Exploratory study to evaluate the entrepreneurship ecosystem in Namibia's manufacturing sector

A Research Report
presented to

The Graduate School of Business
University of Cape Town

In partial fulfilment of the requirements for the
MCOM in Development Finance Degree

by

Chivimbiso C.J.L. Maponga
Student Number: **MSYCHI001**

December 2015

Supervised by: Dr. Eliada Griffin-EL

PLAGIARISM DECLARATION

1. I know that plagiarism is wrong. Plagiarism is to use another's work and pretend that it is one's own.

2. I have used the APA convention for citation and referencing. Each contribution to, and quotation in, this report from the work(s) of other people has been attributed, and has been cited and referenced.

3. This report is my work.

4. I have not allowed, and will not allow, anyone to copy my work with the intention of passing it off as his or her own work.

Signed by candidate

Signed electronically by Chivimbiso C.J.L Maponga

i. ACKNOWLEDGEMENTS

My sincere gratitude to my supervisor Dr. Eliada Griffin-EL, her insights were crucial in steering me in the right direction when I was not sure where to go with my study. Many thanks also go to Professor Cathrine .T. Nengomasha and Kudakwashe Matongo for constantly reading my 'work-in-progress' and keeping me in check!

I am eternally thankful to the small business owners who consented to the interviews. Without their insights, this study would not have been possible.

Finally thanks to my family – my brother, Chiratidzo, and my beautiful children, Matipa and Maita for all the love and support.

ii. ABSTRACT

This study sought to explore what is termed the 'entrepreneurial ecosystem' that exists for small businesses operating in the manufacturing sector in Namibia. The objectives were to establish whether there exists a conducive business environment – that is an environment conducive for small businesses in the manufacturing sector to develop networks and build new institutional capabilities. The study also sought to determine if there existed an environment conducive to foster cooperation between different stakeholders in the manufacturing sector in Namibia. Finally the research also sought to make practical recommendations on how stakeholders in the small business sector in Namibia can create an integrated holistic system that encourages a healthy entrepreneurship ecosystem.

Through an analysis of literature information provides an overview of the business environment, and through analysis of the primary findings, the researcher shares perception on the ecosystem from the manufacturers themselves.

The interviews revealed that the challenges faced by small businesses operating in Windhoek were similar to those documented by existing literature. Of key note however, was the increasing perception of a lack of cooperation between various stakeholders, the government, the private sector, tertiary institution and consumers to make concerted efforts to foster a conducive environment for these small businesses. It is recommended that government initiatives be supported by the private and civil sector – particularly and awareness of and access to funding opportunities, compulsory skills development and training, and capacity building through mentorship and incubation and facilitating market access. The research concludes by suggesting a systematic model that illustrates the relationships (as suggested by the theory and the interviews) between the elements of the ecosystem, as well as recommendations for future research.

Key words: **Small to Medium Enterprise (SME), Entrepreneur, Entrepreneurship Ecosystem**

Table of Contents

Glossary of Terms and Abbreviations used in the Report

AfDB	-	African Development Bank
BEE	-	Black Economic Empowerment
BSS	-	Business Support Services
CED	-	Centre for Enterprise Development
EC	-	European Commission
EE	-	Entrepreneurship Education
EIM	-	Excellence in Management
EPZ	-	Export Processing Zone
FDIA	-	Foreign Direct Investment Act
GCI	-	Global Competitiveness Index
GDP	-	Gross Domestic Product
GEM	-	Global Entrepreneurship Monitor
GON	-	Government of Namibia
HBR	-	Harvard Business Review
ICT	-	Information and Communication Technology
IIP	-	Infant Industry Protection
ILO	-	International Labour Organisation
IMF	-	International Monetary Fund
IPPR	-	Institute for Public Policy Research
JCC	-	Joint Consultative Committee
LaRRI	-	Labour Resource and Research Institute
MIC	-	Middle Income Country
MITS	-	Ministry of Industrialisation, Trade and SME Development
NamBIC	-	Namibia Business and Investment Climate
NBIC	-	Namibia Business Innovation Centre

NCCI	-	Namibia Chamber of Commerce and Industry
NDP	-	National Development Plan
NEPRU	-	Namibia Economic Policy Research Unit
NES	-	National Export Strategy
NMA	-	Namibian Manufacturers Association
NPC	-	National Planning Commission
NSA	-	Namibia National Statistics Agency
OECD	-	Organisation for Economic Co-operation and Development
PSDS	-	Private Sector Development Strategy
Poly	-	Polytechnic of Namibia
SADC	-	Southern African Development Community
SEDA	-	Small Enterprise Development Agency
SME	-	Small to Medium Business Enterprise
SSA	-	Sub-Saharan Africa
TEA	-	Total early-stage Entrepreneurial Activity
UK	-	United Kingdom
UNAM	-	University of Namibia
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children's Fund
USD	-	United Stated Dollars
WEF	-	World Economic Forum

Chapter 1: Background and Introduction

1.1 Introduction

Internationally, the manufacturing sector plays an essential role in driving the economic growth of any country, and is fundamentally linked to innovation, productivity, trade, research and development (R&D), and employment creation (Kandeh, Yumkella, Kormawa & Roepstorff, 2011). Despite this importance, global gross value-added output has declined steadily over the past 30 years. In 1985, the sector's international share of value added output was 35 percent, but following the global economic recession it fell to 27% in 2008 (World Bank, 2014). This fall in manufacturing output has prompted manufacturing activities to be increasingly located within developing, rather than developed countries, (World Economic Forum, 2012).

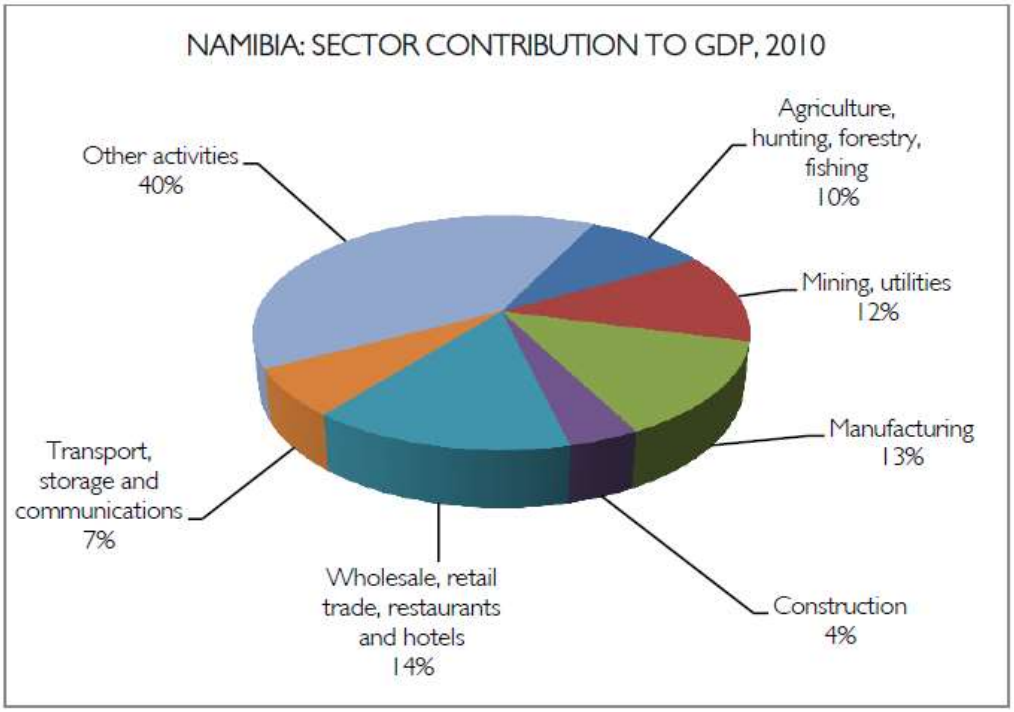
Within the Namibian context, the manufacturing sector in Namibia continues to play a significant role in driving the expansion of the economy, domestic and international trade, development and employment creation (UNIDO, 2013). Post-independence in 1990, Namibia has established and diversified the manufacturing industry. The sector has maintained moderate expansion in 2013 and 2014 despite manufacturing growth output declining from 14% in 2008 to 12.3% in 2012; however gaining at a faster pace of just above 1% between 2013 and 2014 (Phiri & Odhiambo, 2015). These researchers partly attributed this marginal growth "…*increased production of food products and beverages, as well as increase in cement exports to the Democratic Republic of Congo and Angola*", (Phiri & Odhiambo, 2015).

GDP contribution from the manufacturing sector increased from 5% in 1990 to 12% in 2012, mainly as a result of the "*...rapid expansion of fish and meat processing and some mineral beneficiation, the areas in which manufacturing activities are currently concentrated"*, (*Namibian Economist*, 2011). Also according to the *Namibian Economist* (2011), manufacturing growth in Namibia has a "*...has a multiplier effect: for every N$1 spent on manufacturing development, an additional N$1.50 to N$2.50 (depending on the sub-sector of manufacturing) is generated in the rest of the economy through products and services provided to the manufacturing sector" The Namibian Economist,* 2011. The manufacturing sector in Namibia however is still one of the least transformed economic sectors in the country due to historical emphasis on mining and fishing and other agricultural activities.

The sector also lack transformation with regard to equality. Before independence in 1990, the majority of the population (blacks Africans in particular) were discriminately excluded from the productive economy, which inhibited entrepreneurship in this group of people. Soon after independence the government introduced affirmative action and Black Economic Empowerment (BEE) programmes to facilitate transformation and capacitate previously advantaged individuals with the necessary resources to participate in the country's economic development (African Development Bank, 2007). To this end, the government has re-iterated its commitment to making significant changes to the sector to increase black participation.

Figure 1 below illustrates the contribution made by the manufacturing sector to Namibia's GDP compared to other economic activities.

Figure 1: GDP by Sector (%)



Source: UNCTAD, 2012

Small to Medium Business Enterprises (SMEs) in Namibia have contributed significantly to the transition of the economy from an agriculture and mining based economy to an industrial economy. Presently, the majority of SMEs in Namibia are mainly found in the retail sector; mainly selling (processed) foodstuffs and household products mostly imported from China and neighbouring South Africa, "*…with no real value addition activities"* (Dudla, 2014). As at 2012, the Global Entrepreneurship Monitor (GEM) estimated that out of a population of 2.2

million, nearly 360,000 people were involved in "*early stage entrepreneurial activities*", (GEM, 2014). SMEs in Namibia employ well over 100 000 people and continue to create 16 000 new jobs annually compared to 4 000 jobs created by large businesses (Kaira, 2013).

According to Berrios & Pilgrim (2013) SMEs are in a good position to perform well, and generally reduce unemployment in a country " *...due to their ability to can adapt more easily to market conditions; typically employ more labour-intensive production processes, and have lower capital costs associated with job creation in comparison to larger firms*". This attribute makes SMEs particularly attractive in a country such as Namibia facing 38% unemployment among the youth (Namibia Labour Force Survey, 2013). To this end, the importance of a strong SME base in Namibia is critical as SMEs can contribute to a country's goal of realizing its wider socio-economic growth targets (Cook & Nixon, 2000).

Given the importance of SMEs in sustaining Namibia's manufacturing sector, the research issue is to gauge the extent to which the entrepreneurial ecosystem is enabling SMEs to grow or succeed.

Definitions of terms and concepts

- In general terms, **manufacturing** is defined as the transformation of materials or units into new products. Manufacturing can also be understood as the "*physical or chemical transformation*" of materials or compounds into new products (Statistics South Africa, 2005).
- **Manufacturing SMEs**: Small and Micro business Enterprises that are involved in processing raw material into final consumer goods. The Ministry of Industrialisation, Trade and SME Development (MITS), (previously called the Ministry of Trade and Industry) in Namibia, through the SME Policy (MTI 1997:4) defines SMEs in the manufacturing sector as those with fewer than 10 employed persons, annual turnover of (N$) 1 million and an employed capital of (N$) 500,000.
- **Entrepreneurship Ecosystem**: a business environment whose domains (that is., policy, markets, human capital, and financial capital etc.) "*…interact in a coherent way with the purpose of creating an enabling environment where entrepreneurs can thrive and prosper*", (Ashri, 2013).
- **Entrepreneur**: Several authors (Darren & Conrad, 2009; Blackman, 2003; Van de Ven, 1993) noted that it is a popular mistake to use the term entrepreneur and small-

business owner interchangeably; however entrepreneurs are not just content with owning a business but rather building and growing the enterprise. The **Concise Encyclopaedia of Economics** defines an entrepreneur as an individual who organises, manages, and assumes the risks of a business or enterprise (Henderson & Summers, 2008). Nonetheless, this study made use the terms entrepreneur and SME interchangeably for two reasons as highlighted by Lucky (2012):

> 1. Both SMEs and entrepreneurs aim towards the same objective: job creation, economic growth, economic development and economic transformation.
> 2. They both play a vital role in socio-political and economic transformation of the nation economies. (p349)

The author also notes that the same factors affecting entrepreneurial growth: environment, culture, location, individual characteristics, firm characteristics also affect SME development; the factors that affect the failure or success of SMEs also affect the entrepreneur (Lucky, 2012).

1.2 Background to the Study

Despite the shift of manufacturing activity from developed countries to developing countries over the past decade, African economies continue to face difficulties in increasing manufacturing output and market share when compared to other emerging economies (Kadhikwa and Ndalikokule, 2007). Within the Namibian context, manufacturing activity continues to be subdued, given the 14% share of the sector to the country's GDP. The manufacturing sector is also characterised by structural weaknesses and operational constraints of high input costs such as electricity, labour and transport.

However despite this, Namibia has a strong vision to achieve an annual GDP growth rate of 7 percent by 2030. This vision according to the *Vision 2030* National Development Policy will be driven by among others; the manufacturing sector mainly due to its backward and forward linkages within the economy. As such, the importance of both the manufacturing sector and entrepreneurship in Namibia is cannot be overstated due to its pivotal role in sustaining economy growth prospects.

The Namibian government's commitment to SMEs growth and development has been evidenced by its strong legislative and policy framework supporting growth of SMEs. In 1997, the government identified five key constraints to growth and development of small businesses:

"[…] *finance, markets, purchasing, technology and training*". The government since then has committed itself to enhancing the creation of an enabling environment for SMEs through rolling out programmes that would ensure that favourable conditions would prevail in the economy for SMEs to flourish (Dahl & Shilimela, 2002). Under this policy, the government put into action programmes to: (i) ease SME access to financing; (ii) develop markets for SME products; (iii) provide support and training to SME owners/operators; (iv) provide information on input sources and (v) promote group purchasing schemes (Tonin et.al, 1998). These programmes are in line with the domains of what scholars have termed the "**entrepreneurship ecosystem**" (Mason & Brown, 2013; Isenberg, 2010).

1.2.1 The State of Entrepreneurship in Namibia

The Global Entrepreneurship Monitor (GEM) is a study that seeks to understand why some countries are more entrepreneurial than others. The GEM conceptual framework works on the basic assumption that "*national economic growth is the result of the personal capabilities of individuals, wherever they are located (regardless of the size of the businesses or if they are self-employed), to identify and seize opportunities; [a] process [which] takes place in interaction with the environment (social, cultural and political) in which these individuals are located*" GEM Consortium (2014).

A disturbing finding on the 2013 GEM report is that, in spite of its high unemployment rate, Namibia has an "*alarmingly low level of entrepreneurial activity"*, (Herrington, Kew & Kew, 2014:4). In fact Namibia's entrepreneurial activity is less than a quarter of that seen in other Sub-Saharan African countries, GEM Consortium (2014). Necessity-driven entrepreneurship - when people start businesses because there is no option for work – is very low for a country with high unemployment: up to 40 percent of the adult population are unemployed (National Labour Force (NLF) Survey, 2014).

As previously defined, the entrepreneurship ecosystem is the system whose domains interact in a "*coherent way with the purpose of creating an enabling environment where entrepreneurs can thrive and prosper*" (Ashri, 2013). Isenberg (as cited in Nadgrodkiewicz, 2013) categorizes the domains as: "***Policy, Finance, Culture, Supports, Human Capital and Markets"*.** Each domain is made up of smaller components, such as educational institutions, financial institutions, the civil sector, tax regulations e.t.c. Each of these domains is very important to

the entrepreneur as they impact on the ability of the entrepreneur to function. Nadgrodkiewicz notes however that in most developing countries, one or more of these domains obstruct, rather than support, entrepreneurs through either corruption in both the public and private sectors, uncertain property rights, or poor human capital (Nadgrodkiewicz, 2013). Given the importance of SMEs in Namibia's manufacturing sector, it becomes an important to ensure a sustainable entrepreneurial ecosystem is developed and sustained.

1.3 Research Problem

Despite the importance of SMEs in the manufacturing and wider economy of Namibia, very limited studies have been conducted with emphasis on understanding the entrepreneurial ecosystem, particularly within the manufacturing sector. Bigsten and Söderbom (2015) conducted a study evaluating manufacturing enterprise surveys across Africa and found that "*…the business environment has emerged as the prime suspect for poor enterprise performance in Africa*". Although there have been several incentives or programmes implemented by government towards facilitating the growth of small businesses in Namibia, literature on the challenges facing SMEs in Namibia with regard to the emergence of newer concepts of the entrepreneurial ecosystem is limited. Based on this, the study shows how the Namibian entrepreneurial ecosystem is supporting growth/success of manufacturing SMEs, particularly from the perception of the small business owners themselves.

1.4 Research Aims

The aim of the research was to explore the different domains of Namibia's entrepreneurial ecosystem in the context of the manufacturing sector. Ultimately this study provided new insights into what can be done to promote the growth and success of entrepreneurs in the manufacturing sector.

1.5 Research Objectives

- To determine whether there exists a sustainable entrepreneurial ecosystem: a business environment that enables development of networks, building of new officially recognised capabilities and fostering cooperation between different stakeholders in the manufacturing sector.

- To determine the current status of each of the domains that make up the entrepreneurial ecosystem, from the perspective of SME operators in the manufacturing sector in Namibia.

