



**Polytechnic of Namibia**  
**Harold Pupkewitz Graduate School of Business**

**Investigating the determinants of a rural community's income  
generating projects in the Kavango region from 2005 to 2010**

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Thesis presented in partial fulfillment of the requirements for the degree in Masters in  
International Business in the Harold Pupkewitz Graduate School of Business at the  
Polytechnic of Namibia

Supervisor: Prof. Grafton Whyte  
July 2013

## Declaration

**Student Number: 9429948**

I declare that:

This descriptive study on the success or failure determinants of rural community's income generating projects in the Kavango Region is my own work and that all sources that I have used or quoted are duly acknowledged by means of complete references.

.....

**Signature**

**Mr. G.P. Sinimbo**

.....

**Date**

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>CIGP</b>	Community Income Generating Project
<b>CIGPs</b>	Community Income Generating Projects
<b>GEM</b>	Global Entrepreneurship Monitor
<b>TEA</b>	Total Early-Stage Entrepreneurial Activity

## **Abstract**

This empirical study is aimed at describing the success determinants of the rural Community Income Generating Project in the Kavango Region funded by the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare between 2005 and 2010.

This descriptive non-experimental study collected and analyzed quantitative primary data both textual and numerical using a structured survey design.

The annual Global Entrepreneurship Monitor (GEM) study authored by Xavier et al. (2012), which provides a broad array of data on societal attitudes, participation levels of individuals at different stages of the entrepreneurship process and the characteristics of entrepreneurs and their businesses enabled entrepreneurial comparisons within and across national and geographic regions with entrepreneurial determinants and factors at rural level particularly with regards to community income generating projects in Kavango region.

There is empirical evidence that most of the beneficiaries funded through this programme are falling short in terms of basic but critical entrepreneurial competencies such as business attitudes, academic competencies, diversification of products and/or services, low commitment levels and entrepreneurial skills.

The study further reveals that there are shortfalls in terms of the current trainings being provided and the inadequate support from the funding institutions in terms of continued coaching and mentoring.

Key recommendations suggest introducing coaching and mentoring programmes and the introduction of minimum entrepreneurial requirements in the funding of community income generating projects.

## 1. Introduction

This research thesis is submitted as partial fulfillment of the Master's Degree International Business, to the Polytechnic of Namibia, Harold Pupkewitz Graduate School of Business.

The focus of this study is to describe the success and failure determinants of Rural Community's' Income Generating Projects (CIGP) in the Kavango Region from 2005 to 2010 financial years.

### 1.1. Background

#### **Rural Development**

After Namibia's independence, the Namibian Government developed a number of sector policies which are aimed at addressing the plight of the rural poor. Addressing the most extreme forms of poverty will require programmes and policies tailored to specific regions, localities and groups of people (National Planning Commission, 2009, p. 8). The aim is to redress the current imbalances in development gaps between the regions but also between rural and urban areas.

Prior to Namibia's independence, The South African Government's development enterprises were to some extent not fully favorable to all inhabitants. This can be confirmed

in the Report of the Commission of Enquiry into South West African Affairs (1964) as quoted by Keulder (2010) state that:

Consequently, the Commission opposed policies of socio-economic integration and socio-political equality. It beseeched the following arguments to support its views: Owing to fundamental differences in socio-economic orientation, stages of development and ethnic classification. Variances between the groups concerned are so profound in nature that they cannot be wiped out; a policy of integration is unrealistic, unsound, and undesirable, and cannot but result in continual social discrimination, discontent and frustration, friction and violence – a climate in which no socio-economic progress can be expected to take place (p. 55).

The Republic of Namibia (2004) states that, in June 2004, His Excellency, President Dr. Sam Nuyoma launched Namibia's Vision 2030. The rationale of Vision 2030 is that of providing long term policy scenarios on the future course of Namibia's development at different points in time until the year 2030. During the launch, President Dr. Sam Nuyoma's statement to the Cabinet in January 1988 is quoted to have referred to Vision 2030 as a vision that will guide Namibians to make deliberate efforts to improve the quality of life of the people of Namibia to the level of their counterparts in developed world by the year 2030.

In both the State of the Nation Address Republic of Namibia (2009) and the third National Development Plan Republic of Namibia (2008) the importance of rural development is re-emphasized (p. iii). Overall, it is designated and expected that the rural development sector will take a leading role in mitigating the challenge of achieving the National



Millennium Development Goals (MDGs) given the fact that the majority of Namibia's poor and vulnerable population live in the rural areas.

To address poverty in Namibia, Republic of Namibia (2002) reveals that the Cabinet in 1998 approved a Poverty Reduction Strategy (PRS) and a National Poverty Reduction Action Programme (NPRAP). The latter identifies programmes and projects focusing on poverty reduction. The different National Development Plans (NDP1, 2, 3) which came after independence had a strong focus on poverty alleviation (p. 6).

Over the course of the years after independence, a number of projects for the community in the rural areas have received funding in a form of grants from the Kavango Regional Council and from the Ministry of Gender Equality and Child Welfare between 2005 and 2010 according to information obtained from the two institutions (**Table 1** and **Table 2**) with the aim of fulfilling the plight of the rural poor.

Table 1 Total annual amounts funded to CIGPs

	2005 / 2006	2007 / 2008	2008 / 2009	2009 / 2010	TOTAL	
Total Projects funded by Kavango Regional Council	0	13	9	17	39	
Total Projects funded by the Ministry of Gender Equality and Child Welfare	14	4	7	12	37	
Total number of funded Community Income Generating Projects	14	17	16	29	76	
Budget allocated by the Kavango Regional Council (N\$)	-	233,469.79	119,930.40	328,000	681,400.19	
Budget allocated by the Ministry of Gender Equality and Child Welfare (N\$)	137,400	105,000	105,000	72,000	419,400	
Total Budget (N\$)	137,400	338,469.79	224,930.40	400,000	1,100,800.19	
Maximum Amount Funded (N\$)	15,000	35,000	20,000	30,000	Average minimum amount	25,000
Minimum Amount Funded (N\$)	5,000	6,425.34	6,000	5,000	Average maximum amount	5,606.34

Source: Regional Council 2007/08 – 2008/09 Annual Report and Council Reports

Ministry of Gender Equality and Child Welfare Report

**Table 2: Number of CIGPs per Constituency**

<b>Funding Year</b>	<b>2005 / 2006</b>		<b>2007 / 2008</b>		<b>2008 / 2009</b>		<b>2009 / 2010</b>		<b>TOTAL per Constituency</b>
<b>Constituency / Funding Institution</b>	<b>Kavango Regional Council</b>	<b>Equality and Child Welfare Kavango</b>	<b>Kavango Regional Council</b>	<b>Equality and Child Welfare Kavango</b>	<b>Kavango Regional Council</b>	<b>Equality and Child Welfare Kavango</b>	<b>Kavango Regional Council</b>	<b>Equality and Child Welfare Kavango</b>	
Kahenge		2	2	1	2	2	2	1	12
Kapako		3	2	2	1	1	2	1	12
Mashare			2		1		2	1	6
Mpungu		2	2		2		2	2	10
Mukwe			1			1	1	1	4
Ndiyona			1	1	1		2	1	6
Rundu Rural East					1	1	3	2	7
Rundu Rural West		1	1				2	2	6
Rundu Urban		6	2		1	2	1	1	13
<b>Total</b>	<b>0</b>	<b>14</b>	<b>13</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>17</b>	<b>12</b>	<b>76</b>

**Source: Data extracted from the Regional Council 2007/08 – 2008/09 Annual Report and Council Reports**

**Ministry of Gender Equality and Child Welfare Report**

According to the Annual Report of Kavango Regional Council (2008) and the report of the Ministry of Gender Equality and Child Welfare (2007) on Community Based Projects,

the funding of rural community income generating projects is aimed at rendering such projects to be self-sustainable so that they can grow and expand to create significant employment opportunities for the rural poor. Both Institutions cited, indicates that they will continue to fund community income generating projects annually as per their mandates to bring development to the rural poor.

## 1.2. Rationale

The interest of the researcher is to understand the entrepreneurial determinants of success and/or failure of the Community Income Generating Project (CIGP) funded in the Kavango Region as being argued by Roux (2011) that entrepreneurship requires an entrepreneurial business mind and an understanding that there is a great deal at stake and failure is a very real factor (p. 3). Are there any entrepreneurial principles and determinants prevailing in the implementation of the CIGP?

The interest of this research is stimulated and inspired by the Namibian Government's efforts and initiatives in addressing the plight of the poor particularly in the rural areas.

In response to addressing rural development, the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare have been providing grants to Community Income Generating projects over a number of years to enhance and develop entrepreneurship in response to address poverty. Roux (2011) motivates that self-employment is increasingly becoming a source of employment for many but requires an environment which nurtures and encourages an entrepreneurial spirit with a focus on the youth (p. 65).

Roux (2011) further amplifies the importance of entrepreneurship, arguing that without the entrepreneur, "even an economy well-endowed with resources, will not be able to function and deliver the best possible results citing that the shortage of entrepreneurs in South Africa as one of the reasons for the unsatisfactory performance of our economy" (p. 3).

The researcher attended various funding sessions of Community Income Generating Projects both arranged and facilitated by both the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare in the Kavango Region.

The researcher felt that little emphasis was placed on the entrepreneurial principles. Thus it was inevitable for the researcher to pursue this study given the fact that the author is employed in an environment with focus on rural development and is also employed by the Kavango Regional Council at the time of conducting the study.

The outcome of the study is seen as necessary to inform policy makers at the two institutions for possible improvements if the results are deemed relevant and appropriate.

### 1.3. Problem Statement

Since 2005 not all community income generating projects funded in Kavango region through the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare have attained the intended outcomes or unequivocal success. Since the inception of funding the community income generating projects, only reports and statistics about the funded projects are available, thus the need exists for a detailed study. The question here is: what are the success or failure determinants of community income generating projects in the Kavango Region?

A detailed study to describe the success or failure determinants of these community income generating projects is absolutely necessary.

Therefore the purpose of the study aims to describe the entrepreneurial determinants that are leading to the success or failures, with specific emphasis on the community income generating projects funded through the Kavango Regional Council and the Ministry of Gender Equality and child Welfare, in the Kavango Region.

### 1.4. Objectives of study

The primary and key objective of this study is to describe the success determinants of the rural community's income generating projects in the Kavango Region.

### 1.5. Research objectives / aims

The specific objectives that this study aims to address with regard to the community income generating projects in the Kavango Region are the following:

1. To describe the prevailing entrepreneurial environment.
2. To describe the determinants of entrepreneurial activities.
3. To describe the status of the funded community income generating projects.
4. To describe the beneficiaries of the CIGP's entrepreneurial features.



## 2. Literature review

The literature covers various areas considered relevant in seeking an understanding and in addressing the objectives of the research. The review starts with the general concepts and definitions of the development frameworks and an overview of the vision of Namibia. The review then zooms in to elaborate on topics under the following themes which are also responding to the objectives of this study, which are:

1. To describe the prevailing entrepreneurial environment: covered under the main heading “*The entrepreneurial environment in perspective*”.
2. To describe the determinants of entrepreneurial activities: covered under the main heading “*The determinants of entrepreneurial activities*”.
3. To describe the status of the funded community income generating projects: covered under the main heading “*Community income generating projects*”.
4. To describe the beneficiaries of the CIGP's entrepreneurial features: covered under the main heading “*Entrepreneurship*”.

## 2.1. Concepts and definitions

### Decentralization

The Ministry of Regional, Local Government and Housing (1998) explains the decentralization process in Namibia. The decentralization was adopted as a policy and commenced its implementation on 1 January 1998. The Ministry of Regional and Local Government, Housing and Rural Development refer to Namibia's protracted struggle against colonialism, racism and apartheid which had denied the majority of the Namibian people democracy and development (pp. 1-6).

The Ministry of Regional, Local Government and Housing (1998) states that "the decentralization in Namibia aims to ensure economic, cultural, and socio-economic development, providing people at the grass-root level" the opportunity in decision making and democratic processes (pp. 1-6).

The Ministry of Regional and Local Government and Housing (1998) contend that "the policy of decentralization in Namibia has its origin/root in the Supreme Law of the Land as provided for in the Constitution under Chapter 12 (p. 2). These provisions on regional and local government, embraces characteristics of a decentralized governance system."

Therefore, Regional Councils as a second tier level or a sub-national government have a significant role to play in ensuring democracy and the development of people at the grass root level. Having Regional Councils is very important in order to provide "... a conceptual framework that clarifies the developmental needs of the population... to National Government (Barth, Greeson, Zlotnik and Chintapalli, 2011, pp. 501-528)".

## **Community development**

Edwards and Jones (1976), as cited in Swanepoel and De Beer (2006, define a community as:

“..... A grouping of people who reside in a specific locality and who exercise some degree of local autonomy in organizing their social life from a specific locality or area, in such a way possible, in order to meet most or all of their daily needs” (p. 43).

## **Community development and empowerment**

Holdcroft (1984) as quoted by Remenyi (1991) defines community development as:

A process, method, programme, institution, and/or movement which (a) involves people on a community basis in the solution of their common problems, (b) teaches and insists upon the use of democratic processes in the joint solution of community problems, and (c) activates and/or facilitates the transfer of technology to the people of a community for a more effective solution of their common problems. Joint efforts to solve common problems democratically and scientifically on a community basis were seen as the essential elements of community development (p. 18).

There is a thin line between community development and community empowerment argues (Remenyi, 1991, p. 19). Remenyi (1991) quotes Drabek (1988) who defined community empowerment as “enabling the poor to take control of the decision making

processes which affect their lives ...” Remenyi (1991) further explains that the only key difference is “to give the poor control of their lives” (p. 19).

Swanepoel and De Beer (2006) caution that “empowerment initiatives should not lead to tokenism or window dressing where people are mobilized just to do some physical work and then they are taught some skills to provide labour and then term it empowerment.”

Swanepoel and De Beer (2006) further contends that “[t]he guiding principle is that mobilization must aim at giving people the power or the right to make decisions, but then not to stop there, but to continue a supportive function by providing the necessary information to make good decisions-making possible” (p. 30).

Remenyi (1991) explains that “[e]mpowerment demands that the order of priorities in development,” should be:

Accurate targeting of the groups to be assisted.

Use of appropriate instruments of development assistance.

Involvement of the client group in decision making.

The initiation of activities that do not exceed the capabilities of people to sustain the projects of which they are meant to be the primary beneficiaries (p. 20).

Remenyi (1991) motivates that “empowerment-linked community development through community Income Generating Projects (CIGPs) is different in that they harness economic self-interest at an individual level and reject patronage...” (p. 21).

## 2.2. Namibia's Vision 2030

Republic of Namibia (2004) states that:

“When Namibia became independent in 1990, the economy was stagnant, growing at 1.1% in the 1980's. Its wealth remained highly skewed with 5% of the population enjoying close to 80% of wealth in the country. There was widespread poverty and high unemployment. The access to basic services remained extremely limited to the majority of the population” (p. 61).

This amplified the need for Namibia to urgently address prevailing economic performance, poverty, unemployment and other challenges. It was during 1998 when His Excellency Dr. Sam Nujoma, then the President of Namibia, initiated and introduced Vision 2030 to the Cabinet for debates. “A vision to take Namibia into the future; a vision that will guide us to make deliberate efforts to improve the quality of life of our people to the level of their counterparts in the developed world by the year 2030”, (Republic of Namibia, 2004, p. 61).

At the time, the statistical average figure for Namibia recorded one of the highest contrasting wealth and poverty with a Gini-Coefficient of 0.60 which was very high in comparison to other poor African countries (Republic of Namibia, 2008a, p. 5).

According to the Republic of Namibia (2002), Namibia's 1998 approved poverty reduction strategy had three main areas of concern:

1. To advance and nurture a more equitable and efficient public service delivery.
2. To accelerate agricultural expansion options for non-agricultural economic empowerment such as informal and self-employment initiatives.
3. Education and Health-Care- including Social Safety Nets.

The Republic of Namibia (2002) reveals that "the National Poverty Reduction Action Programme" was also approved with the objective to identify programmes, projects and services which would focus on poverty-reduction during the National Developments Plans (NDP) cycles (p. 40).

### **2.3. The Entrepreneurial environment in perspective**

According to Fogel (2001), "[t]he term 'entrepreneurial environment' refers to a combination of factors that play a role in the development of entrepreneurship."

"Entrepreneurial environments that keep minimum rules and regulations, advance tax benefits and additional incentives, and provide basic training and coaching services to start-up entrepreneurs, increase the likelihood of new venture development (Dana 1987, 1990) as cited by Fogel (2001). Fogel (2001) further argues that "entrepreneurs face several obstacles including lack of monetary aid, lack of information regarding aspects of business, disproportionate business taxation, and high inflation rates" (pp.103-109).

