per data.

3.7.1.2 Measures of central tendency

Bryne (2006:39) describes the measures of central tendency as statistics or numbers expressing the most typical or average scores in a distribution and provides information on how the study results are grouped. A measure of central tendency provides information where the majority lies. The mean, median and the mode are three measures of central tendency. Thompson (2009:58) discusses that the mean demonstrates data sets, the mode is the value that occurs most frequently,

and the median is the midpoint of a distribution. The mean of variables was employed in this study to discuss descriptive statistics as well as to discuss findings from the empirical study. Median was adopted to determine the significances of the hypothesis.

3.7.2 Inferential analysis

Inferential analysis creates conclusions that reach beyond the observed data (Kern, 2013:3). Inferential statistics enable researchers to infer from samples to large populations and estimate the population parameters as well as testing hypotheses. It aims at disapproving or accepting hypothesis established from the descriptive data. Inferential statistics are analyzed using a parametric or non-parametric analysis. Parametric data analysis employed when variables are normally distributed using t-test or analysis of variances. Non - parametric analysis refers to a free statistical distribution test where no assumptions are made with regards to normal distribution of target population. A non-parametric statistical technique was considered appropriate for analyzing empirical data of this study. Nahm (2016:9) report that non-parametric analysis converts original data into the order size and uses ranks or signs to describe data.

Wilcoxon signed rank test, Mann-Whitney test, Kolmogorov-Smirnov test, Kruskal-Wallis test, Jonckheer test and Friedman test are the types of non-parametric statistical analysis. The Kruskal-Wallis test was adopted in this study.

3.7.2.1 Kruskal -Wallis analysis

A non-parametric analysis called Kruskal-Wallis analysis was adopted in this study. The main aim of Kruskal-Wallis test is to analyze the variation of differences in median values of three or more independent samples (Nahm, 2016:12). The result of Kruskal-Wallis test was presented by a chi-square, degree of freedom and probability value (p-value) that determine the statistical significance of the hypothesis and whether enough statistical evidence exists to conclude whether to accept or reject the hypothesis.

3.8 Reliability and Validity of data

3.8.1 Reliability

Reliability refers to stability, consistency or dependability of instrument or the capacity of measurements to produce consistent results. Mohajan (2017:10) indicated that reliability measures degree to which results are consistent over a period and ensure that these results can be reproduced using the same methodology. An instrument is reliable if it measures and produces accurately result and reflect the time score attributed under investigation. Bird (2009: 1310) emphasized that the format of the questionnaire, its wordings, length and output need to be considered to ensure its reliability. The purpose of reliability is to ensure that the instrument used to collect data are robust and are not sensitive to change the researcher, the participants or the research conditions.

Heale and Twycross (2015:67) explain that reliability is ascribed to the internal consistency, stability and equivalence. "Internal consistency refers to the extent in which the items on the scale are measured, stability refers to the consistency of results using an instrument with repeated testing while equivalence refers to the responses of multiple users of the instrument". Reliability measures both consistency and stability. Consistency indicates how items measuring concept hang together as a set.

Cronbach's alpha tests the coefficient reliability in the SPSS and interprets how items are positively correlated with one another. Mohajan (2017:13) explains that coefficient has two values 0 and 1. Value 0 represents no relationship while value 1 or closer shows internal consistency. A Cronbach's Alpha of 0.70 is acceptable and satisfactory, 0.80 considered good and 0.90 reflect exceptional internal consistency. According to Cronbach's Alpha rule of thumb, the reliability test of 0.70 and high is deemed to be acceptable (Heale and Twycross, 2015:67).

In this study, the reliability test of SMMEs challenges and SMMEs business strategies were conducted to measure 14 and 39 items respectively. The Cronbach's Alpha on SMMEs challenges recorded 0.732 while the SMMEs business strategies record 0.725. All tests were of an acceptable standard. Reliability was also ensured by the instrument employed to collect data. A pilot test concludes that the instrument was reliable.

3.8.2 Validity

According to Saunders et al (2009:150) validity refers to the ability to check whether the questions intended to measure how truthful the result of the study should be. Validity ensures the instruments measure what is supposed to measure, and the instruments are accurate and precise. The validity of this study was measured during a pilot study on the accuracy of questionnaires and its relations to the objectives of the study. A pilot study (pre-testing of the questionnaire) is a limited study conducted with a small number of the population prior to the main study. Heale and Twycross (2015:66) add that validity seeks to ascertain whether an instrument accurately measures what it is supposed to measure. The instrument measures its contents, criterion and its validity. This is done to check whether respondents understand the instruction, and the time required. The questionnaire consisted of the same set of questions, therefore, all questions were found valid.

3.9 Ethical Consideration

Ethics in research refers to the correctness of behavioural relation to the rights of those who become the subject of work to be carried out (Saunders et al, 2009:178). Ethical consideration came into play at three stages in research, when participants are recruited, during the intervention and when presenting research results:

- **Permission to do the study:** The researcher received authorization to conduct research with SMMEs in the construction industry of Omusati Region from the gatekeeper, the Ministry of Industrialization, Trade and SMEs Development. The approval letter is attached as Appendices 8.2. The researcher further received ethical clearance from the University of KwaZulu-Natal, protocol reference number: HSS/1954/017M. The research protocol is attached as Appendices 8.1.
- **Right to informed consent:** Participants were informed that taking part in the study was voluntary and that they have the right to participate and/or to withdraw without being penalized. The informed consent form is attached as Appendices 8.4.

- **Confidentiality and anonymity:** Anonymity and confidentiality have been maintained during the study. The researcher ensured that the information obtained from participants remain confidential and no personal information such as business information and participants names were reported or disclosed. All data related to the study was placed under the custodian of College of Management and Law at the University of KwaZulu-Natal, whereby disposition will be done after 5 years according to the University disposal policy and procedures.
- **Reporting of results:** The researcher took full responsibility for ethical obligation when analyzing and reporting data. The researcher acknowledged (cited) all views of other researchers used in the study. All SMMEs that took part in the study as well as the gatekeeper will receive a copy of the full dissertation.

3.10 Conclusion

The chapter explained the research approaches associated with the study. The study adopted descriptive research and quantitative approach. Simple random sampling was discussed in detail as a preferred sampling method. The sample size of 56 was drawn from a sample element of 65 SMMEs in the construction industry of Omusati Region. Primary data was collected using the questionnaires. Questionnaires were personally hand delivered and collected. Empirical data was entered in SPSS and thereafter analyzed using descriptive and inferential statistical analysis. The issue of reliability and validity was taken into consideration and measured using the rule of Cronbach's Alpha. Ethical measures were upheld by receiving ethical protocol and gatekeeper's approval letter. The following chapter presented research results.

CHAPTER 4

PRESENTATION OF RESULTS AND DATA ANALYSIS

4.1 Introduction

The previous chapter discussed the research methods employed in this study. This section presents data collected from respondents. Data were presented according to the format of research instrument (questionnaire). The questionnaire was set up consisting of four sections. Section A presented demographic data of respondents, Section B presented business tools data (documents), Section C presented data with regards to the challenges facing SMMEs in the construction industry and Section D presented the strategies that SMMEs in the construction industry would employ to sustain their business. Empirical data was presented in graphs (figures) forms such as pie and bar charts as well as in the table formats and thereafter analyzed using descriptive statistics and inferential analysis.

4.2 Response rate

Response rate			
Description	frequency	percentage	cumulative percentage
Responded	51	91	91
Not respodent	5	9	100
Total	56	100	

Fifty-six (n=56) questionnaires were distributed to 56 selected SMMEs in the construction industry of the Omusati Region. Fifty-one questionnaires (n=51) were received back and five (n=5) were of non-response, hence excluded in the analysis. Although all participants indicated their availability and willingness to take part in the study during the recruitment process, out of five (n=5) non-response, three (n=3) people representing three SMMEs indicated that they were too busy and will not have time to complete the questionnaires and the other two (n=2) indicated later after numerous follow up that they were withdrawing from participating. Accordingly, this

study achieved the response rate of 91.00% (total number of questionnaires received back (n=51) ÷ total number of questionnaires sent out (n=56) × 100 = response rate (91.00%). The high response rate was made possible by the strategy employed in the distribution and collection of questionnaires. Self-administered questionnaires were personally hand delivered and collected from the respondents.

4.3 Presentation of data

4.3.1 Section A: Demographic information

Demographic information is essential to quantitative research. In this study, demographic data were used to test the statistical significance of hypothesis. Demographic questions consisted of respondent's gender, age group, level of qualification, business ownership, the reason for business existence, types of business ownership, periods of business existence, management of business and types of business employment both on full time and part-time.

The following demographic data were presented using pie charts, bar charts and tables.

Figure 4.1: Gender of respondents

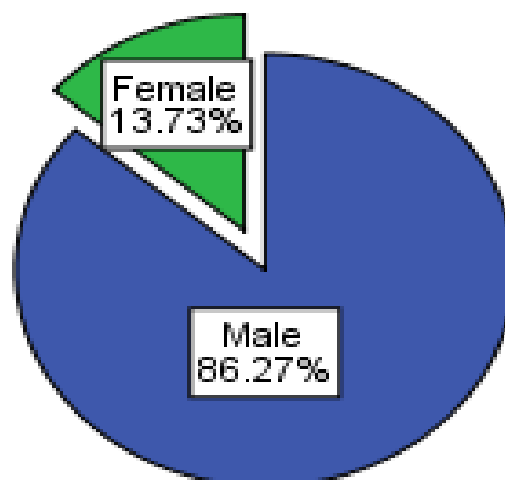
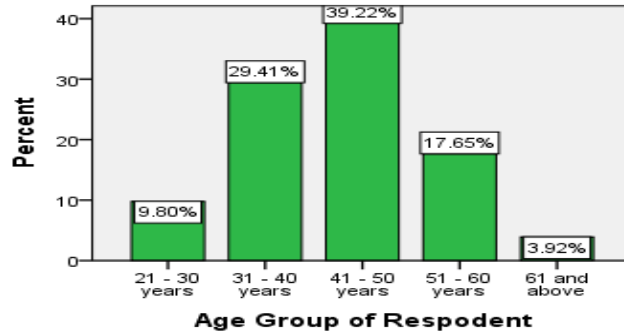


Figure 4.1 shows that 86.27% of respondents were male while 13.73% were female.

Figure 4.2: Age group of respondents



Five measures of the age group of respondents were used in figure 4.2. The highest age group of respondents was from 41-50 years of age as represented by 39.22%, followed by a group of 31 – 40 years with a stake of 29.41% of respondents. The age group of 51-60 years recorded 17.60% of respondents, 21 - 30 years of age were 9.80% of respondents and the lowest group was 3.92% of respondents from the age group of 61 years and above.

Figure 4.3: Level of education of the respondents

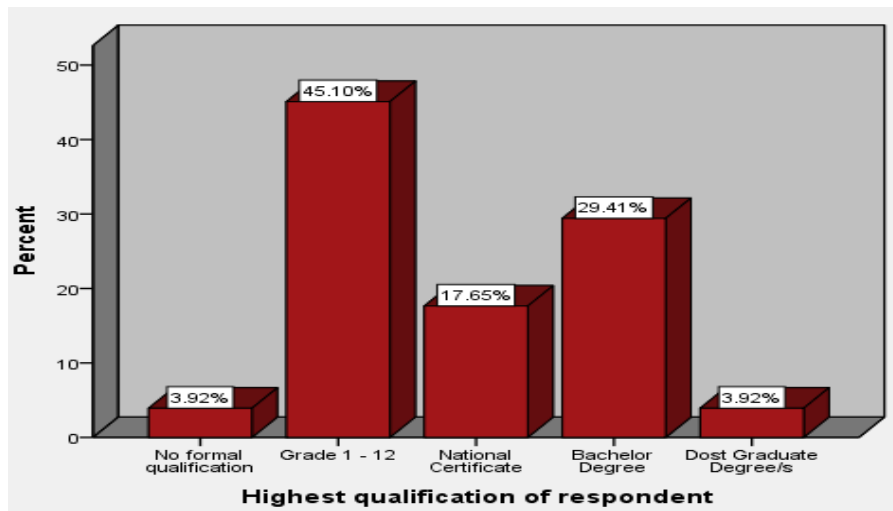
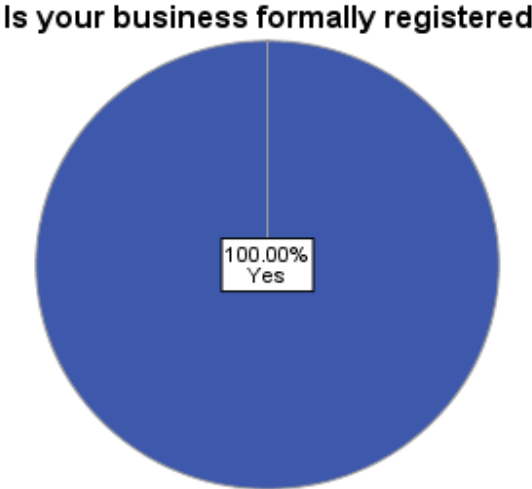


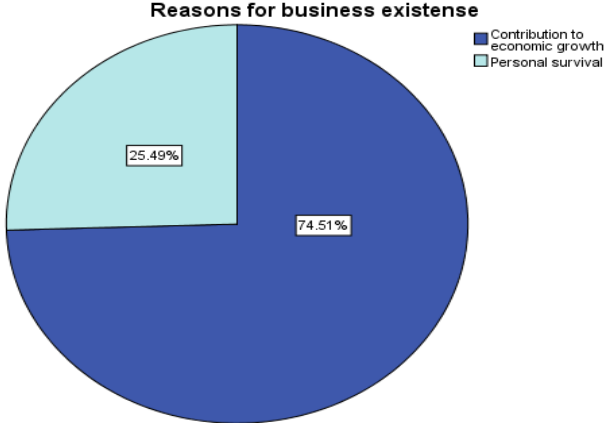
Figure 4.3 shows that 45.10% of respondents represent a category of respondents with Grade 1-12 Certificates, followed by 29.41% with bachelor’s Degrees, 17.65% with National Certificates, 3.92% with Post Graduate Degree and 3.92% with no formal qualifications.

Figure 4.4: Business registration of respondents



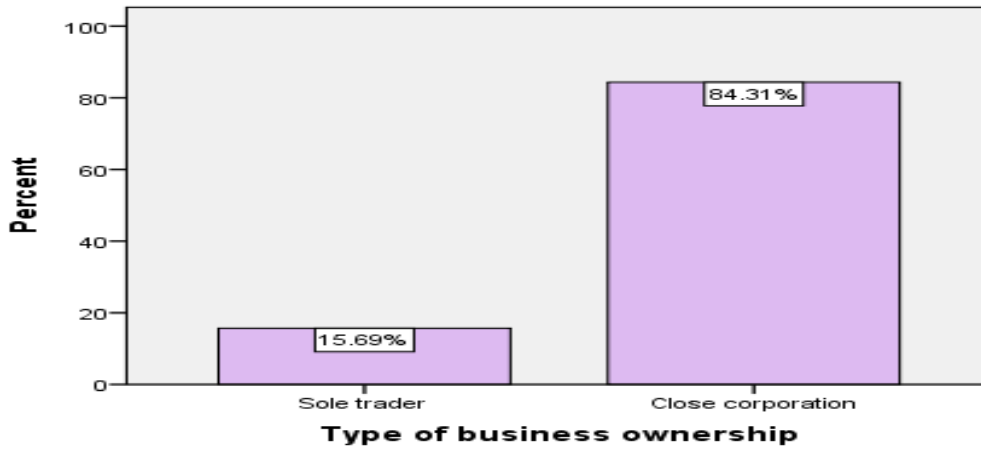
According to figure 4.4, 100.00% of respondents indicated that their businesses were formally registered.

