Stimulating Entrepreneurship and Innovative SME’s in a National Economy

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Abstract. The study was aimed to explore the innovative and inclusive local entrepreneurship and SME development in Namibia. The study used qualitative methods as a research strategy. Meaning qualitative data was collected and analysed using interpretive techniques through the distribution of google form link to SMEs owner in the 14 region of Namibia. The findings of the study revealed that Namibia SME’s owner had no knowledge in SMEs networking with other SMEs in the 14 region. The participants further indicated there is no network platform among SMEs in Namibia that share information regarding SMEs growth and development. According to the participants engaged in the study they indicated that since 1990 some are still operating the same way and there is no partnership with other SMEs in the 14 regions of the country since independence. Therefore, the present study recommends that Ministry of trade should come up with strategies and mechanism that can empower SMEs owner to share business ideas, networking and create partnership with other SMEs in the 14 regions of Namibia and the study further recommends that the Ministry of Trade should come up with SMEs annual conference meeting that would enable SMEs owner to attend and share business ideas and be able to compete at global level.

Keywords: Entrepreneurship, Innovative SME’s, National economy.

INTRODUCTION

SMEs (Small and Medium-Sized Enterprises) are known as the backbone of an economy, and they contribute to a country’s local economic development by creating job possibilities [7]. Currently, traditional entrepreneurship has been an order of the day in small medium enterprises in Namibia and the world is currently moving away from such trends. Henceforth the need to recognize a variety of process models which have been developed in the current literature. Number of authors suggested that innovation comprise of different phases but not limited to manufacturing, prototype production and development, research design, idea generation, marketing and sales (Dooley and O’Sullivan, 2001; Knox, 2002; Poolton and Ismail, 2000; Rothwell, 1994). Philosophers, on the other hand, lamented that there is more to innovation than the procedure (Ambile, 1996; Couger, 1995). Thus, innovation has various faces and takes many shapes. The most prominent forms of innovation can be represented as dualisms: radical vs incremental; product versus process; and administrative against technological (Cooper, 1998). Both dramatic and incremental innovation are possible. Pathbreaking, discontinuous, revolutionary, original, pioneering, fundamental, or important innovations are examples of radical innovations (Green et al., 1995). Incremental innovations are incremental changes made to improve and extend existing processes, goods, and services.

Regrettably, since Independence, Namibia has experienced modest industrial development since independence and continues to import the majority of manufactured goods, primarily from South Africa. (Gerson Kadhikwa & Vitalis Ndalikokule, 2007). It is against this background that this situation has led to traditional entrepreneurship of selling manufactured goods from neighboring countries of which minimal mark-ups are added to ensure survival of entrepreneurs in Namibia. In attempt to establishing a paradigm for prospecting and fostering public-sector innovations; the Namibian government task the city of windhoek as a public enterprise and this is evident by
the inadequate variety of manufactured products which the country is able to export and market, henceforth this research paper aims to develop an SME innovative model in Namibia.

**PROBLEM STATEMENT**

Namibia public sector policy on Innovation (Office of the Prime Minister, 2020, p. xiv) contains that the development and deployment of new goods, processes, practises, and services that add value to a business, economy, or country is referred to as innovation. It therein further posits that any progressive government hold that a knowledge based society is a well-educated society that relies on its inhabitants’ knowledge to drive innovation, entrepreneurship, and the economic dynamics of the society. Meanwhile, the ability to generate unique and useful items or knowledge is referred to as innovation capability (Zheng, Liu, & George, 2010). According to Lawson and Samson (2001), innovation capability is defined as “the ability to continuously turn information and ideas into new products, processes, and systems for the benefit of the organisation and its stakeholders”. Opportunities for an entrepreneur include the introduction of new items or services into the market via novel ways or concepts (Eckhardt & Shane, 2003, p.336). Similarly, possibilities may exist to engage in activities that are novel to the firm. It is critical for small businesses to be able to recognise these opportunities when they arise in order to expand [5]. Namibia’s main import partner (66 percent of total imports) is South Africa, followed by the Netherlands, the United Kingdom, and China (Trend Economy, 2021). Underpinning entrepreneurship and innovation success of the localities is the accessibility to information about networking opportunities, SMEs’ participation in research networks and technology marketplaces, the amount of support, the establishment and preservation of innovative clusters in the community, and SME awareness and knowledge of intellectual property system elements. Hence the need to study how the aforementioned conditions contributes to stimulating entrepreneurship and innovative SMEs in a national economy.