### 2.3.1. The Global Competitiveness Report 2010 -2011 Highlights

It is important to understand Namibia's competitiveness in the globe. The Global Competitiveness Report 2012 – 2013 features a record of 144 economies, with participating countries being ranked subject to competitiveness and economic performance (World Economic Forum, 2012, p. xiii). The World Economic Forum (2012), p. 4 – 7) refers to the competitive drivers that are based on twelve measures or the 12 pillars of competitiveness (pp. 4 – 7). The pillars consist of:

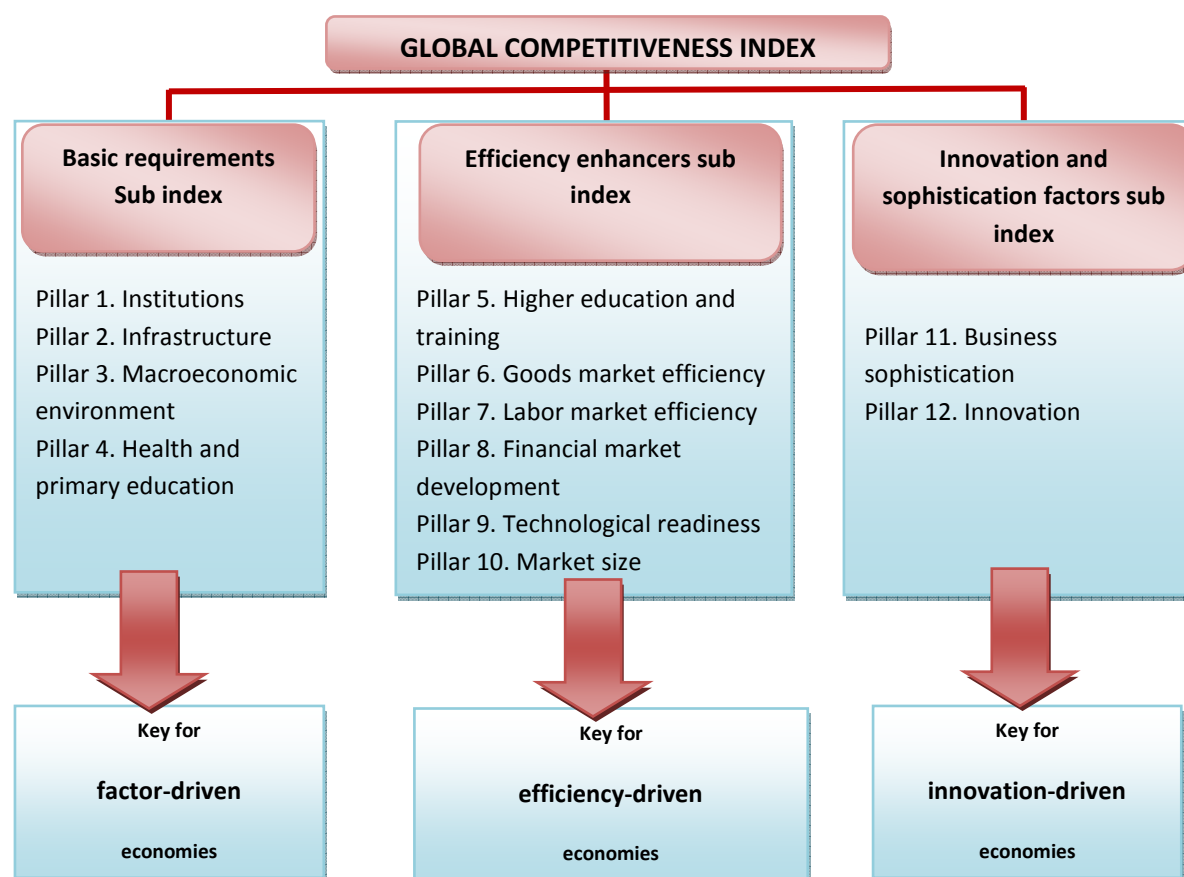
1 <sup>st</sup> pillar focusing on:	<b>Institutions</b>
2 <sup>nd</sup> pillar focusing on:	<b>Infrastructure</b>
3 <sup>rd</sup> pillar focusing on:	<b>Macroeconomic environment</b>
4 <sup>th</sup> pillar focusing on:	<b>Health and primary education</b>
5 <sup>th</sup> pillar focusing on:	<b>Higher education and training</b>
6 <sup>th</sup> pillar focusing on:	<b>Goods market efficiency</b>
7 <sup>th</sup> pillar focusing on:	<b>Labour market efficiency</b>
8 <sup>th</sup> pillar focusing on:	<b>Financial market development</b>
9 <sup>th</sup> pillar focusing on:	<b>Technological readiness</b>
10 <sup>th</sup> pillar focusing on:	<b>Market size</b>
11 <sup>th</sup> pillar focusing on:	<b>Business sophistication</b>
12 <sup>th</sup> pillar focusing on:	<b>Innovation</b>

Nieman, Hough and Nieuwenhuizen (2003) talks of concepts and issues that entrepreneurs must deal with that directly relates and have impact on the pillars of global competitiveness (pp. 9-11).

“There should be institutions that are actively involved in promoting entrepreneurship. In modern society, favorable business climate make it easier for entry of entrepreneurs. For high potential entrepreneurial capacity, entrepreneurship can be enhanced through education. Other infrastructures such as roads and financing are important to make certain amount of capital accessible” (Nieman et al., 2003, pp. 12-13).



Figure 1: Global Competitiveness Index



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

The World Economic Forum (2012) describes and clarifies countries into three key economies “As countries become competitive, proportionally, productivity will also rise with positive effect on wages that will rise with advancing development”. This means that factor driven economies will advance into the efficiency-driven stage of development. Namibia is classified as an efficiency-driven economy, a stage in which countries “must begin to develop more efficient production processes and increase product quality because wages have risen and they cannot increase prices” (p. 8).

### 2.3.2. Sub-Saharan Africa Competitiveness

In terms of competitiveness, the Sub-Saharan Africa faces challenges. The World Economic Forum (2012) reveals that Sub-Saharan Africa faces an uphill and is encountering the “biggest competitiveness challenges of all regions and fall into the group of the least-competitive economies” (p. 12).

Out of 32 Sub-Saharan countries included in the assessment only South Africa, Mauritius and Rwanda are classified in category 5 while Botswana, Gabon, Namibia and Seychelles are classified in category 6 with category 1 being the most competitive and category 7 being the least competitive.

Despite Sub-Saharan Africa being disappointing in terms of competitiveness, the region has grown impressively over the last 15 years. World Economic Forum (2012) reports that “Sub-Saharan Africa not only bounced back rapidly from global economic crises, when GDP growth dropped to 2.8% in 2009 but have succeeded in registering growth rates of over 5% in the past two years” (p. 37).

The World Economic Forum (2012) further reveals that “though some recorded improvements in competitiveness in Sub-Saharan Africa, other registered significant declines but as a whole Sub-Saharan Africa lags behind the rest of the world in competitiveness signifying an urgent need to increase efforts in attending to all pillars to improve and ensure a firm sustainable and development path going forward” (p. 37).

For Namibia, the picture is gloomy in that the downward trend continues. The World Economic Forum (2012) reveals that, Namibia has fallen nine places to 92<sup>nd</sup> place, generally performing poorly across most areas measured by the index (p. 42).

By regional standards areas in which Namibia seems to be faring well is in the countries transport infrastructure (59<sup>th</sup>), the Institutional Environment (52<sup>nd</sup>) and in the Financial Markets that are comparable to International Standards (47<sup>th</sup>).

In terms of areas of poor performance, the Health and Education Sectors are of a serious concern, ranking 120<sup>th</sup> and 127<sup>th</sup> respectively. These low ratings according to The World Economic Forum (2012) are as a result of “high infant mortality, low life expectancy, high rates of communicable diseases, low education enrollment rates and the poor quality of the education system (p. 42).

### **2.3.3. Global Entrepreneurship Monitor (GEM)**

According to Xavier, Kelly, Kew, Harrington and Vorderwulbecke (2013) “the purpose of the Global Entrepreneurship Monitor (GEM) is to provide a broad array of data on societal attitudes, participation levels of individuals at different stages” with regard to entrepreneurial processes, the characteristics of entrepreneurs and their businesses (p. 6).

In providing this comparative information it becomes possible to compare individual economies, geographic regions and economic development levels.

Xavier et al. (2013) reveal the objectives of GEM as to “facilitate understanding about the influence of entrepreneurship on economic growth and to assist in identifying factors that encourage and/or hinder this activity”. Xavier et al. (2013) amplifies the importance of entrepreneurship in developing economies stating that:

Throughout the world, shifts in population demographics, technological change, fluctuating economies and other dynamic forces have transformed societies as never before, bringing new challenges and opportunities to the front. Among these responses to these shifting forces is an increased emphasis on entrepreneurship by governments, organizations and the public. While entrepreneurship may not be a panacea, it can surely be part of the solution. Yet, growth for growth's sake alone is not enough. Economic growth through entrepreneurship needs to address issues of inclusiveness and ensure these efforts advance societal well-being (p. 6).

The GEM research during 2012 was conducted in 69 economies, with more than 198,000 adults taking part in the survey. At least 2,000 adults participated in the annual survey in each economy (Xavier, 2013, p. 6), which revealed the classification of countries in different economies.

GEM classified the participating economies based on the World Economic Forum's (WEF) Global Competitiveness Report, which based on GDP per capita and the share of exports comprising primary goods, in which Namibia is placed in the efficiency-driven phase (Xavier, 2013, p. 14).

**Table 3: GEM Economies by Geographic Location and Economic Development Level**

	<b>Factor-Driven Economies</b>	<b>Efficiency-Driven Economies</b>	<b>Innovation-Driven Economies</b>
<b>Sub-Saharan Africa</b>	Angola, Botswana, Ethiopia, Ghana, Malawi, Nigeria, Uganda, Zambia	Namibia, South- Africa	—

Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

## 2.4. The determinants of entrepreneurial activities

### 2.4.1 Phases of entrepreneurship

Xavier et al. (2013) states that “GEM’s conceptualization of entrepreneurship as a multiphase process is useful for assessing the state of entrepreneurship at different points”.

The classification of entrepreneurship phases are comprised as:

**“Phase 1:** Potential entrepreneurs those who believe that they possess the capabilities to start businesses, who see opportunities for entrepreneurship and who will not be dissuaded from doing so for fear of failing.

**Phase 2:** Nascent entrepreneurial activity is the next phase comprising of those starting new enterprises less than three months old. Given challenges associated with starting a new business. Many businesses fail in the first few months hence, not all nascent entrepreneurs’ progress to the next stage.

**Phase 3:** Established businesses are those that have been in existence for more than three and a half years” (p. 13).

### 2.4.2 Attitudes

Xavier et al. (2013) argues that “entrepreneurship process is a complex endeavor” hence the activities of entrepreneurship are determined by people living in specific and cultural social conditions. Subject to positive or negative perceptions that society has about

entrepreneurship, the motivations of people to enter entrepreneurship is strongly influenced (p. 18).

Entrepreneurship is seen more as revenue generating source, seeing this activity as viable and seeing themselves as prepared to undertake it, yet they may not have the same types of businesses in mind (Xavier et al, 2013, p. 52).

Table 4: Entrepreneurial Attitudes and Personal Perceptions in the GEM Countries in 2012

SUB-SAHARAN AFRICA					
Country	Perceived opportunity	Perceived capability	Fear of failure *	Entrepreneurial intentions **	Societal beliefs (good career choice)
Angola	66	72	38	70	-
Botswana	67	71	25	72	76
Ethiopia	65	69	33	24	76
Ghana	79	86	18	60	84
Malawi	74	85	12	70	-
<b>Namibia</b>	<b>75</b>	<b>74</b>	<b>35</b>	<b>45</b>	<b>73</b>
Nigeria	82	88	21	44	82
South Africa	35	39	31	12	74
Uganda	81	88	15	79	-
Zambia	78	84	17	55	67
<b>Average (unweighted)</b>	<b>70</b>	<b>76</b>	<b>24</b>	<b>53</b>	<b>76</b>

Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

\* Fear of failure measured among those who are seeing opportunities

\*\* Intentions assessed among non-entrepreneurial population



#### **2.4.2.1 Perceived opportunities and capabilities**

Entrepreneurial process is ignited by perceived opportunities prevailing in an area. Xavier et al, (2013) sees “these individuals as those who may or may not have considered becoming an entrepreneur before identifying an opportunity”.

Xavier et al, (2013) cites the GEM report that “perceived opportunities and capabilities tend to decline with greater development levels. In terms of the presence of good opportunities for starting businesses, individuals in Sub-Saharan African Countries have a high perception of 70% of all respondents” (p. 22).

#### **2.4.2.2 Perceived failure**

Potential entrepreneurs are faced with considerable challenges of risk-taking when contemplating starting a new business.

Xavier et al. (2013) submits that “Universities and business schools around the world can generally teach the basics of entrepreneurship, boosting people’s abilities to perceive opportunities and their skills for starting a business but the stumbling block is one’s inherent fear of failure. This affects the starting of new businesses negatively.” The GEM report further reveals that economies in the “Sub-Saharan African Countries tend to show the lowest levels of fear with respondents of only 25% indicating that fear of failure would prevent them from starting a new business” (p. 23).

#### **2.4.2.3 Perceived entrepreneurial intentions**

The second stage in the activity of entrepreneurship process comes into effect when “a potential entrepreneur expresses the intention of starting new business. The results show that as economic development increase the entrepreneurial intentions decreases.

Xavier et al. (2013) relates that “entrepreneurial intentions are highest in factor-driven economies (48%), decreasing in efficiency-driven stage (26%) and much lower in innovation-driven (11%) economies. Sub-Saharan Africa’s entrepreneurial intentions is the highest (53%). Consistently proportional with the positive perceptions about opportunities and entrepreneurial capabilities” (p. 23).

#### **2.4.2.4 Societal beliefs**

Xavier et al. (2013) assessed the “impressions of society about how entrepreneurship as a career choice, is perceived and if entrepreneurs are accorded high status and to what degree do they enjoy positive media attention. Entrepreneurship is considered a good career choice by over 76% of the respondents, while 80% see high status in entrepreneurship and positive media attention of 77%. Kruger (2007) confirms that deep beliefs determine and moderate the mental structures that drive the intentions and actions of entrepreneurs” (p. 23).

### 2.4.3. Entrepreneurial Activity

Xavier et al., (2013) explains Total Early-Stage Entrepreneurial Activity (TEA) rates as “the central measure of GEM which consists of the percentage of individuals aged 18 – 64 years in an economy who are in the process of starting or are already running new businesses” (p. 26).

The TEA rate includes both nascent and new entrepreneurs. The Global Entrepreneurship Monitor measures the percentage of adults who are engaged in the different phases of entrepreneurship, the percentage of entrepreneurs (TEA) that are motivated by necessity (those who are pushed into starting businesses because they have no other work options) and improvement-driven opportunity (those starting primarily to pursue an opportunity).

In most economies, TEA displayed upward trends with continued significant differences between male and female TEA rates worldwide.

Xavier et al. (2013) argues that this may be attributed to women not being sufficiently empowered or supported to allow them to contribute towards starting new businesses. This may also be as a result of societal attitudes, cultural issues and lack of access to resources and opportunities (p. 52).

Xavier et al. (2013) recommends policies that “can promote societal attitude changes, capacity building, training, support and encouragement of women entrepreneurs, to promote inclusiveness and to fuel economic growth”. This also calls for policies intended to address factors such as lack of finance, profitability and management issues (p. 52).

Established business ownership rates provide some indication about the sustainability of entrepreneurship in an economy. Those businesses surviving beyond this nascent and new phase contribute to their economies, (Xavier et al., 2013, p. 27). In Sub-Saharan Africa, the established business ownership rate is peaked at 38% while it is only 2% in South Africa, much lower than its neighbours. The most prevalent reasons for discontinuing a business among all geographic regions relates to problems in securing financing and the business not being profitable.

#### **2.4.4. Growth aspirations**

The Global Entrepreneurship Monitor considers growth expectations of entrepreneurs as important. The growth perceptions measure provides an indication of the differential impact entrepreneurs can have on their respective economies. The result indicates that Sub-Saharan Africa exhibits generally, limited growth aspirations, with 80% of the entrepreneurs projecting to employ less than five employees in the next five years. In contrast, the Non-European Union project over 20 or more employees which perhaps can be related to conditions or attitudes (Xavier et al., 2013, p. 32).

#### **2.4.5. Entrepreneurial environments**

Xavier et al. (2013) indicates that the countries basic requirements, is in terms of macro-economic stability, institutions, infrastructures, health and primary education. This is argued to be the underlying fundamental conditions that are required for a business to function well. Efficiency driven economies should focus on efficiency enhancers which

include higher education, labour market efficiency, financial market sophistication, technological readiness and market size (p. 34).

The Global Entrepreneurship Monitor highlights the need for entrepreneurial framework condition that ensures that education and training in all phases of educational and training system is guaranteed in terms of quality.

#### **2.4.6. The importance for CIGP-driving-force**

The importance of income generating projects in an economy through entrepreneurship is well articulated by Roux (2011) who contents that there is a great need for creating a conducive environment (p. 3). This can be attained through the establishment of specific support systems such as funding opportunities and low risks contributing towards failure. Community income generating projects is one of the many strategies of governments in addressing the plight of the rural poor. However, what is the current status of the funded community income generating projects in Namibia?

The Republic of Namibia (2002) refers to a cabinet decision approving of the Poverty Reduction Strategy (PRS) and a National Poverty Reduction Action Programme with a strong focus on poverty alleviation. Income generating projects can both be driven by Government and/or by the affected communities to deal with the fight against unemployment, poverty and poor livelihoods (p. 6).

#### **2.4.7. The need for CIGP-driving-force**

Remenyi (1991) submits that “poverty may be an obstacle to economic growth in the Third World, but the poor are not a liability. The poor constitute a market of substantial size... that has not been exploited as an engine of growth based on the market for wage goods”.

Remenyi (1991) argues that “Community Income Generating Projects are the tool and means that can exploit this opportunity and that can unlock the door that leads to escape from poverty,” further advising that maturing and promulgating CIGP is a significant step in the right direction in third world development (p. 120).

It must be understood that the poor in less developed countries are mostly either self-employed, employed by small projects owned and managed as a family-business or they sell their goods and services. Giving the poor an opportunity through CIGP aimed at making marginal improvements, such as a small increase in their earnings, can make a substantial difference to their savings capacity, the range of opportunities they are able to realize and their personal dignity.

What are the risks of not addressing poverty? Remenyi (1991) states that:

The proponents of community development in the 1950s and 60s feared that unless development lifted the poor of the undeveloped world out of poverty, Third World people would join those who advocated revolution and enforced confiscation of wealth from the rich (p. 19).

“Unemployment has increased the vulnerability of many households, and because many people do not have secure and sustainable livelihoods, many turn to the welfare system for food security, income maintenance” (Lombard, 2003, p. 55). It is important to understand that there are relations between unemployment and poverty.



#### **2.4.7.1. Unemployment in Namibia**

Namibia Statistics Agency (2011) reveals that the Kavango Region has the highest number of unemployment in Namibia with a rate of 50.1% while the regions with the lowest rate of unemployment are found at 30%. While the unemployment rate in Namibia is 36.9%, the average unemployment in the rural areas in Namibia was found to be higher at 43%. Those living in the rural areas in Kavango are more affected compared to those living in other parts of Namibia (p. 60).

