

Factors influencing the performance of Agricultural Small and Medium Enterprises in the Khomas region, Namibia

A Dissertation

presented to

The Development Finance Centre (DEFIC)

Graduate School of Business

University of Cape Town

In partial fulfilment

of the requirements for the Degree of

Master of Commerce in Development Finance

By

Selma Nakashupi Kamati

KMTSEL002

10 March 2021

Supervisor: Assoc./Prof. Abdul Latif Alhassan

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

PLAGIARISM DECLARATION

Declaration

1. I know that plagiarism is wrong. Plagiarism is to use another's work and pretend that it is one's own.
2. I have used the References convention for citation and referencing. Each contribution to, and quotation in, this research proposal from the work (s) of other people has been attributed, and has been cited and referenced.
3. This dissertation is my own work.
4. I have not allowed, and will not allow, anyone to copy my work with the intention of passing it off as his or her own work.
5. I acknowledge that copying someone else's assignment or essay, or part of it, is wrong, and declare that this is my own work.

Signature:

Signed by candidate

Selma Nakashupi Kamati

ACKNOWLEDGEMENTS

There are various individuals and entities that I would like to acknowledge for their invaluable contribution towards the successful completion of this dissertation, because I would have not completed the study without their support.

Firstly, I acknowledge the opportunity and courage granted to me by the Almighty to embark on this study and for the strength to strive until the end. I also warmly recognise the support, guidance and patience of my assigned supervisor, Assoc./Prof. Abdul Latif Alhassan. It is through his guidance that I managed to commence my research journey and continue its completion. In addition, I wish to acknowledge the individuals from the agricultural SMEs, as well as their organisation, for granting me permission to use their data for this study.

I also would like to express my gratitude to my family and friends for believing in my ability to remain focussed, as well as encouraging me to commit to the cause amid different challenges. Particularly, I recognise their willingness to allow me time to focus on this study at the expense of other routine activities. Lastly, I am grateful to the Graduate School of Business at the University of Cape Town for the opportunity to become a part of this prestigious institution.

ABSTRACT

Small and medium enterprises operating within the agriculture sectors are important entities because of their contribution to the economy. This study's objective was to investigate the factors that influence the performance of agricultural SMEs within the Khomas region. This study adopted the inductive approach in the quest to explore factors which influence the performance of agricultural SMEs in the Khomas region. The study adopted the exploratory design qualitative methods in collecting and analysing data. The population of this study consists of 43 enterprises engaging in agricultural activities on a small-scale basis. Using the convenience sampling method, the researcher identified ten (10) individuals of which seven (7) were farm owners and three (3) were farm managers for participation in the study. The researcher conducted face-to-face interviews with the identified participants using an interview schedule as the data collection tool. The researcher analysed qualitative data through qualitative content analysis.

From the analysis, the study concluded that lack of support, lack of formal planning and lack of expertise negatively influence the performance of agriculture SMEs within the Khomas region in Namibia. Financial limitations and the inability of the agricultural SMEs to secure and manage financial resources also have a negative impact on the performance of agricultural SMEs, which leads to their poor performance. The study, however, reveals that agricultural SMEs contribute to economic development through job creation, food production and infrastructure development, and that makes their effective performance significant to the economy. Hence, the study proposes recommendations for the government to provide support to agricultural SMEs, the training of agricultural SMEs to ensure that they have the desired expertise to perform their farming activities, as well as how to manage business operations and create a market for locally produced agricultural products. The study further recommends that agricultural SMEs adopt formal planning to facilitate the effective allocation of resources, as well as track their progress. Implementation of the recommendations would enhance the performance of agricultural SMEs and increase their ability to contribute to economic development.

TABLE OF CONTENTS

PLAGIARISM DECLARATION	i
ACKNOWLEDGEMENTS	ii
ABSTRACT.....	iii
LIST OF TABLES	vi
LIST OF FIGURES.....	vi
LIST OF ACRONYMS	vii
CHAPTER 1 INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Problem Definition.....	2
1.3 Statement of Research Objectives.....	3
1.4 Sub-objectives.....	3
1.5 The main question.....	3
1.6 Sub-objectives.....	3
1.7 Justification of the study.....	3
1.8 Organisation of the study.....	4
1.9 Chapter summary	5
CHAPTER 2 LITERATURE REVIEW.....	6
2.1 Introduction.....	6
2.2 Definition of Small and Medium Enterprises (SMEs).....	6
2.3 Value of SMEs.....	7
2.4 Performance of SMEs.....	8
2.5 Challenges that SMEs face	9
2.6 Towards addressing the SMEs' challenges.....	11
2.7 Summary.....	13
CHAPTER 3 METHODOLOGY	15
3.1 Introduction.....	15
3.2 Research approach.....	15
3.3 Research design.....	15
3.4 Research methods.....	16
3.5 Population of the study.....	17
3.6 Sampling strategy and sample size.....	17
3.6.1 Sampling strategy.....	17
3.6.2 Sample size.....	18
3.7 Data collection instrument	18
3.8 Data collection procedure	19
3.9 Data analysis.....	19
3.10 Reliability and validity	21
3.10.1 Transferability.....	21
3.10.2 Credibility.....	21

3.10.3 Dependability.....	22
3.10.4 Conformability.....	22
3.11 Ethical considerations.....	22
3.12 Summary of the chapter.....	23
CHAPTER 4 DISCUSSION OF FINDINGS	25
4.1 Introduction.....	25
4.2 Description of the participants	25
4.3 Participants' demographic information.....	26
4.4 Participation rate	28
4.5 Findings.....	28
4.5.1 Objective 1: Level of performance of agricultural SMEs	29
4.5.2 Objective 2: Agricultural SME contribution.....	33
4.5.3 Objective 3: Problems faced by agricultural SMEs.....	38
4.5.4 Objective 4: Improvement of agricultural SMEs' performance	44
4.6 Summary of Chapter 4.....	47
CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS	49
5.1 Introduction.....	49
5.2 Conclusions.....	49
5.3 Recommendations from the study.....	50
5.3.1 Government support for agricultural SMEs.....	50
5.3.2 Development of agricultural SMEs expertise through training.....	51
5.3.3 Creation of a market for locally produced agricultural products.....	51
5.3.4 Adoption of formal planning by agricultural SMEs	51
5.4 Recommendation for further research	51
5.5 Conclusion.....	52
REFERENCES.....	53
APPENDIX A: INTERVIEW SCHEDULE.....	57
APPENDIX B: CONSENT FORM.....	59

LIST OF TABLES

Table 4.1: Description of the participants	26
--	----

LIST OF FIGURES

Figure 3.1: Content analysis model.....	20
Figure 4.1: Gender of participant.....	26
Figure 4.2: Type of organisation represented	27
Figure 4.3: Position in the organisation.....	28

LIST OF ACRONYMS

GDP	Gross domestic product
MITSMED	Ministry of Industrialisation and Trade and SME Development
SME	Small and medium enterprises
NSA	Namibia Statistics Agency

CHAPTER 1

INTRODUCTION

1.1 Background of the study

The performance of Small and Medium Enterprises (SMEs) is important to the development of an economy (Iguna & Sazita, 2018). According to Amoah and Amoah (2018), businesses in the SMEs sector contributes to the economy by providing employment. Other studies (Iguna & Sazita, 2018; Pinkovetskaia, Nikitina & Gromova, 2018) also reiterate the value of SMEs to the economy as they increase production, as well as the consumption of goods and services. Hence, sectors such as agriculture have seen growth across many economies because of SMEs' involvement (Ssozi, Asongu & Amavilah, 2019). This is an indication that the effectiveness of SMEs adds value to economic development. Ssozi et al. (2019), therefore, conclude that the production of food through agricultural activities benefits significantly from the development of SMEs.

Globally, the development of entrepreneurial businesses has seen a gradual increase in small and medium businesses (Abderrezzak, Wafaa & Benabbou, 2016). This is evident in the increase in studies across different academic disciplines, with the aim being to propose strategies for ensuring that the SMEs are able to compete within the business environment (Gautam, 2016; Daksa, Yismaw, Lemessa & Hundie, 2018; Höglund & Mårtensson, 2019). The rationale for focus on these studies resonates from the contribution that SMEs bring to economic development (Gautam, 2016). As key stakeholders within the economy, there is need for continuous discourse on the enhancement of the SMEs' performance to improve their contribution to economic development. From the Namibian perspective, Bobek, Moritz and Horvat (2019) observe that SMEs make up a significant part of the economy, contributing a record 34% of the total labour force. A flourishing small and medium sector comes from the desire of product and service providers, who take up the challenge to make a significant contribution to the prosperity of the economy (Mahmudova & Kovács, 2018). Against this background, the performance of SMEs in any of the sectors of economy deserves attention because by achieving effective performance and productivity the SMEs contribute to growth of the overall economy.

The current study focused on SMEs in the agriculture sector, which is an important component of the overall Namibian economy. According to Amadhila (2016), despite the importance of SMEs engaging in agricultural production in Namibia and Africa at large, there are limited studies that address the issues that agricultural SMEs face in their quest to make a meaningful contribution to economic development. Amadhila and Ikhide (2016) also discover that agricultural SMEs rank third among the key economic players in Namibia and recommend an extension of research to broaden the understanding of interventions that various stakeholders could apply in enhancing the value of SMEs in economic development. Another study by Bouazza, Ardjouman and Abada (2015) also raises concern for the lack of specific theoretical or empirical confirmation to assist researchers in reaching a consensus regarding the factors that affect SMEs' growth. There is, therefore, a need to support the recognition of the value that SMEs play in the development of an economy and a broadening of the discussion of the issues that influence the achievement of growth within SMEs. Hence, the current study is an attempt to investigate the factors that influence the performance of agricultural SMEs in the Khomas region of Namibia.

1.2 Problem Definition

The support given to SMEs by the state and other commercial enterprises, as well as financial institutions, is vital for the sustainability of the SME sector (Allen & Shepherd, 2017), particularly, for SMEs that operate within the agriculture sector that require financial backing in order for them to finance their production activities (Kambwale, Chisoro & Karodia, 2015). The performance of SMEs in the agriculture sector significantly contributes to the gross domestic product, as well as aiding in the reduction in unemployment (Mukata & Swanepoel, 2017). However, despite the value of SMEs in the agriculture sector to economic development, the sector lags behind in terms of sustainability and competitiveness. It is noteworthy that small and medium businesses in the agricultural sector do not produce sufficient produce to sustain the demand of their potential customers. This results in most wholesalers and retailers resorting to the importation of products from neighbouring countries, such as South Africa (Amadhila & Ikhide, 2016). The SMEs operating within the Khomas region also face similar challenges, which negatively affect their performance in terms of profitability, sustainability and growth. This study, therefore, investigated the factors that influence the performance of agricultural SMEs operating within the Khomas region.

1.3 Statement of Research Objectives

The main aim of this study was to investigate the factors influencing the performance of agricultural SMEs operating within the Khomas region.

1.4 Sub-objectives

The study attempted to achieve the following objectives:

- ✓ To investigate the challenges faced by agricultural SMEs in the Khomas region.
- ✓ To determine the level of performance in agricultural SMEs in the Khomas region.
- ✓ To identify the contribution of agricultural SMEs in the Khomas region to the nation.
- ✓ To investigate intervention for enhancing agricultural SMEs performance in the Khomas region.

1.5 The main question

The main research question is as follows:

What are the factors influencing the performance of agricultural SMEs operating within the Khomas region?

1.6 Sub-objectives

- ✓ What are the challenges that agricultural SMEs within the Khomas region face?
- ✓ What is the level of performance of agricultural SMEs within the Khomas region?
- ✓ To what extent do agricultural SMEs in Khomas region contribute to the nation?
- ✓ What intervention could enhance the performance of SMEs in Khomas region?

1.7 Justification of the study

This study was vital because it created the platform for an interrogation of the factors that have a negative impact on the performance of the agricultural SMEs within the Khomas region in Namibia. The findings of the study highlight the challenges and shortcomings that agricultural SMEs face in their mission to add value to economic development, and propose possible ways of addressing these challenges towards improving the performance of SMEs in the agricultural sector. Management of the agricultural SMEs, therefore, can benefit from the knowledge

generated by the study. In addition, the study informs policy makers on interventions they can provide towards assisting agricultural SMEs in order for them to achieve their strategic objectives. Further, the study is justifiable because it makes an important contribution to literature on the performance of agricultural SMEs, particularly from the perspective of the Khomas region. Hence, future researchers and scholars may refer to the conclusions and recommendations to inform their studies.

1.8 Organisation of the study

In order to conduct this study methodically, the researcher implemented the following outline to structure the research processes:

Chapter 1: Introduction

In this chapter, the researcher provides the study background, as well as the contextualisation of the study, which leads to the framing of the research problem and research questions. The chapter further presents the justification of the research through the study's significance before providing the research outline, which produces the study's organisation. Chapter 1 concludes with a summary.

