

ASSESSMENT OF CHALLENGES FACED BY START-UP ENTREPRENEURS IN  
ACCESSING FUNDING IN NAMIBIA: CASE OF WINDHOEK

A MINI THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF  
MASTER OF SCIENCE IN DEVELOPMENT FINANCE

OF

THE UNIVERSITY OF NAMIBIA

BY

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April 2022

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## **ABSTRACT**

The high unemployment rate and poverty have driven many people to become innovative and start their own businesses. However, for some of these businesses to exist or develop, they need start-up capital or funding from financial service institutions. It is however imperative to assess the challenges faced by start-ups in Namibia when accessing funding for their businesses. The problem is that the Ministry of Industry, Trade & SME Development acknowledged that start-ups access to funding in Namibia has not been a priority to traditional financial institutions as they perceived SMEs to be high-risk investments because about 97% of Namibian SMEs are considered non-bankable. Therefore, the study explores the challenges faced by start-up entrepreneurs when accessing funding to grow their businesses in Windhoek. The study adopted a qualitative research approach where 15 start-up business owners (5x SMEs from Bokamoso Incubation Centre, 5x SMEs from Oshetu Community Market (Single Quarters) and 5x SMEs from Katutura Youth Complex participants) were interviewed. Findings indicate that start-ups longed to access funding to boost their businesses but were ignorant of the requirements needed by financial institutions. With regards to factors that hindered start-ups from accessing funding from financial institutions, start-ups experienced difficulties due to lack of collateral, absence of proper business plans and financial statements, lack of evidence that show business capacity and lack of experience in the business venture and management skills.

To improve access to funding, it was suggested for financial institutions to be inclusive in their provision of funding to businesses, sacrifice some risk capital for start-ups as well as train and mentor startups on applying for funding. Furthermore, the government was to

bail out start-ups, build more incubation spaces and ensure a conducive environment for start-ups to operate their businesses and grow them.

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## **ACKNOWLEDGEMENTS**

First and foremost, I praise **God**, the Almighty, for providing me with this opportunity and the capability to proceed successfully with my studies. Secondly, this thesis would not have been possible without the support of my supervisor, **Dr. De Beers**. I would like to thank her for her patience, guidance, suggestions, and discussions, without which I would not have written this thesis.

To **Cecilia Ndunge**, I do not know where I would be now if it was not for your huge help in editing my many mistakes. You are truly an outstanding person and an able educator and, I thank you from the bottom of my heart.

To my classmates, I am very grateful to have been part of an inspirational group of intellectuals. I would like to acknowledge **Mr. Sem Shipofi and Mrs Martha Kanyama**, thank you for your valuable and unconditional support.

Not least of all, I owe so much to my whole family for their undying support, their unwavering belief that I can achieve so much. Unfortunately, I cannot thank everyone by name because it would take a lifetime but, I just want you all to know that you count so much. Had it not been for all your prayers and benedictions; were it not for your sincere love and help, I would never have completed this thesis. So, thank you all.

## **DEDICATION**

I dedicate this thesis to my beloved daughter **Ariella INO Asino** who came into this world while I was busy with my masters. Thank you for making me strong despite many obstacles in life.

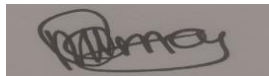
## DECLARATION

I, [Teodensia Pehovelo Thomas], hereby declare that this study is my own work and is a true reflection of my research, and that this work, or any part thereof has not been submitted for a degree at any other institution.

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April 2022

Name of Student

Signature

Date

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

The high unemployment rate and poverty have driven many people to become innovative and start their own businesses. However, for some of these businesses to exist or develop, they need start-up capital or funding from financial service institutions. Čalopa, Horvat and Lalić (2014) highlighted that funding was an important requirement throughout a firm's life cycle and for its growth. In light of the above, Rossi, Lombardi, Siggia and Oliva (2016) acknowledged that access to finance is important in business start-up, expansion and development for Small and Medium Enterprises (SMEs). Furthermore, SMEs that started as small businesses are known to create employment opportunities, introduce innovation and develop entrepreneurship skills. Therefore, start-ups must access funding to make an economic impact in the long run.

Before independence, the establishment of businesses in Namibia was laid along racial grounds which limited the Black majority to access privileges promoting business skills and innovation (Ogbokor & Ndeendepi, 2012). Black-owned businesses were allowed to operate on a small scale only, as most of the business world was dominated by whites. From independence, Namibia has witnessed a phenomenal growth in the number of business startups during the past two decades or so. However, start-ups have not exercised their fullest potential because of a lack of support by financial institutions and the government (Mukata & Swanepoel, 2017). This is, especially true when it comes to the operations of SMEs.

There are many definitions of start-ups, most of which are based on the number of employees and/or the net profit (Tarig, 2013). However, in this study, the definition that will be used is from Beck, Kunt and Maksimovis (2008) that states that these are firms that are in operation and have between 5-50 employees. Although there are no recent statistical figures on the total number of start-ups, reports show that Namibia has more than 40,000 registered startups (Kambwale, 2015). These start-ups in the form of SMEs contribute to the national economy of Namibia by creating employment, adding value to the gross domestic product (GDP) of the country, helping towards the realisation of the Vision 2030 agenda among other benefits (Iguna & Sazita, 2018).

The contribution that SMEs make to the Namibia economy is a clear illustration of the potential benefits that these enterprises can provide to the overall development of the country. So far, SMEs have contributed about 20% to the annual GDP of Namibia which is a great milestone for a developing world country (Mukata & Swanepoel, 2017). However, some Sub-Saharan countries contributed less to their GDP while developed countries like India contributed almost 70% to their GDP (Ibid).