Table 5 Unemployment rate (%)

	Unemployment Rate	FEMALE Unemployment Rate	MALE Unemployment Rate
<b>NAMIBIA</b>	<b>36.9</b>	<b>43.4</b>	<b>30.3</b>
<b>Urban</b>	<b>36.1</b>	<b>43.5</b>	<b>28.7</b>
<b>Rural</b>	<b>37.8</b>	<b>43.2</b>	<b>32.2</b>
Caprivi	37.7	43.8	31.9
Erongo	29.9	39.9	22
Hardap	35.2	46	26.5
Karas	32.2	41.4	24.5
<b>Kavango</b>	<b>50.1</b>	<b>54.4</b>	<b>44.6</b>
Khomas	30	36.2	24.3
Kunene	35.6	42.8	29.4
Ohangwena	43	44.9	40.4
Omaheke	39.5	51.7	30.1
Omusati	42	44	39.2
Oshana	37.2	40.3	33.1
Oshikoto	40.3	44.9	35.1
Otjozondjupa	36.8	49.5	26.5

Source: Namibia Statistics Agency (2011, p. 60)

#### **2.4.7.2. Poverty in Namibia**

Republic of Namibia (2008b) elaborates that before 2008 Namibia defined poverty using the relative share of food expenditure to total expenditure of households. A household whose food expenditure exceeded 60% of the total expenditure was classified as poor, and severely poor if the food expenditure made up 80% or more of the total expenditure. This calculation has been replaced as of 2008 with the Cost of Basic Needs Approach. The Cost of Basic Needs Approach categorizes households with consumption expenditure in excess of N\$262.45 per adult per month as non-poor, and poor households are considered to be those that have a monthly expenditure with a lesser amount of N\$262.45 per adult and severely poor households are those whose expenditure is less than N\$184.56 per adult (p. 2).

Republic of Namibia (2008b) refers to Namibia being classified as a middle-income country, a nation with the most income gap between rich and poor in the world. Good progress in terms of addressing critical troubles such as gender parity and access to basic education has been made by the Namibian SWAPO party led-government, yet the situation of imbalance persists. It is only a small fraction of the total population that gets pleasure from most of Namibia's considerable wealth (p. 2).

According to the Central Bureau of Statistics (2001), 67% of the population lives in rural areas of which more than 60% are concentrated in the seven northern regions (p. 4). Food shortages are a major problem during seasons of drought.

The rural poor are typically undereducated. Republic of Namibia (2008b) states that "the results of the poverty profile provide further evidence to the critical role of education in explaining poverty status of households. Among those with no formal education, 50% are

poor and 26.7% are severely poor. The situation improves as education levels increase. Among those who have finalized their secondary education, 12.6% or slightly more than a tenth of the national average, are poor and 5.1% are severely poor. Poverty among those who hold a tertiary degree is virtually zero. Of all poor households, 83.5% have a head of household that has either no formal education or has only completed primary school” (p. 2).

#### **2.4.7.3. Poverty in Kavango**

Republic of Namibia (2008b) confirms that poverty and inequalities varies between the regions of Namibia and mostly between urban and rural areas. The incidence of poor households in the rural areas is 38.2% of which 19.1% of households are severely poor compared to 12% poor households in urban areas with 6% being severely poor (p. 9).

Republic of Namibia (2008b) states “the highest incidence of poverty among the regions is in the Kavango Region with 36.7% being severely poor while 56.5% are stated as poor, followed by Ohangwena, where the incidence of poor and severely poor households is 44.7% and 19.3%, respectively. Poverty incidence is lowest in Khomas and Erongo with 6.3% and 10.3%, respectively” (p. 9).

Evenly, high levels of both poverty and severe poverty are found among speakers of Rukavango languages with the second highest values for poverty depth subsequent to the Khoisan-speaking households.

**Table 6 Incidence of poverty by region 2003/2004**

	<b>POOR</b>	<b>SEVERELY POOR</b>
<b>NAMIBIA</b>	<b>27.6</b>	<b>13.8</b>
Caprivi	28.6	12.5
Erongo	10.3	4.8
Hardap	32.1	21.9
Karas	21.9	12.5
<b>Kavango</b>	<b>56.5</b>	<b>36.7</b>
Khomas	6.3	2.4
Kunene	23	13.1
Ohangwena	44.7	19.3
Omaheke	30.1	17.5
Omusati	31	12.8
Oshana	19.6	7.8
Oshikoto	40.8	16.6
Otjozondjupa	27.8	15.8

**Source: Republic of Namibia (2008) A review of poverty and inequality in Namibia.**

#### **2.4.7.4. Livelihoods in Kavango**

Republic of Namibia (2008b) concludes that “the majority of the population’s livelihood therefore depends on subsistence farming as the main source of income. But agricultural output no longer suffices to sustain households, and income from agriculture is combined with other sources of income to make ends meet” (p. 15).

Republic of Namibia (2008b) submits that though agriculture is important for the rural people, in comparison to their counterparts in other countries, Namibian’s are less dependent on agriculture than in terms of the actual production. Pensions and remittances is an important source that serves as an additional income for many subsistence farmers. The incidences of HIV/AIDS in the regions of Namibia are high (p. 15).

## 2.5. Community income generating projects

Swanepoel and De Beer (2006) elaborates that “the real goal of development is to eradicate poverty, not to address poverty or deal with some of the signs of poverty. This means emancipation of people from scarcity trap” (p. 31). The principle of ownership by the beneficiaries of the community income generating projects is very important.

People must be the owners of their situation. Swanepoel and De Beer (2006) motivate that “they must realize that they have a certain need and they must decide that they are going to do something about it (p. 37). In other words, they must take ownership of the action as well as the need. Of vital importance is the fact that if they have taken ownership of the need, it is so much easier to also take ownership of the action.”

However, Swanepoel and De Beer (2006) caution that “if needs identification becomes the drawing up of a shopping list for some development agency to attend to, the process is heading for disaster” (p. 37).

Although Community Income Generating Projects enables more people to create own jobs that offers higher remuneration over that of their employed co-residents, Remenyi (1991, p. 37) points out that “more of the vulnerable and the laboring poor are not self-employed because of finance constraint that prevents them from starting up a business...” p. 37). Remenyi (1991) further believes that “loans from money lenders are not only expensive but tend to be restricted to small amounts, ... in the majority of cases loanable funds for the poor is zero” (pp. 42-43)

### 2.5.1. Importance of access to credits and funding

The poor tend to be displaced, out of equilibrium in the socio-economic environment. Remenyi (1991) maintains that “[a]t the edge of survival, they are committed, by necessity, to a lifestyle that maximizes their flexibility and ability to take advantage of every economic opportunity” (p. 43).

Remenyi (1991) explains that “the key obstacle to poverty alleviation in the Third World is the restrictions imposed by the lack of access to investment finance. Inadequate working capital or financing prevents the poor and vulnerable small entrepreneurs from expanding their services or the range of their products and thereby the employment that they offer. Denial of access by the poor to loans from modern sector-banks and financial institutions aggravates the ‘paradox of thrift’ in the economy of the poverty sector” (pp. 44-47). The denial of access to formal credit facilities is especially present in developing countries.

Remenyi (1991) continues to clarify that “a neglected but critical constraint facing the poor is the lack of institutions able to assist them”. The lack of institutions willing to offer financial services to the poor has an unintended but very real impact.

Remenyi (1991) submits that:

If the supply of finance available to the poor could be increased as a result of injection of new credit to micro enterprises through CIGP programme, the rate of interest demanded of poor people would fall and the level of viable opportunities open for the poor would increase. This increase of higher level of investment will typically be associated with increase in



employment, plus an increase in productivity and/or value added within enterprises serving the consumption and income needs of the poor. Moreover, the increase in investment can be expected to have a 'multiplier effect' of substantial proportions as the income generated by the new employment enlivens the spending cycle in the poverty sector (p. 47).

### 2.5.2. Funding risks

According to Remenyi (1991):

'It is often not in the interest of formal banking systems to reach out to the poor hence they are much more profit driven. Banks opt to first and foremost finance the needs of their most important customers. Important customers are those identified based on client-bank relationship against security offered to underwrite the loan, risks associated with the venture for which the loan is sought, ability to meet the high contractual requirements and the commercial viability of the project'. This practices and prejudices are the basis on which financial systems have developed in the Third World. The rules relating to the borrower's responsibility to furnish the lender with collateral discriminate against the poor, who have no collateral, hence it is applied with rigid faith that it is riskier to lend to the poor than the rich with no apparent concessions to whether the repayment record of the poor is as bad as this assumption implies (p. 47).

Interestingly, Remenyi (1991) found that, with some church linked financing programmes, they choose to rely on the reputation that a "potential borrower has for honesty and trustworthiness as the critical proxy variable" (p. 124).

If these qualities are said to describe the applicant, then this is the collateral necessary for a loan to be granted. 'Once larger loans are at issue, however, something more tangible than the borrower's reputation is sought'.

### 2.5.3. Funding merits

The funding of CIGP must be allocated on merit. Remenyi (1991) agrees that "the effectiveness with which people skills can be used is dependent on the respect and integrity with which project personnel are received by the client group. Critical people skills are required in administering the CIGP, to distinguish between the grant applicants who are genuine entrepreneurs and those who are opportunists. Administrators are cautioned that CIGP is not a therapy group, nor is it a suitable for a clinical rehabilitation programme. The loan and/or grant staff must guard against the unscrupulous and misguided person whose primary interest is to obtain access to the fund to feed an alcohol or some other injurious addiction" (p. 122).

### 2.5.4. Pre-conditions for failure and/or successes of CIGP

Pretorious and Le Roux (2011) state that "it is doubtful whether there is a single case for failure of a venture". However, there is a combination of factors. Sheppard and Chowdhury (2005) agreed that "failure requires one to consider various factors such as the internal and external environment, the strategy, the choices and how rapid or prolonged turnarounds are effected. The cause for entrepreneurial failure is not depended on the age (young vs. old), size (small vs. big) and life cycle stage (infant, growth, mature or decline)" (p. 240).

Both Pretorius (2009) and Krueger (2005) relate that not “only is failures complex, but that most people suggest that failure is good – as long as one learn from the mistakes.” Weitzel and Jonsson (1991) share that “learning and understanding that failure is not an event but as a downward spiral of decline is critical. According to Pretorius and Le Roux (2011), Henry Ford went bankrupt five times before he become successful in the car industry.

Urban, Van Vuuren and Owen (2008) believe that “persistence and entrepreneurial intention can be attributed to leadership, management, individual skills and behavior which include attitude and motives” (p. 3).

The prerequisite (pre-conditions) for failure according to Pretorius (2008) “can better be mitigated through entrepreneurial learning” (p. 414).

While Longenecker, Simonetti and Sharkey (1999) agree with the many causes of failure, they hint that it depends on the researcher's focus. They state that there are four main schools of thought about the causes of failure:

First school believes that failure originated from human factors, mainly associated with leadership.

Second school believes that failure is caused by internal factors, mainly the inability of managers to address changes.

Third school associates failure to incorrect financing and financial management.

The last school believes that failure is from both internal and structural causes (p. 503).

There are also different levels of failure according to Nieman (2006) who elaborated that each level in between is characterized by different set of circumstances (pp. 227-228).

Nieman classified the ventures in the inter alia categories:

- The venture that is performing well.
- The underperforming venture.
- The venture in distress.
- The venture in crisis.

## 2.6. Entrepreneurship

According to the definitions of an entrepreneur as defined by Cornwall and Perlman (1990, p. 4), Van Praag (1996, p. 3), Burch (1986, p. 4), Mare (1996, p. 3), Hisrich and Peters (1989, p. 9) and Kurata and Hodgets (1998, p. 31) they all concur that an entrepreneur is regarded as an individual with the potential of creating a vision from virtually nothing.

The definition offered by Hisrich and Peters (1989) provides more details stating that entrepreneurship is: "...the process of creating something new with value by denoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence" (p. 9).

### 2.6.1. Entrepreneurship Skills

Entrepreneurship requires an in-depth innovative thinking and understanding of creative, the ability to recognize opportunities, understand and take risks, the ability to identify and evaluate opportunities that may have positive results.

#### (a) Creativity and innovation

Watson (2004) relates that innovative thinking is an important factor in the entrepreneurial process. Innovation is how entrepreneurs convert opportunities into new business (p. 83).

The entrepreneurs must think imaginatively and creatively and must identify opportunities and solutions in order to take advantage of an opportunity (Kuratko and Hodgetts 1998, p. 122).

Creativity and innovation are the skills that entrepreneurs will use when they identify a new idea and opportunity. The creative thinking process passes through various phases before an outcome is reached.

Creativity and innovation are present in many facets of a new business, including the creation of a new product or service, inventive ways to cut costs, ways of improving products and finding new ways to combat competition. These creative and innovative skills are attributes associated with entrepreneurs (Rwigema and Venter, 2004, p. 65) as cited by (Watson, 2004, p. 83).

### **(b) Risk propensity**

A fundamental skill required by an entrepreneur is the ability to identify and assess the possible risks associated with the new venture (Watson, 2004, p. 83). Entrepreneurs must develop a strategy to prevent, minimise or respond to the potential risks (Hisrich and Peters, 1989).

Kuratko and Hodgetts (1998, p. 106) as quoted by Watson (2004) argue that entrepreneurial risk is not only determined by the economic risk versus return explanation (p. 84). The authors believe that entrepreneurs face not only financial risks, they also face career risks, family and social risks and psychological risks. Entrepreneurs must identify these risks, evaluate them and either accept or reject the new venture based on their findings.

Watson (2004) further quotes De V Maasdorp and Van Vuuren, in (Marx et al., 1998, pp. 702-703) stating that entrepreneurs face many risks including financial risks and social and personal risks(p. 84). However, one of the skills required by entrepreneurs is the ability to identify and evaluate these risks and to make sure that they take advantage of calculated risks.

### **(c) Opportunity identification and evaluation**

Identifying an opportunity is the departure point for the creation of a new venture (Watson, 2004, p. 84).

There are several ways of identifying opportunities and most entrepreneurs will not employ a formal approach to identifying an opportunity. The evaluation of the opportunity is a critical

step for the entrepreneur as it will indicate whether the opportunity is worth pursuing (Hisrich and Peters 2002, p. 239) as cited by (Watson, 2004, p. 84).

Watson (2004) alerts that the environment in which an entrepreneur operates consists of a macro, micro and market environment. These environments have many internal and external influences that, in turn, will guide the entrepreneur. These factors continuously change and it is this change that helps entrepreneurs to identify opportunities and threats (p. 85).

The ability to evaluate the decisions that have been made is essential because it will determine the entrepreneur's future strategy. The entrepreneur can take advantage of an opportunity and embark on a new venture. Alternatively, the threat will be too great and the entrepreneur may choose not to start a new business or to pursue a completely new strategy (Kuratko and Hodgetts 1998, p. 126).

### **2.6.2. Business Skills**

Business skills are those skills required by entrepreneurs in order to equip them to start and manage a business (Watson, 2004, p. 84).

#### **(a) Business plan**

According to Hisrich and Peters (2002, p. 222) as cited by Watson (2004) the business plan is a preliminary document that describes all the internal and external elements that could affect the new venture and the strategies that will be used to manage these elements. The business plan will include all the factors that will affect the start-up of the business. These include, but are not limited to, marketing, finance, manufacturing and human resources



management. The plan will establish the business' objectives and strategies for the short-term and the long-term decisions that will need to be made, in many cases for as long as three years (p. 86).

Kuratko and Hodgetts (1998) state that a business plan must include every aspect of the potential venture including but not limited to, prior research and development, risks, management and timetables. The objective of the business plan is to anticipate the progress of the project and the means of establishing this (p. 292).

Watson (2004) cites Timmons (1999, p. 367) stating that the business plan is a work-in-progress within a continually changing environment. The plan must be flexible and must only be a guide. The business plan will assist investors and entrepreneurs to gain a better understanding of the business in terms of its objectives, strategies and the environment in which the business will operate. The business plan is a changing and adaptable document (p. 86).

### **(b) Communication skills**

Communication is the transfer of information between individuals, organizations and stakeholders. The intention of communication is to create awareness, to facilitate understanding and to influence the intended recipient of the information.

Entrepreneurs operate within an environment and this means that they need to communicate with the people in the environment. This includes staff, suppliers, financial institutions, government departments and customers. Communication can be verbal and non-verbal and can be in the form of face-to-face communication, telephonic communication, telefax, e-mail, letters, memorandums, reports, videos and oral presentations Watson (2004, p. 87).

### **(c) General management skills**

Oosthuizen (2002) as supported by Watson (2004, p. 87) confirms that general management skills are the basic functions conducted by all managers at any management level. These skills are essential for entrepreneurs because they assist with day to day planning, leading, organizing and controlling the relevant resources (p. 99).

Watson (2004) states that the general management functions can be broken down into five distinct tasks, which are organizing, planning, coordinating, leading and controlling. These tasks are found at all levels of management, regardless of the size of the business. The skills required by managers and entrepreneurs can also be sub-divided into four skills types which include technical skills (specific knowledge and techniques), analytical skills, interpersonal skills (communication, motivation and relationship management) and conceptual skills (vision, creativity and long term orientation) (p. 87).

#### **(d) Financial management**

Financial management is one of the most important management skills. Financial information affects every aspect of the entrepreneurial venture. Financial management entails minimizing the costs, maximizing the profit, and planning and controlling the finances of the venture (Bloom and Boessenkool 2002, p. 244) as cited by (Watson, 2004, p. 88).

The management of cash flow is vitally important in an entrepreneurial venture as it entails the inflow and outflow of cash (Watson, 2004, p. 88).

Kuratko and Hodgetts (1998) believe that financial management links all of the functional areas of the business including marketing, distribution, manufacturing and general management. Effective financial management will quantify all the initial assumptions made about the viability of the business. This will allow entrepreneurs to effectively manage their businesses (p.255).

#### **(e) Marketing management**

Marketing basically entails establishing how to operate and compete within the environment. The marketing entrepreneur is responsible for directing the marketing mix which consists of product, price, promotion and distribution, selecting the marketing strategy and deciding on the marketing philosophy of the new venture (Bennett, 2002, p. 175) as cited by Watson (2004, p. 89).

Marketing is one of the most important skills for the entrepreneur because this skill will assist the entrepreneur to assess the market's potential. It will also facilitate a decision on the pricing of the product or service, determining how the product will be distributed and the advertising that will be used to create the necessary awareness of the product or service (Watson, 2004, p. 89).

Establishing a marketing strategy is significant to any new venture as it will establish how the business will compete and operate within the marketplace and in the process, assist in meeting the entrepreneur's goals (Hisrich and Peters 1989, p. 255).

#### **(f) Operational skills**

The entrepreneur is responsible for the operations and production for the new venture. This requires planning, organizing, leading, coordinating and controlling, which are the factors related to the creation of the final product or service. The entrepreneur must operate within set cost constraints, quality requirements, stock controls and logistics, in order to make the new venture viable (Watson, 2004, p. 90).