**AIM AND OBJECTIVES**

The main objective of this research was to explore the innovative and inclusive local entrepreneurship and SME development in Namibia.

**Specific Objectives**

- Analyse if SMEs in the locality have access to information about networking opportunities
- Explore to which extend SMEs participate in technology markets and research networks
- Establish the level of support, the formation and preservation of innovative clusters in the community

**METHODOLOGY**

The study employed a case study approach that enabled the researcher to have an in-depth examination of a particular unit of analysis. The study selected a case study approach simply because this helped the study to concentrate on gathering knowledge about a certain object, event, or activity, such as a specific business unit or organisation [1]. The study used qualitative research method as a research strategy, meaning that qualitative data was collected. This is mostly due to the expressive nature of qualitative data and the opinions of involving actors. The qualitative research approach was chosen partly because it allows researchers to collect data on individuals’ and groups’ subjective ideas and opinions. This type of data was used to understand more on innovative and inclusive local entrepreneurship and SME development in Namibia. The qualitative data was collected using semi-structured interview primarily because it enabled the study to get rich data from participants’ insightful views and opinions [9]. As this will be done face to face, the semi-structured interview technique allowed for flexibility throughout data collection, including quick probing of participants’ answers. The interviewer has the option to restructure and rephrase questions during the interview, according to [3]. The qualitative data was analysed using interpretive techniques because it allowed the study to go through the steps of how the data collected was analysed step by step by reduction, which is an analytic process in which the qualitative data gathered by the researcher is reduced, rearranged, and integrated to form theory [2].

**LITERATURE REVIEW**

The review of literature covers a wide range of topics, including locality SMEs’ access to information about networking opportunities, SMEs’ participation in research networks and technology markets, the level of support, the emergence and maintenance of innovative clusters in the locality, and SME awareness and knowledge of intellectual property system elements.

**Locality SMEs Accessibility to Information about Networking Opportunities in Namibia**

Because of the rapid rate of technology development, shortened product life cycles, and market globalisation during the last decade, the attention on organisations’ ability to innovate has once again been a crucial focal point. Even while a limited number of extremely large corporations continue to dominate private R&D spending,
disruptive innovations frequently originate from small and medium-sized organisations (SMEs) [8].

SMEs Participation in Research Networks and Technology Markets in Namibia

Existing literature has explored the significance of networks in assisting and boosting the internationalisation process of small and medium-sized businesses [10]. For example, networking can help SMEs compete at the worldwide level by establishing “symbiotic” partnerships with larger enterprises (Etemad et al., 2001). Networking can be an important means of getting expertise or learning about international opportunities, which can encourage SMEs to explore international markets (Andersen and Buvik, 2002; Ellis, 2000; Sharma and Johanson, 1987). Different networking tactics are used by various industries, governments, agencies, and other enterprises that have aided the internationalisation process (Rickne, 2006; Westerlund et al. 2008), demonstrating that the network viewpoint is useful for analysing “why” and “how” firms internationalise (Johanson and Mattsson, 1988).