Figure 4.5: Reasons for business existence



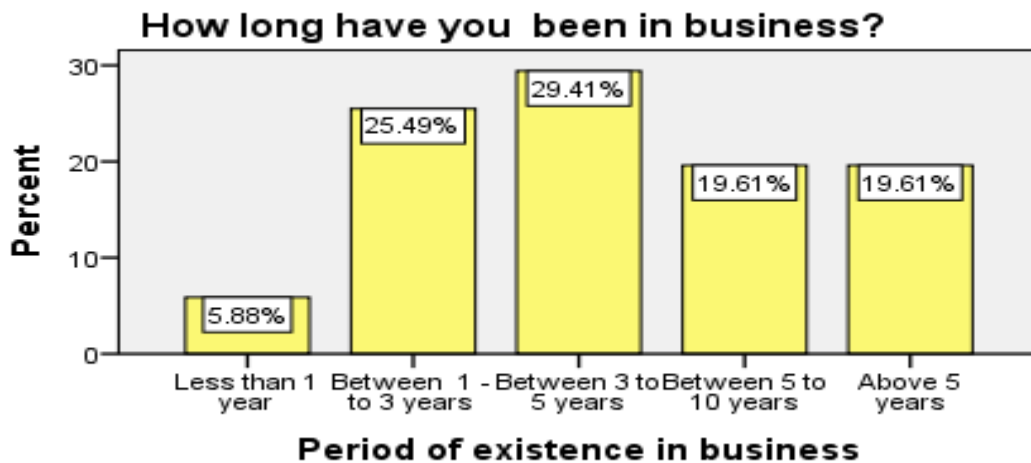
Respondents were asked to indicate the reason for their business existence. Among others, 74.51% of respondents indicated that they are in business to contribute to economic growth while 24.49% of respondents shows that they are in business for personal survival.

Figure 4.6: Types of business ownership



Respondents were given an option to choose the types of business ownership. Majorities (64.31%) of respondents were Close Corporation and 15.69% of respondents were Sole Traders.

Figure 4.7: How long have been in business?



The results in figure 4.7 show that 29.41% of respondents have been in business for 3-5 years, followed by 25.49% of respondents between 1-3 years. Figure 4.6 also shows that 19.61% of respondents have been in business between 5-10 years, 19.61% have been in business for more than 5 years while 5.88% were in business for less than 1 year.

Figure 4.8: Management of business

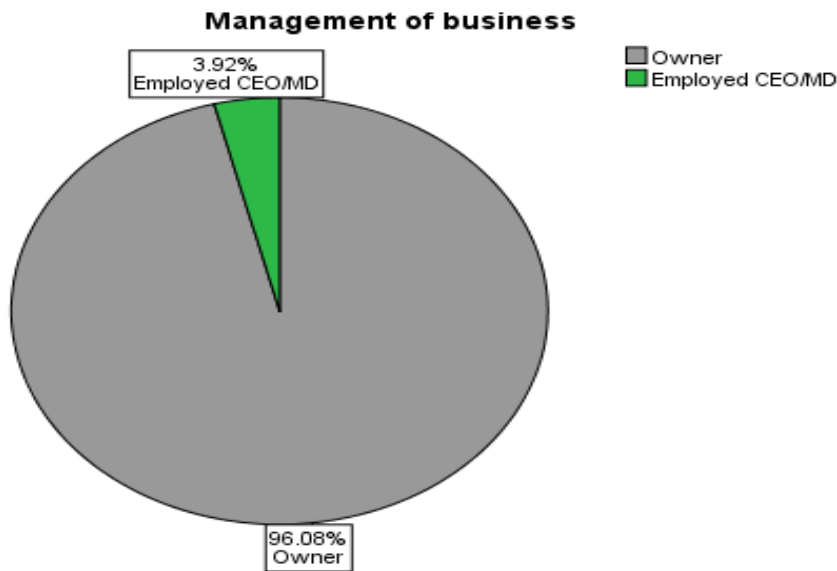


Figure 4.8 shows that 96.08% of respondents were managing their business themselves, while 3.92% of respondents employed CEO or MDs to manage their business.

Table 4.1: Employment offered by the business

Type of employment offered by the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Full time	18	35.3	35.3	35.3
	Casual	2	3.9	3.9	39.2
	Employment depends on project	31	60.8	60.8	100.0
Total		51	100.0	100.0	

Table 4.1 shows that 60.80% of respondent's employment depends on the projects, followed by 35.3% who indicated that they employ on a full-time basis while 3.9% indicate that they are providing casual employment.

Figure 4.9: Staff members employed by the business on a full-time basis

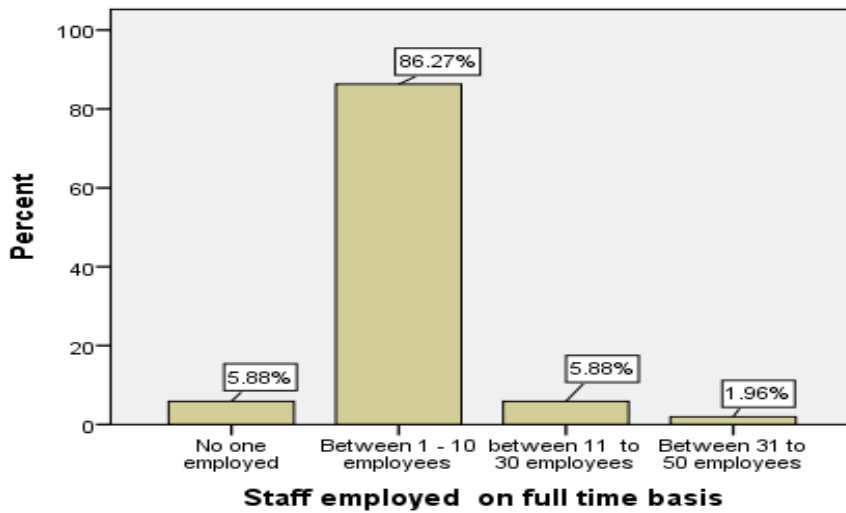


Figure 4.9 shows that majority of respondents (86.27%) employed between 1-10 employees, followed by 5.88% with no one is employed and 5.88% with 11-30 employee while 1.96% employs between 31-50 employees.

Figure 4.10: Staff members employed by the business on a part-time basis



Figure 4.10 shows that 86.27% of respondent's employment depends on the size of the project, 5.88% of respondents indicated that they employ above 50 employees, 3.92% employs between 11-30 employees and 1.96% of respondents employ between 1-10 employees.

4.3.2: Section B: Business tools

Section B consist of four data variables that will be presented to determine the business documents applicable to SMMEs

Table 4.2: Documents applicable to the business

		Responses		Percent of Cases
		N	Percent	
Documents applicable to the business ^a	Company registration documents	51	22.4%	100.0%
	SMMEs certificate	36	15.8%	70.6%
	VAT certificate	43	18.9%	84.3%
	Affirmative certificate	17	7.5%	33.3%
	Social security certificate	44	19.3%	86.3%
	Business plan	12	5.3%	23.5%
	Municipality certificate	25	11.0%	49.0%
Total		228	100.0%	447.1%

Table 4.2 illustrates that all respondents (100%) have company registration documents.

Majority of respondents (86.30%) have registered for social security while 13% did not register as indicated in table 4.2.

According to Table 4.2, 84.30% of respondents have access to VAT certificates while 15.70% of respondents show that they have no VAT certificates.

Among all SMMEs that took part in the study, the majority (76.50%) of respondents have no business plan, only 23.50% of respondents are in possession of business plan,

Most respondents (70.06%) of respondents have SMMEs certificates while 29.94% have no SMMEs certificates as shown in Table 4.2.

Table 4.2 shows that 51% of respondents do not register with municipalities and only 49% are registered for municipality's certificates.

Although Affirmative compliance is one of the requirements for tender applications, the majority (66.70%) of respondents have no affirmative certificates, only 33.3% in possession of affirmative certificates as indicated in table 4.2.

Figure 4.11: Construction or SMMEs association/body

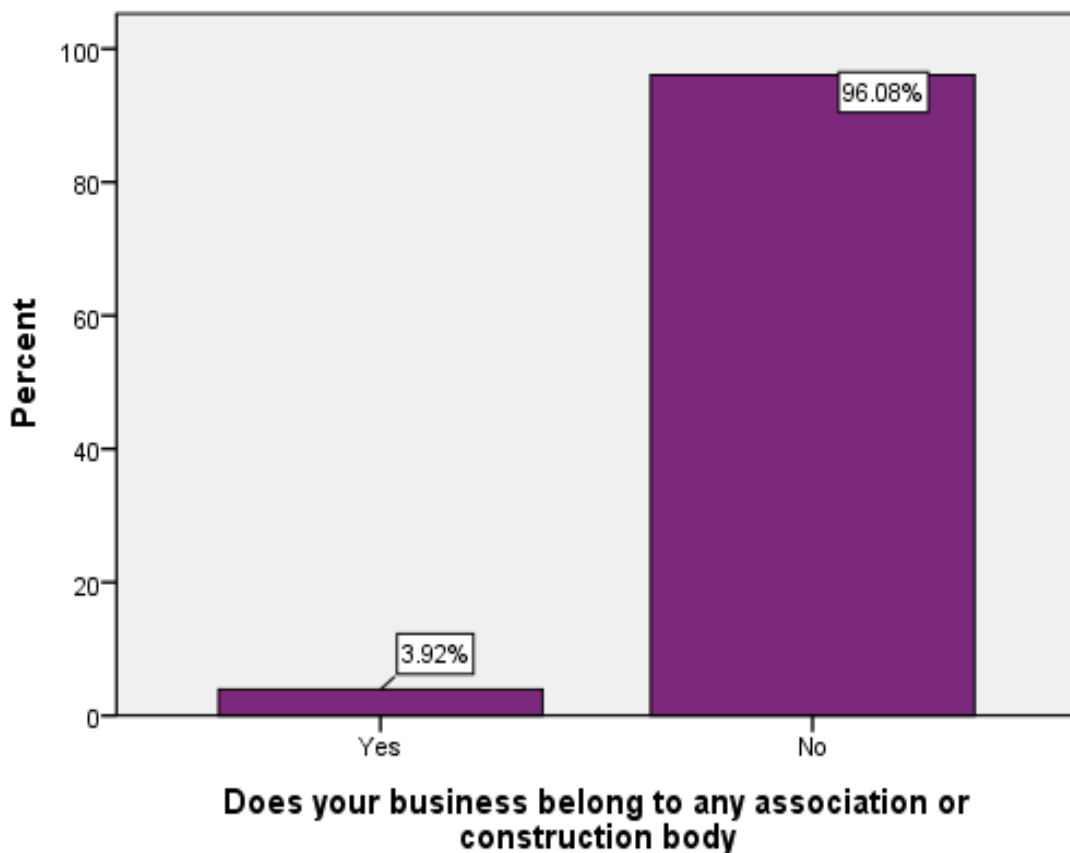
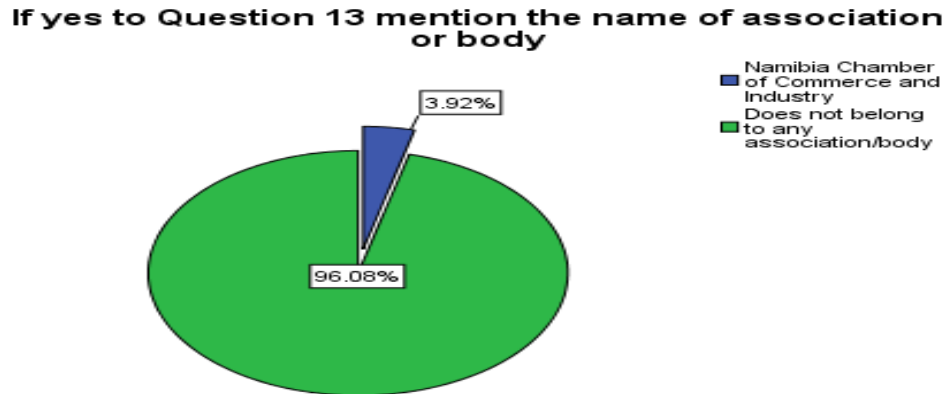


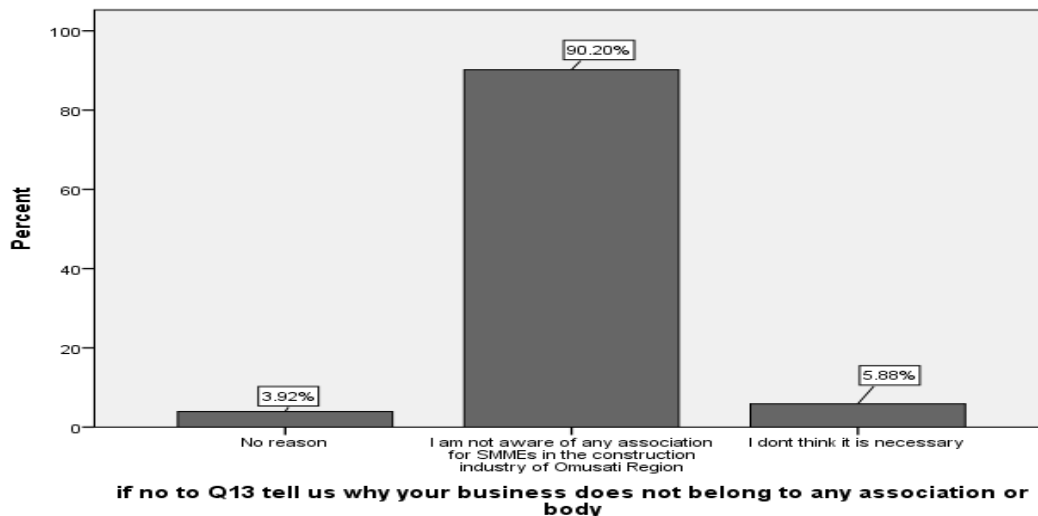
Figure 4.11, shows that 96.08% of respondents do not belong to any association or construction business. Only 3.92% of respondents belong to the associations or construction body.

Figure 4.12: Name of association/body



According to figure 4.12, respondents were asked to mention the name of construction/SMMEs association or body in which they affiliate. The results show that majority of respondents (96.09%) does not belong to any construction or SMMEs body and only 3.92% belongs to the Namibian Chamber of Commerce and Industry (NCCI).

Figure 4.13: Reason for not belonging to any Association/Body



Respondents were requested to indicate the reason why they did not belong to any association or business and 90.20% of respondents' shows that they were not aware of any construction or SMMEs association in Omusati Region, 5.80 % of respondents do not think it is necessary and 3.92% of respondents provided no reason to the statement.

4.3.3 Section C: Challenges

Section C presented data with regards to challenges facing construction industry in the Omusati Region.