#### **(g) Human resource management**

Watson (2004) submits that the management of human capital is a critical concern for any new venture as it can facilitate a competitive advantage for the organization. These assets must be nurtured and correctly managed to secure a maximum return according to (Rwigema and Venter 2004, p. 185) cited by (Watson, 2004, p. 90).

A new venture would not exist if it did not have human input. It is the entrepreneur's responsibility to manage the personnel within the organization. Entrepreneurs must recruit effectively, train their employees and motivate and lead their employees.

The human element is a critical asset for any business and this is particularly true for a new business. Entrepreneurs must manage their staff effectively, which means managing the various tasks of a human resource manager as well (Watson, 2004, p. 90).

These tasks include managing the services of the organization (recruiting, selection and training), controlling the human resource function (implementing human resource policy and administration), advising staff and management (disciplinary conduct, salaries and budgeting), formulating a human resource policy and adhering to the labour legislation (Max et al, 1998, p. 473) as cited by Watson (2004, p. 90).

#### **(h) Legal management**

Entrepreneurs may have many legal issues to deal with, including intellectual property laws, licensing, copyright and contracts, and so on. All of these issues can either assist or hinder the new venture's progress (Hisrich and Peters, 1989, p. 215). In addition, entrepreneurs are confronted with legal issues relating to the functioning of the business, including contracts, local and national government requirements and labour contracts (Watson, 2004, p. 90).

### **3. Research design and methodology**

Mouton (2001) refers to research design as an “architectural design or blueprint that focuses on the end product and the research methodology as the construction process or methods and tools” (p. 56).

#### **3.1. Research design**

This is a descriptive non-experimental study. It is an empirical study whereby quantitative primary data both textual and numerical were collected using a structured survey design.

Secondary/existing data will be collected to compliment and enrich the primary data in order to better describe the current status quo of e-governance in Namibia. The study is to make use of methodology aimed at exploring the complexities of the situation while encompassing and analyzing some statistics.

#### **3.2. Study location**

The study was conducted in the Kavango Region covering all the nine constituencies where CIG projects were funded.

#### **3.3. Study settings**

It was a field study carried out in a natural and familiar environment.

### **3.4. Study population**

The study covered all projects (total population) funded between 2005 to 2010, as the funding of CIGP by the Kavango Regional Council started in 2005. According to reports of both the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare, there were seventy six (76) community income generating projects funded in the Kavango Region during the said period.

### **3.5. Sampling procedure**

An all-inclusive sample or a hundred percent (100%) simple size of the funded community income generating projects (i.e. 76% CIGP) were selected.

### **3.6. Sample size**

The sample size was based on a high level of confidence of 100% meaning that the margin of error is trivial; by implication the total population size was sampled.

### **3.7. Unit of analysis**

The Community Income Generating Projects are the Unit of analysis through basic individual interviews with beneficiaries through the application of structured and semi-structured questionnaire.

### 3.8. Data collection, research instruments and methods

In collecting qualitative and quantitative data (mixed approach), the study will make use of:

- Structured and semi-structured questionnaire.
- Basic individual interviews with the beneficiaries.
- Review of various reports and documents.

The structured questionnaires were pre-tested to establish and correct ambiguities. After pre-testing exercise, the questionnaires were then administered to the respondents in collecting the primary data.

The questionnaire collected demographic, economic, administrative as well as general information regarding issues relevant to the study. Most of the questions were closed ended applying a combination of nominal, ordinal, interval and ratio level of data scaling and measurement techniques.

The questions seek to examine and provide clarity to the following main themes:

1. To describe the prevailing entrepreneurial environment globally, in Namibia but with emphasis on the Kavango Region.
2. To describe the determinants of entrepreneurial activities of CIGPs in the Kavango Region.
3. To describe the status of the funded community income generating projects in Kavango region.
4. To describe the entrepreneurial features of the CIGP's beneficiaries in the Kavango Region.



### 3.9. Data Analysis

Once all the data were collected, the data was coded, stored, retrieved and analyzed using a Excel programme. The information was interpreted to obtain an understanding of the entrepreneurial determinants of the rural community's income generating projects in Kavango region.

Excel spreadsheet were further used to analyze quantitative data. This assisted in describing the output of the study through charts and graphs, percentiles and in table presentation. Existing or secondary textual (content analysis) drawn from the literature and numeric data was analyzed and assessed along the findings of the annual **Global Entrepreneurship Monitor (GEM)** studies which discloses sub-Saharan Africa's (in particular Namibia's) national entrepreneurial overview to assess Namibia's national entrepreneurial overview match and/or mismatch to the entrepreneurial overview of the rural community's income generating projects in Kavango region.

### 3.10. Limitations of study

The study is confined to community income generating projects in the Kavango Region during 2005 to 2010. The data base of the beneficiaries from both the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare is very poor posing challenges of not being able to easily reach the beneficiaries if the project is no longer functional, neither does the data base provide residential information of the CIGP's beneficiaries.

## 4. Findings

### Introduction

The findings of this study have been classified and structured in five sections. While the first section deals with the demographics of the study, the four other sections deals with the main themes of the study objectives as per inter alia:

1. **Section A:** Deals with the demographics of the study.
2. **Section B:** The findings relates to findings that are describing the prevailing entrepreneurial environment.
3. **Section C:** Deals with the findings to questions that are describing the determinants of entrepreneurial activities of CIGPs in the Kavango Region.
4. **Section D:** The findings reveal the Status of the funded community income generating projects in the Kavango Region.
5. **Section E:** The findings narrate the entrepreneurial features of the CIGP's beneficiaries in the Kavango Region.

## SECTION A: DEMOGRAPHICS

### 4.1. Demographics

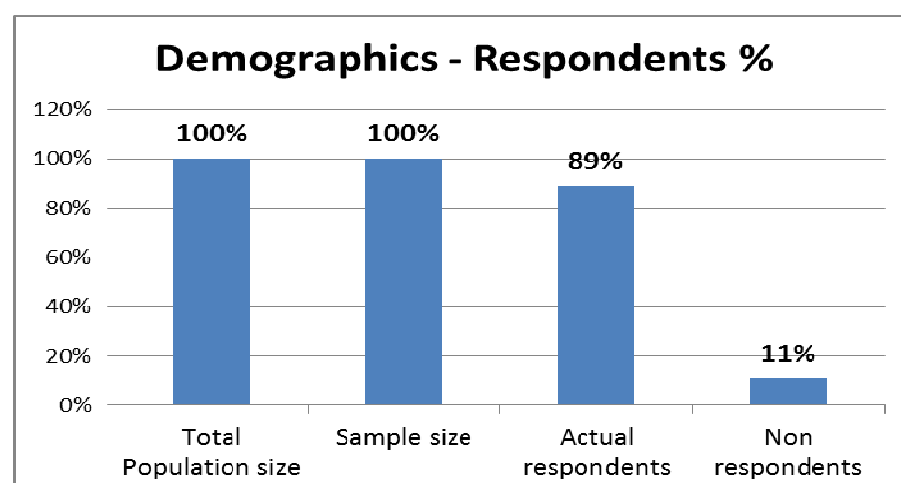
Namibia has a small population size of only 2,113,077 according to the 2011 population results. With 71% of the 223,352 of the residents residing in Kavango region living in the rural areas, Kavango is faced with the highest unemployment rate of 50.1%.

**Table 7: Study demographics**

	Number
Study population size	76
Sample size	76
Actual respondents	68

Source: Author. Study findings.

**Figure 2: Study demographics**

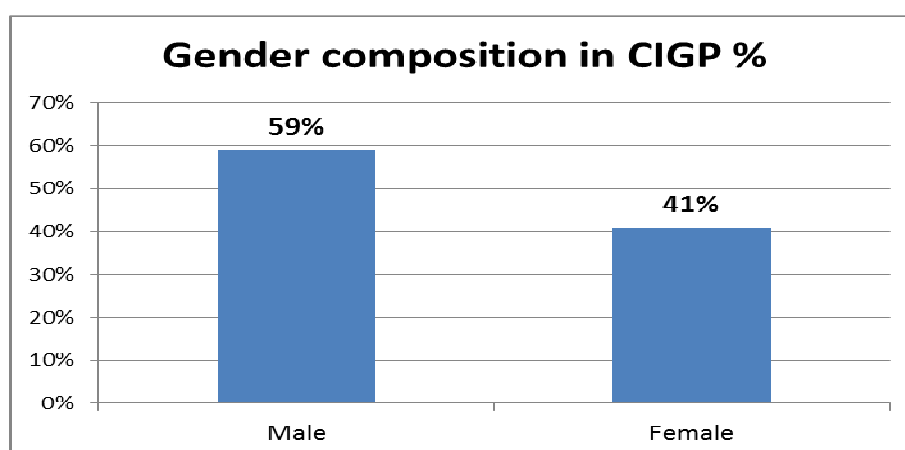


Source: Author. Study findings.

The study (**table 1 and figure 2**) shows that a total population (100% sample size) comprising of 76 Community Income Generating Projects were drawn. However, only 89% were realised as the actual respondents with 11% of the sample size not being able to participate in the study as respondents due to the fact that these projects are no longer operational.

### Gender composition in CIGP

**Figure 3: Gender composition in CIGP**

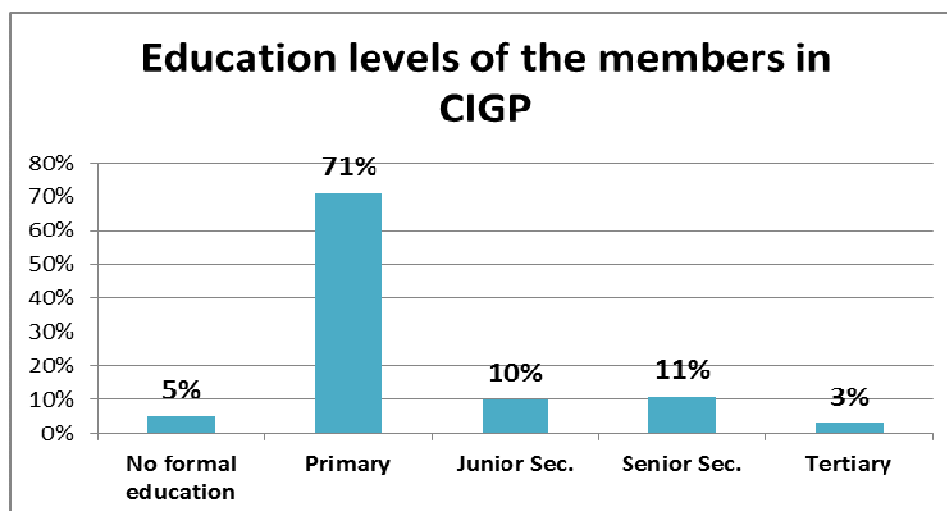


**Source:** Author. Study findings.

In terms of gender participation (**figure 3**) in the community income generating projects funded between 2005 to 2010, the study found that the male gender makes up more than half (59%) of the total rural community income generating projects.

## Education levels

Figure 4: Education levels of the members in CIGP

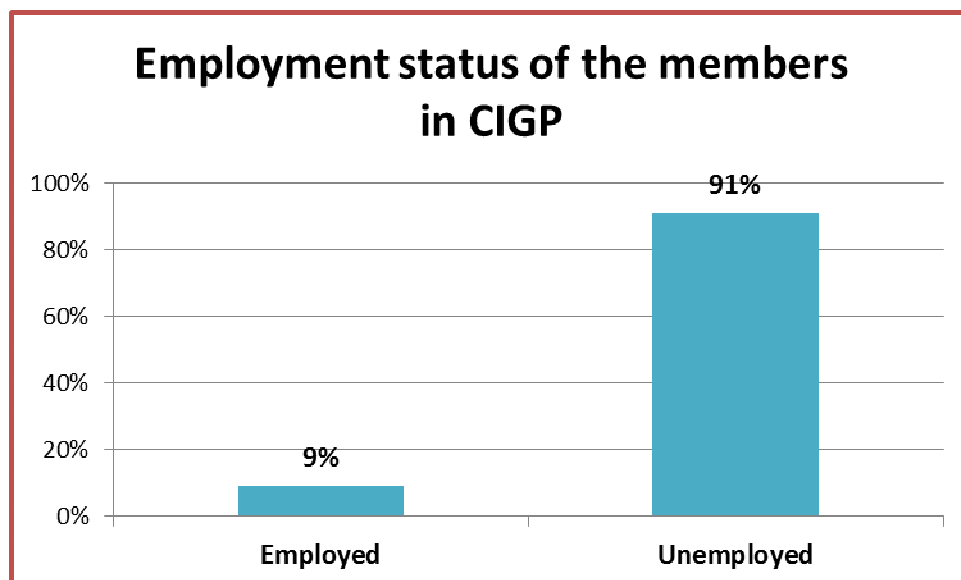


Source: Author. Study findings.

Among the beneficiaries of the community income generating projects (**figure 4**), the study found that only 3% have tertiary education. Among them, 5% of the total beneficiaries have no education at all. More than two thirds of the beneficiaries have primary education. This may be attributed to low levels of education which is a manifestation in the rural community most particularly amongst the poor people.

## Employment status of the members in CIGP

Figure 5: Employment status of the members in CIGP



Source: Author. Study findings.

The study reveals that the unemployed beneficiaries (**figure 5**) who are members of the rural community income generating projects comprises of 91% of the total members while 9% of the beneficiaries have full-time employment elsewhere.

## SECTION B: ENTREPRENEURIAL ENVIRONMENT

### 4.2. Findings: The entrepreneurial environment in perspective

**Table 8 CIGP A: Entrepreneurial environment**

Perspective	Not sure	No	Yes
Positive political effects	13%	5%	82%
Positive legal effects	2%	5%	93%
Affected by global competition	5%	91%	4%
Affected by of local competition	1%	83%	16%
Diversification of project	2%	89%	9%
Diversification of products / services	1%	87%	12%

**Source:** Author. Study findings.

The overall analysis of the study in terms of the entrepreneurial environment (**Table 8**) under which the beneficiaries are implementing their projects, revealed that the general entrepreneurial environment is favorable and conducive in terms of positive political and legal affairs where above 80% of the respondents have indicated so and that the projects are not negatively affected by the global nor local competition, meaning that at community level they are not facing fierce competition.

The significant concern though is, there is no diversification in the type of projects and the products and services being provided. The community income generating projects are typically the same for example where three gardening projects will exist almost in the same village offering the same produce.

**Table 9 CIGP B: Entrepreneurial environment**

Perspective	Not sure	Bad	Good
Market size	7%	78%	15%
Production	3%	74%	23%
Technological readiness	4%	6%	90%
Infrastructure	14%	12%	74%
Labor efficiency	13%	15%	72%
Government support	13%	28%	59%

Source: Author. Study findings.

The study findings being revealed of the entrepreneurial environment in (**Table 9**), is a serious indication of poor market size and the production outputs. This are poorly rated by the respondents with 78% and 78% respectively. Poor market size does however not imply that there are few people in the community but it refers to the total number of potential customers who want and need such products. It is only 15% of the market size who are buying products from the local community income generating projects while others are obtaining such goods and services elsewhere. The technology readiness is 90%, for infrastructure 74%, labor efficiency 72% and government support 59%. This implies that the entrepreneurial environment is positive.

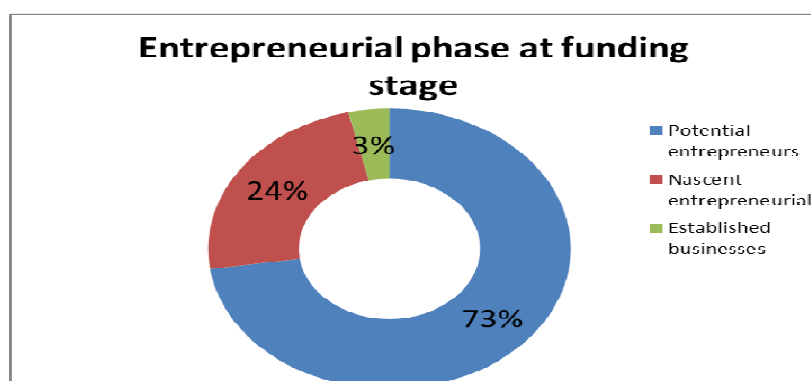


## SECTION C: THE DETERMINANTS OF ENTREPRENEURIAL ACTIVITIES IN KAVANGO REGION

### 4.3. Findings: The determinants of entrepreneurial activities in Kavango

#### 4.3.1. Phases of entrepreneurship at the time of funding

Figure 6 CIGP Entrepreneurial phases



Source: Author. Study findings.

The study established that amongst all the projects funded, at the time of funding (figure 6), 73% of the funds were allocated to potential entrepreneurs, meaning entrepreneurs who were to start new businesses or projects that had not existed before.

The study further established that 24% of the total allocation was allocated to the nascent entrepreneurs, which refers to newly established projects or emerging projects that had only been functional or in existence for less than three months. Only 3% were allocated to established entrepreneurs with projects that have been in existence for more than three months.



### 4.3.2. Attitudes

Table 10: Attitudes in CIGP

Entrepreneurial Attitudes	Undecided	Project	Business
CIGP seen as a project or Business	7%	68%	25%

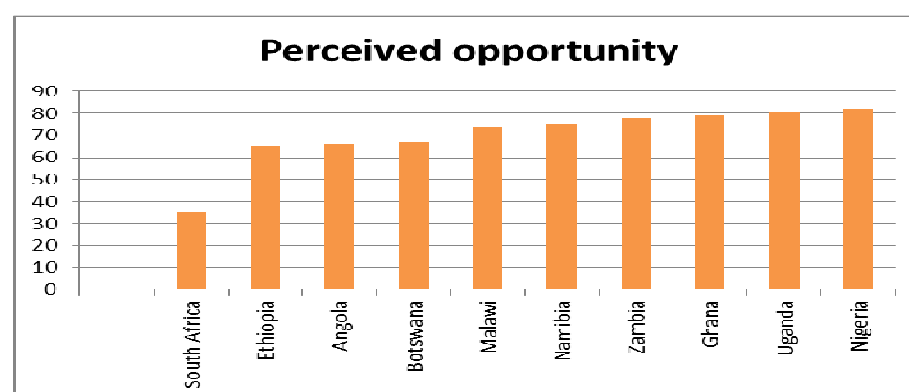
Source: Author. Study findings.

