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## **Problems and development issues of SMEs in Fiji**

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**Abstract:** The small and medium enterprise (SME) sector in Fiji is still at a developing stage. This sector has the potential for growth through use of extensive marketing strategies. There are some success stories but in general this sector still faces some problems and challenges. SMEs in Fiji have been recognised as an essential tool in the development of a sustainable economy. Therefore, this research studies the factors affecting their development in Fiji. Performance of a small firm is influenced by many factors and one of them is its ability to respond to competition by way of adopting appropriate strategies to combat the threats. This research has found that pricing of goods, fixed cost related to businesses and competition from bigger businesses are three major challenges for SMEs in Fiji.

**Keywords:** SME challenges; entrepreneurship; marketing; performance; Fiji.

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### **1 Introduction**

In Fiji, SMEs represent a huge potential for wealth and employment creation which is largely untapped. This sector has huge potential for growth through extensive marketing. With a population of 827,900 (Fijian Islands Bureau of Statistics, 2011) having unique aspects of history, culture and consumption patterns, SMEs in Fiji draw upon the community for their workforce and rely on it to do business. For the communities, SMEs

provide goods and services tailored to local needs and at costs affordable to local people. Therefore, SMEs in Fiji play a very vital role for economic development and employment creation. They are considered to be an important source of employment to particularly for low skilled, as well as women and young people, who usually make up the greatest proportion of the unemployed in Fiji. Fiji government has been trying to promote entrepreneurship development by supporting the growth of SMEs in the country, seeing as these enterprises provide an opportunity for the testing and development of entrepreneurial capability. The Fiji government has established the National Centre for Small and Micro Enterprise Development (NCSMED) (a statutory organisation) in 2002, to coordinate assistance to SMEs and to provide services to entrepreneurs. The Centre has merged with the government's National Micro-Finance Unit (NMFU) in early 2004. Today, development of entrepreneurship, together with human skills improvement have become two crucial factors for a country to be a world leader in all aspects of life, e.g., economy, trade, military, technology, etc., and for a sustainable economic and social development.

Owing to numerous barriers that SMEs face, they have attracted the attention of policy makers and various governments who have realised that these barriers have the effect of reducing the ability of these potential high-growth firms to achieve their full potential (Singh et al., 2010a). SMEs in general face many challenges in the market and some of these include cost, quality and issues related to export capabilities (Bamford and Bruton, 2011). Convenient location and a quality product will serve as an upper hand to competitive challenges and poses a particular difficulty for small enterprises if they are acting alone to access the market served by larger enterprises as well. Because effective supply chain performance is now critical to a company's success, entrepreneurs must ensure efficiency in terms of customer satisfaction (Allen, 2009). More over entrepreneurs should ensure that warehouses and distribution centres are efficiently located and look at every aspect of the supply chain to see if there are ways to reduce costs. There has been very limited research studying the nature and pervasiveness of the problems facing SMEs in Fiji, therefore giving impetus for this study. In its study, OECD (2004) highlights that barriers SMEs face are due to competition policy, legislative and regulatory frameworks, telecommunications infrastructure, and research and education policy. Other barriers listed in its study were: intellectual property rights; political risks; corruption; and rule of law issues. OECD (2004) further comments that "SMEs are less well-equipped than larger firms to address these difficulties".

This paper finds entrepreneurship crucial for the development of a strong industrial sector and attempts to identify the problem areas and developmental issues related to SMEs in Fiji. It also attempts to recommend some stratagems for ensuring SMEs' advancement in the country and south pacific region. The following section provides an overview of the SMEs' literature. The third section provides a detailed exposition of the methodology used. The fourth section provides the results and discussion and the last section provides a summary and conclusion.

## **2 Literature review**

Research on small business development has shown that the rate of failure in developing countries is higher than in the developed world (Arinaitwe, 2006). SMEs have become the favoured vehicle for the contemporary economic and social regeneration (Carr, 2000).

According to Zontanos and Anderson (2004) “business are at their most vulnerable when they are very young and very small”. The risks of being competitive in the market for SMEs are relatively very high. Their lack of market power and dependency on small customer base results in an environment which is much less controllable and more uncertain than those of larger organisation (Wynarczyk et al., 1993). Moreover there are many factors which lead to SMEs failure and it has impact on Small and Medium business operations perceived benefits and this need to be taken into account.

The encouragement and the support given to small business sector are a confirmation of its continuing contribution to overall economic performance especially in terms of self-employment, new venture creation and entrepreneurship in Fiji (Leppard and McDonald, 1991). A number of resources have been in place to neutralise the effects of positional restrictions. However, there appears to be many unresolved problems that need to be addressed. Critical problems are discussed in paragraphs below.

For Small-scale processors of food products in Fiji, one of the big obstacles to successful marketing is the need to adhere to quality and hygiene standards (Walker et al., 2009), thus increasing the level of competition within the industry. Performance of a small firm is influenced by many factors and one of them is its ability to respond to competition by way of adopting appropriate strategies to combat the threats. Competing with the well established big businesses is a problem for all businesses around the world and which affects individual marketing initiatives. Competition poses the major threat to small business operators in Fiji (Singh, 2006).

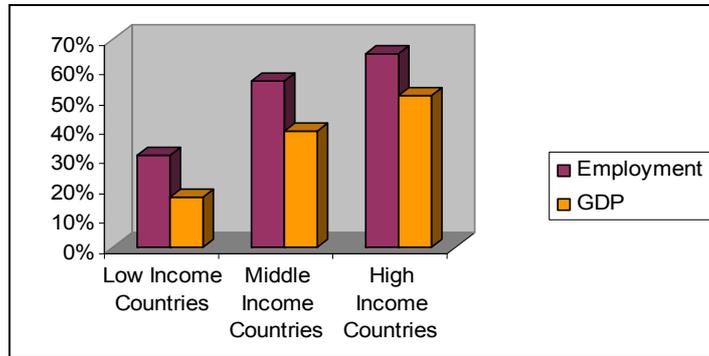
Moreover, finance is one of the most talked-about barriers to business start-ups and also to expansion into related areas. Fiji government (and other donor agencies) has taken measures to alleviate this problem however the progress is slow. Small firm has less to spend on marketing both in absolute terms and even as a percentage of income; this is because of the impact of fixed costs which take up a higher proportion of revenues; financial limitations also restrict their ability to employ marketing specialists (Weinrauch, et al., 1991). Baldacchino (1995, 1999) highlighted that small island states such as Fiji when compared to its counterparts lack the investment capital that can be permeated in the development of SMEs. Studies conducted in different South Pacific countries by Croulet and Sio (1986), Ritterbush (1986), Finney (1987, 1988), Fairbairn (1988), Hailey (1988), Mamman (1993), Yusuf (1998), Baldacchino (1999), Schaper (2002) and Singh et al. (2010b) have found that entrepreneurs in the region portray different characteristics from their counterparts in the West. Fiji is one such island country of the South Pacific region where culture and wisdom of indigenous people is quite visible in the practice of entrepreneurship (Dana and Anderson, 2007). Similarly there have been numerous studies that analyse the financial obstacles affecting the growth and survival of SMEs. These studies are both quantitative and qualitative in nature. Cost items associated with running a small business operation is also seen as a major hindrance. Burdens resulting from such cost items as rent and rates, gas and oil, telephone charges, supplies and bank charges are quite evident that increases the overall cost of doing business in Fiji.

In a developing country like Indonesia, SMEs have historically been the main player in domestic economic activities, especially as a large provider of employment opportunities, and hence a generator of primary or secondary source of income for many households (Tambunan, 2006). In OECD countries SMEs and Micro enterprises account for over 95% of firms, 60–70 of employment and, 55% of GDP and generate the lion’s share of new jobs<sup>1</sup>. In developing countries, more than 90% of all firms outside the agricultural sector are Micro enterprises, generating a significant portion of GDP. For

example in Morocco, 93% of industrial firms are SMEs and account for 38% of production, 33% of investment, 30% of exports and 40% of employment<sup>2</sup>. In Bangladesh, enterprises of less than 100 employees account for 99% of firms and 85% of employment. Similarly in Ecuador, 99% of all private companies have less than 50 employees and account for 55% of employment. Therefore it becomes very important to understand the marketing potentials of SME sector in order to gain comparative advantage.

Thevaruban (2009) studied small scale industries and its financial problems in Sri Lanka. He underscored that MSMEs of small scale industries in Sri Lanka finds it extremely difficult to get outside credit because the cash inflow and savings of the MSMEs in the small scale sector is significantly low (Ganesan, 1982; Gunatilaka, 1997; Ganesan, 2000). Thus it can be recorded that financial institution does give emphasis on credit lending to the SMEs in Sri Lanka. Pandaram and Amosa (2010) got opinions from family business entrepreneurs concerning the impact of family and business factors in the general operations of their businesses. The business factors of great importance to family business entrepreneurs were corporate taxes, customer pricing demands, political stability and increasing costs of labour and materials. Notably, the family factors of significant importance to the family business entrepreneurs were succession planning and the risk of the firm being in-grown (Rogers, 2003; Pinson and Jinnett, 2006; Strauss, 2008; Fredrick and Kuratko, 2010).

**Figure 1** SME contribution to employment and GDP (median values) (see online version for colours)



Source: World Bank

Figure 1 shows the contribution of SME sector to employment generation and to the economies GDP.

Research conducted by Naidu and Chand (2011) showed that in Fiji financial obstacles are namely; inability to obtain external financing; inability to obtain internal financing; insufficient capital, start-up costs; expensive raw materials; high wholesale price; large losses due to scrap rate, sabotage, breakage and crime; decline in sales volume; bad debts and write offs; heavy equipment and maintenance costs; government tax, VAT and customs duty; payroll, rent and utilities; transportation and petrol costs; high interest rates on loans; ability to meet financial obligation; insurance costs and delay in account receivables payment.

Furthermore given the high rate of unemployment in Fiji, one would have expected locating, training and keeping skilled workers in the respective firms to be a lesser problem. Finding a suitable job is very difficult in any economy. Employees who are qualified but cannot find a job tend to be employed by the small and medium enterprises (SMEs), thus they are likely to remain on the job until they find a better one or start their own small business. This is not uncommon in small and medium-sized enterprise.

In addition to above according to Leonidou (1995), Katsikeas and Morgan (1994), and Keng and Jiuan (1989) pricing is a important problem for SME exporters; the inability to offer satisfactory prices in international markets can stem from increases in the unit cost of goods sold due to the additional costs of modifying the product, packaging for the export markets, higher administrative, operational and transportation costs, high tariffs, taxes or fees, and higher costs of marketing and distribution. The inability to offer the right prices makes export sales difficult and negatively affects company export market share and profitability. This may be due to the ignorance of pricing mechanism or as resellers they had little control over prices. As the imported products either offers prices that are relatively very high or very low, which lets the larger firms to take advantage of this situation. Consumers go for products which offer lower price with a higher quality and as a result the local produces are not sold in most of the cases.

Research conducted by FDB (2003–2006) pointed out that SMEs have basically poor credit worthiness; lack of proper financial statement which limits their ability to pay; SMEs tends to engage themselves in too many activities all at once; they also possess negligible assess backing, limiting their marketing effort; and are undercapitalised.

Tushabomwe-Kazooba (2006) examined that factors affecting small business development include poor infrastructure, poor geographical location, failure to conduct basic market research and the economy. Okpara (2010) examined that with regard to poor infrastructure; services such as electricity, transportation, and water sanitation play a critical role in a country's development and are directly linked to small business success and economic growth. Power failure affects the production of goods and services, and inaccessible roads affect the distribution of goods and services and increase transportation costs. Businesses may find it problematic to operate in rural areas that are not accessible, even though the rural areas may have high demand for their products. This limits the ability of businesses to expand and the opportunity to generate profit in order to remain in business.

Small businesses tend to trade only in a limited geographical area (Curran and Blackburn, 1994). Thus this connects chance closely to the series of local economy, with limited opportunities to compensate for any downturn. The location of SMEs goods and services are beyond the customers reach. Thus other potential market segments have no access to their products.

### **3 Research methods**

The paper is based on first hand primary research fieldwork conducted by the authors in between 2009 and 2010. In Fiji data was collected from two main Islands namely; Viti Levu and Vanua Levu. The main reason for selecting two main islands was because SMEs are mostly concentrated on above mentioned island. The Registrar of Companies was the only possible place from where a list if SME business was obtained. Having the

adopted estimated SME population of Fiji as 4,000 respectively, it was identified as the sampling framework for this research. The questionnaires were pre-tested in Fiji on a sample of 15 respondents, after which minor changes were made. It is to be noted that questionnaires for this research was proved to be most advantageous due to its simplicity, its versatility, and its low cost as a method of collecting data from small business operators. It was useful as it enabled the researcher to be present in administering the questionnaire and allowed for greater response rate. 120 entrepreneurs were selected using random sampling technique.

#### **4 Results and discussion**

In April 2004, the cabinet approved a memorandum titled 'Medium Enterprises in Fiji' to look after medium enterprises in Fiji. The existence of SMEs in Fiji has long been recognised and their contribution has been much appreciated. With the establishment of government sponsored support services such as National Centre for Small and Micro-Enterprises Development (NCSMED): the advisory committee was set up by government to oversee the development of medium sized enterprises in Fiji. The SMEs sector has proved to be stronger and persists to make a considerable contribution to nationwide development, particularly in improving the superiority of life of the socially and economically disadvantaged. It is evident, that there remain massive untouched economic development opportunities for the sector to expand and grow, especially in the rural areas where huge natural resources remain underutilised. In order to take advantage of this potential, it is crucial that government and stakeholders must firstly be aware of the nature, characteristics and development needs of SMEs. The National Centre for Small and Micro Enterprises commissioned a preliminary study and attempts to provide relevant and useful data on SMEs to help better understand the sector. The NCSMED has summarised the importance of SMEs in Fiji.

There appears to be many unresolved problems that need to be addressed. For Fiji statements are made regarding the problems and interests of small and medium businesses with little or no empirical evidence to support them. Issues raised in the survey include problems with that are highly related to small business owners as managers and entrepreneurs. This part of the questionnaire presented 17 major challenges encountered by the SME operators in their almost daily business, and thus referred to as critical problems. Respondents evaluated each of the 17 potential business Challenges on a scale of '1 to 5'. The lower numbers represent, 'critical problem' and the higher numbers represent, 'Not a Problem'.

Eighty one percent of respondents revealed that making a decision on 'pricing of goods' was a major challenge for them. This was considered to be main challenge faced by the small business operators. Other major challenge as revealed by respondents is competition. As exhibited in the Table 1, for 80% respondents, competition poses a major challenge to them. All over the world, emerging big-time players, both at home and at international level, tend to swallow up traditional small players with competitively priced products and services. Thus taking the advantage of the 'economy of scale' these companies can easily drive away the small business operators from their traditional, small-scale business ventures.

**Table 1** Major problems of SMEs in Fiji

<i>Factors</i>	<i>Mean rank</i>	<i>Percent</i>
Price competition	1	81%
Fixed cost	2	75%
Competition	3	80%
Production cost	4	72%
Distribution cost	5	68%
Marketing cost	6	70%
Labour cost	7	76%
Government tax	8	61%
Insurance cost	9	60%
Telephone charges	10	72%
Electricity bill	11	76%
Rents	12	77%
Water bills	13	73%
Environmental regulation	14	11%
Currency devaluation	15	9%
Training and development cost	16	15%
Miscellaneous	17	28%

Other big challenge for SMEs in Fiji as revealed by respondents is cost. Therefore, cost is another factor which really makes their business difficult. About 75% respondents revealed that huge fixed cost of business impacts their business. For 72% production cost, for 68% respondents distribution cost and for 60% insurance costs have a huge impact on their businesses. Even so if the small businesses have the desire to upgrade their operations to provide a better service to customers, they are unable to do so due to the cost involved. Large businesses and enterprises have many options such as renting, leasing and borrowing, but such options are not readily available to the small business operators.

In addition to above in order to meet customer expectations, small business operators need to maintain and keep up with a ready supply of products and this cannot be done without maintaining a reasonable stock of inventories and raw material for production. Stock is a cost item, because it ties up the operating budget, which the small business operators cannot afford to do for a longer period time due to other cost being incurring at the same time.

Increasing economic activities and operations in Fiji have mixed blessings. On one hand they lead to economic progress, and on the other hand they drive up the cost of doing business in Fiji which de-motivates the small operators. Telephone charges which is said to be the invariably the highest in the region and is also being supported by 72% business operators, and during the research it was gathered that small operators have a telephone link to their business operation.

Moving on to the least most critical problem being shown in Table 1; 'Environment regulations' was cited as the least important challenge by 11% of respondents, perhaps small and medium businesses are not aware of their responsibility or not well-informed

about being socially responsible. Also hiring and retaining skilled workers as also outline as one of the least problems faced by 15% of the small business operators in Fiji.

According to Table 2, respondents indicated that above factors have both positive and negative effects on their marketing. Competency plays a very pivotal role in marketing and thus the responses were generated accordingly where seven played very important role and 4.46 being just important. With a mean of 4.0 and more, are highly prioritised and have a direct effect on firms marketing or which help to create marketing potential namely product, pricing, promotion and supply chain management.

**Table 2** Factors Affecting SMEs in Fiji

<i>Factors</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. deviation</i>
Competency	4.46	7.00	6.2239	.64772
Pricing	1.08	5.33	2.7398	.83508
Product	1.00	5.00	2.2215	.85243
Promotion	1.67	6.00	4.3631	1.06206
Supply chain management	.92	4.00	1.9892	.79773
Political	1.00	5.00	3.7577	.95514
Economic	1.40	5.00	4.4114	.75152
Environmental	1.29	4.71	3.3252	.54515
Competition	1.67	5.20	3.5047	.46702
Customer orientation	1.00	5.00	4.2967	.63466
Competitor orientation	1.00	5.00	3.1152	.95269
Entrepreneurial activity	1.20	5.00	4.0650	.83234
Opportunity	2.60	5.00	3.7504	.45184

Standard deviation is measure of dispersion from mean. The higher the standard deviation the lower the agreement of business operators on a problem, and the lower the standard deviation the higher the agreement about importance of the problem. This research simply implies that SMEs are faced with major challenges which hold back their growth and long term survivability.

For the second group with a mean of 3 and more also has an adverse impact on marketing and consist of political economic and environmental factors. Third group consisting of competition, customer and competitor orientation, entrepreneurial activity and opportunity has a mean score of 3 meaning this also has a huge impact on SMEs marketing in Fiji.

SMEs are heterogeneous group who are in different industries and places and each of these industries and places is likely to have different group of problems associated with it. What is important to one group of small business operators may not be important to another. Probably, each subset of small firms has unique problems associated with it. There are a large number of potential variables from which to choose for detailed analysis.

Competing with the well-established big businesses is a problem for all small businesses around the world in this modern era. Respondents indicated competition from big business as a major problem followed by price-based competition. Moreover despite of low internet competitions in Pacific Island countries, one in every three cited competition from imported products as a threat.

With reference to financial management aspect of small businesses, approximately two in four respondents seem to encounter financial problems which further create challenges during production and quality control.

**Table 3** Concerns amongst Most Entrepreneurs in Fiji

	<i>N</i>	<i>Mean</i>	<i>Std. deviation</i>
Customers are price sensitive	123	2.43	1.723
Low prices with good quality	123	2.87	1.755
Huge advertising cost	123	2.04	1.506
Limited marketing information	123	4.30	2.180
Facing quality/cost problem in the export and local market	123	5.11	2.265
Political arena affects marketing	123	3.98	1.244
Too many regulation	123	3.43	1.403
Devaluation	123	4.59	.949
Increase in the total cost of production	123	4.64	.870
Severe price	123	4.10	1.231
Very hard to compete with new business	123	3.79	1.288

Table 3 depicts the problem areas that are commonly agreed upon by most business owners. Most of them are in general agreement over operating costs, regulations and pricing. In recent times all these costs have gone up and the small businesses seem to feel the pinch more than their 'big brothers' in the business world.

Table 3 provides an overall representation of the problems as perceived by most entrepreneurs. Ten problems ranked by small and medium business operators 'of most concern with a highest mean of 4.6 and lowest of 2.04 are shown in Table 3. The problems identified in this group are 'critical' for almost all business owners. Despite their overall high ranking, these problem areas show considerable variation among business owners. For some they can be major problems, and for others the opposite.

Customers being price sensitive becomes a problem to the entrepreneurs as they are not able to select a proper benchmark to meet up with quality of the products. With a mean of 3 and less it indicates that entrepreneurs need to apply strategies to manufacture products that are relatively cheap when compared with the competitor products. On the other hand customer seeks good quality at relatively lower cost, thus this increases the total production cost for the entrepreneurs.

Moreover all 123 entrepreneurs have indicated that huge advertising cost limits their growth as they are not able to make their products available to potential customers. Thus they are not able to reach out to customers who do not have any knowledge on the products. Advertising helps customers to acquire pre-purchase information on product which further leads up to actual purchase. Some of these issues are cost and time consuming to handle by entrepreneurs who have no prior knowledge or experience with such matters.

Too many regulations makes business impossible, perhaps small and medium business owners are not aware of their responsibility or not well-informed. Respondents highlighted that government regulations, paperwork, and finding out what regulations are to be followed as major problems. The impact of cost burdens on entrepreneurship and small business in general, has not been taken up as a serious issue. Thus unless and until

entrepreneurs have acquired some training in managing finance effectively and efficiently this problem will be a big burden on them

## 5 Challenges and its implications on SMEs

### 5.1 Threats from new entrants

Possibility of threats from new entrants is perceived as real and substantial. Almost 12 in 15 respondents considered new entrants as a threat to their businesses in terms of competitiveness, price/cost instability and profitability. For example, in the recent days Chinese traders have entered the retail industry in Fiji (both in Viti Levu and Vanua Levu), capturing a sizable share of the market. On the other hand, if “entry barriers are low or non-existent many competitors will join the crowd, reducing the total profit of the industry” (Timothy, 2002).

**Table 4** Perceived threats from competitors (new entrants)

	<i>Totally disagree</i>	<i>Disagree somewhat</i>	<i>Not sure</i>	<i>Agree somewhat</i>	<i>Agree fully</i>
Very hard to compete with new business	2%	5%	1%	35%	57%
Because of new entrants prices go down and costs go up	3%	1%	3%	45%	49%
Because of competition my profit go down	2%	5%	2%	40%	51%
Distribution is costly	5%	7%	3%	35%	50%
Competition intensity is very high	3%	3%	4%	39	51%

### 5.2 Barriers to entry and availability of substitutes

Approximately three in five perceived new products as threats to their businesses. Also, availability of product differentiation (79%), uniqueness (71%), and government policy (65%) seem to have posed a considerable threat on small business operators in Fiji.

**Table 5** Perceived barriers to entry and availability of substitutes

	<i>Totally disagree</i>	<i>Disagree somewhat</i>	<i>Not sure</i>	<i>Agree somewhat</i>	<i>Agree fully</i>
It is not hard to enter this kind of business	35%	38%	1%	14%	12%
Availability of differentiated products	12%	6%	3%	35%	44%
Availability of unique products	15%	9%	5%	28%	43%
Government policy has made it easy for anyone to enter this kind of business	38%	27%	3%	17%	15%

### 5.3 Bargaining power of customers

Availability of full information about products and lower switching costs appear to be powerful threats perceived by the business operators (Singh, 2006). Table 6 shows that small operators really have pressure from customers in terms of availability of substitute

products (92%), having buyer awareness (95%), customers bargaining power (89%) and availability of information (82%). It appears that Pacific Island countries have become more adept in managing over time and have realised the benefits of cooperating in discussions of access (Parris & Grafton, n.d). Customers now days have access to direct price comparisons through different marketing mediums. This allows customers to shop around for the most competitive prices for their needs and wants.

**Table 6** Threats perceived by business operators

	<i>Totally disagree</i>	<i>Disagree somewhat</i>	<i>Not sure</i>	<i>Agree somewhat</i>	<i>Agree fully</i>
Pressure from substitute products	4%	2%	2%	38%	54%
Buyers are fully aware about you product in the market	3%	1%	1%	44%	51%
Customers bargaining power is very strong	6%	3%	2%	36%	53%
Availability of information and access to the market	9%	5%	4%	31%	51%

## 6 Conclusions

The main objective of this paper was to identify the challenges faced by the small business operators in Fiji. To sum up this research it can be concluded that the main challenges of SMEs are, pricing of goods, production cost, labour cost, insurance cost, advertising cost, Government regulation, threat of new entrants, barriers to entry, and bargaining power of suppliers. It was also understood through research that In recent times all these costs have gone up and the small businesses seem to feel the pinch more than their 'big brothers' in the business world. Therefore, based on findings of this research we recommend that government of the day need to implement policies and ensure flexibility for enabling steadier growth for small business operators in Fiji. It is also very crucial that small businesses are empowered with the requisite competencies for creating a competitive edge so that they are able to grow and maintain stability over the years.

It should be noted that limited marketing information, huge advertising and political instability affects the marketing practices of SMEs. This is further hampered as the entrepreneurs lack marketing skills, knowledge and are not well equipped with strategies to tackle battles. It is very vital that SMEs realise their competencies in order to deal with opportunities and challenges and to maintain competitive edge over its competitors.

Through this research we have also found that Political instability in Fiji has had negatively impacted the performance and marketing of the products locally and internationally for SMEs. Though current government support the sustainable growth of SMEs; but in order to grow businesses require stable political market to remain successful and develop the ability to become global players. Respondents also revealed that devaluation of Fijian dollar in 2007 has lead to increase in the total production cost, thus eventual increase in price and an increase in total cost of production. This has also impacted the advertising cost which limits the entrepreneurs to do mass marketing.

The central contribution of this paper is to highlight the challenges faced by SMEs in Fiji. If unattended these challenges can have far reaching effect on the growth and

development of SME sector and thus impact overall growth and development of a country. We hope that our study would prompt many others to investigate other critical dimensions of how SMEs gain competitive advantage by dealing with the problems and challenges imposed by the marketing environment.

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### **Notes**

- 1    World Business Council for Sustainable Development (2004)
- 2    World Business Council for Sustainable Development (2004)