
Business Growth and Sustainability: The Case of SMEs in the 8 Districts of Eastern Highlands Province, Papua New Guinea

Luis R. Alamil

School of Business Studies, PNG University of Technology, Lae 411, Morobe, PNG
luis.alamil@pnu.ac.pg

Abstract: This study identified the dynamics to business growth and financial sustainability of small and medium enterprises (SMEs) in the 8 districts of Eastern Highlands Province of Papua New Guinea. Eighty small and medium businesses were surveyed using questionnaire consisting of dichotomous questions and Likert scale. The primary data were analyzed using rank, percentage, weighted mean and standard deviation. Chi-square test of independence was utilized to determine the relationship of the intervening variables with business growth and financial sustainability. The leading element to business growth and sustainability perceived by SMEs is sales while the leading barrier is on business operations. Technology for innovation, automating business process, forging partnerships and outsourcing and customers' retention posed as great challenges. Chi-square test of independence discloses no significant relationship between the independent variables with the business growth and stability of SMEs in EHP. This study suggests that in achieving the aspirations for SMEs, policy makers, private voluntary organizations and SME's sector should work hand-in-hand in seriously evaluating the SMEs complexity issues.

Keywords: Strategic focus, human resource, operations, marketing, finance

1. Introduction

The idea of business growth and sustainability of small and medium size business (or better known as the SME) has drawn the interest of various researchers over the past few decades, and its significance is increasing. Small and medium enterprise (SME) is under the aegis of entrepreneurship. Entrepreneurship is a combination of passion, vision, and action. It symbolizes the creation or extraction of value and introduces change demands risk afar from what is generally encountered in starting a business (John, 2023; Anderson & Diochon, 2009). Entrepreneurship is a risky venture for driving innovation, creating value, and impacting communities is not guaranteed. Therefore, entrepreneurs have to evaluate the probabilities of success against the would-be rewards. The focus of entrepreneurship is the intention of an entrepreneur to embrace an entrepreneurial career before actually establishing the business. It is a starting point of new venture creation. While, entrepreneurial intention is the primary step towards the creation of a new venture in the entrepreneurial process (Van Gelderen, et al, 2008), it was stressed by Sadler-Smith, et al. (2003) that an essential characteristic of entrepreneurial behavior is the intention to grow the business.

The development of modern entrepreneurship in the business operations of enterprises involves HR best practices. These include: constant introduction of new forms of conduct, encouraging teamwork, an entrepreneurial concept of corporate behavior, and highlighting the importance of human resources for the operation of enterprises. Regardless of the type of enterprise, continuous processes of development and improvement of human resources creates value for the competitiveness of the enterprise. The size and type of company are not a limiting factor in terms of applying the modern concept of entrepreneurship. The modern concept of entrepreneurship is associated with companies that are constantly prepared to recognize opportunities and have the potential and ability to use the obtained information (Postolov, et al., 2016).

Small and medium enterprises (SMEs) are of extreme importance in a developing economy like Papua New Guinea (PNG). They are perceived as the prime component of the economies by both developed and developing countries worldwide (Karadag, 2016; Asian Development Bank, 2015). In Papua New Guinea (PNG), the government targeted SMEs to be contributors of economic development and income for the country. It recognizes that SMEs are the engine of the private sector. As embodied in the SME Policy (2016), "SMEs are expected to grow from a current 49,500 to 500,000 by 2030 (Ministry of Trade, Commerce and Industry, 2016). However, the development of SMEs in PNG has not been robust due to many policy and institutional issues, environmental and structural impediments that need to be overcome. SMEs face obstacles and indeed, the level of attrition remains high, with just 20% of SMEs in PNG surviving for five years or more (Odhuno, et al. 2019). The absence of preconditions that favors small and medium enterprise development can result in the slowdown of economic growth (Kora, 2004).

In a particular position, the SME Survey Report for Eastern Highlands Province (EHP) by the Provincial Commerce, Tourism and Industry Office disclosed that of the 4,000 plus SMEs recorded in 2015, about 37% survived, 21% are

partly active and the rest had stop operating. The surviving SMEs could hardly expand. According to Soso (2017), “much efforts and resources have been put into the SME sector by the districts government’s offices and the office of the Governor of EHP. However, the expected outcome of growth and sustainability impact for SMEs has rather been minimal.” Growth is generally perceived as a good goal for business. According to Neneh and Vanzyl (2014), it is an important measure of business success and key driver to the creation of wealth, employment, and economic development in every country around the world. That is why the PNG government ambitiously considered that “by 2030 employment opportunities in the SME sector would increase from current 291,348 to about 2,000,000 jobs” (Nicholas, 2016).

Several researchers stress that small and medium business growth is non-linear over time. It is expected that the entrepreneur's initial intention to launch a business and attain a certain level of growth in business during the formative years to progress as the business matures (Orser, et al., 2000; Dutta and Thornhill, 2008). SMEs’ growth, prospects and obstacles had been studied by Kavan (2024), the Tebutt Research (2014), and Kora (2004). However, they concentrated in identifying the key obstacles affecting SME growth in PNG. Hence, there is no study conducted yet in PNG that dealt with the internal organizational factors of strategic focus, people/HR, operations, marketing and finance under the lens of strategic management and entrepreneurship’ organic business growth.

1.1. Research Problem

Commitment to SMEs' business growth and sustainability is measured by knowing the owners' views on them as it is necessary for the company in terms of management philosophy, strategic product decisions, competitiveness, and strategic planning. Policymakers must focus both on internal and external perspectives. Internal and external factors of the company can be used as bases for making decisions related to growth and sustainability (Jansson, et al, 2017).

This study answered the main research question: “What crucially influences the SMEs in the Eastern Highlands Province to achieve business growth and sustainability? Relative to the main problem, the study sought answers to the following specific questions: (1) What is the level of impact of strategic focus, human resource, operations, marketing, and finance to SMEs’ business growth and sustainability? (2) What impede SME’s business growth and sustainability along the intervening variables? (3) What is the greatest challenge SMEs face along the given variables? And, (4) is there a significant relationship between the intervening variables with the SMEs’ strategic intent towards business growth and sustainability?

1.2. Hypothesis of the Study

Ho: There is no significant relationship between strategic focus, human resource, operations, marketing, and finance with the SMEs’ strategic intent towards business growth and sustainability.

Ha: There is a significant relationship between strategic focus, human resource, operations, marketing, and finance with the SMEs’ strategic intent towards business growth and sustainability.

1.3. Purpose and Objectives of the Study

The purpose of this study is to contribute to the field of knowledge factors about the elements of business growth and sustainability as experienced by SMEs in a developing country. The objectives of the are: (1) to determine which of the study’s intervening variables provide much weight to SMEs aspirations for business growth and sustainability; (2) to define which of the study’s intervening variables critically obstruct SMEs aspirations for business growth and sustainability; (3) to find out the difficulties and challenges faced by the SMEs on the given intervening variables; and, (4) to determine if the intervening variables are relevant factors to business growth or just to sustain their current status.

1.4. Limitation of the Study

This study is not exempted from limitations. These limitations are beyond the control of the researcher which is true especially when the study’s design is descriptive in nature. The study did not cover the detailed financial, administrative and marketing operations of the SME-participants as well as the 8 districts and the provincial government of the Eastern Highlands Province. Likewise, this study was conducted in one province rather than in all provinces of Papua New Guinea. This geographic limitation implies that the study was restricted to a single geographic context. The use of a cross-sectional survey rather than a longitudinal survey which might yield different results is also considered as a limitation.

2. Literature Review

2.1. Business Success and Business Growth

Ideas and discussions of business growth abound in books and other sources of literature. The following discussions deal with business growth and sustainability of SMEs.

Understanding business growth is more profound when it is discussed alongside business success. Success in general relates to the achievement of goals and objectives in whatever sector of human life. In the field of management, success and failure can be interpreted as measures of good or indifferent management (Morrow, 2023). In accounting, finance and economics, the concept of success is often referred to a firm's financial performance (CFI, 2024). Given these examples, business success can be interpreted in many ways. To achieve lasting success, companies must strike a balance between profitability and growth. This requires careful strategic planning and resource allocation.

On the other hand, business growth is a specific aspect of a business' success. It focuses on increasing the company's size, revenue, market share, and profitability over time (Maguire, 2024). It is the process of setting long-term goals for sustainably increasing revenue and working backwards from there to achieve them in a purposeful and strategic way. Simply, business growth is expanding a business to generate additional profits. A business can grow in one or more areas to achieve this expansion. Some common areas of business growth include product development, increasing sales and marketing, customer base, brand reputation, and employees (Munsey, 2023). One commonly utilized definition of business growth is the bottom line profitability and market share presence increase a company experiences (Morrow, 2023). Profitability and growth are often intertwined, but they represent distinct aspects of a company's success. Profitability is a measure of a company's financial health, while growth is essential for long-term competitiveness (CFI, 2024).