Though, Kerr and Nanda (2009) pointed out that financing restrictions are one of the major problems affecting potential entrepreneurs worldwide. In light of the above, access to funding for start-ups has been an issue in Namibia despite many efforts by the government and banks to assist start-ups (Shikongo, 2018). Access to finance for SMEs/start-ups continues to hinder growth and development in this dynamic sector. This has resulted in many start-ups failing to continue operations because of a lack of financial support. It is

however imperative to assess the challenges faced by start-ups in Namibia when accessing funding for their businesses.

## **1.2 Problem Statement**

SMEs are the backbone of the economy for many different reasons, such as creating jobs, introducing new technologies than big companies, and boosting the production of goods and services. However, many young entrepreneurs have struggled to start their businesses. Start-ups in Namibia, particularly in the Windhoek and Khomas regions, struggle to access funding for business growth. According to the National Planning Commission (NPC, 2012) in their National Development Plan 4 (NDP4), SMEs in Namibia face many difficulties in accessing finance. Namibia's Ministry of Industry, Trade & SME Development has acknowledged that traditional financial institutions do not prioritize start-ups' access to capital as they perceive them as high-risk investments since 97% of Namibian SMEs are considered non-bankable (Shilyomunhu, 2017).

The gap lies in the fact that not much has been done by researchers as to the experiences of start-ups in the townships or locations (majority startups found) when seeking funding from financial institutions. Researchers Haufiku (2017) examined the same problem for SMEs in Namibia's Central Business District (CBD) with many employees and huge net profits. The challenges faced by start-ups, in general, have also been extensively studied, including a variety of factors such as inadequate planning, financial management, political factors, etc. Therefore, the purpose of this study was to explore the challenges faced by start-up entrepreneurs when accessing funding in the Khomas region.

### **1.3 . Objectives of the Study**

The general objective of this study was to explore the challenges faced by start-up entrepreneurs when accessing funding to grow their businesses in Windhoek.

The specific objectives of this study were:

1. To assess the awareness of accessing funding from financial institutions for start-ups entrepreneurs in Windhoek.
2. To explore the factors that hinder access to funding for start-up entrepreneurs in Windhoek.
3. To explore start-up entrepreneurs` perceptions about strategies that can improve access to funding for start-up entrepreneurs in Windhoek.

### **1.4 Significance of the Study**

The study findings educated start-up entrepreneurs on the best source of funding to use in starting up businesses. Additionally, study findings informed upcoming start-up entrepreneurs to prepare themselves for obstacles before engaging in different types of businesses. Furthermore, the study informed the government to come up with strategies that ensured that start-ups entrepreneurs have access to financing when need be. Lastly, the study added to the existing studies of challenges faced by start-up businesses in Namibia, specifically in Windhoek.

### **1.5 Limitation of the Study**

Haufiku (2017) recommended that further research be carried out with a larger population size that expands to other regions however due to resource and time constraints, this study only focused on start-ups based at three centres in Windhoek namely: Bokamoso

Incubation Centre, Katutura Youth Complex and Oshetu Community Market (Single Quarters) in Katutura. Additionally, non-responses from respondents affected the outcome of the study due to the language barrier or unwillingness. However, the researcher`s multi-lingual ability ensured detailed and quality data. The sample size (15) did not represent the accounts of all start-ups in Windhoek, but the results were used as a measure for challenges faced by start-ups in general.

### **1.6 Delimitation of the Study**

The study participants were Windhoek based only so that a true reflection of the challenges faced by start-ups in the capital city could be captured. The study was qualitative because in-depth accounts/experiences of participants were recorded as data to depict the real and actual problems faced by start-ups in accessing funds to boost their businesses. Other challenges start-ups encountered other than access to funding, were considered during the study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

According to Winchester and Salji (2016), conducting a literature review is crucial for developing a research idea, which is done to gather what authors said about the topic and to support you to identify any information gaps and how your research could contribute to further understanding. This chapter focuses on discussing the ideas of other researchers or authors on the research questions underway. Areas covered in this chapter include theoretical framework, understanding of the key term, and empirical literature for the study at hand.

### **2.2 Theoretical Framework**

The theoretical framework of the study is a lens through which the study gives a direction and the link between them. The Agency-principal Theory is matched with the study and explained to understand the link between the two.

#### **2.2.1 The Agency-principal Theory**

Lepolesa (2008) identifies two types of agency-principal conflicts. The first focuses on the conflict between shareholders and managers and the second on the conflicts between equity or stockholders and debt holders. In this study, the conflict between stockholders (financial institutions) and debt holders (SMEs) are underpinned. Stockholders are interested in the return over and above that amount that is required to repay debt. Debt holders are only interested in the debt payment specified in the contract. According to Freiling (2007), the Agency-principal theory predicts that growth firms should have less debt. Firms that are expected to make profitable investments in this instance, SMEs,

should have less need for the discipline that debt provides. Kim and Gallent (2000) assert that the Agency-principal Theory gives a clear picture of problems of ownership, management interrelationship and credit rating rationing. These problems may well be more served, and the associated costs much higher for SMEs than for large businesses.

For this study, therefore, it can be concluded that asymmetric information problems and credit rationing behaviour of financial institutions towards start-up entrepreneurs have escalated further agency-principal conflict. Start-up entrepreneurs have significantly been denied access to external financing by various financial institutions in Namibia. This study links with this theory in that the problem at hand is that financial institutions are adamant to give loan facilities or funding to start-ups due to their incapacity to meet requirements such as providing collateral, formalized financial status and so forth. Both conventional financial institutions and private microfinancing organizations are hesitant to give loans to start-ups which then activate a breeding ground for conflict between financial institutions and start-ups. There is always a battle between financial institutions and their conditions of loaning and the expectation of start-ups in terms of accessing funding. Therefore, the capital structure decisions for start-up entrepreneurs are greatly influenced by factors beyond their control (Ackah & Vuvor, 2011).