The Level of Support, Emergence and Maintenance of Innovative Clusters in the Locality

Economic performance is primarily driven by innovation [4]. Firms make a deliberate decision to innovate. However, it appears that the geographical location of innovation is critical for innovative performance. Specific innovation clusters, global economic hotspots with exceptional innovation dynamics, have recently, and sometimes unexpectedly, developed in a number of locations around the world (Engel, 2015). There is a spatial dimension of innovation. For more than a century, the benefits of specialised concentrations of enterprises have been explored via numerous theoretical lenses, with origins in the concept of industrial districts (Marshall, 1920). Similarly, possibilities may exist to engage in activities that are novel to the firm. It is critical for small businesses to be able to recognise these opportunities when they arise in order to expand [5]. The aim of this research was to explore the innovative and inclusive local entrepreneurship and SME development: A case study about Namibia. Analyze if SMEs in the locality has access to information regarding networking events. The specific objectives of the study were to Explore to which extend SMEs participates in research networks and technology markets, to Establish the level of support, emergence and maintenance of innovative clusters in the locality, to Identify and suggest best practices aimed at supporting company innovation through cluster development and to Assess SME awareness and knowledge of elements of intellectual property system in Namibia.

SME Awareness and Knowledge of Elements of Intellectual Property System

IP and its worth are frequently undervalued. In today’s increasingly knowledge-driven economy, intellectual property (IP) is a critical issue in day-to-day business decisions [11]. New products, brands, and unique designs arrive on the market practically daily as a result of ongoing human innovation and creativity. Small and medium-sized firms (SMEs) are frequently at the forefront of such advances (Saleh, 2008). However, their innovative and creative talent is not always fully utilised because many SMEs are unaware of the intellectual property system or the protection it can provide for their innovations, brands, and designs (WIPO Magazine, 2005).

SMEs (Small and Medium-Sized Enterprises) are known as the backbone of an economy, and they contribute to a country’s regional growth by creating job opportunities [7]. They differ from huge corporations in terms of size and resources (financial, human etc.) Winning over clients is difficult in a world where companies are busy introducing new products and services of competition in attempt to lead the market. Similarly, there are many opportunities, and an entrepreneur’s responsibility is to seize those opportunities and act on them (Bergh, 2009, p. 8). Opportunities for an entrepreneur include the introduction of new items or services into the market via novel ways or concepts (Eckhardt & Shane, 2003, p. 336).

Conceptual Framework

This section describes the analytical tool with several variations and contexts. Besides, the conceptual framework enabled this study to make conceptual distinctions and to organise ideas.

![Conceptual framework for Namibia SMEs innovation strategies](image)

*Source: Researcher’s own conceptualization.*
Figure 1 depicts the conceptual framework that articulates the link between the independent and dependent variables.

BUSINESS BENEFITS

In the Namibian setting, SMEs play an important role in the local economy by creating a large number of job possibilities across the 14 regions, as well as a group of skilled and semi-skilled people to support future industrial and business expansion in the country.

DISCUSSION OF RESULTS

The data obtained were manually analyzed using interpretive techniques. Descriptive statistics was used to scrutinize findings from a consistent research tools. Non-numeric, percentages and tables were used to present the outcomes.

Table 1: Age Distribution of Participants

<table>
<thead>
<tr>
<th>Age</th>
<th>18–25</th>
<th>26–35</th>
<th>36–45</th>
<th>46 and above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Percentages</td>
<td>25%</td>
<td>25%</td>
<td>35%</td>
<td>15%</td>
<td>100%</td>
</tr>
</tbody>
</table>

An age distribution table shows that the participant’s sample of the SMEs in the 14 region of the country who participated in the data collection regarding SMEs in the locality has access to information about business networking opportunities. About 25 percent of the sample study was between the ages of 18–25 years of age, another 25 percent were within the age of 26–35 years of age, 35 percent were between the age of 36 and 45 years and 15 percent were 46 years age and more.

Table 2: Gender Distribution of the Participants

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Percentages</td>
<td>35%</td>
<td>65%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Gender representation suggests that the SMEs owner in the 14 region of the country were represented by female as the dominant participants as presented in Table 2. It is demonstrates that 35 percent of the study participants were male SMEs owner while the remaining participant of 65 percent were females SMEs owner. The gender dispersion therefore, proposed that the SMEs owner in the 14 region of the country is female dominated in the SMEs networking than that of the male counterpart.