The percentage beneficiaries of CIGP (**table 10**) who perceive their projects as just projects instead of businesses are very high with 68% while only 25% perceived the CIGP as businesses. These attitudes have a negative effect that may lead to the managing of the CIGPs being seen “just as mere projects” thereby disregarding the entrepreneurial best practices and principles.

Society's negative or positive perceptions about entrepreneurship have a strong influence on the motivation of people to involve in entrepreneurial activities irrespective of the size and type of the project and challenges faced.

#### 4.3.2.1. Perceived opportunities according to GEM: 2012 Global report

Figure 7 Perceived opportunities according to GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

**Table 11: Perceived opportunities in CIGP**

Perceived opportunities in CIGP	Not sure	No	Yes
Prevailing opportunities	36%	26%	38%
Future opportunities	33%	32%	35%

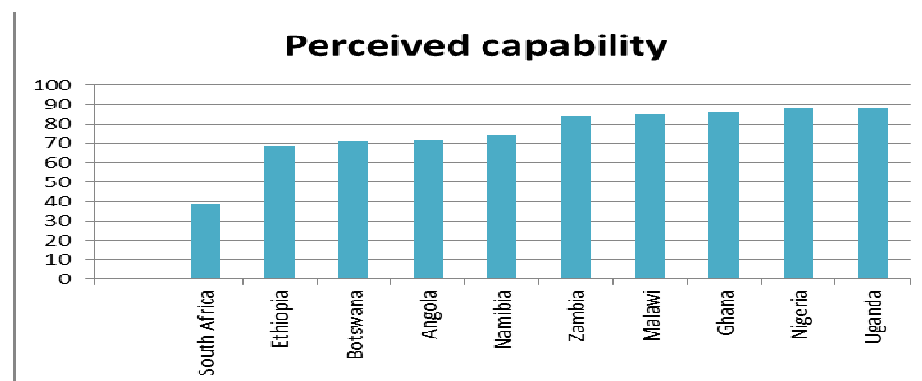
Source: Author. Study findings.

The GEM 2012 Global report (**figure 7**) reveals that Namibia is ranked 5<sup>th</sup> among its peers in Africa in terms of how the citizens perceive the entrepreneurial opportunities that are prevailing in the country.

The study revealed (**table 11**) that 38% of the beneficiaries of CIGPs believe that there are prevailing opportunities for their projects with 26% thinking otherwise. With regard to future opportunities 33% are unsure, 32% feels that their projects are doomed and 35% are seeing possible future opportunities for the CIGPs.

#### 4.3.2.2. Perceived capabilities GEM: 2012 Global report

Figure 8 Perceived capabilities GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

Table 12: Perceived capabilities of the project by the members

Perceived capabilities of the project by the members	Not sure	No	Yes
Prevailing capabilities of the project	38%	22%	40%
Future capabilities of the project	36%	31%	33%

Source: Author. Study findings.

The GEM 2012 Global report (**figure 8**) reflects Namibia's overall perceived capability of doing business as relatively high above 70% despite lagging behind Uganda, Nigeria, Ghana, Malawi and Zambia. Namibia's overall perceived capability is a rating "of individuals who may or may not have considered becoming an entrepreneur". The rating among the CIGP are much lower than that in Sub Saharan African countries which participated in the GEM 2012 Global assessment.

The perceived prevailing capability for the CIGP of this study as rated by the members of the CIGP (**table 12**) is 40% while 22% felt that there are no prevailing capabilities. 33% felt that such capabilities may exist in future with 31% (almost the same number) disagreeing.

#### 4.3.2.3. Fear of failure GEM: 2012 Global report

Figure 9 Fear of failure GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

\* fear of failure in starting a new project or venture.

Table 13: Fear of failure by the members of CIGP

Fear of failure by the members of CIGP	Not sure	No	Yes
Fear of failure by the members of CIGP	5%	85%	10%

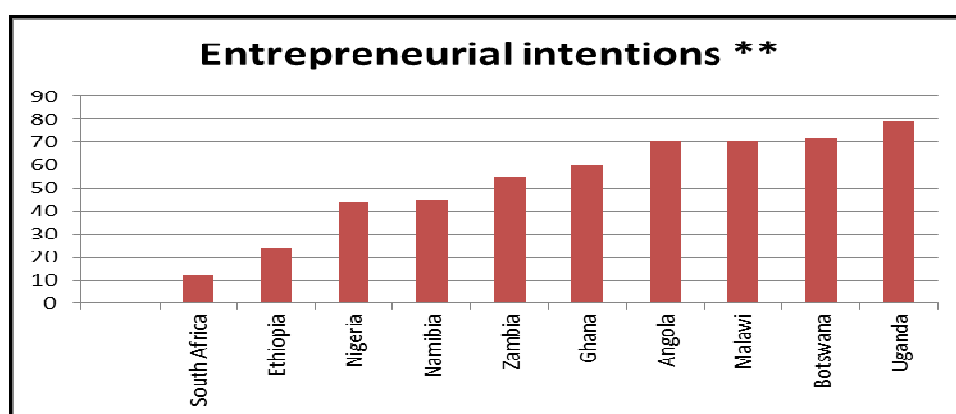
Source: Author. Study findings.

The fear of failure (**figure 5**) in Namibia in terms of the Sub-Saharan Africa ranking comes second after Angola where it is the highest when it comes to starting a new venture. Interestingly, the study (**table 13**) reproduces only 10% among the beneficiaries of CIGP who exhibited to have fear for failing in starting a new project or venture. 85% among the beneficiaries of CIGP indicated that they have no fear to fail while 5% of the responses were

not sure. Given the fact that the grants from the funding institutions do not have contractual obligations or any liabilities, this may encourage an attitude of “i have nothing to lose”

#### 4.3.2.4. Entrepreneurial Intentions GEM: 2012 Global Report

Figure 10 Entrepreneurial Intentions GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

\*\* Entrepreneurial intentions to start a new business

Table 14: New business intentions in CIGP

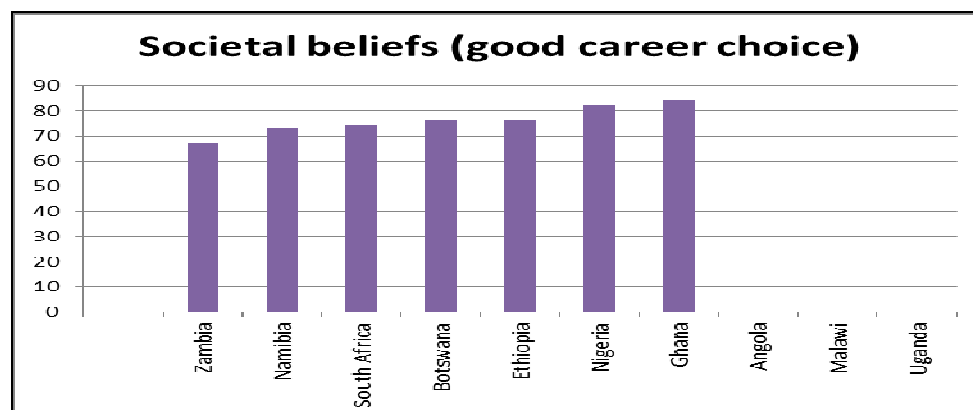
	Undecided	No	Yes
Intentions to start a new business by the members of CIGP	25%	15%	60%

Source: Author. Study findings.

According to the study (**table 5**), among the members operating CIGP 60% have intentions to start a new business. The national entrepreneurial intentions (**figure 10**) of wanting to start a new business in Namibia is rated 44%, with Namibia being rated 7<sup>th</sup> out of ten participating Sub-Saharan African countries in the GEM 2012 Global Report.

#### 4.3.2.5. Societal beliefs GEM: 2012 Global report

Figure 11 Societal beliefs GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

Table 15: Career perceptions

	Not sure	Bad	Good
Perceptions of members of CIGP if entrepreneurship is a good career choice	25%	45%	30%

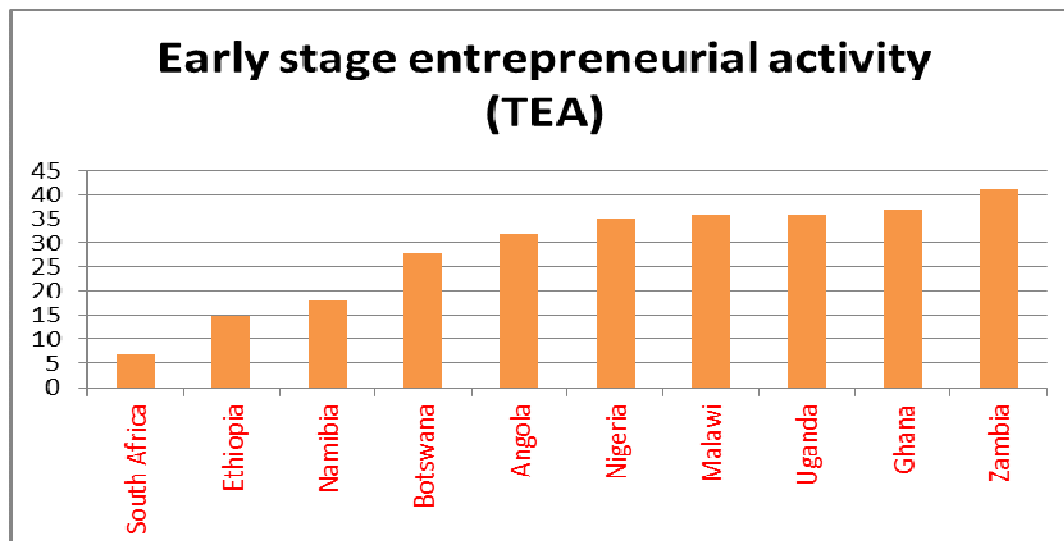
Source: Author. Study findings.

According to the findings of the study (**table 15**), 45% of the members of CIGP believe that entrepreneurship is not a good career choice. Entrepreneurship is thus seen as an alternative or a last resort in non-existence of other opportunities such as formal employment. While 30% believe that entrepreneurship is a good career choice, 25% are not sure. The National picture (the GEM 2012 Global report - **figure 11**) reveal that, in Namibia 76% of the society believe that entrepreneurship is a good career choice which is much higher than what is believed amongst the members of the rural CIGP in Kavango.



#### 4.3.2.6. Entrepreneurial Activity GEM: 2012 Global report

Figure 12 Entrepreneurial Activity GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

Table 16: Perceptions on business activities

	Not sure	No	Yes
Perceptions of members of CIGP if many other community members are running projects/businesses	10%	70%	20%

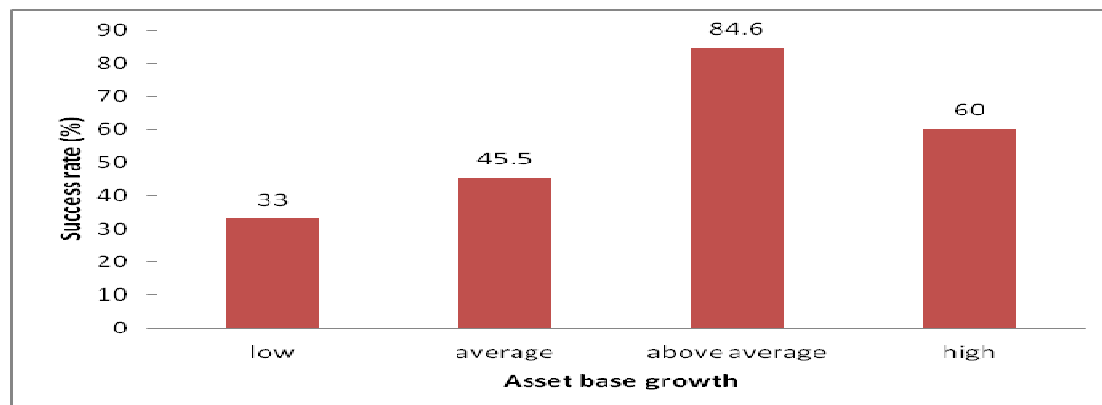
Source: Author. Study findings.

The perceptions of members of CIGP (**table 16**) reveal that 70% of the other community members are not engaged in running projects or private businesses while the other 20% felt that others within their communities are actively involved in running projects or private businesses.

Correspondingly, the national status provides a more concerning picture with less than 20% of Namibians being seen as business oriented according to the GEM 2012 Global Report (**figure 12**).

#### 4.3.2.7. Growth aspirations

Figure 13 Role of asset base growth on project success.



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

The study (**figure 13**) revealed that projects that had a lowest asset base growth (least re-investment in the project), proportionally had the least success rate and was associated with project failure in the community. The success rate of projects with low asset base growth was found to be 33%, projects with an average asset base growth displayed a success rate of 45.5%, projects with an above average asset base growth displayed a success rate of 84.6% while interestingly, the study also found that projects with a high asset base growth had a success rate of 60%. The higher the asset base growth the, the better the success rate. One measure of the growth of a business is in terms of its assets.

Table 17: Aspirations of members of CIGP

	Undecided	No	Yes
Aspirations of members of CIGP to see their projects grow in the next five years	33%	28%	39%

Source: Author. Study findings.

The study (**table 17**) further revealed that 39% of amongst members of existing CIGP aspired to grow their projects in the next five years, while 33% were unsure or doubtful with 28% not seeing that coming to reality. Having goals and aspirations for a project requires concerted efforts and deliberate actions to ensure the growth of a project or business.

#### 4.3.2.8. Entrepreneurial environments

**Table 18: Plans and intentions to improve the efficiency**

	Undecided	No	Yes
Actual plans and intentions of members of CIGP to improve the efficiency by participating in education and training to improve operations and production.	38%	42%	20%

Source: Author. Study findings.

The study (**table 18**) revealed that only 20% had actual plans in place to improve efficiency, while 42% had no plans and 38% were not sure if they would be interested to participate in capacity initiatives for the purpose of bringing better changes in their projects. This picture is quite gloomy taking into account that skills and competencies development is of critical importance for managing and growing businesses.

## SECTION D: STATUS OF THE FUNDED COMMUNITY INCOME GENERATING PROJECTS

### 4.4. Findings: Status of the funded CIGP

#### 4.4.1. Entrepreneurial activity: necessity and improvement driven

**Table 19** Entrepreneurial activity: necessity and improvement driven

	Not sure	No	Yes
Access to funding where collateral is required	3%	92%	5%
Affordability to repay loans from commercial banks	23%	70%	7%
Would your project meet the merits (funding requirements) of the commercial banks?	12%	73%	15%
Entrepreneurial skills / Training / Competencies	19%	67%	14%

Source: Author. Study findings.

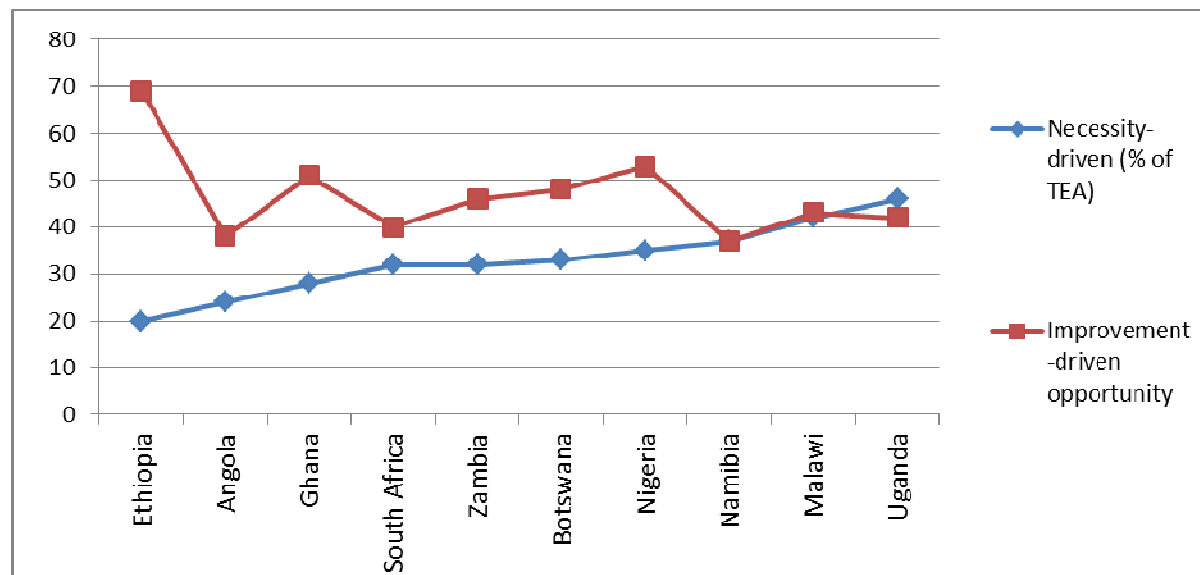
**Table 19** confirm that the 92% of the members of CIGP do not believe that they can access funding from commercial banks where collateral is a requirement with only 5% trusting to have a funding opportunity and believing to have the ability to meet collateral requirements.

However, 70% of the members of CIGP doubt if loans from the commercial banks are affordable but 15% reported that their projects will be able to meet all funding requirements but may not satisfy the collateral requirements.

Given the fact that the members own assessment was low, rated at 14% in terms of their entrepreneurial skills/training and/or competencies, only 15% of the members are of the opinion that they can qualify for commercial loans in terms of meeting the requirements.

#### 4.4.2. Entrepreneurial activity: necessity and improvement driven GEM: 2012 Global

Figure 14 Entrepreneurial activity: necessity and improvement driven GEM: 2012 Global



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

Table 20: Reason for starting CIGP

	Not sure	No	Yes
Unemployment and poverty primary reason for starting CIGP	15%	23%	62%

Source: Author. Study findings.