Chapter 2: Literature review

Chapter 2 critically discusses the relevant literature that the researcher examined in an attempt to gain an in-depth understanding of the research context and to identify the gaps in literature, as well as the perspectives of other authors on the topic. In addition, the discussion in Chapter 2 highlights areas for further study as identified by previous scholars, which the current study addresses.

Chapter 3: Methodology

This chapter focuses on the methodology implemented towards answering the research questions and addressing the research problem. Chapter 3 begins with a brief outline of the sections making up the entire chapter and proceeds to the philosophical assumptions, the approach, the design and the method used. The chapter further identifies the research population, as well as the strategy for sampling the population into the target sample. In addition, Chapter 3 presents the research instrument used for data collection, as well as the data

collection procedure and the data analysis techniques and tools utilised. The chapter also discuss the research's reliability and validity before confirming the ethical issues were adhered to and concludes with a summary.

Chapter 4: Discussion of findings

In this chapter, the researcher presents the findings from the analysis of data. The chapter commences with a brief outline and proceeds to the presentation and interpretation of the results. Graphs and tables illustrate the data relating to the demographic characteristics of the participants while narratives interpret the themes and sub-themes emerging from qualitative content analysis. The discussion links the themes and sub-themes to the theoretical and empirical literature discussed in the literature review in an attempt to contextualise the findings and conclusions.

Chapter 5: Conclusions and recommendations

Chapter 5 is the concluding chapter, which begins with a brief discussion and proceeds to a summary of the conclusions from the study. This chapter further proposes recommendations for implementation towards addressing the research problem. In addition, Chapter 5 makes the recommendation for further study to expand on the areas not covered by the current study. The chapter concludes with a brief summary of the entire research.

1.9 Chapter summary

In Chapter 1, the researcher makes a presentation of the background to the study, which contextualises the study, leading to the formulation of the research problem and research questions. Chapter 1 proceeded to the presentation of the research justification in relation to the significance of the study section. The researcher also provides the research outline, giving the study's organisation. Lastly, Chapter 1 concludes with a summary. The next chapter presents a discussion of the literature reviewed for the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The purpose of this study was to investigate the factors that influence the performance of agricultural SMEs within the Khomas region in Namibia and this chapter critically discusses the relevant literature that the researcher examined in an attempt to gain an in-depth understanding of the research context. According to Saunders, Lewis and Thornhill (2019), in order for researchers to have a better understanding of the concepts surrounding the topic of study, they ought to conduct a literature review. Khaldi (2017) shares the same opinion and adds that the literature review enables the researcher to identify the gaps in the literature, as well as the perspectives of other authors on the topic studied. In the view of Saunders et al. (2019), reviewing literature allows the researcher to identify areas for further study as identified by previous scholars, which the current study needed to address, thereby avoiding repetition of already concluded cases. Hence, for the current study the researcher relied on peer-reviewed papers, conference papers, books, as well as other credible sources, to inform the study.

2.2 Definition of Small and Medium Enterprises (SMEs)

SMEs are legal entities with the right to conduct economic activities towards achieving their business objectives in the same manner that other legal entities do their businesses (Mahmudova & Kovács, 2018). This means that SMEs have a role to play within the economy of a nation and derive their categorisation from their name, which differentiates them from other forms of business. From the European perspective, SMEs constitute enterprises that employ less than 250 individuals and which do not make an annual turnover above 50 million Euros (Mahmudova & Kovács, 2018). Kambwale et al. (2015) refer to SMEs in terms of various definitions, which largely agree with each other. For example, the authors refer to the definition that separates small businesses and medium businesses, citing that small businesses employ 5 to 50 employees while medium businesses employ 51 to 500 employees. This, therefore, could point to the understanding that a business operating within the SME sector employs a maximum of 500 employees.

In regard to the classification of SMEs in terms of annual turnover and capital contribution,

Kambwale et al. (2015) state that SMEs in manufacturing industries have an annual turnover of N\$1 000 000 and a capital contribution of N\$500 000. SMEs in other sectors have an annual turnover of N\$250 000 with a capital contribution of N\$500 000 (Kambwale et al. 2015). The current study adopted the description of an SME in the agriculture sector in terms of the number of employees, annual turnover and capital contribution, with only entities with less than or equal to 500 employees, a maximum of N\$250 000 annual turnover and a current capital contribution of less than or equal to N\$500 000, and qualifying as agricultural SMEs. SMEs are, therefore, businesses that, while still in their growth stage, have the ability to contribute significantly to the economy, through employment creation and revenue generation. In their contribution to the discourse on the factors that affect the growth of SMEs, Bouazza et al. (2015) reiterate that there is need for SME practitioners to understand that these entities need to embrace strategies fostering growth and sustainability. It is, therefore, critical to understand that the entities operating in the SME sector need to achieve growth and become large corporations.

2.3 Value of SMEs

SMEs carry a momentous weight in economic growth, with their contribution resulting in their ability to influence innovation, job creation for rural and urban areas, as well as increasing local production of goods and services (Mahmudova & Kovács, 2018). SMEs play a similar role to those of other businesses and their value is unquestionable. Bouazza et al. (2015) also conclude that SMEs are key players within the business environment, playing the roles of suppliers of goods and services, as well as consuming products and services produced by other enterprises. Hence, SMEs are suppliers of utilities, as well as being consumers. An interesting observation by Mukata and Swanepoel (2017) is that despite the promotion of SME developmental programs in Namibia, expectations for SME growth remains farfetched. However, if SMEs are able to perform effectively in pursuit of their objectives then their value as a major contributor to economic growth can become a reality.

SMEs also form part of the critical consumers of services such as sea and rail transportation in Southern Africa (Mboti, 2018). With reference to the high-income nations, Mahmudova and Kovács (2018) indicate that SMEs contribute to more than 51 percent of the national gross domestic product, as well as 57 percent of employment. In terms to the lower-income countries, the percentage contribution of SMEs to gross domestic product rises to 71 percent and the contribution to employment increases to 77 percent. This indicates that by taking part in the

mainstream economy, SMEs participate in the reduction of unemployment by creating decent jobs for individuals owning and managing these entities. The gradual increase in SME establishments, therefore, is a step forward in promoting economic development and sustainability.

It is also noteworthy to indicate that SMEs can grow to become large companies, which would further expand their operations beyond the local economy (Kambwale et al. 2015). In this regard, the employees employed within the SME sector could eventually become leaders in the corporate world, providing opportunities for personal growth for the majority of citizens from middle-class communities (Mukata & Swanepoel, 2017). The SMEs in the agriculture sector, therefore, provide the individuals working within these entities with the opportunity to become seasoned farmers with the potential to establish themselves within their local communities instead of seeking opportunities for development elsewhere (Kambwale et al. 2015). The development of agricultural SMEs could lead to the achievement of sustainable development goals by ensuring that local communities, as well as the livelihood of people in rural communities is enhanced.

Economies such as those of China, Japan, Korea and other industrialized economies attribute their development to the successful implementation of business ventures by SMEs (Kambwale et al. 2015). For example, SMEs contribute up to 40% of China's GDP, making SMEs one of the major drivers for economic development in China (Kambwale et al. 2015). With regard to the Namibian economy, the authors observe that SMEs offer flexibility within the economy through availing consumers more product and service options while ensuring that the proceeds from natural resources go back to the communities. The assumption resonates from the view that local individuals own or run most of the SMEs and use their returns on local communities as opposed to the larger corporations that allocate dividends to foreign investors.

2.4 Performance of SMEs

The performance of SMEs is critical to the growth of the economy because the goods and services they produce supplement the supply of basic goods and services within the country (Mukata & Swanepoel, 2017). The performance of SMEs is related to their ability to produce quality goods and services that compete in the market, as well as meet the specifications of the customers (Bouazza et al. 2015). This explains why the primary measure of SMEs' performance

is the availing of goods and services that address the needs of the market. However, success in the production of goods and services demands the achievement of other business objectives, such as growth, sustainability and profitability (Amadhila & Ikhida, 2016; Mahmudova & Kovács, 2018). Hence, Bouazza et al. (2015) urge SMEs to strive to ensure that they are in a position to provide goods and services sustainably. It is, therefore, critical to note that SMEs need to be able to conduct their businesses profitably and sustainably so that their value to the economy is consistent.

2.5 Challenges that SMEs face

Hove and Tarisai (2013) observe that the establishment of SME businesses is a step in the right direction towards increasing economic activity within the sector, as well as the nation at large. SMEs also increase the quantity of goods and services on the market (Bouazza et al. 2015). However, their survival, growth and sustainability face challenges that result in failures in most of the SME ventures (Hove & Tarisai, 2013; Ramlee & Berma, 2013; Amadhila & Ikhida, 2016). Statistics show that about 75% of SMEs fail during their first two years of operation (Kambwale et al. 2015). It is, therefore, appropriate to suggest that the challenges that SMEs face are detrimental by the SMEs themselves, as well as the economy, because the failure of three quarters of sector would largely affect the entire economy.

According to Mukata and Swanepoel (2015), issues, such as the lack of technical expertise to produce quality goods that could compete with the goods produced by large corporations, coupled with limited funding to procure the services of specialists, have a negative effect on the performance of SMEs. Conducting business with limited technical expertise leads to shortcomings in the production of goods and services by SMEs. Kambwale et al. (2015) suggest that because of their lack of technical expertise, SME owners and managers tend to use instincts to make judgments on the best possible ways of producing and delivering their services. There is, therefore, limited or no formal planning of activities, which results in poor processes and quality. According to Weiss (2017), planning is an important management function because it helps individuals to identify the course of action and to allocate resources effectively towards achieving their targets. Hence, the absence of structured planning among the SMEs means that they cannot set clear product specifications and ultimately produce inferior products.

In their later study, Mukata and Swanepoel (2015) add that the absence of growth orientation

among some of the entrepreneurs owning SME businesses contributes to the failure of SMEs to achieve their growth objectives. This is because the owners of the businesses lack the desire to achieve growth through the continuous pursuit of opportunities for growing their businesses. Mukata and Swanepoel (2017) argue that the presence of growth opportunities without the motivation of the business owner to grow them is of no use. As a result, the business remains small and unable to compete with new entrants into the market if there is no desire from the owner to find ways of growing the business (Mukata & Swanepoel, 2015). It is, therefore, critical to consider the orientation of the SME proprietor towards growth as a challenge that can lead to stagnation of the business, as well as failure to perform optimally.

The paper by Amadhila and Ikhida (2016) also concludes that farmers are challenged by the lack of awareness of available funding options because there are few financial institutions in Namibia. This view illustrates that SMEs are not in a position to access funding options that could increase their chances of securing funds for their businesses. The limitations in terms of funding also emerged as a challenge facing SMEs in later studies (Mukata & Swanepoel, 2017). In addition, Amadhila and Ikhida (2016) assert that SMEs in the agricultural sector face challenges relating to information asymmetry, and a shortage of skills and expertise to manage financial resources. Looking at the Namibian perspective, Mboti (2018) argues that the dearth in information regarding the SME business environment limits the ability of SMEs to operate effectively. With disproportionate data, SMEs are, therefore, likely to miss potential opportunities for enhancing their business operations, as well as the ability to implement sound management practices with their finances. Furthermore, other factors such as the lack of skilled workers leave the SMEs resorting to employ regular or less skilled employees, who may not produce the same quality of goods as those produced by large corporations.

Amadhila and Ikhida (2016) further observe the quantity produced by the agricultural SMEs as a challenge as they cannot meet the demand for farm produce from large companies. SMEs, therefore, produce fewer products and cannot satisfy the demand from larger customers that buy in bulk. The limited capacity for production also limits the SMEs' ability to guarantee loans for expanding their production (Amadhila & Ikhida, 2016). As a result, these entities continue to operate on a small scale. In addition, the continuous small-scale operations mean that the SMEs continue to make less profit that cannot sustain their operations in the long term, given the fact that the financial institutions also remain reluctant to fund business operations that do

not have long-term contracts with renowned enterprises.

Another challenge that the agricultural SMEs face is the failure to market their businesses to both potential financial institutions for funding and customers (Amadhila & Ikhida, 2016). The process of convincing financial institutions to fund business processes is a complex one because of the risks involved. Customers also need to understand the value propositions from the suppliers before they can make any buying decisions. The failure to propose their value to banks, therefore, leaves them vulnerable to prejudice because they would not have fair chances of consideration for financial support (Ramlee & Berma, 2013). However, Mboti (2018) suggests that financing is critical in ensuring that SMEs contribute to economic development. This means that SMEs that cannot secure adequate funding are bound to fail because small-scale operations are likely not able to produce sufficient income to finance growth ambitions. Hence, Sarwoko and Frisdiartara (2016) point out that it is the inability of SMEs to generate sufficient profits to fund their current operations and growth prospects that leads to stagnation among many SMEs and subsequent failure.