- To make practical recommendations on how stakeholders in the small business sector in Namibia can create an integrated holistic system that encourages a healthy entrepreneurship ecosystem.

1.6 Research Scope

This research focused on Namibia, specifically manufacturing SMEs due to their role in job creation, economic growth and exports. Due to budget and time constraints – the research also focused on the capital city of Namibia, Windhoek.

1.7 Research Hypothesis

H_0: Availability of resources in each of the six domains of the entrepreneurial ecosystem- human capital, financing, government laws and regulations, support services, social norms and market - is conducive to the growth of manufacturers in the SME sector in Namibia.

1.8 Research Ethics

The requisite ethical clearance was obtained. Respondents were not be required to provide personal information thereby guaranteeing anonymity of answers. The researcher however included a memorandum at the start of each interview that outlines the purpose of the study; and what the information gathered was to be used for. Through this process the researcher ensured that she obtains informed consent from each respondent before initiating the interview process. Where the interviews were conducted face-to-face, the researcher also sought written consent. Where interviews were conducted over the phone, the researcher emphasised the consent information before asking any questions. The participant consent information has been included as Appendix 4.

1.9 Chapter Outline

The research is presented in five chapters. The remaining chapters present key issues, which include:

Chapter Two: Literature review. In this chapter concepts of an entrepreneurship ecosystem are introduced and discussed in greater detail. The chapter also discusses the status of each of the domains of the entrepreneurial ecosystem in Namibia as explored in the available literature.

Chapter Three: This chapter provides the methodology and conceptual framework utilized in this study.

Chapter Four: This chapter presents the key findings of the study.

Chapter Five: This chapter provides the discussion of the results of the study highlighting the key themes teased out from the findings and relating them to other studies undertaken in different contexts; and ends with the conclusion of the study, and recommendations for further research.

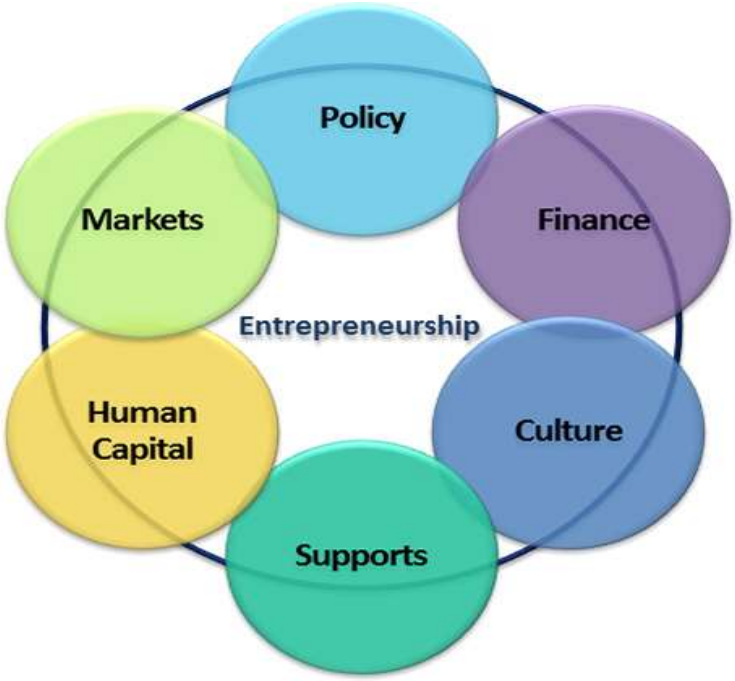
Chapter 2: Literature Review

2.1 Introduction

This chapter reviews relevant literature as well as describe the concept of entrepreneurship ecosystem in detail. It also looks at the status of the manufacturing sector in Namibia and the role that SMEs play in the sector together with the six domains of the entrepreneurial ecosystem as proposed by Isenberg (2010). Structurally, the chapter begins with an overview of the small business sector as well as manufacturing in Africa before discussing the six areas.

This study utilised also Drexler et.al, domains on examining perceptions of entrepreneurs around the globe. The domains focus on: **accessible markets**, **human capital/workforce**, **funding** and **finance** as the four most important pillars for small business growth.

Figure 2: Entrepreneurship Ecosystem Domains



[Source: Babson College., u.d.]

2.2 SMEs in the emerging and developing countries

In both the developed and emerging economies, SMEs have received increasing attention because of their labour absorbing capacities, (Kesper, 1999; Amoah and Fordjour, 2012). According to Peters (2009), emphasis has been placed on increasing the role of government in

developing small businesses. On the other hand, Jauch (2010) notes that small businesses in developing countries face several challenges that include: "*cumbersome business regulations, insufficient infrastructure, corruption, access to finance and management capacity*".

Within the developing context, SMEs are categorized into urban and rural enterprises. Urban enterprises, which are the focus of this study, can be either organised, with registered offices and a significant number of salaried employees or unorganised. Rural enterprises are usually comprised of smaller scale operations operating from open spaces, temporary structures or mainly working from home with a very small number of paid employees or unsalaried workers (Mead & Liedholm, 1998; World Bank, 1992).

Africa is home to many small businesses that account for more than half of the jobs on the continent, contributing more than 40 percent of Africa's overall GDP (Standard Bank, 2013). SMEs are regarded as the "*engine of economic growth and employment creation*" not only in Africa but the world at large (Abhor, 2010). SMEs contribute to the process of economic growth through two channels; SME demand for goods, both industrial and consumer goods, stimulates the activity of their suppliers, just as SME activity is stimulated by the demands of their customers (Berry et.al, 2002). Therefore for any developing economy, entrepreneurship and social innovation are vital to "*unlock growth and economic inclusion*" (Birchall, 2013).

2.3 Conceptual understanding of the entrepreneurship ecosystem

The term ecosystem was originally made popular by James Moore in an influential article published in the Harvard Business Review (HBR) in 1993, (Isenberg, 2010); Moore argued that businesses did not evolve in a 'vacuum' and noted an entrenched feature in which businesses interact with suppliers, customers, financiers and other stakeholders (Mason and Brown, 2014). The focus on the "entrepreneurial ecosystem" emerged with other authors (Busenitz et al, 2003; Malecki, 2011; Kantis & Federico, 2012; Isenberg, 2010). Since then several models of entrepreneurial ecosystems have emerged.

For new enterprises to emerge, an economy must have must have an environment that is made up of private and public players who are willing and prepared to support them. Spilling (1996) as cited in a European Commission (EC) report described the entrepreneurship ecosystem as the "*complexity and diversity of actors, roles, and environmental factors that interact to*

determine the entrepreneurial performance of a region". Gnyawali and Fogel (1994), defines the entrepreneurship ecosystem as the "*combination of factors that play a role in the development of entrepreneurship*". According to Isenberg, the entrepreneurship ecosystem is an environment that nurtures and sustains entrepreneurship. The same author also argues that they "*consist of a set of individual elements – such as leadership, culture, capital markets, and open-minded customers – that combine in complex way*" (Isenberg, 2010).

Isenberg again argues that entrepreneurs can only realize success when they have access to the human, financial and professional resources. Isenberg (as cited by Oosthuizen) also specifies that *"…in isolation each is contributing to entrepreneurship; but insufficient to sustain it*" Oosthuizen (2014). In addition they also need to operate in an environment in which government policies encourage and safeguard entrepreneurs (Oosthuizen, 2014; HBR, 2014). Isenberg puts forward a framework that an entrepreneurial ecosystem consists of components that can be grouped in the following six domains:

- *A conducive culture*: This supports broad-mindedness, tolerance and a positive social standing for entrepreneurs.
- *Facilitating leadership and policies*: This supports that policy-makers ensure that favourable regulatory frameworks, incentives and public support institutions are available and readily accessible for the entrepreneur.
- *Availability and Accessibility*: This is required for financing, loan facilities, and venture capital.
- *Relevant Human Capital*: This relates to skilled or unskilled labour and entrepreneurship training programmes.
- *Markets for products*: This refers to markets open to embracing innovative ideas/ products**.**
- *A wide range of institutional and infrastructural supports*: for example reliable transport and communication services and legal and accounting services.

Therefore, by analyzing these domains, policy-makers can determine if they have a 'healthy' entrepreneurial ecosystem. Some scholars have been able to identify and quantify measurement scales that allow for international comparisons. A healthy SME sector positively contributes to the economy through employment creation, which can result in increased production volumes, and the introduction of innovation and entrepreneurship skills (Mahembe, 2011). Isenberg

(2010) however points out that one key characteristic of the entrepreneurial ecosystem is that each is unique and policies that work in one ecosystem will not necessarily work in another.

2.4 The Entrepreneurial Ecosystem Domains in the Namibian context

Various literature has identified the common reasons for business failure in Namibia: poor business planning, access to finance, lack of financial expertise and management experience, poor stock and cash flow management are some of the most common reasons. This section seeks to examine this literature, to determine how favourable the business climate is for manufacturing SMEs, in the context of the entrepreneurial ecosystem.

2.4.1 Sector Regulation, Governance and Policy Framework

A common perception within Namibia itself is that Namibia is not a manufacturing country. Namibia is generally considered as a mining, agricultural or tourism based country (*Namibian Economist*, 2011). However, manufacturing and industrial development are at the heart of Namibia's national policy framework on economic development, as the means to achieve higher growth rates, create employment and increase value-added exports to world market (MITS, 2012). An increase in manufacturing stimulated by government incentives can lead to massive growth in GDP (averaging around 14% growth per year in Malaysia), as well as reducing unemployment by stimulating the expansion of the service sector (Osman-Rani. 1990:207). As such the MITS takes the lead in addressing SMEs' challenges.

Lundstrom and Stevenson (2005) defined 'entrepreneurship policy' as "*measures taken to stimulate entrepreneurship*". The government's Vision 2030, aims to transform the country into a developed country by 2030, *"…through stimulating sustainable economic growth and wealth creation"*, (MITS, 2012). With regard to manufacturing, Vision 2030 stipulates ambitions of having the manufacturing and service sectors contributing 80 percent of GDP (up from the approximate 13% each currently contributes).

The key to growing small businesses is implementation of policies that can stimulate entrepreneurship and assist in business development. Entrepreneurs acknowledge that government and regulatory policies can either accelerate the growth of their businesses or potentially inhibit growth. Kayne (1999) pointed out that governments, have a great impact on the development of entrepreneurship in any economy "*…through their laws, regulations, investments and programs…*". According to Bhat and Khan (2014), there are two distinct

channels through which government policies can impact the development of the entrepreneurship ecosystem: (i) through the quantity and quality of inputs going into the entrepreneurial process and (ii) through the impact of policy – policies that determine the guidelines by which this process unfolds.

Governments therefore have an obligation to develop a policy friendly environment that fosters entrepreneurship development; this is can be achieved by designing and implementing the right policies that result in a framework that is necessary for this development. Within the African context, these policy models differ as countries such as Kenya have adopted more of a "trade facilitation" policy; other models focus on infrastructure while Namibia has developed a policy model that involves more direct involvement and greater expenditure on the part of government, (Bhat and Khan, 2014).

The business regulatory framework in Namibia is currently not enabling companies to grow, particularly manufacturers. It takes approximately 66 days to register a business, nearly double the global average of 30 days. The annual Ease of Doing Business[1] report published by the World Bank ranked Namibia 88th out of 189 (and 7th out of 47 countries in Sub-Sahara Africa). The processes of starting a business in Namibia are unnecessarily longer as compared to other countries including Botswana and South Africa. The prolonged duration of registering and starting a business created heated debate between business representatives and the MITS. Even the Namibia Chamber of Commerce and Industry (NCCI) laments on the need for the government to improve the efficiency in their processing departments to speed up business registration (Masawi, 2011).

The table below compares the "ease of doing business" in Namibia to South Africa and Botswana – the only other countries considered 'middle-income' economies in Southern Africa. With regard to the general productivity of the economy: Namibia ranks 88th out of 144 countries on the Global Competitiveness Index (GCI) report.[2] (WEF, 2015). The reports underscores that government attitudes toward markets; and the efficiency of its operations are crucial to the ecosystem. The report also points out that "*excessive bureaucracy and red tape,*

[1] Ease of Doing Business Index measures business regulations that affect firms in 11 areas across 189 economies and is widely used to evaluate regulatory aspects of a country's business climate.
[2] The WEF uses the Global Competitiveness(CGI) as a measure of the institutions, policies, and factors that determine the level of productivity of a country

overregulation, corruption, and political dependence of the judicial system impose significant economic costs to businesses and slow the process of economic development" (WEF, 2015).

Table 1: Namibia's 2014 ranking in the World Bank's Ease of doing Business Report, 2014

Indicators	Namibia Rank	South Africa Rank	Botswana Rank
Overall Rank	***88***	***43***	***74***
Enforcing contracts - Procedures, time and cost to resolve a commercial dispute"	*81*	*39*	*61*
Resolving Insolvency - Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the insolvency legal framework	*53*	*46*	*157*
Starting a business - Procedures, time, cost and paid-in minimum capital to start a limited liability company	*156*	*61*	*149*
Getting credit - Documents, time and cost to export and import by seaport	*61*	*52*	*61*
Trading across borders - Documents, time and cost to export and import by seaport"	*136*	*100*	*67*
Dealing with construction permits - Procedures, time and cost to complete all formalities to build a Warehouse	*25*	*32*	*93*
Protecting investors - Shareholders' rights in related-party transactions and in corporate governance	*87*	*17*	*106*
Registering property - Procedures, time and cost to transfer a property	*173*	*97*	*51*
Paying taxes - Payments, time and total tax rate for a firm to comply with all tax Regulations	*85*	*19*	*106*

[Source: World Bank, 2014]

2.4.2 Availability and Access to Financing

Another important pillar for companies' growth is availability and access to financing. In a healthy entrepreneurial ecosystem, finance is available and accessible to small business owners/ operators because funding is critical to productivity. Such sources of funding include access to bank loans, financing from venture capitalists and angel investors; therefore economies require financial markets that make various forms of capital available for entrepreneurs (Abhor, 2010).

An efficient financial sector also makes use of domestic savings by allocating resources saved by a nation's citizens, as well as those entering the economy from outside the country *"to entrepreneurial or investment projects with the highest expected rates of return"*, Phiri and

Odhiambo, (2015). Moreover, players in the financial sector such as banks and mutual funds need to be trustworthy and transparent; and there should be appropriate regulation to protect investors (Phiri & Odhiambo, 2015).

Various literature such as the World Bank's Financial Sector Assessment Programme (2006) asserts that SMEs access to working capital is crucial for "*fostering entrepreneurship, innovation and growth in developing economies*" (IMF, 2006). Nonetheless, access to financing is a challenge for most businesses globally and more so for small businesses in Namibia.

In 2002, a joint study by the Labour Resource and Research Institute (LaRRI) and Namibia Economic Policy Research Unit (NEPRU) found that financial support was by far the most crucial support needed by small businesses in Namibia. Historically, formal financial institutions have been reluctant to extend any financial facilities to SMEs due to; amongst other things, a lack of collateral on the part of SMEs, high default rates and the high transaction costs involved in small transactions (Nakusera, Kadhikwa & Mushendami, 2008).

In 2012, Ogbokor and Ngeendepi interviewed 100 small business owners/ operators and up to 93 percent of the respondents stated that obtaining credit and finance instruments was a severe problem. Banks require among other things; high security/collateral which SMEs do not have and financial statements and business plans which small business owners are unable to draft on their own in most cases. The costs of hiring consultants such as accountants to compile these statements is beyond the reach of most small businesses. Most of the operators also indicated that there is a lack of financial institution to provide a wide range of financial support.

A 2006 IMF and World Bank report also identified limited access to financial services for SMEs as one of the constraints to SME development in Namibia (IMF, 2006). This was despite the efforts by both the government and private sector to increase SME access to working capital since the implementation of the SME Policy in 1997. Despite all this, Phiri and Odhiambo (2015) point out that Namibia's financial sector is relatively well developed by regional standards. The GCI previously mentioned ranked the Namibian financial sector 47th ahead of Botswana (57th) but behind South Africa (7th).

The government as well as private financial institutions in Namibia has initiated various financing options specifically targeting the small business sector. Banking institutions have realized the importance of SMEs in the domestic economy; some of the largest bank such as Standard Bank, Nedbank, Bank Windhoek and First National Bank have established divisions specifically to cater to financial needs of small growing businesses. A few venture capital/ private equity firms have been established to enhance access to working capital for SMEs in Namibia, namely Stimulus and Oshipe Development Fund (Bank of Namibia, 2014). In the same vein, some micro-lenders have also emerged to provide working capital to SMEs, despite the fact that the SMEs perceive these particular loans as costly and the loan sizes are fairly small, (Nakusera, Kadhikwa and Mushandami, 2008).

Ramsden (2010) also attributes persistent access to finance difficulties to underdeveloped financial infrastructure[3] as well as an overall legal and regulatory framework[4] for financial institutions and instruments that is not conducive to the SME segment. In the first half of 2015 there was indication in the media that the Namibian government was moving towards reviewing some regulations of the 1997 SME Policy; specifically relaxing most restrictions on current and capital transfers, introducing tax relief to investors as well as improving access to foreign exchange at near market rates, in order to create a conductive environment, where small businesses can attract investors, (Dludla, 2014).

Although the four biggest banks in Namibia, as well as the recently established SME Bank all offer some limited financial packages for SMEs, there is no literature to suggest partnerships with the government in the form of financial packages linked to credit guarantees from the MITS or packages tied to enterprise development projects that stem from black economic empowerment such as those implemented by the South African government (Entrepreneur Magazine, 2014). There is also no evidence in available literature of innovative private sector non-banking solutions, such as 'peer-to-peer' lending.