Table 3: Experience of Management

<table>
<thead>
<tr>
<th>Years</th>
<th>0–5</th>
<th>6–10</th>
<th>11 and above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentages</td>
<td>20%</td>
<td>50%</td>
<td>30%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The work experience as distributed in Table 3 above indicates the work experience of the participants in the study. About 20 percent of the participants had 5 years or less of working experience, and while 50 percent have a working experience of between 6 and 10 years. The remaining 30 percent of the participants had 11 experience or more years. The table thus suggests that the SMEs owner had no knowledge in SMEs networking with other SMEs in the region. The participants further indicated there is no network platform among SMEs in Namibia that share information regarding the SMEs growth. According to the participants engaged in the study they indicated that since 1990 some are still operating the same way and there is no partnership with other SMEs in the 14 regions of the country since independence.

Table 4: Qualifications of the Participants

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Certificate</th>
<th>Diploma</th>
<th>Degree</th>
<th>Masters</th>
<th>PhD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percnetages</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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</tr>
</tbody>
</table>

Table 4 above demonstrates that amongst the participants no one was a holders of certificates, no percent of the participants were Diploma holders, while 0 percent of the participants had no Degrees or neither 0 percent had Masters’ Degrees holders, and there was no a PhD holder among the participants. The above table represents SMEs owner who were engaged in the study none of them have a qualification.

Pie chart 1: SMEs owner response rate

A pie chart above demonstrates that 75 percent of the participants in the study strongly disagreed that there is no networking and partnership among SMEs in Namibia in
the 14 region of the country. Although 25 percent of the participant agreed that there networking and partnership among SMEs in Namibia there was no clear empirical data availed to the study from the SMEs owner as to how their Businesses collaborate with other SMEs in the 14 region of Namibia.

THE SMEs NETWORKING OPPORTUNITIES IN TERMS OF ACCESS TO INFORMATION IN NAMIBIA

The participants indicated that the current methods used by SMEs networking opportunities to access information among SMEs owner in Namibia are social media and NBC which do not clear show necessary information required by the SMEs owner.

SMEs Participates in Research Networks and Technology Markets in Namibia

The participants revealed that there is opportunity among SMEs in the 14 region of Namibia to participate in research networks and technology markets in Namibia. The SMEs owner works in isolation.

The Level of Support, Emergence and Maintenance of Innovative Clusters in Namibia

The participants postulated that the level of support, emergence and maintenance of innovative clusters in Namibia is very extremely low, no much support, only NCCI but the level of support is non-existent.

The Best Practices Aimed at Supporting Company Innovation through Cluster Development in Namibia

The participants stated that the best practices to support SMEs innovation is through SMEs engagement at the national level, through technology innovation to help SMEs and through implementing strong support to SME’s by creating new entities aimed at teaching and creating awareness to SME’s.

SME Awareness and Knowledge of Elements of Intellectual Property System in Namibia

The participants suggested that SMEs awareness and knowledge on intellectual property in Namibia is very low, not many understands, have no idea, not sure and awareness and knowledge regarding intellectual property system in Namibia is non-existent and more education is needed. Bipa can create a department aimed at teaching current and upcoming SME’s with relevant information.

THE STUDY’S RECOMMENDATION

- The study recommends that Ministry of trade should come up with strategies and mechanism that can empower SMEs owner to share business ideas, networking and create partnership with other SMEs in the 14 regions of Namibia.
- The Ministry of Trade should come up with SMEs annual conference meeting that would enable SMEs owner to attend and share business ideas and be able to compete at global level.

CONCLUSIONS

In today’s world, SMEs are regarded as the backbone of an economy, contributing to a country’s regional growth through job possibilities. SMEs play a major role in many African countries as they provide job opportunities to citizen of any country across the globe. Despite SMEs are crucial in the development of many developing countries, they face challenge of growth and networking with other SMEs operating in the same environment.

REFERENCES