According to Mboti (2018), the inability of SMEs to acquire barcode technology also results in SMEs failing to introduce their products to the big retailers that require systematic pricing and stock control systems. With the requirements by large entities to enhance their internal controls as a way of minimizing losses, entities that cannot provide barcodes would most likely not form part of the chain of lucrative suppliers. SMEs, therefore, resort to relying on smaller consumers, as well as informal markets for the sale of their products. Sithole, Sithole and Chirimuta (2018) reiterate that the ability of SMEs to market their products and services to sustainable market players is a critical component for their success and growth. It is thus vital that SMEs are able to propose value to large entities and secure long-term contracts that they could use as collateral when securing funding from banks and financial institutions.

2.6 Towards addressing the SMEs' challenges

The objective of starting a business is to solve the problems that society faces and the establishment of SMEs brings meaningful contributions to the production of goods and services that address societal issues (Suárez-Ortega, García-Cabrera & Knight, 2016). Therefore, the prevalence of challenges facing SMEs require attention to ensure that these valuable entities are in a position to contribute to the mainstream economy by creating jobs and increasing the

production of good or services. Suárez-Ortega et al (2016) propose that SMEs should receive adequate support in terms of knowledge on how to engage in sustainable business activities. In relation to the SMEs in Thailand, Suriyankietkaew and Avery (2016) echo the need for knowledgeable leaders to steer SMEs towards effective performance, both financially and sustainably. This indicates that it is important to provide SME leaders with sufficient business knowledge so that they are able to lead their organisations towards effective performance.

According to Mboti (2018), the availability of information is critical to the competitiveness of SME business and proprietors in the SME sector need to implement efficient communication protocols to allow the smooth inflow and outflow of information. Echoing the same idea of availing information to SMEs, Kambwale et al. (2015) suggest that the government ministry responsible for business development, which in Zambia is the Ministry of Industrialisation, Trade and SME Development (MITSMED), needs to provide SMEs that register with the ministry adequate information regarding the business environment such that they can understand the requirements of the environment. The provision of information from the relevant stakeholders would empower the SMEs with valuable information which could be used to influence their decisions and operations. Hence, Tahir, Razak and Rentah (2018) urge government agencies to play a role in ensuring that SMEs are aware of the regulatory frameworks regulating their operations so that their contribution to economic growth becomes a reality.

Given the fact that SMEs do not enjoy the economies of scale that allows them to diversify their business operations, they need to identify strategic areas where they can perform optimally and focus their resources on such areas (Taneja, Pryor & Hayek, 2016). Taneja et al. (2016) further point out that the ability of entrepreneurs who run SMEs to overcome the innovation barriers becomes critical as the business grows and begins to face growth challenges. According to Tonis (2015), in order to reap the benefits of SMEs establishments within the economy, there is need to introduce developmental programs to equip individuals operating within the sector with skills to manoeuvre the barriers inherent in business operations. Mukata and Swanepoel (2017) also recommend that SMEs owners, managers and personnel receive training on running and operating small and medium businesses amid the competition from established large businesses. There is, therefore, an obligation of the government, which values the role of SMEs in the achievement of sustainable development to create platforms where individuals at various

levels in the SME sector can receive training on the technical aspects of their businesses, as well as managerial skills.

The study by Mukata and Swanepoel (2017) concludes that the sustainability of SMEs requires ongoing support from various stakeholders such as the government and non-governmental organisations. Of importance is the adequate provision of market information that enables SME proprietors to identify their customers and the specific needs that their businesses need to address (Mukata & Swanepoel, 2017; Mboti, 2018). In addition, Mukata and Swanepoel (2017) identify the training of SMEs on technical and professional skills as part of the support that the SME business owners require to produce quality goods and services while, at the same time, adding value to the lives of the customers. The government department responsible for the entities operating within the SMEs sector needs to play a role in providing programs that improve the business skills of entrepreneurs. From the Namibian context, Mukata and Swanepoel (2017) indicate that the Ministry of Industrialisation, Trade and SME Development (MITSMED) has the mandate to provide such support, with the provision of managerial, research and development skills to the entrepreneurship of SMEs.

2.7 Summary

This chapter discussed the literature reviewed to inform the study on the factors that influence the performance of agricultural SMEs within the Khomas region in Namibia. The chapter presented various ways in which SMEs relate to the business environment, concluding that these are legal entities eligible to participate in business activities within the economy. The review further showed that SMEs have a role to play within the economy of a nation and derive their categorisation from their name, which differentiates them from other forms of business. As competent businesses, SMEs create employment, complement the goods and services that the large businesses produce, as well as creating a market for goods that other businesses produce. However, also presented were the challenges that SMEs face in their operations, which hinder their ability to contribute to economic development optimally. Lack of skills, financial constraints and information asymmetry are some of the challenges that have a negative influence on the performance of SMEs across many sectors. There are, nevertheless, various ways to address the challenges faced by SMEs in order to enhance their performance and they include, providing training to SME personnel and their leaders, availing SMEs of industry information to enable them to gain an understanding of the dynamics of their business

environments, as well as providing funding options for SMEs to finance their growth endeavours. The next chapter provides a detailed discussion of the methodology the researcher adopted in conducting the study.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter focuses on the methodology implemented towards investigating the factors that influence the performance of agricultural SMEs operating within the Khomas region in Namibia. The chapter begins with the philosophical assumptions, the approach, the design and the method used. The chapter further identifies the research population, as well as the strategy for sampling the population into the target sample. In addition, Chapter 3 presents the research instrument used for data collection, as well as the data collection procedure and data analysis techniques and tools. The chapter also discusses the research reliability and validity before confirming that the ethical issues were adhered to and concluding with the summary.

3.2 Research approach

The purpose of this study was to understand the factors that influence the performance of agricultural SMEs within the Khomas region and for this purpose the study adopted the inductive approach in the quest to explore these factors, which influence the performance of agricultural SMEs in the Khomas region. According to Saunders et al (2019), researchers adopt the inductive approach with the intention to develop new ideas or an assumption regarding a phenomenon. In this study, the researcher sought to develop an understanding of the factors which have an influence on the performance of SMEs in the agricultural sectors operating within the Khomas region.

3.3 Research design

The study followed the exploratory design. Creswell (2014) states that exploratory designs serve to extract information about a phenomenon. Hence, in this study, the researcher employed the exploratory design in order to gain an understanding of the factors that influence the performance of agricultural SMEs in the Khomas region. Exploratory design enabled the researcher to collect data on the phenomenon towards the discovery of specific challenges that the agricultural SMEs encounter in conducting their businesses.

3.4 Research methods

Conducting research requires the option of having an appropriate design for collecting and analysing data in an effort to make meaningful conclusions (Snelson, 2016). Researchers choose the methods for collecting and analysing data based on the nature of the data needed to answer the research question (Saunders et al. 2019). This explains the justification for spending considerable time selecting the research method that suits the study and rationalising the selection. According to Snelson (2016), researchers can choose qualitative methods, quantitative methods or mixed methods for their studies depending on the type of data they need to achieve their research objective and answer the research question. Researchers, therefore, have three main options of research methods available for them to ensure that they conduct their studies successfully towards achieving the research objective, answer the research question and address the research problem.

Hammarberg, Kirkman and de Lacey (2016) suggest that researchers tend to use qualitative methods when attempting to answer the questions that deal with the experiences, meanings and perspectives of the participants, while opting for quantitative methods when seeking factual answers to questions regarding relationships and causal effects. Qualitative methods, therefore, allow the researcher to ask the participants questions that solicit their real experiences and allow the participants to use their own words to express their understanding of the situation. On the other hand, quantitative methods allow the researcher to test existing theories by asking close-ended questions drawn from predetermined variables. Researchers are more likely to use quantitative methods when statistical analysis of data is important (Hammarberg et al. 2016). Researchers can also implement qualitative and quantitative methods in a single study to enable the two methods to gain an in-depth understanding of the research problem (Snelson, 2016). The mixed method is, therefore, essential when the researcher seeks to use triangulation to collect available data based on the perspectives of the participants, as well as pre-existing variables.

In this study, the researcher used the qualitative method to gather and analyse data from the participants. The choice to use the qualitative method depended on the nature of data that the researcher sought to collect, which related to the experiences of the agricultural SMEs operating within the Khomas region. According to Snelson (2016), the qualitative method allows the researcher to collect data that is specific to the context, while providing sufficient flexibility to

obtain information that relates to the experiences of each participant. The intention to gain understanding of the factors that influence the performance of agricultural SMEs in the Khomas region, therefore, led the researcher to use methods that could allow the particular individuals within the context to relate their experiences.

3.5 Population of the study

The population of a research study refers to the collection of individuals that share the same features, have the same interests in a phenomenon and are capable of providing data that relates to the research problem (Saunders et al. 2019). Consequently, the credibility and relevance of the research findings depends on the suitability of the selected population because findings emerge from the data that individuals within the population provide (Rahi, 2017). This indicates that every researcher should strive to identify the suitable population for the study in order to increase the chances of collecting valuable data. For the current study that sought to investigate the factors that influence the performance of agricultural SMEs in the Khomas region, the population comprised the small and medium farmers operating within the Khomas region. According to NSA (2015), the Khomas region in Namibia has 285 commercial farms that engage in various farming activities and 43 of these farms operate on a small-scale basis. The population of this study comprised 43 enterprises engaging in agricultural activities on a small-scale basis. The farming activities range from horticulture, crop production and small livestock farming.

3.6 Sampling strategy and sample size

3.6.1 Sampling strategy

The population of a study is usually large and unmanageable as a whole, which requires the researcher to reduce the population (Saunders et al. 2019). To reduce the sample, the researcher needs to select an appropriate method that allows for the selection of a smaller sample of the population that is a true representation of the population (Creswell, 2014). Probability and non-probability sampling techniques are available for the researcher to use when sampling the population (Saunders et al. 2019). While the probability sampling methods provide population members fair or calculated chances of inclusion in the sample, non-probability sampling methods are subjective and do not permit all population members calculated chances of

selection into the sample (Rahi, 2017). This means that when the researcher opts for using a probability sampling method, there is a likelihood that either of the population members could participate. However, with the non-probability sampling methods, the researcher decides on the participating members.

The researcher adopted the convenience sampling strategy for selecting the sample for the study. The decision to use convenience sampling was because the owners and management personnel within the agricultural sector visit shops such as Agra and Kaap Agri regularly. Hence, the researcher would be in a position to meet them and either have face-to-face interviews with them there or make appointments for face-to-face interviews at a later more convenient date. The researcher visited the Agra for five consecutive days, with the intention of identifying five participants and visited Kaap Agri for another five consecutive days hoping to identify another five participants. This made the sample size ten agricultural SMEs. In order to ensure that the sample came from the population of agricultural SMEs operating within the Khomas region, the researcher visited Agra and Kaap Agri in Windhoek, and began by asking about the demographic details of the farmers to ascertain that they belonged to the intended population.

3.6.2 Sample size

The sample size for the study was ten participants selected from ten of the 43 agricultural SMEs operating within the Khomas region in Namibia. Because the study was qualitative in nature, seeking to generate new understanding concerning the factors that influence the performance of the agricultural SMEs in the Khomas region, the researcher sought to explore data related to the experiences of the participants generated from open-ended questions. According to Saunders et al. (2019), using open-ended questions that allow flexibility for providing data in the participants' own words produces rich data from a smaller sample. Snellson (2016) also suggests that a smaller sample size is sufficient for a qualitative study. Hence, the sample of this study was ten participants.

3.7 Data collection instrument

In order to gather data from the participants, the researcher used the interview schedule (see Appendix A) as the data collection instrument. According to Saunders et al. (2019), the

interview schedule is an effective qualitative data collection instrument because while it contains guiding questions to lead the interview discussions, it leaves sufficient room for follow-up questions that probe for clarity of information. Hence, the researcher drew seven open-ended questions that the participants answered during the interviews. The schedule was drawn up in English. The interview schedule had three sections, with the introductory section providing the research overview to give participants an understanding of the research purpose; the demographic section was to ascertain that the participants were members of the defined population, as well as the research questions which were to be answered by the participants. The questions contained in the schedule were established from the review of the literature and were informed by the research questions.

3.8 Data collection procedure

Qualitative researchers may conduct face-to-face interviews with sampled participants (Saunders et al., 2019). This method of data collection allows the researcher to ask participants open-ended questions, which the participants answer in their own words according to their understanding of the question (Snellson, 2016). Face-to-face interviews also enable the researcher to ask follow-up questions that seek clarification of unclear answers. Hence, for this study, the researcher opted for face-to-face interviews because there was a need to get as much information from the participants as possible. The researcher identified the participants by visiting the two main shops where farmers purchase their inputs such as seed, chemicals, farm tools and animal feed. These shops are Agra and Kaap Agri in Windhoek, the capital city of the Khomas region, as well as of Namibia. The researcher made prior appointments with the participants, giving them 14 days to prepare for the interviews, which took place at the convenience of the participants and under the prescribed social distancing protocols as stated by the World Health Organisation and the Ministry of Health and Social Services in Namibia. The researcher collected data from the 4th January 2021 to the 22nd January 2021.