Table 4.3: Summary of challenges faced by SMMEs in the construction industry

Challenges affecting SMMEs in the construction industry								Statistics	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total agreement (% Agree & strongly agree)	Mean	Std. Dev
Q16. Lack of planning skills by the owner/s	Freq	9	14	2	16	10	51,00%	3,08	1,45
	%	17,60%	27,50%	3,90%	31,40%	19,60%			
Q17. Lack of commitment by the owner/s	Freq	10	25	3	12	1	25,50%	2,39	1,12
	%	19,60%	49,00%	5,90%	23,50%	2,00%			
Q18. Lack of technical skills by staff	Freq	6	10	1	17	17	66,60%	3,57	1,43
	%	11,80%	19,60%	2,00%	33,30%	33,30%			
Q19. Lack of funds to funds the projects	Freq	0	0	0	12	39	100,00%	4,76	0,43
	%	0,00%	0,00%	0,00%	23,50%	76,50%			
Q20. Lack of information for possible opportunities in the industry	Freq	0	1	1	13	36	96,00%	4,65	0,63
	%	0,00%	2,00%	2,00%	25,50%	70,50%			
Q21. Lack of government supports for SMME	Freq	0	0	2	15	34	96,10%	4,63	0,56
	%	0,00%	0,00%	3,90%	29,40%	66,70%			
Q22. SMMEs experience high competition from large business in the same industry	Freq	0	6	0	7	38	88,20%	4,51	0,99
	%	0,00%	11,80%	0,00%	13,70%	74,50%			
Q23. Lack of collateral to secure bank loans	Freq	1	2	2	5	41	90,20%	4,63	0,89
	%	2,00%	3,90%	3,90%	9,80%	80,40%			
Q24. SMMEs have no skills on compilation of VAT return, therefore incurring high debts on VAT and limits the business to compete for tenders	Freq	0	10	4	20	17	72,50%	3,86	1,1
	%	0,00%	19,60%	7,80%	39,20%	33,30%			
Q25. Lack of management expertise by the owner	Freq	3	20	3	18	7	49,00%	3,12	1,24
	%	5,90%	39,20%	5,90%	35,30%	13,70%			
Q26. Lack of implementing Information Communication Technology in the overall operations of the business	Freq	0	7	13	17	17	60,80%	3,75	1,02
	%	0,00%	13,70%	25,50%	33,30%	27,50%			
Q27. Lack of proper communication between owners, managers and staff	Freq	6	17	7	16	5	41,20%	2,94	1,24
	%	11,80%	33,30%	13,70%	31,40%	9,80%			
Q28. Unavailability of local suppliers	Freq	2	6	1	14	28	82,40%	4,18	1,18
	%	3,90%	11,80%	2,00%	27,50%	54,90%			
Q29. Lack of marketing expertise	Freq	1	1	1	23	25	94,10%	4,37	0,8
	%	2,00%	2,00%	2,00%	45,10%	49,00%			

4.3.3.1 Reliability test on challenges

Table 4.4 Cronbach's Alpha test

Reliability Statistics	
Cronbach's Alpha	N of Items
.732	14

SPSS was used to test reliability with Cronbach's Alpha. The result confirms that 14 variables were measured to test its reliability and internal consistency. The reliability statistics shows a Cronbach's Alpha of 0.732. According to the Cronbach's Alpha rule of thumb by Glen (2017), a Cronbach's alpha of ≥ 0.70 is good.

4.3.3.2 Descriptive statistics – SMMEs challenges

Table 4.3 shows the summary of all responses with regards to the challenges facing SMMEs in the construction industry of Omusati Region. The table presented frequency distribution of all five Likert scaling. The results of Strongly Agree and Agree was combined and form one name, Total Agreement (Strongly Agree + Agree = Total Agreement) while the results of strongly disagree and Disagree was combined to form Total Disagreement (Strongly Disagree + Disagree = Total Disagreement). Three measuring names (Total Agreement, Total Disagreement and Neutral) were adopted in this study when analyzing descriptive data.

Table 4.3 shows that 100% of respondents are in total agreement with the statement (Q19: Lack of funds to fund the projects. The mean for this variable $m=4.76$).

According to table 4.3, 96.10% of respondents indicated total agreement to the statement (Q21: Lack of government support for SMMEs) and 3.9% of respondents were neutral on the statement. The mean for this statement $m=4.63$

Table 4.3 shows that majority of respondents (96%) were in total agreement to the statement (Q20: Lack of information for possible opportunities in the same industry), 2% were in total disagreement while 2% were neutral. The mean for this statement $m=4.65$.

Table 4.3 illustrates that 94.00% of respondents were in total agreement with the statement (Q29: Lack of marketing expertise). Among the retained percentage, 4.00% of respondents were in total disagreement while 2.00% were neutral. The mean to this statement $m=4.37$.

The majority (90.20%) of respondents were in total agreement to the statement (Q23: Lack of collateral to secure bank loans), 5.90% of respondents were in total disagreements and 3.9% were neutral as shown by table 4.3. The mean for this statement is $m=4.63$.

Table 4.3 shows that 88.20% of respondents were in total agreement with the statement (Q22: SMMEs experiencing higher competition from large business in the same industry) and 11.80% were in total disagreement. A mean for this statement $m= 4.51$.

According to table 4.3, respondents shows that 82.40% were in total agreement with the statement (Q28: Unavailability of local suppliers), 15.70% indicated total disagreement while 2.00% were neutral. The mean recorded for this statement $m=4.18$.

Table 4.30 presents that 72.50% of respondents were in total agreement to the statement (Q24: SMMEs have no skills on a compilation of VAT returns, therefore incurring thigh debts on VAT and limit the business to compete for tenders), 19.60% were in total disagreement and 7.80% were neutral. The mean of this statement is $m=3.86$.

In total agreement, 66.60% of respondents indicated the total agreement to the statement (Q18: Lack of technical skills by the staff), 31.40% were in total disagreement and 2.00% were neutral as illustrated in table 4.3. The mean for this statement $m=3.57$.

According to the statement (Q26: Lack of implementing Information Communication Technology in the overall operation of the business), 60.80% of respondents were in total agreement, 25.50% were neutral and 13.70% were in total disagreement. The mean for this statement $m=3.75$.

4.3.3.3 Inferential analysis – SMMEs challenges

To calculate the total challenges scores (SMMEs challenges), data were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses to independent variables such as the use of Likert scale for easy analysis. The systematic calculation was done as follows:

$$\text{Tot_Chall} = \text{sum} (Q16, Q17, Q18, Q19, Q20, Q21, Q22, Q23, Q24, Q25, Q26, Q27, Q28, Q29)$$

SMMEs-Construction Challenges		N	Mean Rank	Kruskal-Wallis Test	
Age group	21 - 30 years	5	29.00	Chi-Square	4.104
	31 - 40 years	15	29.30	df	4
	41 - 50 years	20	21.00	p-value	0.392
	51 - 60 years	9	27.94	Comment	No statistically difference
	61 and above	2	35.00		
	Total	51			

Table 4.5 shows the result of Kruskal-Wallis test of age group on challenges faced by SMMEs in the construction industry (Chi-Square=4.104, df=4, p-value=0.392). The result shows that there is no statistical difference in challenges by the age group of respondents. The results imply that the age group of respondents has no influence on the challenges faced by the SMMEs in the construction industry

Table 4.6: Significance test of challenges on level of qualification

SMMEs-Construction Challenges		N	Mean Rank	Kruskal-Wallis Test	
Level of qualification	No formal qualification	2	43.50	Chi-Square	4.155
	Grade 1 - 12	23	25.41	df	4
	National Certificate	9	28.39	p-value	0.385
	Bachelor Degree	15	24.50	Comment	No statistically difference
	Dost Graduate Degree/s	2	15.75		
	Total	51			

Table 4.6 shows that there is no statistical difference on SMMEs challenges by the level of qualifications of respondents (Chi-Square=4.155, df=4, p-value=0.385). The result shows that the qualifications of respondents have no influence on the challenges faced by the SMMEs in the construction industry.

Table 4.7: Significance test of challenges on types of business

SMMEs-Construction Challenges		N	Mean Rank	Kruskal-Wallis Test	
Types of business ownership	Sole trader	8	29.25	Chi-Square	0.455
	Close corporation	43	25.40	df	1
	Total	51		p-value	0.500
				Comment	No statistically significant

The results presented in table 4.7 shows that there is no statistical difference in the challenges of the respondents by the types of business ownership (Chi-Square= 10.455, df=1, p-value=0.500). Hence, the types of business owners have no influence on the challenges facing SMMEs in the construction industry.

Table 4.8: Significance test of challenges on period in business existence

SMMEs-Construction Challenges		N	Mean Rank	Kruskal-Wallis Test	
Period in business existence	Less than 1 year	3	35.33	Chi-Square	3.707
	Between 1 - to 3 years	13	27.69	df	4
	Between 3 to 5 years	15	28.30	p-value	0.447
	Between 5 to 10 years	10	23.80	Comment	No statistically significant
	Above 5 years	10	19.75		
Total	51				

As shown in table 4.8, there is no statistical difference on SMMEs challenges by the period of business existence of respondents (Chi-Square=3.707, df=4, p-value=0.447). The result shows that the period of business existence has no influence on the challenges faced by SMMEs in the construction industry.

Table 4.9: Significance test of challenges on type of employment

SMMEs-Construction Challenges		N	Mean Rank	Kruskal-Wallis Test	
Type of employment	Full time	18	22.64	Chi-Square	2.138
	Casual	2	19.25	df	2
	Employment depends on project	31	28.39	Asymp. Sig.	0.343
	Total	51		Comment	No statistically significant

Table 4.8 shows that there is no statically difference on the SMMEs challenges by the types of employment of respondents (Chi-Square=2.138, df=3, p-value=0.343). The result indicates that the types of employment offered by the businesses have no influence on the challenges faced by the SMMEs in the construction industry.

4.3.4: Section D: SMMEs Strategies

Strategies for SMMEs in the construction industry		Frequency distribution					Descriptive statistics		
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	% Agree & Disagree	Mean	Std. Dev
Strategy 1: Implement a business plan									
Q30. A business plan is just a document, and it is not useful for my business	Freq	14	15	2	9	11	39.20%	2.76	1.557
	%	27.00%	29.40%	3.90%	17.60%	21.60%			
Q31. A business plan is only required for new business and those who want to acquire loans	Freq	6	12	5	14	14	55.00%	3.35	1.412
	%	11.80%	23.50%	9.60%	27.50%	27.50%			
Q32. A business plan is essential for securing loan and attracting new investors	Freq	2	0	10	16	23	76.50%	4.14	1.00
	%	3.90%	0.00%	19.60%	31.40%	45.10%			
Q33. I understand the importance of a business plan and my business adopts one	Freq	6	10	16	10	9	37.20%	3.12	1.259
	%	11.80%	19.60%	31.40%	19.60%	17.60%			
Q34. The implementation of a business plan is very difficult due to limited resources	Freq	3	3	17	15	13	54.90%	3.63	1.113
	%	5.90%	5.90%	33.30%	29.40%	25.50%			
Q35. A well-crafted business plan is needed for internal planning as it provides direction for the business.	Freq	0	2	15	15	19	66.70%	4.00	0.917
	%	0.00%	3.90%	29.40%	29.40%	37.30%			
Strategy 2: Focus on a differentiation strategy									
Q36. The location of my business is accessible and placed in a strategic area.	Freq	13	13	8	6	11	33.40%	2.78	1.501
	%	25.50%	25.50%	15.70%	11.80%	21.60%			
Q37. My product offering is of higher quality.	Freq	0	0	5	25	21	90.20%	4.31	0.648
	%	0.00%	0.00%	9.80%	49.00%	41.20%			
Q38. I have a reputable name in the construction industry.	Freq	1	2	11	18	19	72.60%	4.02	0.969
	%	2.00%	3.90%	21.60%	35.30%	37.30%			
	Freq	0	1	10	20	20	78.40%	4.16	0.829

Q39. I have built a brand that is associated with quality, value and excellence	%	0.00%	2.00%	19.60%	39.20%	39.20%			
Q40. My business concentrates on building construction as a core business.	Freq	4	18	3	16	10	51.00%	3.2	1.327
	%	7.80%	35.30%	5.90%	31.40%	19.60%			
Q41. My business always meets the needs of the clients.	Freq	0	2	8	21	20	80.40%	4.16	0.834
	%	0.00%	3.90%	15.70%	41.20%	39.20%			
Q42. My business targets construction activities in Omusati Region only.	Freq	13	23	1	9	5	27.40%	2.41	1.314
	%	25.50%	45.10%	2.00%	17.60%	9.80%			
Strategy 3: Enhancing ICT and Internet									
Q43. I am specialized in building construction, therefore I do not see any importance of the internet for my business	Freq	17	19	3	10	2	23.50%	2.24	1.226
	%	33.30%	37.30%	5.90%	19.60%	3.90%			
Q44. My business uses internet for communication through emails.	Freq	5	8	3	21	14	68.70%	3.61	1.313
	%	9.60%	15.70%	5.90%	41.20%	27.50%			
Q45. My business uses internet for meetings via teleconferencing and skype	Freq	25	12	6	5	3	15.70%	2.00	1.249
	%	49.00%	23.50%	11.80%	9.80%	5.90%			
Q46. My business uses the internet to market the business via Facebook and Twitter	Freq	19	7	3	15	7	43.10%	2.69	1.556
	%	37.30%	13.70%	5.90%	29.40%	13.70%			
Q47. I use internet for business transactions such as online banking and payment of staff and suppliers	Freq	10	4	3	17	17	66.60%	3.53	1.15
	%	19.60%	7.80%	5.90%	33.30%	33.30%			
Q48. I use the internet to search for suppliers, goods and services as well as comparing prices	Freq	7	6	2	17	19	70.60%	3.69	1.435
	%	13.70%	11.80%	3.90%	33.30%	37.30%			
Q49. I use ICT in my construction activities for quality and improve the	Freq	13	9	14	12	3	29.50%	2.67	1.26
	%	25.50%	17.60%	27.50%	23.60%	5.90%			

workmanship of construction									
Strategy 4: Develop and implement Marketing Plan									
Q50. Advertising is expensive, and my business cannot afford it.	Freq	5	13	1	20	12	62.70%	3.41	1.359
	%	9.80%	25.50%	2.00%	39.20%	23.50%			
Q51. I work on referral, therefore, I do not need to advertise my products	Freq	9	22	2	13	5	35.30%	2.67	1.306
	%	17.60%	43.10%	3.90%	25.50%	9.80%			
Q52. I advertise my products through the newspaper.	Freq	36	8	1	5	1	11.80%	1.57	1.063
	%	70.60%	15.70%	2.00%	9.80%	2.00%			
Q53. I advertise my products through the radio.	Freq	37	7	1	5	1	11.80%	1.55	1.064
	%	72.50%	13.70%	2.00%	9.80%	2.00%			
Q54. I advertise my products through trade fares and business shows.	Freq	34	5	1	9	2	21.50%	1.82	1.322
	%	66.70%	9.80%	2.00%	17.60%	3.90%			
Q55. I use social media platform and current ICT to market my business.	Freq	17	6	0	23	5	54.90%	2.86	1.523
	%	33.30%	11.80%	0.00%	45.10%	9.80%			
Q56. Advertising is very important to my business because it creates new business opportunity	Freq	1	1	8	24	17	80.40%	4.08	0.868
	%	2.00%	2.00%	15.70%	47.10%	33.30%			
Q57. Marketing research provides information about the products, pricing, promotion and distribution to the market.	Freq	0	2	19	15	15	58.80%	3.84	0.903
	%	0.00%	3.90%	37.30%	29.40%	29.40%			
Strategy 5: Develop and implement financial plans									
Q58. Bank loans are main source of funding for SMMEs	Freq	10	17	1	11	12	45.10%	2.96	1.523
	%	19.60%	33.30%	2.00%	21.60%	23.50%			
Q59. Bank loans are very risky.	Freq	2	11	3	6	29	68.70%	3.96	1.371
	%	3.90%	21.60%	5.90%	11.80%	56.90%			
Q60 Bank loans are hard to get	Freq	1	1	0	7	42	96.10%	4.73	0.75
	%	2.00%	2.00%	0.00%	13.70%	82.40%			
Q61. Bank loans have high interest rate	Freq	2	3	7	10	29	76.50%	4.2	1.1132
	%	3.90%	5.90%	13.70%	19.60%	56.90%			
Q62. I borrow family funds to	Freq	16	16	3	12	4	31.30%	2.45	1.361

invest in my business.	%	31.40%	31.40%	5.90%	23.50%	7.80%			
Q63. I have a partner who invests in my business	Freq	32	12	1	5	1	11.80%	1.65	1.055
	%	62.70%	23.50%	2.00%	9.80%	2.00%			
Q64. I issue shares to acquire funds for my business.	Freq	37	11	3	0	0	0.00%	1.33	0.589
	%	72.50%	21.60%	5.90%	0.00%	0.00%			
Q65. I have enough financial skills to run my business	Freq	6	13	2	24	6	58.90%	3.22	1.286
	%	11.80%	25.50%	3.90%	47.10%	11.80%			
Q66. Money is a backbone of every business and it is required for the smooth running of the business	Freq	0	0	2	23	25	96.10%	4.47	0.578
	%	0.00%	0.00%	3.90%	45.10%	51.00%			
Q67. A proper financial plan helps the business to allocate funds effectively	Freq	0	1	13	22	15	72.50%	4	0.8
	%	0.00%	2.00%	25.50%	43.10%	29.40%			
Q68. A well-structured financial plan ensures availability of funds when needed.	Freq	0	0	17	18	16	66.70%	3.98	0.812
	%	0.00%	0.00%	33.30%	35.30%	31.40%			

4.3.4.1 Reliability test on total strategies

Cronbach's Alpha test on total SMMEs strategies

Reliability Statistics	
Cronbach's Alpha	N of Items
.725	39

Section D consisted of 39 data variables. The Cronbach's Alpha of the all total SMMEs strategies is deemed appropriate at 0.725.