There are numerous types of business growth. The type of business growth chosen by the company determines its business growth strategy. In this section, the discussion concentrates only to the two main types of business growth – the organic and inorganic growth. Organic business growth occurs when expansion happens from within the company (Maguire, 2024). The organic growth strategy depends on the company's resources and capabilities. The most common organic business strategies include new product offerings, reallocation of resources, investing in new technologies and process optimization. Organic growth ensures owners of their company's control. Its other advantages are: internally financed, lower risks (as compared to inorganic growth), company growth at a reasonable rate, and build according to the company's strengths (Morrow, 2023). However, organic growth is a much slower process compared to inorganic growth and business growth depends on market growth.

Inorganic growth or external growth happens mainly through mergers and acquisitions and is a faster way for companies to grow (Boll, 2024). Acquisitions increase market share and boost a company's earnings. Opening new stores and branches are also part of inorganic growth. Advantages of inorganic business growth include: faster growth process, more market share and assets, more attractive for financial investors, more skilled management and their expertise. Its disadvantages are the loss of control from owners, need for more coordination and control, corporate cultural changes and large up-front costs.

A business growth goes through different stages and each stage has crises associated with it. Functions in a rapidly growing company may not be as smooth as it was before and managers may not be as efficient as they were before, as their span of control and responsibility increases (The Hardford, 2024; Morrow, 2023). There are five distinct phases of growth businesses pass through: (1) Existence, finding customers and delivering a product; (2) Survival, breaking even and start making a profit; (3) Success, earning average profits and deciding whether to hold steady or look toward growth and expansion; (4) Take-off, growing, delegation, and expansion via strategic and operational planning; and, (5) Resource maturity, existing at a mature stage, with owner and business separated financially and operationally (Stevens 2023; Bachtiar & Al Amin, 2019). For York (2023), the recent business stages are: (1) Genesis, (2) Initial Revenue, (3) Product Market Fit, (4) Foundational, (5) Expansion, (5) Growth, (6) Scale, and (7) Exit.

The 2 models mentioned above provide insights to entrepreneurs whether to sustain their current operations or to go for growth. If they aspire for business growth, they have to suffice product market fit, service and the capacity for operational expansion. The primary challenges for owners at "take-off" stage are delegating responsibility to an increasingly large team and implementing strategic plans to expand existing offerings. In the foundational stage of York's model, the author cited that "if entrepreneurs are still working on creating initial product, or has not yet in the break-even and started making a profit, growth should not be their first concern. They have to deal first with customer count, headcount, customer happiness and product maturation." The essence of both models is that business growth does not happen in an instant. It requires time, ample resources and the due diligence of the entrepreneur to conduct strategic and operational growth planning. Moreover, the entrepreneur should have a clear focus where to grow. This means that business owners need to have understanding of business growth plan and the best practices for creating one. All businesses are into planning and crafting strategies. These activities would produce a design of actions and programs for business growth. Given this, the manager can lead the business towards correct paths. According to Johnson (2002), "strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations." In other words, strategy is about where the business is trying to get into in the long-term. It includes the markets it should invest in and the kind of activities involved in such markets, how the business can perform better than the competitors in those markets. Moreover, the resources such as skills, assets, finance, relationships, technical competence, and facilities are required to enable SMEs compete. Importantly, the external

environmental factors that affect the business' ability to compete, and the values and expectations of those who have power in and around the business should be given much consideration (David, 2005). Therefore, strategy is often conceptualized as a term for operating at both internal and external level factors.

Nowadays, people often talk about the stages of growth in terms of fundraising. However, some scholars look at business growth a little differently. The reason is that not all founders of SMEs want or need to seek outside funding. Most SMEs concentrate on revenue, profitability and related metrics as the drivers of business growth. However, not enough attention is being paid to the "related metrics". For example, in the SME environment, entrepreneurs often carry all the functions of planning, organizing, staffing, and controlling and directing to achieve the objectives defined by and through the efforts of others. Consequently, the entrepreneur conducts general management activities, operational exploitations, and management of human resources. Entrepreneurs succumbing to the said practice and strategy are limiting the business' success and growth. They could even become the prime reason for the failure of the business. Therefore, entrepreneurs must be adept in strategic management process, planned process implementation and doing decision strategically.

In contemporary times, modern entrepreneurship is the process through which the entrepreneur and employees are devoted to the opportunities at hand. This changes the concept of what constitutes entrepreneurship. The Youth Entrepreneur Council (2023) advises that "growth is not all there is to running a business. There are favorable and not-so-hot times to launch growth initiatives, and many times, a case can be made for maintaining steady business to gain stability before taking risks with new markets and products." This means that to be a successful entrepreneur, the owner has the ability to distinguish the best times for growth from times to better maintain status quo. However, when an entrepreneur is ready to grow, he needs to choose the right strategies for the circumstances. Hence, planning and strategizing are important factors.

In view of the above, progressive SMEs must adhere to a higher level of managing – the strategic management (SM). The most important objective of the strategic management's procedure is to help businesses to be successful by making themselves distinctive in a competitive way from other businesses (Wheelen & Hunger, 2008). SM opens the implementers' chance to capitalize on their inner strengths and exterior chances while reducing their inner weaknesses and exterior threats (David, 2005). In a simple term, the major function of the Strategic Management is to help managers choose a process between different options.

2.2. Business Growth and the Sustainability Dynamics

The growth of SMEs is determined by the owner/manager personal and managerial approach. Personality traits an entrepreneur possesses, motivational growth, individual competence and personal background are the most important determinants that determine the growth of SMEs (Delmar, et al. 2003). As such, an entrepreneur should possess the attitude and the ability of strategy development and planning and strategy implementation. This has a great impact on the growth of small enterprises and will be reflected in the strategic choices and the ways in which an entrepreneur operates the business. Other scholars include the organizational characteristics, relationships and environmental characteristics, as well as organizational development. Other scholars studied the factors influencing the SMEs' business to grow in both developed and developing countries. Their findings disclose that resources, fund and budget availability are the most influential (Obeidat, et al. 2017; Guzami, 2013). These scholars also considered human resource' interest, organization structure, employee compensation, market, customer relations, operations, leadership, and many other business functions as factors towards business growth.

Identifying an enterprise' business growth depends on the measurements used because it is a complex phenomenon. Firm's growth is multidimensional that can be achieved in various ways by taking into account the demographic characteristics of the company (Delmar, et al., 2003). Individual factors reflect the business experience and motivation of owners or managers in managing a business. They are more productive so they can compete and be more impactful on achieving business growth. Environmental factors provide the most significant impact in achieving company growth. It means that the ability of the owner or manager to produce competitive products, utilize technology, and diversity of products will determine SMEs' growth (Sarwoko & Frisdiantara, 2016).

Lawrimore (2024) comprehensively describes the key business success factors that are also applicable to SMEs. They are: (1) Strategic focus, which consists of leadership, management, and planning; (2) People, which cover personnel, staff, and learning and development; (3) Operations, which contains the processes and work; (4) Marketing, which touches on customer relations, sales, and responsiveness; and, (5) Finances, which include assets, facilities, and equipment. These factors are closely related with the strategic management implementation phase's elements of programs, budgets, and procedures and are organizational in nature. Likewise, this literature is more advanced in essence and is relevant in the discussions as regards business growth of SMEs.

Below are the brief descriptions of each factor.

2.3. Strategic Focus

In simple term, a business has strategic focus when it knows what it wants and has a clear and concise vision that it sticks to as it operates. The elements of strategic focus are leadership, management and planning. In personal life, strategic focus is doing the thing one does on purpose and for a reason. According to Latham (2017), “in business, a good strategic framework provides focus by limiting the number of directions the organization runs as nothing beats strategic clarity and focus.” Strategic focus can be the differentiator between making and breaking a company (Shrivastava, 2022). In order for strategic focus becomes a reality, people have to operate concertedly.

2.4. Human Resource (HR)

Human resource focuses on the people side of management. In this study, HR refers to the elements of knowledge & skills, learning, development, and communication. Technically, HR is the set of people who makes up the workforce of an organization, business sector, industry, or economy. HR as human capital means the knowledge and skills which an individual commands. Theoretically, employees perform at a much higher rate of productivity when their managers paid more attention and employ key people-related activities effectively to add value to a company (Kenton, 2024). Examples are quality of physical workplace conditions, how employees are communicated and how they are requested for cooperation and involvement. This means that the human factors are more important than physical factors. Business enterprises need the right people with the right skills to act on the strategic plan and implementation. Hence, up skilling the team members to sharpen their strategy implementation skills and competencies must be considered by the management.

The study of Jain, et al. (2017) found out that employees and customers are the most important stakeholders for the company. SMEs that innovate to include product innovation and collaborative processes with suppliers can increase market share and produce intellectual property rights in the form of patents. High employee commitment, responsibility, and creativity have been instrumental in driving sales and profit margins by companies even during severe economic conditions. Intellectual capital is recognized as a critical factor in competitiveness and company sustainability, especially for SMEs. Intellectual capital represents a combination of corporate knowledge assets in the form of a human, structural and relational capital that supports SMEs to participate in achieving competitive advantage and business development (Jordão & Novas, 2017).