3.9 Data analysis

To analyse qualitative data collected from the participants, the researcher implemented the qualitative contents analysis technique. According to Saunders et al. (2019), qualitative content analysis involves intensive reading and understanding of the content of the document in order to derive the fundamental ideas contained in the document. Hence, there is need to read the data

and identify key issues raised in the data (Creswell, 2014). The researcher followed the outline that Creswell (2014) prescribes for content analysis as illustrated on Figure 3.1 below.

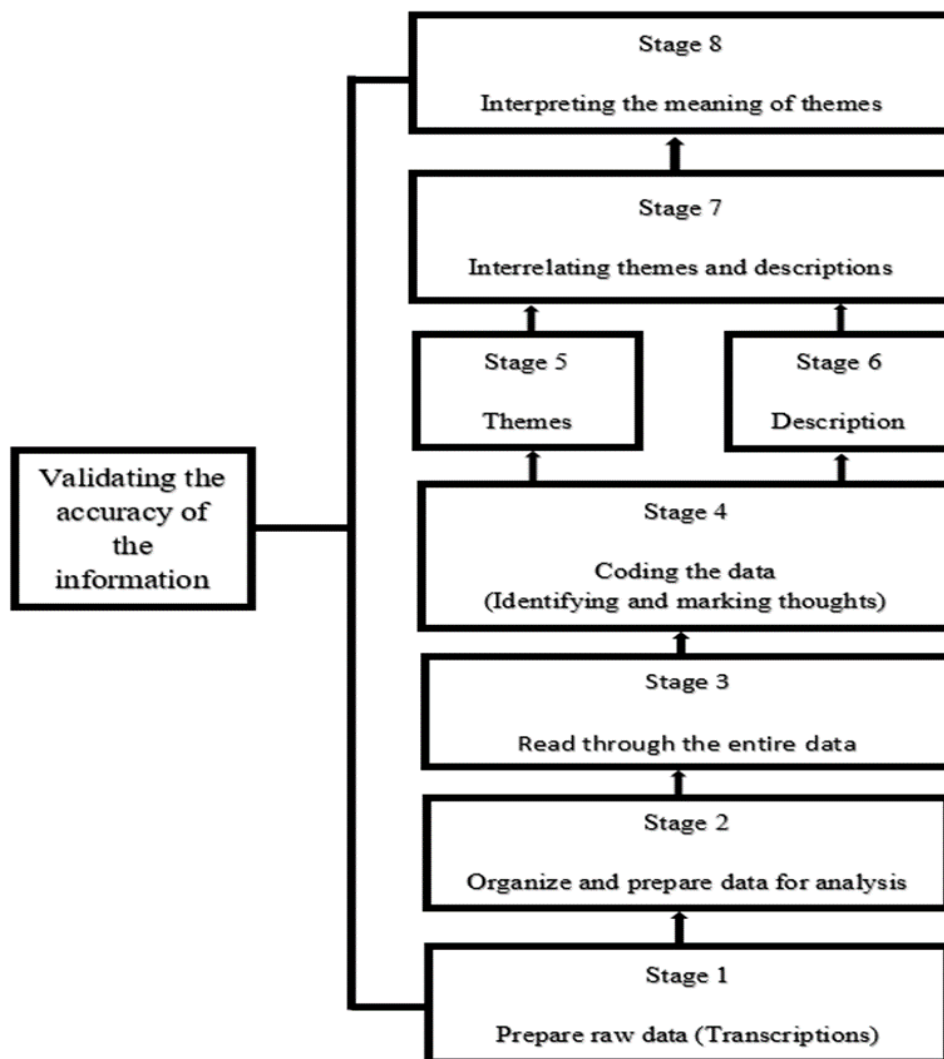


Figure 3.1: Content analysis model
Source: Adopted from Creswell (2014)

As illustrated on Figure 3.1 above, the qualitative content analysis process began with the preparation and organisation of the data for analysis. This included transcribing the field notes taken during the interviews and comparing them against the research questions. Upon confirming the link between the transcriptions and the research questions, the researcher proceeded to read the data to get the general understanding of the participants' views. The researcher then read the data while highlighting the key ideas within the data and coding them for easy reference. After establishing the coded categories, the researcher extracted the themes

from the coded data and gave the themes descriptions such that they had meaning associated with the research problem. Initially, eight themes emerged from the data and the researcher proceeded to interrelate the themes to reduce them by grouping together similar themes and creating sub-themes where certain issues needed specific discussion. Three major themes emerged from the analysis and these are discussed in Chapter 4. The last process was the comparison of the themes with the research questions in an attempt to ensure that the themes related to the research questions and would result in addressing the research problem.

3.10 Reliability and validity

In qualitative studies, the researcher uses the measure of trustworthiness to confirm and maintain the reliability and validity of the study (Saunders et al. 2019). The researcher, therefore, maintained the trustworthiness of the study by confirming transferability, credibility, dependability and conformability, which are the four main measures of trustworthiness in qualitative research.

3.10.1 Transferability

According to Hayashi, Abib and Hoppen (2019), the research perspective should relate to the research's unit of analysis to ensure the intended audiences link fairly with the research setting for the transferability of research results. The link is important because the research audience has an interest in the qualitative inquiry reports and the audience should confirm the existence of similarities between the research findings and the examined phenomenon. Comprehensive reading, therefore, ensued during the preparation of this research report to ensure the findings remained directly linked to the data that the participants provided. The researcher also made sure that the participants understood the purpose of the study for them to give information that would address the research problem. The final report also proposed the areas requiring further study for soliciting engrossed comparisons by readers.

3.10.2 Credibility

Credibility deals with the degree of confidence concerning the truthfulness of research findings (Hayashi et al. 2019). Credibility indorses whether the research findings describe tolerable information, as drawn from participants' impartial opinion directly. Hayashi et al. (2019) further state that credibility relates to the correct interpretation of the participants' opinion,

without violating the original opinions of participants. For this study, the researcher assessed credibility by selecting the reliable sample from the population, with direct experience and knowledge of the SME agricultural setting and the issues that this sector faces. The analysis and interpretation of data included the constant comparison of the findings against the research questions, as well as the field notes collected during the interviews.

3.10.3 Dependability

In terms of dependability, Saunders et al. (2019) confirm that it relates to the stability of the research data when viewed over time, as well as under reformed circumstances. That is to say, research data should fit as dependable if it remains steady over a period and observed under altered conditions. The researcher examined dependability by ensuring that feedback given by the supervisor in guiding the research process was utilised in redirecting the process and maintaining consistency with fundamental research guidelines. Subsequently, the supervisor studied the research conceptions, data collection implements and procedure, the interpretation of the results and the final report.

3.10.4 Conformability

Conformability refers to the impartiality maintained within the research process (Hayashi et al. 2019). Saunders et al. (2019) state exactness of research data depends significantly on the capability of the researcher and the research participants be objective in the way data is extracted and interpreted. Conformability safeguards the precision, applicability and implication of the data. In strengthening conformability, the researcher ensured that the interpretation of the data remained reliant on the perspectives of the participants, as well as the body of literature reviewed. The views of the supervisor and subject matter experts also led to confirmation of the findings. The researcher, therefore, allowed the supervisor ample time to review the research report and only proceeded to draw the final report after approval by the supervisor.

3.11 Ethical considerations

Research credibility depends on the researcher's professional and ethical behaviour during the research (Rahi, 2017). Saunders et al. (2019) emphasize that researchers adhere to ethical principles when conducting their studies. To maintain professional and ethical behaviour during

this study, the researcher first sought approval of the topic from supervisors representing the qualification-awarding institution. The researcher further obtained informed consent from the sources of the data used to draw conclusions and recommendations for the study. Hence, the researcher collected data from the owners of the agricultural SMEs and managers, who had the authority to divulge information concerning the affairs of the entities studied. All participating individuals signed research consent letters confirming their informed written consent to participate in the study. In addition, the participants were required to read the research overview to give them an understanding of the research purpose and the significance of their participation.

The researcher also maintained the anonymity of the data sources by ensuring that none of the participating individuals linked their identities to the information they provided. References to their views were in the form of unique codes. Data collected remains confidential and the researcher will not disclose it in its raw form to anyone. All references to the data collected for this study was in the form of interpretations of the analysed data. Since the study is for academic purposes, the research report is also an academic report. The researcher minimised inconveniences for the participants by allowing them the freedom to choose the appropriate time for their interviews, with an average of a 14-day waiting period. In addition, the researcher ensured that participants suffered no harm in the form of stress or prejudice because of their participation in the study. Hence, participants were free to withdraw their participation at any time during the study, without facing any form of victimization. Finally, the researcher kept the data in a locked place for the duration of the study and will destroy it by shredding the notes after five years.

3.12 Summary of the chapter

This chapter focused on the methodology that the researcher implemented in investigating the factors that influence the performance of agricultural SMEs operating within the Khomas region in Namibia. The chapter began with a brief outline of sections that made up the entire chapter and proceeded to the philosophical assumptions, the research approach, the design and the methods used. The chapter further identified the research population, as well as the strategy for sampling the population into the targeted sample. In addition, Chapter 3 presented the research instrument used for data collection, as well as the data collection procedure and data analysis method. The chapter also discussed research reliability and validity before confirming that the ethical principles were adhered to and concluding the chapter with the summary. The

next chapter deals with the discussion of findings as they emerged from the analysis of data.

CHAPTER 4

DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents findings from the qualitative content analysis of data. The chapter commences with a description of the unique coding assigned to the participants that the researcher used for identification in order not to reveal their identities, which would have violated the anonymity aspect required by the research ethics. The chapter proceeds with a discussion of the participants' demographic information in order to confirm that the researcher collected data from the intended targeted participants, who represented the population of the study. The following section in this chapter deals with the participation rate, which confirms whether the researcher achieved the estimated participation rate. After confirming the participation rate, Chapter 4 continues with a discussion on the themes and sub-themes that emerged from the data collected. Narratives, indirect and direct quotations were used in the interpretation of themes and sub-themes while consistencies between themes and sub-themes with literature were observed. A summary concludes the chapter.

4.2 Description of the participants

The participants that participated in this study were the owners and managers of agricultural SMEs operating within the Khomas region and to maintain their anonymity, the researcher created unique codes for each participant. Because the participants represented two groups, the researcher used the acronyms of the groups before the number for easy interpretation of the distinctive opinions expressed by the individual groups. For example, a participant representing owners and participated first was ASMEO1 while a participant representing managers and participated first was ASMEM1. Table 4.1 below illustrates the unique codes created for identification of participants in the results discussion.

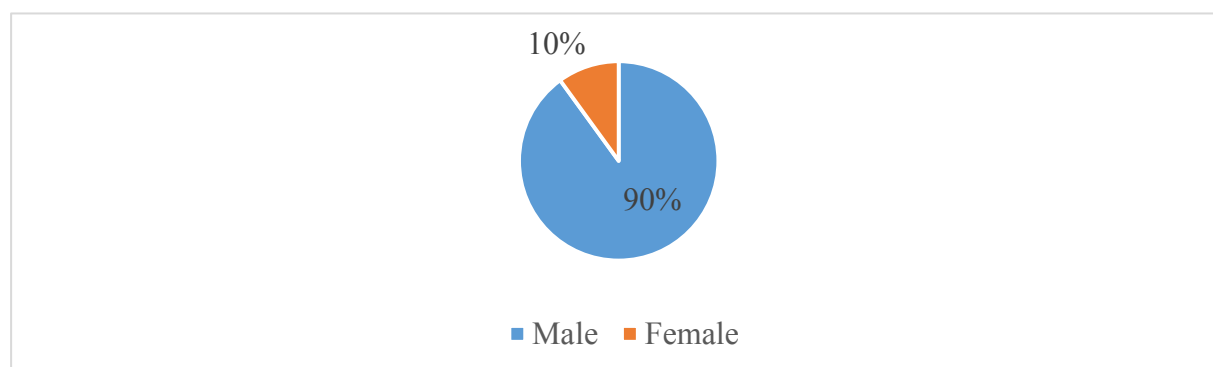
Table 4.1: Description of the participants

Code	Organisation	Position	Gender	Age	Educational Qualification
ASMEO1	Agricultural SME	Owner	Male	55	Secondary certificate, Grade 12
ASMEO2	Agricultural SME	Owner	Male	42	Secondary certificate, Grade 12
ASMEO3	Agricultural SME	Owner	Male	38	Tertiary certificate, Animal Husbandry
ASMEO4	Agricultural SME	Owner	Male	42	Grade 10
ASMEO5	Agricultural SME	Owner	Male	61	Diploma, Horticulture
ASMEO6	Agricultural SME	Owner	Male	63	Grade 10
ASMEO7	Agricultural SME	Owner	Male	57	Grade 12
ASMEM1	Agricultural SME	Manager	Female	47	Grade 12
ASMEM2	Agricultural SME	Manager	Male	43	National Diploma
ASMEM3	Agricultural SME	Manager	Male	36	Degree, Business Administration

Source: Researcher's own compilation from research data 2021

4.3 Participants' demographic information

In this section, the researcher presents the demographic descriptions of the participants in order to confirm that data used for this study related to the targeted population. The Figures 4.1 to 4.6 below illustrate the demographic characteristics of the participants, with the narrations providing meaning to the illustrated information.