Data variables were analyzed separately according to five strategies namely the developing and implementation of a business plan, focusing on a differentiation strategy, enhance the use of ICT, developing and implementation of marketing plans and development and implementation of a financial plan. Five strategies were identified to determine how the business conduct their business and to see if they understand the statements that lead to good business operations.

4.3.4.2 Strategy 1: Implement a Business Plan

Table 4.10: Summary of SMMEs Strategy 1 - Develop and Implement a business plan

Strategies for SMMEs in the construction industry		Frequency distribution						Descriptive statistics		
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Total agreement (% of strongly agree & agree)	Total disagreement (% of strongly disagree and disagree)	Mean	Std. Dev
Q30. A business plan is just a document, and it is not useful for my business	Freq	14	15	2	9	11	39,20%	56,40%	2,76	1,557
	%	27,00%	29,40%	3,90%	17,60%	21,60%				
Q31. A business plan is only required for new business and those who want to acquire loans	Freq	6	12	5	14	14	55,00%	35,30%	3,35	1,412
	%	11,80%	23,50%	9,60%	27,50%	27,50%				
Q32. A business plan is essential for securing loan and attracting new investors	Freq	2	0	10	16	23	76,50%	3,90%	4,14	1,00
	%	3,90%	0,00%	19,60%	31,40%	45,10%				
Q33. I understand the importance of a business plan and my business adopts one	Freq	6	10	16	10	9	37,20%	31,40%	3,12	1,259
	%	11,80%	19,60%	31,40%	19,60%	17,60%				
Q34. The implementation of a business plan is very difficult due to limited resources	Freq	3	3	17	15	13	54,90%	11,80%	3,63	1,113
	%	5,90%	5,90%	33,30%	29,40%	25,50%				
Q35. A well-crafted business plan is needed for internal planning as it provides direction for the business.	Freq	0	2	15	15	19	66,70%	3,90%	4,00	0,917
	%	0,00%	3,90%	29,40%	29,40%	37,30%				

Table 4.10 shows the summary of responses with regards to development and implementation of a business plan. The table presented the frequency of distribution based on all five Likert scaling. The results of Strongly Agree and Agree were combined to form up Total Agreement (Strongly Agree + Agree = Total Agreement) while the results of strongly disagree and Disagree were combined to form up totally disagreement (Strongly Disagree + Disagree = Total Disagreement). Three measuring (Total Agreement, Total Disagreement and Neutral) was used to present descriptive statistics.

4.3.4.2.1 Descriptive statistics – implement a business plan

According to table 4.10, 76.50% of respondents indicated the total agreement to the statement (Q36: A business plan is essential for securing the loan and attracting new investors), 19.60% were neutral, while 3.90% were in total disagreement. The mean for this statement $m=4.14$.

Table 4.10 shows that 66.70% of respondents represented a total agreement to the statement (Q35: A well-crafted business plan is needed for internal planning as it provides the direction for the business). The remained 29.40% of respondents indicated neutral while 3.9% were in total disagreement. The mean for this statement $m=4.00$.

Table 4.10 illustrates that majority (55.00%) of respondents were in total agreement to the statement (Q31: A business plan as a document required by for new business and those who want to acquire loans only), 35.30% shows total disagreement and 9.60% were neutral on the statement. The mean for this statement $m=3.35$.

In total agreement, 54.90% of respondents agree to the statement (Q34: The implementation of the business plan is difficult due to limited resources), 33.30% were neutral and 11.80% indicated total disagreement to the statement as shown by table 4.10. The mean for this statement $m=3.63$.

Table 4.10 shows that 56.40% of respondents were in total disagreement to the statement (Q30: A business plan is just a document and it is not useful to business, 39.20% of respondents were in total agreement while 2% of respondents were neutral. The mean for this statement $m=2.76$.

With regards to the statement (Q33: I understand the importance of a business plan and my business adopts one), 37.20% of respondents were in total agreement, 31.40% were in total disagreement and 31.40% were neutral as shown by table 4.10. The mean for this statement $m=3.12$.

4.3.4.2.2: Inferential statistics – implement a business plan

To calculate the total scores of strategies 1 (Implement a business plan), data were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses to independent variables such as the use of Likert scale for easy analysis. The systematic calculation was done as follows:

$$\text{Tot_Str1} = \text{sum} (Q_{30}, Q_{31}, Q_{32}, Q_{33}, Q_{34}, Q_{35},)$$

Table 4.11: Significant test - Implement BP strategy by age

SMMEs Strategy 1: Implement a Business Plan		N	Mean Rank	Kruskal-Wallis Test	
Age Group	21 - 30 years	5	17.00	Chi-Square	5.698
	31 - 40 years	15	26.10	df	4
	41 - 50 years	20	27.00	p-value	0.223
	51 - 60 years	9	32.06	Comment	No statistically difference
	61 and above	2	10.50		
	Total	51			

The Kruskal-Wallis test in table 4.11 indicates that there is no statistical difference in the implementation of a business plan by the age group of respondents (Chi-Square=5.698, df=4, p-value=0.223). The result shows that the age group has no influence on the implementation of a business plan.

Table 4.12: Significant test - implement business plan strategy by highest qualification

SMMEs Strategy 1: Implement a Business Plan		N	Mean Rank	Kruskal-Wallis Test	
Level of qualification	No formal qualification	2	13.50	Chi-Square	2.692
	Grade 1 - 12	23	26.35	df	4
	National Certificate	9	26.17	p-value	0.611
	Bachelor Degree	15	25.50	Comment	No statistically difference
	Dost Graduate Degree/s	2	37.50		
	Total	51			

The Kruskal-Wallis test in table 4.12 shows that there is no statistical difference in the implementation of the business plan by the level of qualifications of respondents (Chi-Square=2.692, df=4, p-value=0.611). The result shows that the level of qualification has no influence on the implementation of a business plan.

4.13: Significant test - Implement BP strategy by types of business ownership

SMMEs Strategy 1: Implement a Business Plan		N	Mean Rank	Kruskal-Wallis Test	
types of business ownership	Sole trader	8	23.88	Chi-Square	0.198
	Close corporation	43	26.40	df	1
	Total	51		p-value	0.657
				Comment	No statistically difference

There is no statistical significance on the implementation of a business plan by the types of business ownership (Chi-Square=0.198, df=1, p-value=0.657) as shown by Kruskal-Wallis test on table 4.13. The result shows that the types of business owners have no influence on the implementation of a business plan.

Table 4.14: Significant test - Implement BP strategy by period of business existence

SMMEs Strategy 1: Implement a Business Plan		N	Mean Rank	Kruskal-Wallis Test	
Period in business existence	Less than 1 year	3	22.83	Chi-Square	0.495
	Between 1 - to 3 years	13	24.96	df	4
	Between 3 to 5 years	15	27.87	p-value	0.974
	Between 5 to 10	10	26.45	Comment	No statistically difference
	Above 5 years	10	25.05		
	Total	51			

Kruskal-Wallis test presented in table 4.14 express that there is no statistical difference in the implementation of a business plan by the period of business existence of respondents (chi-Square= 0.495, df=4, p-value=0.974). The result shows that the period of business existence has no influence on the implementation of the business plan.

4.15: Significant test - Implement BP strategy by types of employment					
SMMEs Strategy 1: Implement a Business Plan		N	Mean Rank	Kruskal-Wallis Test	
Type of employment	Full time	18	28.11	Chi-Square	0.852
	Casual	2	19.50	df	2
	Employment depends on project	31	25.19	p-value	0.653
	Total	51		Comment	No statistically difference

The Kruskal-Wallis test in table 4.15 indicates that there is no statistical significance on the implementation of a business plan by the types of employment of respondents (Chi-Square=0.852, df=2, p-value=0.653). The results show that the types of employment have no influence on the implementation of a business plan.

4.3.4.3 Strategy 2: Focus on a differentiation strategy

Table 4.16: Summary of SMMEs strategy 2: differentiation

Table 4.16: Summary of SMMEs strategy 2 - Focus on differentiation strategies										
Strategies for SMMEs in the construction industry		Frequency distribution					Total agreement (% of strongly agree & agree)	Total disagreement (% of strongly disagree and disagree)	Descriptive statistics	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			Mean	Std. Dev
Q36. The location of my business is accessible and placed on a strategic area.	Freq	13	13	8	6	11	33,40%	51,00%	2,78	1,501
	%	25,50%	25,50%	15,70%	11,80%	21,60%				
Q37. My product offering is of higher quality.	Freq	0	0	5	25	21	90,20%	0,00%	4,31	0,648
	%	0,00%	0,00%	9,80%	49,00%	41,20%				
Q38. I have a reputable name in the construction industry.	Freq	1	2	11	18	19	72,60%	5,90%	4,02	0,969
	%	2,00%	3,90%	21,60%	35,30%	37,30%				
Q39. I have built a brand that is associated with quality, value and excellence	Freq	0	1	10	20	20	78,40%	2,00%	4,16	0,829
	%	0,00%	2,00%	19,60%	39,20%	39,20%				
Q40. My business concentrates on building construction as a core business.	Freq	4	18	3	16	10	51,00%	43,10%	3,2	1,327
	%	7,80%	35,30%	5,90%	31,40%	19,60%				
Q41. My business always meets the needs of the clients.	Freq	0	2	8	21	20	80,40%	3,90%	4,16	0,834
	%	0,00%	3,90%	15,70%	41,20%	39,20%				
Q42. My business targets construction activities in Omusati Region only.	Freq	13	23	1	9	5	27,40%	70,60%	2,41	1,314
	%	25,50%	45,10%	2,00%	17,60%	9,80%				

Table 4.16 shows the summary of responses with regards to the focus on differentiation strategies. The table presented the frequency of distribution based on all five Likert scaling. The results of Strongly Agree and Agree were combined to form up Total Agreement (Strongly

Agree + Agree = Total Agreement) while the results of strongly disagree and Disagree were combined to form up totally disagreement (Strongly Disagree + Disagree = Total Disagreement). Three measuring (Total Agreement, Total Disagreement and Neutral) was used to present descriptive statistics.

4.3.4.3.1: Descriptive statistics - Focus on differentiation strategies

Table 4.16 indicates that most (90.20%) respondents were in total agreement with the statement (Q37: My products offering is of higher quality). The remained (9.80%) respondents were neutral. The mean for this statement $m=4.31$.

Most respondents recorded 80.40% in total agreement with the statement (Q41: My business always meets the needs of the client). 15.70% were neutral and 3.90% were in total disagreement. The mean for this statement $m=4.16$.

Table 4.16 informs that 78.40% of respondents were in total agreement to the statement (Q39: I have built a brand that is associated with quality, value and excellence), 19.60% of respondents were neutral while 2% were in total disagreement. The mean for this statement $m=4.16$

According to table 4.16, 72.60% of respondents agree to the statement (Q38: I have a reputable name in the construction industry), 21.60% of respondents were neutral while 5.90% of respondents were in total disagreement. The mean for this statement $m=4.2$.

Table 4.16 shows that 70.60% of respondents were in total disagreement to the statement (Q42: My business targets construction activities in Omusati Region only), 27.40% were in total agreement while only 2% of respondents were neutral. The mean for this statement $m=2.41$.

According to table 4.16, 51% of respondents were in total agreement with the statement (Q40: my business concentrates on building construction as a core business). The remained 43.10% of

respondents were in total agreement while 2% of respondents were neutral. The mean for this statement $m=3.20$

Table 4.16 shows that 51% of responses were in total disagreement to the statement (Q 36: The location of my business is accessible and place on a strategy area), other respondents, 33.40% indicated total agreement and 15.70% were neutral. The mean for this statement $m=2.78$.

4.3.4.3.2 Inferential analysis – focus on a differentiation strategy

To calculate the total score for strategy 2 (focus on differentiation strategy), variables were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses of independent variables measured by the Likert scale. The systematic calculation was done as follows:

The Tot_Str2 = sum (Q36, Q37, Q38, Q39, Q40, Q41, Q42)

SMMEs Strategy 2: Differentiation		N	Mean Rank	Kruskal Wallis Test	
Age Group	21 - 30 years	5	19.60	Chi-Square	2.884
	31 - 40 years	15	25.67	df	4
	41 - 50 years	20	24.60	p-value	0.577
	51 - 60 years	9	31.94	Comment	No statistically difference
	61 and above	2	31.75		
	Total	51			

The Kruskal-Wallis test shows that there is no statistical difference in differentiation strategy by the age group of respondents (Chi-Square=2.884, df=4, p-value=0.577). The result shows that the age group has no influence on the implementation of differentiation strategy.

Table 4.18: Significant test on differentiation strategy by level of qualification

SMMEs Strategy 2: Differentiation		N	Mean Rank	Kruskal Wallis Test	
level of qualification	No formal qualification	2	28.00	Chi-Square	1.600
	Grade 1 - 12	23	24.04	df	4
	National Certificate	9	29.78	p-value	0.809
	Bachelor Degree	15	25.43	Comment	No statistically difference
	Dost Graduate Degree/s	2	33.75		
	Total	51			

Table 4.18 shows that there is no statistical difference in differentiation strategy by the highest qualification of respondents (Chi-Square=1.600, df=4, p-value=0.809). The result shows the level of qualifications has no influence on the implementation of differentiation strategy.

Table 4.19: Significant test on differentiation strategy by types of

SMMEs Strategy 2: Differentiation		N	Mean Rank	Kruskal Wallis Test	
Business ownership	Sole trader	8	28.25	Chi-Square	0.220
	Close corporation	43	25.58	df	1
	Total	51		p-value	0.639
				Comment	No statistically difference

The Kruskal-Wallis test in table 4.19 shows that there is no statistical difference in differentiation strategy by the types of business ownership of respondents (Chi-Square=0.220, df=1, p-value=0.639). The results show that the types of business ownership have no influence on the implementation of differentiation strategy.

Table 4.20: Significant test on differentiation strategy by period of business existence

SMMEs Strategy 2: Differentiation		N	Mean Rank	Kruskal Wallis Test	
Period in business existence	Less than 1 year	3	23,50	Chi-Square	10,934
	Between 1 - to 3 years	13	19,31	df	4
	Between 3 to 5 years	15	23,10	Asymp. Sig.	0,027
	Between 5 to 10 years	10	26,95	Comment	Statistically significant
	Above 5 years	10	38,85		
	Total	51			

The Kruskal-Wallis test in table 4.20 shows that there is a statistical significance of differentiation strategy by the period of business existence (Chi-Square=10.934, df=4, p-value=0.027). The result shows that the types of business owners have a positive influence on the implementation of differentiation strategy.

Table 4.21: Significant test of differentiation strategy by types of employment

SMMEs Strategy 2: Differentiation		N	Mean Rank	Kruskal Wallis Test	
Types of employment	Full time	18	33,94	Chi-Square	8,110
	Casual	2	19,00	df	2
	Employment depends on project	31	21,84	p-value	0,017
	Total	51		Comment	Statistically significant

The Kruskal-Wallis test in table 2.21 shows that there is a statistical significance of differentiation strategy by the types of employment (Chi-Square=8.110, df=2, p-value=0.017). The result shows that the types of employment have a positive influence on the implementation of differentiation strategy.