### **2.3 Understanding of the Key Concept**

Below, a comprehensive understanding of the key concept is underpinned in this section before exploring the empirical research/studies or literature of the study.

### **2.3.1 Start-up entrepreneurship**

Start-ups are known as new venture businesses whereby individuals open entities with limited capital and less formalized management structure and seek to find a place in the market. Blank (2014) defines a start-up as a provisional form of a business whose aim is to find a repeatable and scalable business model. As mentioned above, the attribution of a start-up to a provisional business depicts the low chance of survival or continuation of such businesses in the long run. This means that the future of start-ups is uncertain as they try to explore a market not well known to them and with various forces that can hinder continuity (Ries, 2011).

Since the foundation of start-ups can be weak (no financial backing due to individual sponsorship, no formalized management structure etc.), they may not easily survive if they do not find a backup system. Furthermore, in most cases, start-up employees are family members or an individual working alone in the initial phase of the business, without paying taxes, keeping receipts, or conducting bookkeeping. Hence, there is always a need for the government, corporates, banks, microfinance institutions and other loan facilities to fund them to broaden and strengthen their business base. According to Dzafic and Babajic (2016), a start-up's survival in many countries is guaranteed through funding from various government initiatives and financial institution packages tailor-made for new venture businesses.

Due to the global unemployment rate business start-ups have become a common venture for survival. The entrepreneurial mindset has been widely embraced by choice or circumstances as the employment narrative has changed. Baal-Boateng (2015) asserted

that the inability of many countries to maintain a developed labour market has encouraged the informal sector to thrive. On the other hand, Doroh and Monye (2013) posited that entrepreneurship has helped people to desist from the dependency syndrome associated with salaried work. Besides people realising the need not to depend on salaried work, many governments have since invested in promoting entrepreneurship among citizens due to failed employment creation strategies and the realisation that economic growth and development can be enhanced through private sector engagements. It is perceived that there is a positive relationship between entrepreneurial ventures and employment opportunities, and economic growth (Lerner, 2020). In support of the above, Dzafic and Babajic (2016) highlighted that the economic growth of most countries to date is dependent on the contribution of SMEs.

The SME sector in Namibia has been growing from the mid-2000s when the Private Sector Development Policy for Namibia was developed to focus on the improvement and growth of the private sector (Chibaya, 2014). The Institute of Public Policy Research (IPPR) (2007) as cited in Chibaya (2014) explicitly described the SME sector as the backbone of the economy, as it provides employment and income for many through various innovative business ventures. From the growth of SMEs and start-ups over years, many small businesses have been operating in Windhoek although most are informal in their setting. However, Grossmann, Mwatotele, Stork and Tobias (2014) asserted that the employment and growth of SMEs in Namibia has been moderate over the years. Therefore, SMEs in Windhoek have mushroomed over years but their growth has been moderate. Mwatange (2017) highlighted that lack of financing for SMEs have hindered their growth although they are many SME businesses in various locations in Windhoek.

## **2.4 Context of the study**

This section presents the context or environment, highlighting the nature and extent of accessing funding for start-up entrepreneurs in general. Areas covered in this section include financing sources of funding for start-ups, financing opportunities for start-ups and access to funding for start-ups in the international context, African context and Namibian context.

### **2.4.1 The financing sources of funding for start-ups**

Financing start-ups is imperative for their growth and sustainability since they are mostly founded on limited resources. Mohamad et al. (2015) noted that financing is the foremost path for entrepreneurs to get the capital needed, both at the beginning and development stages, which will be obtained from internal resources, such as personal savings, family money and retained earnings or external sources of banks, individual or institutional investors, venture capital, and the government. Besides, Abdulsaleh and Worthington (2013) and Markova and Petkovska-Mirevska (2009), has also shared the same sentiment in this idea. However, a large fraction of external financing for SMEs originated from internal funds (Mohamad et al., 2015).

### **2.4.2 Financing opportunities for start-up entrepreneurs**

Čalopa et al. (2014) said that some start-up companies prefer traditional and informal financial sources with emphasis on private financing and financial help from friends and family. Watse (2017) states that many firms favour internally generated resources over external capital, followed by debt and equity in business financing decisions. However,

Rossi et al. (2016) emphasised that capital from founders is the primary source of funding since previous studies indicated that funding from family and friends is more or less non-existent in start-ups.

### **2.4.3 Access to funding for start-ups: International context**

Internationally SMEs competitiveness has been compromised a great deal because of lack of access to finance (International Finance Corporation, 2016). SMEs have the potential to provide numerous jobs, reduce poverty and contribute to the growth of economies but they still struggle to access funding that can enable their businesses to grow. Hence, Mass and Herrington (2006) opined that most entrepreneurs accepted the fact that there were insufficient funds available for them which have resulted in stagnation and lack of growth for small businesses. Globally, bigger firms with collateral and established business plans have a high chance of obtaining loan facilities. Therefore, Nichter and Goldmark (2009) mentioned that there were policy biases towards large enterprises such that most loan facilities were meant for those entities that could pay back without challenges.

In OECD countries, many people are realising the need to be entrepreneurial and SME businesses are as popular as conventional working. Thus, Marchese (2014) reports that in OECD countries, although start-ups are mushrooming due to lack of opportunities for marginalised groups in the labour markets such as low skilled, women and youths; accessing funding to develop their businesses is a daunting task. Social demographics seem to play a part in choosing candidates for funding in OECD countries. Perhaps, social inequality is characteristic in this regard although speculations from African and developing countries deem otherwise. In light of the above, in OECD countries, the lowly educated and youths in businesses are the most disadvantaged in terms of access to

financing while those above 40, and more educated get funding easily (OECD, 2012). However, women, youths and the lowly educated are said to venture into low-cost businesses such as sole trading, which does not warrant substantive loan arrangements (Muravyev, Schafer & Talavera, 2011).

