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**CRITICAL SUCCESS FACTORS INFLUENCING PERFORMANCE
OF SMALL FIRMS IN LESOTHO**

BY
JULIET NKEOMA ONUBI

ID NO: 1817527

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SUPERVISOR: PROFESSOR OLUMIDE JAIYEoba

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Statement of Originality

I, the undersigned joyfully confirm that this research work was performed by me while a student at Botho University in partial fulfillment of my Masters in Business Administration (MBA) Degree. I hereby assert that the ideas of other authors have been acknowledged using the Harvard referencing style.

SIGNATURE-----
(MRS. JULIET N. ONUBI)

DATE: 02 FEBRUARY 2020

Dedication

My work is dedicated primarily to my family who sacrificed a lot with me while working on this study and also to my bosom friends and colleagues who motivated and supported me throughout my Master's Degree programme.

Acknowledgements

May I employ this medium to thank my supervisor Prof. Olumide Jaiyeoba for the direction and guidance he accorded me throughout this academic journey. I always received prompt and constructive review feedback and that made it easier for me to perfect the work on this dissertation. I revere his patience and tolerance and inspiration in urging me on to the successful completion of my work.

I hereby acknowledge business owners that willingly took part in my study and represented my sample population; they gave their precious time to answer my questions. Their involvement has resulted in this commendable work.

I sincerely thank the Department of Trade and Industry, Lesotho for the permission and assistance to conduct the study in Lesotho.

I am very grateful to my immediate family – my husband, Mr. Simon Onubi, and children, Messrs. Emmanuel and Francis Onubi, who stood by me during the day and at night throughout my studies, especially when I disturbed with the lights on before the crack of dawn, or when I needed financial assistance at the period when I became broke.

May the Good Lord bless my parents for their efforts at making me what I am today as a result of their unwavering love for education. They gave all they had and I am sure my late father will be proud of me today, even in his grave. Kudos to my siblings for being a pillar of support always and taking care of our parents at those critical moments when I was not available at home.

Last but not least, I sincerely appreciate my other relatives and good friends who stood by me even when I became less sociable due to time constraints and commitments towards my academic programme.

Abstract

This study investigated critical factors influencing the performance of small businesses in Lesotho. A sample of owners/managers of small firms completed the questionnaires which helped to arrive at a successful outcome. A review of literature and inquisitiveness was the basis for the conception and foundation of the research study. The researcher gave a background information of small firms business in Lesotho and went further to discuss some theories which helped to get a better understanding of small firms' business success, personal characteristics necessary for owners/managers to succeed in business, management functions, reasons for business failures and potential resolution strategies. Quantitative research method was employed observing all ethical issues to ensure participants were not exposed to harm or danger. The analysis of data collected through a questionnaire containing 70 questions was done. The questionnaire had three sections (A, B, C): general information, factors influencing business success and participants' likelihood/satisfaction with their businesses. A total of one hundred (100) owners/managers of businesses in Lesotho completed the questionnaires. The findings revealed that the features evaluated by the study were truly significant and the analysis pointed to the most critical factors and features to consider by small scale business operators in Lesotho. The study was concluded with a piece on intervention strategies to boost small firms' business growth in Lesotho and possible areas of further research which could add more magnificence to small firms' business operations in Lesotho.

Abbreviations and Acronyms

MSMEs	Ministry of Micro, Small & Medium Enterprises
SADC	Southern African Development Community
SMEs	Small and Medium Enterprises
MTICM	Ministry of Trade, Industry, Cooperatives and Marketing
LEAP	Lesotho Enterprise Assistance Program
CEO	Chief Executive Officer
FNB	First National Bank
MSEs	Micro and Small Enterprises

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Definition of Terms

Business success:	A profitable firm that survives over five years.
Critical success factors:	Fundamental elements which are crucial to ensure that business survives and thrives.
Growth:	Increasing commercial gains as evidenced in increased turnover, profits or assets.
Motivation:	The factor that stimulates desire in the person to continue doing something.
Owner Manager:	The sole proprietor who employs staff and manages his business alone.
Performance:	Achieving commercial gain and any other goals intended.

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CHAPTER 1. INTRODUCTION AND BACKGROUND

1. 1 Introduction

Previous studies indicate that Micro, Small and Medium Enterprises play vast roles in the economic and social development of a country and without them, the country's economy may struggle. (Isaga, N., Masurel, E., & Van Montfort, K. 2015; Jitmaneeroy, 2016; Valaei, N., Rezaei, S., & Ismail, W.K.W. 2017). Countless researchers have also noted that small firms play crucial roles in creating employment and reducing poverty in developed and developing economies alike (Asah, Fatoki & Rungani, 2015; Yazdanfar & Ohman, 2015; Gherhes, Williams, Vorley & Vasconcelos, 2016; Padachi & Bhiwajee, 2016; Valaei, Rezaei & Ismail, 2017).

In Lesotho, while certain firms are recording enviable successes others are not doing so well (Lesotho Review, 2008). More often than not, lack of access to finance and infrastructure results in business failure (Shirokova, G., Vega, G., & Sokolova, L. (2013), but a more detailed review of some of the small firms that collapsed in Lesotho revealed that the folding up was not primarily a result of lack of infrastructure and finance (worldbank.org). Consequently, this calls for the need to research into further reasons why small businesses in Lesotho do not last despite having access to infrastructure and finance. In Lesotho, small firms business are categorised as Micro, Small and Medium based on staff statistics. A micro enterprise comprise fewer than three staff, small enterprise has about three to nine staff members, while medium enterprises are those that employ between ten and forty-nine people (MTICM White Paper, 2002).

Frazer, Weaven & Grace (2012) opines that accessibility of finance does not necessarily assure business survival. Other factors that may result in small business collapse (MSMEs) include, inadequate marketing knowledge and skills, inaccessibility of infrastructure, dearth of information, lack of access to land, , adverse government regulations and guidelines, etc. (Lampadarios, 2016; Ates et al., 2013; Baporikar, Nambira & Gomxos, 2016). Previous literature studies focussed on investigating the reasons why small companies do not flourish or why they endure sluggish growth. Through literature review and interviews in this study, the researcher tries to identify and investigate the factors which may be critical to swaying the performance of small firms in Lesotho.

Interestingly, studies over the years have revealed the factors that can avert small firms' failures (Lampadarios, 2016; Collett et al., 2014), but no accord has so far been reached about those that could fuel their continual success (Laitinen, 2011; Liou & Smith, 2006). Due to the seeming academic void, this study was conceived and conducted to fill the gap by exploring the critical success factors that influence performance of small firms using Lesotho as a case study. The idea is to provide a deeper empirical understanding and support previous research efforts on this subject in the Mountain Kingdom.

1.2 Background of small business firms in Lesotho

Lesotho is a country in the SADC region and like other countries in the region, the business environment is monopolised by small and micro enterprises. As noted in the Lesotho Review (2008), the country's business space is constituted by at least 85% small and micro firms. Consequently, the market for goods and services is very lean. Licensed service providers are few in Lesotho. Due to their capacity, these small business firms employ only few of the traditional business services such as finance and accounting. The main constraints to business development and growth stem from this fact (Lesotho Review, 2008).

According to the 2008 Lesotho review, there are around 100,000 SMES in Lesotho denoting that the country is dominated by low levels of private sector investments and activities. Regrettably, these small and micro businesses faced copious challenges that truncate their growth and wellbeing. As affirmed by the Ministry of Trade, Industry, Cooperatives and Marketing (MTICM) White Paper on the development and promotion of small business, drafted in 2002 and adopted by Cabinet, these small business outfits are riddled with challenges like, high cost of doing business, access to finance is limited, skills shortages, difficult regulatory compliance, and insufficient integration of indigenous businesses in supply chains.

Small companies in Lesotho face a myriad of challenges (Lesotho Review, 2008; MTICM White Paper, 2002). Small and micro businesses in Lesotho are enduring inhibited growth and quite a number have collapsed (Lesotho Review, 2008). The Ministry of Trade and Industry Cooperative and Marketing (MTICM 2008) in Lesotho categorizes businesses as micro, small or medium based on their staff population. Micro enterprises are companies with fewer than three staff members. Small enterprises have four to nine personnel while medium enterprises employ ten to forty-nine staff members. Accessibility of credit has always been a primary difficulty for business operatives in Lesotho. The country launched Vision 2020 in 2003, with a primary aim being to lift small companies in the country by providing supportive

conditions to enable small firms operate and have adequate access to credit and a decent loan regime. It was planned to also create reasonable repayment mechanisms to help advance small firms. This dream is far from being realized in 2020 as much has not been achieved in that regard. Considering this situation, factors that could enable small firms to flourish in Lesotho needs to be carefully identified and remedial efforts made. The Lesotho Enterprise Assistance Program (LEAP) grant scheme which has supported over 118 Basotho-owned medium, small and micro enterprises is intended to reinforce firms' business capabilities in order to increase productivity, efficiency, and access to new accounts and/or markets (www.africa-ontherise.com).

1.3 Research problem

In recent times, more attention have been given in business research studies to the survival of small firms' businesses. Quite a number of success factors have been enumerated in literature but notwithstanding this, small firms' failure rates continue to soar. In Lesotho, the researcher perceived that a significant number of small enterprises do not survive beyond the first five years of incorporation. These business failures rendered many owners perpetually indebted to banks and other loan schemes and they defend cases in court as a result of inability to settle their accounts leading to loss of properties. Notwithstanding evidence in literature that most small companies fail as a result of insufficient resources and limited market presence, (Bengtsson & Johansson, 2014) these may not be the entire reasons why a number of small business firms in Lesotho collapse few years after their incorporation hence the need to investigate a wide-range of factors influencing small firms' development in Lesotho.

Planning is necessary in order to implement winning strategies that enable business success. In the absence of this, huge operating risks are most likely (Blackburn et al, 2013; Lampardarios, 2016). When small businesses suffer overwhelming business risks and fail, their role in impacting societies' development and growth such as in the creation of jobs are affected. A considerable number of small firm operators hardly appreciate the fact that they have significant roles in growing their businesses. Many of the critical elements to success largely depends on how they are perceived and managed by the business owners. The certainty that small business concerns are capable of developing and flourishing interested the researcher and that remained the motivation for her to focus on this study in order to establish the critical elements that propel the performance of small firms especially in Lesotho.

1.4 Research questions

The specific research questions formed in an attempt to achieve the aims/objectives of this study are:

1. What are the success factors influencing small firm's growth in the perception of owners/managers in Lesotho?
2. What are the success factors in the perception of successful owners/managers of small firms' business in Lesotho?
3. How do the successful owners/managers of small firms in Lesotho organise their business in the areas of production, marketing, human resource and finance?

Specifically concentrating on these questions, data was collected during the field work to obtain a greater understanding and appropriate information that assisted in providing answers to the research aim/objective of this study.

1.5 Research aim

This quantitative study aimed at discussing the critical success factors impelling performance of small enterprises in Lesotho. It sought precisely to ascertain the salient factors that are capable of making small business concerns to continue in operation while recording business success.

1.6 Research objectives

The objective of this research study is to identify those elements critical to the success of small enterprises in Lesotho and these centre on:

- i. To understand what roles business owners/managers can play to achieve business growth in Lesotho.
- ii. To identify those success factors owners/managers of small firms perceive could lead to the growth of small firms business in Lesotho.
- iii. To identify how the management of the pool of resources (human resource, finance, marketing, etc.) by successful owners/managers preclude small firms' business from failing.

1.7 Rational for the study/justification of the study

Small scale enterprises may be deficient of important factors which are critical for their survival (Lesotho Review, 2008). Previous studies show that business failures have sent many firm owners out of business completely (Kaplan, 2003; Bengtsson & Johansson, 2014). Failures could be attributed to a number of factors like limited equipment and capital, limited access to information, limited markets, inexperienced management, inadequate financial assets, deficient education and absence of government support (Kaplan, 2003; Kumar, 2015; Aggarwal et al., 2015). Fear of business failure discourages many of those who would have opted for entrepreneurship to make a living. Many Basotho who were rather employed in the mines in South Africa have lost their jobs. Unemployment in Lesotho has increased as a result.

The prevailing rate of unemployment calls for a need to ascertain those critical factors necessary for small scale businesses to flourish in Lesotho. Scholars opine that individuals chose to start their own small enterprises mainly to counter the growing size and nature of unemployment (Nwagi et al. 2014). Lesotho is not an exception as many Basotho long to engage in their own small scale businesses.

It is disconcerting the manner in which small firms' businesses are folding up in Lesotho (lestimes.com). No week passes without noticing some shops have been vacated in town and this worries concerned authorities. It therefore becomes imperative that a study is conducted to define those factors that significantly affects small firms' growth and ways of strengthening them with a view to promoting entrepreneurship in the Mountain Kingdom. Owing to the foregoing information and coupled with my personal interest in this topic, my desire was evoked to contribute to finding ways local firms can thrive in the country. Hopefully, this will benefit unemployment reduction and thereby contribute to the economy of Lesotho.