4.3.4.4: Strategy 3: Enhance the use of Information Communication and Technology

Table 4.22: Summary of SMMEs Strategy 3 - Enhance the use of Information Communication Technology

Strategies for SMMEs in the construction industry		Frequency distribution					Total agreement (% of strongly agree & agree)	Total disagreement (% of strongly disagree and disagree)	Descriptive statistics	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			Mean	Std. Dev
Q43. I am specialized in building construction, therefore I do not see any importance of internet for my business	Freq	17	19	3	10	2	23,50%	70,60%	2,24	1,226
	%	33,30%	37,30%	5,90%	19,60%	3,90%				
Q44. My business uses internet for communication through emails.	Freq	5	8	3	21	14	68,70%	25,30%	3,61	1,313
	%	9,60%	15,70%	5,90%	41,20%	27,50%				
Q45. My business uses internet for meetings via teleconferencing and skype	Freq	25	12	6	5	3	15,70%	72,50%	2,00	1,249
	%	49,00%	23,50%	11,80%	9,80%	5,90%				
Q46. My business uses internet to market the business via Facebook and twitter	Freq	19	7	3	15	7	43,10%	51,00%	2,69	1,556
	%	37,30%	13,70%	5,90%	29,40%	13,70%				
Q47. I use internet for business transactions such as online banking and payment of staff and suppliers	Freq	10	4	3	17	17	66,60%	27,40%	3,53	1,115
	%	19,60%	7,80%	5,90%	33,30%	33,30%				
Q48. I use internet to search for suppliers, goods and services as well as comparing prices	Freq	7	6	2	17	19	70,60%	25,50%	3,69	1,435
	%	13,70%	11,80%	3,90%	33,30%	37,30%				
Q49. I use ICT in my construction activities for quality and improve the workmanship of construction	Freq	13	9	14	12	3	29,50%	43,10%	2,67	1,26
	%	25,50%	17,60%	27,50%	23,60%	5,90%				

Table 4.22 shows the summary of all responses with regards to strategy 3 (enhance the use of ICT) that would be implemented by SMMEs in the construction industry. The table presented the frequency of distribution based on all five Likert scaling. The results of Strongly Agree and Agree were combined to form Total Agreement (Strongly Agree + Agree = Total Agreement) while the results of strongly disagree and Disagree were combined to form totally disagreement (Strongly Disagree + Disagree = Total Disagreement). Three measuring (Total Agreement, Total Disagreement and Neutral) was used to present descriptive statistics.

4.3.4.4.1: Descriptive statistics – enhance the use of ICT

Table 4.22 explains that 72.50% of respondents were in total disagreement with the statement (Q45: My business uses internet for meetings with teleconferencing and Skype). The remained 15.70% of respondents were in total agreement while 11.80% were neutral. The mean for this statement $m=2.00$.

According to table 4.22, 70.60% of respondent's shows total disagreement, 23.50% were in total agreement and 5.90% of respondents were neutral on the statement (Q43: I am specialized in business construction, therefore I do not see any importance of the internet for my business). The mean for this statement $m=2.24$.

Table 4.22 depict the results of respondents with regards to the statement (Q48: I use the internet to search for suppliers, goods and services as well as comparing prices). In total agreement, 70.60% of respondents were recorded, 25.50% of respondents were in total disagreement and 3.90 % were neutral. The mean for this statement $m=3.69$.

According to table 4.22, 68% of respondents were in total agreement with the statement (Q44: my business uses internet for communication through email). Among the remained, 25.30% were in total disagreement with the statement and 5.90% were neutral. The mean for this statement $m=3.61$.

As indicated in table 4.22, 66.60% of respondents recorded in total agreement with the statement (Q43: I use internet for business transactions such as online banking and payment of staff and suppliers). Only 27.40% of respondents were in total disagreement while 5.90% were neutral. The mean for this statement $m=3.53$.

Table 4.22 shows that 51.00% of respondents were in total disagreement to the statement (Q46: The business uses the internet to market the business via Facebook and Twitter), while 43.10% were in total agreements and 5.90% were neutral. The mean for this statement $m=2.69$.

Table 4.22 depicts 43.10% of respondents in total disagreement to the statement (Q49: I use ICT in construction activities for quality and improve the workmanship of construction), 29.50% of respondents were in total agreement while 27.50% were neutral. The mean for this statement $m=2.67$.

4.3.4.4.2: Inferential analysis – enhance the use of ICT

To calculate the total ICT strategy scores, variables were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses to different variables such as the use of Likert scale where only independent variables are concerned. The systematic calculation was done as follows:

$$\text{Tot_Str3} = \text{sum} (Q44, Q45, Q46, Q47, Q48, Q49)$$

Table 4.23: Significant test on ICT strategy by age

Significant test on ICT strategy by age					
SMMEs Strategy 3: Enhance the use of ICT		N	Mean Rank	Kruskal Wallis Test	
Age Group of Responent	21 - 30 years	5	22,90	Chi-Square	2,542
	31 - 40 years	15	29,13	df	4
	41 - 50 years	20	23,45	Asymp. Sig.	0,637
	51 - 60 years	9	29,78	Comment	No statistically difference
	61 and above	2	18,75		
	Total	51			

The Kruskal-Wallis test in Table 4.23 shows that there is no statistical difference in the enhancement of Information and Communication Technology by the age group of respondents (Chi-Square=2.542, df=4, p-value=0.637. The result shows that the age group has no influence on the implementation of information and communication technology.

Table 4.24: Significant test on ICT by highest qualification

Significant test on ICT strategy by highest qualification					
SMMEs Strategy 3: Enhance the use of ICT		N	Mean Rank	Kruskal Wallis Test	
Highest qualification of respondent	No formal qualification	2	10,25	Chi-Square	8,606
	Grade 1 - 12	23	22,37	df	4
	National Certificate	9	33,33	Asymp. Sig.	0,072
	Bachelor Degree	15	26,97	Comment	No statistically difference
	Dost Graduate Degree/s	2	43,25		
	Total	51			

The Kruskal-Wallis test shown in table 4.24 indicates that there is no statistical difference in the enhancement of Information and Communication Technology by the level of qualifications of respondents (Chi-Square=2.542, df=4, p-value=0.637). The result shows that the level of qualification has no influence on the implementation of Information and Communication Technology strategy.

Table 4.25: Significant test on ICT by business ownership

Significant test on ICT strategy by business ownership					
SMMEs Strategy 3: Enhance the use of ICT		N	Mean Rank	Kruskal Wallis Test	
Type of business ownership	Sole trader	8	23,75	Chi-Square	0,218
	Close corporation	43	26,42	df	1
	Total	51		Asymp. Sig.	0,640
				Comment	No statistically difference

Kruskal-Wallis test in table 4.25 shows that there is no statistical difference in the enhancement of Information and Communication Technology by the types of business ownership of respondents (Chi-Square=0.218, df=1, p-value=0.640). The results show that the types of business ownership have no influence on the implementation of Information and Communication Technology.

Table 4.26: Significant test on ICT by a period of business existence

Significant test on ICT strategy by period in business existence					
SMMEs Strategy 3: Enhance the use of ICT		N	Mean Rank	Kruskal Wallis Test	
Period in business existence	Less than 1 year	3	24,17	Chi-Square	3,145
	Between 1 - to 3 years	13	26,77	df	4
	Between 3 to 5 years	15	22,93	Asymp. Sig.	0,534
	Between 5 to 10 years	10	23,35	Comment	No statistically difference
	Above 5 years	10	32,80		
	Total	51			

There is no statistical difference in the enhancement of Information and Communication Technology by the period of business existence of respondents (Chi-Square=3.145, df=4, p-value=0.534) as shown by the Kruskal-Wallis test in table 4.26. The result shows that the period of business existence has no influence on the implementation of Information and Communication Technology strategy.

Table 4.27: Significant test on ICT by type of employment

Significant test on ICT strategy by type of employment					
SMMEs Strategy 3: Enhance the use of ICT		N	Mean Rank	Kruskal Wallis Test	
Type of employment offered by the business	Full time	18	29,83	Chi-Square	2,007
	Casual	2	20,00	df	2
	Employment depends on project	31	24,16	Asymp. Sig.	0,367
	Total	51		Comment	No statistically difference

The Kruskal-Wallis test in table 4.27 shows that there is no statistical difference in the enhancement of Information and Communication Technology by the types of employment of respondents (Chi-Square=2.542, df=4, p-value=0.637). The result shows that the types of employment have no influence on the implementation of Information and Communication Technology strategy.

4.3.4.5 – Strategy 4: Develop and implement marketing strategies

Table 4.28: Summary – Develop and implement marketing strategies

Table 4.28: Summary of SMMEs Strategy 4 - Developing and implement marketing strategies										
Strategies for SMMEs in the construction industry	Frequency distribution						Total agreement (% of strongly agree & agree)	Total disagreement (% of strongly disagree and disagree)	Descriptive statistics	
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean			Std. Dev	
Q50. Advertising is expensive and my business cannot afford it.	Freq	5	13	1	20	12	62,70%	35,30%	3,41	1,359
	%	9,80%	25,50%	2,00%	39,20%	23,50%				
Q51. I work on referral therefore I do not need to advertise my products	Freq	9	22	2	13	5	35,30%	60,70%	2,67	1,306
	%	17,60%	43,10%	3,90%	25,50%	9,80%				
Q52. I advertise my products through newspaper.	Freq	36	8	1	5	1	11,80%	86,30%	1,57	1,063
	%	70,60%	15,70%	2,00%	9,80%	2,00%				
Q53. I advertise my products through radio.	Freq	37	7	1	5	1	11,80%	86,20%	1,55	1,064
	%	72,50%	13,70%	2,00%	9,80%	2,00%				
Q54. I advertise my products through trade fares and business shows.	Freq	34	5	1	9	2	21,50%	76,50%	1,82	1,322
	%	66,70%	9,80%	2,00%	17,60%	3,90%				
Q55. I use social media platform and current ICT to market my business.	Freq	17	6	0	23	5	54,90%	45,10%	2,86	1,523
	%	33,30%	11,80%	0,00%	45,10%	9,80%				
Q56. Advertising is very important to my business because it creates new business opportunity	Freq	1	1	8	24	17	80,40%	4,00%	4,08	0,868
	%	2,00%	2,00%	15,70%	47,10%	33,30%				
Q57. Marketing research provides information about the products, pricing, promotion and distribution to the market.	Freq	0	2	19	15	15	58,80%	3,90%	3,84	0,903
	%	0,00%	3,90%	37,30%	29,40%	29,40%				

4.3.4.5.1: Descriptive statistics – implement marketing strategies

Table 4.28 depict that 86.30% of respondents were in total disagreement with the statement (Q52: I advertise my products through newspaper), 11.80% were in total agreement and 2% were neutral. The mean for this statement $m=1.57$.

As per table 4.28, 86.20 were in total disagreement with the statement (Q53: I advertise my products through radio), 11.80% were in total agreement and 2% were neutral. The mean for this statement $m=1.55$.

Tale 4.28 shows that 80.40% of respondents were in total agreement to the statement (Q56: Advertisement is very important to my business because it creates new business opportunity), 15.70% were neutral and 4% were in total disagreement. The mean for this statement $m=4.08$.

According to table 4.28, 76.50% of respondents were in total disagreement with the statement (Q54: I advertise my products through trade fairs and business show), 21.50% were in total disagreement and 2.00% were neutral. The mean for this statement $m=1.82$.

Table 4.28 represent 60.70% of respondents were in total disagreement with the statement (Q51: I work on referral there I do not need to advertise my products), 35.30% were in total agreement and 3.90 were neutral. The mean for this statement $m=2.67$.

Table 4.28 represents the 58.80% of respondents in total agreement with the statement (Q57: Marketing research provides information about the products, pricing, promotion and distribution to the market), 37.30% did not agree or disagree hence neutral and 3.90% were in total disagreement. The mean for this statement $m=3.84$.

According to table 4.28, 54.90% of respondents were in total agreement to the statement (Q34.6: I use social media platform and current ICT to market my business) and 41.10% of respondents were in total disagreement. The mean for this statement $m=2.86$.

4.3.4.5.2: Inferential Analysis – implement marketing strategies

To calculate the totals, develop and implement marketing strategy scores, variables were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses to different variables such as the use of Likert scale where only independent variables are concerned. The systematic calculation was done as follows:

$$\text{Tot_Str3} = \text{sum} (Q50, Q51, Q52, Q53, Q54, Q56, Q57)$$

SMMEs Strategy 4: Develop marketing strategy		N	Mean Rank	Kruskal Wallis Test	
Age Group of Respodent	21 - 30 years	5	21.80	Chi-Square	2.353
	31 - 40 years	15	25.67	df	4
	41 - 50 years	20	28.13	p-value	0.671
	51 - 60 years	9	27.00	Comment	No statistically difference
	61 and above	2	13.25		
	Total	51			

The Kruskal-Wallis test in table 4.29 shows that there is no statistical difference in the development and implementation of marketing strategies by the age group of respondents (Chi-Square=2.353, df=4, p-value=0.671). The result shows that the age group has no influence on the development and implementation of marketing strategies.

Table 4.30: Significant test on implement marketing plan strategy by Level of qualification

SMMEs Strategy 4: Develop marketing strategy		N	Mean Rank	Kruskal Wallis Test	
Level of qualification	No formal qualification	2	13.25	Chi-Square	6.826
	Grade 1 - 12	23	21.43	df	4
	National Certificate	9	29.83	p-value	0.145
	Bachelor Degree	15	31.97	Comment	No statistically difference
	Dost Graduate Degree/s	2	29.25		
	Total	51			

Table 4.30 report that there is no statistical difference in the development and implementation of marketing strategies by the level of qualifications of respondents as indicated by the Kruskal-Wallis test (Chi-Square=6.826, df=4, p-value=0.145). The result shows that the level of qualifications has no influence on the development and implementation of marketing strategies.

Table 4.31: Significant test on implement marketing plan strategy by types of business ownership

SMMEs Strategy 4: Develop marketing strategy		N	Mean Rank	Kruskal Wallis Test	
Type of business ownership	Sole trader	8	27.00	Chi-Square	0.043
	Close corporation	43	25.81	df	1
	Total	51		p-value	0.835
				Comment	No statistically difference

The Kruskal-Wallis test in table 4.31 indicates that there is no statistical difference in the development and implementation of marketing strategies by the types of business ownership (Chi-Square=0.043, df=1, p-value=0.835). The result shows that the type of business ownership has no influence on the development and implementation of marketing strategy.

Table 4.32: Significant test on implement marketing plan strategy by period of business existence

SMMEs Strategy 4: Develop marketing strategy		N	Mean Rank	Kruskal Wallis Test	
Period in business existence	Less than 1 year	3	28.67	Chi-Square	3.088
	Between 1 - to 3 years	13	22.96	df	4
	Between 3 to 5 years	15	22.70	p-value	0.543
	Between 5 to 10 years	10	28.60	Comment	No statistically difference
	Above 5 years	10	31.50		
	Total	51			

According to Kruskal-Wallis test on table 4.32, there is no statistical difference in the development and implementation of marketing strategies by the period of business existence of respondents (Chi-Square=3.088, df=4, p-value=0.543). The result shows that the period of business existence has no influence on the development and implementation of marketing strategy.

Table 4.33: Significant test on implement marketing plan strategy by type of employment

SMMEs Strategy 4: Develop marketing strategy		N	Mean Rank	Kruskal Wallis Test	
Types of employment	Full time	18	29.78	Chi-Square	1.818
	Casual	2	24.25	df	2
	Employment depends on project	31	23.92	p-value	0.403
	Total	51		Comment	No statistically difference

There is no statistical difference on the development and implementation of marketing strategy by the types of employment of respondents (Chi-Square=1.818, df=2, p-value=0.403) as shown by the Kruskal-Wallis test on table 4.33. The result shows that the type of employment has no influence on the development and implementation of marketing strategy.