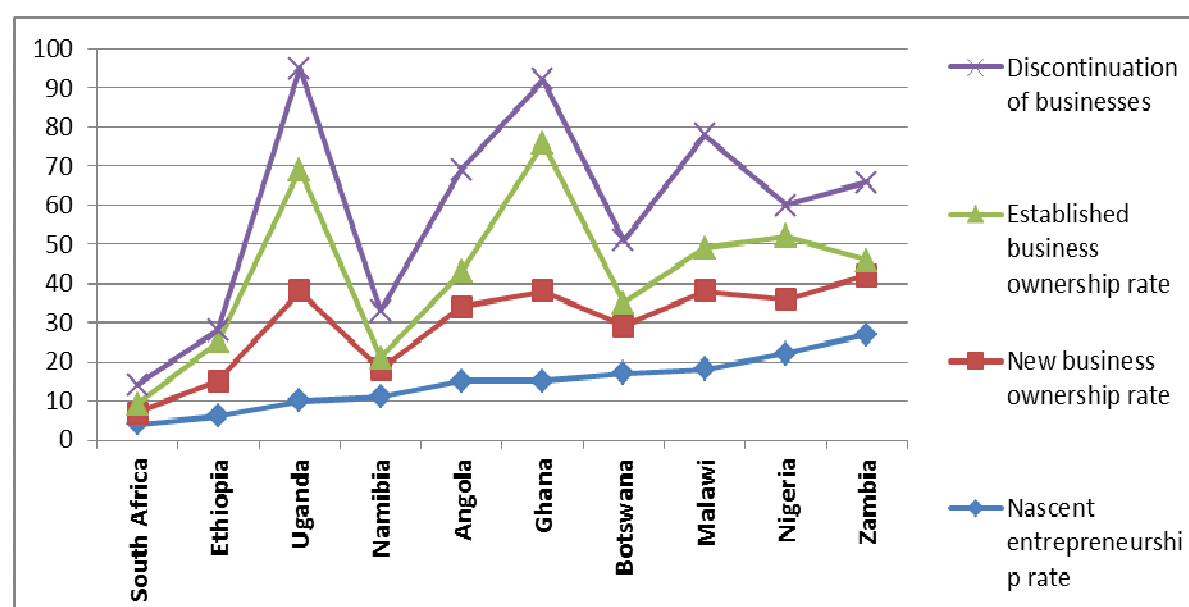
According to **Xavier et al. (2012)**, **figure 14**, for Namibia as a country the percentage of entrepreneurs who are doing business because of having no other alternative like formal employment (**necessity driven**) is the same percentage as those who have voluntarily opted for entrepreneurial activities as the best choice in order to improve the living standards (**improvement-driven opportunity**).

For the CIGPs, the study (**table 20**) reveals the contrary in the sense that 62% of the members of the CIGPs are driven by necessity, meaning that they have become entrepreneurs driven by

their plight of unemployment and poverty. It is only 23% of the members who started entrepreneurial activities or the CIGPs for the benefits associated with doing business with 15% of the members having started these projects by accident hence they are not sure why they have started.

#### 4.4.3. Entrepreneurial activity: status of businesses GEM: 2012 Global report

Figure 15 Entrepreneurial activity: status of businesses GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

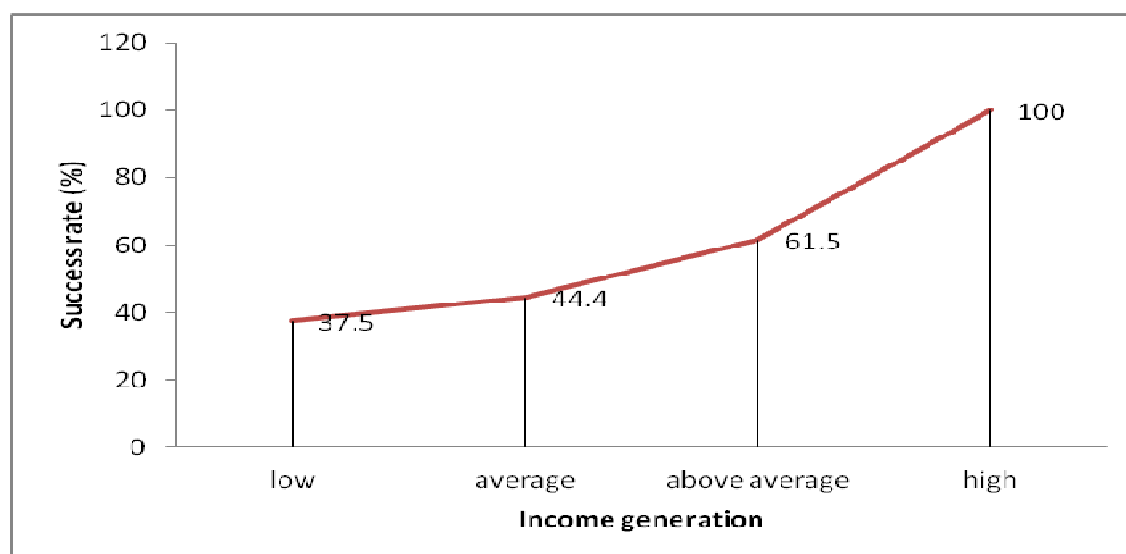
Table 21: Perceptions on the success of CIGP

	Not sure	No	Yes
Perceptions of members of CIGP on the success of CIGP	10%	61%	29%

Source: Author. Study findings.

The discontinuation of businesses in Namibia (business failure) is higher than the rate of establishing new ventures or the rate of established business ownership according to the GEM: 2012 Global report (**figure 15**). However, the findings of this study (**table 21**) revealed that 61% of the members of CIGPs hold the view that CIGPs is a failure while 29% rated CIGP as successful.

**Figure 16** Role of income generation on the success of projects.

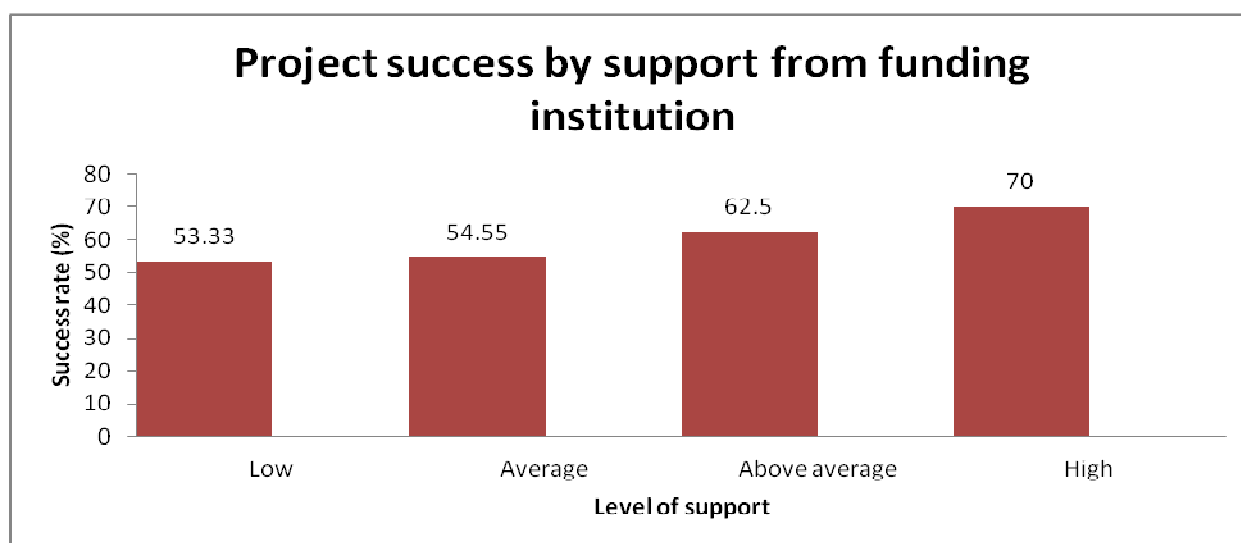


**Source:** Author. Study findings.

**Figure 16** above shows that all those who generated a high income, had a higher success rate for their projects. For those who had an above average income generation, 61.5% of these projects were successful. On the extreme, only 37.5% of those who had low income generation were successful projects. This is a clearly indication that income generation was a necessity for the survival, growth and eventually the success of projects.



Figure 17 Role of funding on projects success.



Source: Author. Study findings.

**Figure 17** above shows that projects which had low support from funding institutions had a success rate of 53.3% whilst those which had an average support attained a success rate of 54.5%. For those who received support above average, they had better success rate of 62.5% whereas those who had received high support from the funding institution had a 70% success rate. This demonstrates that increased support from funding institutions was associated with gradual increase in overall project success.

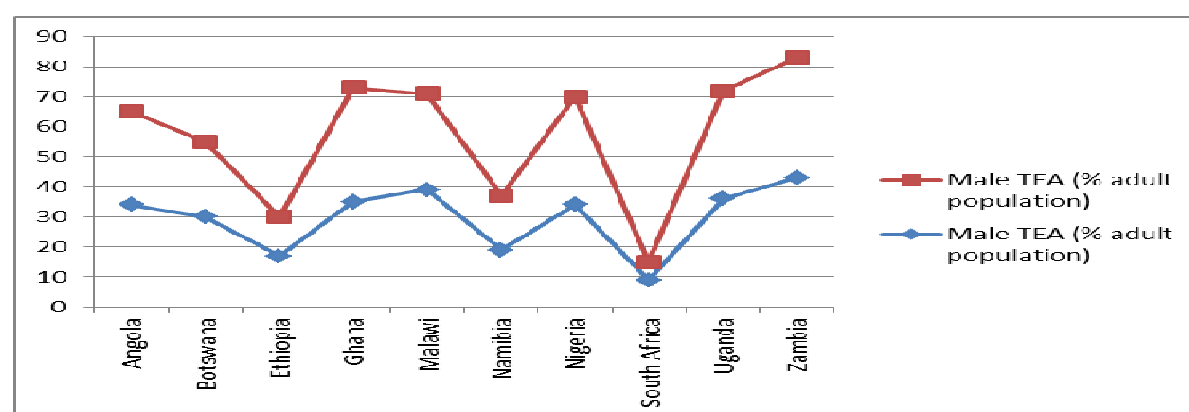
## SECTION E: BENEFICIARIES OF THE CIGP'S ENTREPRENEURIAL FEATURES

### 4.5. Findings: The beneficiaries of CIGP's entrepreneurial features

#### 4.5.1 Beneficiaries Entrepreneurial characteristics

##### a) Gender GEM: 2012 Global report

Figure 18 Gender GEM: 2012 Global report



Source: Xavier et al. (2012). Global Entrepreneurship Monitor 2012: Global Report.

Table 22: Gender composition in CIGP

	Male	Female
Gender composition in CIGP	59%	41%

Source: Author. Study findings.

The study (table 22) found that the majority who has benefited or who have participated more in the funding of CIGP are male. Similarly, the GEM 2012 Global report figure 18 reveals a similar picture where men are consistently gaining more from prevailing empowerment opportunities.

## b) Education levels

**Table 23: Education levels**

	No formal education	Primary	Junior Secondary	Senior Secondary	Tertiary
Education levels of the members in CIGP	5%	71%	10%	11%	3%

Source: Author. Study findings.

Findings of the study (table 22) is that the highest number (71%) of the members of CIGP's level of education is primary level. Given the low level of education, it poses a number of short comings such as limited skills that can mostly be acquired through formal education.

## c) Employment status

**Table 24: Employment status**

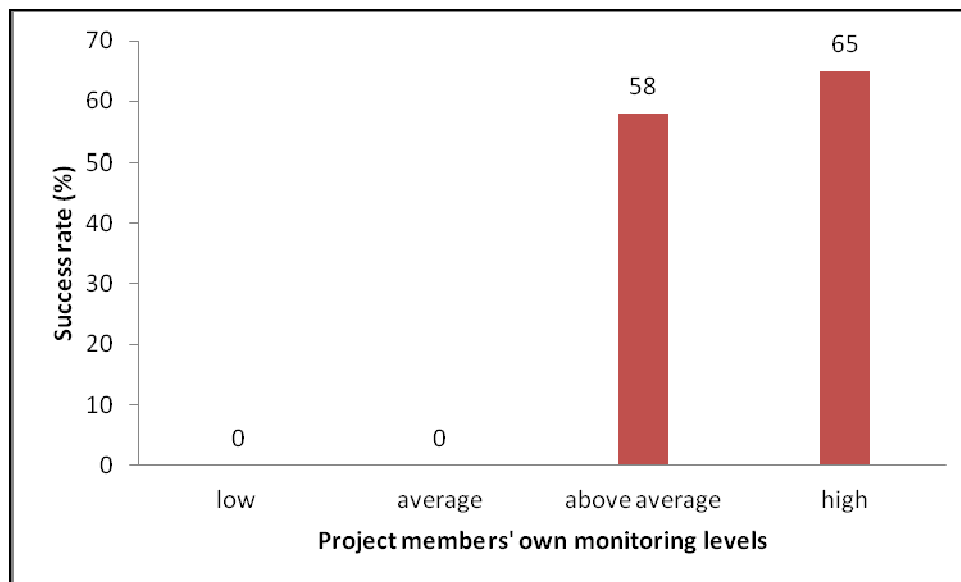
	Employed	Unemployed
Employment status of the members in CIGP	9%	91%

Source: Author. Study findings.

The unemployment status of the members (**Table 24**) participating in the CIGP is 91% amplifying the fact that they are engaged in business not because of their competencies or the love for doing business but mainly due to unemployment and poverty.

## 4.5.2 Entrepreneurial Management

**Figure 19** Role of projects members' own monitoring levels on project success.



Source: Author. Study findings.

**Figure 19** above shows that none of the projects that had low or average members' own monitoring level were successful. For those that had an above average monitoring level, their success rate was 58% whereas those with high monitoring levels by project members had a success rate of 65%. This shows that higher monitoring levels by project members were associated with better performance.

**Table 25 Entrepreneurial management**

	No	Yes
Unique and innovative products	96%	4%
Project proposal plan in place	1%	99%
Familiar with the project proposal	85%	15%
Business plan in place	100%	0%
Audited financials in place	99%	1%
Marketing strategy in place	99%	1%
Contract in place for the grant	100%	0%
HR management strategy and policies	100%	0%

Source: Author. Study findings.

There are significant administrative and management gaps with most of the CIGP in terms of putting or ensuring that basic administrative and management requirements for managing their projects are implemented.

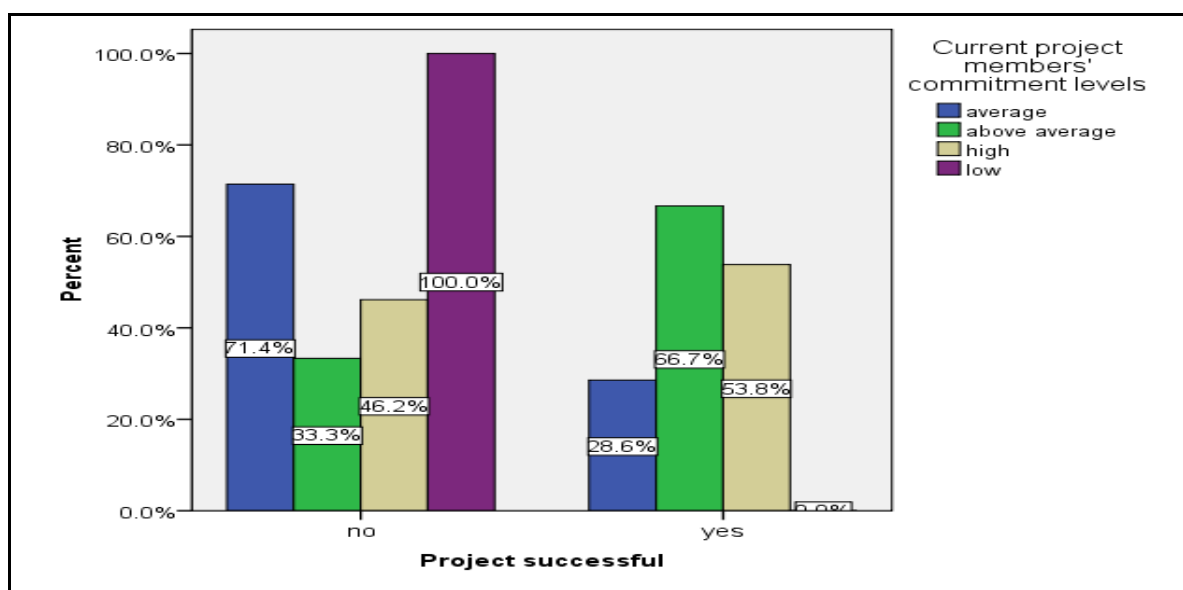
The study (**table 25**) reveals that though 99% of CIGP had project proposals in place (perhaps because it is a condition for funding) this project proposal documents were just collecting dust hence they were drafted by somebody else on behalf of the members of the CIGP for the sole purpose of securing funding with 85% of the project members confirming that they were not familiar with the content and thus did not form part of the project implementation strategies. Other basic items of basic essence that were found not to be in place are:

- Business plan in place
- Financials

- Marketing strategy
- No contract in place for the grant
- HR management strategy and policies

#### 4.5.3 Ownership issues

Figure 20 the role of project member's commitment levels on project success



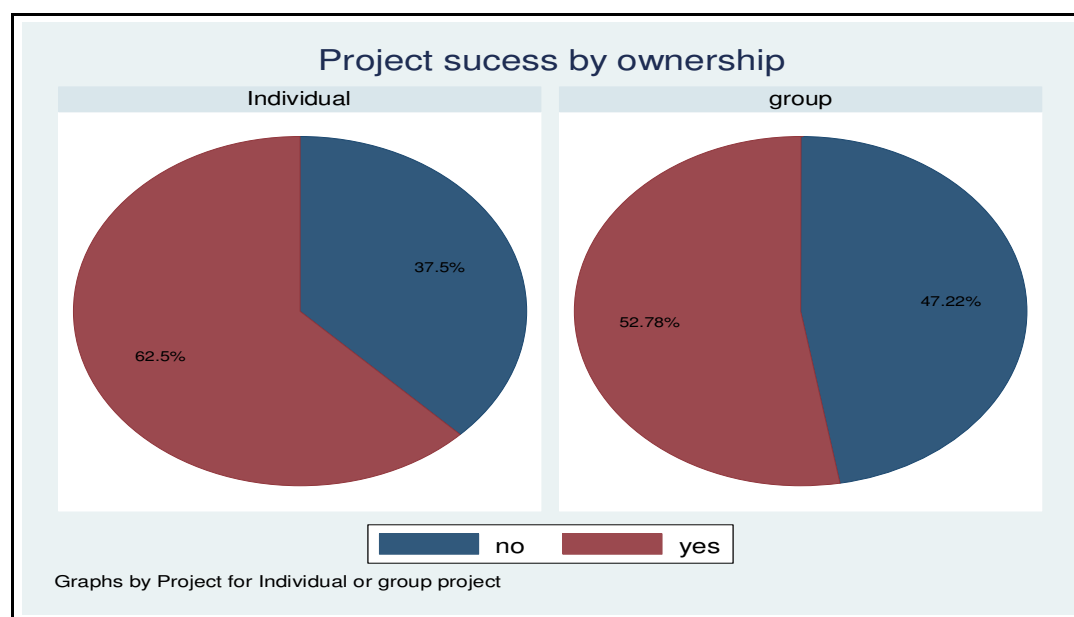
Source: Author. Study findings.