In Asia, technological innovation has taken centre stage and many small businesses have ventured into ICT and innovation businesses to create their own employment. Unemployment is a global predicament hence the need to venture into self-employment and the creation of jobs through businesses. According to Spender, Corvello, Grimaldi and Rippa (2017), technology start-ups common in Asia required funding because of the nature of technological tools, devices and systems needed to get the business running. Technology-oriented start-ups do differ from service-oriented such as retail for instance because raw materials and systems needed to operate are parallel. Service-oriented start-ups may only need funding to order bulk goods and services as well as the construction of the business structure while technology-oriented may need satellites, computers and devices, cyber equipment and applications that are costly. Thus, in Asia, technology-oriented start-ups receive substantial amounts of funding from established and target microfinancing firms, commercial banks as well as government institutions that deal with businesses of such magnitude (Vandenberg, Hampel-Milagrosa & Helble, 2020). However, technology-oriented start-ups involved in greentech and agritech get more funding easily than those in edutech and healthtech because donor and impact investors are interested in climate change mitigation, environmental protection and adaptation. This entail that in Asia, there still exists a crisis in funding start-ups in important areas such as

healthtech and edutech, hence, access to funding for small businesses, in general, is compromised.

#### **2.4.4 Access to funding for start-ups: African context**

Business start-ups and SMEs in Africa dominate the economic sphere as many people are engaged in the informal economy. Therefore, SMEs in Africa are usually informal due to a lack of employment opportunities. In the same accord, it has been reported that a lack of good governance that has led to gross unemployment mostly in developing countries has prompted the mushrooming of start-ups and SMEs in the informal economy (Matsongoni & Mutambara, 2018). Interesting to note is the fact that such small businesses have managed to contribute immensely to various economies in Africa and beyond although they face many other operational challenges. Mwansa and Benedict (2018) emphasized that SME businesses contribute about 50% towards the Gross Domestic Product (GDP) and 60% towards employment creation in Africa. As if this is not enough, SME businesses have created a culture of self-sustenance for many Africans, as well as reducing poverty levels at all costs.

Funding for start-ups and SMEs in Africa has been marred with many challenges. Although there are many institutions in various countries that offer funding or loan facilities to various businesses, it has been challenging for start-ups to easily get funding in general. Banking institutions, government programmes, microfinance private entities and many others are established to assist with funding for businesses. Start-ups do not usually get funding from banking and microfinance institutions due to lack of collateral, vulnerability to uncertainty and lack of adequate legal and regulatory paperwork (Ries,

2011; Musamali & Tarus, 2013; Avevor, 2016). A study on factors influencing access to finance by SMEs in Mozambique by Osano and Languitane (2016) reported that start-ups do not have clear financial plans and accounting documentation and at the side of the financing institutions, the interest rates and overhead costs are too high for start-ups. Hence, accessing funding for start-ups in Africa remains a nightmare for many.

Furthermore, a Ghanaian study on challenges faced by SMEs when accessing funding asserted that credit for small businesses was difficult to source since financiers are hesitant to finance startups that have an uncertain future (Avevor, 2016). The fact that loans have to be repaid can be enough reason why financiers do not provide loans to organizations that have uncertainty in terms of the future. Another setback with African start-ups is the inability to justify the payback plan and the evidence of the certainty of the business. Start-ups fail to come up with comprehensive start-up business plans hence financiers are not willing to invest in raw deals (OECD, 2015). However, Beck and Cull (2015) argue that in the African context, access to financing is usually provided to SMEs that have a larger foundation that includes more employees, formalized financial records and few assets to declare. In the same vein, Ayyagari, Demirguc-Kunt and Maksimovic (2011) argue that in Africa, even bigger firms in business have little access to funding from financial institutions. This depicts a situation where Africa is still lagging in supporting entrepreneurship let alone taking away poverty from its citizens.

On the contrary, Mauritius and South Africa as well as South Sudan are known countries that have made strides in financing start-ups and SMEs such that Mauritius offer loans or funding to 53% of small businesses including start-ups (Beck & Cull, 2015). Micro-

financing institutions and commercial banks in the Sub-Saharan African countries are however still hesitant to commit to funding for start-ups and most SMEs because of the risk to the development of the financial sector stemming from non-payment of loans by business entities. A study by Sachikonye and Sibanda (2016) on assessing SMEs and start-ups financed by commercial banks in Zimbabwe highlighted those commercial banks were not willing to fund start-ups because of lack of a track record and business vulnerability at that infant stage. Micro-financing institutions are for-profitmaking, unlike the conventional financial institutions that are subsidized and offer social services. The conventional lenders that may consider social services are presently few (including banks) and they have also started offering loans to those that can pay back or have collateral. Hence, Cofie (2012) acknowledged that a lot of microfinance institutions have shifted from the social service kind of loans delivery to the business kind of approach in a quest to generate profit margins.

It is worth mentioning that providing loan facilities to businesses that they cannot pay back or do not have collateral to declare is a recipe of disaster for the financial sector and the development of any nation. Zambia is one such country that has quite several microfinance institutions but the smaller the start-up, the less the chance of accessing funds and the failure to declare collateral the slimmer the chance of getting funding (Nuwagaba, 2015). Additionally, Zambian microfinance institutions have higher interest rates as much as 42% which is out of reach to start-ups (Word Bank, 2013).