2.4.3 Conducive Culture and Social Environment

[3] "*Financial infrastructure includes the informational, contractual, and transactional frameworks that provide the basis for financial intermediation".*

[4] *"The legal and regulatory framework for finance is the collection of laws and secondary regulations on financial institutions and instruments that provide the foundations for financial market development"*

A conducive culture and social environment is another pillar for companies' growth. Namibia is a country with 11 different ethnic groups, each group having its own specific culture and traditional belief systems. April (2009) notes that there are numerous cultural factors that prohibit even youth from entrepreneurial activity; for example (young) women usually being seen as home-minders or historic ideologies prohibiting a person from one tribe from goin into/ doing business with a person from another tribe. Namibian communities are also usually made up of large extended families; which can pose a challenge to entrepreneurs because they then fail to follow basic business principles as ultimately family, cultural and traditional values hold precedence over business values. This usually results in closure of the business within the first few years of operation. It is the notion of some communities that entrepreneurship interferes with their traditional system, and that there could be innovative ways through which their economic activities can incorporated into the wider national economy (April, 2015).

According to a 2015 GEM report, as at 2013 Namibia had the second highest 'fear of failure' rate (35%) of the Sub-Saharan African countries (average 24%). This measure gives an indication of those who, despite observing feasible opportunities to start an enterprise, say that fear of failure prevents them from doing so, (GEM, 2015). This fear of failure can in part be explained by cultural/traditional beliefs noted by April (2009).

In addition, when considering an enabling cultural environment for SMEs – in a healthy ecosystem, successful entrepreneurs are celebrated in order to inspire future entrepreneurs. If potential entrepreneurs are constantly aware of the challenges and restrictions that small business owners face it discourages them from venturing into business for themselves. It is unfortunate that small business owners/operators often lack the connections, status and resources that are enjoyed by bigger established businesses. Another major challenge for upcoming entrepreneurs in Namibia is the change of mind-set from simply acquiring skills that make one a valuable and productive employee to becoming a competent entrepreneur; this requires a lot of input from all stakeholders, and in particular the education system that people are going through (April, 2015). Fortunately the Namibian government heeded this call and in 2005 introduced Entrepreneurship in the secondary school curriculum as a way to address "*high young unemployment in the country*", Larsen and Nagel (2013). The researchers also noted that as a result of this addition to the curricula, "*changes in students' thinking and their self-consciousness were found as a result of being exposed to Entrepreneurship*", resulting

in more students indicating that they wanted own their own businesses once they completed their studies.

2.4.4 Support Systems

One of the other domains of a successful entrepreneurship system relates to effective support systems. According to NCCI (2014), governments and the private sector should work together to provide the necessary support to unlock the growth potential of small businesses. The NCCI reports further emphasizes the need for quality business development support services, such as business training programmes, technical skills training, and mentoring in Namibia. The government of Namibia has initiated various programmes for the development of SMEs since the publication of the SME Policy document in 1997. These include a vendor development programme to which was designed to improve market access for small businesses as well as develop trade linkages between SMEs and big businesses (Beyene, 2002).

In a similar vein, Arnold et.al. (2005) also suggest the "*systematic promotion of linkages between larger private firms and SMEs"* as such linkages hardly exist. The authors also allude to the need to undertake regular impact assessments to evaluate the effectiveness of the support measures taken, a challenge in Namibia where comprehensive and reliable data are difficult to obtain and are often outdated.

There are several institutions that offer business support services in Namibia. The government of Namibia introduced several of initiatives implemented by the MITS to increase employment and reduce poverty through the strengthening of SMEs in the production sector; examples of which have been listed in **Appendix 2**. The overall objective of the incentives is to "*boost Namibia's economic development by increasing employment and reducing poverty through the strengthening of SMEs' capacities*" (MTI, 2001).

Surprisingly though, a 2008 study by LaRRI-NEPRU found that an estimated 75% of the business operators did not make use of business support services. This is an interesting result because despite countless studies championing the establishment of BSS; these services are of no use if the intended beneficiaries do seek them out. Parkkali (2008) attributes this to various reasons including:

- A lack of faith in these resources as the business operators do not get any feedback on the value- addition these services have had to those who have used them.

- The costs of the services: with rates starting from R150 per hour from private BSS providers, is not surprising as smaller businesses are not able to increase overheads by investing in services. Parkkali indicated that SMEs would consider these services only if the cost to them is subsidized.
- Homogeneity of the services; which confirms the need for connections between support organizations.

2.4.5 Business Incubation

Business Incubation is a process aimed at supporting entrepreneurs in the early stages of their development by providing them with an enabling environment, similar to the way a child would need special attentive care (Khalil and Olafsen, 2013). By becoming involved in this process, these businesses are able to reduce costs of launching their enterprise. Incubation is ultimately intended to help entrepreneurs bring their ideas to the market. Most countries have established incubators because they are considered a remedy for the disadvantage that small and new firms encounter (Aggarwal, 2012).

In 2003, the city of Windhoek introduced an SME incubation centre now known as the previously mentioned Bokamoso Entrepreneurial Centre; with the objective of assisting businesses to evolve into formal SMEs during a period of between two and three years. By working in partnership with other stakeholders such as the government, academic and tertiary institutions also play an important role as business incubators. One of the two biggest tertiary institutions in Namibia, the Polytechnic of Namibia (Poly) established the Namibia Business Innovation Centre (NBIC) in conjunction with the government and civil society organisations to offer services to "*support entrepreneurs from the initial business idea to the establishment of their company and the subsequent growth phase, through mentoring, training and incubator services*", (Namibia Polytechnic, 2013). In the 2000s several organizations in Namibia implemented various mentorship programmes targeting SMEs. Mentorship empowers SMEs to become self-reliant and independent entrepreneurs and self-sustaining business people who might eventually start their own businesses.

2.4.6 Quality Human Capital

OECD defines human capital as the "*knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-*

being", (OECD, 2010). Ngek and van Aardt Smit (2013) emphasized that firms owned by the "*entrepreneurs with more educational background were more likely to experience fast growth"*. Additionally, another study by EIM (an independent global management consulting company) in 2006 identified human capital to be the key success factor for Europe's "*most dynamic*" entrepreneurs in the 80s, (EIM, 2006). The more recent study conducted by Ngek and van Aardt Smit (2013) also established that lack of human capital (education and training) is the highest cause of new SME failures in South Africa.

Access to human capital is therefore vital for entrepreneurs who want to grow their businesses. The 2009 study by Links, Shejavali and Hopewood on behalf of NCCI and found that for businesses employing more than six people; the scarcity of skilled was one of the biggest obstacles to business growth, Links, Shejavali and Hopwood (2014).

Looking at GCI reports published by the World Economic Forum over the past five years, an 'inadequately educated workforce' has consistently topped the list of challenges facing businesses in Namibia. Nearly 20 percent of local respondents listing this as their primary concern in the 2010-2011 and 2012-2013 reports. Looking at the latest GCI report, 2013-2014, in terms of 'Higher education and training', the country is ranked 115th out of 144 countries. The report further states that to move up the value chain and diversify the economy, it is critical that the government builds its human resource base; enrollment rates into tertiary institutions remains low compared to South Africa and Namibia – the other 'middle-income' countries in Southern Africa.

According to Adekoya-Sanni (2015), small businesses in Namibia also view the success of the business as only dependent on the owner and his/her financial capability, to their detriment. The author notes that this has led many to failure because the various elements interact leading to the success of the enterprise. Such elements include human capital; small businesses whether out of ignorance or lack of capacity often fail to invest in skilled, knowledgeable and competent employees can enhance performance of their business. This is definitely an area in which tertiary institutions can assist SMEs by encouraging internships in these businesses. Government and private sector or larger businesses that are already established can get involved through offering 'subsidized' training to employees already working at SMEs.

2.4.7 Education and Training

A healthy ecosystem is one that encourages and nourishes the entrepreneurial mindset, Krueger (2012). Therefore entrepreneurship education (EE) in both the formal and informal sectors has the potential to create a more entrepreneurial culture starting with young children at school, as witnesses by the entrepreneurship curricula introduced by the Namibian government. This implies that the education system at all levels should focus on fostering an entrepreneurial mindset among learners. According to Mbaziira and Oyedokun (2008), EE should aim to:

- Contribute to the creation of an entrepreneurial culture
- Provide the necessary knowledge needed to identifying business opportunities as well as to establish and effectively operate commercial enterprises, for instance, personal financial management skills.
- Create awareness of the socio-economic significance of entrepreneurial enterprises in Namibia as well as awareness of the national and personal benefits derived from successful entrepreneurs and improving their own.
- Increase the number of profitable and competitive entrepreneurships.

These are the same goals the Namibian government. The onus though is upon tertiary institutions to continue to encourage entrepreneurship across all disciplines.

Various surveys, GEM (2002 & 2004); EC (2004) and Honig (1998) in Coleman (2004) positively indicate a positive relationship between education and entrepreneurial success. People with secondary and a tertiary education are more likely to progress their businesses beyond the startup phase. This finding is also supported by Egelser and Rena (2013); an entrepreneur's level of education impacts on his/her success in growing the business.

A survey study by Harris (2003) showed that entrepreneurship sector in Namibia generally does not attract people with tertiary education since they can enter directly into waged employment than those with secondary education. More entrepreneurial training is thus of necessity in schools. In 2004, the Ministry of Education decided to introduce Entrepreneurship into the Namibian education system from as early as primary school (with support from some civil organisations).

Similar programmes have been introduced in countries such as Botswana, Mozambique and Uganda, (Larsen and Nagel, 2013). The authors also conducted a small comparative study of EE in some Southern-African countries (Mozambique, Botswana, Uganda, Namibia) and Norway shows that the implementation of EE models in the selected African countries is similar; and that Namibia is more advanced compared to these other African countries.

In a 2013 study, Egelser and Rena assessed the effectiveness of training and development (T&D) programmes for small businesses in Windhoek. One of the main findings of the study was that, T&D is a critical shortcoming in Windhoek; this despite the fact that T&D leads to higher performance of an SME. They attribute this shortage to an increasing number of small businesses in the Windhoek area.

2.4.8 Accessible Markets

Accessibility of markets is another important pillar for companies' growth. Markets with customers ready and willing to pay for products are vital to any company seeking to make a profit. Markets are usually made of both domestic and foreign customers. The domestic market is primarily made up of the general public; other SMEs; large companies and municipalities and government departments. With a population of 2.3 million in Namibia and only 14 percent (322,500) estimated to be living in the capital – the domestic market is therefore quite small compared to most other countries in Southern Africa. The majority of the population lives in the rural areas, (more than 60 percent); however, as is typical with most developing countries, migration from rural to urban areas is increasing (UNDP, 2014).

It is vital therefore for all stakeholders within the ecosystem to promote access to markets beyond the local environment for manufactured products. There is evidence that businesses can become more productive as a result of exporting; a phenomenon referred to as "learning-by-exporting" effect (Bigsten, Kimuyu and Lundval 2004 and Van Briesebroeck, 2005a).

Access to foreign markets is usually out of the reach of the SME. However, the government of Namibia has implemented some measures, such as the establishment of the Export Processing Zones (EPZ) regime and the special incentives for manufacturing companies to assists these businesses with the cost incurred when they conduct business outside the country. Furthermore, the MITS has implemented a several initiatives aimed at facilitating both domestic and international export and market opportunities for Namibian entrepreneurs and

their products; financial and technical support is made available small businesses to participate in trade fairs and exhibitions (MITS, 2013).

In addition to the above and in line with its effort to encourage local entrepreneurship and boost the productive capacity of local entrepreneurs to produce and market their products to meet the demand of the domestic and export markets, the MITS began hosting the "*Made in Namibia*" Expo in 2011. The exposition event serves to showcase the range of products produced by local SMEs from across Namibia.

In another effort to support SMEs, the Tender Board of Namibia in 2012 recommended changes to the Ministry of Finance on public procurement policy; "*wholly-owned Namibian companies registered as SMEs, now receive preferential allocation of tenders of up to N$15 million*" (Kaira, 2014). This move was aimed at empowering small businesses who were previously excluded from such opportunities due to a perception of lack of capacity to deliver. The NCCI also encourages the biggest players in the industry to subcontract to SMEs to build capacity in the sector. These initiatives have also been in other countries such as South Africa.

Looking back, the term 'entrepreneurship ecosystem' refers to the elements – individuals, organizations or institutions that are either favourable or that deter the choice of an individual in Namibia from venturing into the manufacturing sector as an SME, and ultimately the success of the individual in the chosen venture. The term also applies to the interplay that exists between these elements as a catalyst to the success of entrepreneurs once they have opened their business and begun operation.

According to Isenberg (2010), the following characteristics make a 'healthy' ecosystem:

- The ecosystem is "*moulded*" around its own unique environment;
- Businesses operate in an environment with reduced bureaucratic obstacles in which government policies support the unique needs of entrepreneurs and tolerate failed ventures;
- The ecosystem actively encourages and invites financiers to participate in new ventures;
- Governments, academia and commercial organizations re-inforce (instead of creating from scratch) the business environment;
- There are little to no cultural biases against failure or operating a business;
- Success is promoted, which in turn attract new ventures;

- The ecosystem is supported by dialogue among various stakeholders, with corresponding collaboration.

In Namibia however, analysis of existing literature does not point these conditions being met. The NCCI, boasts that the business climate in Namibia is conducive to for all entrepreneurs; the country is politically stable, there is good infrastructure, transport and communication facilities. However to date there have been no studies that examine the entire entrepreneurial ecosystem from the perspective of manufactures in the SME sector. No study has sought to examine the interaction that exists (or does not exist) between all the factors that influence business climate in Namibia. Most studies that aim to evaluate areas important to business in Namibia have not studied the interaction between the key elements.

Namibia continues to face poverty and high levels of unemployment and inequality. In addition, the country's economic growth has slowed down in recent years, partly due to the adverse impact of the global economic crisis that exposed the drawbacks to Namibia's "*...heavy reliance on mining*" AfDB (2014). These factors stress the need for "*intensified efforts to diversify the economy and embark on an inclusive economic transformation to enable the country to create economic opportunities for the majority of the population*", (AfDB, 2014). One sure way to create these opportunities is to foster an entrepreneurial ecosystem that encourages and supports any individuals wishing to start their own business.

The review of existing literature points to the need for:

1. Focal centres such as tertiary institutions and incubators capable of stimulating and encouraging innovative ideas.

2. Larger businesses and local successful entrepreneurs to serve as mentors, lenders and consultants to early-stage entrepreneurs; drawing in new entrepreneurial talent.

4. Area-specific initiatives to be designed – technologies and business models relevant to Namibia and in particular Windhoek.

5. Safety nets - entrepreneurship involves taking risks and many ventures fail; few entrepreneurs are willing to take a risk without a guarantee that they are protected (within reason) financially, legally or otherwise in the event of failure. There should

be safety nets such as a tolerance of risk and failure, tax and bankruptcy laws, and a social welfare support system that are not punitive towards entrepreneurs who fail.

6. Access to large markets – the size of the country is vast, making provision of infrastructure expensive. Any new venture that is to achieve above average growth needs to able to secure access national and/or international markets.

The following chapter discusses the methodology adopted to collect data for this study.

Chapter 3: Research Methodology

This research adopted the framework proposed by the OECD as a basis to explore the different domains of Namibia's entrepreneurial ecosystem. To capture the status quo of each domain of the entrepreneurial ecosystem, key indicators were identified and retrieved from widely used reports for entrepreneurship related policy and program developments, such as:

- The Global Entrepreneurship Monitor (GEM),
- The World Banks's Ease of Doing Business Index
- The World Economic Forum's Global Competitiveness Index

This methodology is directed by grounded theory methodology which enables the researcher to systematically capture, collect and analyse data systematically. In addition, the analysis on the desktop research directed the qualitative interviews, that is, the specific areas of observations and questions. The main themes that emerged from the interviews were compared to desktop analysis for similarities and differences; thus confirming or challenging prevailing concepts with additional data.

3.1. Research Design

The research design is a "*systematic plan that has to be followed in order to reach the objectives of the study*" (McDaniel and Gates, 1996). The researcher therefore had to design a study framework that is in accordance with the overall objectives of the study looking at factors such as money, time and the availability of the researcher.

For the purposes if this study, the researcher adopted a qualitative research methodology primarily because it is more apt to explain the opinions and perceptions of small businesses. Interviews were conducted with owners of the different manufacturing firms in Windhoek. Questions in the interview guide covered the eight pillars of entrepreneurial ecosystems as described by the World Economic Forum (Drexler et.al. 2014).

A combination of primary and secondary data was collected from various sources and utilised in the course of the investigation of the title under consideration. In this regard, many observations, verbal interviews, including face-to-face interviews and telephone interviews were used.

3.2 Population

The population targeted for this research were SMEs operating in the manufacturing sector in the capital city Windhoek. This is mainly because of the availability of SMEs; and also because the main population of Namibia dwells in Windhoek. It is also important to note that despite this, there are however manufacturers operating in the SME sector in other cities and towns in Namibia.

The secondary population target of this study are the potential entrepreneurs and clients that might want to get involved and follow the actions and programs taken.

Systematic random sampling approach was adopted, as the population being investigated is unevenly scattered and assumed to be of the same class. Based on the information obtained from the database of the City of Windhoek (CoW) there are approximately 164 incubation stalls at both the Dr. Libertina Amadhila and Soweto incubation centres, both located in Windhoek. Initially the researcher targeted incubation centres, and conducted face-to-face interviews with a sample of fifteen (15) SME owners/ operators. The researcher was also able to conduct a second round of interviews, this time telephonically with 19 SME owners operating outside of the incubation centres.

3.3 Sample

The sample consisted of SMEs registered with the MITS. The assumption was that these databases would provide detailed up-to-date information on the SMEs currently operating in the manufacturing sector in Windhoek. The method used to select the SMEs was stratified random sampling based on the specific activities of these SMEs. Firstly the researcher secluded SMEs (a) engaging in manufacturing activities (b) operating in Windhoek and (c) operating from one of the incubation centres provided by CoW. Using STATA statistical software, the researcher initially randomly selected 20 SMEs. Only 15 of these were available for the face-to-face interviews.

Returning back to the initial population and isolating only SMEs engaging in manufacturing activities and operating in Windhoek, (and removing SMEs who already participated in the first round of interviews), the researcher selected 30 respondents to be invited to participate in the second round of interviews. Only 19 of these, consented to the interviews. Unlike the initial

15 in-person interviews, the telephonic interviews were conducted with businesses that did not operate from incubation centres, but were still registered as SMEs with the MITS.