It was found as reflected in **figure 20** that among the successful projects, where there was low commitment levels from the members in affairs of the project, the success rate was 0%, with average commitment levels the success rate was 28.6% and those with above average commitment levels the success rate was 56.7% and with high commitment levels the success rate is 53.8%.

However, among the projects classified as unsuccessful, where there was low commitment levels from the members in the affairs of the project, the failure rate was 100%,

with average commitment levels the failure rate was 71.4% and those with both above average commitment levels the failure rate was 33.3% and high commitment levels, the failure rate was found to be at 46.2%.

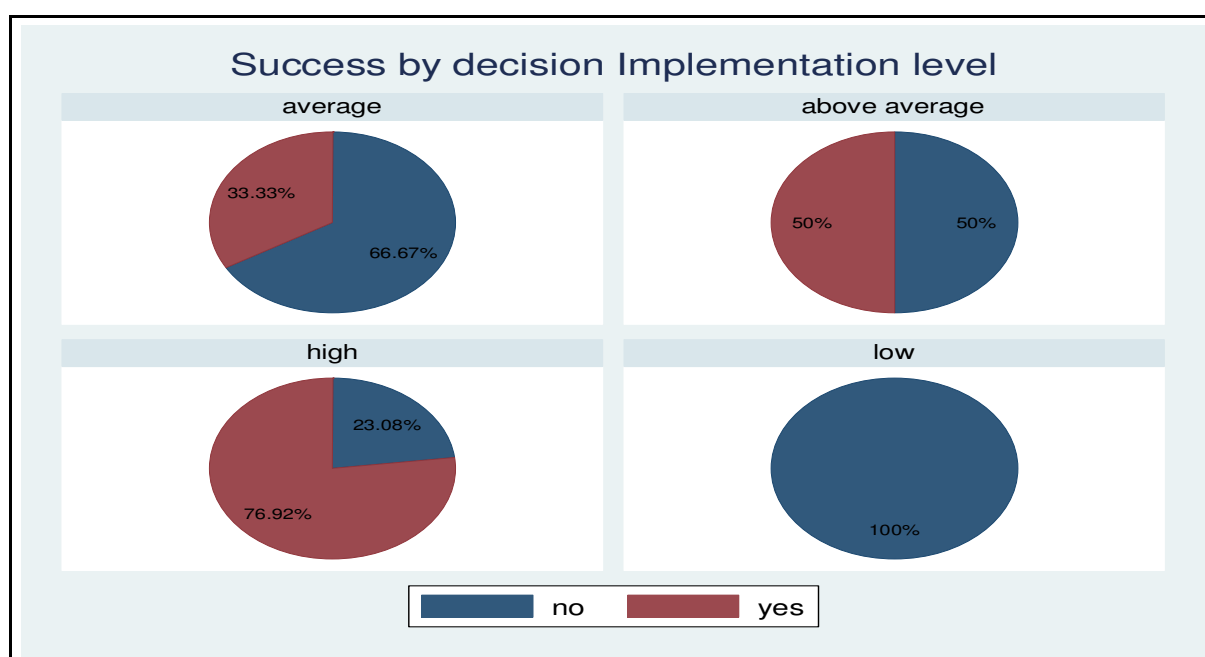
**Figure 21** Role of ownership on projects success.



**Source:** Author. Study findings.

**Figure 21** above shows that the overall success rate of projects run by individuals is 62.5% higher than those projects that are run by groups that had an overall success rate of 52.8%. This suggests that a one man project is likely to succeed compared to those that are managed by groups.

Figure 22 Role of decision implementation level on project success



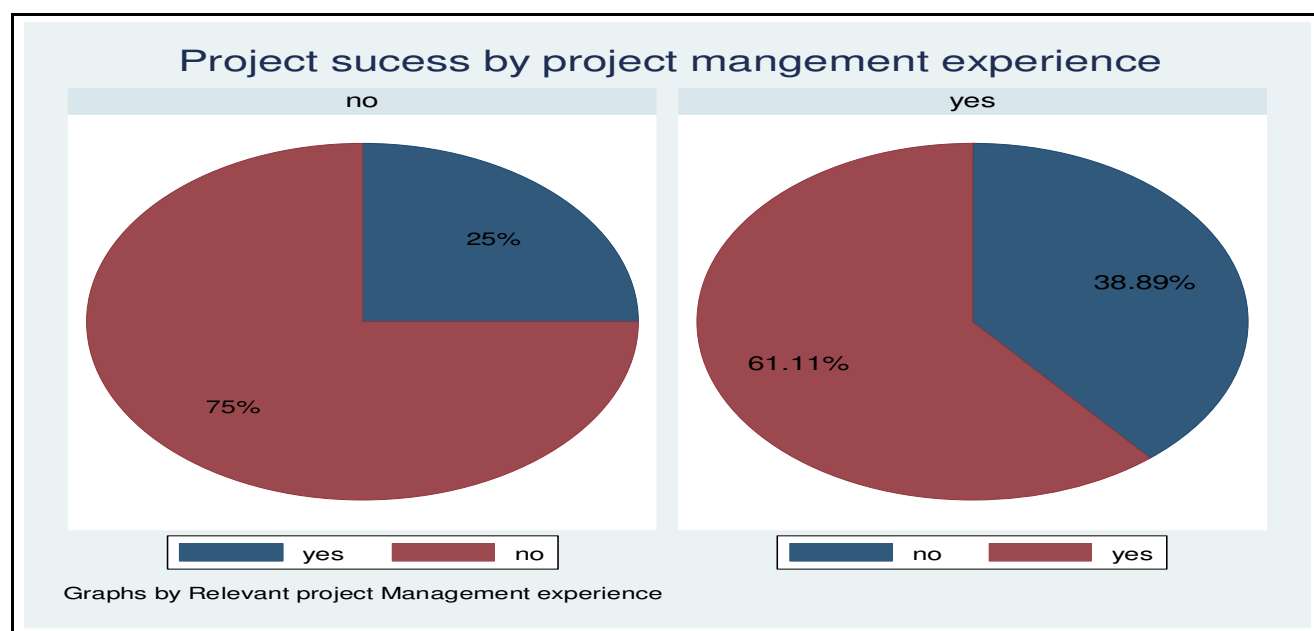
Source: Author. Study findings.

It is evident in **Figure 22** from the chart above that those groups/individuals who had a low implementation level of their decisions, none of them reported to have successful projects. This is obvious because nothing gets done at this projects.

For those who had an average implementation level, their overall success rate was 33.3% while those with above average implementation level, 50% of them reported to have successful projects. Lastly, 76.92% success was reported from those with a high implementation level. This clearly shows that those groups who had higher implementation levels of their decisions were more likely to have successful projects compared to those with low implementation levels of their decisions.



Figure 23 Role of project management experience on project success.

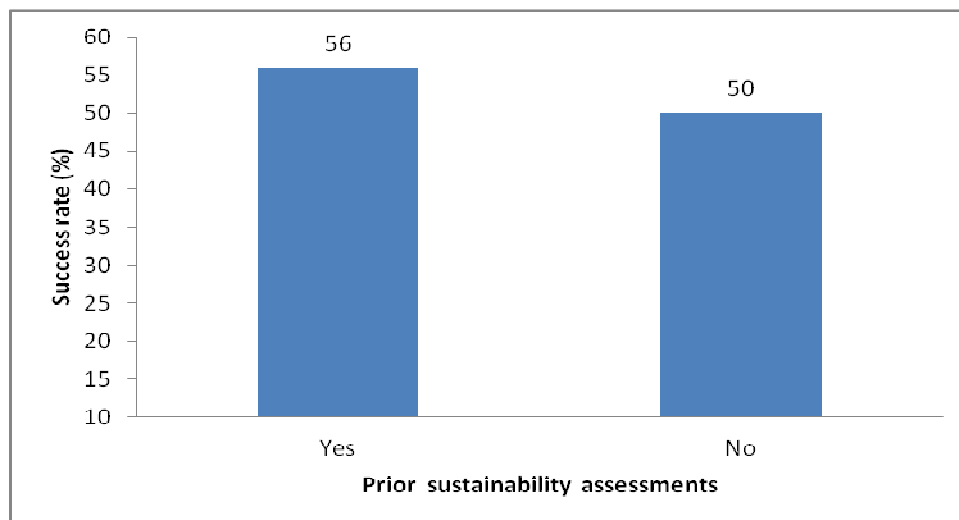


Source: Author. Study findings.

For those who had relevant project management experience, 61.11% of them had successful projects whilst only 25% of those who had no project management experience could realize success for their projects. **Figure 23** shows that project management experience is essential for the success of a project.

#### 4.5.4 Project beneficiary's competencies

Figure 24 Ability to assess project sustainability



Source: Author. Study findings.

**Figure 24** above shows that 56% of the projects that had prior assessments of sustainability before implementation were successful compared to a 50% success rate for those without prior sustainability assessments. A difference of 6% in favor of those with prior assessments is not good enough to say prior assessments were a significant contributing factor to the success of projects.

**Table 26 Role of training on project success**

	No	Yes
Project success for those who received training	49 %	51%

Source: Author. Study findings.

Training was not a significant factor for the success of these projects as evidenced by **Table 26** which indicates that only 51% of those who received prior training had successful projects while almost the other half with 49% who also received the same training indicated that their projects were not successful. This could mean that the training sessions are not effective hence not really making a significant difference.

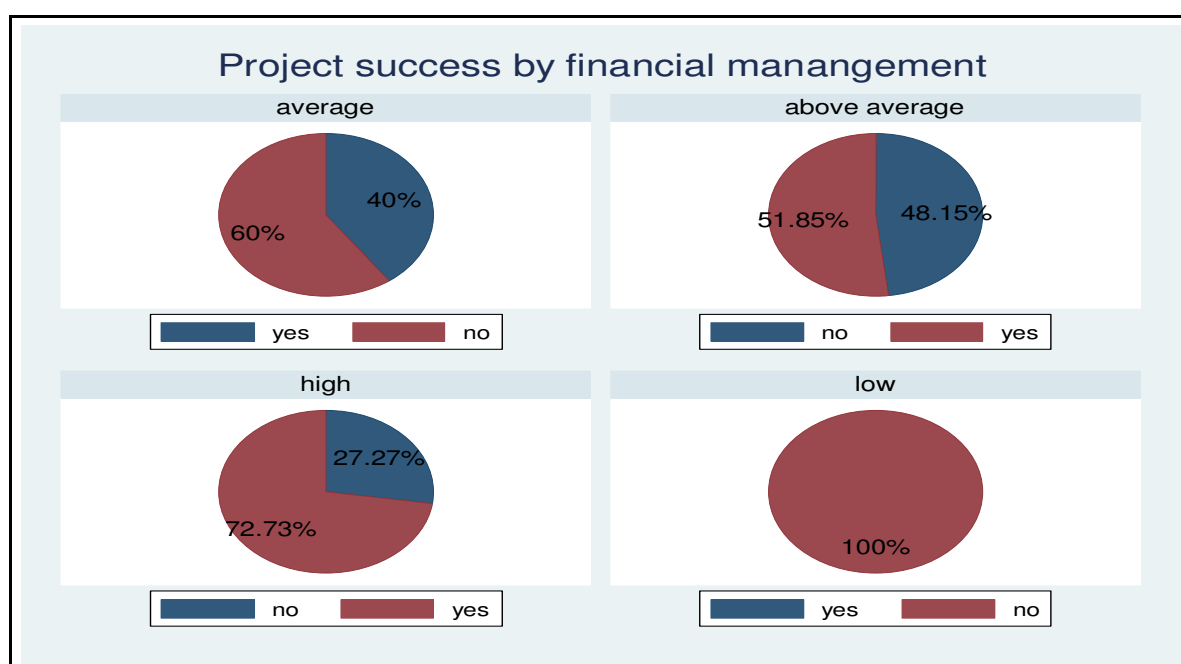
**Table 27 Ability to conduct prior market size assessments on project success**

	No	Yes
Project success for those who had prior market size assessments	43 %	57%

Source: Author. Study findings.

The study (**table 27**) found that project success for those who had prior market size assessments had a better success rate, which was 57%.

Figure 25 Role of financial management on project success



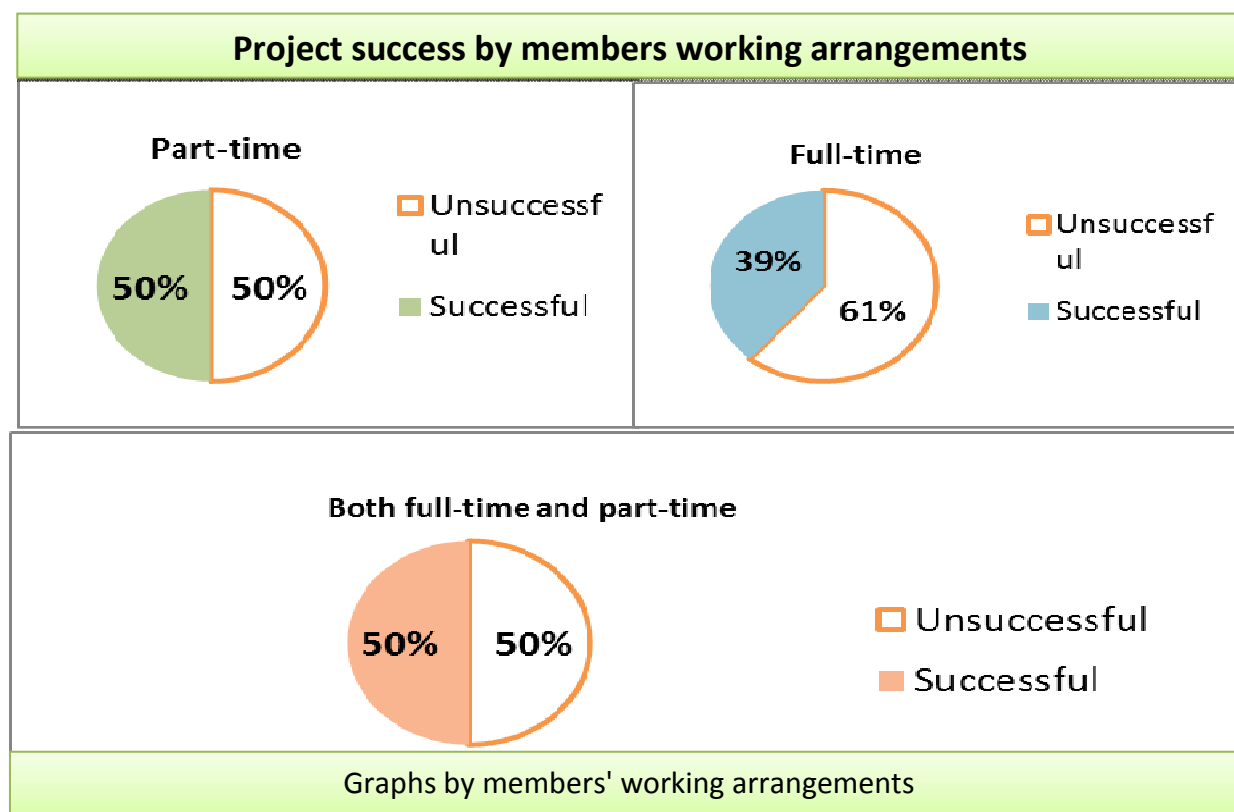
Source: Author. Study findings.

Figure 25 above shows that for those with low financial management, none of them had a successful project while for those who had an average financial management, 40% of them had successful projects. However, for those who had above average financial management, it is shown that they had a project success rate of 51.9% whilst 72.7% of those who had high financial management had successful projects. This is sufficient evidence to claim better financial management was associated with project success.

The financial management in this study also refers to the diversion of funding to unintended purposes and to non-project related activities.

### 4.5.5 Group dynamics

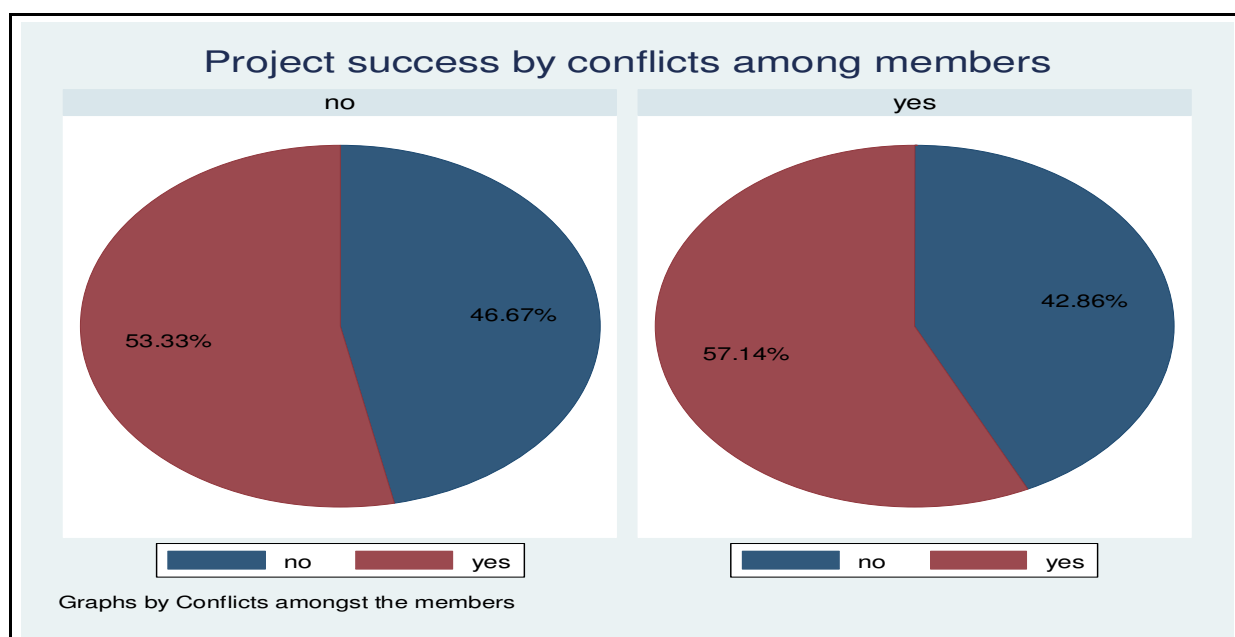
Figure 26 Effects of members working arrangement on project success.