1.8 Theoretical frame work

In an attempt to elucidate the critical factors inducing performance of small firms in Lesotho (activities of the owner/manager, information management, pool of resources, employee commitment, business planning, innovation, cost of management, handling of customers, management of suppliers, management of competitors, management of sources of funding), insights from social entrepreneurship theory and poverty alleviation theory were employed. Numerous theories bordering on the advancement of firms have been espoused in the literature (Coad, 2007; Sutton, 1997).

1.8.1 Social Entrepreneurship Theory

This theory is of the view that individuals find ways of impacting the society as they become agents of change depending on their dealings with the society (Kuratko, 2016). Their accomplishments make them to be regarded as visionaries and pioneers of change in that they aim at finding solutions to others' difficulties by making them economically independent. (El Ebrashi, 2013). The social entrepreneurship theory hold that social entrepreneurs desire to build a more egalitarian society where citizens will be freed from the shackles of poverty. Social entrepreneurs engage in such liberating activities as the formation of microfinance outfits to resolve the financial needs of business operators, and other projects that can create employment prospects for those who are available for work.

Insufficient education has been identified as one of the prime causes of poverty (World Bank Report, 2014). Only when a community is vast with knowledge and skills, and apply them correctly, can such community successfully overcome poverty. The report was of the view that poverty is most striking among people with little knowledge and financial education. This is where microfinance play a vital role since it empowers the people to access the essential education. This theory is relevant to the study and could be applied to enhance entrepreneurship in Lesotho as many who establish small scale businesses lack basic and financial education necessary for small firms to survive. Prospective entrepreneurs, especially youth, who desire to make great positive impact on society lack the necessary resources so to do (Grimes et al., 2013).

It is noteworthy that microfinance outfits are few in Lesotho and rules and conditions set by the banks make the process to secure loans tough for small business owners. There is little doubt that the practice of the package prescribed by the social entrepreneurship theory will turn around small firms' operations in Lesotho.

1.8.2 Poverty Alleviation Theory

The poverty alleviation theory has been used to explicate why societies continue to be poor. It is of the view that there is a high propensity for those who do not have adequate savings and investments to commence their own businesses to culminate in poverty. Babajide (2012), was of the view that if potential entrepreneurs are able to secure microloans, they will be better equipped to empower themselves. Entrepreneurship is trending the world over since people increasingly desire to establish their own firms and earn financial freedom.

Apparently, rural communities in Lesotho are lowly and lack basic education. Easier accessibility to loans is capable of motivating them to initiate and nurture their own businesses thereby improving the general condition of living in the country. This theory is particularly related to the subject because it deals with those who due to poverty are unable to cultivate small scale businesses due to their inability to secure loans from the retail banks. Instituting microloan facilities will enable their businesses to grow and benefit the people financial freedom.

1.9 Summary

In this chapter, introduction, background of small firms business in Lesotho, research problems, research questions, aim and objectives of the study were discussed. It further discussed the rational and theoretical frame work for the study. The subsequent chapter will delve into the review of literature bordering on the critical success factors of small firms business in Lesotho.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

Review of literature review on the subject matter took account of authors on entrepreneurship, small firms business, customer loyalty, and performance management in small firms business both in and outside of Lesotho and other studies that are linked to the matter. This will help to understand the approaches that could help small firms business to grow through problem identification and solving interventions (Feindt, S., Jeffxoate, J., & Chappell, C. 2002).

2.2 Definition of critical success factors

The topic on critical factors in relation to growth and development of small firms have been supported in literature. The concept was pioneered in 1961 by Daniel but popularised by Rockart in 1979 (Quesada & Gazo, 2007). Insofar as business is concerned, the meaning of success is not simple and straightforward (Wach, Stephen & Gorgievski, 2016; Gerba & Viswanadham, 2016). Certain business operators define success in relation to their initial aim/objective of starting the business. Success to some is defined based on the level of attainment, control and flexibility, recognition, job satisfaction, etc. (Wach, et al., 2016). Similarly, a business is considered successful if it develops continually and unsuccessful if it flops (Watson et al., 1998). Based on previous studies, different persons who form small business outfits have distinct objectives which may include, public recognition (Wach, et al., 2016), to place the family, and employment creation for family members (Papadaki & Chami, 2002). Based on these divergent opinions, it connotes that the business owner defines success from the standpoint of the foremost motivation for founding the business (Gerba & Viswannadham, 2016; Wach et al, 2016).

Attempts have been made by several authors to define critical success factors in small firm business. According to Oakland (2003), critical success factors are those elements that should be prioritised to ensure that business is efficiently managed for a desired positive outcome. Masocha & Charamba (2014), viewed a critical factor as anything that secures clients and market for an enterprise. Every industry has its unique goal and consequently has its own critical factors for success.

The views of various scholars in and outside Lesotho imply that critical success factors for small firms business is centred on roles of the owner/manager, pool of assets and other resources, business strategic planning, information availability and management, loyalty and

commitment of employees, innovation, management of costs, treatment of customers, management of competitors, suppliers, and management of sources of finance, etc.

2.3 Roles of the owner/manager

Studies have revealed that small firm businesses are more successful when a family member is in charge as the Chief Executive Officer (CEO) than when the CEO is an outsider (Hansson, et al, 2011). This contention is espoused because a family member as CEO applies all the organizational skills at his/her disposal to ensure the business prospers especially when the primary intention is to generate wealth. This drive to make money, business running skills, and treatment of customers prove to be crucial for the future survival of the enterprise (Asah et al, 2015; Isaga et al, 2015; Gherhes et al, 2016). More often than not, the role of the owner dictates the health of the enterprise because he has the power to make positive decisions and motivate other personnel. Employees' attitude can be influenced through training, various incentives, effective and efficient communication, proper delegation of tasks to identified skills, etc. (Watts & McNair – Connolly, 2012).

2.4 Business planning

Business planning is vital to entrepreneurial success (Blackburn, et al, 2013). Business planning benefits to the survival and growth of a firm (Lampardarios, 2016; Mazzarol, et al, 2009). Appropriate planning should take into account the needs of customers, suppliers, employees, owners and regulatory bodies (Talib et al, 2014). Research has also proven that there is a direct correlation between an absence of planning by firms and business collapse (Jayawarna, Macpherson & Wilson, 2007).

For Bekker and Staude (1996), small enterprise owners or managers fail to plan because they are ignorant and largely visionless. They hardly appreciate what to plan for or against and believe that careful thought about the future of the business will reveal new causes for concern which they presently prefer to ignore. Bekker and Staude (1996) supposes that there are no specific ideals and objectives, deficient information to allow realistic assumptions about the future as well as inadequate willpower and failure to monitor set goals. Burns and Dewhurst (1996) holds that most small firms collapse because their plans are not goal (sales) oriented.

2.5 Employee commitment

Employee commitment is vital to the survival of small business enterprises (Kruger & Rootman, 2010; Valaei & Rezaei, 2016). Studies reveal that giving motivational packages to employees remarkably encourage them to work hard and smart for the progress of the business (Kruger & Rootman, 2010; Berko, et al, 2016). Progressively insufficient motivation over time results in employees' dwindling enthusiasm to perform right for the benefit of the company. (Hutchinson et al, 2015).

2.6 Innovation

Innovation and creativity is paramount. Business growth and survival to a large extent depends on its innovation strategies (Saunila, 2016; Bulak et al, 2016). Innovation has a direct positive correlation with small firm survival and development (Kotey, 2014). Innovation enables small firm operators to acquire improved ideas about goods and services they deal on. This era of technological advancement requires small firm owners to remain innovative in order to thrive in business (Masocha & Charamba, 2014).

2.7 Management of information and record keeping

Information management is very fundamental to business growth. The capacity of a business owner to manage information determines the attainments his business will reach (Zerfass & Winkler, 2016). Small firm operators need to keep learning to manage business information about new innovations, competitors, suppliers and customers (Ndubisi & Iftikhar, 2012; Zerfass & Winkler, 2016). In Lesotho, most small and micro-enterprises fail because they are not well equipped with adequate training in record-keeping. Companies' record grander successes and their business growth endures if they are able to share information with their manufacturers regarding changes in demand and the preferences of their clients (Bayraktar, 2015). As van Aardt et al. pointed out (2002), poor record-keeping is very apparent in small firms.

2.8 Management of customers

Clientele management is paramount to success of a business (Lampadarios, 2016). Through proper customer management trust and loyalty are built and this enables business owners to retain old accounts for extensive periods. (Hutchinson, et al, 2015). It goes without saying how efficient having close connection and interaction with clients are in the progress of a company

(Bulak et al, 2016; Shi & Yu, 2013). With competition on the rise in the marketplace, it is utmost for firm owners to be customer-centric and implement value strategies that satisfy and stimulate their customers in order to retain them while working to benefit more market share (Hutchinson, et al, 2015).

2.9 Pool of resources

Principal as it is, the firm's pool of resources to a large extent determines whether or not the business will grow (Tan, Smyrniotis & Xiong, 2014). Pool of resources in small businesses encompasses, organisational, financial, human and technological resources (Shirokova, et al, 2013). Countless organizations have gone into extermination as a result of deficiency of resources (Shirokova, et al, 2013). Shirokova, et al, (2013), also opined that the manner in which firms resources are utilised is a significant contributor to business collapse. This inadvertently shows why people in the same business, having same business goal and operating in the same business environment perform with different levels of success.

Literature supports the fact that purchasing stock that are not in demand by customers, upsets inventory control in small businesses. Pickle and Abrahamson (1990) maintain that a business significantly increases its costs if it fails to implement proper inventory control.

As stated by Longenecker et al. (2003), inventory carrying costs include funds tied up in stock, storage overheads, insurance premiums, and impairment due to spoilage or obsolescence. Carrying inventory at an optimal level that minimizes stock-outs and excludes excess inventory saves money and improves operating profits.

It is pertinent to note that firms that pay greater attention to intangible resources grow and succeed better than firms that don't. Intangible resources include, a strong business base, employees, knowledge and skills, business relationships (Kotey, 2014). Furthermore, Kotey (2014) and Shirokova, et al (2013), acknowledged how knowledge-based intangible resources such as expert personnel, technologies, proficient managers and know-how contribute to long term survival and advancement of business enterprises.

2.10 Summary

Review of literature on critical success factors for growth and prosperity of small firms not only afford more awareness on the factors that are likely crucial for small firms success but

helps to discern if all these strategies fit into the Lesotho system and really support small firms to grow. The succeeding chapter deals with the methodological basis for the study.

CHAPTER 3. METHODOLOGY

3.1 Introduction

The research method adopted in this study is quantitative in nature (Creswell, 2013). Using this approach the researcher obtained an in-depth view of the critical success factors that could enable small firm businesses in Lesotho to grow. As noted by Creswell (2013), surveys in research facilitates the collection of applicable information from the sample of a large population through questionnaires or interviews. The aspects of the methodology that supported the researcher to accomplish the aim and objectives of this study includes; research design, delimitation of the study, study population, sampling method, data presentation and ethical considerations.

3.2 Research design

In an attempt to comprehend any of the phenomena, researchers could adopt various methods. In scientific studies, a well-planned procedure logically designed is followed (Leedy, 1989:6). The researcher follows a specific scientific approach and focuses on a definite unit of analysis, techniques and procedures to complete the investigation.

3.3 The chosen scientific approach

In conducting this research study, a quantitative framework (quantitative data using surveys and statistics) mostly used in the natural and social sciences was employed. Data was collected and analysed as planned.

In business, the research technique traditionally used is a survey and through this, information about individual's opinions, beliefs, attitude, remote actions, etc. can be gathered (Block & Block 1995). In using the quantitative research approach, 100 business owners/managers completed the questionnaires that were adopted for the study.

3.4 Delimitation of the study

The research was done in Lesotho. Lesotho has an estimated population of 1.8 million people and is made up of 10 districts (Bureau of Statistics, Lesotho, 2013).

3.5 Unit of analysis

In social science research, the unit of analysis are individuals, groups and organisations. The classic object of research in the social sciences are individuals. For this study, a number of

individual owners/managers of small business firms remained the focus of the research. To accomplish the goal of the study, the researcher randomly selected owners/managers of small firms from the districts earmarked for the study. A total of 100 business owners/managers were selected from the chosen districts.

3.6 Participants and sampling method

For the goals of this study to be realised, a haphazard sampling method was used to select small business firms interrogated in the study. Participants in the sample were business owners/managers in Lesotho. The researcher got the names of registered small business firms in the 5 districts that were used for the study. The names of the firms in each of the selected districts were put in a box and 20 firms were selected in each district making a total of 100 firms (20 firms from each of the 5 districts). Owners/managers of these 100 firms that were selected completed the questionnaire.

3.7 Instrument design for data collection

The questionnaire was the tool for data collection. The researcher developed the questionnaire with properly ordered questions which helped to obtain information as regards to the success factors influencing small firms' growth in Lesotho. The questionnaire was in English language and made up of three sections (A, B, C) and contained a total of 70 questions which helped to provide answers to the research questions

Section A, of the questionnaire dealt with business owners/manager's profile and included items such as gender, age group, level of education, position in the firm, length of work experience and years the business has been in existence.

Section B, contained items on factors influencing business success. The Likert scale was used to rate the opinion of the respondents from strongly agree to strongly disagree. The Likert scale contained 5 opinions namely, '5' Strongly agree, '4' Agree, '3' Neutral, '2' Disagree, '1' Strongly disagree. This section contained 66 close-ended questions the respondents responded to.

Section C of the questionnaire investigated participants' likelihood/satisfaction with their business performance. The Likert scale was also used to understand their likelihood and satisfaction. Opinions in the Scale for Likelihood level ranged from "High likelihood – High

unlikelihood” while scale to measure satisfaction level ranged from “High satisfaction - High dissatisfaction”.

3.8 Pilot study

The researcher should have a background knowledge of the problem for her to embark on a successful research mission to investigate it. The researcher can achieve this through pilot study (Mouton (2001). As noted by Bless & Higson-Smith (2000:155), a pilot study is defined as “A small study conducted prior to a larger piece of research to determine whether the methodology, sampling, instruments, and analysis are adequate and appropriate”. The researcher saw pilot study as indispensable for this study hence she conducted pilot study before the main study. The researcher used 25 owners/managers for the pilot study (5 owners/managers from each district). After the pilot study was conducted, 100 owners/managers were used for the main study. The participants in the pilot study were asked to complete the questionnaire in order to assess whether the research design and methodology were effective in the execution of the research.

3.9 The main study

The researcher conducted the main study after concluding the pilot study. Necessary changes were made on the questionnaire based on experience from the pilot study. It was after making the needed amendments that the researcher commenced the main study.

3.10 Distribution of the questionnaire

Considering how profit making is important to owners/managers of small firms, the researcher decided not to burden them unnecessarily by making them leave their business premises for this purpose. The researcher made prior arrangements with the participants to know the period of the day that was convenient for them to complete the questionnaire at their business premises. The questionnaire took about 12-20 minutes to complete.

3.11 Coding and data capturing

Before analysing the data, the researcher took the following steps to prepare the data,

1. Arranging and coding of data on the questionnaire
2. Capturing the data on computer
3. Cleaning of data (errors in the coding and capturing of the data)

3.12 Validity and reliability

In conducting this research, validity and reliability were given attention. The researcher ensured that the instrument for data collection (questionnaire) quantified what it was expected to measure in order to produce the correct outcome (reliability). According to Sekaran (2000, p.204) and Leedy (1989:26-28), validity tests the efficacy of the measuring instrument and seeks to establish whether the researcher is measuring the concept planned to measure.

To ensure validity and reliability, there was appropriate literature review on critical success factors for small firms' growth and the questionnaire dealt thoroughly on the issue studied. Also, to assure herself of the accuracy of the content of the questionnaire, the researcher conducted a pilot study to test the capability of the questionnaire to generate appropriate results and to make sure the questions did not mislead participants.

3.13 Data presentation and analysis.

On completion of the questionnaires, data was captured and analysed. To achieve this, descriptive and exploratory factor analysis techniques were used to analyse the data. The researcher presented the data of this study in accordance with the guidelines for Masters Degree students of Botho University. Anonymity and confidentiality was conserved during the process.

3.14 Ethical considerations

In conducting this research, the researcher acted within the laws of the Kingdom of Lesotho. The rights of people especially the participants were appreciated. Participants suffered no harm and everyone was treated with respect.

When conducting research of this nature, research ethics is very important. Over the years, research ethics has been a serious issue in both scientific and social science research and this is because human beings are involved. As recommended in literature studies, rights-based approaches should involve protection from harm, respect for research participants, and keeping the researcher from lawsuits.

To ensure that ethical considerations were met, the researcher sought approval from Lesotho Ministry of Trade and permission was also requested from the department of Business Studies Ethics Committee of Botho University to carry out the study.

- **Informed consent**

Participants were well informed as to the objective of the study, the procedure and intents of the research were explicated to participants. This enabled the respondents to make an informed decision of whether to partake or not. This was confirmed by completing the consent form.

- **Voluntary action**

The researcher explained that participation is voluntary and participants may choose not to partake or withdraw at any stage without any consequence. This explanation was expedient in that it convinced the researcher that those who elected to participate will be sincere in the information they provide.

- **Protection of participants from harm, victimization or prejudice**

The researcher made effort to reassure respondents that their responses are confidential and all information provided will not be used outside the purpose of the study. Knowing this, the participants were assured that they will be secured from harm, victimization or prejudice.

- **Confidentiality and anonymity of data from participants**

The researcher assured participants that the data provided remains confidential and their responses will not be linked to their identities. The respondents were clarified that their participation in the research study will add to the body knowledge in this area.

- **Consent form**

Subsequently, participants were allowed to ask questions on areas of concern about the research. Relevant answers were given to their questions after which the participants were given the consent form individually to sign. This was followed by the questionnaire.

After exhausting this procedure, the researcher was convinced that ethical concerns have been properly addressed for this study.

3.15 Concluding remarks

The foregoing chapter dealt with the research methodology. The research method adopted in this study was thoroughly discussed followed by the sampling method and processes involved in data collection. Ethical considerations were also discussed therein.

CHAPTER 4. ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

Table 1. Characteristics of the research group

Variable	Characteristic	N=100
Gender	Male	53
	Female	47
District in Lesotho	Maseru	20
	Leribe	20
	Mafeteng	20
	Berea	20
	Butha Buthe	20
Age group	20 years old or younger	3
	21 – 30 years old	22
	31 – 40 years old	43
	41 – 50 years old	16
	51 – 60 years old	16
Highest level of education completed	Primary School	9
	High school or equivalent	22
	University cert. or equivalent	28
	Bachelor degree	22
	Master degree or higher	19
Position in the business	Owner	38
	Manager	34
	Owner & Manager	28
How long participant has been working	1 year or less	6
	2 – 3 years	22
	4 – 5 years	34
	6 – 10 years	6
	11 – 20 years	28
	Above 20 years	3
How long business has been running	1 year or less	16
	2 – 3 years	12
	4 – 5 years	25
	6 – 10 years	22
	11 – 20 years	25
	Above 20 years	0

Fig. 1 Age group of participants

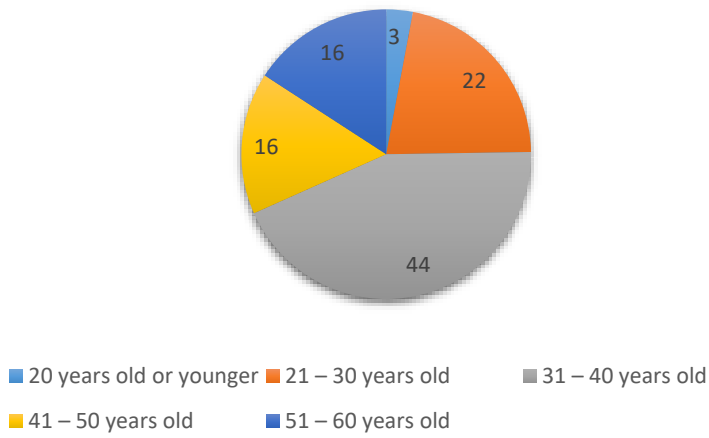


Fig 2. Highest level of education completed

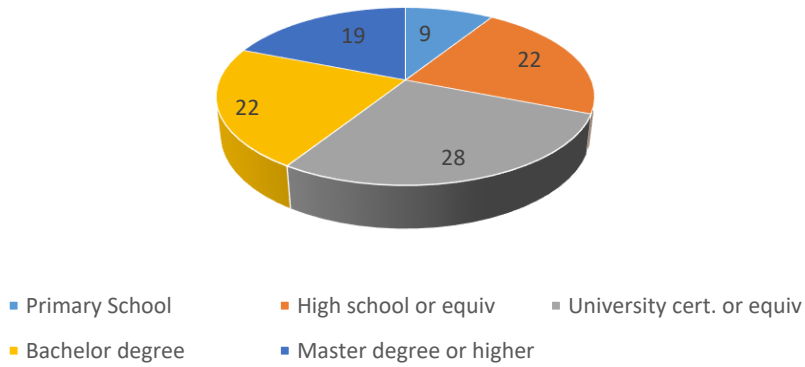
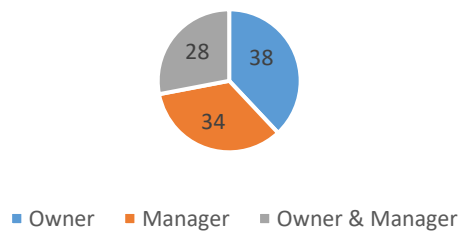
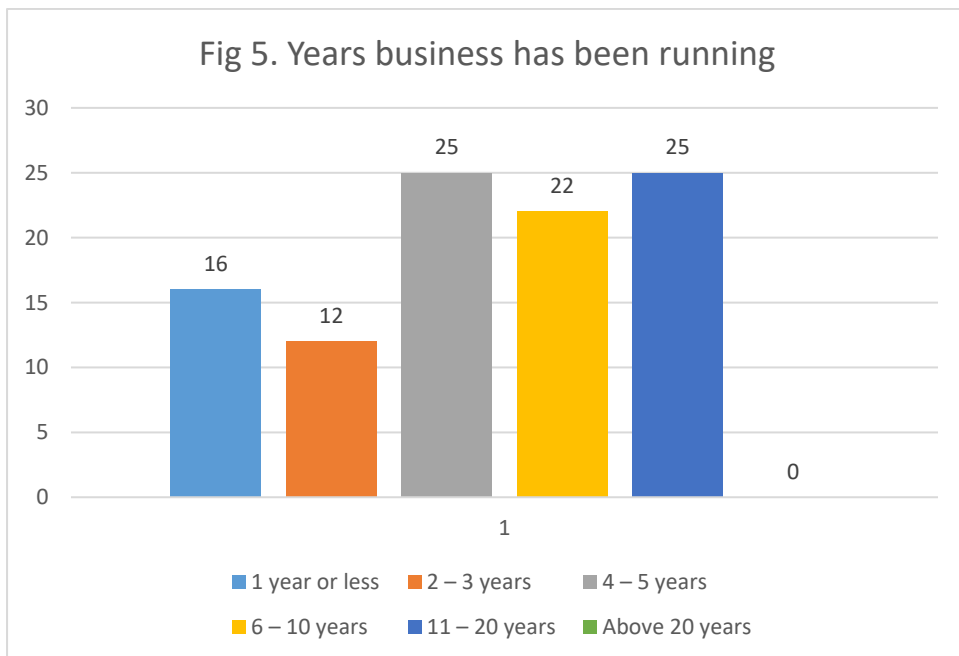
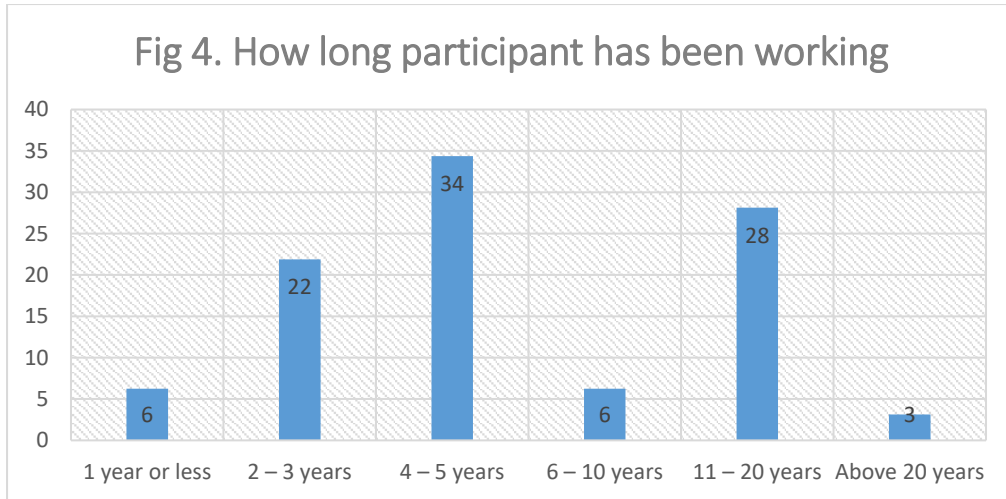


Fig 3. Position in the business





The table above (Table 1) and charts (Fig 1-5) shows the characteristics of the respondents used for the study.

Table 2. Personal characteristics of owner/manager that influence small business success

Personal characteristics of owner/manager that influence small business success:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Hard work	94	6	-	-	-	100
Initiative (Creativity)	88	13	-	-	-	100
Self confidence	81	19	-	-	-	100
Energy	72	28	-	-	-	100
Achievement orientation	84	16	-	-	-	100
Perseverance	91	9	-	-	-	100
Patience	78	22	-	-	-	100
Risk taking	53	41	6	-	-	100
Judgement (decision-taking)	84	13	3	-	-	100
Leadership	91	9	-	-	-	100
Local reputation	66	34	-	-	-	100
Trustworthiness	72	28	-	-	-	100
Charisma	72	19	6	3	-	100

Fig 6. Personal Characteristics of owner/manager that influence business success

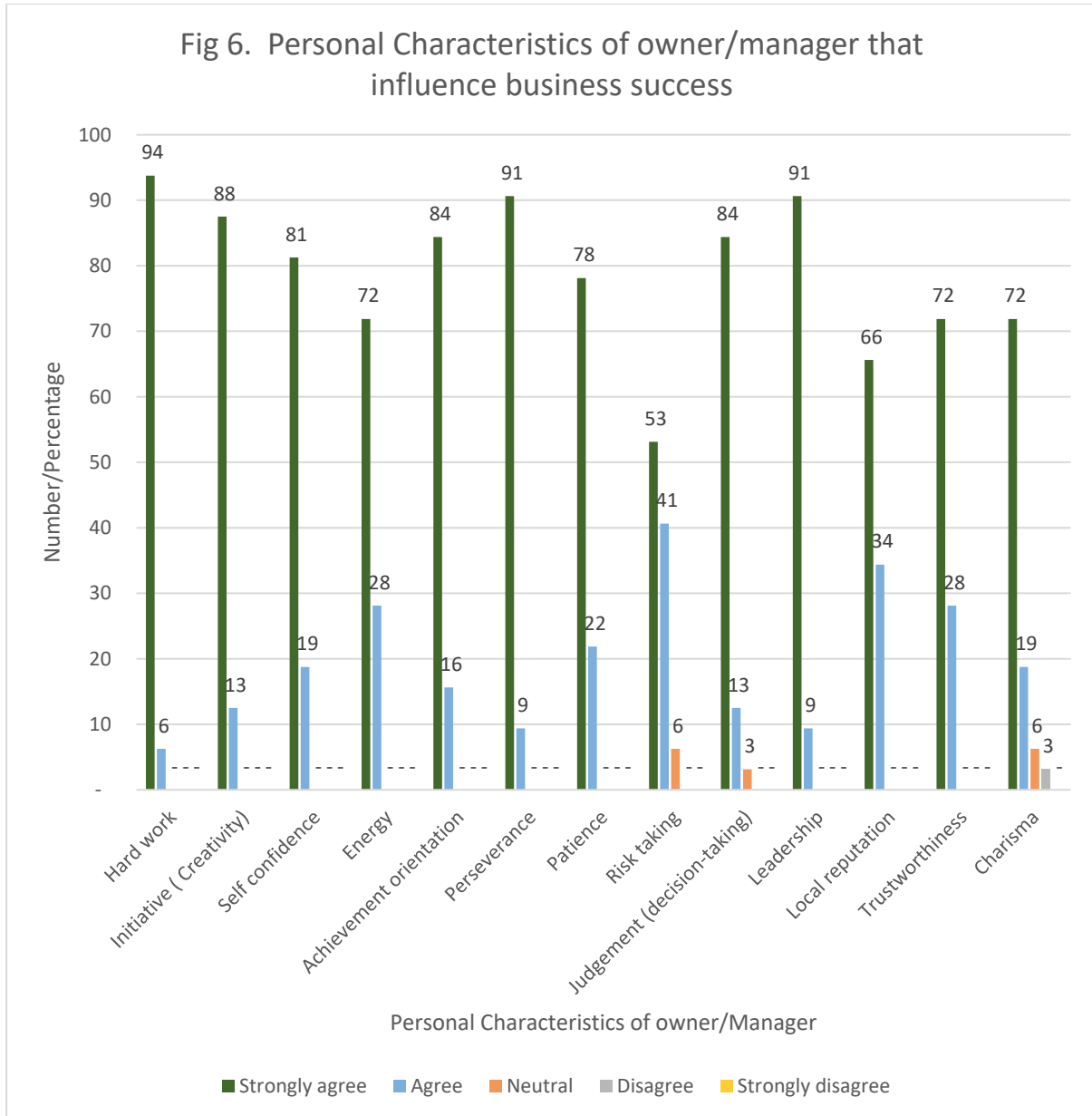


Table 2.0 and fig.6 enumerates the responses of the investigation group with regard to the question of personal characteristics of owners/managers that influence small business success. The table revealed that 94 out of 100 respondents strongly agreed that hard work (Creativity) is an important characteristic owners/managers should possess for a successful outcome in business, while six (6) respondents chose agree. The table and chart show that 88 strongly agreed that self-confidence is a necessary attribute owners/managers of small business firms should have to excel in business while 13 ticked agree. The findings also indicated that 81 respondents strongly agreed that they had observed energy to significantly influence small business success and 19 chose agree. It was also observed by the respondents that achievement (84), perseverance (91), patience (78), risk taking (53), to an extent strongly influenced small

business success. The results indicate that judgement (84), leadership (91), local reputation (66), trustworthiness (72) and charisma (72), should be taken note of by owners/managers of small business firms. It could be seen from the table and chart that 53 respondents strongly agreed that risk taking influence small business success and it scored the lowest. This ought to be disturbing to various stake holders on small business operation in Lesotho.

It was also observed that 6 respondents were neutral on the influence of risk taking on small business success, 3 respondents on Judgement and 6 respondents were also neutral on the role of charisma in determining small business success. Only 3 respondents disagreed that charisma does influence small business success.

A closer look at the five scales (strongly agree – strongly disagree) used to investigate small business success as shown on the table and chart, almost all the respondents strongly agreed or agreed on the characteristics (Hard work – Charisma) as important characteristics/qualities owners/managers of small businesses should possess in order to achieve business success.

Theme 1: The following personal characteristics of owner/manager influence small business success:

Table 3 presents Pearson correlation coefficients for pairs of variables that are considered the predictors of success in small businesses. Using Pearson correlation coefficient, which is a quantitative measure of the strength and the direction of linear relationship between two variables, coefficients that describe relationships are determined. Specifically, in this table, for both the strength and direction of linear relationship between pairs, the results show a moderate positive relationship between patience and achievement orientation, recorded at $r = 0.624$; for perseverance and initiative (creativity) at $r = 0.637$, the coefficient posits a moderate positive relationship; and for patience and self-confidence at $r = 0.727$, a moderate positive relationship is observed.

In contrast, for pairs self-confidence and energy, a negative linear relationship, at $r = -0.302$ is observed, while for variables patience and energy, the coefficient is negative at $r = -0.331$. Finally, it is worth noting that the lack of correlation between pairs of variables does not necessarily mean lack of (or no) relationship between the two variables, it only shows lack of a linear relationship

Table 3: Correlation Matrix between variables that explain owner/manager's personal characteristics that influence business success

	Hard work	Initiative (Creativity)	Self confidence	Energy	Achievement orientation	Perseverance	Patience	Risk taking	Judgement (decision-taking)	Leadership	Local reputation	Trustworthiness	Charisma
Hard work	1	-0.093	-0.122	-0.158	0.234	0.215	-0.134	0.195	-0.1	-0.079	0.344	-0.161	0.095
Initiative (Creativity)	-0.093	1	-0.179	-0.23	0.091	0.637	0.027	-0.069	-0.011	0.206	0.116	-0.236	0.391
Self confidence	-0.122	-0.179	1	-0.302	0.484	-0.152	0.727	0.123	0.2	-0.152	-0.142	0.365	0.403
Energy	-0.158	-0.23	-0.302	1	-0.272	-0.196	-0.331	0.262	0.194	-0.196	0.149	0.24	-0.332
Achievement orientation	0.234	0.091	0.484	-0.272	1	0.149	0.624	-0.022	0.366	-0.137	-0.149	0.262	0.363
Perseverance	0.215	0.637	-0.152	-0.196	0.149	1	0.086	-0.274	0.029	0.267	-0.011	-0.201	0.404
Patience	-0.134	0.027	0.727	-0.331	0.624	0.086	1	0.053	0.267	-0.167	-0.137	0.459	0.475
Risk taking	0.195	-0.069	0.123	0.262	-0.022	-0.274	0.053	1	0.017	-0.274	0.464	0.349	0.052
Judgement (decision-taking)	-0.1	-0.011	0.2	0.194	0.366	0.029	0.267	0.017	1	-0.124	0.124	0.328	0.089
Leadership	-0.079	0.206	-0.152	-0.196	-0.137	0.267	-0.167	-0.274	-0.124	1	-0.231	-0.201	-0.024
Local reputation	0.344	0.116	-0.142	0.149	-0.149	-0.011	-0.137	0.464	0.124	-0.231	1	0.132	-0.019
Trustworthiness	-0.161	-0.236	0.365	0.24	0.262	-0.201	0.459	0.349	0.328	-0.201	0.132	1	0.081
Charisma	0.095	0.391	0.403	-0.332	0.363	0.404	0.475	0.052	0.089	-0.024	-0.019	0.081	1

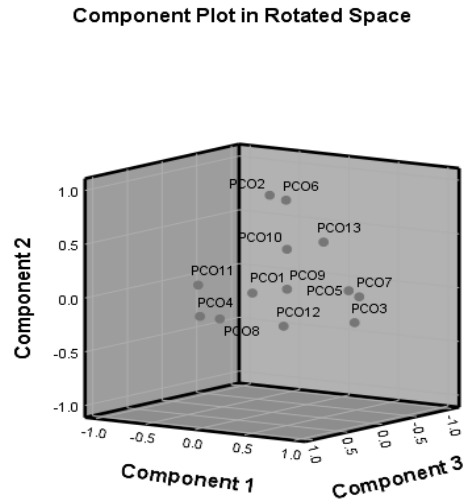


Fig. 7

Assessing for significance

Table 4 shows the results of the Kaiser-Meyer Olkin (KMO) to assess the adequacy of the sample size for the Principal Component Analysis (PCA) to hold. From the Table, the recorded KMO value is 0.511, which is low, however, still suggesting the adequacy of the sample size. The finding is further corroborated by the Bartlett’s Test of Sphericity, with p-value <0.05 indicating that the correlation matrix is significantly different from the identity matrix; in other words, it checks if there is a certain redundancy between the variables that we can summarize with a few number of factors. With the p-value = 0.000<0.05, the result supports efficiency of PCA in summarising the dataset. Again, the result suggests statistical significance in some factors in the data.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.511
Bartlett's Test of Sphericity	Approx. Chi-Square	533.890
	df	78
	Sig.	.000

Variance explained

Table 5 presents the total variance explained or the total bulk of movement in the overall dataset as explained by the principal components. Here, the total variance explained is 74.995% accounted for by the first five factors.

Table 5: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.094	23.799	23.799	3.094	23.799	23.799	2.918	22.448	22.448
2	2.556	19.658	43.457	2.556	19.658	43.457	2.109	16.220	38.668
3	1.793	13.790	57.247	1.793	13.790	57.247	1.923	14.795	53.463
4	1.296	9.971	67.219	1.296	9.971	67.219	1.449	11.146	64.609
5	1.011	7.777	74.995	1.011	7.777	74.995	1.350	10.386	74.995
6	.778	5.987	80.983						
7	.636	4.895	85.878						
8	.492	3.786	89.664						
9	.475	3.651	93.315						
10	.316	2.431	95.745						
11	.264	2.029	97.775						
12	.190	1.462	99.236						
13	.099	.764	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix

Table 6 shows the loadings of the 13 variables on the five factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The first component is most highly correlated with Patience and self-confidence, suggesting the two characteristics are strongly related (the more patience owners/managers have, the more likely they will have self-confidence). The second component is most highly correlated with initiative (creativity) and perseverance, again, suggesting that with perseverance, owners/managers are

likely to be more innovative. As third component, Risk taking and Local reputation load together (which could imply that local presence may allow for one to take risks, due to tolerance already enjoyed by the owner/manager), while judgement is key as reflected in the fourth component. Lastly, hard work is a better representative as reflected in component five. Thus, suggested focus under personal characteristics of owners/managers should be on patience, self-confidence, initiative, perseverance, risk taking, local reputation, judgement and hard work.

Based on the results for the analysis, the most critical personal characteristics are hardwork and perseverance.

Table 6: Rotated Component Matrix

	Rotated Component Matrix				
	Component				
	1	2	3	4	5
Patience	.894				
Self confidence	.869				
Achievement orientation	.688			.399	.377
Charisma	.606	.551			
Energy	-.506		.318	.482	
Initiative (Creativity)		.909			
Perseverance		.834			
Risk taking			.864		
Local reputation			.762		
Leadership		.323	-.455		
Judgement (decision-taking)				.873	
Trustworthiness	.399		.404	.440	-.321
Hard work					.922

Extraction Method: Principal Component Analysis.

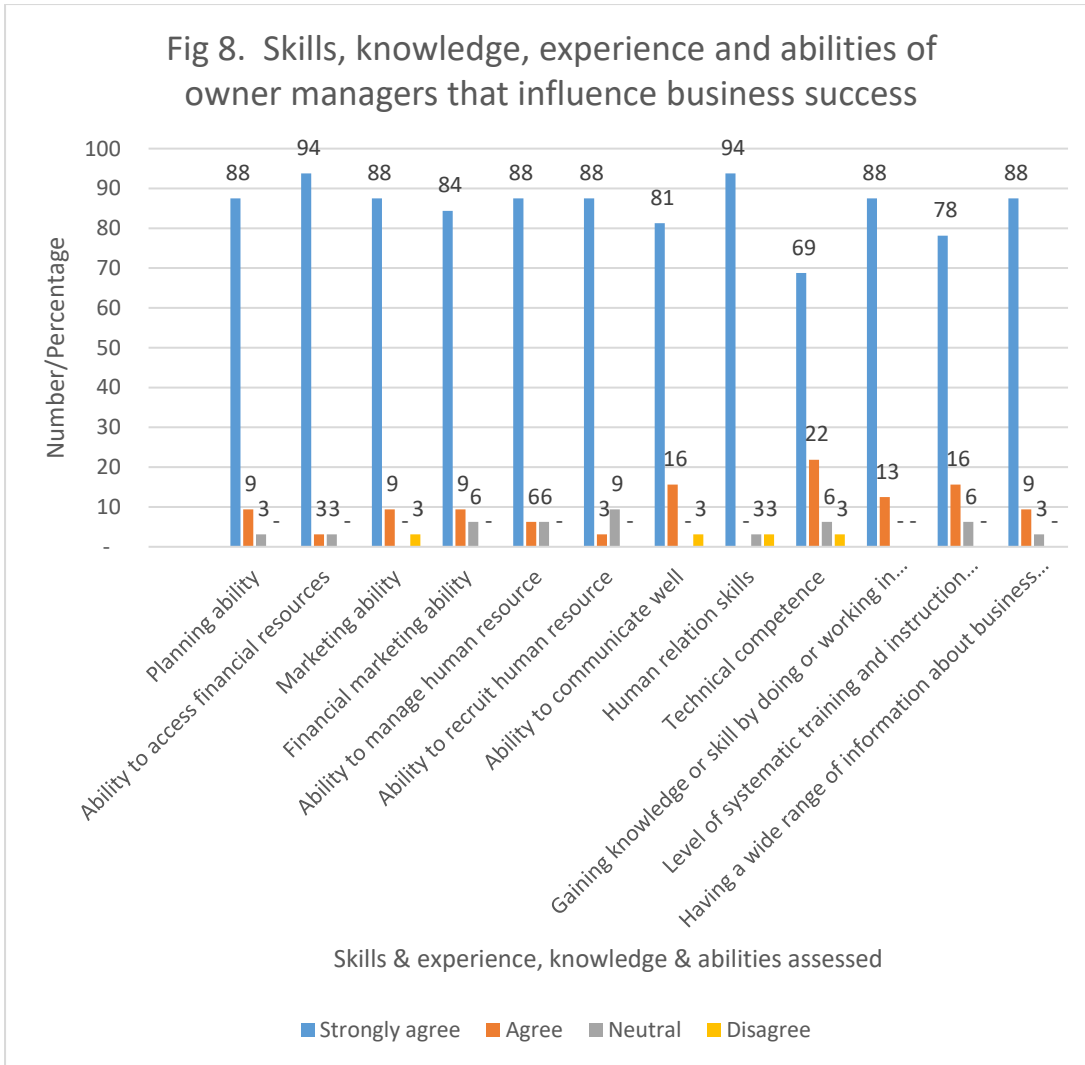
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 7. Skills, abilities, experience, knowledge, and resource of owner/ managers that influence small business success

	The following skills, abilities, experience, knowledge, and resource of owner/ managers influence small business success:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
1	Planning ability	88	9	3	-	-	100
2	Ability to access financial resources	94	3	3	-	-	100
3	Marketing ability	88	9	-	3	-	100
4	Financial marketing ability	84	9	6	-	-	100
5	Ability to manage human resource	88	6	6	-	-	100
6	Ability to recruit human resource	88	3	9	-	-	100
7	Ability to communicate well	81	16	-	3	-	100
8	Human relation skills	94	-	3	3	-	100
9	Technical competence	69	22	6	3	-	100
10	Gaining knowledge or skill by doing or working in the business field	88	13	-	-	-	100
11	Level of systematic training and instruction (education level)	78	16	6	-	-	100
12	Having a wide range of information about business (Business knowledge)	88	9	3	-	-	100

Fig 8. Skills, knowledge, experience and abilities of owner managers that influence business success



In table 7 and Fig.8, eighty eight (88) out of the 100 respondents were of the view that skills, abilities, experience, knowledge, and resources strongly influence small business success while 9 respondents agreed to that. Only three (3) respondents were neutral on that scale. The researcher observed that the number (strongly agree), increased on the characteristics of the ability to access financial resources, three (3) respondents agreed on this characteristics while three (3) respondents were neutral. A close look at the scale (strongly agree) revealed that marketing ability (88), financial marketing ability (84), ability to manage human resources (88), ability to recruit human resources (88), ability to communicate well (81), and human relation skills (94) recorded reasonably and indicates how important they influence small business success. Furthermore on this scale, technical competence (69), gaining knowledge or skills by doing or working in the business field (88), level of systematic training and instruction (education level (78) and having a wide range of information about business were seen as strong indicators for small business success. The table revealed that the scale (agree) received

responses on the measuring characteristics (planning ability – having a wide range of information about business) with the exception of human activities. The table also show that some of the respondents were neutral on the measuring characteristics while three (3) respondents respectively disagreed on marketing ability, ability to communicate well, human relation skills and technical competence. The overall responses indicated that the measuring characteristics used on table 7 and Fig.8 to some high degree influence small business success.

Theme 2: The following skills, abilities, experience, knowledge, and resource of owner/managers influence small business success

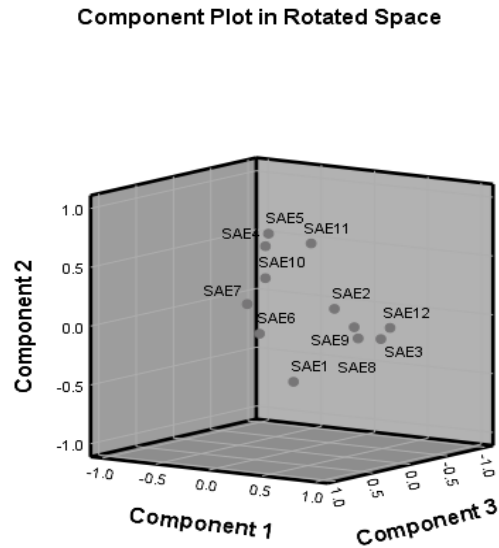
Table 8 is a display of Pearson correlation coefficients for pairs of variables that describe personal skills of owners/managers of small businesses that may influence their business successes. In this table, the results show a moderate positive relationship between marketing ability and having a wide range of information about business, recorded at $r = 0.617$; and for human relation skills and having a wide range of information about business at $r = 0.502$, the coefficient posits a moderate positive relationship. Contrarily, very weak negative relationships are observed for technical competence and ability to manage human resource, ability to communicate well and Gaining knowledge or skill by doing or working in the business field with coefficients at -0.203 , -0.240 and -0.215 , respectively.

Table 8: Correlation Matrix between variables that explain skills, abilities, experiences, knowledge of owner/manager to influence business success

	Plannin g ability	Ability to access financial resources	Marketin g ability	Financial marketing ability	Ability to manage human resource	Ability to recruit human resource	Ability to communicate well	Human relation skills	Technical competence	Gaining knowledge or skill by doing or working in the business field	Level of systematic training and instruction (education level)	Having a wide range of information about business
Planning ability	1	-0.083	0.214	-0.136	-0.121	-0.124	-0.029	0.164	0.017	-0.128	-0.166	0.093
Ability to access financial resources	-0.083	1	-0.075	-0.094	-0.083	-0.085	-0.099	-0.074	0.184	-0.088	-0.115	0.101
Marketing ability	0.214	-0.075	1	-0.124	-0.109	-0.112	-0.13	0.313	0.101	-0.116	0.035	0.617
Financial marketing ability	-0.136	-0.094	-0.124	1	0.442	0.051	0.208	-0.121	-0.026	0.028	0.21	-0.136
Ability to manage human resource	-0.121	-0.083	-0.109	0.442	1	0.007	0.112	-0.107	-0.203	0.347	0.314	-0.121
Ability to recruit human resource	-0.124	-0.085	-0.112	0.051	0.007	1	-0.147	-0.11	-0.139	0.182	-0.171	-0.124
Ability to communicate well	-0.029	-0.099	-0.13	0.208	0.112	-0.147	1	0.018	-0.24	0	0.066	0.086
Human relation skills	0.164	-0.074	0.313	-0.121	-0.107	-0.11	0.018	1	0.019	-0.114	0.087	0.502
Technical competence	0.017	0.184	0.101	-0.026	-0.203	-0.139	-0.24	0.019	1	-0.215	-0.159	0.111

	Plannin g ability	Ability to access financial resources	Marketin g ability	Financial marketing ability	Ability to manage human resource	Ability to recruit human resource	Ability to communicate well	Human relation skills	Technical competence	Gaining knowledge or skill by doing or working in the business field	Level of systematic training and instruction (education level)	Having a wide range of information about business
Gaining knowledge or skill by doing or working in the business field	-0.128	-0.088	-0.116	0.028	0.347	0.182	0	-0.114	-0.215	1	0.151	-0.128
Level of systematic training and instruction (education level)	-0.166	-0.115	0.035	0.21	0.314	-0.171	0.066	0.087	-0.159	0.151	1	0.08
Having a wide range of information about business	0.093	0.101	0.617	-0.136	-0.121	-0.124	0.086	0.502	0.111	-0.128	0.08	1

Fig 9. Visual Plot



Assessing for significance

The analysis further assesses for the adequacy of the sample size for the Principal Component Analysis (PCA) to be effective in summarizing the dataset; see Table 9 showing the results of the Kaiser-Meyer Olkin (KMO) and Bartlett’s Test of Sphericity. The table shows a KMO value at 0.539, which suggests the adequacy of the sample size while the Bartlett’s Test of Sphericity, with p-value = 0.000, less than $\alpha = 0.05$, suggest rejecting the null hypothesis at 5%. The result implies that the analysis can perform the PCA to summarize the dataset.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.539
Bartlett's Test of Sphericity	Approx. Chi-Square	192.164
	df	66
	Sig.	.000

Variance explained

Table 10 presents the total variance explained or the total bulk of movement in the overall dataset as explained by the principal components. According to the Table, the total variance explained is 55.627% accounted for four clusters of interrelating variables. The result could imply that most variables do not load together. Specifically, under this theme, several variables as follows: skills, abilities and knowledge were compared and may not necessarily have any form of association, this could explain the low variance explained.

Table 10: Variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.424	20.197	20.197	2.424	20.197	20.197	2.086	17.380	17.380
2	1.805	15.038	35.235	1.805	15.038	35.235	1.865	15.538	32.918
3	1.271	10.591	45.826	1.271	10.591	45.826	1.424	11.866	44.784
4	1.176	9.801	55.627	1.176	9.801	55.627	1.301	10.843	55.627
5	.991	8.258	63.885						
6	.937	7.811	71.696						
7	.854	7.118	78.814						
8	.692	5.766	84.581						
9	.671	5.593	90.173						
10	.516	4.303	94.476						
11	.405	3.372	97.849						
12	.258	2.151	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix

Table 11 shows the loadings of the 12 variables on the four factors (themes/clusters) extracted. Here, the first component is most highly correlated with having a wide range of information about business, marketing ability and human relations. These relationships indicate that, the more owners/managers have knowledge about the business, powerful marketing abilities and people management, the more likely will they succeed in business. The second component is highly

correlated with the ability to manage human resource, level of systematic training and instruction and financial marketing ability. Here, these relationships indicate that having human resource management skills, with training and financial marketing ability, the more likely will small businesses succeed. For the third component, technical competence and ability to access financial resource load together, reflecting a negative relationship. Lastly, ability to communicate, contrasting with ability to recruit human resource and gaining knowledge or skill by doing or working in the business field all show moderate correlations. Thus, for skills, abilities, experience, knowledge, and resource of owner/managers, suggested focus should be on having a wide range of information about business, marketing ability, human relation skills, ability to manage human resource, education level and ability to communicate well as key factors that are perceived to influence the success of small businesses.

Based on all analysis performed, human relations skills, marketing ability and business knowledge (having a wide range of information about the business) is most critical.

Table 11: Rotated Component Matrix

	Rotated Component Matrix ^a			
	Component			
	1	2	3	4
Having a wide range of information about business	.849			
Marketing ability	.807			
Human relation skills	.707			
Ability to manage human resource		.754		
Level of systematic training and instruction (education level)		.687		
Financial marketing ability		.619		
Planning ability		-.454	.304	
Technical competence			-.713	
Ability to access financial resources			-.672	
Ability to recruit human resource				-.687

Ability to communicate well		.454	.595
Gaining knowledge or skill by doing or working in the business field	.390		-.569

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

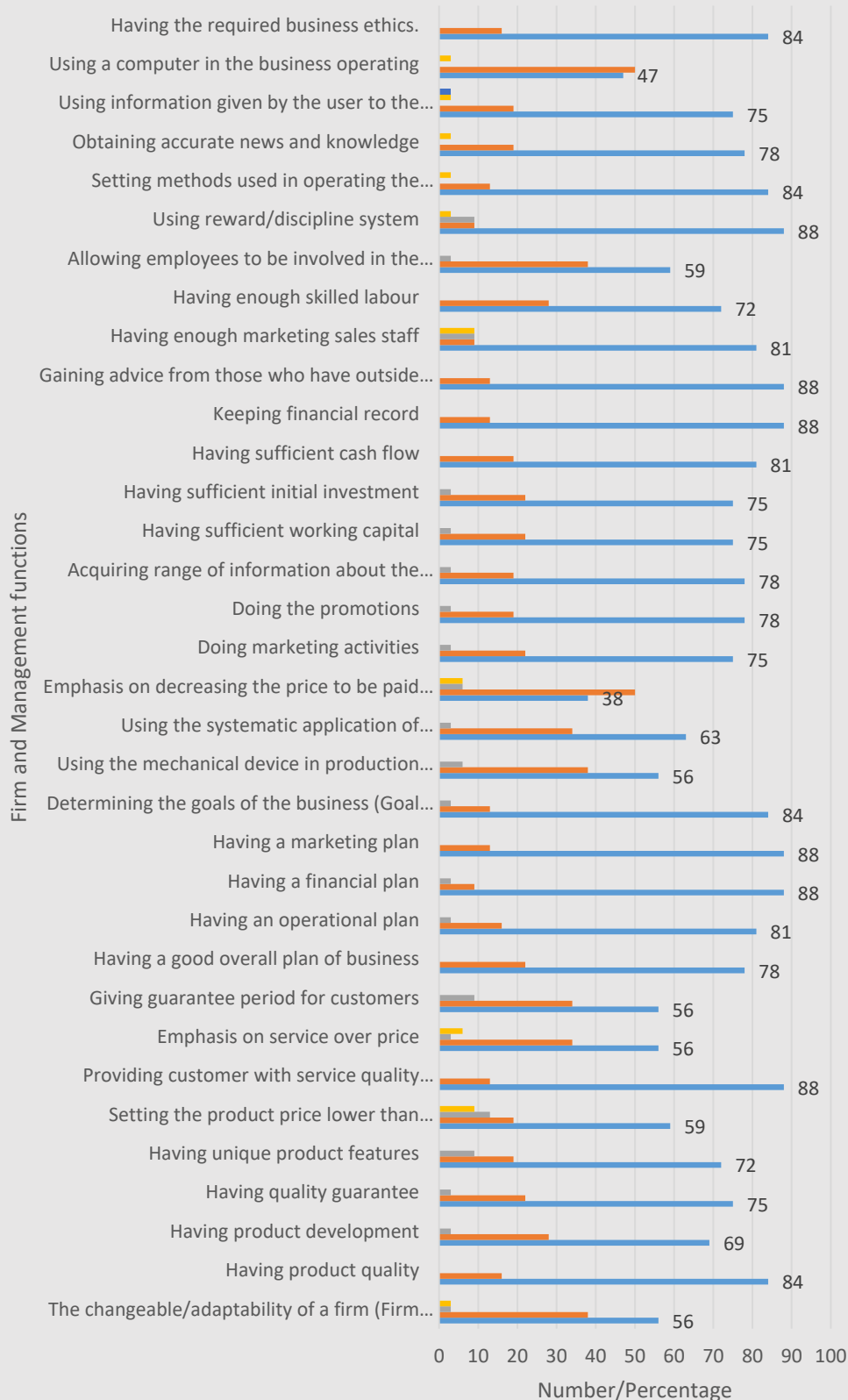
a. Rotation converged in 5 iterations.

Table 12. Firm and management functions that influences small business success

	The following firm and management functions influences small business success:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
26	The changeability/adaptability of a firm (Firm Flexibility)	56	38	3	3	-	100
27	Having product quality	84	16	-	-	-	100
28	Having product development	69	28	3	-	-	100
29	Having quality guarantee	75	22	3	-	-	100
30	Having unique product features	72	19	9	-	-	100
31	Setting the product price lower than competitors (Low price of product)	59	19	13	9	-	100
32	Providing customer with service quality (Good service)	88	13	-	-	-	100
33	Emphasis on service over price	56	34	3	6	-	100
34	Giving guarantee period for customers	56	34	9	-	-	100
35	Having a good overall plan of business	78	22	-	-	-	100
36	Having an operational plan	81	16	3	-	-	100
37	Having a financial plan	88	9	3	-	-	100
38	Having a marketing plan	88	13	-	-	-	100
39	Determining the goals of the business (Goal setting)	84	13	3	-	-	100
40	Using the mechanical device in production process	56	38	6	-	-	100
41	Using the systematic application of knowledge to practice task	63	34	3	-	-	100

	(Technology) in Production process						
42	Emphasis on decreasing the price to be paid in the business operation (Cost reduction)	38	50	6	6	-	100
43	Doing marketing activities	75	22	3	-	-	100
44	Doing the promotions	78	19	3	-	-	100
45	Acquiring range of information about the competitors of the business operation	78	19	3	-	-	100
46	Having sufficient working capital	75	22	3	-	-	100
47	Having sufficient initial investment	75	22	3	-	-	100
48	Having sufficient cash flow	81	19	-	-	-	100
49	Keeping financial record	88	13	-	-	-	100
50	Gaining advice from those who have outside source (External experts)	88	13	-	-	-	100
51	Having enough marketing sales staff	81	9	9	-	-	100
52	Having enough skilled labour	72	28	-	-	-	100
53	Allowing employees to be involved in the business decision-making	59	38	3	-	-	100
54	Using reward/discipline system	88	9	3	-	-	100
55	Setting methods used in operating the business (Operating methods)	84	13	3	-	-	100
56	Obtaining accurate news and knowledge	78	19	3	-	-	100
57	Using information given by the user to the supplier (Feedback)	75	19	3	-	3	100
58	Using a computer in the business operating	47	50	3	-	-	100
59	Having the required business ethics.	84	16	-	-	-	100

Fig 10. Firm and Management functions that influence small business success



■ Strongly disagree
 ■ Disagree
 ■ Neutral
 ■ Agree
 ■ Strongly agree

In Table.12 and Fig.10, a substantial number of the respondents strongly agreed that all the characteristics used to measure firm management functions influences small business success. It could be seen from the table and chart that thirty four (34) characteristics (the changeability/adaptability of a firm – having the required business ethics) were used to measure firm and management functions. Thirty eight (38) out of 100 respondents strongly agreed that emphasis on decreasing the price to be paid in the business operation influences small business success and this characteristic recorded the lowest response. The table also shows that the scale (agree), received responses from the respondents on all the characteristics. Fewer number of the respondents were neutral on some of the characteristics while four (4) characteristics (the changeability/adaptability of firm, setting the product price lower than competitors, emphasis on service over price, emphasis on decreasing the price to be paid in the business operation) received 3, 9, 6, and 6 responses respectively. The table further shows that only three (3) respondents disagreed that feedback (using information given by the user to the supplier) does influence business success. The researcher observed from the responses of the respondents that all the characteristics used to measure firm and management functions highly influence business success.

Theme 3: The following firm and management functions influences small business success

A similar analysis is performed to assess for the adequacy of the sample size for the Principal Component Analysis (PCA) to be effective in summarizing the dataset, now using variables that examine firm and management functions that influence small business success. Table 13 presents the results of both KMO and Bartlett’s Test of Sphericity. The table shows a KMO value at 0.514, which suggests the adequacy of the sample size and the Bartlett’s Test of Sphericity posit a p-value = 0.000 (<0.05), the result implying that the analysis can perform the PCA to summarize the dataset.

Table 13: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.514
Bartlett's Test of Sphericity	Approx. Chi-Square	1250.406
	Df	561
	Sig.	.000

Variance Explained

Similarly, for Theme 3 (firm and management functions towards influencing business success) the analysis explored the total variance explained by the variables considered as predictors under this theme. According to the Table, the total variance explained is 72.357% accounted for by the first 13 factors.

Table 14: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.885	11.427	11.427	3.885	11.427	11.427	2.685	7.896	7.896
2	3.334	9.807	21.234	3.334	9.807	21.234	2.446	7.193	15.089
3	2.364	6.953	28.187	2.364	6.953	28.187	2.361	6.945	22.033
4	2.099	6.174	34.361	2.099	6.174	34.361	2.151	6.326	28.359
5	2.044	6.012	40.373	2.044	6.012	40.373	1.971	5.796	34.155
6	1.759	5.172	45.545	1.759	5.172	45.545	1.756	5.165	39.320
7	1.739	5.115	50.660	1.739	5.115	50.660	1.724	5.070	44.391
8	1.518	4.464	55.123	1.518	4.464	55.123	1.703	5.010	49.401
9	1.367	4.019	59.143	1.367	4.019	59.143	1.693	4.978	54.379
10	1.295	3.808	62.951	1.295	3.808	62.951	1.684	4.953	59.331
11	1.149	3.379	66.330	1.149	3.379	66.330	1.682	4.946	64.277
12	1.045	3.073	69.404	1.045	3.073	69.404	1.398	4.111	68.388
13	1.004	2.954	72.357	1.004	2.954	72.357	1.350	3.969	72.357
14	.952	2.801	75.158						
15	.902	2.654	77.813						
16	.816	2.400	80.212						
17	.718	2.112	82.324						
18	.691	2.033	84.357						
19	.648	1.906	86.263						
20	.559	1.643	87.906						
21	.515	1.513	89.419						
22	.504	1.483	90.902						
23	.465	1.368	92.270						
24	.404	1.190	93.460						

25	.381	1.119	94.579						
26	.321	.943	95.522						
27	.320	.940	96.462						
28	.269	.791	97.252						
29	.225	.661	97.913						
30	.193	.567	98.480						
31	.177	.521	99.001						
32	.158	.464	99.465						
33	.144	.423	99.888						
34	.038	.112	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix

Factor loadings are further explored for variables considered to predict the firm and management functions; see Table 15. The table shows the loadings of the variables on which 13 factors have been extracted. The first component is most highly correlated with having quality guarantee and having a good overall plan for business. The relationship suggests that, having quality guarantee on goods or services offered and good business acumen may influence success in small businesses. On the second component, high correlations are observed for having sufficient working capital and having sufficient initial investment. Here, the relationship emphasizes the importance of capital, investment and perhaps cash flow for small businesses to thrive. The third component is most correlated with having a marketing plan and having sufficient cash flow. Acquiring range of information about the competitors of the business operation and setting methods used in operating the business reflect high correlation under the fourth component. For component five, emphasis on decreasing the price to be paid in the business operation and setting the product price lower than competitors; component six, determining the goals of the business and using the systematic application of knowledge to practice task (Technology) in Production process; component seven, having unique product features and doing marketing activities, are pairs of variables with correlations under each specified component.