3.4 Research instruments

The main technique used to get the relevant information was the qualitative procedure through which interviews were conducted. Interviews allowed the researcher to have a one-on-one mini interview with certain people that gives information necessary for this study. The design of the interview guide was also in part directed by the entrepreneurial ecosystem diagnostic toolkit (EEDT), which allows "*mapping and measuring of an existing entrepreneurial ecosystem. This analysis allows for a diagnosis of potential challenges and opportunities that can be addressed through specific interventions*" (Aspen Institute, 2014). This toolkit offers "*methodological guidance on assessing the status quo of entrepreneurial ecosystems*". The interview guide is attached as part of the appendices section.

3.6 Data analysis

As a standard procedure, interviews were recorded, transcribed and the notes analysed using Atlas.ti software.

With regard to distribution in terms of gender and age, slightly more men (27 out of the total interviewees) than women operators were observed. This is in line with statistics from the MITS that show that 57% of owners of SMEs are male. As is the case internationally (GEM report, 2014), there is a gender dimension to SMEs operations in Namibia. The assumption that more women are active in the informal sector than men in developing countries is not true for Namibia.

The researcher also noted that 30 of the respondents (88%) have attained formal education and 10% have managed to attain a tertiary qualification from either the UNAM or Poly. To a certain extent these findings contradicts the conclusion from an ILO study of 1993 (cited in Hansohm, 1997), which maintained that the educational and training levels were generally very low among the SME operators. Half the interviewees have enrolled in adult education programmes at local secondary schools aimed at improving literacy among the older generation still fighting off the remnants of a system that only provided education in Afrikaans.

3.7 Research Limitations

This research restricted itself to the Windhoek area because of its accessibility to majority of the manufacturing firms. Due to resource constraints, the interviews were conducted with a small sample of SME owners, so the results cannot be generalised to the sector as a whole. The researcher also felt that one of the greatest limitations of the study is also its failure to include businesses in the informal sector – that is businesses not registered with MITS. This is indeed unfortunate because the World Bank estimate that as at 2013, "*…the average size of the shadow economy as a percentage of GDP in Sub-Saharan Africa is 38.4%"* Nadgrodkiewicz (2013). It was also not possible to interview those businesses which closed down to determine the reasons for the closure since most SMEs do not report the closure to the MITS.

3.8 Ethical considerations

Before undertaking interviews, the researcher gained access to the individuals by approaching them personally at their place of work and asking permission to interview them. To determine if the small firm was eligible for the interview, the researcher asked potential small firms the age of the firm because the researcher was only interested in interviewing small manufacturing firms that existed between for a period of not less than a year. The researcher informed the small firm owners about the nature of the study and its purpose. In order to make sure that the information was not presented out of context, the interviewees were informed before the interview took place that the information provided to the researcher would be confidential and that the data would be used only for academic purposes. The interviewees were also given the option of reading the final research report once it is available for publication. Permission was requested at the initial meeting with small firm owners to tape record the interview and in all cases, the researcher obtained permission.

Chapter 4: Findings: results and discussion

This section of the report analyses the main findings regarding the perceptions SME operators have of the entrepreneurial ecosystem in which they are operating.

The research adopts the approach proposed by Goulding (2002), presenting only material to enable understanding; preventing an overload of data that the reader would find taxing to read. The discovered categories are supported by interview quotes – a technique endorsed by Glaser and Strauss (as cited by Goulding, 2002:91). The researcher presents findings from interviews, quoting liberally to present the respondent's views as accurately as possible. Findings present within-case analysis of the interviewees and differing perspectives between sources of data on specific issues. This chapter fulfils the one of the objectives of the study: exploring the current status of each of the elements that make up the entrepreneurial ecosystem, from the perspective of SME operators in the manufacturing sector in Namibia.

This section integrates the literature and interview findings, and presents the data according to the categories identified by theory and because the interview questions centred on the domains of the entrepreneurship ecosystem, the themes that emerged correspondingly fall into each of these categories.

Many small businesses may wish to improve and expand their operations. However, they are constrained by limited resources, limited skills, market access limitations, and related risk factors. According to statistics from the MITS, whereas in 1990 there were between 150 and 220 firms that employed six or more people, there are about 2,000 of such emerging enterprises today. These SMEs are excluded from incentives available to large (and sometimes foreign) companies because they are unable to comply with the often complex and bureaucratic procedures, such as licensing procedures, import control measures, taxation etc. (Ogbokor and Ngeendepi, 2012). Other impediments to SME development in Namibia cited by the authors that include: poor understanding of policy frameworks, absence of an enabling business operating environment; unfavourable financing options, ineffective education/training programmes for budding entrepreneurs, and a lack of supportive legal framework – for example no small claims courts etc. (Ogbokor and Ngeendepi, 2012).

4.1.1 Analysis of respondent demographics

The interviews provided a wealth of qualitative data. Once the interviews were transcribed, the key themes were drawn out from the interviews. For the purposes of this report the researcher contextualised the findings in a descriptive manner, the direct verbatim quotes from the small business owners are an important element of the report. Rather than 'over analyse' what it is they are saying, it is better to let 'the words speak for themselves' as it were and provide a descriptive context for the quotes.

One interesting observation was that most of the interviews at least 24, were initially hesitant to participate in the study, they felt that despite countless research projects, interviews, surveys and discussions investigating the challenges faced by SMEs in Namibia, stakeholders be it government, financial institutions or customers were still not doing all they potentially could to assist them.

The researcher initially conducted 15 in-person interviews with owners of small manufacturing firms. Because the due date for the research was extended by a month, the researcher undertook a further 19 telephonic interviews, again with owners of SME businesses operating in different manufacturing sectors - (from here on all referred to as **interviewees**). The interviews were conducted to gather information on the perceptions of these owners on the state of each of the various elements that make up the entrepreneurial ecosystem. All businesses were drawn from different segments in the manufacturing sector and were of different maturities and size to provide contrasting perspectives on the subject matter.

The interviewees provided background information about the firm, its legal status and when operations commenced, and the gender of the founder. The initial 15 interviewees all operated from incubation centres, while the 19 telephone interview respondents operated from various locations around the city (excluding incubation centres).

Table 2: Manufacturing firms profile (N=34)

Manufacturing Sector	Number of businesses	Average years of operation
Pharmaceuticals	3	1.5
Textile, footwear	6	3
Food Processing, Beverages	10	4
Paper recycling, Printing	2	2
Plastic Products	3	2

Manufacturing Sector	Number of businesses	Average years of operation
Metal Fabrication	6	2
Wood, furniture	4	3

Source: Research results (2015)

The sample enabled the researcher to determine the current status of each of the eight elements that make up the entrepreneurial ecosystem, from the perspective of SME operators in the manufacturing sector in Namibia. These firms are in their growth stage and face certain issues in this stage of existence (Churchill and Lewis, 1983 & Timmons, 1999). The manufacturing firms interviewed were from a variety of sectors; allowing for comparisons; however, because the study was exploratory, the researcher did not look to generalizing the findings (Creswell, 1995).

4.1.1.2 Owner's profiles

Of the 34 interviewees, a total of 13 owners possess a Bachelor's degree. Majority of the owners, (21) possess a grade 12 certificate. Those that did not go to a tertiary institution upon completing secondary school education indicated that the only reason they only possessed a grade 12 certificate is because that they either failed to attain the minimum required 25 points to proceed to university/ polytechnic (11); or they lacked the financial resources for tuition fees (10). Of those with only a high-school qualification, 8 took advantage of entrepreneurship courses offered by the Poly to "mature age" students and were currently studying towards diplomas and certificates. Twenty-six of the interviewees (76%) were male, and the age range was 28-49 years old. This is in line with a 2013 GEM report that estimated that on average, entrepreneurs in Namibia were male, with age falling between 25 -45 years old. The report also found that the average entrepreneur "*has a secondary education and is from a middle-income household"*.

Eight of the manufacturers interviewed were involved in other business ventures, for example one interviewee owned 2 small firms at one point - one in the textile sector and another in the food processing sector, (though she owned the food processing business with 2 other individuals).

4.2 Entrepreneurs perception of the ecosystem

4.2.1 Entrepreneurs ability to access financing from various stakeholders in the ecosystem

The research sought to find out the opinions of the owners on how favourable the business climate is for SMEs seeking financing for various stages of their businesses. The overall consensus was that almost all financial resources were channelled to large firms, resulting in SMEs struggling to get off the ground, therefore crushing small entrepreneurial initiative.

Interviewees were asked whether their company had received any form of financial support, whether from private banks, government, civil sector organisation or other financial institutions (for example development finance institutions) – less than half had (41%), and a proportion indicated that their application was either "unsuccessful" or "rejected" (10%) or still "pending" (11%). The 41% who received financial support were able to access it from one of the big *four* banks (Standard Bank, First National Bank, Bank Windhoek and Nedbank), as well as the SME Bank, this including personal finance and loans, with a few cases of overdraft facilities. Five (5) have received grant funding through government SME assistance schemes, and 4 from NGOs grants made available to SMEs.

All the interviewees however described conditions for accessing financial support as unfavourable. This is in line with findings by Humavindu and Stage (2013) and Ogbokor and Ngeendepi (2012) that found access to finance to be a major constraint faced by small businesses in Namibia. One common response was that there was "*lack of feedback*" or "*no response*" to applications; a disturbing finding that could create a culture of apathy and deter potential entrepreneurs from seeking to take advantage of opportunities. Additionally, for SMEs to improve on their proposal writing and business planning (i.e. their ability/capacity to successfully apply for available finance), feedback on their applications is essential.

> ***SME1****: It's no secret that for us small businesses it's almost impossible to get a bank loan. Banks want all this paperwork that I cannot provide. They want audited accounts. How can I afford auditing firms? The government is no better. They say they will give us all the help we need, but when we go to them for money, we never hear back on our applications. I don't know how some people have received (MITS) loans. Maybe they have a relative there.*

Interviewees also indicated that the "*application process is slow*," taking very long for applications to be approved, which can sometimes negatively impact the business if for example the applicant needs to buy inputs to fulfil a large order. This is unfortunate for

companies in the manufacturing sector that need to act swiftly to gain market access (i.e. contracts); delays in finance for additional machinery or raw materials may mean that the business loses the opportunity to win a contract due to lack of capacity, Abhor(2010).

> ***SME14**: The paperwork you need to submit to apply for loans with this bank is too much. Bigger companies can afford accountants and lawyers to help them but we cannot. Maybe some of the consultants an help us for free.*
>
> ***SME2**: Unfortunately banks require collateral, proof of past earnings, and proof of coming orders to extend credit. Sometimes as a business owner, you may want to a loan to revise your production processes, because you believe they will increase production but as a small business you don't have the resources.*
>
> ***SME31**: I received a large order from a school and approached several local [commercial] banks for credit so that I could buy raw materials. But unfortunately the interest that they were charging would have made the order non-profitable for me.*
>
> ***SME28**: I have a strong desire to grow my business by exporting to neighbouring countries such as Zambia and Botswana. The depreciation of the rand means I have to seek foreign currency from international consumers. But my financial capacity does not allow this. And banks are unwilling to extend any form of trade finance to small guys like us. Banks are not interested in smaller transactions that are below R5million because they say they spend the same amount of time doing due diligence on a R1million transaction as they would on a R20million transaction.*

The other main themes to emerge with regard to financing were: "*application process is time consuming*" due to all the paperwork an applicant is expected to complete; some also indicated that the paperwork is "*confusing*" and "*difficult to understand*". This highlights the importance of (non-financial) pre-investment support services which can be offered by other stakeholders in the ecosystem such as the tertiary institutes and the government. "*Red tape*" was also cited as a problem in terms of the application process – 11 of the interviews even indicating they were "*too scared*" to apply for fear of rejection or because they do not meet the often stringent application criteria; a finding somewhat supported in the GEM Report that found that entrepreneurs often fear failure and many do not feel that they have sufficient skills to start a new venture.

Despite the lack of financing being cited as a constraint in other publications, there are a variety of funding programmes and financing schemes through the use of guarantees that are available, in addition to other support programmes. Literature notes however that awareness and the uptake of these schemes, however, have been very low for example in South Africa, (DTI, 2013). Seven (7) of the interviewees were currently waiting for feedback on applications they had submitted for a grant from government, also citing tough competition as more and more SMEs were being registered each year, subsidies only being granted to firms with a higher capacity, as well as the fact that grants and other government support was seemingly granted along tribal lines.

Nevertheless, 3 of the interviewees indicated that they regularly checked government gazettes and other publications to check for financing options available to SMEs. This is seemingly contradictory to Cronje et al. (2001:53) who point out that "*in most cases; SMEs should be able to revert to government as their lender of last resort, since they do not have easy access to private bank loans*".

The (often accurate) perception of poor credit-worthiness limits accessibility to outside capital: 23 of the interviewees accessed their first start up finance from personal savings, and loans from family and friends. Twelve (12) of the interviewees indicated that they no longer bother to find out what financial platforms and vehicles are available to them through the majority of financial institutions because the requirements such as collateral, bankable business plans made accessing capital from private commercial sources a mammoth task.

One disturbing issue to also emerge from the interviews was that there was a perception of racial discrimination – with interviewees indicating less support, particularly from the private sector for black manufacturers.

> ***SME24**: Clients, lenders and even customers believe that products made by the black manufacturers are of a lesser quality. Banks this us [black] manufacturers are more likely to default on loans. Maybe it's true, but any black or coloured [manufacturer] will tell you that the private seems to prefer to deal with the white businesses.*
>
> ***SME30**: BEE only seems to have benefitted a handful of people. You must understand that even business in Namibia is divided not only along race but along tribal lines. The Oshiwambos will support their own, and all other tribes do that, and it's the same with the white people. How then can our economy grow if everyone is thinking like this.*

Twenty-two of the interviewees aired similar views, and blamed the government for promoting tribalism. The ruling party and by default the government as well is mainly made up of one tribe, and perception is that this tribe is benefitting more than other ethnic groups in terms of access to government loans as well as other government initiatives. Fifteen of the interviewees also pointed out that that this trend is observed even when trying to access financing from the private sector. However none of the interviewees could offer any suggestions as to how this trend can be eliminated from business.

Twenty -three interviewees also indicated that they would be prepared to allow the state of private sector to buy equity in their company so they provide much needed financial resources, even if it meant sharing ownership and profits.

Three of the respondents lamented on the lack of collaborations between the financial institutions and the tertiary institutions:

> ***SME4****: It is [unfortunate] that the tertiary institutions that offer courses to support entrepreneurship, cannot form partnerships with the financial institutions. My business has been profitable for almost 2 years now and I have recently received a business management certification from Poly that makes me more competent to run my business, so the college must be able to recommend to the bank that I receive a loan to grow my business.*

The interviews also revealed a sense of lack or 'originality' with the regard to finance product offerings. The general perception was that the available product offerings were similar across all financial institutions and did not cater to specific needs of small businesses.

> ***SME7****: There are many studies and forums that have discussed the challenges small businesses face. And yet they [banks and government] do not want to give us what we need. We are not asking for free money, we want to be able to fill orders, and pay back with some flexibility.*

4.2.2 Environment created by Government regulations

Half the respondents were aware of any legal framework governing activities of SMEs; none of the interviewees have studied the SME Policy document. This affirms assertions by the MITS (2004, p. 37) that most of the SMEs are "*not aware of any legal framework that governs them*". MITS though attributes this to SMEs not playing their part by being proactive and

engaging government with issues they think government should play a role in, instead waiting for the government to come to them. Nevertheless, all the interviewees were of the opinion that despite years of claiming to prioritise efforts to create an enabling environment for SMEs, the same challenges still prevail in the SME sector since the launch of the SME Policy document in 1997.

The conclusions of Cronje et.al (2001) agree with the findings noted above; government is supposed to create an enabling environment, capacity building platforms and building blocks upon which SMEs can chart their future.

> ***SME5**: What the government fails to realise is that it is not enough to give [small businesses] loans to buy machinery for example without growing capacity in other areas. So for example, I am competing with bigger [international] organisations that can sell for less because their cost of production is less than mine. This is really not a good time to own a small business, the rand has depreciated, making inputs expensive, people expect higher salaries and government is not relaxing any of its rules on loan applications for example. Times are tough for SMEs.*

> ***SME19**: There are really no opportunities for networking, how am I supposed to find out about what funding and support is available, but also it helps others to know about you and what support you need. Of course there is the NCCI but they charge so much for their networking functions so many SMEs cannot attend them. Why can the government not facilitate this kind of networking? The big businesses do not tolerate us when we approach them with any requests. Government needs to do more to 'grow the size of the pie' for everyone who is doing business. Maybe government can even put regulations in place that force big companies to get supplies from us – our products are the same quality as products from South Africa.*

> ***SME3**: The BEE regulations are meant assist a businessman achieve his dreams. But this has not been the case. In the manufacturing sector, white people still seem to enjoy most of the advantages. Even though I was able to lease equipment through the [government] scheme to start my business, but I cannot grow by supply contracts because customers prefer to buy from the businesses that have been around for a longer time.*

> ***SME17:** Even though I was able to lease equipment from the government – I am still struggling to break even. I have to import 25% of my raw materials and I pay a lot for the*

transport and customs to this. The government must not charge customs for small guys like us. In the end I cannot sell my product because people say it is too expensive.

The tribalism factor previously mentioned also ties in with this section. If there is a perception that government offers preferential treatment to one group of people, this can deter people from other groups from venturing into business. This certainly does not portray the government as creating a conducive environment for potential and existing enterprises to thrive.

Ease of doing business: All firms concurred that it is quite easy to register their businesses and securing licenses, however 40% they believe customs regulations do not favour their plight to be competitive against established brands. This is slightly contradictory to the *Ease of Doing Business* report, World Bank (2014) that points out that the processes of starting a business in Namibia is unnecessarily longer as compared to neighboring countries Botswana and South Africa.