2.5. Operations

Operations cover the processes, works and strategies of the business. In business, operations refer to activities that entrepreneurs engage in on a daily basis to increase the value of the enterprise and earn a profit (CFI, 2024). The activities can be optimized to generate sufficient revenues to cover expenses and earn a profit for business owners. Employees help accomplish the business' goals by performing certain functions such as accounting, marketing, manufacturing, and other related fields. An operation is under the realm of operations management (OM). OM is the administration of business practices to create the highest level of efficiency possible within an organization. It converts materials and labor into goods and services as efficiently as possible to maximize the profit of an organization. Operations management teams attempt to balance costs with revenue to achieve the highest net operating profit possible (Hayes, 2024).

In the competitive and economic world, enterprises must have a significant structure to make the business environment more manageable (Hunger & Wheelen, 2008). This means that a system outlining how certain activities are directed to achieve the goals of an organization is present and functioning. These activities can include rules, roles, and responsibilities aiding towards achievement of strategic intent through strategic decision. According to Joyce & Wood (2003), “strategic decisions should be taken in faster ways and the response from all stakeholders should be high to enhance the growth of the firm.”

2.6. Marketing

In this study, marketing focuses on customer relations, sales, responsiveness. Strategic focus, people and operations are useless if the products or services of the business have not reached and satisfied the targeted customers. The marketing function is based primarily on fundamental strategic decisions that are founded on marketing planning. Answering the questions that determine ideal customer, value proposition, ensuring customers' satisfaction, and retaining competitive position correctly ensures that the company will stay market-oriented and thus will be able to adapt to the ever changing market conditions (Karliček, et al, 2014). The typical benefits a business derives from marketing planning are greater awareness of marketing trends, more informed decision-making, improved communication and co-ordination within and between functions, more efficient resource allocation, greater responsiveness to change, and a better fit between marketing strategy and tactical programs (Wilson, 2012).

2.7. Finance

In this study, finance dealt with the elements of assets, facilities and equipment and financial management. Practically, finance is the money business owners require to start, run, or expand a business (Johnson, 2024). In business, finance refers to the funding and the financial management required in establishing, maintaining, and growing a business (Weston & Woodward, 2024). It involves the processes of budgeting, forecasting, and managing assets and liabilities. Business finance therefore is crucial for making informed decisions that will help a company achieve its objectives and maximize shareholder value.

Finance is the foundation of any business. It is nearly impossible to succeed without strong finances in place that is why finance and funds are known as the lifeblood of business (Pandey, 2023). Simply, a business cannot function properly unless it has an adequate amount of money accessible for its operations. Business strategy implementation needs a budget to include salaries, incentives, and strategy execution software subscriptions. Business enterprise also needs to allocate adequate time for each step of the business strategy, plus room for contingencies.

2.8. Factors Hindering Business Growth

Table 1 presents the study's summary of factors emanating from within the enterprise that affect business to grow. An important step towards business success is putting into action the planned activities and strategies. A business manager's key role is implementing strategy. However, even seasoned managers face challenges in strategy implementation for various reasons, from poor communication to lack of resources and resistance to change. Other factors include organizations do not link their strategy to budgeting; organizations don't link employee incentives to strategy; business owners and managers spend less than one hour per month discussing strategy; the typical workforce doesn't understand their organization's strategy; and lacking a well-defined, actionable plan that resonates with the organization's broader goals. In this regards, Horton (2024) forwarded that the most important reason for the failure of the organization is the obstacles encountered while implementing strategies. Cândido & Santos (2019) are more concerned on the many obstacles that impact the strategy implementation process can interact and be strongly interrelated in dynamic and complex manners; and, obstacles can lead to and reinforce other obstacles, eventually forming long chains of blockages.

Well-run operations are critical and often overlooked source of a business' success. An operation is the work of managing the inner workings of the business so it runs as efficiently as possible. This can help streamline costs, allowing managers to do more with less and reducing the need to secure a business line of credit or term loan. Whether making products, selling products, or providing services, every small business owner has to oversee the design and management of behind-the-scenes work (Kiisel, 2015).

Table 1. Factors hindering business growth

Strategic Focus (Leadership, Management & Planning)	People (Knowledge & Skills, Learning & Dev't. Communication)	Operations (Processes, Works and Strategies)	Marketing (Customer Relations, Sales, Responsiveness)	Finance (Assets, Facilities & Equipment, Financial Management)
Leadership	Knowledge & Skills	Process	Customer relations	Assets
Lack of consensus among decision makers	Incompatible with organizational culture	Unclear regulations and executive policies	Customers' long waiting line and time	Unsuitable resource allocations
Lack of effective role formulators	Unsuitable compensation system	Competing activities among units	Lack of empathy to customers	Choice of funding options
Unsuitable leadership	Lack of enough capabilities to assigned job	Poor alignment in leader actions and behaviors	Inattention	Cost benefit
Leadership turnover	Resistance to change	High levels of unknown waste, limited process-based improvement	Lack of awareness	Poor infrastructure and infrastructure services
Weaknesses in governance	Shortages of skilled human capital	Non-urgency for change	Insufficient customer insight	Current Budget
Management	Learning and Dev't.	Works	Sales	Facilities & Eqp't.

Lack of organizational support	Unsuitable training system	Activities were ineffectively coordinated	Low product quality or service value	Inadequate physical facilities
Unsuitable people management	Lack of motivation	Poorly designed leader standard work systems	Price	Infrastructural problem
Lack of motivation among managers	Low commitment to innovation, teamwork and success	Limited time built into job for improvement	Accessibility	Lack of evaluation of business needs
Lack of urgency for change	No appraisal system	Too many manual, redundant, and legacy work flows	Technology	Unutilized leased equipment
Uncritical of top-down mandate to achieve period-over-period zero-based improvements.	Competing activities among people	Natural human resistance	Loyalty programs	Traditional accounting/metrics
Planning	Communication	Strategies	Responsiveness	Financial Mgt.
Lack of choice of real strategy	Language barriers	Unsuitable resource allocations	Lack of adequate information system	Cost reduction measures
Lack of major problems identification	Cultural differences	Poor technology utilization systems	Lack of product innovation	Lack of control
Non-forecasting to help prepare for changes in the marketplace	Not quickly implementing physical transformations	Little practice, low retention, wrong application	Low idea generation rates and minimal innovation	Limited access to finance & budget
Planning ability of managers	Un-insisting on doing work the new way	Organizational Silos (or Lack of Collaboration)	Resistance to change	Non re-evaluation/ modification of goals as needed
Non-availability of quality information	Allowing non-participation go unnoticed	Implementation took more time than originally planned	Untrained customer service agents	Non-monitoring of financial progress

The challenges in marketing aspect include development (globalization of markets and increased global competition); service sector growth and increasing importance in maintaining customer satisfaction and loyalty of enterprises' services; the rapid development of new information and communication technologies; and the increasing importance of enhanced coordination and efficiency of the interface and marketing programs in the business sector's share of the value of customer life (Scheers, 2018; Steven, 2002). Likewise, managerial barriers hinder the realization of marketing plans and indeed acting as hurdles impeding the very activities at the heart of effective marketing management (Simkin, 2002).

In finance, mismanaged finances are the biggest threat to most small businesses. Around 20% of small businesses fail within the first year. By the end of their fifth year, roughly 50% have closed their doors (U.S. Bureau of Labor Statistics, 2022). While some fail due to a lack of market need for their product, stiff competition, or marketing missteps, many fail due to poor business finance. Cash flow was cited as the second-most common reason for failure; and, pricing and cost issues was at the top of the list as well (Johnson, 2024). The funding process and the availability of both revenue and capital funding can create a barrier to the effective design, implementation and maintenance of sustainable entrepreneurial schemes.

The various accounts covered in the review of literature can establish that the inadequate background or the improper implementation of the process of strategic management (SM) alongside the limitations of resources, knowledge and skills of managers and other environmental factors may turn out as barriers to the success and impacting the growth of small and medium enterprises. The competitive advantage for the 21st century is characterized as fragile and subject to change. Therefore, firms especially SMEs must always be on post for newer sources of competitive advantage. They

must be watchful for competitors' moves. It must be realized that each component interacts with the other components and that this interaction often happens in chorus (Juneja, 2015).

3. Theoretical Framework of the Study

Salminen (2000) describes an enterprise as a controlled system consisting of a detector, a selector and an effector. The detector is the function by which a system acquires information about its environment, which is then used as the basis of the selection of a behavioral response by the selector. Finally, the behavior is executed by the effector. As regards to the enterprise operations, the measurement system of an enterprise gathers information about the changes in both the environment and the performance of the enterprise. This information is then used together with the values, the preferences of the enterprise and its management to produce decisions about the required actions. As a result, the outputs of the enterprise – the products, the services, the operational performance and the financial performance are changed towards better status.

Reckoning Salminen's concept of an enterprise, the positive change to better status could lead to the success and the achievements of entrepreneurs' aspirations and intentions for business growth and/or sustained business activities. According to Davidsson, et al. (2010), "it is through growth that SMEs can become larger organizations and growth is closely linked to job creation." Dobbs and Hamilton (2007) accentuated that growth is closely related to the creation of jobs; and rapidly growing SMEs create employment opportunities in society which is vital for the success of the economy (Bosma et al., 2000).