**Figure 4.1: Gender of participant**

Source: Researcher's design from research data 2021

As illustrated on Figure 4.1 above, 90% of the participants were male while the remaining 10% were female. That is an indication that out of the ten participants interviewed, nine were male and only one was female, confirming that there are more men involved in the agricultural SMEs than women are.

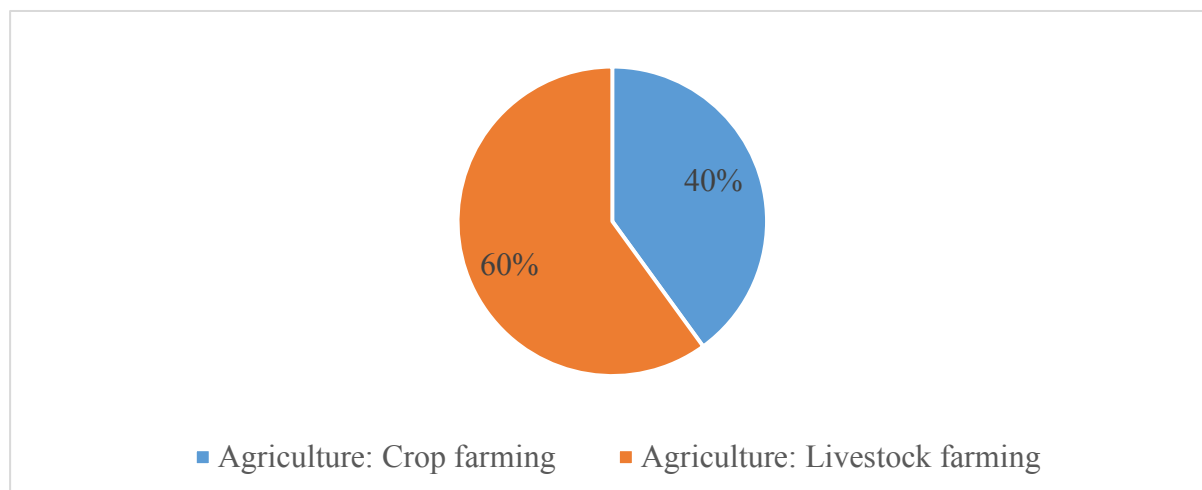


Figure 4.2: Type of organisation represented
Source: Researcher's design from research data 2021

Figure 4.2 above show that 60% of the participants represented agriculture organisations dealing in livestock farming and the other 40% represented agriculture organisations dealing with crop farming. The results explain that the participants were representatives of agriculture institutions. When asked about the categories of their organisations in terms of size, 100% of the participants indicated that their organisations were operating under the SME sectors. Participants further confirmed that their employee complements were below and their annual turnover was below. This shows that the participants were representative of the intended unit of analysis, the agricultural SMEs was operating within the Khomas region.

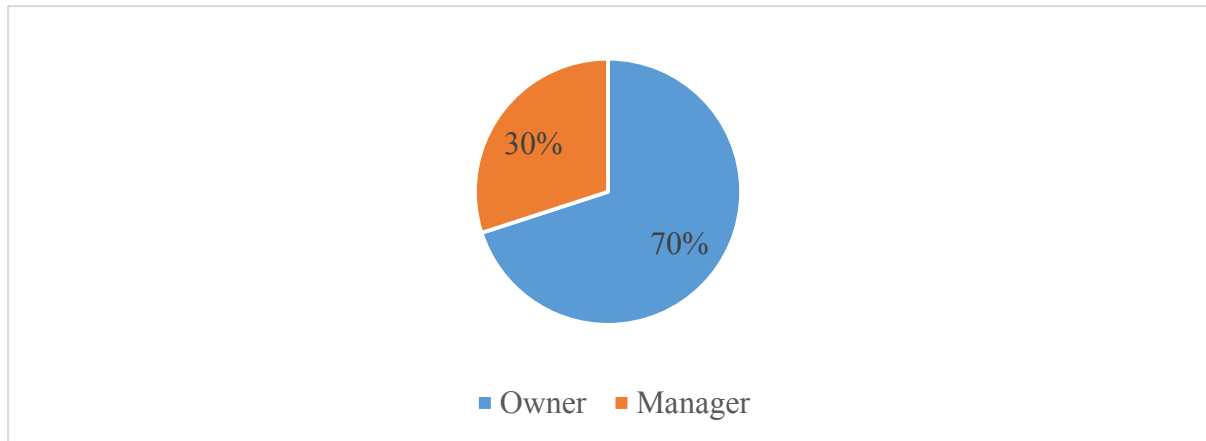


Figure 4.3: Position in the organisation

Source: Researcher's own design from research data 2021

The majority of the participants who took part in this study were owners of the agricultural SMEs that they represented. Figure 4.3 above shows that out of the ten participants, 70% were owners of the agricultural SMEs, while the other 30% were managers. This indicated that the targeted individuals, within the agricultural SMEs, took part in the study.

4.4 Participation rate

The sample of the study was ten participants conveniently drawn from the agricultural SMEs in the Khomas region of Namibia. The researcher was able to identify, make appointments and interview ten participants. This reflects that the participation rate for the study was 100%. The researcher was able to achieve the 100% participation rate by providing the intended participants with an overview of the study so that they understood its value to their businesses, as well as making appointments according to the participants' availability.

4.5 Findings

Four major themes emerged from the data and under each major theme were sub-themes. In this section, the discussion of the themes and sub-themes is presented through narratives. The researcher further refers to the opinions of the participants through indirect and direct quotations. In addition, the researcher refers to the reviewed literature in the discussion of the findings. The discussion of the findings of this thematic analysis follows the research objectives.

4.5.1 Objective 1: Level of performance of agricultural SMEs

The thematic analysis identified a poor level of performance among agricultural SMEs within the Khomas region. The specific themes accounting for this poor level of performance included the failure to grow, together with the failure to compete and losses. The themes are discussed below:

a) Failure to grow

Failure to grow emerged as one of the sub-themes under the domain of poor performance of agricultural SMEs. The interviewed participants indicated that SMEs in the agricultural sector find it difficult to grow, which means their operations remain constant despite the availability of opportunities for growth. Specifically, participant ASMEO1 stated that,

We have not been able to grow over the past five years. The performance is below our expectations and there is a likelihood of disposing the farm to recoup our losses.

In response to the request to explain the performance of their organisations since their inception, the interviewed participants indicated that the performance was far short of the expectations and opportunities within the agricultural environment. Participants therefore unanimously confirmed that their organisations were not showing signs of growth. In particular, one of the participants, who confirmed joining the organisation five years ago, suggested that the move to join the organisation was a mistake because of the difficulties that the organisation faces. Another participant, who had regrets about taking over the leadership at the farm, pointed out that,

.... this is a prospective business. But without government support, there is little hope of growing this business. ASMEO6.

Other notable indications of the failure of agricultural SMEs to grow were evident in the words of participants ASMEM2, ASMEO3, ASMEO5, and ASMEO7, who all reiterated that their entities are not in a position to grow unless they got some form of support from authorities such as the regional and central government. Below are direct quotations of the opinions of the various participants.

... is not growing, and without the support from the regional government, growth may not come because we do not have a market for our products, stated participant ASMEM2.

Regional authorities and the Namibian government are not creating the market for us. We only hear of grants from government to support businesses like ours, but we do not get them even when we apply. How could we grow from our small capital? questioned participant ASMEO3.

Over the last ten years, the business has not grown at all, stated participant ASMEO5.

There is need for government to support small and medium farmers like our organisation we are to achieve growth. Some of the challenges we face could be solved by skills development of our people and financial support, suggested participant ASMEO7.

b) Failure to compete

Another sub-theme that emerged within the major theme of poor performance of the agricultural SMEs was failure to compete, whereby the interviewed participants unanimously echoed that the organisations they represented were not able to compete against other enterprises within the sector. Participants mentioned factors such as the quality of products, the quality of services and the quantity of supplies as some of the areas where they failed to compete against established farmers. In this regard, participant ASMEM3 suggested that the failure to compete negatively affected the performance of the organisation because corporate customers require large quantities.

How could we compete with large farms under the conditions we operate? questioned participant ASMEM3.

Participant ASMEO1 also argued that despite the efforts of small and medium businesses in the agriculture sector to play a role in food production, they tend to serve the smaller part of the market because large buyers prefer buying in bulk from importers. Other participants, such as participant ASMEO4 and ASMEO7, also echoed the same sentiments, adding that small and

medium businesses lack the infrastructure such as storage facilities needed to compete with the large producers. As a result, small and medium businesses resort to dealing with traders in the informal sector that are also not reliable buyers.

As small businesses, we need to see some signs of growth from year to year so that our businesses can compete against other businesses. However, there are no signs of growing and substantial customers continue to rely on large farmers for their supplies, explained participant ASMEM2.

The business is not in any position to compete for the clients who are large livestock producers, stated participant ASMEO7.

The performance of our business remains below acceptable levels, which means we remain uncompetitive on the market that is flooded with goods imported from other regions, as well as countries, participant ASMEO5 stated.

The participants interviewed were of the opinion that effectiveness in the performance of their businesses means that they would be able to compete for customers, which would result in their gaining and sustaining a significant market share. Their competitiveness also related to the quality of goods they produced, as well as the services they provided in the delivery of goods and services. However, because of their scale of production and shortage of working capital to sustain their production quality, they remained short of the quality standards expected by the customers. In particular, the participants interviewed indicated that they were not able to compete with large producers' product quality or their service delivery. For example, participant ASMEO6 stated that large retailers require standardised quality and barcoded products, which the small and medium farmers cannot provide. Participant ASMEM3 also shared the opinion and added that there was a need for the small and medium farmers to establish infrastructure that enabled them to meet certain fresh produce quality standards so that they can supply to large retailers, thereby increasing the demand of their products.

We need to develop our infrastructure to meet certain quality standards and compete with large farmers, as well as increase the market demand for our produce, participant ASMEM3 indicated.

c) Losses

Participants interviewed confirmed that they usually operate at a loss, resulting from a number of factors including unreliable delivery channels and informal stock control systems. Losses, therefore, emerged as a sub-theme under the ambit of the major theme of poor performance. The participants that represented as managers of agricultural SMEs however blamed the losses largely on the proprietors of these entities whom they felt do not implement proper systems to control the movement of stock. In particular, participant ASMEM1 echoed that it was difficult to achieve high performance when the owners do not support the establishment of strict stock control measures. Participant ASMEM3 shared the same view and added that,

Engaging in agriculture requires a readiness to implement good stock management and control because we need to account for every item during harvesting, during storage, and during delivery.

“The losses are just unbearable,” participant ASMEM1 stated, adding that the lack of business acumen among most of the small farmers contributed to poor performance and the failure to sustain production. In participant ASMEM5’s view, the business that he represented had not achieved break-even since inception. Participant ASMEM5, however, argued that there was the potential to make profits if the members could implement sound business practices, such as formal planning, and the separation of business dealings from personal activities and personnel administration.

In order for the organisation to succeed, there is going to be some significant adjustments in the way we do business. Seriously, we need to administer our employees formally, separate business activities from personal life and plan our activities formally, suggested participant ASMEM5.

To some extent, I think the losses we incur are self-inflicted because there are no formal business processes implemented within the organisation. Of course, one can attribute some of the shortcomings to the lack of capital and support from regulators, but self-introspection is critical to change the direction of this business. Otherwise, we continue operating at a loss, participant ASMEM2 explained.

Another participant, ASMEM6, made an interesting observation regarding the losses that

agricultural SMEs make.

It is also difficult for our organisation to determine the losses made because there are no reports of the financial performance produced. This is the reason why we only manage to deliver produce after two or three years ... this discussion has got me thinking whether it is time to employ a knowledgeable finance person to run our financial department because our losses really affect our employees and business progress.

When asked to confirm if the business was making losses, participant ASMEO6 replied affirmatively. However, the participant could not provide figures because of the absence of proper financial reporting.

4.5.2 Objective 2: Agricultural SME contribution

The interviewed participants were of the view that as much as they embarked on the endeavour to produce income for themselves, their businesses were valuable to the Khomas region and the nation at large. Hence, in their different and unique ways, the participants reiterated that SMEs in the agricultural sector contribute to society and national economy. The thematic analysis identified the agricultural SME contribution within the Khomas region. The specific themes accounting for this contribution are: job creation, food production and infrastructure development. The themes are discussed below.

a) Job creation

Job creation emerged as one of the sub-themes under the major theme SME contribution. The participants interviewed unanimously confirmed the value of agricultural SMEs to employment creation at both local and regional levels. Participant ASMEO5 emphasized the need for agricultural SMEs to succeed in their businesses in order to preserve the jobs for the local people because most of the individuals employed in agricultural small and medium businesses tend to be unskilled employees. In line with this idea, participant ASMEO7 pointed out that,

The business gives employment opportunities to local individuals that do not have any skills and these are people that remain in rural areas and reduce rural to urban migration.