4.3.4.6 Strategy 5: Develop and implement a financial plan

Table 4.34: Summary of developing and implement a financial plan

Table 4.34: Summary of SMMEs Strategy 5 - Develop and implement financial plans											
Strategies for SMMEs in the construction industry		Frequency distribution						Total agreement (% of strongly agree & agree)	Total disagreement (% of strongly disagree and disagree)	Descriptive	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean			Std. Dev	
Q58. Bank loans are main source of funding for SMMEs	Freq	10	17	1	11	12	45,10%	52,90%	2,96	1,523	
	%	19,60%	33,30%	2,00%	21,60%	23,50%					
Q59. Bank loans are very risky.	Freq	2	11	3	6	29	68,70%	25,50%	3,96	1,371	
	%	3,90%	21,60%	5,90%	11,80%	56,90%					
Q60. Bank loans are hard to get	Freq	1	1	0	7	42	96,10%	4,00%	4,73	0,75	
	%	2,00%	2,00%	0,00%	13,70%	82,40%					
Q61. Bank loans have high interest rate	Freq	2	3	7	10	29	76,50%	9,80%	4,2	1,1132	
	%	3,90%	5,90%	13,70%	19,60%	56,90%					
Q62. I borrow family funds to invest in my business.	Freq	16	16	3	12	4	31,30%	62,80%	2,45	1,361	
	%	31,40%	31,40%	5,90%	23,50%	7,80%					
Q63. I have a partner who invest in my business	Freq	32	12	1	5	1	11,80%	86,20%	1,65	1,055	
	%	62,70%	23,50%	2,00%	9,80%	2,00%					
Q64. I issue shares to acquire funds for my business.	Freq	37	11	3	0	0	0,00%	94,10%	1,33	0,589	
	%	72,50%	21,60%	5,90%	0,00%	0,00%					
Q65. I have enough financial skills to run my business	Freq	6	13	2	24	6	58,90%	37,30%	3,22	1,286	
	%	11,80%	25,50%	3,90%	47,10%	11,80%					
Q66. Money is a backbone of every business and it is required for the smooth running of the business	Freq	0	0	2	23	25	96,10%	0,00%	4,47	0,578	
	%	0,00%	0,00%	3,90%	45,10%	51,00%					
Q67. A proper financial plan helps the business to allocate funds effectively	Freq	0	1	13	22	15	72,50%	2,00%	4	0,8	
	%	0,00%	2,00%	25,50%	43,10%	29,40%					
Q68. A well-structured financial plan ensures availability of funds when needed.	Freq	0	0	17	18	16	66,70%	0,00%	3,98	0,812	
	%	0,00%	0,00%	33,30%	35,30%	31,40%					

4.3.4.6.1: Descriptive statistics – develop and implement financial plan

Table 4.34 represent 96.10% of respondents in total agreement to the statement (Q66: Money is the backbone of every business and it is required for smooth running of the business) and 4.00% were neutral. The mean of this statement $m=4.47$.

According to table 4.34, 96.10% of respondents were in total agreement with the statement (Q60: Bank loans are hard to get) and 4% were in total disagreement. The mean for this statement $m=4.73$.

Table 4.34 represents the result of 94.10% of respondents in total disagreement with the statement (Q64: I issue shares to acquire fund for my business) and 5.90% were neutral. The mean for this statement $m=1.33$.

Many (86.10%) of respondent's recorded total disagreement with the statement (Q63: I have a partner who invests in my business), 11.80% were in total agreement while 2.00% of respondents were neutral as shown by table 4.34. The mean for this statement $m=1.65$.

Table 4.34 shows that 76.50% of respondents indicate total agreement with the statement (Q61: Bank loan have higher interest rate) and 4.00% were in total disagreement. The mean for this statement $m=4.20$

Table 4.34 represents the total 72.50% of respondents in total agreement with the statement (Q67: A proper financial plan helps the business to allocate funds effectively), 25.50% were neutral and 2.00% of respondents were in total disagreement.

As per table 4.34, 68.70% of respondents were in total agreement with the statement (Q59: Bank loans are very risky), 25.50% indicate total disagreement and 5.90% were neutral. The mean for this statement $m=3.96$.

Among all respondents, 66.70% of respondents were in total agreement to the statement (Q68: A well-structured financial plan ensures availability of funds when needed) and 33.50% were neutral as indicated in table 4.34. The mean for this statement $m=3.98$.

Table 4.34 shows results of 62.80% of respondents were in total disagreement to the statement (Q62: I borrow family funds to invest in business), 31.30% indicate total agreement and 5.90% of respondents were neutral.

According to table 4.34, 58.90% of respondents were in total agreement to the statement (Q65: I have enough financial skill to run my business), 37.30% were in total disagreement to the statement and 3.90% were neutral. The mean to this statement $m=3.22$.

Table 4.34, 52.90% of respondents was in total disagreement with the statements (Q58: Bank loan are main sources of funding for SMMEs), 45.10% were in total agreement while 2.00% were neutral. The mean for this statement on agreement $m=2.96$.

4.3.4.6.2: Inferential Analysis – develop and implement a financial plan

To calculate the total score of strategy 5 (develop and implement the financial plan), variables were transformed and computed in SPSS. Transforming and computing variables enable the combination of different responses to different variables such as the use of Likert scale where only independent variables are concerned. The systematic calculation was done as follows:

$$\text{Tot_Str5} = \text{sum} (Q58, Q59, Q60, Q61, Q62, Q63, Q64, Q65, Q66, Q67, Q68)$$

Table 3.35: Significant test on Develop and implement financial plan by age group					
SMMEs strategy 5: Develop & Implement Fincial Plan		N	Mean Rank	Kruskal Wallis Test	
Age Group	21 - 30 years	5	25.10	Chi-Square	0.760
	31 - 40 years	15	25.83	df	4
	41 - 50 years	20	25.38	p-value	0.944
	51 - 60 years	9	26.22	Comment	No statistically difference
	61 and above	2	34.75		
	Total	51			

Table 4.35 indicates that there is no statistical difference in development and implementation of financial plan by the age group (Chi-Square=0.760, df=2, p-value=0.944). The result shows that the age group of respondents has no influence on the development and implementation of the financial plan.

Table 4.36: Significant test on Develop and implement financial plan by level of qualification

SMMEs strategy 5: Develop & Implement Fincial Plan		N	Mean Rank	Kruskal Wallis Test	
Level of qualification	No formal qualification	2	21.50	Chi-Square	2.561
	Grade 1 - 12	23	23.74	df	4
	National Certificate	9	27.33	p-value	0.634
	Bachelor Degree	15	27.50	Comment	No statistically difference
	Dost Graduate Degree/s	2	39.25		
	Total	51			

According to table 4.36, there is no statistical difference in the development and implementation of the financial plan by the level of qualification of respondents (Chi-Square=2.561, df=4, p-value=0.634). The result shows that the level of qualifications has no influence on the development and implementation of the financial plan.

Table 4.37: Significant test on Develop and implement financial plan by types of business ownership

SMMEs strategy 5: Develop & Implement Fincial Plan		N	Mean Rank	Kruskal Wallis Test	
Types of business ownership	Sole trader	8	26.44	Chi-Square	0.008
	Close corporation	43	25.92	df	1
	Total	51		p-value	0.927
				Comment	No statistically difference

Table 4.37 shows that there is no statistical difference in the development and implementation of the financial plan by the types of business ownership of respondents (Chi-Square=0.008, df=1, p-value=0.927). The results show that the form of business has no influence on the development and implementation of the financial plan.

4.38: Significant test on Develop and implement financial plan by period of business existence

SMMEs strategy 5: Develop & Implement Fincial Plan		N	Mean Rank	Kruskal Wallis Test	
Period in business existence	Less than 1 year	3	20.83	Chi-Square	3.255
	Between 1 - to 3 years	13	23.00	df	4
	Between 3 to 5 years	15	24.20	p-value	0.516
	Between 5 to 10 years	10	27.50	Comment	No statistically difference
	Above 5 years	10	32.65		
	Total	51			

Table 4.38 presents that there is no statistical difference in the development and implementation of the financial plan by the period of business existence of the respondents (Chi-Square=3.255, df=4, p-value=0.516). The results show that the period of business existence has no influence on the implementation of the financial plan.

Table 3.9: Significant test on Develop and implement financial plan by type of employment

SMMEs strategy 5: Develop & Implement Fincial Plan		N	Mean Rank	Kruskal Wallis Test	
Type of employment	Full time	18	31.47	Chi-Square	4.694
	Casual	2	32.50	df	2
	Employment depends on project	31	22.40	p-value	0.096
	Total	51		Comment	No statistically difference

Table 3.39 explains that there is no statistical difference in the development and implementation of the financial plan by the type of employment of respondents (Chi-Square=0.760, df=2, p-value=0.944). The result shows that the type of employment has no influence on the implementation of the financial plan.

4.4 Conclusion

Statistical data were analyzed using descriptive statistics and inferential analysis. The measures of central tendencies, such as frequency distribution, mean and median were employed in this study. The inferential statistics were presented by a Kruskal-Wallis test to measure the significance level of independent variables.

The following chapter discusses the research findings according to objectives.

CHAPTER 5

DISCUSSION OF RESEARCH FINDINGS

5.1: Introduction

The previous chapter presented and analyzed data. This chapter discusses the results in detail. Results were discussed according to the design of research instruments (questionnaires) with emphasis on the objectives and hypotheses of the study.

The objectives of this study were:

- To examine the documents that guide the business operations of Small Micro and Medium Enterprises in the construction industry of the Omusati Region;
- To investigate the challenges facing Small Micro and Medium Enterprises in the Construction industry of the Omusati Region;
- To identify and recommend business strategies that Small Micro and Medium Enterprises in the construction industry would employ to address the challenges.

5.2: Findings on the demographic data

The results show that male owners or managers dominate the construction industry of Omusati Region. Ogekobor and Ngeendeepi (2012:10) study, reveal that more men operate SMMEs in Namibia compared to women. The high number of men dominating the industry may be attributed to the fact that people assume that construction work requires physical manpower and men perceived to be stronger than female. Further, the study reveals that the industry is led by the age group of 41-50 years of owners and managers. Majority of owners/managers who took part in the study recorded the highest qualification of grade 1-12 certificate. Literature support this finding as Sheehama and Shihomeka (2017:60027) conclude that few owners and managers of SMMEs attained tertiary education. This interprets that although some business owned by uneducated owners may also succeed, majorities fail because of lack of skills in terms of planning, motivation and leading a committed and hardworking team that create a winning team.

Some respondents indicate that they do not employ anyone (5.88%), however, this is against the MSME policy (2016:7) which states that for an enterprise to be classified as SMME, it should at least employ between 1-10 employees on a full-time. This indicates that majorities of SMMEs owners run their business as a part-time job, meaning they are employed somewhere else. The findings further revealed that majority of business owners/managers do not have offices in the municipal area. This may be caused by home-based offices or perhaps by the unavailability of affordable business premises (Sheehama and Shihomeka, 2017:31). Business premises are beneficial to the business. For example, the information from the Road Authority website (www.ra.com.na), informs the binders that Road Authority have the right to conduct inspections at company premises who bid for contracts and in cases where no office found during inspections, Road authority have the right to reject or cancel the contract. This implies that office space must be considered a challenge as well. The findings also reveal that there is a loophole for SMMEs to adhere to the policy and policyholders fail to monitor the implementation of MSMEs policy.

The empirical findings report that all SMMEs in the construction industry operates a formal business as shown by the findings that all SMMEs are 100% registered for trade certificate. Majorities of owners or managers indicated that they joined the industry to contribute to economic growth and most of them run Close Corporation business. Cant and Wiid (2013:709) study reveal that most SMMEs were close corporations. Close corporation (cc) fit SMMEs best because a CC is regarded as a company, an artificial person created by law with the right to that of a person to buy, rent, borrow money, sue and be sued as well as enters into an agreement on its own without attaching the owners personal earning and assets (Pride et al., 2013:113).

The findings further reveal that SMMEs are business owned and only 3.92% employ managers to manage the business on their behalf. Kamal and Flanagan (2014:9) report that owners of SMMEs are directly involved in tendering, planning, scheduling, procurement and overall management of the business. The findings imply that the owners find comfort in managing their enterprises themselves or their business were still young and may not be able to take care of management personnel in terms of salary and other benefits.

5.3 Findings according to research objectives.

5.3.1 OBJECTIVE 1: To examine the documents that guide the business operations of SMMEs in the construction industry of Omusati Region

The results show that some SMMEs do not have complete sets of documents that equip them fully to enter the market. The study reveals that all SMMEs were formally registered for trade license (100%), however, only 86.30% were in possession of Social Security certificates, 84.3% with VAT certificate, 70.60% with SMMEs certificates, 49.00% with municipal certificates, 33.30% with affirmative compliance certificates and 23.50% with a business plan.

The unavailability of essential business documents shows that SMMEs find it difficult to compete with fully equipped enterprises. Furthermore, the Public Procurement Regulations of 2017 (2017:40) direct that all businesses applying for work must furnish valid good standing tax certificate, valid good standing social security certificate, valid affirmative action compliance certificate, a certificate indicating SMEs status, business registration certificates, registration with Procurement Unit and bank guarantees.

The study result reveals that SMMEs do not recognize the importance of a Business plan even though a business plan provides general direction of the business (Dutta. 2009:189). A business plan is considered a useful tool for communication, management and planning of the business. The study also presents that only 3.92% affiliates/ belong to the Namibia Chamber of Commerce and Industry. Others indicated that they are not aware of any association or construction body in the Region while others see no use of belonging to any association.

5.3.2 OBJECTIVE 2: To investigate the challenges facing SMMEs in the Construction industry of the Omusati Region

Indeed, SMMEs in the construction industry faces many challenges as confirmed by the empirical results. The results interpret that although projects were available, sometimes funding of such

project becomes a big concern. The finding report that SMMEs lack government support and the information regarding possible business opportunities are very limited because there is no Regional Association or business body that serves as a focal point or information desk for SMMEs. Marketing expertise, lack of collateral in events of acquiring loans from the banks, competition from large business in the same industry, unavailability of local suppliers, lack of financial skills on compilations of VAT returns, lack of planning skills and owners and managers commitments were some of the challenges emanated from this study. Supported by literature, Karadag (2015:28) indicates that SMMEs are faced with challenges such as lack of capital, poor access to finance and collateral to mention some.

Lack of funds to fund the project was the most recorded challenges faced by all SMMEs in the construction industry of Omusati Region. Pride et al. (2013:138) report that small businesses fail because they are experiencing problems related to money and that they make mistakes in securing enough funds for both start-up and for continuous operation. Wentzel, Wood and Emuze (2016:1483) on their study concludes that management competencies, marketing competencies, lack of finances, lack of tendering procedures and lack of skilled workers hinder the SMMEs successes.

5.3.3 OBJECTIVE 3: To identify and recommend business strategies that SMMEs in the construction industry would employ to address the challenges

The study identified and presented five business strategies namely development and implementation of a business plan, differentiation strategies, enhance the use of information communication and technology, development and implementation of marketing strategies and development and implementation of financial plans.

Develop and implement a Business Plan: The study shows that only 31.40% of owners or managers understand the importance of a business plan. According to Karel and Radomir (2013:39) business planning helps enterprises to understand situations in which a business is located, provide a clear view on the mission/vision of the business, determine the strengths and weakness of the business, contributes to the setting of appropriate goals and provides clear

directions of what the business is expected to do within a certain framework. As another important construct, Karel, Adam and Radomir (2013:59) confirm that SMMEs that implement business planning has a higher chance of becoming successful compared to those that have nothing.

Focus on differentiation strategy: With regards to focus on differentiation strategies, the results show that most SMMEs do not have business offices. or their offices are not within the strategic areas. The location of a business plays an important role because strategically located businesses enhance the chances of business successes. The literature by Semuel, Soagian and Octavia (2017:1153) explain that businesses distinguish themselves by offering good products from the competitors to create competitive advantages and good performance that increase efficiency and effectiveness of the business. The result shows that owners/managers of SMMEs are willing to succeed because they offer products of higher quality and construct a strong foundation for their business, hence creating a reputable name in the industry which is associated with quality, value and always meet the needs of the clients. Another important construct by Diriju, Ayiol and Ibudummi (2013:260) emphasize on businesses to create unique product or service which ensures customers satisfaction and use differentiation as a tool for competitive advantages.