However, Gundry and Welsch (2001) draw attention to the fact that SMEs do not grow and that entrepreneurs vary substantially in their intentions to grow their businesses. Levie and Autio (2013) observed that achieving growth is very difficult and requires effort. If entrepreneurs do not intend to grow their businesses, their businesses will be less likely to grow and the growth intention will be less likely to materialize. Levie and Autio (2013) further classified the factors that affect SME growth and growth intention into the individual characteristics, business characteristics and environmental characteristics. Meanwhile, Tan, et al. (2007) and Davidsson, et al. (2010) attributed the lack of growth to the founder's specific characteristics of the entrepreneur. According to these scholars, many SME owners are either not interested in growth or deliberately refrain from pursuing growth. Hence, SME owners are usually more concerned about their survival rather than growth (Welsch, et al., (2013).

4. Research Methodology

This study used the descriptive research method. This method provides a comprehensive picture of the characteristics and behaviors of a particular population; assists a researcher better understand the particular population or phenomenon; describes the relationships between variables, patterns and trends; and, compares data from multiple sources" (Sirisilla, 2023; Aggarwal, & Ranganathan, 2019; Bryman & Bell, 2007). The SMEs in the Eastern Highlands Province are deemed unique in character and using the descriptive method allowed the researcher gain a deeper understanding of the crucial factor that influences the SMEs in the Eastern Highlands Province to achieve business growth and sustainability. Table 2 presents the population of the study.

Table 2. Population of the study

Sector/Activity	N	%
1. Retail trade	32	40%
2. Hospitality and tourism	2	3%
3. Motor vehicle related retail	4	5%
4. Transportation	6	8%
5. Construction	4	5%
6. Wholesale trade	16	20%
7. Professional services	2	3%
8. Farming	9	11%
9. Manufacturing	5	6%
Total	80	100%

Legend: N – population; % - percent

The primary data of the study were gathered from 80 purposively sampled small and medium business enterprises operating in the 8 districts of Eastern Highlands Province, Papua New Guinea. In order to achieve the aims of the study, the respondents and participants were confined to the entrepreneurs-owner and managers directly involved in strategic planning and strategic management implementation process for three years or more. A survey-questionnaire was used to determine the descriptive statistics; and an open-ended questionnaire for managers and entrepreneurs to generate their perceptions purporting to the main research issue of addressing business status, challenges and concerns, by descriptive method. The primary data were analyzed using rank, percentage, weighted mean and standard deviation. Chi-square test of independence was utilized to determine the relationship of the intervening variables with business growth and financial sustainability. The questions on the level of impact and the factors that bar SME's business to achieve growth and sustainability were determined and evaluated based on five Point Likert-scales. A mean of 4.50 – 5.00 means the level is very high; mean of 3.50 – 4.49 means the level is high; mean of 2.50 – 3.49 means the level is moderate; mean of 1.50-2.49 means the level is low; and a mean of 1.00 – 1.44 means that level is very low. To test the independence of two categorical variables, Chi-squared test of independence was performed to determine the validity of the hypothesis of the study. This test is basically a data analysis on the basis of observations of a random set of variables. The chi-square test is used to estimate how likely the observations that are made would be, by considering the assumption of the null hypothesis as true (Turney, 2023).

5. Findings of the Study

5.1. Factor Towards SMEs Aspirations for Business Growth and Sustainability

Table 3 shows the descriptive statistics of the study's intervening variable that provide much weight to SMEs aspirations for business growth and sustainability.

Sales are highly considered as the main factor for business growth by the respondents. Interviews with the owners and managers disclosed that “sales are the primary source of income for business that enables the entrepreneurs seize opportunities, invest in resources, and innovate. Without sales, there is no cash flow; without cash flow, businesses could hardly operate.” This finding is aligned to York (2023) statement that revenue, profitability and related metrics are the real drivers of business growth. It also conforms to the philosophy that selling products or services allows a company to generate the funds needed for growth, innovation, and sustainability especially when the business environment is characterized by abnormality. If sales are good, it means that the entrepreneurs have built long-term relationship with customers as well (HBR, 2006). The result also has congruency as regards financial issue and its solution to the same issue. This is stressed in the study of Strouhal, et al. (2009) who found out that “financial issue can be categorized as the weakest point of SMEs; and it can be concluded that if SMEs are capable of coping up with this issue, the percentage of having successful strategy implementation for business growth will rise dramatically.”

Table 3.Descriptive Statistics: Key influencers of business growth

Indicator	min	max	sd	wm	rank
a. Sales	3	5	0.826	4.06	1
b. Leadership	3	5	0.842	4.04	2
c. Learning and Development	3	5	0.843	4.00	3
d. Strategies	3	5	0.810	4.00	4
e. Facilities & Equipment	3	5	0.796	4.00	5
f. Financial Management	3	5	0.803	3.99	6
g. Management	3	5	0.795	3.98	7
h. Responsiveness	3	5	0.795	3.98	8
i. Customer Relations	3	5	0.795	3.98	9
j. Planning	3	5	0.834	3.96	10
k. Communication	3	5	0.818	3.96	11
l. Knowledge and skills	3	5	0.810	3.95	12
m. Processes	3	5	0.805	3.90	13
n. Assets	3	5	0.82	3.90	14
o. Works	3	5	0.795	3.89	15
Overall			0.812	3.97	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50) N = population; sd = standard deviation; wm = weighted mean

Factors hindering SMEs' business growth and sustainability Strategic focus

Table 4. Strategic focus as hindrance to business growth and sustainability

Indicators	min	max	N	sd	wm	Rank
Leadership						
a. Weaknesses in governance	1	5	80	1.060	2.80	1
b. Lack of consensus among decision makers	1	5	80	1.006	2.73	2
c. Lack of effective role formulators	1	5	80	1.046	2.71	3
d. Leadership turnover	1	5	80	0.996	2.71	4
e. Unsuitable leadership	1	5	80	0.969	2.70	5
					2.73	
Management						
a. Uncritical of top-down mandate to achieve period-over-period zero-based improvements.	1	5	80	1.113	2.95	1
b. Lack of urgency for change	1	5	78	1.057	2.81	2
c. Unsuitable people management	1	5	79	1.138	2.79	3
d. Lack of motivation among managers	1	5	77	0.918	2.70	4
e. Lack of organizational support	1	5	78	1.029	2.64	5
					2.78	
Planning						
a. Non-availability of quality information	1	5	79	1.225	2.98	1
b. Ability of Managers	1	5	80	1.200	2.94	2
c. Non-forecasting to help prepare for changes in the marketplace	1	5	80	1.093	2.91	3
d. Lack of major problems identification	1	5	79	1.236	2.86	4
e. Lack of choice of real strategy	1	5	79	1.148	2.76	5
					2.89	
Overall				1.082	2.80	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50)
N = population; sd = standard deviation; wm = weighted mean

In the leadership aspect, the governance capability of SME-owners seems to hinder their intention of business growth. Governance may be helpful if the management is good at governing but may stall business development if the management shows weakness in authority and control.

Along the management aspect, the line managers seemed to have indiscriminating attitude towards zero-based cost budgeting and management. This factor would greatly affect the aspirations of the SMEs to achieve growth and financial sustainability. A zero-based approach is a strategic method that involves starting from scratch and justifying every expense for a new period or year. The goal of a zero-based approach is to optimize resource allocation and ensure funds are used to support business success (Lazar, 2023). This budgeting technique is important especially during the period of an economic slowdown (PwC, 2010).

In the planning area, the lack of quality information posed as threat. This has a tendency to bar business growth. This finding shows that in the decision making process, SMEs used information that only have minimal value. Critically evaluating the quality of information is important. Inaccurate or misleading information can lead to flawed decisions, misunderstandings, and a lack of trust.

5.2. Human Resource (HR)

The shortage of human capital is the leading issue under the knowledge and skill area. SMEs are restrained from hiring skilled employees. According to the participants of the study, hiring highly skilled employees commands higher wages and salaries. Because of this high cost, SME-owners limit the business' scope and product offerings. Hence, the SMEs' capacity to compete becomes limited. This mindset of the respondents does not go along with the finding of Jordão & Novas (2017) that "intellectual capital is recognized as a critical factor in competitiveness and company sustainability, especially for SMEs".

Table 5. Human resource as hindrance to business growth and sustainability

Indicators	min	max	N	sd	wm	Rank
Knowledge & Skills						
a. Shortages of skilled human capital	2	5	80	0.837	3.39	1
b. Lack of enough capabilities	2	5	80	0.750	3.33	2
c. Incompatible with organizational culture	2	5	80	0.933	3.30	3
d. Resistance to change	2	5	80	0.748	3.30	4
e. Unsuitable compensation system	2	5	80	0.703	3.21	5
					3.31	
b. Learning and Development						
a. Competing activities among people	2	5	80	0.923	3.69	1
b. No appraisal system	2	5	80	0.954	3.59	2
c. Lack of motivation	2	5	80	0.824	3.35	3
d. Low commitment to innovation, teamwork and success	2	5	80	0.295	3.30	4
e. Unsuitable training system	2	5	80	0.801	3.18	5
					3.42	
c. Communication						
a. Allowing non-participation go unnoticed	1	5	80	1.541	3.59	1
b. Not leading by example and un-insisting on doing it the new way	1	5	80	1.401	3.49	2
c. Lack of adequate communication	1	5	80	1.441	3.40	3
d. Not implementing physical transformations quickly	1	5	80	1.401	3.30	4
e. Inadequate use of communication technology	1	5	80	1.377	3.20	5
					3.40	
Overall				0.995	3.38	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50) N = population; sd = standard deviation; wm = weighted mean

Competing activities among people in the organization is a highly issue among SMEs towards business growth. This finding discloses that competition among people inside the organization elicited fear and anxiety. If the management considers competition in the organization has only negative consequences like employees' threat of being laid off, losing income, or being publicly humiliated, then business growth and sustainability will be impeded. When employees feel anxious, they are more likely to cut corners or sabotage one another. Businesses that deal with production and marketing, the managers generate positivity by highlighting the potential consequences, according to Steinhage, et al. (2017). When employees feel excited, they're more likely to come up with creative solutions. Employees can also outperform their competition through innovation. If employees compete by finding new opportunities for providing service to clients or devising a way to bring a new product to market faster, then internal competition can translate into a real competitive advantage for organizations.