The success of small and medium businesses in farming is good for the local communities because they provide job security for local unskilled people, explained participant ASMEO5.

Participants further argued that while the agricultural SMEs may employ few employees individually, combined they employ many individuals across the region and nation, which reduces the number of people on the job market. Participant ASMEM3 also pointed out that as agricultural SMEs do business in the rural areas and semi-rural areas, they help in keeping young people from moving to towns and other regions. This indicated that the agricultural SMEs provide employment to individuals within their local societies when compared to other types of businesses that require people to relocate. Participant ASMEO1 asserted that,

The small and medium businesses doing farming create jobs that have the potential to keep people in their local areas rather than demanding them to relocate to either urban areas or other regions.

Participant ASMEO3 stated that, *... individually, our businesses employ a handful of people, but collectively, we employ a lot of people.*

Participant ASMEM1 added that, *I may not be able to provide statistics of the numbers or percentages of people employed by small and medium businesses in farming, but it should be a good number.*

Because farming small businesses does not require much skill, the sector is obviously an employment opportunity for the unskilled section of the labour market, explained ASMEO7.

Another point that the interviewed participants made unanimously was that the businesses they engaged in were a source of employment for the proprietors. While three of the participants did not have stake in the businesses, the other seven confirmed that they worked in the businesses for income other than shared profits. Participant ASMEO1 stated that,

I am also employed in this business.

I work in this business and this is the only job I may not retire from because I enjoy being on the farm, stated participant ASMEO5.

Farming is my full time job. This is the only job I know that no one will fire me for any reason, explained participant ASMEO1.

b) Food production

Another sub-theme that emerged from the major theme SME contribution was the agricultural SMEs' contribution in food production. The participants interviewed indicated that their businesses play a role in addressing food shortages within the local areas they operated, as well as in the region and to the nation as a whole. Participant ASMEO2 indicated that the farm provides food to the communities within its vicinity, adding that the primary market for the farm produce is the local communities. Other participants, such as participant ASMEO4, participant ASMEO7 and participant ASMEM3, also echoed the same opinion, with participant ASMEO1 suggesting that the establishment of the business five years ago reduced food shortages in the area significantly.

We do make our duty as a corporate citizen by making sure that we provide our products to the people in our surroundings at an affordable price. From time to time, we participate in community programs and donate to the causes of society, stated participant ASMEO2.

The community around the farm gets its vegetables and fruits from the farm, and I would say that is the first and perhaps most important contribution the business makes, participant ASMEM3 stated.

Our role is to assist government in producing food for the community and the nation, asserted participant ASMEO4.

The area we are located in used to experience severe food shortages before the farm started operating. Now that is a thing of the past. What is needed is for the business to grow and produce more for the region and the country, suggested participant ASMEO1.

Participant ASMEO7 indicated that the establishment of small and medium businesses in the

agriculture sector is good for the entire Namibian nation. Adding to this view, participant ASMEO2 and participant ASMEM1 suggested that the country and the Khomas region could not be sustained by imports from other regions and countries because of the influx of people to the region. Participant ASMEO6 also confirmed that agricultural SMEs enable the Khomas region to provide food to the growing population. This illustrates that the agricultural SMEs in the Khomas region have a significant role to play in food production for the region and the country at large because as opined by participant ASMEM2, individuals and entities contribute to the nation by playing their role at local level.

As much as our products are few, they add to the products produced by large businesses and those that the country imports from other countries, suggested participant ASMEO7.

Imported agricultural products are not enough to support the population, and businesses like us assist retailers with supplements, participant ASMEM1 indicated.

By providing farm products to the locals and the Khomas region, we play our role in national farm product availability..., confirmed participant ASMEM2.

c) Infrastructure development

Interviewed participants confirmed that agricultural SMEs contribute to infrastructure development because the agriculture infrastructure is valuable to rural communities. In particular, a dry area would benefit significantly from the establishment of water infrastructure. Participant ASMEO1 indicated that the establishment of the farm brought a sustainable water supply infrastructure to the community. Another participant with similar sentiments was participant ASMEM2, who confirmed that the agricultural establishment led to the installation of water pipelines to the area. Participant ASMEM2 added that,

The amount that local residents pay for the tap water is only for their consumption while the farm is responsible for the maintenance of the infrastructure.

Participant ASMEO5 also indicated that, *in collaboration with the village council, our organisation now manages the dams in the area and we are in the process of*

expanding one of the major dams so that it can supply more water to the community.

We operate in an area where there used to be no water resources, but we have erected two boreholes and the people in the area no longer have to travel long to collect water, echoed participant ASMEM1.

The interviewed participants further indicated that the establishment of agricultural SMEs within the Khomas region also brought road infrastructure to the communities within the region, some of which also links the regional capital to the other towns outside the region. Other roads are still not tarred while two have been tarred. Participants interviewed confirmed that while they may not have the capacity to establish the road network infrastructure, their presence in the area justifies regional and national government investment in the areas. To this effect, participant ASMEO5 suggested that the agricultural SMEs within the Khomas region,

... influenced the construction of better roads in the areas surrounding the region. This is good for the communities and the country at large because tourists visiting the area favour country roads”.

Road network improved significantly in the area after the establishment of three small farming projects in our area, stated participant ASMEO4.

Other infrastructure developments that the interviewed participants indicated were as a result of the establishment of agricultural SMEs were the telecommunication systems, veterinary services, retail outlets and banking facilities. In reference to the banking services, the participants thought that banking services were established because of collective bargaining by local farmers and residents to bring the services to the people. Hence, participant ASMEO1 argued that it would not be viable for a bank to have services in an area where there is high unemployment. Participant ASMEO6 also shared the same view, adding that the justification of most services such as banking and retail services in the area is the availability of customers.

... directly, we provide employment to the people and that is a huge contribution. However, the presence of our business influences the establishment of other businesses, such as shops and banks. So, we indirectly contribute to the development of the region, stated participant ASMEO3.

... this area is now just like a town because of the small farms around here. Five years ago, it was a different story, mentioned participant ASMEM2.

... all the developments you see in the surrounding area came because there are farms that employ people, stated participant ASMEO7.

4.5.3 Objective 3: Problems faced by agricultural SMEs

The problems that agricultural SMEs face in their businesses were identified and all ten participants interviewed mentioned that the small and medium enterprises engaging in agricultural activities face several challenges, such as the lack of support from government, lack of formal planning, limited expertise and financial constraints. The participants indicated that while the agriculture sector presents opportunities for entrepreneurs, the sector is complex because of the factors that are involved in the farming processes. For example, participant ASMEM1 suggested that the reason why some individuals with farming interests shy away from the sector is because they cannot obtain the right tools for engaging in agricultural activities. Participant ASMEO3 also alluded to the fact that it can take up to three years to begin to realise the first rewards from farming. The thematic analysis identified various problems faced by agricultural SMEs within the Khomas region. The specific themes accounting for the problems faced by agricultural SMEs includes the lack of support, lack of formal planning, lack of expertise and financial limitations. The themes are discussed below;

a) Lack of support

There was unanimity from the participants in confirming that lack of support has a negative impact on the performance of agricultural SMEs. While participants such as ASMEO2 and participant ASMEO6 suggested that they experienced improvement in the way that their businesses received support from their regional government, the other eight participants argued that they do not get the support that they deserve from the regional government. Participant ASMEO4 suggested that it appeared that individuals that should be supporting the business tended to treat the business with contempt. Another participant, ASMEO7, shared the opinion that the authorities tended to be negative towards the agricultural small and medium businesses. In addition, participant ASMEM2 pointed out that there is confusion regarding the interests of elected officials, in that, while they appear to promote innovations within their local areas, they work towards safeguarding their positions by going against various businesses to appease the

electorate.

Participant ASMEO2 suggested the following:

Lately, we have seen some improvements in the ways the government provides support for our business. It would significantly help us if we can get more support in terms of protection against imported goods because most large buyers do not consider our products.

Regional authorities have been helping our business. However, there is more that the government could do to help our businesses grow because we need the market for our harvest, stated participant ASMEO6.

My view is that government officials should balance their support for businesses and the needs of their electorate so that they can serve the interests of businesses and the people that elected them. On the contrary, we have experienced cases where we had to drop allegations against community members that stole from us because the authorities threatened our business, explained participant ASMEM2.

If the government authorities could regard our products as supplements to the produce provided by large established farmers, they would greatly assist us in creating markets for our products. However, most of our products are regarded as of low quality, complained participant ASMEO4.

The interviewed participants further contended that the lack of support from stakeholders, like government, resulted in their businesses failing to access markets and adequate land to expand their production. Participant ASMEO7 also mentioned that attempts to acquire land for grazing small livestock were futile, with the state opting to allocate the area for communal farming. Participant ASMEM1 said,

The government should create the market for local farmers. Here we have our fresh products perishing while imported products fill the shelves; and then officials go on to say that the country is unable to produce enough. How could that be?

The efforts of entrepreneurs like us should receive recognition and support from government soon before we all close doors, suggested participant ASMEO5.

At least, our attempts to get more land should be attended to, to assess the need, rather than being denied audience without any form of examination, participant ASMEO7 echoed.

b) Lack of formal planning

Another sub-theme that came out of the major theme of problems faced by agricultural SMEs was the lack of formal planning, which the interviewed participants thought negatively affected the performance of the agricultural SMEs. Participants suggested that the failure to plan is a huge problem because it leads to the misallocation of scarce resources. Participant ASMEO4 stated that,

Because we fail to produce a formal plan, we misappropriate resources and miss out on possible opportunities.

Without formal planning, the business continues to suffer, stated participant ASMEM1.

One of the biggest problems that I have noticed since joining the business is the lack of planning. To be specific, we simply do not engage in formal planning, which is critical in guiding the activities and measuring achievement of objectives, explained participant ASMEO5.

My organisation is affected by acting on impulse and I think it is time we invest in structured planning so that we can be able to track progress, suggested participant ASMEO3.

When asked to give reasons for neglecting formal planning, participant ASMEM1 indicated that formal planning takes time, which the individuals in small and medium businesses do not have. Participant ASMEM3 suggested that there is lack of understanding of the importance of planning within the organisation. Other participants such as participant ASMEO3, participant ASMEO6, participant ASMEO7 and participant ASMEM1 also mentioned time constraints. Participant ASMEM2 also indicated that this was an issue and said,

There is no value in planning when there is no intent to follow the plans through.

Formal planning requires time and that time seems to be scarce, stated participant ASMEO3.

There is just no time for in-depth planning within our organisation. Hence, we rely on responding to circumstances. I can confirm that being responsive has a negative impact on performance because of resource wastage, but that is the situation, asserted participant ASMEM1.

c) Lack of expertise

Another sub-theme identified under the major theme of problems faced by agricultural SMEs was the lack of expertise among the owners of agricultural SMEs. The interviewed participants echoed that the lack of expertise resulted in failure to achieve industry standards and without support from regulators, like ministries overseeing agricultural activities and trade, agricultural SMEs were bound to suffer losses. Interviewed participants observed that agricultural SMEs lack technical expertise, as well as the business expertise required to conduct business operations within the sector. Participant ASMEO7 suggested that it would be helpful for the business to recruit skilled employees to manage the business. However,

... the problem is that the business is too small to afford a skilled person. The skills we have are the farming skills, but when it comes to finance handling and business processes there is need for an expert, stated participant ASMEO7.

Participant ASMEO1 indicated that,

... there is a skills shortage in terms of the technical aspects of the business because we cannot hire qualified people. Our hope is that the ministry lives up to its promises to provide training to small and medium farmers.

Expertise is critical in agriculture. Commercial farming is totally different from farming for personal consumption. Skills shortages are problematic for the organisation because relying on veterinary advice is not working. Sometimes, by the time the officials arrive, it would be too late and they downgrade our products, argued participant ASMEO4.

Interviewed participants suggested that the education system within the country is not doing

enough to produce competent individuals to add value to the agricultural sector. Participant ASMEM2 indicated that attempts to obtain individuals with the necessary skills from the national vocational institutions proved futile because most of the graduates specialised in one or two other areas apart from agriculture, making them unsuitable for recruitment by large farmers. However, another participant argued that individuals coming out of universities are ambitious and when they realise that the potential employer is a small or medium farm located in a remote area, they turn down the opportunity. This leaves the agricultural SMEs with the problem of a shortage of skilled personnel to work in the farms.

Graduates are specialised and cannot add value to our production, which requires multiple skills, stated participant ASMEM2.