Enhance the use of ICT: The study shows that most SMMEs only use ICT for business transactions such as searching for suppliers, comparing services and goods, making an online payment to suppliers and staff member as well as advertising using some of social media platform and internet. ICT helps the businesses to achieve its objectives. Kuyolo, Awodele, Alao and Omotude (2013:787) explain that ICT is very crucial to SMMEs because it provides rapid access to data, processing and dissemination of large volumes of data. Large and small businesses need ICT because it increases productivity and helps business to achieve higher business performances and enjoy the benefit of ICT for communication, business meetings, marketing, financial as well as in improving the quality and speed of business activities. ICT aid SMMEs to become productive to achieve higher business performance (Bazhonova & Becker, 2012: online). Similarly, Lantham (2011:56) add that ICT help the business to increase efficiency, make profits, improve business competitiveness and help the business to communicate with potential clients.

For example, registration and verification of trade name can be done online according to BIPA website. With the use of ICT, applications are filled online, and verification of trade name can be done remotely without contacting the office physically or telephonically

Develop and implement marketing: Marketing is very important to the business because it provides information about the products, pricing, promotion and distribution of products to the market. The empirical study shows that advertising is very important to the business as it creates new business opportunity. Mokhrariani, Sebt and Davordpour (2017:2) explain that marketing plays an important role in the business and SMMEs may benefit from profit increment, customer satisfaction, improve customer relationship and create a sustainable competitive advantage which helps them to differentiate themselves from the competitors. SMMEs acknowledged the use of social media platform and current ICT to market the business.

The result explains that majorities of owners or managers of SMMEs understand advertising importance and that it is through advertising that new deals are sealed, however, few SMME employ marketing strategies to market their products through media, such as newspaper, radio and internet. Marketing strategies help the owners/managers in acquiring knowledge from the similar business sector and ensure the satisfaction of clients to provide market orientation as well as establish communication abilities. Naranjo et al, (2011:251) report that focus strategy, marketing mix, social marketing, relationship marketing, pricing strategy and marketing alliance are important strategies suitable for SMMEs.

Develop and implement financial plans: The study results show that majority of respondents understand that a well-structured financial plan ensures the availability of funds when needed. The study reveals that SMMEs find it hard and risky to access bank loans. Pride et al. (2013:474) explain that owners with financial management skills are equipped with information on how to obtain money and its uses because funds are needed for start-up and running of the business.

The study also confirms that SMMEs in the construction industry requires financial literacy to help them understand practices associated with borrowing from banks or family as well as acquiring new partners to expand the business. In the agreement, Calopa (2016:108) maintained that financial knowledge, communication skills and teamwork skills play an important role in financial planning because financial literacy makes a valuable financial decision and has a high positive impact on the performance of the business. Abdulsaleh and Worthington (2013:36) conclude that financial planning supports equity financing, venture capital, debt financing and trade finance to ensure success.

5.4 Findings according to hypotheses

5.4.1 Hypothesis 1: There is no statistically significant difference in challenges amongst the demographic data of owners/managers.

By age

The empirical study shows that there is no statistically significant difference in the challenges according to the age group. Saunders et al (2009:441), explain that a probability of $p < 0.5$ or lower shows that there is a statistical relationship, therefore, rejecting a null hypothesis while a probability of > 0.5 and above shows that there is no statistical relationship, hence accepting the hypothesis. The probability by the age group is $p\text{-value} = 0.392$. Hence the hypothesis was accepted.

By level of qualification

The findings show that there is no statistical difference on the challenges facing SMMEs in the construction industry by the level of qualifications. The probability value by the level of qualification shows a $p\text{-value} = 0.385$, hence the hypothesis was accepted. The findings support Filho et al (2013:37) study which state that a $p\text{-value}$ of above $p > 0.05$ shows that the probability under assumption has no effects on what is observed.

By types of business

Statistically, most of the probability level is set at 0.05 as a cut off to support the evidence of claim (Flick,1996:384), hence this study concludes that there is no statistically significant difference on the challenges facing SMMEs in the construction industry by the types of business. The p-value on types of business ($p=0.500$). The hypothesis was accepted.

By the period of business existence

In analyzing the empirical study of the challenges facing SMMEs in the construction industry by the period of business existence, the study concludes that there is no statistically significant difference. The p-value on the period of business existence ($p=0.447$). The hypothesis was accepted. Literature by Demidenko (2015:34) shows that all probabilities above $p>0.05$ show no statistical significance.

By types of business employment

The findings of this study show that there is no statistically significant difference on the challenges facing SMMEs in the construction industry by the types of business employment. The p-value on the types of employment ($p\text{-value}=0.343$). The hypothesis was accepted. Dahiru (2008:22) study shows that the probability value that is closer to 1 or greater than $=0.5$ shows no difference in groups apart from due to chances.

5.4.2 Hypothesis 2: There is no statistically significant difference in the development and implementation of business plan amongst the demographic data of owners or managers

Age

Mohamity, Kumar and Dalai (2013:1) conclude that the significant level of probability higher than >0.05 has no effect on the observations. The empirical study shows that there is no statistically significant difference in the development and implementation of a business plan by the age group. The p-value on the age group ($p\text{-value}=0.223$). The hypothesis was accepted.

Level of qualifications

The results show that there is no statistically significant difference in the development and implementation of a business plan by the level of qualifications. The probability value on the level of qualification (p-value=0.611). The hypothesis was accepted. The finding is not far from the findings by Saunders et al (2009:441) which express that probability of $p > 0.5$ and above shows that there is no statistical relationship, hence accepting the hypothesis.

Types of business

The findings of the study show that there is no statistically significant difference in the development and implementation of a business plan by the of business ownership. The probability value of on the types of business ownership (p-value=0.657). The findings reveal that the findings are in the agreement with the assumptions because the probabilities value is above > 0.05 (Levman, 2011: online) The hypothesis was accepted.

Period of business existence

The results show that there is no statistically significant difference in the development and implementation of a business plan by the period of business. The probability value of the period in business existence (p-value=0.974). McGuinness (2015:4) indicates that the higher probability implies that there is no strong evidence to reject the hypothesis hence this hypothesis was accepted.

Types of employment

The empirical study shows that there is no statistically significant difference in the development and implementation of a business plan by the types of employment. The probability value of the period in types of employment (p-value=0.653). The hypothesis was accepted. According to Gelman and Stern (2006:331), the p-value presents statistically significance assessment of the reliability of statistical findings, thus a p-value of > 0.05 direct that a hypothesis is rejected.

5.4.3 Hypothesis 3: There is no statistically significant difference in focus on differentiation strategies amongst the demographic data of owners/managers

By Age

The end results of the empirical study show that there is no statistically significant difference in the differentiation strategies by the age group. The probability value on age group (p-value=0.577). The hypothesis was accepted. This implies that there is no strong evidence to reject the assumption (Filho et al, 2013:37).

By the level of qualification

The empirical study shows that there is no statistically significant difference in the differentiation strategies by the level of qualifications. The probability value on the level of qualification (p-value=0.809). Saunders et al (2009,441) suggest that all probabilities above $p > 0.05$ should not be rejected. The hypothesis was accepted.

By the types of business ownership

There is no statistically significant difference in the differentiation strategies by the types of business. The probability value of the types of business ownership (p-value=0.639). The hypothesis was accepted. Contrary, Greenland et al (2016:341) study reveal that a $p > 0.05$ does not mean a test may be true or should be accepted if it presents a large probability, however, agree that the prediction has no difference.

Period of business existence

The results show that there is a statistically significant difference in the differentiation strategies by the period of business existence. The probability value on the period of business existence (p-value=0.025). This result agrees with the findings from Benjamin et al. (2018:6) which reveal that when a p-value is below 0.05, the findings may be declared statistically significant. The results show that there is a strong evidence of the probability, hence the hypothesis was rejected.

By the types of employment

Analyzing the empirical data, the results show that there is a statistical significance in the differentiation strategy by the types of employment. The probability value of the types of employment (p -value=0.017). McShane et al (2017:9) mentioned that a probability of less than <0.05 shows a statistical significance. The results show that there a strong evidence on the probability, hence the hypothesis was rejected.

5.4.4 Hypothesis 4: There is no statistically significant difference in the implementation of Information, Communication and Technology strategies amongst the demographic data of owners or managers

By age

The findings reveal that there is no statistically significant difference in the implementation of Information, Communication and Technology strategies by the age group. The probability value on the age group (p -value=0.637). The hypothesis was accepted. Greenland et al (2016:341) explain that the higher probability ($p>0.05$) suggests that the data are not usual to compute a p -value, hence accepting the assumption.

By the level of qualification

The empirical study shows that there is no statistically significant difference in the implementation of Information, Communication and Technology strategies by the level of qualifications. The probability value on the level of qualification (p -value=0.072). The hypothesis was accepted. This finding is supporting earlier researcher such as Ferreira and Patino (2015:485), that all probabilities above cut off value (0.05) should be accepted.

By the period of business existence

There is there is no statistically significant difference in the implementation of Information, Communication and Technology strategies by the period of business existence of owners and managers. The probability value on the period of business existence (p -value=0.534). According

to Byrne (2007:41), the greater p-score interprets that there is a statistical relationship, meaning the hypothesis or assumption is proven to be true. Hence this hypothesis was accepted.

By the types of employment

The results show that there is no statistically significant difference in the implementation of Information, Communication and Technology strategies by the types of employment. Jones and Bartlett Learning (2011:76) explain that when the hypothesis is consistent with the belief and the test exceed the cut off value, then the assumption is accepted. The probability value of the types of employment (p-value=0.367). The hypothesis was accepted.

By the types of business

The findings show that there is no statistically significant difference in the implementation of Information, Communication and Technology strategies by the types of business. The probability of the types of business (p-value=0.640). According to Flick (1996:385), the probability that is greater than zero point zero five shows a strong evidence to support the claim, hence the hypothesis was accepted.

5.4.5 Hypothesis 5: There is no statistically significant difference in the development and implementation of marketing strategies amongst the demographic data of owners or managers

By Age

Research findings show that there is no statistically significant difference in the development and implementation of marketing strategies by the age group. Silva and Guarnievi (2013) state that lack of statistical significance does not imply that the findings are less important, but it present evidence that the claim might be true. The probability value by the age group is p-value=0.671. The hypothesis was accepted.

By the level of qualifications

The empirical study shows that there is no statistically significant difference in the development and implementation of marketing strategies by the level of qualifications. The probability value on the level of qualification (p-value=0.145). According to Demidenko (2015:34), the p-score value which is greater than >0.05 shows insignificant. This hypothesis was accepted.

By the period of business existence

The results of the study reveal that there is no statistically significant difference in the development and implementation of marketing strategies by the period of business existence. The probability value on the period of business existence (p-value=0.835). Using the rule of thumb cut off level at <0.05 level by Filho et al. (2013:37), the hypothesis was accepted.

By the types of employment

The findings of study interpret that there is no statistically significant difference in the development and implementation of marketing strategies by the types of employment of owners and managers. The probability value of the types of employment (p-value=0.543). Dahiru (2008:24) explains that the higher probability value may be caused by the size, sample and the spread of data, therefore a p-value greater than >0.05 falls in acceptance of the assumption. The hypothesis is accepted.

By the types of business

The results explain that there is no statistically significant difference in the development and implementation of marketing strategies by the types of business. The probability value of the types of employment (p-value=0.403). The hypothesis was accepted. This shows that the results agree to the assumption presented (Nuzzo, 2014:151)

5.4.6 Hypothesis 6: There is no statistically significant difference in the development and implementation of financial plan amongst the demographic data of owners and managers

By age

The result shows that there is no statistically significant difference in the development and implementation of the financial plan by the age group. The probability value on the age group (p-value=0.944). The probability of this hypothesis is higher and shows that there is a strong evidence in accepting the hypothesis (McGuinness, 2015:4). The hypothesis was accepted.

By level of qualification

According to Verhagen, Ostelo and Rademaker (2004: 261), statistically, significance determine whether to reject or accept a hypothesis. The result shows that there is no statistically significant difference in the development and implementation of the financial plan by the level of qualifications. The probability value on the level of qualifications (p-value=0.634). The hypothesis was accepted, therefore accepting the hypothesis implies that the intervention is effective.

By the business existence

The result shows that there is no statistically significant difference in the development and implementation of the financial plan by the period of business. The probability of the period of business existence (p-value=0.927). The p-values allow the assessment of the findings whether they are significant or not significant and whether the assumption falls into a category of rejection or assumption (Davis and Crumble, 2009:3). The hypothesis was accepted.

By the types of employment

The result shows that there is no statistically significant difference in the development and implementation of the financial plan by the types of employment. The probability value of the types of employment (p-value=0.516). Gelman and Stern (206:331) stress that p-values present

the reliability of findings and provide information to the researcher to decide whether to accept or reject the hypothesis. The hypothesis for this assumption was accepted.

By the types of business

Doll and Carney (2005:133) expresses that the probability value determines the significance level of the assumption and further explain that the p-value greater >0.05 shows that there no difference, in compared variables, meaning the assumption may be true. Hence, the finding of this study shows that there is no statistically significant difference in the development and implementation of the financial plan by the types of business. The probability value by types of business is $p\text{-value}=0.096$. The hypothesis was accepted.

5.5: Conclusion

The main objective of this study was to identify and recommend strategies that SMMEs in the construction industry would implement to address the challenges. The empirical study identified five strategies as to help SMMEs sustain their business. The hypotheses were tested, and many assumptions were accepted with the exemption of two which recorded below 0.05. The following chapter draws conclusions from the study and present recommendations to SMMEs, the Government and general researchers and scholars.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The previous chapter discusses the research findings according to objectives and hypotheses. This chapter provides summaries of the whole study and present conclusion, recommendations and contributions to the study.

6.2 Conclusion on the major findings of the study

6.2.1 Conclusion on literature

The study recognized that resource-based view is still valid and important to businesses wishing to develop strategies because it provides some guidelines on what to be followed on strategy development. Literature concluded that globally, SMEs, especially in the construction industry is dominated by male probably because female assume that construction industry requires heavy workmanship. Literature also discussed and confirmed that indeed there are challenges facing SMMEs in the daily operations of the business. Factors hindering the success of the businesses vary from competition from large enterprises, lack of funds, lack of collateral, unavailability of information, lack of government support, unavailability of professional bodies, lack of skills, unavailability of jobs and many others. Farther, the study concludes that business succeeds because they employ strategies that provide directions on how to address issues affecting the business.

6.2.2 Conclusion on an empirical study

Conclusions on the empirical study were presented using the mean rank. The highest mean shows a high degree of the agreement with the statement. The highest mean is $m=5.00$ and the lowest is $m=1.00$. In presenting the conclusion of empirical data, this study regards the mean of

$m \geq 3.00$ records significant or in agreement with the statement while $m \leq 3$ regarded as less significant.

6.2.3 Conclusion on SMMEs challenges

The findings conclude that SMMEs are in dire needs of money to fund projects ($m=4.76$), they lack information about possible business opportunities ($m=4.65$), lack government supports ($m=4.63$), need bank collateral ($m=4.63$), experience high competition from large business ($m=4.51$), lack marketing expertise ($m=4.37$) and faced with shortage of local suppliers ($m=4.18$). The study settles that SMMEs lack financial skills ($m=3.86$), lack skills in implementation of ITC in business operations ($m=3.75$), lacks management expertise ($m=3.12$) and lacks planning skills by the owners ($m=3.08$). The low agreement on ranked mean was recorded on poor communications between owners, managers and staff ($m=2.94$) as well as lack of commitment by the owners ($m=2.39$). These findings are consistent with the literature of Hove (2016:654) that conclude SMMEs suffer due to lack of knowledge, finance, skills and equipment are to mention some of the challenges.