4.2.3 Growing Markets

All interviewees had never invested in market research (and no intentions of doing so in the next 5 years) to better understand the market in which they operate. This is an expected finding because Bigsten, Kimuyu and Lundval (2004) and Van Briesebroeck (2005a), argue that SMEs lack the financial capacity to invest in auxiliary services such as market research that enable them to identify opportunities to grow their market share. Although all interviewees acknowledged that they were aware that the government was awarding contracts to a handful of SMEs, the general consensus was that the process lacked transparency – so only a few businesses were benefitting from these government initiatives to grow the market for small businesses.

Twenty-one (21) of the interviewees also noted that they cannot compete with brands from other countries, with China being the example they all gave. They cited the reason for this as being a lack of clearly stated regulations against import of products that also locally manufactured. The following transcript is from a business owner in the textile sphere. Her sentiments echo the findings of a recent African Economic Outlook article that observed that Chinese exports of clothing products is one area in which the indirect competitive effect of Chinese trade has hindered Africa's export development (African Economic Outlook, 2015).

> ***SME32**: We are losing to China. We cannot compete with the prices of products from* China*. A lot of people are facing economic hardships and would rather pay as little as possible – even though the quality of our products is superior.*

> ***SME34**: Government must make imports expensive to make our products more attractive. People importing clothes and shoes to sell in Namibia must pay higher tariffs otherwise we cannot compete with things from China. Even though our things are better quality, Namibians are not very rich and they [seem] to prefer cheap over good quality.*

Only one respondent was satisfied with the contracts her business was getting – supplying her pharmaceutical products to one of the leading chains of supermarkets.

> ***SME4:** There is need for clear regulation against imports so that we are playing on the same level. Consumers in Windhoek are already loyal to products imported from South Africa*

All the interviewees offered similar ideas as to how partnerships with the public and private sector could grow "*the size of the pie*". Governments and larger businesses have an obligation to support SMEs by contracting them for supply of goods and services. This is supported by Badal (2013) who in his research noted that 7 out of 10 small businesses in the United States increased in revenue and size within 24 months of becoming part of the corporate and state supplier base.

> ***SME13:** There is a lack of supply chain networks with big firms so that [big firms] can sub-contract smaller operations to smaller firms. These [big firms] argue that small firms operating in Namibia the lack capacity to produce big orders and so they subcontract to organisations from neighbouring South Africa.*

Ten (10) of the interviewees suggested the possibility of public sector firms subcontracting their operations to small firms and in return public firms provide the market for the products produced. These are all suggestions in line with Bigsten, Kimuyu and Lundval (2004) who argue that it is vital for all stakeholders within the ecosystem to promote access to markets beyond the local environment for manufactured products.

Although there have been instances of SMEs supplying goods and services to government, the interviewees lamented on the lack of transparency.

Only 6 of the interviewees were advertising on the government's *Namibia Small-and-Medium-Sized Enterprise (SME) Portal Site* developed by the MITS. The main objective of the website is sales promotion and sales expansion within Namibia and abroad (MITS, 2015).

4.2.4 Infrastructure Facilities

Interviewed respondents stated infrastructural elements in their line of business as obstacles to growth. Twenty six (26) of the interviewees expressed concern for the price of electricity while 18 of the manufacturers emphasized that water prices constituted the largest proportion of their overheads. Though they acknowledged the availability of these inputs, the interviewees argued that the prices of these inputs made it difficult for manufacturers to plan their production plans in the long term.

This finding is supported by Frost and Sullivan (2012) that concluded that Namibia's infrastructure sectors, particularly energy costs threatened long-term growth of the manufacturing industry. Poor infrastructure can be a deterrent to growth for any business and small businesses are no exception. Twenty – six (26) of the respondents cited electricity costs as a major obstacle to the growth of their business. This observation on the part of the interviewees has some merit because in 2014, even the Then Minister of MITS was quoted as saying "Electricity in Namibia is available but it is very expensive and we maintain that it is too expensive…Within Southern Africa, Namibia is reported to have the second highest industrial electricity tariffs after Mauritius", Brandt (2014).

> ***SME34**: The costs of water and electricity are my biggest costs. It would be nice if the government can introduce cheaper commercial water and electricity rates for SMEs. How can I sell at competitive prices, or even re-invest in my business when I am paying so much for water and electricity. I would even like to pay my employees more so that I can guarantee quality input from them but I cannot do so.*

Some of the respondents mentioned that they were putting faith in the Kudu gas project, (currently under construction at the time the study was conducted); hoping it would solve electricity woes by providing cheaper electricity to the manufacturing industry on its completion. In the interim, the all interviewees suggested government subsidies for SMEs.

> ***SME3**: Government should introduce special [non-commercial] utility rates for our businesses, or even subsidise our utility bills.*

Twelve (12) of the interviewees were of the notion that telecommunication and internet were not necessarily an obstacle to their operations, either because they have minimum use of it in their operations or the fact that these elements are affordable, seemingly contradictory to an analysis by Chiware and Dick (2008) who found that there are still several obstacles that small businesses in Namibia face in using ICT, especially the internet for accessing business information services. This finding could very well be attributed to a lack of awareness on the part of small businesses of the importance of fully utilized ICT, and its benefits for the growth of any business in a modern ecosystem, Sheahan (2012).

Another infrastructure concern was road networks. Namibia is a vast country with low population density, estimated to be about 3 persons on every square kilometer, one of the lowest in Africa (*Trading Economics*, 2014). Manufacturers therefore find that the cost of seeking out markets outside of the metropolitan areas are not justified.

> ***SME6**: There is small mine in Oranjemund (*north of Windhoek*) that regularly requests my products. However I can only supply to them when I share the transport cost with another supplier who also regularly supplies to that area. I approached a large company that supplies petroleum products also to that mine and requested to regularly join their trucks and pay a small fee but they said no. The big companies must help us because we are not trying to steal their business, we just want assistance to keep our business going.*

This sentiment was echoed by 11 other respondents. In the absence of cheap and reliable transport options such as rail, the private sector should be willing to play a bigger role in this regard. As suggested by one of the interviewees, the government could even offer some kind of rebates to private companies that partner with SMEs to assist with infrastructure facilities.

4.2.5 Culture and Social Norms supporting entrepreneurship

Thirty (31) of the interviewees were forced into the business because they could not find any other alternative to earn a living. Because of the relatively high unemployment in Namibia, these individuals saw entrepreneurship as the only other alternatives for income generation. Only four of the interviewees, each in the textile, wood (furniture), food processing and pharmaceutical sector had started their businesses because they felt driven by the "*entrepreneurial spirit*". These individuals all decided to leave their paying jobs to start something similar to what they were doing in their previous jobs to increase their earnings, and

also because they felt that their skills and knowledge were not been recognised by their employers and so the need for independence and control drove them to start their own businesses. This finding is confirmed by April (2009) who found that there were numerous cultural factors that prohibit entrepreneurial activity; for example women usually being seen as home-minders; or an expectation for one to land a job with a large organisation that offers job security upon graduation from a tertiary institute.

All interviewees however agreed that because formal employment was regarded as being more stable and secure; their decision to start their own businesses was met with scepticism and in some instances ridicule.

> ***SME23**: When I first announced to friends and family that I had decided to start my own business, they all encouraged to keep looking for a job. They gave me several reason why my endeavour would likely be a waste of time and money including the fact that the economic climate was tough for businesses that were already established. Luckily I managed to convince my parents to loan me money to buy equipment and it was the best decision I ever made because I may still have been sitting at home looking for a job.*

> ***SME14**: There is a slight improvement in the positivity associated with starting and running one's own business. Unfortunately though all these recent graduates waste time after college trying to secure a job as they have bene trained to do. It's a shame that our institutions are not teaching our children that they can be employers also. This is the second time I have started my own manufacturing business, despite failing the last time, I am determined to be successful this time and employ more people from my community.*

From the response given by most SMEs (11 out of 15) it is clear that one of the reasons why there is little entrepreneurial activity especially in the manufacturing factor is because of the negative perception locals have of locally produced products. Only a few firms pointed out that they have received positive feedback and encouragement from locals regarding their products. Manufacturing firms especially those in the textile sector noted that they could go a long way had they been positive perception from locals on their work and the roles they play in reducing employment. In both the developed and emerging economies, SMEs should continue to receive

positive attention because of their labour absorbing capacities, (Kesper, 1999; Amoah and Fordjour, 2012).

Media Support: Opinion on how supportive the media has been of success of entrepreneurs in Namibia, was split evenly. Some of the respondents noted out that local newspapers such as the New Era, have introduced weekly sections where success stories and ideas are shared. One of the interviewees in the pharmaceutical sector, has actually been featured in one of these features and noted that it had given her a sense of pride that she had managed to start her own business. A 2012 GEM reports found that in Namibia, "…*entrepreneurship is generally perceived in a positive light; entrepreneurs enjoy high status and good media coverage"* – somewhat similar to perceptions of half of the interviewees. April (2015) notes that existing entrepreneurs should be celebrated in order to inspire future entrepreneurs.

Support from large companies: However, it was also mentioned that larger companies that have already made it in the manufacturing industry offer little support to small businesses that are starting up; either through networking or shared knowledge. Interestingly enough only 2 of the respondents have actually sought to engage these 'big businesses' in a formal capacity to request mentorship. According to Beyene (2002), through creating and sustaining relationships with established and successful entrepreneurs, small businesses are able to form linkages that broaden their options for financing, markets, mentorship and other support services. Training mentors enables help people to become self-reliant and independent entrepreneurs and self-sustaining business people who might eventually start their own businesses, Beyene (2002).

4.2.6 Support Services

All respondents were not satisfied with the level of support they received from government, the private or civil sector citing reasons such as the process of getting the said support was too involving. This is in part supported by findings by Berry et al. (2002), who identified reasons such as: (1) lack of outreach on the part of those offering support services; (2) the high cost of searching for said services and (3) cumbersome administrative requirements of government programmes; a process the SMEs find cumbersome and which leads to poor uptake of business support services.

Interestingly, despite the fact that the Namibian government has prioritised the growth of the SME sector as a vital for the growth of the economy, 23 of the interviewees indicated that they

did not have faith in the support services offered to SMEs by the government. However, with the creation of the recently established Ministry of Poverty Alleviation, they were hopeful that government efforts to assist SMEs would be more effective. One respondent spoke more candidly though:

> ***SME29**: Government officials are always in the media saying they want to support us and help us grow our business in these tough times. But the truth is that very few people are benefitting from (MITS) programmes. The selection processes are just not clear. Maybe now that we have a new president, he will take our problems more seriously. We need the government to take us more seriously. Only then will these big private companies also take us seriously...*

Besides advisory services offered by the not for profit organisations, private financial institutions and government departments responsible for supporting SMEs, interviewees mentioned that they could not afford qualified legal services/ counselling, unlike large companies. Though in the past they used to have support from UNAM, it had been infrequent, choosing to access support services offered by the Polytechnic's Namibia Business Innovation Centre (NBIC) and the Centre of Entrepreneurial Development (CED); also at Polytechnic, Polytechnic of Namibia (2015). Interviewees lauded efforts being made by the Polytechnic to engage local entrepreneurs, helping them with risk management skills.

Although some banks had implemented mentorship programmes, either recipients of loans from these banks were able to gain access to specific support services that they offer, or only a few selected non-recipients were included in these programmes. Mentorship is important because these SME operators receive first-hand knowledge of how to run and grow businesses both operational and financially. Availability of support services can 'make or break' early-stage entrepreneurs, they offer an enabling environment similar to the care a new-born baby receives (Khalil and Olafsen, 2013).

Mentorship: All interviewees felt that there was a definite lack of mentorship in the manufacturing sector. Three (3) of the interviewees who managed to part ways with past employers in good faith, were relying on their past employers for mentorship.

> ***SME16**: There are unfortunately few success entrepreneurs willing to take a protégé under their wing and guide them, despite the fact that it can be a relationship that can benefits both partners. When you are well connected you can receive helpful advice*

> *invitations to industry events and introductions to higher-ups that can open new opportunities.*

The NCCI was considered the largest organisation representing the interests of small businesses in Namibia; however, the general consensus was that the SMEs were disappointed at the services they offered.

> ***SME12**: When I applied for membership and paying a compulsory subscription [fee], I was assured membership to a club that would represent my interests through trade facilitation, help getting my products to a wider market and training. NCCI services seem to be geared towards businesses that are already well established, with strong balance sheets.*

City of Windhoek (CoW): All of the study respondents were registered with CoW. The interviewees however indicated that CoW did not have an elaborate SME policy. This is unfortunate and contradictory to Isenberg (2010) who argues that one of the key characteristics of a healthy entrepreneurial ecosystem authorities tailor interventions that are unique to a specific area; be it a city or a country. Policies that work in one ecosystem do not necessarily work in another. A healthy ecosystem is unique and tailored to its surroundings. Similarly, in 2005, the National Planning Commission of Namibia (source) suggested that the local authorities in Windhoek should promulgate policies that govern and promote SMEs operating in their jurisdiction. The main services offered by CoW however were the incubation centres that were popular with SME operators (all interviewees had used this service) because rentals were much cheaper than market value and the premises offered security for manufacturers' equipment and products.

Only fourteen of the interviewees had made use of the development initiatives, training and promotional opportunities provided by CoW. Despite the CoW claiming to give preferential treatment to the SMEs in the tendering process that did not involve complex operations; all the interviewees lamented on the fact that these tenders were virtually impossible to win, repeatedly awarded only to several businesses.

One interesting theme to emerge from the interviews though is that there was an expectation for CoW to play a bigger role that includes a financing facility, insurance cover and trade facilitation with other cities outside of Windhoek, a finding supported by (Bigsten, Kimuyu and Lundval 2004 and Van Briesebroeck, 2005a) who concluded that facilitating trade for

small businesses could lead to increased productivity through a phenomenon referred to as the "learning-by-exporting" effect.

> ***SM5:*** *Because market size is restricted in this city, authorities can help us to supply smaller towns that do not have local suppliers. Transport costs are a big part of my overheads, the authorities can also come up with a plan that enables us to use their some of their resources to transport our products to other towns. There is a market for some of my products in town in the north –east of the country but it costs so much for me to get my products there. I have to charge nearly twice as much to maintain my profit margin once the products there. But at that price, customers are not as willing to buy.*

4.2.7 Human Capital

All the SME owners interviewed pointed out they generally did not employ qualified staff with the required business qualification because they cannot afford their services. The interviewed candidates pointed out that the only time they got qualified staff was when tertiary students sought internship with them, who immediately left the moment they got lucrative offers from larger companies. A study by Ngek and Smit (2013) also established that lack of qualified human capital (education and training) is the highest cause of new SME failures in South Africa. Unfortunately SMEs pay lower salaries on average (April, 2009) and

> ***SME12****: I think all programmes at the tertiary institutions should include a year of internship. It is a good source of cheap personnel for us as well as good experience for the interns.*

> ***SME23****: None of the graduates want to work for a small business. They all want to work for these big (multi-national) companies that can pay them salaries that we cannot afford. This is a shame because my best machinist in nearing retirement age, and I haven't found someone else with a mechanical engineering qualification who has stayed long enough to learn.*

> ***SME2****: I have been lucky because I employ family members. I enrolled them in night classes to that they can get certificates and improve their skills. They are loyal to the business. These graduates will leave as soon as they find a job that pays them more money.*

> ***SME29**: I desperately need a qualified accountant. But I cannot afford his services. I also work on the cutting room floor so I cannot afford to spend time sitting behind desk trying to do accounting. But unfortunately banks require proper accounting records before they can even consider you for a loan, so its tough.*

4.2.8 Business Innovation

In view of the perceptions on SME support services discussed above, it is not surprising that 23 interviewees believed that the regulations did not provide incentives for them to be competitive. Nagrodkiewicz (2014), showed that entrepreneurs are more likely to succeed in a policy and regulatory environment that rewards innovation.

An overwhelming 29 of the interviewees had no knowledge of patents, copyrights and trademark regulations in Namibia. The reason why the majority were not aware of patents was because the products they were making were already in the industry – seeing no reason to be inventive.

> ***SME19**: I know what a patent is but I don't know how or where one can apply for one in Namibia. And in case, there are really no original products being made. Everyone just copies what is already available on the market and hopes to get some customers. I don't think many SME owners care about things like innovation. They just want to make money.*

> ***SME24**: I don't think Namibia has a patent office. Personally I would like my products to be more unique. If I could afford it would by machinery from Europe that I have heard of in my line of work. The banks will definitely not give me a loan for something like that.*

This is an important observation as it supports findings by Hurst and Pugsley (2011) that only 5-6% of small businesses in the United States had applied for a patent, copyright, or trademark in their first five years. Eighty percent (80%) of the small business owners they surveyed indicated that they had no intention of developing a new technology or process. This is also similar to Hurst and Pugsley findings: "*Most firms start small and stay small throughout their entire lifecycle*" (Hurst & Pugsley, 2011:13).

This observation is also important in that it points to government (and other stakeholder) efforts being geared towards keeping small businesses afloat, rather that capacity building to promote

innovation led growth. In interviewing the SME owners, the researcher asked the SMEs if they believed being more innovative would increase their profits – it was noted that all interviews agreed with this assertion. One of the interviewees made efforts to transform her products – she introduced a product that was not available on the market. This resulted in her products being stocked in some of the larger local retails chains. Waldeck (2009) emphasizes that small-business owners, have more intimate knowledge of their customers (despite being unable to invest in market research), and are therefore in a better position to innovate.

> ***SME33****: I would like to experiment with different production methods, cheaper methods that would also result in better quality. There is a training I would like to attend in South Africa, but at the moment I just cannot afford as I am barely breaking even. When you are just surviving there is no room for extras such as research or new equipment.*

The other eleven interviewees also cited a lack of financial capacity to invest in more modern equipment, branding and staff training. Some of the reasons that emerged from the interviews for the lack of innovation from SMEs in the manufacturing sector include:

i) **Competence** – the majority of the firms in a bid to cut costs resorted to outdated technology, employing unqualified relatives as well as a lack of information technology needed to change their business models (*25 interviewees).*

ii) **Financial barrier** – Banks were unwilling to support new ideas, especially when proposed by small businesses; and unfortunately the financial market in Namibia has not yet evolved to the point where options such as crowd-funding and venture capital are widely known or even available to businesses owners with new seemingly progressive ideas (Ogbokor and Ngeendepi, 2012).

iii) **Organisational structure** – The owner is the centre of power who makes all the decisions without consulting anyone. As such because these business owners were not answerable to anyone they felt no pressure to be innovative and grow the business.