These young graduates' aspirations are too high and once they realise that the farm is small and in a remote area, they do not turn up. What we need is for the government to train local people so that we can rely on them, suggested participant ASMEO5.

d) Financial resources

The last sub-theme under the major theme of problems faced by agricultural SMEs is financial limitations and all ten interviewed participants confirmed that they face financial constraints. The problem of financial resources leads to the inability of agricultural SMEs to acquire the required equipment, recruit talented employees and access agricultural input. Participant ASMEO2 suggested that because of financial constraints, the business could not purchase the equipment they need to pump water for irrigation. According to participant ASMEO5, the business was failing to maintain aging equipment because of financial constraints. Failure to maintain equipment was also mentioned by participant ASMEO6, while participant ASMEM2 added that financial shortfalls caused the business to fail to settle operational debt.

Our financial position is not stable and unless we get the loan we applied for from the bank, it would be difficult to survive another season because we need machinery to pump water, participant ASMEO2.

Some of our equipment is aging and we need money for maintenance or replacement, stated participant ASMEO5.

We have accumulated debt over the past two years and cash is needed to settle the debts because the suppliers are threatening to take action. Nevertheless, funds are a problem for the business. The grant promised by government is no longer a possibility because every time stories change, explained participant ASMEM2.

In response to the probing question on the possible sources of finance for their businesses, participants mentioned loans from banks, savings from their income and grants from the government. Nevertheless, the only readily available source of finance for the businesses was their savings from the income generated. Agricultural SMEs do not have to access bank loans because of the need for collateral security. This is compounded by the uncertainties regarding the allocation of government grants. Interviewed participants further confirmed that they had pending applications for loans at banks and grants from the government. Participants ASMEM1, Participant ASMEM4 and participant ASMEM5, however, indicated that they had managed to obtain loans from the bank in the past, though the amounts were not sufficient to fund their needs.

The sources of funding that are available are the profits that we make and the grants given by the government to growing businesses. However, when it comes to the grants there is little hope because they are only for the lucky ones, explained participant ASMEM6.

We have applied for bank loans and grants from the government, but there seems to be no hope of getting anything because they require guarantees that some of us cannot offer, lamented participant ASMEM1.

Our main and reliable source of money remains the income we generate. The last time we applied for a loan at the bank, the amount we got was not sufficient and now our application has not received an affirmative response, replied participant ASMEM1.

The interviewed participants confirmed that it is their responsibility to ensure that there are sufficient funds for their businesses because they are profit-making enterprises. Participant ASMEM7 specifically indicated that there is no way a profit-making business could expect free funding from any institution. However, the call is for loans that the businesses would pay back. The question that participants were asked related to the complexity in accessing loans, with

some of the requirements appearing to deter SMEs from applying for loans.

How can one borrow money when you already have the money? ... it seems like the bank wants to take over my farm, the business, because the value of the collateral security is higher than the farm's balance sheet and the amount required, questioned participant ASMEO2.

My suggestion is not that the bank should give us money for free because we are established to make profit, stated participant ASMEO7.

If we can get sufficient finances to fund our activities, we would be able to make profits, pay back the loans and improve the lives of our people, suggested participant ASMEO3.

4.5.4 Objective 4: Improvement of agricultural SMEs' performance

In view of the value that agricultural SMEs add to the local developmental agenda, regional developmental agenda and national economy, the interviewed participants thought that there was a need to improve the performance of agricultural SMEs. The interviewed participants identified critical areas that need attention from all stakeholders such as the community, financial institutions, regional authorities and the central government. These areas included addressing skills shortages within the agricultural sector and providing a market for the locally-produced agricultural products. Participants, such as ASMEM2, emphasised that while agricultural SMEs are private business ventures, they require intervention from communities and government to achieve their objective of improving food production. Participant ASMEO7 also referred to the existence of the business as a benefit to the community.

The thematic analysis identified the need for the improvement of agricultural SMEs' performance within the Khomas region. The specific themes for the improvement of agricultural SMEs' performance included the training of farmers and their personnel and creating a market for the sale of their produce. The themes are discussed below.

a) Training of farmers and their personnel

The participants suggested that the starting point in the effort to improve the performance of agricultural SMEs is ensuring that farmers and their employees have the necessary skills. The

training of farmers and their personnel was, therefore, one of the sub-themes under the major theme - the improvement of agricultural SME performance. The interviewed participants suggested that there was a need for collective efforts from government and business owners to develop the skills of the farmers and the employees. Participant ASMEO1 suggested that while the farm owners were obliged to equip their employees with the basic skills required to perform their jobs, the same obligation rests on the public officials such as the veterinarians to educate farmers on technical skills. Participant ASMEO3 echoed the same sentiments, adding that,

All that the farmers, as employers, can do is to provide on-the-job training for employees to improve their skills. The onus is on the authorities to equip communities with farming skills so that they can stand better chances of securing employment in nearby farms.

Indeed, it is our role to train our employees, but the veterinarians are paid from our taxes to update farmers on efficient ways of managing animal diseases, stated participant ASMEO1.

The participants further argued that the biased understanding that any person can perform effectively in an agricultural environment needed to be dropped and government education institutions need to improve their focus on agricultural related courses. For example, participant ASMEM2 pointed out that the handling of chemicals when treating animals or fumigating plants is a hazardous process that requires certification. There are, of course, jobs that do not require skilled personnel, such as weeding, and participant ASMEO4 suggested that while the unskilled employees may not require training to perform certain tasks, there is a need to upgrade their skills for them to advance to senior positions. Hence, participant ASMEO6 and participant ASMEM3 thought it would be beneficial to bring agriculture colleges to the rural communities because unskilled employees could not afford to embark on correspondence education with institution in urban areas.

We need to upskill the personnel that handle chemicals because it is a hazard, affirmed participant ASMEM2.

Unskilled employees, like the ones doing basic work, need to be developed so that they can take senior positions but they cannot go to towns to attend college. I think, some of these vocational agricultural colleges need to expand their courses and

offer them from the remote areas, explained participant ASMEO6.

We need an agricultural college in the area for our unskilled employees to improve their skills. Even if we are willing to assist them with fees, we cannot send them to institutions that are in other regions because we need them to work, stated participant ASMEM3.

b) Creating a market

Another sub-theme under the major theme of the improvement of agricultural SMEs was the creation of a market, which the interviewed participants suggested, would ensure that the small and medium farmers would be able to sell their products and generate revenues to compensate for the resources invested in production. With the understanding that the agricultural SMEs addressed the gap that the large suppliers could not attempt to cover, participants such as ASMEO1, ASMEO3 and ASMEM3 pointed out that there was a need for the government to address the market imperfection that negatively affected the ability of developing farming businesses to supply their products to established markets. The participants, however, confirmed that their suggestion was not to create a situation where they got undue priority to the markets. On the contrary, the interview participants called for the government to put in place measures that promote the acceptance of locally produced goods.

The market is there for our products, but we do not have access. That is the reason why government should help growing businesses by regulating the market so that our products can find space in large retail shops, argued participant ASMEM1.

We just need a fair share of the market for local products, stated participant ASMEO3.

The market that accepts our products is small and if the government can regulate the importation of the products we produce, then our product can also be sold in large shops, suggested participant ASMEM3.

Participant ASMEO4 called on the government to consider creating a market for local products by ensuring that government organisations use the products from local farmers, and regulating informal markets, where local small and medium farmers can sell their products. Adding to the

idea presented by participant ASMEO4, participant ASMEM2 suggested that an informal market would be required to be equipped with adequate infrastructure for preserving perishable goods. In addition, the participants suggested that the creation of a market for their goods required government intervention because the government is also one of the largest buyers in the country. For example, participant ASMEM3 thought that if the government could purchase products for its hospitals from local farmers, agricultural SMEs' products would not perish and be wasted.

The informal markets need to be regulated and equipped for the proper preservation of perishable products, suggested participant ASMEM2.

The government must buy our products for the hospitals and that would be a sizable market created for our products. No produce harvested would go bad, echoed participant ASMEM3.

4.6 Summary of Chapter 4

This chapter provided a detailed discussion of the results from the analysis of the data. The discussion began with an introduction and proceeded to discuss the unique coding of the participants which was aimed at ensuring that the identities of the participants remained anonymous. The chapter also reviewed the demographic information regarding the participants and their participation rate, which was 100%. The four major themes that emerged from the data analysis were interpreted through their sub-themes. Within the ambit of the major theme of the poor performance of agricultural SMEs, the sub-themes emerged as the failure to grow, and the failure to compete, together with losses that incurred. This indicated that the agricultural SMEs performed poorly, failing to achieve growth and competitiveness, as well as incurring losses. The other major theme that emerged from the findings was the contribution made by agricultural SMEs, with job creation, food production and infrastructure development as the sub-themes under the major theme. This revealed that agricultural SMEs contribute to society and the economy through job creation, the production of food and the development of infrastructure.

The other theme that was discussed in the chapter was the problems faced by agricultural SMEs, and within this major theme, sub-themes emerged, namely the lack of support, lack of formal

planning, lack of expertise and the lack of financial resources. The last theme discussed in the chapter was the improvement of agricultural SMEs' performance, with the training of farmers and their personnel, and the creation of a market as sub-themes. This illustrated that the agricultural SMEs face challenges due to the lack of support, lack of formal planning, lack of expertise and the lack of financial resources. This indicates that there is a need for improvements in the performance of agricultural SMES, which are possible through the training and development of farmers, as well as their personnel, together with the creation of a market for agricultural SMEs products. The next chapter focuses on concluding the study and proposing recommendations for improving the performance of agricultural SMEs.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to investigate the factors that have an influence on the performance of agricultural SMEs within the Khomas region. This chapter discusses the conclusions and recommendations emerging from the study. The chapter draws the conclusion of the study in line with the research problem and the research questions. In addition, the conclusions are discussed in conjunction with the reviewed literature. Further, the chapter presents recommendations for further research to address areas not covered by the current study, in consideration of the scope of the study. Lastly, the chapter concludes with a brief summary of the entire study.

5.2 Conclusions

Following intensive research, the study concluded that the performance of agricultural SMEs within the Khomas region is poor, resulting in the entities not achieving their growth objectives. The findings further revealed that the agricultural SMEs are not competitive and incur losses, which affected their businesses, as well as their contribution to the community, the region and the national economy. Because of their size and financial limitations, the agricultural SMEs were not able to provide the quantities of products that large retail businesses demand, resulting in them relying on smaller informal markets. This indicated that while the formal market presents opportunity for growth, agricultural SMEs do not have the capacity to participate with this market meaningfully. Further, the study revealed that agricultural SMEs faced challenges in conducting their businesses and these related to the lack of adequate support from their communities and public officials. This support would enable them to play their role within the economy. This concept is supported by Suárez-Ortega et al. (2016), who suggest that SMEs should be given adequate support for them to engage in sustainable business activities.

Another challenge faced by the agricultural SMEs is the lack of formal planning, which results in their failure to track their progress. The findings also showed that agricultural SMEs face challenges relating to the lack of business expertise, together with the lack of financial resources. Hence, the agricultural SMEs within the Khomas regions have not been able to

achieve their desired performance levels. The findings also revealed that the agricultural SMEs play a critical role in society, the region and as the national economy. This reinforces the reason why agricultural SMEs should receive adequate support from the relevant stakeholders, such as the government and their communities so that they can make a meaningful contribution to the economy. In particular, agricultural SMEs contribute to job creation for the local communities, food production and infrastructure development. Consistently, the literature (Bouazza et al. 2015; Mahmudova & Kovács, 2018) shows that SMEs are key players within the business environment, not only as suppliers of goods and services, but also as consumers of products and services produced by other enterprises. However, in order for agricultural SMEs to grow and compete with established businesses, they need to be able to acquire the necessary technical and business expertise and support. The findings also showed that with some if there were regulations in place to promote the consumption of locally produced products, agricultural SMEs would have a fair share of the market for their products.

5.3 Recommendations from the study

After examining the conclusions emerging from the study, this study proposes the following recommendations towards addressing the factors that negatively influence the performance of agricultural SMEs and to improve their performance. It is significant that the improvement in the performance of the agricultural SMEs would result in the sustainability of jobs for local communities, food production and infrastructure development. These are critical aspects in economic development, locally, regionally and nationally.

5.3.1 Government support for agricultural SMEs

The study recommends that the local, regional and central government provide support to agricultural SMEs through the availing of land for expansion, the provision of information relating to the sector, as well as cooperation in addressing business challenges. In particular, the local authorities could make land available for leasing in the cases where the farmers require more land while the regional government and central government could provide sector regulatory information to ensure that farmers are aware of the issues relating to the sector regulatory framework.

5.3.2 Development of agricultural SMEs expertise through training

The study also recommends that agricultural SMEs acquire knowledge and skills relating to the technical requirements of their operations, as well as the business-related expertise. The study, therefore, proposes that agricultural SMEs and the relevant stakeholders, such as tertiary institutions and state agencies integrate their efforts towards training local people so that they can acquire the necessary skills to work on the local farms. While the employers should provide on-the-job training, state institutions need to develop courses which can offered within the local areas to develop the skills of farm employees.