In the communication area, the practice of allowing non-participation go unnoticed by SMEs greatly impedes business growth and sustainability. This situation can originate from employees feeling undervalued to the team. Hence, team dynamics suffer, collaboration and effective communication may wane, leading to misunderstandings and conflicts that can impede progress and hinder collective achievement. This finding is in congruent with the study of Iosef (2023) that "the sense of unity and camaraderie that underpins a high-functioning team may gradually erode, giving rise to a fragmented and disconnected work environment." These particular situations are examples of many obstacles that impact the business strategy implementation process and could interact and be strongly interrelated in dynamic and complex manners as cited by Cândido & Santos (2019). If they are not properly monitored and controlled, these obstacles can lead to and reinforce other obstacles, eventually forming long chains of blockages.

5.3. Operations

Table 6. Operations as hindrance to business growth and sustainability

Indicator	min	max	N	sd	wm	Rank
Process						
a. Non-urgency for change	2	5	80	0.831	3.66	1
b. High levels of unknown waste, limited process-based improvement	2	5	80	0.805	3.49	2

c.	Competing activities among units	2	5	79	0.853	3.38	3
d.	Poor alignment in leader actions and behaviors	2	5	80	0.749	3.31	4
e.	Unclear regulations and executive policies	2	5	78	1.009	3.13	5
						3.39	
Works							
a.	Too many manual, redundant, and legacy work flows	3	5	80	1.668	3.79	1
b.	Limited time built into job for improvement	2	5	80	1.490	3.64	2
c.	Natural human resistance	3	5	80	1.569	3.63	3
d.	Poorly designed leader standard work systems	1	5	80	1.521	3.55	4
e.	Activities were ineffectively coordinated	1	5	80	1.405	3.33	5
						3.59	
Strategies							
a.	Organizational Silos (or Lack of Collaboration)	1	5	80	1.668	3.79	1
b.	Little practice, low retention, wrong application	1	5	80	1.490	3.55	2
c.	Implementation took more time than originally planned	3	5	80	1.569	3.55	3
d.	Poor technology utilization systems	1	5	80	1.521	3.46	4
e.	Unsuitable resource allocations	1	5	80	1.405	3.35	5
						3.54	
Overall					1.304	3.51	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50) N = population; sd = standard deviation; wm =weighted mean

The overall consequences of Operations as shown in Table 6 is high (mean of 3.51). This finding brings a good number of factors obstructing the business success and sustainability of SMEs. On the Process aspect, the “non-urgency for change” affects all others activities on a high note (mean of 3.66). Urgency is a positive state that enhances performance, and senior managers and business owners need to aid its creation. Businesses need urgency because of competitive pressure, avoiding undesirable situations or consequences, and, in response to market demand. It requires clear, effective and consistent communication. Per the interviews made with middle managers, “the non-urgency for change attitude is caused by the senior managers being fragmented, misaligned and unwilling or unable to participate in setting clear business priorities and align capabilities for optimized workflow.” The era of economic uncertainties requires urgent change in all walks-of-life, and so with the business organizations.

In the area of work, the indicator “too many manual, redundant, and legacy work flows” is the leading obstacle. Manual tasks are essential for the ongoing success of a business, but they also introduce operational inefficiencies. Conducting these tasks takes time — time that could be better spent moving the company forward in other ways. Repetitive business processes might increase labor costs or pull resources away from more important goals. Consequently, the time for job improvement become minimal, leader standard work system is affected; and, naturally human resource resistance becomes natural. The other problematic element of manual processes is human nature. Even the best and most focused employees make mistakes. For example, a warehouse employee writing product quantity by hand could write the wrong number, put the right number in the wrong spot or miss a decimal point. If that data is later entered into an electronic system, it could be mistyped in the same ways. The above finding is evident that other elements of Operations may be affected.

Along strategy area, the respondents noted that implementation took more time than originally planned, which is the leading impeder (mean of 3.79) to business growth and sustainability. Consequently, the indicators “Poor technology utilization systems” and “Organizational silos (or Lack of collaboration)” would be high as rated by the respondents. According to the middle manager participants, manual processes reduce business overall productivity for employees spend more time on basic tasks and less time bringing value to the company. They could better use that time innovating and helping the business reach new heights.

5.4. Marketing

Table 7. Marketing as hindrance to business growth and sustainability

Indicators	min	max	N	sd	wm	Rank
Customer relations						

a.	Insufficient customer insight	2	6	80	1.636	3.74	1
b.	Lack of awareness	2	5	80	1.583	3.65	2
c.	Lack of empathy to customers	2	5	80	1.467	3.53	3
d.	Customers' long waiting line and time	2	5	80	1.321	3.39	4
e.	Inattention	1	5	80	1.376	2.64	5
					1.476	3.39	
Sales							
a.	Technology	2	5	80	1.521	3.54	1
b.	Loyalty programs	2	5	80	1.496	3.49	2
c.	Accessibility	2	5	80	1.366	3.11	3
d.	Low product quality or service value	1	5	80	1.493	2.53	4
e.	Price	1	5	80	1.572	2.41	5
					1.175	2.53	
Responsiveness							
a.	Untrained customer service agents	2	5	80	1.590	3.66	1
b.	Resistance to change	2	5	80	1.496	3.49	2
c.	Lack of product innovation	2	5	79	1.704	3.38	3
d.	Low idea generation rates and minimal innovation	2	5	80	1.422	3.31	4
e.	Lack of adequate information system	1	5	80	0.935	3.15	5
					1.478	3.27	
Overall					1.465	3.27	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50) N = population; sd = standard deviation; wm =weighted mean

The respondents generally perceived that Marketing moderately affects the business growth and sustainability of their enterprises. According to the managers interviewed, marketing is the activity where the business should seriously concentrate and be dealt with utmost due diligence to maintain and enhance further the associations and dealings of the firm with their established and prospective customers. The remarks of the participants are within the contentions of the study of Gummenson (2002), that “marketing especially relationship marketing is based on interactions within networks of relationships.” The current study’s findings are also in congruence with the study of Liu, et al (2021) that “the network of relationships can grow into enormously complex pattern. And, marketing is attracting, maintaining and in multi service organizations, enhancing customer relationships. “

In the Customer Relation aspect, many respondents are having problematic knowledge about their customers. This is due to the high rating (3.74) they provide for the descriptor “Insufficient customer insight” that becomes the leading impeder along customer relation area. Consequently, staff may lack awareness of the customer; and the lack of empathy to customers follows. In cases of abnormal business and economic conditions where marketing products or services are difficult, all members of the business firms should be cautious about the needs of their current and prospective customers. While it is true that businesses usually suffer lag down in activities, an uncertain time should be treated as opportune time to know better who the business’ loyal customers are.

The term "sales" refers to all activities involved in selling a product or providing service to a consumer or business. But in practice, it means so much more. A lot of effort goes into successfully closing a deal – from sourcing prospects, to building relationships, and providing customers with solutions. One of the means that greatly assist in sales is the use of technology. In this study, the use of technology in marketing appears to be a big problem of SMEs, which poses as impeder towards effective marketing. Technology is now the game changer in business. Salespeople reach out to contacts who might be interested in purchasing the product or service that their company is selling. Prospective customers are currently demonstrating interest through actions like visiting the company website or interacting with the company on social media. The prevalent use of the Internet and mobile platforms nowadays, selling and marketing have continued to evolve as technology opens more collaborative and social communication channels. These tools for selling and managing relationships with customers go beyond demographics and customer service data collection (Palmatier, 2008).

Another indicator that becomes contributory factor towards business success is the loyalty program incentive. In this study, it appears SMEs are experiencing hardship (3.49, high) on this matter. While many sales teams are held to monthly quotas and benchmarks for converting leads and closing deals, the real goal of sales is solving for the customer. A customer loyalty program (or rewards program) is a customer retention strategy businesses use to entice customers to continue buying from sellers. These programs typically consist of discounts, free offers, or other perks consumers earn for repeat purchases.

Responsiveness is the quality of reacting quickly. Good customer responsiveness is essential for maintaining customer satisfaction and loyalty. Customers appreciate timely responses to their inquiries and feedback. The study found out that the leading barrier in this area is untrained customer service agents (mean of 3.66, high), followed by resistance to change (mean of 3.49, high). Customer responsiveness is a measure of how quickly and efficiently an organization responds to the needs of its customers. It is determined by assessing how speedily customer inquiries and complaints are answered and how effectively recommendations are implemented and feedback is received. Customer responsiveness can also refer to the speed and accuracy with which orders are filled.

Organizations must maintain high customer responsiveness to succeed in today's competitive marketplace. A company's success depends largely on its ability to build strong relationships with its customers, meet their expectations for quality service, and keep them satisfied with its products or services. Without effective customer responsiveness strategies in place, organizations risk losing potential business opportunities due to dissatisfied customers who will share negative experiences with others.

5.5. Finance

In this study, finance is the combination of assets, facilities and equipment and financial management. Table 8 reflects the perceptions of the respondents on financial areas, which is characterized as controlled impeder (overall mean of 3.30). This finding can be interpreted that the participant-enterprises of the study have the ability to cope up slightly with their financing needs. Different businesses have unique needs, and their financing options can vary accordingly. In the fast-paced world of business, growth is not merely an option; it is often a necessity to achieve long-term success. One of the key drivers of business growth is financing. The critical role financing plays in fostering and sustaining business growth cannot be overemphasized.

Along the "Asset" area, current budget is considered as a high impeder (mean of 3.48). According to the owner-entrepreneurs interviewed, budgeting for additional assets and infrastructures could be a difficult decision especially when the business economy is not promising. Many financial institutions are also reluctant to extend credits to small businesses. Meanwhile, the Facilities and Equipment area is highly impeding particularly the unutilized leased equipment (3.65, high). According to the managers of construction and delivery companies interviewed, the leased equipment they have entered into in agreement with the lessors entails fixed costs. It could be of great problem to business enterprises when various leased equipment are idle due to contained and controlled activities because of economic uncertainty especially during the Covid 19 pandemic period.

Table 8. Finance as hindrance to business growth and sustainability

Indicators	min	max	N	sd	wm	Rank
Assets						
a. Current Budget	1	5	80	1.974	3.48	1
b. Poor infrastructure and infrastructure services	1	5	80	1.985	3.33	2
c. Choice of funding options	1	5	80	1.810	3.25	3
d. Cost benefit	1	5	80	1.932	3.23	4
e. Unsuitable resource allocations	1	5	80	1.860	3.09	5
						3.28
Facilities & Equipment						
a. Unutilized leased equipment	1	5	80	1.236	3.65	1
b. Traditional accounting/metrics	1	5	80	1.484	3.54	2
c. Infrastructural problem	1	5	80	1.462	3.51	3
d. Inadequate physical facilities	1	5	80	1.401	3.31	4
e. Lack of evaluation of business needs	1	5	80	1.345	2.95	5
						3.39
Financial Management						
a. Sticking to budgets	1	5	80	1.409	3.35	1
b. Tax compliance	1	5	80	1.409	3.35	2
c. Managing debt	1	5	80	1.390	3.29	3
d. Cost reduction measures	1	5	80	1.364	3.21	4
e. Cash flow monitoring	1	5	80	1.345	2.96	5
						3.23
Overall				1.560	3.30	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50)N = population; sd = standard deviation; wm = weighted mean

In the financial management side, sticking to budget or the non-reevaluation/modification of goals; and, tax compliance are found to be the leading impeters. Although the impact of these 2 items is seemed tolerable, however they should be left unattended by the owner-entrepreneurs. It is a standard procedure for managers to monitor and gather information on cost and expenditures of the business. This process helps manager review the effectiveness of the budget the business needs. The purpose of this undertaking is to ensure that the financial strategies previously set are flexible enough to support strategic business objectives. Example of the undertaking might be adjusting profit targets, reallocating resources, or redefining budgetary constraints. Revising goals is not about compromising financial discipline but about enabling strategic agility. It is evaluating relevance to the overall business objectives and identifying any misalignments in consideration of changes in the business environment.

In terms of non-monitoring of financial progress, it is necessary that management to implement performance tracking systems that provide timely and accurate data for evaluation. If misalignments are identified, proactive measures to course-correct should be taken, such as adjusting financial targets, reallocating resources, or revising strategic initiatives. Continuous monitoring of financial progress allows organizations to adapt to changing market conditions and ensure ongoing alignment. According to Sarhan (2024), developing performance measurement systems that capture both financial and non-financial metrics are important. Incorporating non-financial indicators can provide a more comprehensive view of organizational performance.

Table 9 presents the ranking summary of impeters' by category. In general, the respondents perceived "operations" to be highly affecting their business growth. This finding could mean that most entrepreneurs always tend to focus more on sales, marketing, and network when it comes to increasing the flow of deals and leads. However, one important link that SMEs seemed to ignore is the promptness culture in business operations. According to Rivas (2022), "if organizations fail to understand that successful business operations are crucial for delivering quality leads at the desired time and reducing the conversion cycle time, in turn, they can help the organization achieve desired growth and scalability."

Table 9. Ranking Summary

Area of Intervention	wm	overall	rank
Strategic focus			
a. Leadership	2.73		
b. Management	2.78		
c. Planning	2.89	2.80	5
HR/people			
a. Knowledge & skills	3.31		
b. Learning & Development	3.42		
c. Communication	3.40	3.38	2
Operations			
a. Process	3.39		
b. Works	3.59		
c. Strategies	3.54	3.51	1
Marketing			
a. Customer relations	3.39		
b. Sales	2.53		
c. Responsiveness	3.37	3.10	4
Finance			
a. Assets	3.28		
b. Facilities & Equipment	3.39		
c. Financial Management	3.23	3.30	3
Overall		3.35	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50)N = population; sd = standard deviation; wm = weighted mean

A practical situation on the "Operations' process aspect" is using business operations for sales growth to understand how operations affect customers. Along the "Works" area, SMEs are not conscientious of prompt service. If the

products are being delivered late, billing takes too long, or there is an issue with returns, these problems will eventually reach customers and detract from their experience with the enterprise.

On the strategy part is identifying the issues in order for the entrepreneurs can work to correct them. With this, the business can ensure that every customer has a positive experience that makes them more likely to recommend the business firm. This means more potential leads in the future.

5.6. Difficulties and Challenges

The goal of any business to achieve business growth or sustain current business undertaking is a fundamental goal. Growth can lead to all sorts of exciting opportunities for the business and new experiences for employees. However, all businesses specially the SMEs yield to challenges and difficulties. Table 10 summarizes the challenges faced by the SMEs in EHP on their quest for business growth and sustainability.

In business strategy, 26% face great challenge in keep up with the market transformation. The current market is characterized more on technological innovations. As such, it is not easy for SMEs in the provincial setting where internet connectivity is a problem, to adopt with the situation. Especially the small businesses, they could hardly afford computerizing operations and therefore they struggle to operate in a competitive digital environment. In view of this situation, designing systems and processes (21%); coping with market competition (18%); and dealing with business intelligence requirements (16%) would be challenging.

In the Marketing dimension, majority (total of 57%) were in dilemma building a brand (21%); relying on marketing for lead generation (18%); and, more diverse customer needs (18%). Building a brand has two aspects, the enterprises' reputation and the product or services they offer. Brand building is a complex, long-term initiative, and measuring results isn't easy. However, the effects of a powerful brand are indisputable.

Relying on marketing for lead generation is a complex process. It requires setting up right key performance indicators. Professional marketers must outline a successful content strategy that is broken down into multiple phases, over time, with certain indicators in place. Examples are conversion rates, sign-ups, email open rates, brand searches; and hundreds of other factors contributing to generating a purchase. As regards diverse customer needs, enterprises that are dependent on increasing revenue must bring in new business. This means that SMEs would be dealing with varied range of clients. These clients have unique needs and expectations. In this regard, healthy dialogue with all clients could help ensure the enterprises know what their clients need and how they feel about the services the businesses provide.

Table 10. Difficulties and challenges to business growth and sustainability

Indicator	f	%	Rank
Business Strategy/Focus			
a. Keeping up with market transformations	21	26%	1
b. Designing systems and processes	17	21%	2
c. Coping with market competition	14	18%	3
d. Business intelligence requirements	13	16%	4
e. Reducing dependencies on the founding team	7	9%	5
f. Balancing quality and growth	6	8%	6
g. Leveraging consultants and business advisors	2	3%	7
Total	80	100%	
Marketing			
a. Building a brand	17	21%	1
b. Relying on marketing for lead generation	14	18%	2
c. More diverse customer needs	14	18%	3
d. New competitors	10	13%	4
e. Building effective marketing strategies	9	11%	5
f. Measuring marketing initiatives	9	11%	6
g. Properly allocating marketing resources	7	9%	7
Total	80	100%	
Human Resource			
a. Retaining Top Talent	16	20%	1
b. Motivating Employees	13	16%	2
c. Founding New Departments	12	15%	3
d. Hiring New Employees	11	14%	4

e.	Training Staff At Large	11	14%	5
f.	Embracing Diversity At Work	9	11%	6
g.	Nurturing a Thriving Company Culture	8	10%	7
Total		80	100%	
Operations				
a.	Deploying technology for innovation	16	20%	1
b.	Automating business processes	19	24%	2
c.	Working on the business	14	18%	3
d.	Limited focus mode	11	14%	4
e.	Solving productivity problems	9	11%	5
f.	Strategic leadership	7	9%	6
g.	Communication	4	5%	7
Total		80	100%	
Finance				
a.	Building Strategic Partnerships & Networking	17	21%	1
b.	Landing New Business	15	19%	2
c.	Retaining Customers (Lifetime Value)	14	18%	3
d.	Identifying New Sales Channels	11	14%	4
e.	Handling Pricing Negotiations	11	14%	5
f.	Maximizing Word of Mouth	7	9%	6
g.	Employment Overhead	5	6%	7
Total		80	100%	

Legend: Very High (4.51-5.00); High (3.46-4.50); Moderate/Fair (2.51-3.45); Low (1.51-2.50); Very Low (1.00-1.50)N = population; sd = standard deviation; wm = weighted mean

Along Human Resources, majority (total of 51%) faced challenges in the areas of talented employees' retention, motivation, and creating new departments. These situations usually happen when the business is growing. It also happens when business status is stagnant. The common denominator is that talented people love challenges and seek increases in economic benefits.