Unfortunately, the chances of any business growing in turnover and profits, number of employees, value of the business and market share are limited for businesses that are not constantly seeking to improve the products and production processes. To quote an article published by the Canada Business Network; " *The successful exploitation of new ideas is crucial to a business being able to improve its processes, bring new and improved products*

and services to market, increase its efficiency and, most importantly, improve its profitability" (Canada Business Network, n.d.).

Chapter 5: Conclusions and Recommendations

Key conclusions can be drawn from the above review and analysis, and recommendations for appropriate interventions (both financial and non-financial) that can be developed to up-scale SMEs in the manufacturing sector. Conclusions will be discussed as they relate to the objectives of the research study and thereafter some interventions are proposed.

5.1 Current financing and support available to SMEs in the manufacturing sector

Despite an array of development funding and support available for small businesses in Namibia offered by both public and private sector institutions, the case is that strict funding requirements/criteria inhibit these businesses from accessing what is available. Hence the widespread perception that there is a lack of sufficient or even adequate funding available.

There are various government (and government funded) initiatives offering financial products specifically for SMEs and specifically for those operating within the manufacturing or other related industrial sectors. Two key questions thus need asking: How can SME funding from commercial banks be complemented by government in support of small businesses in manufacturing? How can this funding be offered in such a way that all intended recipients are able to apply and access some form of said funding?

5.2 Advice on determining appropriate interventions in the form of incentives

One of the objectives of this research study was to make practical recommendations on how stakeholders in the small business sector in Namibia can create an integrated holistic system that encourages a healthy entrepreneurship ecosystem. This includes providing advice (as culled from data from the literature review and the interviews) how best to determine appropriate interventions in the form of incentives, to enhance the process of creating a conducive business environment for manufacturing SMEs. Key questions in this regard include:

- What are the most appropriate financial interventions to upscale these SMEs?
- What are the most appropriate non-financial interventions to upscale these SMEs?
- What other support solutions should be offered? And how best can they reach the intended parties?

There are several private and public institutions offering various forms of financial and non-financial support to SMEs in the manufacturing sector. In some cases, this support simply needs to be improved to be more effective and achieve greater impact in terms of facilitating the development of emerging enterprises. Non-financial support, such as pre-investment support, could go a long way in terms of increasing the up-take of current funding schemes, and post-investment support will ensure that government funded initiatives remain sustainable.

More emphasis however, should be placed on offering alternative funding solutions, such as credit guarantees, which would improve the cash flow and collateral of emerging enterprises. MITS should look at ways in which to work in collaboration with other institutions to offer such products to businesses already supported by state initiatives.

Greater and improved collaboration between various institutions is key to avoiding duplicating efforts, increasing the impact of current funding schemes, and creating real and sustainable growth.

5.3 Recommendations for appropriate financial interventions

As already indicated, there is a general consensus that the criteria/requirements of available funding are too strict. An obvious solution would be to reduce/relax certain criteria/requirements, or offer products with lower or even zero interest rates for these SMEs. However, if this were to be done it should be based on due diligence and offered only to strategic industries – especially those with export potential.

A number of the support requirements highlighted by interviewees could be viewed as a 'wish list', and are not practical considering the type and size of some enterprises, and could potentially therefore increase the risk to the lender (especially the financial support requirements). Risk is something which needs to be taken into consideration and as much as possible be shared amongst various stakeholders, and funding criteria cannot simply be relaxed to accommodate potentially high risk enterprises with no financial history or track record of performance - sustainability must always be taken into account.

With this in mind, the following key recommendations related to financial interventions should be considered:

- **Revolving credit line for government-funded enterprises** who have secured government tenders, for use to purchase raw materials; machinery or equipment; or

cover other essential cash flow requirements to ensure timeous delivery of contract. Seek partners with whom to collaborate in this regard, whether development banks or private banking institutions.

- **Soft loans to innovative start-ups with export potential,** to test and prepare their product for market entry; conduct research; marketing; etc. Again, MITS should seek to partner with institutions already offering such incentives.
- **Subsidised business centres (incubators) to create economies of scale:** This would require working closely with all levels of government, such as CoW and the private sector (for technical skills and mentoring support).

5.4 Recommendations for appropriate non-financial interventions

Post-investment support: Presently the SMEs face difficulties accessing finance because the likelihood of default is deemed high. Funding should be accompanied by post-investment support and furthermore, there should be greater accountability of entrepreneurs in terms of meeting performance targets. This will ensure the success and sustainability of the enterprise and by default also the creation of real, sustainable jobs. In line with this, however, is the need for greater pre-investment support to better enable SMEs to successfully apply for available funding opportunities, which includes also improved awareness and information regarding available finance opportunities. Tertiary and research institutions can also play a role by advising government and financial institutions of the need as from the view of the manufacturers as such needs may change depending on the status of the economy at any given time.

With this in mind, the following key recommendations for non-financial interventions should be considered:

- Pre-investment support: Improved information and awareness regarding availability of finance and support opportunities; business planning and proposal writing support; other regulatory requirements, such as tax regulations.
- Post-investment support: Mentoring and the facilitation of long-tern relationships between state-funded SME initiatives and the public and private sector for skills development and capacity building.
- Improved monitoring and evaluation procedures with strict performance targets assigned to funding.

- Market access: Greater collaboration between private sector and government, to ensure opportunities for SMEs. This includes primarily subcontracting these SMEs to provide some of the products used by the larger cooporations.
- Work readiness: Demand-side skills development training to ensure technical skills amongst workforce, to increase operational efficiency and ensure profitability and sustainability. Such training can be offered by both tertiary institutions and the large companies who have more years of experience.
- Through organisations such as NCCI, large private companies can play a greater role as mentors, exposure to markets providing business skills: incubators of sort

Alternative funding solutions suggested in the literature (Ogbokor & Ngeendepi, 2012), include innovative credit solutions, such as credit purchase financing: A credit facility through which the MITS and or private financial institutions can assist SMEs to purchase raw materials or stock to help improve cash flow, with the enterprises only paying for materials/stock once sales have been generated.

The table below illustrates a summary of recommended partnerships suggested by interviewees. Though the comments from the interviews were simplistic, an analysis that incorporates the existing literature is able to yield some feasible and practical recommendations.

Table 1: Proposed interventions/actions and possible funding solutions

Recommendation	Action	Possible partnerships
Improved information and awareness of and access to funding opportunities	Conduct information and awareness road shows to promote current funding opportunities: • Ensure rural/outlier areas are targeted in addition to urban areas.	➢ **MITS** ➢ Local government offices ➢ Private sector ➢ Private banks ➢ Business associations
	Link with and/or capacitate local government and business incubation centres to improve dissemination offline sources of information and attract more enterprises to apply: • Pamphlets and booklets; • Workshops and networking events.	
	Business development support, such as developing business plans and proposals, and obtaining required compliance certification (Namibia Inland Revenue, etc.):	

Recommendation	Action	Possible partnerships
	• Increase the number of consultants. • Increase location of consultants (more satellite offices). • Merge with existing offices of other institutions or local government/ municipalities. • Train and capacitate consultants.	
	Improve communication structures and response/feedback: • Develop a communication strategy. • Establish a central call centre. • Establish a red tape reduction unit.	
Compulsory Skills Development and Training, and Capacity Building through mentorship and incubation	Owners and managers of all state-funded enterprises to participate in compulsory skills development: • Business and financial management at a minimum; basics of entrepreneurship; etc. Facilitate mentorship between emerging enterprises and 'big business' to enable technical skills transfer (outside of incubation centres). Increase in the number of incubation centres focusing on strategic enterprises with export potential. Work-readiness programme for skilled workforce:	• MITS • Tertiary Institutions • Public sector • Private sector • Business forums and industry associations • Inland Revenue authority • National Treasury - Bank of Namibia
Facilitate Market Access	Greater collaboration with government Supply Chain as well as private sector to expedite opportunities for emerging enterprises within strategic industries or industries that manufacturer designated products: • **MITS** could identify enterprises and capacitate them on guarantee that public or private sector create opportunities for tender/contracts.	➢ MITS ➢ Government Supply Chain at all levels (National, Provincial and Local) ➢ Private Banks ➢ Development Finance Institutions ➢ Business forums and industry associations

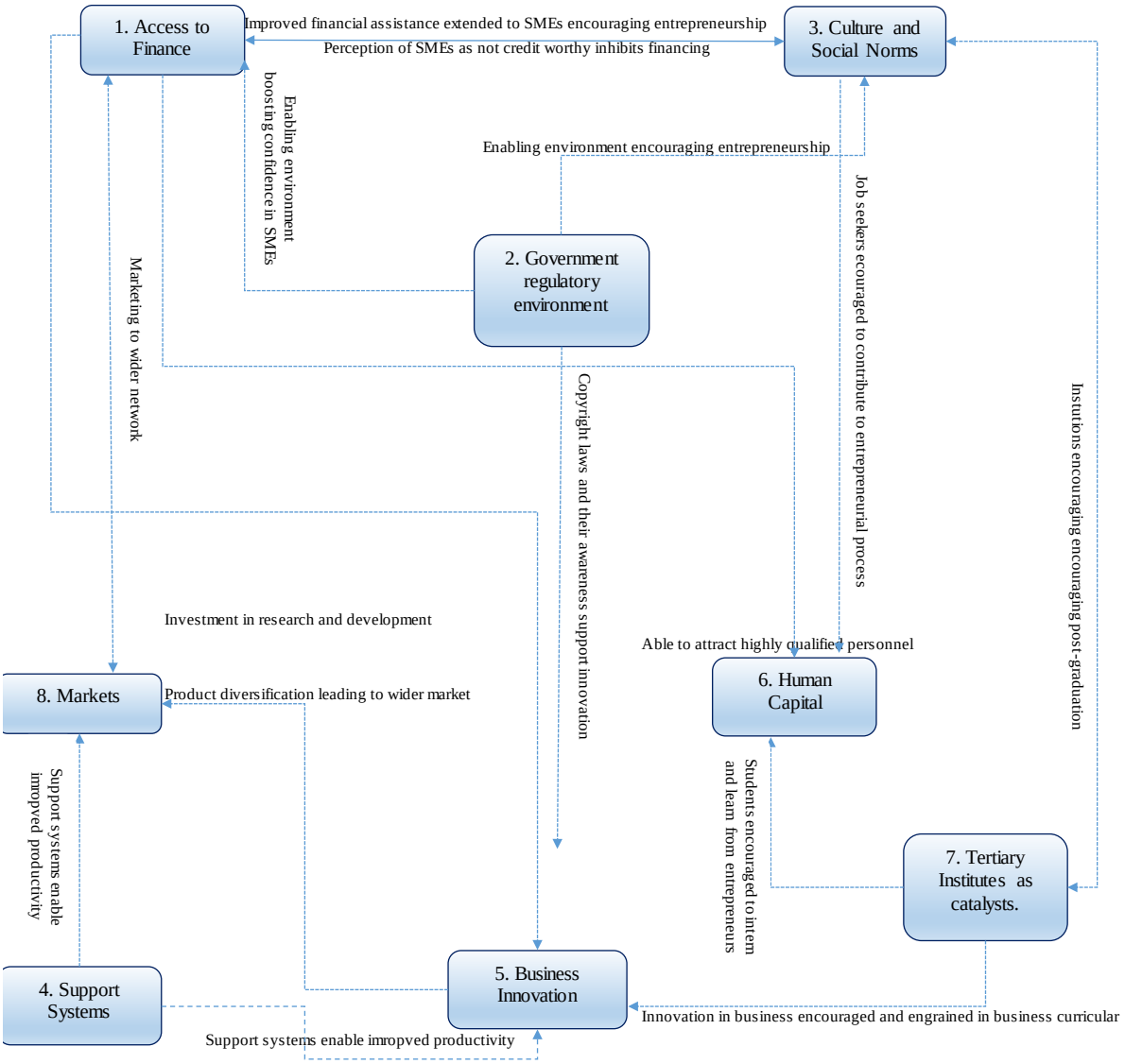
Recommendation	Action	Possible partnerships
	Assistance with marketing: • Funds for marketing materials and branding. • Funds for attendance at trade shows/exhibitions. • Funds for product development and research. Better export incentives for SMEs within strategic industries with significant export potential (working with MITS and Namibia Trade Forum).	➢ Private sector enterprise development units ➢ National Treasury – Bank of Namibia ➢ Inland Revenue authority
Improved Monitoring and Evaluation of beneficiaries	Strict performance targets developed for all state-funded enterprises: • Failure to meet will result in withdrawal of funds. • Quarterly and annual M&E conducted by both external and internal evaluators.	➢ MITS ➢ DFIs ➢ Government Departments at all levels ➢ Parliamentary Monitoring Group ➢ External Auditors and Evaluators
Reduce the opportunity cost for SMEs in the manufacturing sector; particularly those in strategic industries with significant export potential	Innovative credit options and Financial products: • Capital investment with increased cost-sharing; • Revolving credit line; • Soft loans for innovative start-ups. Equipment, machinery and raw materials: • Reduced import duties on raw materials and machinery; • Capital equipment leasing.	➢ **MITS** ➢ Private banks ➢ DFIs ➢ Private sector

5.5 Systematic Model

The researcher sought to develop a logical model that illustrates the relationships (as suggested by the theory and the interviews) between the elements of the ecosystem. The model developed was built from systems thinking, defined by Ericson (2011) as a process of "*...understanding how things influence one another within a whole*". (Ericson, 2011:431). To develop the model, the researcher combined the literature review conclusions and the findings from the interviews

and illustrated the relationships in an interrelationship diagram. This diagram makes use of arrows to show links between the different domains of the entrepreneurial ecosystem.

Figure 3: Systematic model illustrating the ideal relationship between stakeholders in the entrepreneurial ecosystem for Manufacturers operating in Windhoek



The graph above is a simplified illustration of the ideal business environment or rather entrepreneurial ecosystem that would foster growth of SMEs in the manufacturing sector – from the perspective of the manufacturers. As Nadgrodkiewicz (2013) points out: "*…entrepreneurs, whether traditional or social, formal or informal do not operate in a vacuum. They work within the framework of opportunities and constraints created by a variety*

of factors in their environment." These factors therefore need to interact in a way conducive to for the growth and development of small businesses.

For example – tertiary institutions can inspire entrepreneurship – empowering graduates to seek out business ownership. Similarly, a friendly government environment, as well as improved access to finance and support services, will have an effect on the society's perceptions of entrepreneurship. If there is outward support from government, private sector, media and tertiary institutions, business ownership and innovation will look more attractive to potential entrepreneurs.

5.6 Future Research

There is potential to solidify the findings by up-scaling the research into a nation-wide survey. More insight can also be gained from interviewing more stakeholders in the ecosystem such as 'big business' operators, banks, and even importers in other countries. In addition, as previously mentioned, one of the limitations of the study was failure to include the informal SMEs, those not registered with MITS. There is potential to scale up the research to include this 'shadow economy'.

References

Abor, J. & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*; *39: 218*. Retrieved from http://ijecm.co.uk/wp-content/uploads/2014/11/21113.pdf

Adekoya-Sanni, M. (2015). Namibia: Owners of Small Businesses Need to Invest in Their Human Capital. *The Namibian Newspaper Business News*. Retrieved from http://allafrica.com/stories/201505220919.html

Aggarwal, R. (2012). Research on the State of Business Incubation System in Rwanda: Lesson for African Countries. *Journal of US-China Public Administration*, ISSN 1548-6591 June 2012, Vol. 9, No. 6, 707-717. Retrieved from http://www.davidpublishing.com/journals_info.asp?jId=599

Amoah, M. & Fordjour, F. (2012). New Product Development Activities among Small and Medium-Scale Furniture Enterprises in Ghana: A Discriminant Analysis. *American International Journal of Contemporary Research* Vol. 2 No. 12; December 2012. Retrieved from http://www.aijcrnet.com/journals/Vol_2_No_12_December_2012/5.pdf

April, W. (2015). The Spirit of Entrepreneurial Education in Namibia -An Exploratory Study. *Entrepreneurship Education and Training, Dr. Jose C. Sanchez (Ed.)*, ISBN: 978-953-51-2029-2, InTech, DOI: 10.5772/59076. Retrieved from: http://www.intechopen.com/books/entrepreneurship-education-and-training/the-spirit-of-entrepreneurial-education-in-namibia-an-exploratory-study

Ashri, O.M., (2013). Entrepreneurship Ecosystem: A Working Definition. Retrieved from https://leadingchange21.wordpress.com/author/leadingchange21/

Badal, S.B., (2013). How Large Corporations Can Spur Small-Business Growth. Business Journal. Retrieved from http://www.gallup.com/businessjournal/160109/large-corporations-spur-small-business-growth.aspx

Barba-Sánchez, V., Martínez-Ruiz M. & Jiménez-Zarco A. (2007). Drivers, Benefits and Challenges of ICT Adoption by Small and Medium Sized Enterprises (SMEs): A Literature Review. *Problems and Perspectives in Management / Volume 5, Issue 1*. Retrieved from http://www.businessperspectives.org/journals_free/ppm/2007/

Berry, L.L., Seiders, K., Grewal, D., 2002. Understanding service convenience. Journal of Marketing 66 (3), 1-17.

Berry, A., von Blottnitz,M., Cassim, R., Kesper, A., Rajaratnam, B., van Seventer, E. (2002). The Economics of SMMEs in South Africa. Paper presented at the 2000 Trade and Industrial Policy Strategies Forum. Retrieved from http://www.tips.afrihost.com/research/papers/pdfs/506.pdf?&session-id=f6ebbce4b23fd32d5882cb67f21bf6cf

Bigsten, A., & Söderbom, A., (2006). What Have we learned from a Decade of Manufacturing Enterprise Surveys in Africa? *Oxford University Press*. Retrieved from http://wbro.oxfordjournals.org/

Bigsten, A., Kimuyu, P., & Lundvall, K., (2004). What to do with the informal sector? *Development Policy Review* 22(6):701-15

Birchall, J. (2013). Africa: A Continent of Opportunities for SMEs & Mid-Cap Businesses. *Research report commissioned By SSCG Consulting Services*. Retrieved from http://s-scg.com/africa-a-continent-of-opportunities-for-smes-mid-cap-businesses/

Boyce, C., & Neale, P. (2006). Conducting In-Depth Interviews: A Guide for Designing and Conducting In-Depth Interviews for Evaluation Input. *Monitoring and Evaluation - 2. Pathfinder International.* Retrieved from http://www2.pathfinder.org/site/DocServer/m_e_tool_series_indepth_interviews.pdf?docID=6301

Brandt, E. (2014). Namibia: High Electricity Price Is 'An Unsustainable Situation' – Schlettwein. *New Era Newspaper, 14 November 2014*. Retrieved from http://allafrica.com/stories/201411140794.html

Busenitz, L.W., West G. P., Shepherd, D., Nelson, T., Chandler, G. N. & Zacharakis, A. (2003). Entrepreneurship Research in Emergence: Past Trends and Future Directions. *Journal of Management 2003; 29; 285*. Retrieved from http://jom.sagepub.com/content/29/3/285.abstract

Castaneda, T. (2005). Analyzing Social Capital in Context. *World Bank Social Protection Discussion Paper Series No. 0529.* Retrieved from http://siteresources.worldbank.org/WBI/Resources/Analyzing_Social_Capital_in_Context-FINAL.pdf

Chiware, E. & Dick, A. (2008). The use of ICTs in Namibia's SME sector to access business information services. *The Electronic Library, Vol. 26 Issue 2 pp. 145 – 157*. Retrieved from http://dx.doi.org/10.1108/02640470810864055

Collier, P.A., & Gunning, J. (1999). Explaining African economic performance, *Journal of Economic Literature 37: pp. 64-111*. Retrieved from http://econpapers.repec.org/article/aeajeclit/v_3a37_3ay_3a1999_3ai_3a1_3ap_3a64-111.htm

Collier, P.A., & Gunning, J.W., (1999). Explaining African Economic Perfomance. *Journal of Economic Literature.* 37(1):64-111

Cronje, Breebaart, Klerk, Swanepoel and Van der Merwe (2001). Small business impact assessment: Unlocking the growth potential.

Dludla, S. (2014). 5 ways Namibia is helping its SME sector. *SME South Africa.* Retrieved from http://www.smesouthafrica.co.za/5-ways-Namibia-help-s-its-SME-sector/

DTI (2010) National Directory of Small Business Support Programmes. The dti. Pretoria, South Africa.

EC, (2013). Cross Border Virtual Incubation – Optimising the entrepreneurship ecosystem. Cross Border Virtual Incubator. Retrieved from http://www.eadtu.eu/images/publicaties/CBVI-Optimising_the_entrepreneurship_ecosystem.pdf

Egelser, S. & Rena, R. (2013). An evaluation of the effectiveness of training on entrepreneurship development in Windhoek. *Research Paper for Biennial Conference Of The Economic Society Of South Africa, University Of The Free State, Bloemfontein, South Africa, 25-27 September 2013*. Retrieved from http://www.essa2013.org.za/

Ehlers, M.B. (2000). Residual – based business as alternative location – decision for SMMEs, DComm Dissertation, University of Pretoria, South Africa.

Esuh Ossai-Igwe, L., Is Small and Medium Enterprise (SME) an Entrepreneurship? *International Journal of Academic Research in Business and Social Sciences January 2012*, Vol. 2, No. 1 ISSN: 2222-6990. Retrieved from http://www.hrmars.com/admin/pics/527.pdf

Feld, B. (2012). Startup communities: building an entrepreneurial ecosystem in your city. Retrieved from http://trove.nla.gov.au/work/172486967

Fischer, G. (2008). The Namibian Educational System, Friedrich Ebert Stiftung Research Institute. Retrieved from http://www.fesnam.org/pdf/2010/TheNamibianEducationalSystem.pdf

Gaomab, M. (2004). Challenges facing SMEs in South Africa, *Southern African Regional Poverty Network*. Retrieved from http://www.sarpn.org.za/documents

George, K. (2010). Nine Reasons to Choose In-Depth Interviews (IDIs) |Market Research in Upstate New York. *The Research Bunkker*. Retrieved from https://rmsbunkerblog.wordpress.com/2010/07/20/in-depth-interviews-market-research-in-upstate-ny-central-new-york-syracuse-survey/

Gesellschaft für Technische Zusammenarbeit (GTZ) & Joint Consultative Council. (2008). Market study on Business Development Services in Namibia, *SME Development Discussion Papers No. 15.* Retrieved from http://www.developmentofpeoples.org/uploads/analysis/analysis1-CISP-ricerche-africa.pdf

Hansohm, D. (1997), Policy, Poverty and Inequality in Namibia: The Case of Trade Policy and Land Policy. NEPRU Research Report No. 18. Windhoek: NEPRU. International Labour Organisation (1993), Employment, incomes and equity. A strategy of increasing productive employment in Kenya, Geneva: ILO.

Harding, C. (2011). How Africa's economy is benefiting from the ICT revolution. Retrieved from http://www.howwemadeitinafrica.com/how-africa%E2%80%99s-economy-is-benefitting-from-the-ict-revolution/12857/

ICT, E-BUSINESS AND SMEs, (2004). *Organisation for Economic Co-Operation and Development*. Retrieved from http://www.oecd.org/sti/ieconomy/34228733.pdf

Ipinge, A. (2010). An Analysis of the development of Small Medium Enterprises in Namibia - Khomas region, *(Master of Commerce Thesis at University of Stellenbosch, South Africa).* Retrieved from http://scholar.sun.ac.za

Isenberg, D. (2011). Introducing the Entrepreneurship Ecosystem: Four Defining Characteristics. *Forbes- May 2011 Edition*. Retrieved from http://www.forbes.com/sites/danisenberg/2011/05/25/introducing-the-entrepreneurship-ecosystem-four-defining-characteristics/

Isenberg, D. (2010). The Big Idea: How to Start an Entrepreneurial Revolution, *Harvard Business Review, June 2010 Edition*, Retrieved from http://hbr.org/2010/06/the-big-idea-how-to-start-an-entrepreneurial-revolution/ar/1/

Jauch, H. (2010). The Role of SMEs in Employment Creation and Economic Growth: Lessons from Other Countries. In a symposium of the Bank of Namibia, (Vol. 29).

Jennings, S. (2012). Growing Manufacturing Base of S.A – Import, Export and Consumer Loyalty. *Manufacturing Bullet in South Africa Quarter 1, 2012.* Retrieved from http://www.manufacturingcircle.co.za/docs/manufacturing_bulletin_q1_2012.pdf

Kaira, C. (2013). SMEs create four times more jobs than corporates. *The Namibian newspaper Business News*. Retrieved from http://www.namibian.com.na/indexx.php?archive_id=117394&page_type=archive_story_detail&page=1

Kaira, C. (2014). Bidvest launches N$20 million SME tender fund. *The Namibian newspaper Business News*. Retrieved from http://www.namibian.com.na/indexx.php?archive_id=127063&page_type=archive_story_detail&page=1

Kakwambi, J. (2012). Enhancing the contribution of small and medium-sized enterprises to local economic development in Oshakati Town, Namibia. (*Degree of Master of Public Administration thesis in the Faculty of Economic and Management Science at Stellenbosch University, South Africa).* Retrieved from http://scholar.sun.ac.za

Kander, K., Yumkella, P. M., Kormawa, T. M., Roepstorff, A. M. (2011). Agri-business for African Prosperity Report for United Nations Industrial Organisation. Hawkins Editor. Retrieved from http://www.safri.com/newsupload/1597_2012125_105531_1588_2012124_2013_Agribusiness_for_Africas_Prosperity_e-book_NEW.pdf?&session-id=f6ebbce4b23fd32d5882cb67f21bf6cf

Kantis, H. & Frederico, J. (2011) Entrepreneurial Ecosystems in Latin America: the role of policies, Retrieved from http://www.innovacion.gob.cl/wp-content/uploads/2012/06/EntrepreneurialEcosystems-in-Latin-America_the-role-of-policies.pdf

Karuuombe, B. (2002). The Small and Micro Enterprise (SME) sector in Namibia: Conditions of employment and income in Windhoek, *Labour Resource and Research Institute (LaRRI).* Retrieved from http://www.docstoc.com/docs/31096589/The-informal-sector-in-Namibia

Kayne, J. (1999). State Entrepreneurship Policies and Programs. *Kauffman Centre for Entrepreneurial Leadership.*

Kesper, P. (1999). Small and Medium-sized Metalworking Companies in the Witwatersrand: Facing the global challenge. *TIPS 1999 Annual Forum*. Retrieved from http://www.tips.org.za/files/298.pdf

Krueger, N. F., Markers of a Healthy Entrepreneurial Ecosystem. Retrieved from http://dx.doi.org/10.2139/ssrn.2056182

Krueger, N., (2012). So What IS an Entrepreneurial Ecosystem? Retrieved from http://entrepreneurshipidaho.blogspot.com/2012/02/so-what-is-entrepreneurial-ecosystem.html

Langmia, K. (2005). The role of ICT in the economic development of Africa: The case of South Africa. *International Journal of Education and Development using Information and Communication Technology (IJEDICT), 2005, Vol. 2, Issue 4, pp. 144-156.* Retrieved from http://ijedict.dec.uwi.edu//viewarticle.php?id=200&layout=html

LaRRI, (2003). The Small and Micro Enterprise (SME) Sector in Namibia: Conditions of Employment and Income. (2003). Labour Resource and Research Institute (LaRRI) for the Parliamentary Standing Committee on Economics. Retrieved from http://www.hss.de/fileadmin/namibia/downloads/nepad_APRM.pdf

Larsen, A. & Nagel, T. (2013). An Evaluation of the Implementation of Entrepreneurship Education and the role of NAMAS. *Evaluation of Entrepreneurship Education in Namibia.* Retrieved from https://.namibiaforeningen.no%2Fgetfile.php

LeComple M and Goetz J, (1982), Problems of reliability and validity in ethnographic research. *Review of Educational Research, 52 (1): 31-60.* Retrieved from http://www.colorado.edu/education/sites/default/files/attached-files/LeCompte_Goetz_Problems_of_Reliability_Validity_in_Ed_Re.pdf

Levie, J., Autio, E., Reeves, C., Chisholm, D., Harris, J., Grey, S., Ritchie, I. & Cleevey, M. (2012). Assessing Regional Innovative Entrepreneurship Ecosystems with the Global Entrepreneurship and Development Index: The Case of Scotland. Retrieved from http://docslide.us/education/assessing-regional-innovative-entrepreneurship-ecosystems-global-entrepreneurship-research-conference.html

Mahembe, E. (2011). Literature Review on Small and Medium Enterprises' Access to Credit and Support in South Africa. Research report for National Credit Regulator undertaken by Underhill Corporate Solutions. Retrieved from http://www.ncr.org.za/pdfs

Malecki, E. J. (2011). Connecting local entrepreneurial ecosystems to global innovation networks: open innovation, double networks and knowledge integration. *International Journal of Entrepreneurship and Innovation Management, 14, 36-59.* Retrieved from http://www.researchgate.net/publication/264822911

Malhorta, N. K. (1996). Marketing Research: An Applied Orientation. Second Edition. New Jersey. Prentice Hall International, Inc.

Mann, C., & Stewart, F. (2000). Internet communication and qualitative research. *London: Sage.* Retrieved from http://www.uk.sagepub.com/booksProdDesc.nav?prodId

Martins J. H, Loubser M & van Wyk H de J. (1996). Marketing Research – A South African Approach. First Edition. Pretoria, UNISA PRESS.

Masawi, T., (2011). Starting a business in Namibia, a hustle. Retrieved from http://www.thevillager.com.na/articles/128/Starting-a-business--in-Namibia---a-hustle/

Mason, C. & Brown, R., (2013). Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship, *OECD Local Economic and Employment Development Programme and the Dutch Ministry of Economic Affairs The Hague, Netherlands.* Retrieved from http://www.oecd.org/cfe/leed/Entrepreneurial-ecosystems.pdf

McDaniel, C & Gates, R, (1996). Contemporary Marketing Research, Third Edition, West publishing Company, New York, U.S.A.

McGhee, G., Marland, G.R. & Atkinson, J. (2007). Grounded theory research: literature reviewing and reflexivity. *Journal of Advanced Nursing 60(3), pp.334-342.* Retrieved from http://onlinelibrary.wiley.com/doi/10.1111/j.1365-2648.2007.04436.x/abstract

Migiro, S, & Wallis, M., (2010). Relating Kenyan manufacturing SMEs' finance needs to information on alternative sources of finance. *South African Journal of Information Management Vol.8 (1).* Retrieved from http://www.sajim.co.za/index.php/SAJIM/article/viewFile/218/214

Millinuex. A.W. & Murinde V., (2001). Developing Financial Structures to Foster Enterprise Development, *Department of Economics, University of Birmingham.* Retrieved from http://www.sustrust.org/documents/other_documents/Developing%20Financial%20Structures.pdf

Ministry of Trade and Industry (2004). Government Policy for Small Business Development. Windhoek: Government Printer.

Ministry of Trade and Industry (2006). SME Sector – Information pamphlet. Windhoek: Government Printer.

Ministry of Trade and Industry Namibia (2000). The Small Business Baseline Survey; Khomas Region: Volume III. Windhoek: Government Printer.

Ministry of Trade and Industry. (2013). Namibia's Industrial Policy. Retrieved from http://www.mti.gov.na/downloads/namibian%20industrial%20policy.pdf

Ministry of Trade and Industry Namibia (2003). Policy and Programme on Small Business

Mori, S., (2013). *Activity Completion Report of the JICA Expert in SME / Industrial Development (2nd Year) to the Ministry of Trade and Industry in Namibia*. Retrieved from http://jp.imgpartners.com/image/Namibia20MTI20JICA20Expert20(2nd20Year)20Activity20Completion20Report20Eng.pdf

Mouton, J (1996). Understanding Social Research. South Africa: Pretoria.

Nahum, C., & Shejavali, N. (2013). Banks Must Step Up For SME Development. *The Namibian Newspaper Economic News*. Retrieved from http://www.namibian.com.na/indexx.php?archive_id=107733&page_type=archive_story_detail&page=303

Nagrodkiewicz, A. (2014). Building Entrepreneurship Ecosystems. *Research report commissioned by Center for International Private Enterprise.* Retrieved from http://www.cipe.org/publications/detail/building-entrepreneurship-ecosystems-0

NEPRU. (2003). Competition Policy for Namibia Promoting Fair Competition and Economic Development. *NEPRU Policy Brief Issue No.4*. Retrieved from http://www.rowlandbrown-namibia.com/data/?wpfb_dl=307

Ngek, N. B. and van Aardt Smit, A. (2013). Will promoting more typical SME start-ups increase job creation in South Africa? *African Journal of Business Management, Vol. 7(31), pp. 3043-3051, 21 August, 2013. August, 2013.* DOI: 10.5897/AJBM12.1370

Nieman, G. and Bennet, A. 2002. Business Management: A value chain approach, Pretoria: Van Schaik Publishers.

National Planning Commission. (2007). An analysis of the Economic Challenges of Namibia and How the Donor Community should assist. Country Paper for the International Conference on Development Cooperation with Middle Income Countries (MICs) Retrieved from http://micconference.org/wp-content/uploads/2013/02/EconomicChallengesofNamibia.pdf

Nujoma, D., (2010). SME financing: Strategies for Namibia. *Proceedings of the Bank of Namibia Symposium*

Olawale, F. & Garwe, D. (2010). Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach. African Journal of Business Management Vol. 4(5), pp. 729-738, May 2010. Retrieved from http://www.academicjournals.org/AJBM

Opdenakk, R., (2006). Advantages and Disadvantages of Four Interview Techniques in Qualitative Research, *Forum: Qualitative Social Research Volume 7, No. 4, Article. 11,* Retrieved from http://www.qualitative- research.net/index.php/fqs/article/

On the Factory Floor - Manufacturing: The future driver of growth in Namibia (2011), *The Namibian Economist*. Retrieved from http://www.economist.com.na/columns/68-on-the-factory-floor-manufacturing-the-future-driver-of-growth-in-namibia

Ogbokor C and Ngeendepi E (2009), Investigating the challenges faced by SMEs in Namibia. *Windhoek: Polytechnic of Namibia, Department of Economics.* Retrieved from www.bon.com.na/CMSTemplates/Bon/Files/bon.com.na/09/09041404-a055-4dfe-911e-e93984ea4851.pdf

Oosthuizen, C. (2014). The South African entrepreneurship ecosystem. *Opinion piece written for Cape Business News, Published in Money Matters in Business*. Retrieved from http://www.cbn.co.za/services/money-matters-in-business/item/1749-the-south-african-entrepreneurship-ecosystem

Osman-Rani, H., (1990). Malaysia's New Economic Policy: After 1990, Southeast Asian Affairs: 204-226.