5.3.3 Creation of a market for locally produced agricultural products

Another recommendation is the creation of a market for locally produced agriculture products to ensure that agricultural SMEs have access the formal market for their goods, which will increase demand and promote more production. This means that the state should also provide a market for local products by relying on locally produced agriculture products for government entities, such as hospitals and schools, while recommending that large retail outlets obtain some to their fresh products from local agricultural SMEs.

5.3.4 Adoption of formal planning by agricultural SMEs

The study also recommends that agricultural SMEs engage in formal planning with documented action plans that they will enable them to track their deliverables. This would allow agricultural SMEs the means to develop plans for the allocation of their resources, as well as the implementation of their objectives, and the means to evaluate actual performance against targets. It is notable that while formal plans may require some adjustments during execution, they would provide guidelines towards the effective allocation of resources.

5.4 Recommendation for further research

The study recommends further research adopting the quantitative method and using a survey questionnaire to administer a wider sample to test the hypothesis that the factors proposed in the current study are generalisable to other agricultural SMEs across the Khomas region.

5.5 Conclusion

The purpose of this exploratory qualitative study was to investigate the factors that influence the performance of agricultural SMEs within the Khomas region. This study adopted the inductive approach in the quest to explore the factors which influenced the performance of agricultural SMEs in Khomas region. The population of this study comprised 43 enterprises engaged in agricultural activities on small-scale basis. Using the convenience sampling method, the researcher identified ten individuals of which seven were farm owners and three were farm managers for participation in the study. The researcher conducted face-to-face interviews with the identified participants using an interview schedule as the data collection tool. The researcher analysed qualitative data through qualitative content analysis and four major themes emerged from the data.

Following intensive research, the study concluded that the lack of support, lack of formal planning and lack of expertise negatively influenced the performance of agriculture SMEs within the Khomas region in Namibia. Financial limitations and the inability of the agricultural SMEs to secure and manage financial resources also have a negative impact on the performance of agricultural SMEs, which led to their poor performance. The study revealed that agricultural SMEs contribute to economic development through job creation, food production and infrastructure development, and this makes their effective performance significant to the economy. Hence, the study proposes recommendations for the government to provide support to agricultural SMEs, the training of agricultural SMEs to ensure that they have the desired expertise to perform their farming activities, as well as manage business operations, and the creation of a market for locally produced agricultural products. The study further recommends that agricultural SMEs adopt formal planning to facilitate the effective allocation of resources, as well as to track their progress. The implementation of the recommendations would enhance the performance of agricultural SMEs and increase their ability to contribute to economic development on all levels.

REFERENCES

- Abderrezzak, B., Wafaa, B., & Benabbou, S. (2016). Key determinants of innovation in the Algerian SMEs. *Topics in Middle Eastern and African Economies*, 18(1), 183–200.
- Amadhila, E. M. (2016). Financing agricultural small- and medium-scale enterprises in Namibia. Dissertation for the degree of Doctor of Philosophy in Development Finance in the Faculty of Economic and Management Sciences, Stellenbosch University, Stellenbosch.
- Amadhila, E. M., & Ikhide, S. (2016). Unfulfilled loan demand among Agro SMEs in Namibia. *South African Journal of Economic and Management Sciences*, 19(2), 282–301.
- Amoah, S. K., & Amoah, A. K. (2018). The role of small and medium enterprises (SMEs) to employment in Ghana. *International Journal of Business and Economics Research*, 7(5), 151–157.
- Bobek, V., Moritz, J., & Horvat, T. (2019). Namibia's triple challenge and its economic development. *Economic Development and Cultural Change*, pp. 1–21.
- Bouazza, B. A., Ardjouman, D., & Abada, O. (2015). Establishing the factors affecting the growth of small and medium-sized enterprises in Algeria, *American International Journal of Social Science*, 4(2), 101–115.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Thousand Oaks, CA: Sage Publications, Inc.
- Daksa, M. D., Yismaw, M. A., Lemessa, S. D., & Hundie, S. K. (2018). Enterprise innovation in developing countries: An evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*, 7(6). <https://doi.org/10.1186/s13731-018-0085-4>
- Gautam, R. P. (2016). Entrepreneurial orientation and business performance of handicraft industry: A study of Nepalese handicraft enterprises. *International Journal of Small Business and Entrepreneurship Research*, 4(2), 48–63.
- Hammarberg, K., Kirkman, M., & de Lacey, S. (2016). Qualitative research methods: When to use them and how to judge them. *Human Reproduction*, 31(3), 498–501.

- Hayashi, P., Abib, G., & Hoppen, N. (2019). Validity in qualitative research: A processual approach. *The Qualitative Report*, 24(1), 98–112.
- Höglund, L., & Mårtensson, M. (2019). Entrepreneurship as a strategic management tool or renewal: The case of the Swedish public employment service. *Administrative Sciences*, 9(76), 1–16.
- Hove, P., & Tarisai, C. (2013). Internal factors affecting the successful growth and survival of small and micro agri-business firms in Alice communal area. *Journal of Economics*, 4(1), 57–67.
- Iguna, K., & Sazita, V. N. (2018). The value of the SME sector to economic growth in Namibia: A cross sectional analysis on contributions, challenges and prospects. *International Journal of Recent Engineering Research and Development*, 3(8), 23–36.
- Kambwale, J. N., Chisoro, C. C., & Karodia, A. M. (2015). Investigation into the causes of small and medium enterprise failures in Windhoek, Namibia. *Arabian Journal of Business and Management Review (OMAN Chapter)*, 7(4), 80–109.
- Khalidi, K. (2017). Quantitative, qualitative or mixed research: Which research paradigm to use? *Journal of Educational and Social Research*, 7(2), 15–24.
- Kiyabo, K., & Isaga, N. (2020). Entrepreneurial orientation, competitive advantage, and SMEs' performance: Application of firm growth and personal wealth measures. *Journal of Innovation and Entrepreneurship*, 9(12), 1–15.
- Mahmudova, L., & Kovács, J. K. (2018). Defining the performance of small and medium enterprises. *Network Intelligence Studies*, 6(12), 111–120.
- Mboti, T. (2018). Driving Namibia's industrialisation agenda: Enhancing investment to propel growth at home. *Invest Namibia Journal*, 1(4), 1–59.
- Mukata, C. M., & Swanepoel, E. (2015). Business problems encountered when developing an own business in a financially constrained environment: The north-eastern regions of Namibia. *Southern African Business Review*, 19(2), 74–98.
- Mukata, C. M., & Swanepoel, E. (2017). Development support for small and medium

- enterprises in the financially constrained north-eastern regions of Namibia. *Southern African Business Review*, 21(1), 198–221.
- NSA. (2015). Namibia census of agriculture 2013/2014: Commercial, leasehold and resettlement farms. Namibia Statistics Agency, Windhoek, Namibia.
- Pinkovetskaia, I. S., Nikitina, I. N., & Gromova, T. V. (2018). The role of small and medium entrepreneurship in the economy of Russia. *Montenegrin Journal of Economics, Economic Laboratory for Transition Research*, 14(3), 177–188.
- Rahi, S. (2017). Research design and methods: A systematic research paradigm, sampling issues and instruments development. *International Journal of Economic Management Science*, 6(2), 1–5.
- Ramlee, S., & Berma, B. (2013). Financing gap in Malaysian small-medium enterprises: A supply-side perspective. *South African Journal of Economics and Management Sciences*, 16(5), 115–126.
- Sarwoko, E., & Frisdiantara, C. (2016). Growth determinants of small medium enterprises (SMEs). *Universal Journal of Management*, 4(1), 36–41.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). London: Pearson Education Limited.
- Sithole, L., Sithole, M. J., & Chirimuta, C. (2018). Marketing challenges experienced by small-to-medium enterprises over formal clothing industries in Harare, Zimbabwe. *Cogent Social Sciences*, 4(1), 1–13.
- Snelson, C. L. (2016). Qualitative and mixed methods social media research. *International Journal of Qualitative Methods*, 15(1), 1–15.
- Ssozi, J., Asongu, S., & Amavilah, V. H. (2019). The effectiveness of development aid for agriculture in Sub-Saharan Africa. *Journal of Economic Studies*, 46(2), 284–305.
- Suárez-Ortega, S. M., García-Cabrera, A. M., & Knight, G. A. (2016). Knowledge acquisition for SMEs first entering developing economies: Evidence from Senegal. *European Journal of Management and Business Economics*, 25(1), 22–35.

- Suriyankietkaew, S., & Avery, G. (2016). Sustainable leadership practices driving financial performance: Empirical evidence from Thai SMEs. *Sustainability*, 8(4), 1–14.
- Taneja, S., Pryor, M. G., & Hayek, M (2016). Leaping innovation barriers to small business longevity, *Journal of Business Strategy*, 37, 44–51.
- Tahir, H.M., Razak, N.A. & Rentah, F. (2018). The contributions of small and medium enterprises (SME's) on Malaysian economic growth: A sectoral analysis. In: Lokman, A., Yamanaka, T., Lévy, P., Chen, K., & Koyama, S. (eds.), Proceedings of the 7th International Conference on Kansei Engineering and Emotion Research 2018. KEER 2018. *Advances in Intelligent Systems and Computing*, 739. Springer, Singapore. https://doi.org/10.1007/978-981-10-8612-0_73
- Tonis, B. R. (2015). SMEs role in achieving sustainable development, *Journal of Economic Development, Environment, and People*, Alliance of Central-Eastern European Universities, 4(1), 41–50.
- Weiss, J. (2017). Trust as a key for strategic management. The relevance of council administration relations for NPM-related reforms in German local governments. *Public Management Review*, 19(10), 1399–1414.

APPENDIX A: INTERVIEW SCHEDULE



Research title

Factors influencing performance of Agricultural Small and Medium Enterprises in Khomas region, Namibia

Section 1: Research overview

The purpose of this study is to investigate the factors that influence the performance of agricultural small and medium enterprises operating within the Khomas region. The small and medium enterprises, particularly those in the agricultural sector contribute significantly to food production and employment creation. The performance of the agricultural small and medium businesses in the sector is therefore important to the Namibian economy. There is therefore need for supporting the recognition of the value that small and medium enterprises play in the development of an economy and broadening the discussion of the issues that influence the performance of agricultural small and medium enterprises. Hence, the current study is an attempt to investigate the factors that influence the performance of agricultural small and medium enterprises in Windhoek, Namibia.

This interview schedule serves as the instrument for gathering data on the factors that influence the performance of agricultural small and medium enterprises that operate in the Khomas region and your experience and knowledge of the business operations of small and medium businesses conducting agricultural activities is important in informing the conclusions of the study. The study is of academic nature and conducted in confidentiality and anonymity, meaning your identity remains a secret and the information you provided remain confidential. The questions relating to your personal information serves to confirm that you have the required knowledge and experience with the small and medium enterprises in the agricultural sector and operating within the Khomas region of Namibia. Take note that you are also participating without any undue influence and can chose to withdraw your participation at any time during the interview. In order to confirm that you have voluntarily agreed to participate in this study, kindly sign the

consent form that I provided you. We will now proceed to the first set of questions relating to your personal information to confirm your knowledge and experience with the agricultural small and medium enterprises operating within the Khomas Region.

Section 2: Demographic information

1. Confirm the gender group that you represent
2. Describe the activities of the organisation that you represent
3. What is your position in the organisation?

Section 3: Interview questions

Question one

Discuss the challenges that your organisation face as a small and medium enterprise operating in the agriculture sector.

Question two

How could the challenges your organisation face be addressed?

Question three

Explain how the challenges faced by the organisation affect its performance.

Question four

Explain how your organisation has performed since its inception.

Question five

How do agricultural small and medium enterprises contribute to Namibia?

Question six

What need to be done to improve the performance of small and medium enterprises in the Khomas region?

Thank you for your participation

APPENDIX B: CONSENT FORM



The purpose of this study is to investigate the factors that influence the performance of agricultural small and medium enterprises operating within the Khomas region. The small and medium enterprises, particularly those in the agricultural sector contribute significantly to food production and employment creation. The performance of the agricultural small and medium businesses in the sector is therefore important to the Namibian economy. There is therefore need for supporting the recognition of the value that small and medium enterprises play in the development of an economy and broadening the discussion of the issues that influence the performance of agricultural small and medium enterprises. Hence, the current study is an attempt to investigate the factors that influence the performance of agricultural small and medium enterprises in Windhoek, Namibia.

Please take note that this research has been approved by the Commerce Faculty Ethics in Research Committee.

Your participation in this research is voluntary. You can choose to withdraw from the research at any time.

The interview will take approximately 45 minutes to complete

You will not be requested to supply any identifiable information, ensuring anonymity of your responses.

Due to the nature of the study you will need to provide the researchers with some form of identifiable information however, all responses will be confidential and used for the purposes of this research only.

Should you have any questions regarding the research please feel free to contact the researcher (+264814090002).

Please sign this letter to confirm your consent to participate in this study

Participant's signature..... Date: