

## An Exploration of Survival Strategies Employed by Small and Medium Enterprises Within A Turbulent Environment in Namibia

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### Abstract

Small and Medium Enterprises (SMEs) are of paramount importance in developing countries such as Namibia. However, their survival is increasingly threatened by diverse challenges emanating from the turbulent environments in which they operate. This study explored the survival strategies employed by SMEs in Walvis Bay, Namibia, with specific reference to retail businesses. A total of 116 respondents were engaged as research subjects. Data were collected using closed-ended questionnaires and interviews. Questionnaires were analyzed through descriptive statistics, while interview responses were thematically analyzed. The study hypothesized that SMEs in Walvis Bay were mostly affected by lack of funding, inadequate infrastructure, and economic as well as political factors that threatened their growth. The findings indicated that survival strategies such as alliance strategies, competitive strategies, and differentiation strategies were widely adopted. Specifically, 64% of respondents viewed competitive strategies as very effective, 76% employed differentiation strategies, 55% used cost leadership strategies, and 62% adopted strategic alliances. The results confirmed a strong relationship between survival strategies and the growth and expansion of SMEs. The study therefore recommends that the Government of Namibia enforce supportive regulatory policies to minimize unnecessary environmental constraints threatening SME survival.

**Keywords:** Survival Strategies, Competitive Advantage, Cost Leadership, Strategic Alliance

### 1. Introduction

Small and Medium Enterprises (SMEs) have long been recognized as engines of economic growth, job creation, and social transformation across both developed and developing countries. They stimulate entrepreneurship, foster innovation, and contribute to wealth creation and poverty alleviation. As noted by, Micro, Small, and Medium Enterprises (MSMEs) are particularly important in driving self-reliance and community development [1]. Following the 2008 global financial crisis, SMEs became central to economic recovery efforts, especially in emerging economies such as Namibia [2].

In Namibia, SMEs play a pivotal role in national development strategies such as Vision 2030, which identifies entrepreneurship and SME growth as key pillars of economic diversification.

Yet, despite their contribution, SMEs remain vulnerable to environmental turbulence. According to, they face persistent challenges including lack of access to finance, inadequate infrastructure, and shortages of business management skills [3]. Funding is consistently identified as the most serious constraint, limiting innovation, expansion, and competitiveness [3]. SME failure rates in Namibia are alarmingly high. Research shows that nearly 75% of SMEs fail within the first two years of operation due to inadequate management capacity and financial constraint [3]. Similarly, observed that approximately 65% of SMEs in Namibia collapse within twenty-four months, underscoring their fragility in turbulent conditions [4]. These challenges mirror broader African experiences. Studies from Kenya and Uganda demonstrate that SMEs often collapse early due to weak managerial resources and environmental shocks [5,6]. Informal enterprises, though vital

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for economic growth, often fail to survive beyond their first year [7,8]. The Namibian context highlights both the opportunities and vulnerabilities of SMEs. In Walvis Bay, the country's main seaport, retail SMEs are vital to sustaining the regional economy. However, they are highly exposed to shocks such as inflation, currency fluctuations, declining consumer demand, and competition from imports. Inflation, as argued by (Cornell & Gerger, 2017), erodes profitability, while exchange rate volatility further destabilizes small businesses (Grigorian, 2019). In addition, technological adoption remains limited, leaving many SMEs unable to benefit from digital innovations (Ocloo & Akaba, 2014). Institutional weaknesses and delayed policy interventions compound these vulnerabilities (Mwatange, 2017).

Survival in such environments depends on deliberate strategies. Studies highlight cost leadership, differentiation, alliances, and innovation as key approaches (Lechner & Gudmundsson, 2014; Porter, 1980). Innovation, in particular, has been linked to stronger financial performance and competitive advantage (Bigliardi, 2013). Differentiation strategies, which emphasize unique products and superior service, enhance long-term resilience (Banker et al., 2014).

Although global and regional studies acknowledge the importance of survival strategies, there is limited empirical focus on how SMEs in Namibia practically adopt them, particularly within the retail sector. This study therefore seeks to explore the strategies employed by retail SMEs in Walvis Bay to cope with turbulence. By focusing on a critical economic hub, the study contributes to academic debates while providing practical insights for SME owners, policy-makers, and other stakeholders.

## 2. Literature Review

### 2.1. Structure and Scope of SMEs

SMEs are widely recognized as a cornerstone of economic development, particularly in developing countries. They may be family-owned or managed by non-family owners [9]. In Namibia, a small enterprise is defined as one with fewer than 50 employees, while a medium enterprise employs between 75 and 100 people [4]. According to Stephen, Olsen, Ian & Hasle (2015), SMEs are characterized by limited resources, small market share, reliance on owner management, and heightened vulnerability to financial pressures. Family involvement is common, with many SMEs hiring relatives or friends and paying low wages, often resulting in labor shortages [6]. Despite these constraints, SMEs are regarded as the backbone of economic activity in developing countries (Stephen et al., 2015). They are also described as the “building blocks of the economy”, playing a crucial role in poverty alleviation and income distribution. However, definitions of SMEs differ across countries [2]. As noted by, most definitions focus on size, turnover, and asset base [10]. In Namibia, classification is tied to taxation and policy considerations.

### 2.2. Factors Affecting SME Growth in Turbulent Environments

SME growth and survival are strongly influenced by external and internal factors. In Nigeria, SMEs rely heavily on personal savings

for start-up financing, while expansion funding often comes from informal networks (Ekpenyong et al., 1992). Similarly, in the UK, family members provide critical early funding before financial institutions become involved (Manyani, 2018). Access to finance is consistently cited as the most significant barrier to SME sustainability, with around 30–35% of firms in developing countries viewing it as their main challenge (Beck, 2007).

Capacity-building is another determinant. Kotey & Folker (2007) argue that training enhances the survival rate of SMEs, while McKenzie & Woodruff (2014) note that training may influence entry dynamics into business sectors. Empirical evidence from Ghana reveals that basic-level management training improves SME practices and performance (Mano et al., 2012), while Berge et al. (2012) observed that training sometimes leads business owners to close weak firms and reinvest resources more effectively. Governments have increasingly recognized the strategic role of SMEs in job creation and poverty reduction (Ullah, 2018). Consequently, policy frameworks in many countries, including Namibia, aim to improve access to finance, markets, and training (Mwatange, 2017). However, SMEs still face structural challenges such as technology adoption (Ocloo & Akaba, 2014), inflation (Cornell & Gerger, 2017), and exchange rate volatility (Grigorian, 2019). For example, while weaker currencies benefit exporters, they increase costs for import-dependent SMEs. Retailers in Walvis Bay, reliant on imported goods, are particularly exposed.

### 2.3. Survival Strategies of African SMEs

The sustainability of SMEs in turbulent environments is often linked to the strategies they adopt. Lechner & Gudmundsson (2014) emphasized the need for effective business strategies at the inception of firms to ensure long-term survival. Porter (1980) argued that business strategies revolve around cost leadership, differentiation, and competitive positioning. Innovation is also increasingly highlighted as a driver of competitiveness. According to Bigliardi (2013), firms that innovate in line with customer needs experience significant performance improvements. Differentiation strategies, which emphasize unique products and services, have been shown to generate stronger and more sustainable performance outcomes than cost leadership (Banker et al., 2014).

Overall, the literature demonstrates that while SMEs contribute significantly to economic development, their survival is constrained by structural, financial, and environmental challenges. Survival strategies such as innovation, differentiation, cost leadership, and alliances are critical for resilience. However, few empirical studies in Namibia have examined how SMEs practically adopt these strategies in turbulent environments. This gap underscores the importance of investigating Walvis Bay's retail SMEs, which face unique pressures linked to their location within a global trading hub.

## 3. Purpose of the Study

The purpose of the study was to explore the various strategies employed by SMEs in the retailing industry in Namibia to survive the turbulent environment in which they operate.

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### 3.1. Specific Objectives

- To explore the turbulent factors threatening the existence of retailing SMEs in Walvis Bay, Namibia.
- To explore how Walvis Bay, retailing SMEs employed the strategies to ensure survival in business.
- To explore the reason why Walvis Bay retailing Smes, chose to do what they did to remain in business.
- To offer recommendations on how to develop mitigation strategies in ensuring survival in the business

### 4. Methodology

This study adopted an exploratory research design, which is appropriate where limited prior research exists and when the objective is to gain in-depth insights into a phenomenon. According to Saunders, Lewis, and Thornhill (2003), exploratory research is commonly used when there is little prior academic work, allowing researchers to investigate emerging issues and generate new perspectives. Cohen, Manion & Morrison (2013) further note that exploratory designs provide flexibility in understanding complex situations, enabling the researcher to build a clearer picture of challenges and potential solutions.

In this study, the design was particularly suitable for examining survival strategies employed by SMEs in Walvis Bay, a context where limited scholarly attention has been devoted. Both quantitative and qualitative approaches were applied to strengthen validity and reliability. Questionnaires with closed-ended items were distributed to 116 SME respondents, generating quantifiable data analyzed using descriptive statistics. This allowed for identifying patterns and frequencies across the sample. To complement the survey, semi-structured interviews were conducted with selected participants, focusing on deeper exploration of perceptions, practices, and survival strategies. The qualitative data were thematically analyzed to identify recurring themes. As Creswell (2014) emphasizes, combining qualitative and quantitative techniques provides a more comprehensive understanding of complex research questions.

### 5. Results

Findings confirmed that the Namibian business environment is highly unstable. 76% of respondents attributed operational struggles to environmental turbulence. While only 10% cited inflation as the main challenge, 75% identified lack of financial resources as critical, and 73% emphasized limited access to credit. Managerial and technical capacity gaps were also evident, with 78% strongly agreeing that lack of expertise undermined survival efforts. Similarly, 60% stressed that lack of technology hindered effective operations. Survival strategies employed included cost leadership, strategic alliances, and differentiation. Approximately 67% agreed that effective leadership and alliances improved resilience.

### 6. Discussion

The study revealed that despite turbulent environments, SME survival is achievable through deliberate strategies. Innovative behavior, differentiation, cost leadership, and strategic alliances

emerged as central survival mechanisms. These findings align with Lechner & Gudmundsson (2014), who emphasized the necessity of early adoption of effective business strategies. Qualitative evidence illustrated that SMEs who engaged customers in shaping products and services demonstrated resilience. Such strategies not only enhanced survival but also created a sustainable competitive advantage.

### 7. Conclusion

The study set out to explore survival strategies employed by retail SMEs in Walvis Bay, Namibia, to survive the turbulent business environment they operate in. Despite facing severe constraints that include lack of finance, skills, and technology, SMEs continue to survive by adopting deliberate strategies. The findings confirm that survival is positively influenced by cost leadership, strategic alliances, differentiation strategies and innovation.

It is recommended that government and policy-makers strengthen implementation and monitoring of SME strategies, enforce supportive regulatory frameworks, and enhance access to finance and training. These measures will enhance SME resilience, stimulate growth, and ensure long-term sustainability.

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