Table 15: Rotated Component Matrix

	Component												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Having quality guarantee	.775												
Having a good overall plan of business	.719			.372									
Having product development	.552						.304						
Having enough skilled labour	.551												-.308
Having sufficient working capital		.941											
Having sufficient initial investment		.924											
Having a marketing plan			.706										
Having sufficient cash flow			.633										
Gaining advice from those who have outside source			.597									.320	
Emphasis on service over price	.394		.405									-.314	
Acquiring range of information about the competitors of the business operation				.819									
Setting methods used in operating the business				.751									
Emphasis on decreasing the price to be paid in the business operation					.794								
Setting the product price lower than competitors					.768								
Determining the goals of the business						.773							
Using the systematic application of knowledge to practice task (Technology) in Production process				-.312		.642						-.326	
Having unique product features							.651						
Using a computer in the business operating					.307		-.642						
Doing marketing activities			.474				.579						
Using information given by the user to the supplier								.773					

	Component												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Using reward/discipline system								.625					
Giving guarantee period for customers									.771				
Obtaining accurate news and knowledge		.415							.511				
Having product quality								.400	-	.352		-	
									.440			.346	
Doing the promotions	.310		.388	-.307					.426				
Having an operational plan					.303					.687			
Providing customer with service quality										.663			
The changeable/adaptability of a firm	.368		-							.497		.355	
			.339										
Using the mechanical device in production process											.629		
Keeping financial record	-										.552		.308
	.356												
Having the required business ethics.			-			.395					.477		
			.355										
Allowing employees to be involved in the business decision-making					.356		.410				-		
											.420		
Having a financial plan												.838	
Having enough marketing sales staff													.834

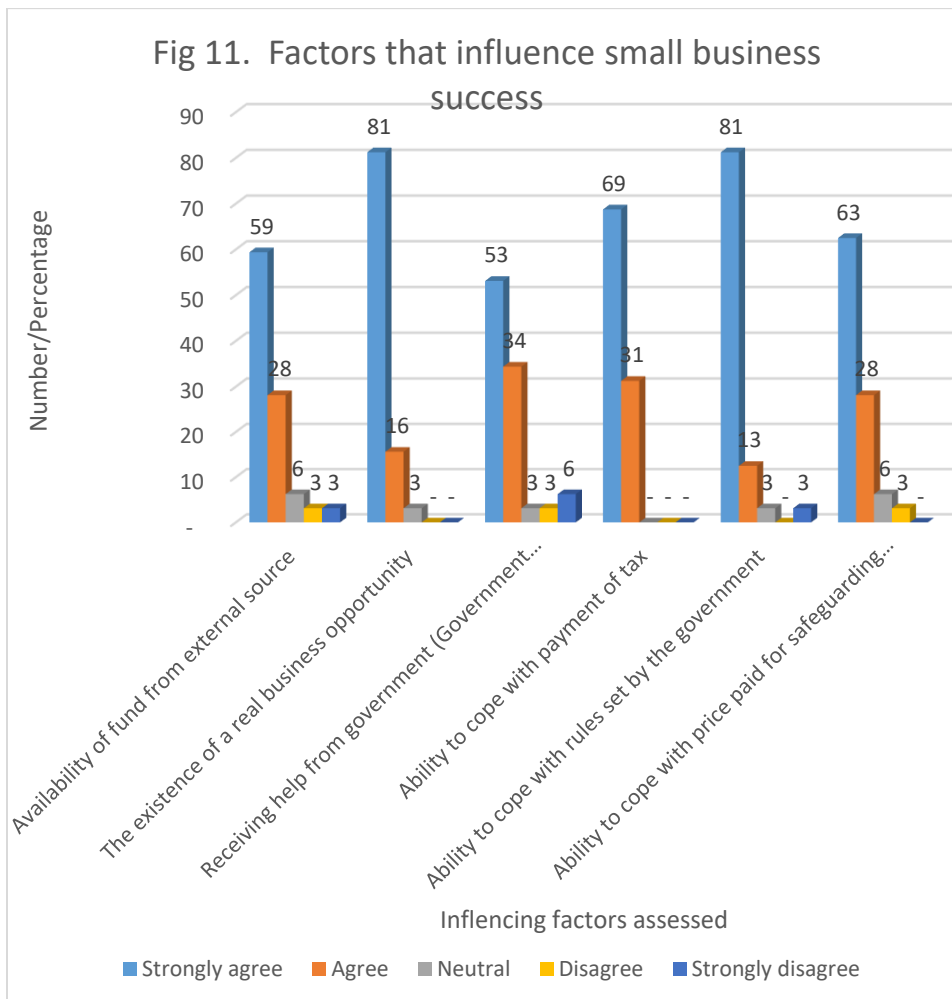
Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 18 iterations.

Table 16. Factors that influence small firms' business success

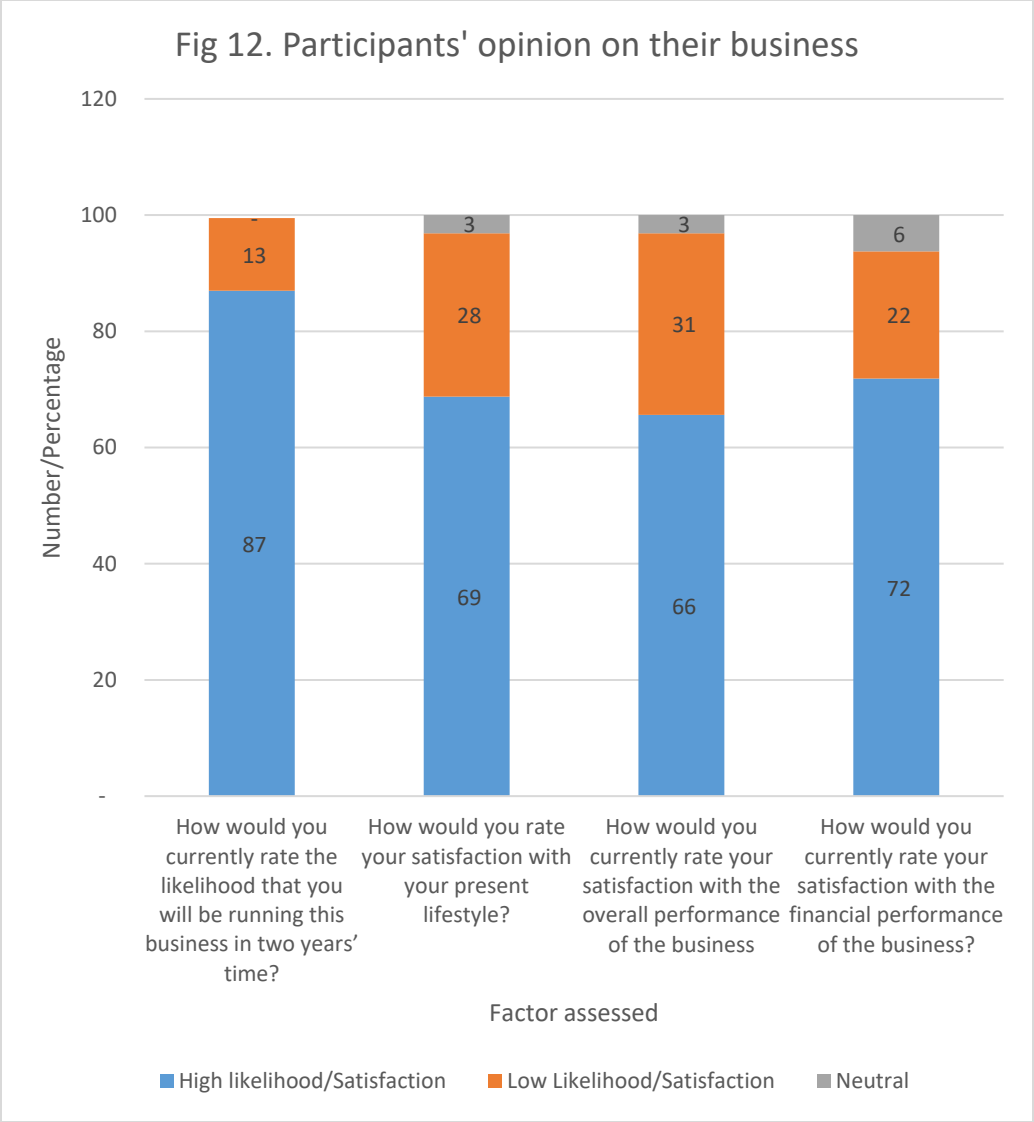
The following factors influence small firms' business success:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Availability of fund from external source	59	28	6	3	3	100
The existence of a real business opportunity	81	16	3	-	-	100
Receiving help from government (Government support)	53	34	3	3	6	100
Ability to cope with payment of tax	69	31	-	-	-	100
Ability to cope with rules set by the government	81	13	3	-	3	100
Ability to cope with price paid for safeguarding against loss (Insurance costs)	63	28	6	3	-	100



As far as factors that influence small firms' business success are concerned (Table 16 and Fig.11), many of the respondents strongly agreed on the characteristics evaluated. As displayed, eighty one (81) out of 100 respondents strongly agreed that the existence of a real business opportunity and ability to cope with rules set by the government influence business success respectively. On the same scale (strongly agree), availability of fund from external source received fifty nine (59) responses, receiving help from government got fifty three (53), ability to cope with payment of tax sixty nine (69) while ability to cope with price paid for safeguarding against loss received sixty three (63) responses. A closer look at the table in descending shows that 28, 16, 34, 31, 13, and 28 agreed that these characteristics used influence business success. Fewer number of the respondents were neutral on the characteristics except for "ability to cope with payment of tax. The researcher observed from the table and chart that three (3) respondents respectively disagreed and strongly disagreed that availability of fund from external source influence business success, three (3) and six (6) respectively disagreed and strongly disagreed that receiving help from government influence business success, three (3) strongly disagreed on the ability to cope with rules set by the government, while three (3) respondents disagreed that ability to cope with price paid for safeguarding against loss influence business success.

Table 17. Participants' opinion of their businesses

Factor assessed	High likelihood/ High Satisfaction	Low likelihood/ Low Satisfaction	Neutral	Low unlikelihood/ Low dissatisfaction	High unlikelihood/ High dissatisfaction
	No./Percent	No./Percent	No./Percent	No./Percent	No./Percent
How would you currently rate the likelihood that you will be running this business in two years' time?	87	13	-	-	-
How would you rate your satisfaction with your present lifestyle?	69	28	3	-	-
How would you currently rate your satisfaction with the overall performance of the business	66	31	3	-	-
How would you currently rate your satisfaction with the financial performance of the business?	72	22	6	-	-



The result of the findings in Table 17 and Fig.12, shows that eighty seven (87) out of 100 participants in the study have high likelihood/high satisfaction to remain in business in two years' time while thirteen (13) participants indicated low likelihood/low satisfaction to be running their businesses in two years' time. When asked to rate their satisfaction with the overall performance of the business, the researcher observed that sixty nine out of 100 respondents have high satisfaction, twenty eight (28) indicated low satisfaction while only three (3) were neutral on this scale. It was also observed that sixty six (66) respondents were of the opinion that that they have high satisfaction with overall performance of the business, low satisfaction thirty one (31), and neutral three (3). It is encouraging that seventy two (72) out of 100 respondents were of the view

that they have high satisfaction with the financial performance of the business. The table shows that twenty two (22) respondents indicated having low satisfaction with the performance of the business while six (6) respondents were neutral on this scale. Judging from the respondents view of their business, one could generally say that majority of small business owners' in the districts used for the study are happy with the performance of their businesses.

CHAPTER 5. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the researcher gives the summary of the research findings presented in the tables in the previous chapter based on the response from the respondents. The researcher also reviews the project in terms of the aims and objectives and explains through the findings how both have been achieved.

The main objective of the study which was to identify those factors that are critical to the success of small firms in Lesotho has been achieved. The data collected from the study shows that those characteristics used to measure critical factors necessary for small firms' success in Lesotho are actually important. Based on the analysis of the data instruments, some factors were identified as most critical for success of small firms in Lesotho.

Critical success factors among the personal characteristics of owners/managers include perseverance and patience, leadership, hardwork and self-confidence. Respondents generally hold the view that business owners/ managers have important roles to play for their business to succeed and they perceive small firms' business in Lesotho to be thriving. More than sixty five (65) respondents out of 100 strongly agree on all the characteristics used to measure how personal characteristics of owners/managers influence small business. It was also noticed that reasonable number of respondents "agree" on all the characteristics used to measure personal characteristics of owners/managers of small business firms. Charisma is perceived as a good attribute which small firm operators should have, and for three (3) respondents to disagree on this is of concern to the researcher.

On the influence skills, abilities, experience, knowledge, and resource have on business, based on the analysis, those that are most critical include business knowledge (having a wide range of information about the business), human relations skill, marketing ability and ability to access financial resources. This observation is in line with Grimes et al (2013), Kaplan, (2003), who asserts that there are many people especially the youths who would like to make great impact in the society but lack the required resources to do so. It is important to note that more than sixty eight (68) respondents strongly agreed on each of the skills, abilities, experience, knowledge, and resource used to measure small firm success. This is in line with research findings, in among

others, Asah et al (2015); Isaga et al (2015); Gherhes et al (2016), and Watts & McNair – Connolly (2012). This further indicates that high number of business operators in the districts recognize the roles these features play in small firm business growth. Overall, the respondents through their response identified these success factors as primary ingredients for small business firms in Lesotho to succeed.