#### **2.4.5 Access to funding for start-ups: Namibian context**

SMEs contribute to the national economy of any country and play key roles in the growth and development of the country although they face hindrances in pursuit of financial aid

from financial institutes (Abbasi, Wang & Abbasi, 2017). Start-ups or SMEs in Namibia have contributed about 12% to the country's GDP and created employment for approximately 20% of the labour market by 2012 (Mukata & Swanepoel, 2017). Start-ups in Namibia have also influenced the growth of the informal economy, which is booming, encouraged people to be independent by not relying on formal employment alone and reduced poverty among many households. As alluded by the Ministry of Industrialization and Trade (2012), SMEs in Namibia also contribute to poverty reduction as many people find themselves doing business or working in the informal sector.

Some financial institutions in Namibia have invested in micro-credit facilities for individuals and small businesses and such initiative has allowed SME businesses to seek loans to boost their business. Micro-credit is a subsidiary or ancillary of micro-financing which are very small loans given to poor people and small businesses that do not have collateral or credit history to qualify for big bank loans (Ahiabor, 2013). These are usually not substantial but can make a difference in the lives of low-income earners, the poor and small businesses. According to the Namibia Financial Institutions Supervisory Authority (NAMFISA) (2012), in the Namibian context, micro-credit is referred to as loans under N\$50,000 which must be repaid over a maximum period of 60 months to the bank. However, the Development Bank of Namibia provides micro-credit and financing for SMEs that range from N\$250,000 to N\$3,000,000 (Dell'Acqua, 2010). They further indicate that micro-lenders interest rates are higher than bank rates because they provide funds over a shorter period and are at greater risk of bad debt (Ibid).

According to Swartz (2013), Namibia has a fast-growing microfinance sector that small businesses and the general population rely on for financial support compared to other countries such as Uganda, Bolivia, and Bangladesh. Since commercial banks in Namibia are strict on their microfinancing policy and procedures, Namibian SMEs have resorted to microfinance institutions in a quest to receive micro-credit (Haihambo, 2016). However, many financial institutions including commercial banks, have of late started developing various packages for different SMEs depending on the size of the business. Haihambo (2016) asserted that financial institutions in Namibia have increased access to financing on SME businesses because they have played a great part in generating employment. Interesting to note is that not all start-ups seek funding because there is speculation and perception that banking institutions do not consider small businesses. But for those that apply for funding, not all get the loans they need due to the many red tapes around lending and access to funding (collateral and financial management requirements, high-interest rates etc.). In agreement with the above, Haihambo (2016) asserted that about 69.5% of Namibian SMEs/start-ups cannot access loans or funding from financial institutions because they are either rejected or simply do not apply.

According to the Ministry of Industry, Trade & SME Development (MITSD (2015), SME/start-ups financing in Namibia is slightly unfavourable to traditional/conventional financial institutions as they perceive SMEs to be high-risk investments, especially with the fact that 97% of Namibian SMEs are considered non-bankable. However, to encourage financial institutions to fund or give loans to start-ups, the Namibia Financial Sector Strategy (NFSS) 2011–2021, a ten-year roadmap was developed to transform the Namibian financial sector by recognizing relevant financial institutions that facilitate the

growth and development of the SME sector through financing (Republic of Namibia, nd). Amid all these efforts, not much success has been achieved in terms of access to funding by start-ups as they still get blocked by high-interest rates, collateral requirements and so forth.

## **2.5 Empirical Studies**

This section discusses the empirical research of the study, mainly highlighting factors hindering access to funding for start-up entrepreneurs (what is blocking start-ups from accessing funding from financial institutions) and strategies to improve access to funding for start-ups (what can be done for start-ups to easily access funding from financial institutions).

### **2.5.1 Factors hindering access to funding for start-up entrepreneurs**

#### ***Lack of collateral by startups***

April (2005) emphasizes that financial institutions are more likely to approve loans for firms that can provide collateral and to those firms that have established long term relationships with lenders. Due to the existence of asymmetric information banks base their lending decisions on the amount of collateral available. Collateral acts as a screening device and reduces the risk of lending for commercial banks. By pledging his assets, a borrower signals the quality of his project and his intention to repay. In the case of a default, the collateral serves to put the lender in a privileged position concerning other creditors (Ackah & Vuvor, 2011).

Small firms are disadvantaged in this regard because they lack collateral security and a proven credit track record. Therefore, firms with innovative products may be constrained by the lack of access to finance because they may not have collateral security. Furthermore, information asymmetries may prevent financial institutions from seeing the profitability of the proposal (April, 2005).

### ***Banks` reluctance to offer to fund SMEs***

According to Marr, Chiwara and Munyuki (2011), there is a reluctance to offer funding due to transaction costs that are fixed which banks often find the processing of loans of such nature inefficient. Ackah and Vuvor (2011) suggest further that administrative costs also include information gathering costs such as visiting borrowers, analyzing their applications, and monitoring their loans. For several reasons, these costs tend to be higher for small than for large firms. Small enterprises are often located away from the main urban centre, their accounting skills and standards are usually lower, and banks lack experience in servicing them (Cofie, 2012).

### ***Poor financial management***

Financial management entails structures such as planning, organizing, implementation and control as vital components of business management (Nieman, 2006). For SMEs, the most vital part is the start-up capital as a financial need. What is very important is accountability on the part of the financial needs of the business once it is funded. An SME advances it is being funded in the social cycles by maintaining virtues of social responsiveness as accountability in all aspects of financial management as planning, organizing, implementation or actualization and control. SMEs with poor financial

management are characterized by poor record-keeping which results in their imminent failures. Financial institutions only grant credit to organizations that convince them beyond reasonable doubt that they dare to manage their affairs fairly and transparently and this only manifests in good and sound record-keeping practices (Arnold et al., 2007; Nieman, 2006).