6.2.4 Conclusion on SMMEs strategies

6.2.4.1 Develop and implement a Business plan

With regards to the implementation of a business plan, the findings reveal that SMMEs perceive business plan as an essential tool for securing loans and attracting new investors ($m=4.14$). SMMEs also recognize that a well-crafted business plan is needed for internal planning as it provides direction for the business ($m=4.00$). Some SMMEs indicated that the implementation of a business plan is very difficult due to limited resources ($m=3.63$), while others believe that a business plan is only required for a new business and those who want to acquire loans ($m=3.35$). The study confirms the findings by Blackburn, Hart and Walmwright, (2013:14) which conclude that few SMMEs plans for their business. Few owners/managers understand the importance of a business plan and its implementation one ($m=3.12$) while some believe that a business plan is just a decorative business document which is not used by the business ($m=2.76$).

6.2.4.2 Focus on differentiation strategies

Pham (2015:48) emphasize that differentiation strategies is important and can be applied to small enterprises just as with large enterprises. The results of empirical study conclude that SMMEs in construction industry offer products of higher quality (m=4.31), their business always meets the need of the client (m=4.16), their business built a brand in the industry associated with quality, value and excellence (m=4.16), they have a reputable name in the construction industry (m=4.02) and their business concentrates on building construction as a core business (m=3.2). The study concludes that majority of SMMEs are not strategically located (m=2.78) and do not target construction activities in Omusati Region alone (m=2.41).

6.3.2.3 Enhance the use of Information Communication and Technology

SMMEs in the construction industry uses the internet to search for suppliers, goods and services as well as comparing prices (m=3.69), for communication through emails (m=3.61) and for business transactions such as online banking and payments of staff and suppliers (m=3.53). Chimucheka and Mandipaka (2015:313) maintain that the development of ICT strategies for business is essential for production as well as for trade facilitation in both local and international markets.

The findings conclude that majority of SMMEs do not market their business on Facebook (m=2.69) and do not implement ICT for quality or for improving workmanship with regards to construction (m=2.67).

6.2.4.4 Develop and implement marketing strategies

With regards to the implementation of marketing strategies, the study concludes that advertising is very important to SMMEs because it creates new opportunities (m=4.08), owners and managers understand that marketing research provides information about the products, pricing, promotion and distribution to the market (m=3.84). Ogbu (2017:13) conclude that interacting

directly with clients and sharing experiences with professionals in the same industry help small business to improve their performance.

Some SMMEs perceive advertising as expensive and not affordable (m=3.41). Small numbers of SMMEs uses social media platform and current ICT to market their business (m=2.86). Some prefer to work on referral and do not see the necessity to advertise their products (m=2.67). In conclusion, the study found that SMMEs in the construction industry does not make use of trade fairs and business shows to market their products (m=1.82), or newspapers (m=1.57) or radios (m=1.55).

6.2.4.5 Develop and implement financial strategies

The findings conclude that bank loans are hard to get (m=4.73) and agreed that money is the backbone of every business (m=4.47). The study further concludes that bank loans have a high-interest rate (m=4.2), however, the proper financial plan is required to help the business to allocate funds effectively (m=4.00). The study shows that a well-structured financial plan ensures availability of funds when needed (m=3.98). These findings are not far from earlier researchers such as Ramukumba (2014:31) who stressed that the SMMEs need to develop effective financial strategies to facilitate a variety of financial products and services financial infrastructures such as collateral and financial development.

Further, the study found that bank loans are perceived as very risky (m=3.96) and managers have little financial skills to run the business (m=3.22). Bank loans are the main source of funding for SMMEs as shown by m=2.96. A minority of respondents prefer to borrow family funds (m=2.45) some have business partners (m=1.33) and a small number of SMMEs issues shares to acquire funds for the business growth (m=1.33).

6.3 Recommendations

Based on the findings from both literature and empirical research, the study recommendation the followings:

6.3.1 Recommendations to the Government:

- Strictly monitoring of SMMEs in the construction industry in terms of compliance, business revival or de-registration.
- Facilitating the establishment of Association for business or Professional Bodies to serve as an information desk in each Region.
- Enforcing SMMEs in the construction industry to enter into partnerships with large companies when awarding tenders to boost and develop SMMEs by acquiring knowledge from business leaders.
- Facilitating collateral between commercial banks and capable SMMEs. For example, assets bought for SMMEs via loan may be registered as government assets until the loan is fully paid.
- Alternatively, Government should establish a fund under the Ministry of Industrialization, Trade and SMEs Development to provide collateral for SMMEs.
- Revision of MSMEs policy to include yearly monitoring and evaluation process when it comes to compliance. The policy needs to add a new function such as pilot registration to test the viability of SMMEs in the market, thereby automatic cancel full registration if no work was done during a trial period.
- Government to provide training in business management to all newly registered SMMEs e.g. twice in a year or once a year countrywide.

6.3.2 Recommendations to SMMEs in the construction industry

- It is recommended that SMMEs in the construction industry of Omusati Region employ the following strategies to sustain their business:
 - Develop and implement a business plan
 - Focus on a differentiation strategy
 - Enhance the use of information, communication and technology
 - Develop and implement a marketing plan
 - Develop and implement a financial plan

- For the business to compete with other enterprises effectively, SMMEs need to equip themselves with the following mandatory documents as directed by the Public Procurement Regulation of 2017, in Namibia:
 - Business registration certificate (Trade name)
 - Income certificate
 - Taxpayer (VAT) certificate
 - SMMEs certificate
 - Social Security certificate
 - Affirmative compliance certificate
 - Registration with Procurement Policy Unit
 - Registration with commercial banks

- Invest in business and management training to help managers make proper decisions.
- Employ knowledgeable and dependable employee to create a winning team for the enterprise.
- Women are encouraged to venture into construction SMMEs to all the gap that exists.
- SMMEs should reach out to relevant offices to seek information related to documentation and projects available.
- SMMEs are encouraged to partnering with large enterprises to tap rich knowledge from the business experts.
- SMMEs need to establish close contact and create a conducive working relationship with Banks to get more information related to funding.
- To implement and plan accordingly, SMMEs owners are advised to obtain relevant qualifications or employ managers with business qualifications as it will help the business to grow and succeed.
- Implement the National Policy on MSME and adhere to it.

6.4 Contribution to the body of knowledge

Literature has shown that strategies benefit all sizes of the business and is equally important to small and large enterprises. The study identified and recommends five business strategies that

will help to sustain the business as an academic contribution to SMMEs sector. The result shows that the success of SMMEs is driven by the development and implementation of a business plan, focusing on differentiation strategies, enhancing the use of ICT, developing and implementing marketing strategies as well as developing and implementing financial plans. The researcher concludes and shares similar views to that of earlier researchers that like large businesses, SMMEs should operate the same way to gain competitive advantages and being able to compete nationally and globally. The academic contribution made by this study is significant and will assist the government, SMMEs, future researchers and scholars with interest in SMMEs in general and those in the construction industry.

6.5 Direction for future research

- Further study should concentrate on the investigation of the success rate of large enterprises compared to SMMEs in the construction industry of Namibia.
- A study to explore the effect of business planning by SMMEs in Namibia.
- A similar study to investigate the strategies that address challenges faced by SMMEs throughout in Namibia.
- Future researchers are directed to study why SMMEs in the construction industry is dominated by male.
- A study to review the effectiveness of the National Policy on Micro Small and Medium Enterprises policy and its impact on both the SMMEs and the government.

6.6 Conclusion

This chapter provided summaries of conclusion resulting from literature and empirical study. The researcher provided recommendations to the government, the SMMEs in the construction industry and to the future researchers. The study contributed to the SMMEs sector and strategies identified will benefit all SMMEs in all sectors. The main objective of this study was to identify and recommend strategies to address challenges faced by SMMEs in the construction industry of Omusati Region in Namibia. The strategies identified and recommended confirm that the main objective of this study was achieved.

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8. APPENDICES

8.1 Research protocol



05 December 2017

Mrs Johanna Mumangeni (217077794)
School of Management, IT & Governance
Westville Campus

Dear Mrs Mumangeni,

Protocol reference number: HSS/1954/017M

Project title: Strategies to address challenges faced by SMMEs in the construction industry of the Omusati Region, Namibia

Approval Notification – Expedited Approval

In response to your application received on 05 October 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.


Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully


.....
ff Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Vannie Naidoo
Cc Acting Academic Leader Research: Professor Isabel Martins
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4609 Email: ximbap@ukzn.ac.za / snymam@ukzn.ac.za / mohunp@ukzn.ac.za

Website: www.ukzn.ac.za



8.2 Gatekeeper's letter



REPUBLIC OF NAMIBIA

**MINISTRY OF INDUSTRIALISATION, TRADE
AND SME DEVELOPMENT**

Tel: (09 264 61) 283 7111
Fax: (09 264 61) 220 227
Tel: 808

Enquiries

Our Ref: Your Ref:

Office of the Permanent Secretary
C/O Dr. Kenneth D. Kaunda & Goethe Street
Private bag 13340
WINDHOEK

13 September 2017

Mrs. Johanna Mumangeni
MCOM Student
University of KwaZulu-Natal
School of Management, Information Technology
and Governance
Westville Campus
Durban, South Africa

Dear Mrs. Mumangeni

**Re: Request for Permission to Conduct Research with SMMEs in the
Construction industry, operating in Omusati Region**

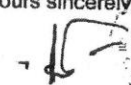
Reference is made to your letter dated 21 August 2017 regarding the above subject matter.

The Ministry of Industrialization, Trade and SME Development hereby grants you permission to conduct a research with MSMEs in the construction industry of Omusati Region. Permission is also granted to use the Ministry database for your studies.

Kindly contact the Directorate of Industrial Development for more information on SMMEs Development in Namibia.

Counting on your cooperation.

Yours sincerely,


Gabriel P. Sinimbo
Permanent Secretary

8.3 Questionnaire

SECTION A: DEMOGRAPHIC QUESTIONS

1. Gender of respondent

Male	
Female	

2. Age group of respondents

21 - 30 Years	
31 - 40 years	
41 - 50 years	
51 - 60 years	
61 and above	

3. Highest qualification of respondent

No formal qualification	
Grade 1 - 12	
National Certificate	
Bachelor's Degree	
Post Graduate Degree/s	

4. Is your business formally registered?

Yes	
No	

5. What is the reason for your business

Contribution to economic growth	
Personal survival	

6. What type of business ownership are you involved in?

Sole trader	
Partnership	
Close corporation	
Private company	
Public company	

7. How long have you been in business?

Less than 1 year	
Between 1 to 3 years	
Between 3 to 5 years	
Between 5 to 10 years	
Above 10 years	

8. Who manages your business?

Owner	
Chief Executive Officer/Managing Director	

9. Indicate the type of employment offered by your business.

Full time	
Casual	
Employment depends on projects	

10. How many staff does your business employ on a full-time basis?

Between 1 to 10 employees	
Between 11 to 30 employees	
Between 31 to 50 employees	
50 employees and above	

11. How many staff does your business employ on a part-time basis?

Depends on the project size	
Between 1 to 10 employees	
Between 11 to 30 employees	
Between 31 to 50 employees	
50 employees and above	

SECTION B: BUSINESS TOOLS

12. Kindly tick the documents applicable to your business

Company registration documents	
SMMEs Certificate	
VAT certificates	
Affirmative Certificate	
Social Security Certificate	
Business Plan	
Municipality Certificate	

13. Does your business belong to any (construction or SMMEs) association or body?

Yes	
No	

14. If yes to question 13, mention name of association or body?

--	--

15. If no to question 13, tell us why?

I am not aware of any association/body for SMME or construction in Omusati region	
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I don't think it is necessary	
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SECTION C: CHALLENGES

The following statements look at the challenges facing SMMEs in the Construction industry.

	Totally Disagree	Disagree	No opinion	Agree	Totally Agree
16. Lack of planning skills by the owner/s	1	2	3	4	5
17. Lack of commitment by the owner/s	1	2	3	4	5
18. Lack of technical skills by staff	1	2	3	4	5
19. Lack of funds to funds the projects	1	2	3	4	5
20. Lack of information for possible opportunities in the industry	1	2	3	4	5
21. Lack of government supports for SMME	1	2	3	4	5
22. SMMEs experience high competition from large business in the same industry	1	2	3	4	5
23. Lack of collateral to secure bank loans	1	2	3	4	5
24. SMMEs have no skills on a compilation of VAT return, therefore incurring high debts on VAT and limits the business to compete for tenders	1	2	3	4	5
25. Lack of management expertise by the owner	1	2	3	4	5
26. Lack of implementing Information Communication Technology in the overall operations of the business	1	2	3	4	5
27. Lack of proper communication between owners, managers and staff	1	2	3	4	5
28. Unavailability of local suppliers	1	2	3	4	5
29. Lack of marketing expertise	1	2	3	4	5

SECTION D: STRATEGIES

The following statements look at possible strategies to sustain the business

	Totally Disagree	Disagree	No opinion	Agree	Totally Agree
Implement a business plan					
30. A business plan is just a document, and it is not useful for my business.	1	2	3	4	5
31. A business plan is only required for new business and those who want to acquire loans.	1	2	3	4	5
32. A business plan is essential for securing the loan and attracting new investors.	1	2	3	4	5
33. I understand the importance of a business plan and my business adopts one.	1	2	3	4	5
34. The implementation of a business plan is very difficult due to limited resources.	1	2	3	4	5
35. A well-crafted business plan is needed for internal planning as it provides direction for the business.	1	2	3	4	5
Focus on a differentiation strategy					
36. The location of my business is accessible and placed in a strategic area.	1	2	3	4	5
37. My product offering is of higher quality.	1	2	3	4	5
38. I have a reputable name in the construction industry.	1	2	3	4	5
39. I have built a brand that is associated with quality, value and excellence.	1	2	3	4	5
40. My business concentrates on building construction as a core business.	1	2	3	4	5
41. My business always meets the needs of the clients.	1	2	3	4	5
42. My business targets construction activities in Omusati Region only.	1	2	3	4	5
Enhancing ICT and Internet	1	2	3	4	5
43. I am specialized in building construction, therefore I do not see any importance of the internet for my business.	1	2	3	4	5
44. My business uses internet for communication through emails.	1	2	3	4	5
45. My business uses internet for meetings via teleconferencing and Skype.	1	2	3	4	5
46. My business uses the internet to market the business via Facebook and Twitter.	1	2	3	4	5
47. I use internet for business transactions such as online banking and payment of staff and suppliers.	1	2	3	4	5
48. I use the internet to search for suppliers, goods and services as well as comparing prices.	1	2	3	4	5
49. I use ICT in my construction activities for quality and improve the workmanship of construction.	1	2	3	4	5
Develop and implement Marketing Plan					
50. Advertising is expensive and my business cannot afford it.	1	2	3	4	5
51. I work on referral, therefore, I do not need to advertise my products.	1	2	3	4	5
52. I advertise my products through the newspaper.	1	2	3	4	5
53. I advertise my products on the radio.	1	2	3	4	5
54. I advertise my products through trade fares and business shows.	1	2	3	4	5
55. I use social media platform and current ICT to market my business.	1	2	3	4	5
56. Advertising is very important to my business because it creates new business opportunity.	1	2	3	4	5
57. Marketing research provides information about the products, pricing, promotion and distribution to the market.	1	2	3	4	5
Invest in financial literacy and develop a proper financial plan					
58. Bank loans are the main source of funding for SMMEs.	1	2	3	4	5
59. Bank loans are very risky.	1	2	3	4	5
60. Bank loans are hard to get.	1	2	3	4	5
61. Bank loans have a high-interest rate.	1	2	3	4	5

62. I borrow family funds to invest in my business.	1	2	3	4	5
63. I have a partner who invests in my business.	1	2	3	4	5
64. I issue shares to acquire funds for my business.	1	2	3	4	5
65. I have enough financial skills to run my business.	1	2	3	4	5
66. Money is a backbone of every business and it is required for the smooth running of the business.	1	2	3	4	5
67. A proper financial plan helps the business to allocate funds effectively.	1	2	3	4	5
68. A well-structured financial plan ensures availability of funds when needed.	1	2	3	4	5

8.4: Consent form



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CONSENT FORM

I _____ (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participants