In Operations, a total of 62% of SMEs in EHP faced challenges along technology for innovation, automating business process and working on the business. The first and second areas are common with small businesses. Working on the business is closely related to the dependency on the enterprise's founder. When an enterprise is onto scaling activity, delegation and freeing up time on strategy and growth are vital. This makes building partnerships and outsourcing manageable. A business cannot scale if the founders work in the business instead of determining and setting the direction for the entire organization.

In Finance, a total of 68% are having challenges in the areas of partnerships and networking, forming new ventures and customers' retention. One of the easiest ways to launch a new business or a brand new product is leveraging partnerships and networking with the right vendors. Partnership is one of the most important lead generation channels for businesses. Starting a meaningful collaboration with an existing business that serves the same audience can be an incredible win-win for both parties. The enterprise can reach its ideal audience and the partners can upsell or cross-sell their services.

5.7 Relationship of the Intervening variables to SMEs Business Growth and Sustainability

Table 11 presents the results of the chi-square test regarding the relationship of the study's intervening variables of strategic focus, human resource, operations, marketing and finance with the SMEs business growth and sustainability. The current study's alpha is set at .05 and the critical statistic for an alpha level of 0.05, with 1 degree of freedom. Since the 1 degree of freedom value is 3.8410 is higher than the overall obtained statistics of 2.670076726, the null hypothesis is accepted. This means that at 95% confidence, there are no relationships between strategic focus, HR/people, operations, marketing and finance to the business growth and sustainability of SMEs in the 8 districts of Eastern Highlands Province, Papua New Guinea.

Table 11. Results of Chi-Square Test

Intervention	Outcome	Observed	Expected	$O - E$	$\frac{(O - E)^2}{E}$	$\frac{(O - E)^2}{E}$
Strategic focus	Agree	19	34	-15	225	1.323529412
	Disagree	61	46	15	225	0.97826087 2.30179
HR/People	Agree	35	34	1	1	0.005882353
	Disagree	45	46	-1	1	0.004347826 0.01023
Operations	Agree	39	34	5	25	0.147058824
	Disagree	41	46	-5	25	0.108695652 0.255754
Marketing	Agree	33	34	-1	1	0.005882353
	Disagree	47	46	1	1	0.004347826 0.01023
Finance	Agree	37	34	3	9	0.052941176
	Disagree	43	46	-3	9	0.039130435 0.092072
Total						2.670076726 2.670076
Degree of freedom $(r1)*(c1) = (2-1)(2-1) = 1$						1
Alpha level						0.05
Critical statistics for alpha level of 0.05 degree of freedom						3.8410

6. Summary of Findings

Based on the results of the survey, the study finds out that marketing, particularly the “sales” aspect is the key influencer of business growth and sustainability to the SMEs in the 8 districts of the Eastern Highlands Province, PNG. The study’s outcomes on factors hindering business growth and sustainability pointed to business operations dimension to be the leading barrier. In terms of specific area-descriptor in business operations, the “non-urgency for change; too many manual, redundant, and legacy work flows; and organizational silos/lack of collaboration” are the dominant factors. The challenges faced by SMEs are more related to technology for innovation, automating business process, forging partnerships and outsourcing and customers’ retention.

Based on the result of chi-square test of independence, the finding indicates that at 95% confidence, there are no relationships between strategic focus, HR/people, operations, marketing and finance to the business growth and sustainability of SMEs in the 8 districts of Eastern Highlands Province, Papua New Guinea. This demonstrates that the SME-owners operating in the province are aware that other factors external to their enterprises affect their businesses. From the findings of the study, it can be concluded that the SMEs in EHP of PNG want their respective businesses to grow however, due to factors beyond their control; they prioritize sustainability of their current business.

This study suggests that the SME-owners in the province of EHP, PNG, although have the command over their businesses, they should hire and employ knowledgeable and experienced human resource to effectively oversee the operations of the business, construct at least a medium-term business operational plan emphasizing strategic priorities and intents; and, adapt flexibility in terms of their financial goals, reallocating resources, redefining budgetary constraints.

7. Recommendations for Future Work

The following are recommended for further studies: (a) Replication of the current study using longitudinal survey in provinces of PNG where SMEs proliferate; (b) Detailed financial, administrative and marketing operations of the SME in PNG; (c) Strategic priorities by small and medium enterprises in PNG.

References

- Asian Development Bank, (2015). Integrating SMEs into Global Value Chains: Challenges and Policy.
- Aggarwal, R., & Ranganathan, P. (2019). Study designs: part 2 – descriptive studies. Perspectives in clinical research, 10(1), 34. https://doi.org/10.4103/picr.picr_154_18.
- Anderson, AR. & Diochon, M. (2009). Social enterprise and effectiveness: a process typology. Social Enterprise Journal.

- Bachtiar, NK & Al Amin, M (2019). SMEs' Growth Stage Model: A Literature Review and Development Model. *Jurnal Analisis Bisnis Ekonomi*. DOI: 10.31603/bisnisekonomi.v17i1.2605.
- Bosma N, Van Praag M., & De Wit, G. (2000). Determinants of Successful Entrepreneurship. http://www1.feb.uva.nl/pp/bin/nonrefereedbook_publication525fulltext.pdf.
- Borroni, Y., (2020). Why is good quality information important? <https://www.quora.com>.
- Bryman, A., Bell, E. (2007). *Business Research Methods*, 2nd ed. USA: Oxford University Press, p.12.
- Cândido, CJF. Santos, SP., (2015). Strategy implementation: What is the failure rate? *Journal of Management & Organization*, 2015 - cambridge.org.
- CFI (2024). Business Operations - Overview, Examples, How To Improve. Corporate Finance Institute. <https://corporatefinanceinstitute.com>.
- Chandler, AB., (2023). Employee appraisal systems: pros and cons. <https://www.breathehr.com>.
- David, F. (2005), *Strategic Management*, Prentice-Hall Publishing. Upper Saddle River, NJ.
- Davidsson, P., L. & L. Naldi. (2010). Small firm growth. *Found and Trends in Entrepreneurship*, 6(2), 69-166.
- Delmar, F., Davidsson, P., & Gartner, W. B. (2003). Arriving at the High-Growth Firm. *Journal of Business Venturing*, 18, 189–216. [https://doi.org/10.1016/S0883-9026\(02\)00080-0](https://doi.org/10.1016/S0883-9026(02)00080-0).
- Dutta, D.K., & Thornhill, S. (2008). The evolution of growth intentions: toward a cognition-based model. *Journal of Business Venturing*, 23, 307–332.
- Drucker, P.F. (2006). *Innovation and Entrepreneurship*. Publisher-Harper Business.
- Forbes (2013). The Impact of Good versus Bad Leaders on a Company. ATD Staff.
- Gummesson, E., (2002), Practical value of adequate marketing management theory. *European Journal of Marketing*, emerald.com.
- Gundry, L.K., & Welsch, H.P. (2001). The ambitious entrepreneur: High growth strategies of women-owned enterprises. *Journal of Business Venturing*, 16, 453-470.
- Guzami, E. (2013). Factors influencing strategy implementation in community-based organizations in some sub-county, Kenya. University of Nairobi.
- Hayes, A. (2024). Operations Management: Understanding and Using It. <https://www.investopedia.com>.
- Horton, M (2024). The 4 Most Common Reasons a Small Business Fails. <https://www.investopedia.com>.
- Iosif, L (2023). Navigating the Struggle: Understanding the Impact of Feeling Undervalued at Work. LinkedIn · Iosif L.
- Jain, P., Vyas, V., & Roy, A. (2017). Exploring the Mediating Role of Intellectual Capital and Competitive Advantage on the Relation between CSR and Financial Performance in SMEs. *Social Responsibility Journal*, 13(1), 1–23. <https://doi.org/10.1108/SRJ-04-2015-0048>.
- Jansson, J., Nilsson, J., Modig, F., & Vall, G. H. (2017). Commitment to Sustainability in Small and Medium- Sized Enterprises: The Influence of Strategic Orientations and Management Values. *Business Strategy and the Environment*, 26(August 2015), 69–83. <https://doi.org/10.1002/bse.1901>.
- John, ALM (2023). What is Entrepreneurship? 10 Key Concepts in Entrepreneurship. <https://www.saasgenius.com>.
- Johnson, JB (2024). Business Finance: Definition and Importance. <https://www.freshbooks.com/business-finance>.
- Joyce, P. & Woods, A. (2003), Managing for growth: decision making, planning, and making changes, *Journal of Small Business and Enterprise Development*, 10 (2), pp. 144-151.
- Johnson, P. (2002). The Top Five Reasons Why Strategic Plans Fail.
- Johnson, JB., (2024). Business Finance: Definition and Importance. <https://www.freshbooks.com/business-finance>.
- Juneja, 2015. Organizational Culture and Employees' Performance. *Global Journal of Management and Business Research*. <https://journalofbusiness.org/article/download>.