### ***Failure to exhibit entrepreneurial characteristics***

According to Irwin and Scott (2010), the personal characteristics of a business owner make an impression as to whether there is an ability or likelihood of access to external finance from the bank. Older owner-managers of SMEs tend to be more dependent on retained profits as compared to younger managers who majorly tend to be dependent on bank overdrafts and loans, credit cards, own savings, and family sources (Vos et al., 2007). There are record high denial rates and lower loan application rates among female entrepreneurs (Ipinge, 2010). Evidence is further provided by Mc Caffer and Coleman (2007) who asserts that there is undeniable discrimination in women accessing credit from financial institutions since the women are required to give more collateral as compared to men in their quest for financial services. Explanations given in the literature for differences between men and women entrepreneurs concerning access to finance can be categorized into discrimination, abilities and preferences, and competition (Harrison & Mason, 2007).

### ***The financial institution`s requirements***

Credit terms considerably influence the financial decisions of SME borrowers. Credit terms are conditions under which credit is granted. The conditions involve interest rate,

credit limit and loan period. According to Ekanayake and Ledgerwood (2010), credit terms control the monthly and total credit amount, the maximum time allowed for repayment, discount for cash or early payment, and the amount or rate of late payment penalty. The rate of interest is a key determinant of access to finance as it influences investment. Whenever the interest rate rises, the investment will eventually fall, this is because with a higher interest rate the possibility of making a profit out of an investment is very low. Hence, a high-interest rate reduces the marginal efficiency of capital. On the contrary, bank charges interest to investors out of which a certain percentage will be paid to savers as a deposit rate. At higher deposit rate savings will be attractive and similarly banks will extend more loans, but investors will reject further loans as interest rises (Sacerdoti, 2005). Schmidt, Kropp and Weires (1987) revealed that the type of financial institution and its policy will often determine the access. What is displayed in form of prescribed minimum loan amounts, complicate application procedures and give restrictions on credit for specific purposes. Where credit duration, terms of payment, required security and the provisions of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access.

Lapar and Graham (1988) used secondary data for a sample of 344 bank clients and survey data of 65 banks, 12 respondents in the Philippines estimated separated models of the intensity 13 of bank credit rationing and the probability of credit rationing. The length of the loan maturity period required by the borrower may also influence the bank's credit rationing behaviour. The longer the loan maturity period, the greater the risk of loan

recovery due to the riskier nature of long-term investments, hence the higher will be the likelihood that the borrower will be credit rationed.

## **2.5.2 Strategies to improve access to funding for start-up entrepreneurs**

### ***Creating ease of access to funding***

Teece, Pisano and Shuen (1997) contend that experience from the micro-finance industry shows that one way to successfully bridge the gap between the demand for and supply of credit is through innovative lending methodologies. Such methodology as emphasized by Freiling (2007) includes a loan analysis that focuses on the prospective client's ability to pay (cash flow). Less emphasis should be placed on collateral. The analysis should be highly standardized, and loan processing times kept to a minimum. The repeat borrowers should be entitled to increasingly larger loans and loan officers should bear full responsibility for the loan throughout its entire life and should be paid performance-based salaries (Freiling, 2007). If repayment problems occur, there should be a powerful incentive structure in place for immediate follow-up. Last but not least, appropriate decision-making control mechanisms should be in place and should be supported by a strong Management Information System (MIS) and Information Technology (IT) to assist in the management and administration of the loan portfolio.

### ***Improve the quality of start-up business plans through training***

Most start-ups do not have the knowledge to formulate a sound business plan that has the potential for loan approval. It is then imperative for financial institutions responsible for funding such groups to go out of their way and offer training sessions to any start-ups that approach them for funding (OECD, 2015). However, the training sessions should be

public information that reaches start-ups and future start-ups through advertisements (radio, newspaper, roadshows etc.) so that it can be known that there are such services available. In light of the above, Kooney (2012) suggested that it was very important to enhance start-up access to skills development and information services so that those interested will receive training.

## **2.6 Summary**

This chapter discussed various literature related to the challenges faced by start-ups in accessing funding in Namibia. Previous studies have been scrutinised and discussed along with the topic at hand. The next chapter presents the methodology for the study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

There are three types of research designs commonly known and these are qualitative, quantitative and mixed methods. A quantitative design involves the collection of objective data which is collected through a questionnaire and analysis of such data identifies statistical relations of variables such as numerical data, graphs and so forth (Bless, Higson-Smith & Sithole, 2013). Simply put, a quantitative research design enables the collection of objective data which is almost free from bias because of the nature of the research instrument used. The questions found in the questionnaire are designed in such a way that respondents do not have much time to express their subjective feelings and emotions, by ticking the appropriate response among options given. Hence, Antwi and Hamza (2015) posited that in order to avoid human bias through feelings/emotions, using standardised questionnaires to collect data was imperative because it fostered objective and quantifiable information.

On the other hand, a qualitative research design focuses on phenomena that occur naturally or involve studying phenomena in-depth. According to Sekaran and Bougie (2013), qualitative design involves subjective assessment of attitudes, emotions, opinions and behaviour of participants. In this case, researchers interview participants in their natural setting and where they feel comfortable while soliciting in-depth data based on their experiences, emotions, behaviours, attitudes and so forth. However, the data collected in this case is subjective. Researchers believe that the behaviour of people occurs naturally, and different people's choices are influenced differently hence, the need to understand participants' different explanations rather than generalizing results (Antwi & Hamza,

2015). Furthermore, a mixed-methods design is a blend or mixture of two designs (both qualitative and quantitative) to solicit both objective and subjective data.