Source: Author. Study findings.

It is evident from **figure 26** that 61.1% of the projects which had fulltime members working on them, were successful. For those projects with some members working fulltime and some part-time, 50% of them were successful but the study also found that 50% of those projects with members only working part-time were also successful.

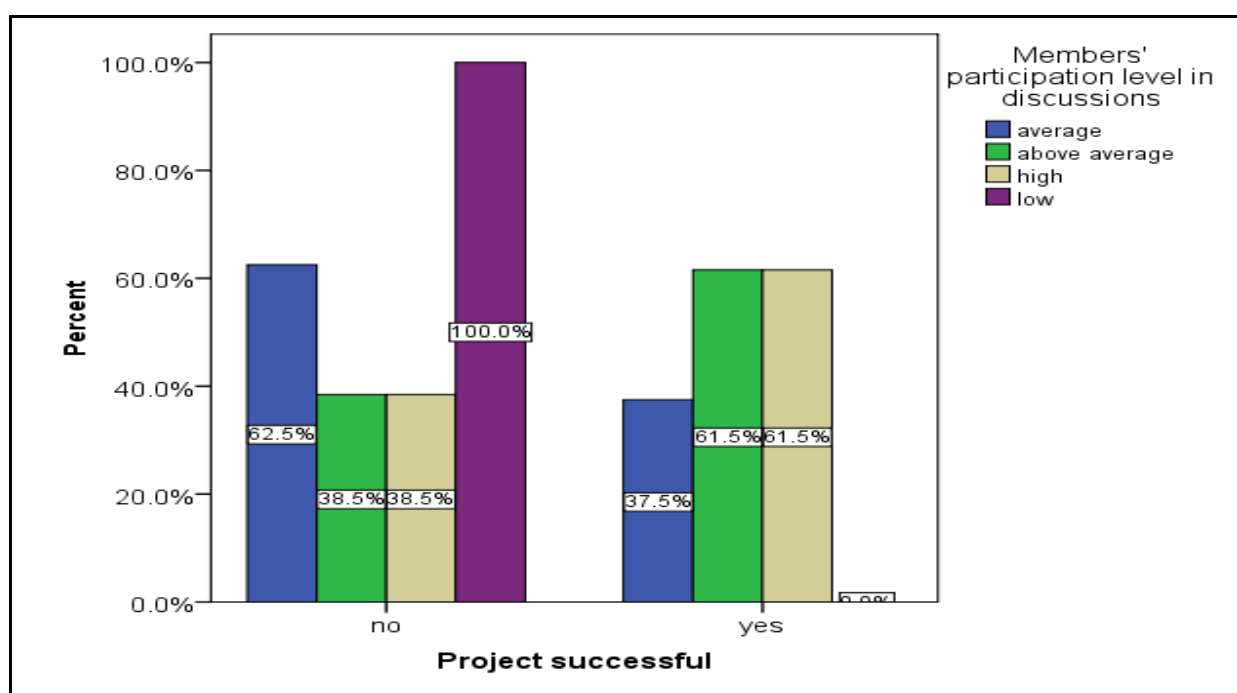
Figure 27 Effects of conflict among members on project success.



Source: Author. Study findings.

**Figure 27** shows that the occurrence of conflicts among project members had no negative effects on the performance of the projects. 57.14% of projects where it was indicated that conflicts existed were still successful while on the contrary only 46.67% of the projects where no conflicts existed succeeded.

Figure 28 Role of participation of members in discussions on project success



Source: Author. Study findings.

It was found as reflected in **figure 28** that among the successful projects, where there was participation from the members in the discussion and the affairs of the project had positive results. With low participation, the success rate was 0%, with average participation the success rate was 37.5% and those with both above average and high participation levels, the success rate for both was found to be at 61.5%.

On the inverse, the findings reveal that among the projects classified as unsuccessful, where there was low participation from the members in the discussion and the affairs of the project, the failure rate was 100%, with average participation the failure rate was 62.5% and those with both above average and high participation, the failure rate for both was found to be at 38.5%.

## 5. Discussions

### 5.1. Introduction

The researcher discusses the findings of the study. The discussion comprises of four areas that are related to the objectives of the study and the fifth offers concluding remarks.

### 5.2. Discussions: The entrepreneurial environment in perspective

Despite Namibia having fallen nine places to 92<sup>nd</sup> place, the environment under which CIGPs are operating in Namibia, which is classified as an efficiency-driven economy remain positive according to the GEM 2012 Global report. The efficiency-driven economy are focused on pillar 5 higher education and training, pillar 6 goods market efficiency, pillar 7 labor market efficiency, pillar 8 financial market development, pillar 9 technological readiness and pillar 10 Market size which are generally ranked as positive as reflected in table 7 and 8.

Various aspects considered by the study in terms of the entrepreneurial environment under which the community income generating projects are operating such as the political, legal and other factors were generally rated as positive and conducive for the CIGPs with significant exceptions with regards to the market size (customer base) and the current production outputs. The small market size does not necessarily mean smaller population but rather refers to how many customers are the CIGPs able to attract to support their businesses/projects. This may be attributed to the lack of feasibility studies that would have established if there is a demand for the products and/or services and lack of entrepreneurial skills to competitively participate in the business sector.



### 5.3. Discussions: The determinants of entrepreneurial activities in Kavango

One of the most significant drawback is the attitudes of both the project owners who are regarding the projects as non-business ventures and thereby not investing their full entrepreneurial efforts and principles and the society that is not very supportive of the CIGP and who perceive community income generating projects (business) as resorts of those who are not able to secure formal employment. This has a negative impact on the commitment and the morale of those managing these projects.

The absence of contractual agreements that could have spelled out expected minimum performance and management standards of the community income generating projects, with continued support, coaching and mentoring from the funding institutions, diminishes a sense of responsibility and accountability amongst the project members to strive towards attaining their project's objectives and may have led to the spirit of "i have nothing to lose" and the current complacency.

### 5.4. Discussions: Status of the funded CIGP

Seventy six projects were funded over a period of four years with amounts per project ranging between N\$5,000 to N\$30,000 (see table 1).

Determining how many projects are successful or not successful is a challenge hence there is no definition from the funding institutions as what constitute a successful project and

a failed project. The assessment of whether a project was successful or not was therefore based on the project member's own perceived judgment.

With this subjective approach, 29% of the projects are perceived by the project members as successful with 10% of the members not being able to pass own judgment while 61% felt that their projects are not successful for varying reasons.

The funding of community projects seems to be the only possibility for the community to secure funding. The study revealed that 92% of the funded projects would not have secured funding from the commercial banks due to the stringent requirements, had there not been this funding opportunity from the government. The funding of community projects seems to be the only possibility for the community to secure funding.

### 5.5. Discussions: The beneficiaries of CIGP's entrepreneurial features

Most of the beneficiaries in the community whose projects were provided with funding for their income generating projects have gaps in terms of not meeting the minimum entrepreneurial features. However, it is unfortunate that these gaps cannot be addressed in a short period of time such as the low levels of education, entrepreneurial management skills, project management experience, the ability to conduct business planning, conducting feasibility studies, et cetera.

However, the study revealed that with better support in terms of mentoring and coaching, effective and continual training to ensure better project management and competencies, the profitability of such projects can be improved.

### 5.6. Conclusion

It can be concluded that the funding of projects with a low success rate is equivalent to wasting of public resources. However, not granting funding will also be tantamount to abandoning the plight of the rural poor. Factors contributing to the challenges and shortcomings of the beneficiaries of the CIGPs are not all of their own making but are prevalent and are attributable to external factors where some may be mitigated through various interventions.

The development of the rural community is one of the most important tasks for any Government that may not be ignored under any given circumstance. However, uplifting the poorest of the poor is one of the most challenging and daunting responsibilities as poor communities are most affected by many negative factors on a daily basis, such as

unemployment, low literacy and education levels, lack of resources and access to information and support, lack of experience and exposure, poor networking, inability to negotiate, insecurity and many more factors.

It is important to state that the response and intervention from the Government in particular, the Kavango Regional Council and the Ministry of Gender Equality and Child Welfare in funding the community income generating projects in the Kavango Region is laudable and praiseworthy taking into consideration the poverty and the unemployment situation in the Kavango Region.

## **6. Recommendations**

The funding of Community Income Generating Projects in the rural areas by institutions of the Namibian Government is noble and a positive gesture aimed at alleviating the plight of the poor who's access to financial institutions is non-existing. While commending the government, it is also obligatory to admit that the use of public funds must be invested with intentions of positive results, by ensuring that meaningful developments and improvements are being yielded.

Without making positive impact, the efforts and resources will continually go to waste which is tantamount to poor and bad governance.

I, as the researcher, wish to submit the following suggestions as recommendations for possible consideration:

1. The beneficiaries funded through the Community Income Generating Projects must be supported continually with coaching and mentoring in entrepreneurial development covering various areas based on a thorough gap analysis.
2. Prior intensive training and continued support trainings should be provided which must set a minimum practical competency standards to be attained before the actual funding.
3. Contractual performance agreements and expectations must be devised and implemented to improve project members' commitment throughout the project life cycle. The contractual agreement should also spell out the minimum standards of management practices that must be complied with and should specify which documents must be in place.
4. Although it is complex to define or set a standard that will constitute what a successful project is, attempts must be made to provide participatory platforms with the community. Such platforms are imperative to enable participants to define success. Subsequently this information can be used by the funding institutions and the project beneficiaries to review the status of the projects particularly to address the aspect of a successful project.
5. Poor but deserving communities who are meeting most of the entrepreneurial competencies above other other applicants, should enjoy preference as opposed to subjective requirements that may compromise the success and future sustainability of these projects.
6. Future studies may seek to suggest further approaches of entrepreneurial empowerment of the community income generating projects. An exploratory study aimed at further suggesting how to change the societal attitudes towards embracing the entrepreneurial spirit will be of interest.

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## **8. ANNEXURE 1: Questionnaire**



**Polytechnic of Namibia**

**Harold Pupkewitz Graduate School of Business**

**QUESTIONNAIRE IN PARTIAL FULFILLMENT OF THE MASTERS DEGREE IN  
INTERNATIONAL BUSINESS**

**PLEASE ANSWER ALL QUESTIONS. WHERE APPROPRIATE, KINDLY MARK (X OR √)  
THE MOST APPROPRIATE OPTION.**

## **1. SECTION A: DEMOGRAPHICS**

1.1. What is your gender?

Male	
Female	

1.2. What is your highest education level?

No formal Education	Primary	Junior Secondary	Senior Secondary	Tertiary

1.3. What is your employment status?

Employed	
Unemployed	

1.4. Where is the project located?

Rural area	
Urban area	

## 2. SECTION B: PREVAILING ENTREPRENEURIAL ENVIRONMENT

2.1. Please mark the most appropriate relevant to the entrepreneurial environment?

	Not sure	No	Yes
1. Does the political situation have positive effects on your project?			
2. Does the legal situation have positive effects on your project?			
3. Is your project negatively affected by direct global competition?			
4. Is your project negatively affected by direct Local competition?			
5. Is your project diversified in terms of being a different project to most of other projects existing in your community?			
6. Is your project diversified in terms of offering most of your products and/or services different from your local competitors?			

2.2. Please mark the most appropriate relevant to the entrepreneurial environment?

	Not sure	Bad	Good
1. Is there enough demand for your products or services (many customers)?			

2. Is your project's production of goods and services is  (is the production according to what was anticipated)?			
3. Are the technological services required for your project available and accessible?			
4. Are all the infrastructures necessary for the efficient running of your project available and accessible?			
5. Is the labor market able to provide your project with the required skills, number and competencies for the efficient running of the project?			
6. How is the Government support in terms of funding, appropriate policies and mentoring of CIGP?			

### 3. SECTION C: THE DETERMINANTS OF ENTREPRENEURIAL ACTIVITIES OF CIGPS IN KAVANGO REGION.

3.1. **Please mark the most appropriate**, at the time of your project being funded, how will you best describe your entrepreneurial stage?

1. Potential entrepreneur(s)	At the time of funding, I/we did not have an existing business.	
2. Nascent entrepreneur(s)	At the time of funding, I/we had an existing business which was less than three months old.	
3. Established business(es)	At the time of funding, our business has been in existence.	

3.2. **Please mark the most appropriate**, how do you perceive your project or business?

Undecided	Just a project	Business

3.3. **Please mark the most appropriate**, how do you perceive the business opportunities of your project?

	Not sure	No	Yes
1. There are currently good business opportunities prevailing that the project may harness?			
2. I/we foresee good business opportunities for our project in future that the project may harness?			

3.4. **Please mark the most appropriate**, how do you perceive the capabilities of your project?

	<b>Not sure</b>	<b>No</b>	<b>Yes</b>
1. The project and the members have the capabilities to fully harness the current prevailing business opportunities?			
2. The project and the members have the capabilities to fully harness the future business opportunities that may prevail?			



3.5. **Please mark the most appropriate;** did you experience the “fear for failure” before starting the project?

	<b>Not sure</b>	<b>No</b>	<b>Yes</b>
1. Fear of failure before starting the project			

3.6. **Please mark the most appropriate;** do you have intentions to start another new project?

	<b>Undecided</b>	<b>No</b>	<b>Yes</b>
1. intentions to start another new project			

3.7. **Please mark the most appropriate;** what are your community's perceptions of entrepreneurship as a career of choice?

	<b>Not sure</b>	<b>Bad</b>	<b>Good</b>
1. community's perceptions of entrepreneurship as a career of choice			

3.8. **Please mark the most appropriate;** what are your perceptions of your community's entrepreneurial spirit (are there many income generating projects being run in your community)?

	<b>Not sure</b>	<b>Bad</b>	<b>Good</b>
1. Are there many income generating projects being run in your community?			

3.9. **Please mark the most appropriate;** have the project grown its asset base in the last five years?

Low	Average	Above average	High

3.10. **Please mark the most appropriate;** do you foresee your project growing or expanding significantly in the next five years?

	Undecided	Bad	Good
1. Growth aspirations in five years?			

3.11. **Please mark the most appropriate;** intentions or actual plans to engage in training and/or entrepreneurial education in order to improve operations?

Undecided	No	Yes

#### 4. SECTION D: STATUS OF THE FUNDED COMMUNITY INCOME

##### GENERATING PROJECTS IN KAVANGO REGION

4.1. **Please mark the most appropriate;** is your project able to?

	Not sure	No	Yes
Access funding (loan) from institutions such as the commercial bank where collateral is required?			
Repay such a loan with financing costs from commercial banks			
Meet the merits (funding requirements) of the commercial banks?			
Satisfy the minimum entrepreneurial skills / training / competencies required to successfully manage the project?			

4.2. **Please mark the most appropriate;** was the starting of your project or its continuation necessitated by poverty and/or lack of opportunity to secure employment opportunity?

Not sure	No	Yes

4.3. **Please mark the most appropriate;** do you consider your project successful?

Not sure	No	Yes

4.4. **Please mark the most appropriate;** how do you classify the revenue of your project?

Low	Average	Above average	High

4.5. **Please mark the most appropriate;** how would you classify the level of support from the funding institution?

Low	Average	Above average	High

## 5. SECTION E: THE ENTREPRENEURIAL FEATURES (CHARACTERISTICS) OF THE CIGP'S BENEFICIARIES IN KAVANGO REGION

5.1. **Please mark the most appropriate;** how would you rate your own level of monitoring of the project?

Low	Average	Above average	High

5.2. **Please mark the most appropriate;** Entrepreneurial management assessment?

	No	Yes
Are your products unique and innovative?		
Is there a project proposal plan in place?		
Are you familiar with the contents of your project proposal?		
Do you have a business plan in place?		
Do you have audited financials in place?		
Do you have a marketing strategy in place?		
Do you have a signed contract in place for the grant?		
Do you have a HR management strategy and policies in place?		

5.3. **Please mark the most appropriate;** how would you rate your level of commitment in the daily operations of your project?

Low	Average	Above	High

		<b>average</b>	

5.4. **Please mark the most appropriate;** how would you classify and rate the status of your project?

	<b>The project is successful</b>	<b>The project is unsuccessful</b>
Individual project		
Group project		

5.5. **Please mark the most appropriate;** how would you classify the implementation level of decisions taken in your project?

Decision implementation level	Is the project successful or not?	
	No	Yes
Low		
Average		
Above average		
High		

5.6. **Please mark the most appropriate;** how would you classify your project management experience?

Project management experience	Is the project successful or not?	
	No	Yes
I/we have relevant project management experience		
I/we do not have the relevant project management experience		

5.7. **Please mark the most appropriate;** was prior project sustainability assessment conducted?

Project sustainability assessment	Is the project successful or not?	
	No	Yes

A prior project sustainability assessment was conducted.		
No prior project sustainability assessment was conducted.		

5.8. **Please mark the most appropriate;** did you receive prior project management training?

Project management training	Is the project successful or not?	
	No	Yes
I/we have received project management training		
I/we did not receive project management training.		



5.9. Please mark the most appropriate; was prior market size assessment conducted?

Project market size	Is the project successful or not?	
	No	Yes
A prior market size assessment was conducted.		
No prior market size assessment was conducted.		

5.10. Please mark the most appropriate; how would you classify your financial management skills and competencies?

Level of financial management skills and competencies	Is the project successful or not?	
	No	Yes
Low		
Average		
Above average		
High		

5.11. Please mark the most appropriate; what are your working arrangements at the project?

Level of financial management skills and competencies	Is the project successful or not?	
	No	Yes
Part-time		

Both full-time and part-time		
Fulltime		

5.12. **Please mark the most appropriate;** are there frequent conflicts among the members in the project?

	Is the project successful or not?	
	No	Yes
There are no significant conflicts		
There are frequents conflicts among the project members		

5.13. **Please mark the most appropriate;** how would you classify the participation of members in matters of the project?

Level of member's participation	Is the project successful or not?	
	No	Yes
Low		
Average		
Above average		
High		

## **9. ANNEXURE 2: Confirmation letter of professional editing of the Thesis**