- Karadag, H. (2016). The role of SMEs and entrepreneurship on economic growth in emerging economies within the post-crisis era: an analysis from Turkey. *Journal of Small Business and Entrepreneurship Development*, 4(1), 22. Retrieved from <https://scholar.google.com/>
- Karliček, M., Chytкова, Z., Ladislav, TH., Mohelska, H., (2014). Barriers of marketing effectiveness and efficiency within companies: A qualitative study December 2014E+M *Ekonomie a Management* 17(4):111-124 DOI: 10.15240/tul/001/2014-4-009.
- Kenton, W (2024). Human Resources (HR): Meaning and Responsibilities. <https://www.investopedia.com> › Business Essentials.
- Kora, P. (2004). Small and medium enterprises in Papua New Guinea: performance and growth prospects. *Pacific Economic Bulletin* Volume 19 Number 1, 2004 © Asia Pacific Press.
- Lazar, D., (2024). What is zero-based budgeting? <https://www.ibm.com> › think › topics › zero-based-bud...
- Latham, A., (2017). The Importance of Strategic Focus. *Forbes*, <https://www.forbes.com>.
- Lawrimore, E. W. (2024). *The 5 Key Success Factors Of Business: A Powerful System for Total Business Success*, ISBN-13 979-8884529441. Amazon.
- Levie, J., & Autio, E. (2013). Growth and growth intentions. White paper, 1, 159-83.
- Liang Liu, Min Zhao, Lixin Fu, Jiming Cao (2021). Unraveling local relationship patterns in project networks: A network motif approach. *International Journal of Project Management*, Volume 39, Issue 5, July 2021, Pages 437-448.
- Kiisel, T., (2015). What is Operations? And Why Does My Business Need It? <https://www.ondeck.com> › Resource Center.
- Maguire, D. (2024). Types of Business Growth. Cambridge (CIE) IGCSE Business. <https://www.savemyexams.com>.
- Mark, B. (2012). *Governance: A very short introduction*. Oxford, UK: Oxford University Press. ISBN 9780191646294.
- Ministry of Trade, Commerce and Industry (2016). PNG National SME Policy Framework.
- Morrow, M.K. (2023). What Does Business Growth' Really Mean? <https://altametrics.com> › topics › what-does-business-gr.
- Munsey, B.A. (2023). What Is Business Growth? (Definition, Strategies and Steps) <https://www.indeed.com> Career development.
- Neneh, B.N., Vanzy, J. (2014). Growth Intention and Its Impact on Business Growth amongst Smes in South Africa. *Mediterranean Journal of Social Sciences*, Vol 5 No 20, ISSN 2039-2117 (online) // ISSN 2039-9340 (print), Doi:10.5901/mjss.2014.v5n20p172.
- Nicholas, W., (2016). PNG's SME policy: the right aim, but dubious means. <https://devpolicy.org> › png-sme-policy-right-aim-dubiou...
- Obeidat, B. Y., Al-Hadidi, A., Tarhini, A., & Masa'deh, R. E. (2017). Factors affecting strategy implementation: a case study of pharmaceutical companies in the Middle East. *Review of international Business and Strategy*, 27(3), 386-408.
- Odhuno, F. and Ngui, D. (2019). Effects of legal and regulatory requirements on the performance of small and medium enterprises in Papua New Guinea. (Discussion Paper 169). Port Moresby: Papua New Guinea National Research Institute.
- Orser, B., Hogarth-Scott, S., & Riding, A.L. (2000). Performance, firm size, and management problem solving. *Journal of Small Business Management* 38 (4), 42–58.
- Palmatier, RW. (2008). *Relationship Marketing*. Marketing Science Institute. ISBN 978-0-9657114-9-4.
- Pandey, N., 2023. Business Finance Definition and Meaning.

- Postolov, K., Sopova, MM., Ivanovska, LP., Petkova, TA., & Josimovski, S., (2016). Modern Entrepreneurship as a Factor for Success in the Operation Of Tourism Enterprises. CBU International Conference on Innovations In Science And Education. Prague, Czech Republic.
- Rivas, J., (2022). How Business Operations Can Increase Sales Growth & Support.
- Salminen, A., (2000). Implementing Organizational and Operational Change -Critical Success Factors of Change Management. Issue 7 of Acta polytechnica Scandinavica: IM. Volume 7 of Acta polytechnica Scandinavica: Industrial management and business administration series, ISSN 1456-9426, Tesis, Helsinki University of Technology. ISBN9516665403, 9789516665408.
- Sadler-Smith, E., Hampson, Y., Chaston, I., & Badger, B. (2003). Managerial Behaviour, Entrepreneurial Style, and Small Firm Performance. *Journal of Small Business Management*, 41(1), 47–67.
- Sarwoko, E., & Frisdiantara, C. (2016). Growth Determinants of Small Medium Enterprises (SMEs). *Universal Journal of Management*, 4(1), 36–41. <https://doi.org/10.13189/ujm.2016.040105>.
- Scheers, L. V. (2018). Marketing challenges small and medium enterprises (SME) are facing in South Africa. *The journal of accounting and management*, 8(1), 27-34.
- Shrivastava, S., (2022). Why Organizations Need Strategic Focus. LinkedIn.
- Simkin, L., (2002) Barriers impeding effective implementation of marketing plans - A training agenda. *Journal of Business and Industrial Marketing* 17(1):8-24. DOI: 10.1108/08858620210415172.
- Sirisilla, S. (2023). Descriptive Research, Definition, Types, and Flaws to avoid. <https://www.enago.com › academy descriptive-research>.
- Soso (2017). SME Survey Report for EHP. The Commerce, Tourism and Industry, Eastern Highlands Province, Papua New Guinea.
- Steinlage, A., Cable, D., & Wardley, D. (2017). The Pros and Cons of Competition among Employees. *Harvard Business Review*, <https://hbr.org › 2017/03 › the-pros-and-cons-of-compet...>
- Stevens. R. E., Wrenn, W. B., Sherwood, P., Ruddick, M. (2006), *e-Marketing Research Guide*, 2nd ed. USA: Best Business Book.
- Stevens, B. (2023). Stages of business growth. <https://www.reckon.com › small-business-resources>.
- Strouhal, J., Müllerová, L., Cardová, Z., (2009). National and International Financial Reporting Rules: Testing the Compatibility of Czech Reporting from the SMEs Perspective. *Wseas Transactions on Business and Economics*. Issue 12, Volume 6, December 2009. ISSN: 1109-26.
- Tan, W.L., Menkhoff, T., & Chay, Y.W. (2007). The Effects of Entrepreneurial Growth Orientation on Organizational Change and Firm Growth, Research paper series Volume 1207, Lee Kong Chian School of Business, Singapore Management University.
- The Hartford (2024). U.S. Bureau of Labor Statistics, “Survival of Private Sector Establishments by Opening Year”. <https://www.thehartford.com › ... › Managing For Growth>.
- Turney, S., (2023). Chi-Square (X^2) Tests | Types, Formula & Examples. <https://www.scribbr.com › statistics › chi-square-tests>.
- US Bureau of Labor Statistics (2022). Home: Occupational Outlook Handbook. <https://www.bls.gov>.
- Van Gelderen, M., Brand, M., van Praag, M., Bodewes, W., Poutsma, E., & van Gils, A. (2008). Explaining entrepreneurial intentions by means of the theory of planned behaviour. *Career Development International*, 13(6), 538-559.
- Welsch, H., Price, P. D., & Stoica, M. (2013). Innovation, Performance and Growth Intentions in SMEs. *International Journal of Economics and Management Engineering (IJEME)*, 3 (5), 176-181.

- Weston, J.F. & Woodward, S.N. (2024). Business finance, Investment Strategies, and Risk. Britannica. <https://www.britannica.com › Business & Marketing>.
- Wheelen L & Hunger, J. D. (2008), *Strategic Management Business policy*, 11th edition. New Jersey: Pearson international edition.
- Wilson I. B. Essien (2012). *Strategic Management*, Author House, ISBN1467872849, 9781467872843, p. 291.
- York, K., (2023). Entrepreneurship - What Is Business Growth? Meaning and Strategies. <https://york.ie>
- Young Entrepreneur Council, (2023). Business Growth for Entrepreneurs: Know When To Grow. <https://yec.co>.