This study adopted a qualitative research design. A qualitative research design focuses on phenomena that occur naturally or/and involve studying phenomena in-depth (Antwi & Hamza, 2015). In this case, start-ups at the Bokamoso Incubation Centre, Katutura Youth Complex and Oshetu Community Market (Single Quarters) in Windhoek were interviewed in their working environments and expressed their experience, thoughts, behaviours, and attitudes about the challenges faced in trying to access funds or loans. Their accounts were considered for analysis and presentation of findings. The advantage of selecting this design is that first-hand information characterised by experiences, attitude, emotions and so forth is gathered from participants and can be a true reflection of what actually happens (Setia, 2017). However, previous Namibian studies (used in this research) on funding for SMEs/start-ups adopted quantitative research designs for instance; Mukata and Swanepoel (2017) on Development support for SMEs in the financially constrained North-eastern regions of Namibia, Haufiku (2017) on Constraints of financing SMEs in Namibia, and Shikongo (2018) on Funding challenges faced by SMEs in Windhoek. Thus, there was no reflection of the real subjective experience of SMEs/start-ups with regards to accessing the fund. Their experience, emotions, attitude, values and beliefs of funding for their businesses is explicitly expressed in this study are expressed in this study.

### **3.2 Population**

McMillan and Schumacher (2006) state that a population is a group of elements or cases, whether individuals, objects or events, which conform to specific criteria and to which it intends to generalize the results of the research. The study population consisted of all start-ups that are registered with the City of Windhoek and operate in the Bokamoso Incubation Centre (38) Katutura Youth Complex (51) and Oshetu Community Market (Single Quarters) (120) in Katutura Township, Windhoek. The choice of the population under study was motivated by the fact that start-up businesses in designated markets and that are registered with the City of Windhoek are easily traceable in case there is clarity needed and the proximity between them was advantageous to the researcher in terms of logistics.

### **3.3 Sample Size**

The sample size for this study was a combination of 15 registered start-ups selected from the total population of start-ups operating at the Bokamoso Incubation Centre, Oshetu Community Market (Single Quarters) and Katutura Youth Complex in Windhoek. The decision to select a total of 15 participants (small sample) was supported by Sim et al. (2018) who emphasised that the sample size in qualitative research is not important considering that data saturation is the measure for quality data. In the same vein, in a case where some participants refused to take part, the data collected from the willing group was of high quality and relevant (Data saturation and quality are not determined by a large population). The breakdown is as follows: 5x SMEs from Bokamoso Incubation Centre, 5x SMEs from Oshetu Community Market (Single Quarters) and 5x SMEs from Katutura Youth Complex. The choice of 5 start-ups per centre was done to divide the sample size equally among the three main/key entrepreneurial centres in Namibia.

The study incorporated a non-probability sampling method. According to Taherdoost (2016), a non-probability sampling method is suitable for a case study that is qualitative because small samples are chosen which are meant to examine a real-life phenomenon and do not make statistical inferences with regards to a larger population. In non-probability sampling, not all elements of the target population have an equal chance of being included in the sample (Saunders, Thornhill & Lewis, 2012). However, the few chosen gave information that could be generalised to the whole population. The study adopted a convenient sampling technique to select the desired needed sample of 15 participants (SMEs in the three locations mentioned above). Convenient sampling involves selecting participants based on their accessibility, geographical proximity, availability and willingness at a given time (Bless et al., 2013).

### **3.4 Research Instruments**

There are different types of qualitative interviews namely structured, semi-structured and unstructured interviews. A semi-structured open-ended interviews guide was used to collect information from the selected sample and the researcher personally interviewed participants (personal interviews). Semi-structured, open-ended interview guides allow for probing of responses and follow up questions (Antwi & Hamza, 2015). Semi-structured open-ended interviews develop rapport and secure relationships between the interviewer and interviewee, making it possible to solicit sensitive but helpful information (Mohajan, 2018). A digital recorder was used to capture all verbatim provided by participants, disqualifying the possibility of not capturing every detail.

### **3.5 Procedure**

The researcher consulted owners/managers of selected SMEs to inform them about the research purpose and the rationale behind the study before interviewing them. Participants that agreed to be part of the interview process signed informed consent forms which highlighted an agreement to participate. The researcher self-administered the interview process and solicited as much relevant information as possible by probing participants and following up on responses that were not clear. The anonymity of participants was ensured by not using any names in the interview process (Participant 1, 2 for example). Information given by participants was recorded on paper (note-taking) and on a digital recorder to capture all the details and was kept in a lockable safe. After analysis, paper recordings were shredded for recycling and digital recordings were deleted.

### **3.6 Data Analysis**

Data collected in the form of transcripts were cleaned, coded and analysed using a thematic analysis system. Thematic analysis is used to analyse qualitative data and is usually applied to a set of texts, such as interview transcripts. The researcher closely examined the data to identify common themes – topics, ideas and patterns of meaning that came up repeatedly. The qualitative narrations were used to present the findings.

### **3.7 Research Ethics**

The study strictly adhered to the University of Namibia ethical considerations. Permission was sought from participants through informed consent forms (no participant was forced to participate in the study). No harm was subjected to participants as the researcher had to protect them from any physical or psychological harm. To ensure the anonymity of

participants' identities, no real names were used or asked from them. Instead, participants were labelled as `Participant 1, Participant 2 etc`. Participants' confidentiality and privacy were prioritised, and the study could only be used by the University of Namibia and for policymaking. After the research was completed, the interview guides were shredded and taken for recycling as a way of ensuring that data was not used for any other purposes.

### **3.8 Conclusion**

This chapter presented the methodology of the study at hand. The research design, population, sample size and sampling techniques, research instrument, data collection procedure, data analysis and ethical considerations were discussed in detail. The next chapter presents the analysis and presentation of findings.