Parkkali, H., (2008). Business Support Services for SMEs in Namibia. *(Thesis for Masters in Business Administration at Tampere University of Applied Sciences).* Retrieved from http://www.theseus.fi/xmlui/bitstream/handle/10024/9064/Parkkali.Heidi.pdf?sequence=2

Phellas, C.N., Bloch, A. & Seale, C., (2011). Structured methods: Interviews, questionnaires and observation. Retrieved from http://www.sagepub.com/upm-ata/47370_Seale_Chapter_11.pdf

Phiri, M., & Odhiambo, O. (2015). Namibia Economic Outlook 2015. Retrieved from http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/CN_data/CN_Long_EN/Namibia_GB_2015.pdf

Punyasavatsut, C. (2008), SMEs in the Thai Manufacturing Industry - SME in Asia and Globalization, *ERIA Research Project Report*, 2007-5: 287-321. Retrieved from http://www.eria.org/SMEs%20in%20The%20Thai%20Manufacturing%20Industry_Linking%20with%20MNEs.pdf

Peters, R.M. (2009). SMME development initiatives and its constraints to growth in South Africa. (*Doctoral Thesis, University of Johannesburg, South Africa).* Retrieved from

http://www.uj.ac.za/EN/Newsroom/Publications/Documents/UJ_ResearchReport2013.pdf

Peters, R. & Naicker, V. (2013). Small medium micro enterprise business goals and Government support: A South African case study. *South African Journal of Business Management Volume 44, Number 4.* Retrieved from http://www.usb.ac.za/sajbm/Journals/SAJBM%20Vol%2044%20Number%204%20December%202013.pdf

Reynolds P.D., Bosma, N., Autio, E., Chin, N., Lopez-Garcia, P. & De Bono, N., (2003). Global Entrepreneurship Monitor (GEM): Executive Report. Small Business Economics, Issue 24: 205-231. Retrieved from http://www.researchgate.net/profile/Paul_Reynolds7/publication/5158277_Global_Entrepreneurship_Monitor_Data_Collection_Design_and_Implementation

Simalumba, P., (2014). Entrepreneurship Education in Namibia. *National Institute for Educational Development (NIED)* Retrieved from http://www.unido.org

SME development and impact assessment (2005), *Namibia Economic Policy Research Unit (NEPRU) and Institute for Public Policy Research (IPPR) Windhoek: NamPrint.* Retrieved from http://www.hss.de/fileadmin/namibia/downloads/nepad_APRM.pdf

Sullivan, J.D. & Shkolnkov. A., (2004). The Prosperity Papers #1: *Entrepreneurship Economic Reform Issue Paper No. 0401*. Retrieved from http://www.cipe.org/sites/default/files/publication-docs/IP0401.pdf

Saunders, M., Lewis, P. & Thornhill, A. (2003). Research Methods for Business Students. *3rd edition. Pearson Education. Prentice Hall.* Retrieved from http://is.vsfs.cz/el/6410/leto2014/BA_BSeBM/um/Research_Methods_for_Business_Students__5th_Edition.pdf

Sunders, M., Lewis, P. & Thornhill, A. 2000. Research Methods for Business Students. Gosport: Prentice Hall.

Sheahan. K. (2012). What Are the Advantages of Information Technology in Business? Retrieved from http://smallbusiness.chron.com/advantages-information-technology-business-774.html

Schultz D and Schultz R (2006); A Brief Situational Analysis; *A Report commissioned by Internationale Weiterbildung und Entwicklung*

Schwab, K., (2014). The Global Competitiveness Report 2014–2015.*World Economic Forum Insight Report.* Retrieved from http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

Sherbourne, R. (2012). Assessing market demand for Private Equity and Venture capital initiatives for Emerging SMEs in Namibia. *Research study Commissioned by Business Financial Solutions.* Retrieved from http://www.ippr.org.na/sites/default/files/Booklet%20Private%20Equity%20Booklet%20Published.pdf

Shihepo, T. (2013). Wither Namibian SMEs; Retrieved from http://www.thevillager.com.na/articles/

The Namibian Economist Columnist (2011). Growth in manufacturing sector. Retrieved from https://economist.com.na/columns?start=20&session-id=f6ebbce4b23fd32d5882cb67f21bf6cf

Van Biesebroeck, J., (2005a). Exporting Raises Productivity in Sub-Saharan African Manufacturing Firms. *Journal of International Economics* 62(2):373-91.

Van der Linden, E. (1993), The role of Informal Sector: Background paper for the Namibia National Planning Commission. Windhoek.

World Bank. 2014. World Bank

Statistics, Retrieved from http://www.data.worldbank.org/indicator

Zindiye, S., Chiliya, N. & Masocha, R., (2012). The Impact Of Government and Other Institutions' support on the Performance of Small and Medium Enterprises in the Manufacturing Sector in Harare, Zimbabwe. *International Journal of Business Vol 3(6) Paged 655-667.* Retrieved from www.ijbmer.com

Introducing the Entrepreneurship Ecosystem (n.d.). Retrieved from http://www.forbes.com/sites/danisenberg/2011/05/25/introducing-the-ntrepreneurship-ecosystem-four-defining-characteristics/

What is an entrepreneurial ecosystem, (n.d.). Retrieved from https://hbr.org/2014/05/

Eastern and Southern Africa, Region Review. Retrieved from http://www.unicef.org/esaro/theregion_old.html

Appendices

Appendix 1: Interview Guide

I. Demographic Information

1. **In which manufacturing sector do you operate?**
2. **Legal Status**
   Prompts: Corporation, Limited Liability, Partnership etc.

3. **Year founded (Date), and year of Formal registration (if different):**
4. **How many founders does the business have?**
   Prompts:
   - *What is their highest level of education?*
   - *Have these founders opened any other business ventures presently or in the past?*
   - *Is the top Manager/ Director female?*

II. Entrepreneurs Perceptions of the Ecosystem

5. **How would you describe/ (explain) your business' ability to access <u>Financing</u>?**
   Prompts:
   - *Access to Debt Finance (Bank Loans, overdraft facilities, credit facilities)?*
   - *Access to Equity Finance (i.e. financing that allows the lender to become a shareholder/ part owner. Lenders can be angel investors or venture capitalists)?*
   - *Access to Grants (soft loans from government or NGO sector)?*
   - *Sufficient government subsidies for start-up?*
   - *Other?*

6. **How would you describe your business' ability to access <u>Business Support Services</u>?**
   Prompts:
   - *Access to qualified legal services/ counselling?*
   - *Access to qualified economic and tax-related services/ counselling?*
   - *Access to Incubators?*
   - *Support from local tertiary institutions (incubator services offered by UNAM, Poly or other)?*

- *Access to Business Skills Development?*
- *Access to mentorship?*
- *Network Development?*
- *Other qualified technological services/ counselling?*
- *Do local tertiary institutions network with SMEs? In what way?*
- *Training and Development services/facilities for staff?*

In what way can government and private sector work together to support small businesses?

7. **How would you describe the <u>Regulatory and Policy Environment</u> in which manufacturers and in particular your business operates?**
   Prompts:
   - *Business Licensing and Permits?*
   - *Customs and Trade Regulations?*
   - *Labour Regulations? Changes in wage rates?*
   - *Tax Administration and Tax Rates?*
   - *Corruption, Crime, theft and disorder/ vandalism?*
   - *Protection of Patents, Copyrights, trademarks?*
   - *Enough regulatory incentives for SMEs?*
   - *Appropriate number of government support services for SMEs?*
   - *Municipal regulations and/or rates?*
   - *Other?*

Do you think your leadership/politicians consider support for SMEs ac crucial to the success of the economy? Do you consider current SME legislation to be friendly to the sector?

In what way can the regulatory and policy environment in which you operate be improved?

8. **How would you describe the <u>Market</u> in which you sell your products?**
   Prompts:
   - *Access to local markets? Lack of consumer spending? Not enough customers?*
   - *Access to international markets?*
   - *Support from the larger companies or multinationals or governments, that is offering supply contracts to SMEs?*
   - *Local customers preferring locally made products over international exports?*
   - *Availability of market information? Are there enough contractors and/or suppliers to support SMEs?*
   - *SMEs have good networks?*
   - *Other?*

In your opinion, what initiatives can be implemented by the public and/or private sector to grow the market you currently serve?

9. **How would you describe the quantity and quality of <u>Human Capital</u> available to SMEs and in particular your business?**
   Prompts:
   - *Availability of top managers with the qualifications your business requires?*
   - *Are there enough qualified workers for your type of business?*
   - *Employees more/less willing to accept a job at an SME over a big company?*
   - *Adequately trained/educated general workforce?*
   - *Lack of committed labour?*
   - *Lack of basic education skills?*
   - *Other?*

In your opinion, what initiatives can be implemented by the public and/or private sector to grow/ improve the pool of human capital?

10. **Would you say any of the following elements of *infrastructure* are an obstacle to you businesses' operations? *Can you explain your answer*? *How can delivery of said element(s) be improved?***
    Prompts:
    - *Electricity, Tele-communications, Internet services, Water, transport, other?*

11. **To what degree are the following elements of the <u>Cultural Environment</u> an obstacle to current operations of this firm?**
    Prompts:
    - *Acknowledgment of an entrepreneur's success by media, communities, other businesses?*
    - *Level of support from successful business people in the city?*
    - *Networking with like-minded entrepreneurs?*
    - *Do you consider the business climate in Windhoek to be conducive for SME success?*
    - *Are you aware of any entrepreneurs, operating in the manufacturing sector, who failed at a venture but have gone on to start new businesses?*
    - *Would you say there are many successful SMEs in the manufacturing sector?*
    - *Overall business environment in Windhoek?*
    - *Other?*

In your opinion, how can your local community's perception of entrepreneurship play a role in encouraging entrepreneurship activity?

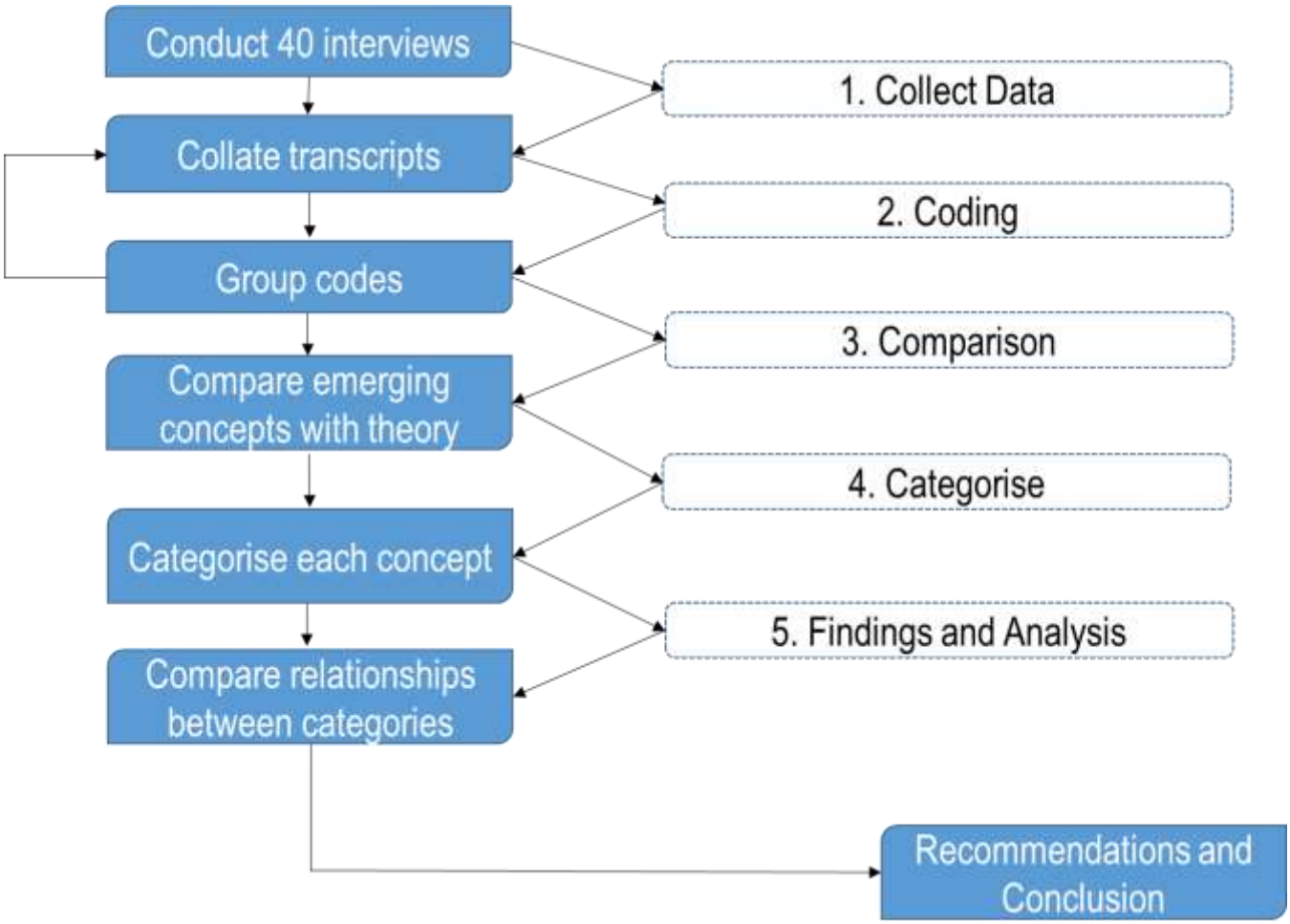
12. **Are you involved in this enterprise to take advantage of a business opportunity or because you have no better choices for work?** *Prompts:*
    - *Take advantage of business opportunity, no better choices for work, have a job but seek better opportunities, combination of all these?*

Which one of the following do you feel is the most important motive for pursuing this opportunity? *Prompts: greater independence, increase personal income,*

13. Innovation in business refers to "… *an organization's process for introducing new ideas, workflows, methodologies, services or products*". Do you think your enterprise has shown innovation in the way products are developed, produced or marketed?

14. What partnerships or collaborations would you like to see between University of Namibia, Polytechnic, government, chamber of commerce and the private sector (large companies) and the general public that would help you to grow your business?

Appendix 2: Research Design



Appendix 3: Government Incentives and Support Services for SMEs

Government Incentive	Description
Business Support Service Program (BSSP)	Training and consulting services are provided with subsidized rates. The BSSP is a comprehensive package of business support to assist entrepreneurs to conduct feasibility studies, develop business plans, enhance business skills though hands-on training including business monitoring and mentoring.
Government Credit Guarantee Fund	Government guarantees loans disbursed by participating financial institutions.
Equipment Aid Scheme (EAS)	Supports SMEs in the production sector in starting-up or expanding their businesses through the provision of equipment. The equipment is leased to SMEs at subsidized rates, and if all the conditions are met, the ownership of the equipment is transferred to SMEs after a three- to five-year lease period. According to MITS statistics, more than 1 700 SMEs had benefited from the EAS since its inception in 2009.
Sites and Premises Program	Leases premises at affordable rates during the start-up or expansion stage.
SME Bank	Founded by the government, the bank provides special attention to projects of SMEs, and those catering to Rural Communities, Micro Enterprises and Previously Disadvantaged Individuals (PDIs).
SME Portal Site	Launched by government in 2013, the website is a tool which enables SMEs to disseminate product information to Namibia, Africa and the rest of the world. The aim of the site is to develop local economy through sales promotion of SMEs - facilitating the establishment of partnership among international organizations, private sectors and NPOs.

[Source: Namibia National Chamber of Commerce, 2012]

Appendix 4: Participant Consent Information

PARTICIPANT INFORMATION SHEET

TITLE OF RESEARCH: Exploratory Study to Evaluate the Entrepreneurship Ecosystem in Namibia's manufacturing sector

DESCRIPTION OF THE STUDY: Chivimbiso Maponga is a Masters student studying at the University of Cape Town (UCT). This study is being undertaken primarily to fulfill the requirements of the programme. I chose this particular topic because I have always had a personal interest in understanding the issues faced by small business owners, having been raised by one. It is my hope that I can correctly capture your views about the business environment in which you are operating. I am particularly interested in six (6) different aspects – access to finance, obtaining quality employees, available support services, markets, the cultural norms and government policies. I am interested in finding out how these elements either support your business to grow, or not! I would also like to find out how all the players in each of these elements interact with each other.

YOUR INVOLVEMENT: I will be interviewing to 40 SME owners between now and the end of 2015, taking note of their ideas and opinions. I request to make an audio recording will be made of the interview.

CONFIDENTIALITY: Your responses and any other information that you provide to the study will be treated with confidence. This means that we will not use your name. I will also remove or disguise any information which might identify you, and no one except me will have access to the full survey responses. **All of your responses will be kept absolutely confidential, and any results that are presented will be anonymized**. This anonymity will remain in the final report, which will be completed in January 2016.

VOLUNTARY PARTICIPATION AND WITHDRAWAL: Your participation in this study is completely voluntary. If you do not want to participate or wish to withdraw from the study, you can do so at any time. If you choose to participate, you are not obligated to respond to all survey questions. Your participation is voluntary at any stage and you are free to withdraw from any activities that you do not wish to complete.

RISKS: The study presents minimal risk to you or your employees. As described, all participation is voluntary and all participant information will remain confidential.

BENEFITS: While there are no direct benefits to you or your enterprise, your feedback is very valuable and will hopefully one day lead to more open discussion between public and private sector agencies on how best to grow the SME sector.

CONSENT FORM

TITLE OF RESEARCH: Exploratory Study to Evaluate the Entrepreneurship Ecosystem in Namibia's manufacturing sector

REFERENCE TO PARTICIPANT INFORMATION SHEET (PIS):

1. Make sure that you read the PIS carefully, or that it has been explained to you to your satisfaction.
2. Your participation in this research is entirely voluntary, i.e. you do not have to participate if you do not wish to.
3. Refusal to take part will involve no penalty or loss of services to which you are otherwise entitled.
4. If you decide to take part, you are still free to withdraw at any time without penalty or loss of services and without giving a reason for your withdrawal.
5. You may choose not to answer particular questions that are asked in the study. If there is anything that you would prefer not to discuss, please feel free to say so.
6. The information collected in this interview will be kept strictly confidential.
7. If you choose to participate in this research study, your signed consent is required below before I proceed with the interview with you.

VOLUNTARY CONSENT

I have read (or have had explained to me) the information about this research as contained in the PIS. I have had the opportunity to ask questions about it and any questions I have asked have been answered to my satisfaction.

I now consent voluntarily to be a participant in this project and understand that I have the right to end the interview at any time, and to choose not to answer particular questions that are asked in the study. My signature below says that I am willing to participate in this research:

Participant's name (Printed): .....

Participant's signature: ..... Consent Date: .....

Researcher or Interviewer Conducting Informed Consent (Printed)

.....

Signature of Interviewer: ..... Date:.....