The respondents indicated that firm and management functions influences small business success (Table 12). This assertion was reached as a result of high number that “strongly agree” on all the characteristics used to measure firm and management function. Based on the study, the functions that influences small businesses the most are: having a quality guarantee on products, having a good overall plan for the business, having sufficient initial investment, having sufficient working capital and cashflow, having a marketing plan, acquiring a range of information about competitors, setting methods used in operating the business, decreasing the price to be paid in the business operation, setting the product price lower than competitors, determining the goals of the business, using the systematic application of knowledge to practice task (Technology) in the production process, having unique product features and doing marketing activities. The findings from the study is in line with research finding (Blackburn, et al, 2013), which was of the view that for any business to succeed, business planning is very important. There is direct link between a lack of proper planning by firms and business failure (Jayawarna, Macpherson & Wilson, 2007).

When asked about factors that influences small firms’ business success, many of the respondents “Strongly Agree” on all the factors used to measure it. The researcher observed from the responses of the respondents (Table 16), that more than fifty (50) participants strongly agreed on each of the factors used and this shows that small business owners directly or indirectly need these factors to succeed in business. Existence of a real business opportunity and ability to cope with rules set by the government received eighty one (81) responses respectively and this was followed by ability to cope with rules set by the government (69), to mention but a few. This observation is in line with (Barringer & Ireland, 2006), who observed that opportunity is a favourable set of circumstances that creates business. The table indicated that all the factors used to measure business success received responses from the respondents on the scale “Agree”. This further shows that these factors play important roles in determining the success of small firms’ success. A closer look at the table indicates that some of the respondents were neutral on the factors except ability

to cope with payment of tax, three (3) respondents disagreed on availability of fund from government, receiving help from government, and ability to cope with price paid for safeguarding against loss respectively. The research showed that some of the respondents strongly disagreed on the factors that have to do with government support.

When asked to rate their opinion on their businesses (Table 17 and Fig.12), reasonable number of the participants have “High Satisfaction” with the overall performance of their business. This implies that these owner managers applied the necessary factors and characteristics that enable small firm business to succeed. This is in line with (Markman & Baron, 2003; Simpson et al. 2004) who were of the view that success and business satisfaction is as a result of several factors and characteristics of owners/managers in identifying business opportunities, market possibilities and access to capital. That reasonable number of the respondents have low satisfaction with the overall performance of their business gives the researcher cause to worry on what may be the reasons for small firms’ poor performance in some of the districts used for the study. It calls for stake holders on small firms’ business management to review their activities and see what need to be done to improve small firms’ business activities in Lesotho. As Shirokova, et al, (2013), stated, management of resources is a determining factor on whether business will succeed or not.

Having said these, it is important to note that due to limited number of small firm operators used in the study and the number of districts sampled, the result cannot be generalized to include all small firm business operators in Lesotho. Noteworthy also is the fact that some actuating questions were formulated in order to achieve the set objectives.

At this juncture, it is concluded that the aims and objectives of the study as stated in chapter one, section 1.5 and 1.6 have been achieved through the formulation of strategies that could further advance small firms business performance in Lesotho as could be seen in section 5.3 below. These strategies in the researcher’s opinion could go a long way in promoting small firms business in the Kingdom of Lesotho.

5.2 Intervention strategies to boost small firms' business success in Lesotho

In order to ensure that small firms' business grow in Lesotho and to encourage small firms' business operators to remain in business, certain strategies need to be put in place. These strategies in the understanding of the researcher will go a long way in promoting small scale businesses in the Kingdom of Lesotho and will even attract more people to be entrepreneurs instead of looking for white collar jobs that are scarce.

The outcome of the study showed that certain personal characteristics of small business owners are crucial for business success. In other words business owners who lack these personal characteristics will not do well in business. Naturally, there are characteristics that are hereditary while some are learned. This is where government and relevant stake holders come in. They should organize workshops, seminars, and conferences to educate small firm business owners on how to apply these characteristics in business.

The researcher observed that small firm business owners are struggling to survive and remain in business as a result of financial support. The researcher also observed that the government is not doing enough to support entrepreneurs hence many small firms are closing up in almost all the districts used for the study. The government of Lesotho through department of trade should roll out plans to support those who wish to engage in entrepreneurial business. This will go a long way in encouraging people especially youth who are jobless to make something meaningful with their lives.

It was discovered during the course of the study that most of the small firm owners get their goods and raw materials from South Africa and this affects the smooth running of small businesses in Lesotho. Personal interaction the researcher had with some of the small firm business owners reveal that they pay much money to the customs and spend a lot on transportation thereby making some to run at a loss. Also, most of the Chinese manufacturing firms in Lesotho are into textiles and produce goods which are exported to oversea countries. The government should encourage the establishment of companies that manufacture goods used in Lesotho. This will enable small business owners to buy stock in large quantities and retail to the final consumers. It will create a conducive business environment as small business owners will not be crossing the borders in search of goods and raw materials.

The banking sector has a role to play in promoting small firms' business in Lesotho. Unenviably, there are only three main banks in Lesotho namely, First National Bank (FNB), Ned Bank, and Standard Lesotho Bank. A few other local financial concerns exist such as Post Bank, Boliba and other co-operative banks. During the study, some of the participants complained that they find it difficult to obtain financial assistance from these banks as a result of strict rules and conditions which they could not meet. Since banks play an important role in the economy of every nation, the banks in Lesotho should review their rules and conditions so that small business operators could have access to loans and other financial assistance that could help them remain in business. The department of trade has to intervene on behalf of small business owners and liaise with the banks in order to find a favorable ground that could boost and encourage entrepreneurial businesses in Lesotho.

Government and other stakeholders should encourage MSEs to use appropriate technology. The world today is advancing in technology and this has brought a turnaround in the business environment. Government should increase awareness of technological developments. Many businesses today both small and large firms are using technological innovations in the production and marketing of goods. E-commerce is developing in Lesotho and many small business owners are yet to know what e-commerce is and how it is operated. Most of the perishable goods are stored and preserved through technological innovations and technology also reduces the physical energy people put in, in the production and distribution of goods. It is evident that those who adopt appropriate technology grow in business more than those that are using old primitive methods of commerce.

The government should invest in physical infrastructure in order to boost small firms' business in Lesotho. The researcher observed that some small firm business owners lack infrastructure to support their business. Some are even using their residential apartments without water and electricity. The government should try to invest more in physical infrastructure and rent them out to interested business people at cheaper rates. This will attract more people to do small scale businesses knowing that government subsidizes the cost of rentals and storage.

Private and public institutions should devote resource to human resource development. The researcher observed that reasonable number of small firms' business owners are not highly educated and this retard small business growth in Lesotho. Studies have shown that firms managed

by educated personnel perform better than those that are managed by illiterates or half-baked graduates. Investing in human resource development will not only empower Basotho for local entrepreneurship but will enable them to compete effectively regionally and globally.

5.3 Further research on small firms' business success in Lesotho

Based on the outcome of the study, the researcher recommends that further research on small business success in Lesotho be conducted. Research should include the role government is playing to promote small firms' businesses in Lesotho. Involvement of financial institutions in promoting small firms' business is also necessary. Factors necessary for conducive business environment in Lesotho is important. Furthermore, impact of technological development on small firms' success in the Mountain Kingdom should also be studied. These are necessary in order to have a broader knowledge of what could help small firms' business to survive and thrive in Lesotho. Also more strategies that could lead to small firms' business success should be studied. The findings from all these studies in the researchers view would lead to greater success in small firms' business operations in Lesotho.

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APPENDICES

Survey questions on factors influencing performance of small firms in Lesotho

Section A: Respondent profile

1. What is your gender Male Female

2. What age group are you in?

20 years old or younger	<input type="checkbox"/>	21 – 30 years old	<input type="checkbox"/>
31 – 40 years old	<input type="checkbox"/>	41 – 50 years old	<input type="checkbox"/>
51 – 60 years old	<input type="checkbox"/>	Over 60 years old	<input type="checkbox"/>

3. What is your highest level of education completed?

Primary School	<input type="checkbox"/>	High school or equivalent	<input type="checkbox"/>
University certificate or equivalent	<input type="checkbox"/>	Bachelor degree	<input type="checkbox"/>
Master degree or higher	<input type="checkbox"/>		

4. What is your position in the organization?

Owner	<input type="checkbox"/>
Manager	<input type="checkbox"/>
Owner and Manager	<input type="checkbox"/>

5. How long have you been working? (since you first started to work till present)

1 year or less	<input type="checkbox"/>	2 – 3 years	<input type="checkbox"/>
4 – 5 years	<input type="checkbox"/>	6 – 10 years	<input type="checkbox"/>
11 – 20 years	<input type="checkbox"/>	Above 20 years	<input type="checkbox"/>

6. How long has this business been running?

1 year or less	<input type="checkbox"/>	2 – 3 years	<input type="checkbox"/>
4 – 5 years	<input type="checkbox"/>	6 – 10 years	<input type="checkbox"/>
11 – 20 years	<input type="checkbox"/>	More than 20 years	<input type="checkbox"/>

Section B: Factors influencing small firms business

For each of the following statements, select the option that best describe your opinion by using the following scale.

5 = Strongly agree

4 = Agree

3 = Neutral

4 = Disagree

5 = Strongly disagree

How do you think the following factors influence success of small manufacturing business?

No	Questions	5	4	3	2	1
	The following personal characteristics of owner/manager influence small business success:					
1.	Hard work					
2	Initiative (Creativity)					
3	Self confidence					
4	Energy					
5	Achievement orientation					
6	Perseverance					
7	Patience					
8	Risk taking					
9	Judgement (decision-taking)					
10	Leadership					
11	Local reputation					
12	Trustworthiness					
13	Charisma					
	The following skills, abilities, experience, knowledge, and resource of owner/managers influence small business success:					
14	Planning ability					
15	Ability to access financial resources					
16	Marketing ability					
17	Financial marketing ability					
18	Ability to manage human resource					
19	Ability to recruit human resource					
20	Ability to communicate well					
21	Human relation skills					
22	Technical competence					

23	Gaining knowledge or skill by doing or working in the business field					
24	Level of systematic training and instruction (education level)					
25	Having a wide range of information about business (Business knowledge)					
	The following firm and management functions influences small business success:					
26	The changeable/adaptability of a firm (Firm Flexibility)					
27	Having product quality					
28	Having product development					
29	Having quality guarantee					
30	Having unique product features					
31	Setting the product price lower than competitors (Low price of product)					
32	Providing customer with service quality (Good service)					
33	Emphasis on service over price					
34	Giving guarantee period for customers					
35	Having a good overall plan of business					
36	Having an operational plan					
37	Having a financial plan					
38	Having a marketing plan					
39	Determining the goals of the business (Goal setting)					
40	Using the mechanical device in production process					
41	Using the systematic application of knowledge to practice task (Technology) in Production process					
42	Emphasis on decreasing the price to be paid in the business operation (Cost reduction)					
43	Doing marketing activities					
44	Doing the promotions					
45	Acquiring range of information about the competitors of the business operation					
46	Having sufficient working capital					
47	Having sufficient initial investment					
48	Having sufficient cash flow					
49	Keeping financial record					
50	Gaining advice from those who have outside source (External experts)					
51	Having enough marketing sales staff					
52	Having enough skilled labour					

53	Allowing employees to be involved in the business decision-making					
54	Using reward/discipline system					
55	Setting methods used in operating the business (Operating methods)					
56	Obtaining accurate news and knowledge					
57	Using information given by the user to the supplier (Feedback)					
58	Using a computer in the business operating					
59	Having the required business ethics.					
	The following factors influence small firms business success:					
61	Availability of fund from external source					
62	The existence of a real business opportunity					
63	Receiving help from government (Government support)					
64	Ability to cope with payment of tax					
65	Ability to cope with rules set by the government					
66	Ability to cope with price paid for safeguarding against loss (Insurance costs)					

Section C: Participant’s likelihood/satisfaction:

For each of the following statements, please mark the option that best describe your opinion by using the following scale.

For question No. 1

- 5 = High likelihood
- 4 = Low likelihood
- 3 = Neutral
- 2 = Low likelihood
- 1 = High unlikelyhood

For question no 2-4

- 5 = High satisfaction
- 4 = Low satisfaction
- 3 = Neutral
- 2 = Low dissatisfaction
- 1 = High dissatisfaction

No	Questions	5	4	3	2	1
1	How would you currently rate the likelihood that you will be running this business in two years’ time?					
2	How would you rate your satisfaction with your present lifestyle?					
3	How would you currently rate your satisfaction with the overall performance of the business					
4	How would you currently rate your satisfaction with the financial performance of the business?					

THANK YOU FOR YOUR HELP