## **CHAPTER FOUR: PRESENTATION AND ANALYSIS OF FINDINGS**

### **4.1 Introduction**

This chapter presents the analysis of primary data as findings obtained from a sample size of 15 registered start-ups selected from the total population of start-ups operating at the Bokamoso Incubation Centre, Oshetu Community Market (Single Quarters) and Katutura Youth Complex in Windhoek. These were selected for the study on an assessment of challenges faced by start-up entrepreneurs in accessing funding in Namibia. Findings are presented in a qualitative form and as narratives or descriptions in line with the research objectives (themes). As applicable, the findings are interpreted, discussed, and linked with the literature review.

### **4.2 Findings**

This section presents the findings solicited or gathered from the primary research done through interviews. The findings gathered represents the entire population of the study, therefore, they are general for the entire research study.

#### **4.2.1 Demographic information**

##### **Gender**

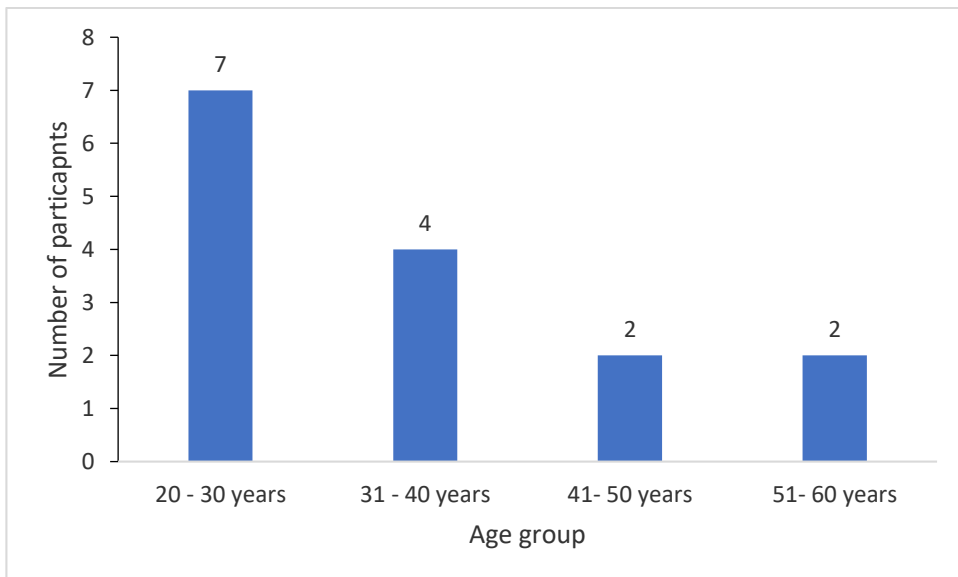
Findings show that nine out of the fifteen participants were male start-up entrepreneurs while six were female. The above shows a gender gap among start-up entrepreneurs in Katutura Township, Windhoek, Namibia (see table 1).

**Table 1: Gender of participants**

<b>Gender</b>	<b>Number of participants</b>
Men	9
Women	6

### **Age**

Findings show that out of fifteen participants, their ages ranged between 20-60 years. However, the majority seven out of fifteen were between 20-30 years of age, four were between 31-40 years and two were between 41-50 years and 51-60 years respectively (see figure 1).



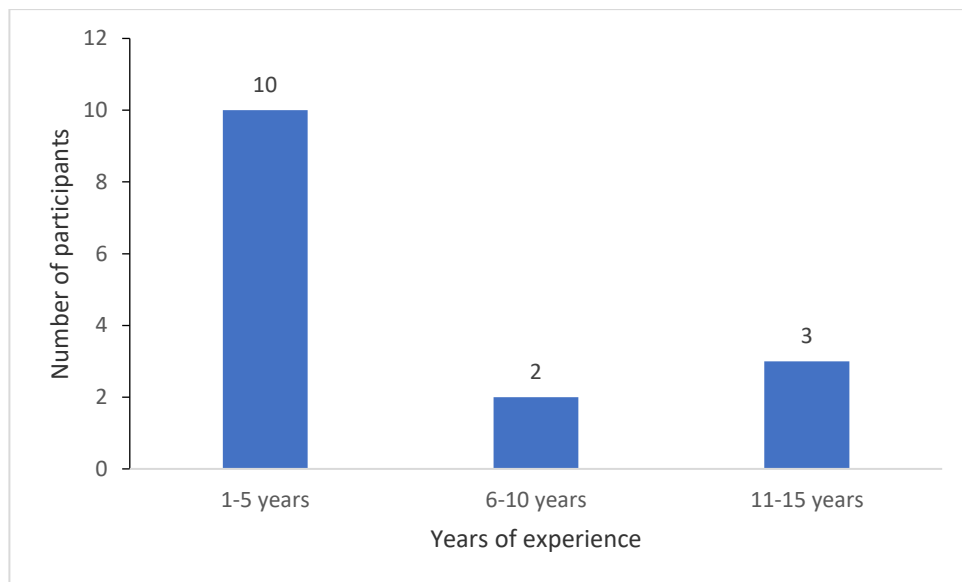
**Figure 1: The age breakdown of participants**

### **Location of the business**

Findings indicate that participants were distributed among 3 different locations. The breakdown is as follows: (5x SMEs from Bokamoso Incubation Centre, 5x SMEs from Oshetu Community Market (Single Quarters) and 5x SMEs from Katutura Youth Complex.

### **Years of experience with current business**

Findings indicate that most participants (ten) were new start-ups having operated for less than 1-5 years. Furthermore, two participants have had their businesses for 6-10 years, while three operated their businesses between 11-15 years. However, start-ups are usually regarded as new business ventures, those that were not new also started as start-ups so their experiences at that time were valid for this study (see figure 2).



**Figure 2: Participants years of experience with the current organisation**

## **Nature of business**

Findings indicate that participants had different trades they operated in their various locations. These ranged from welding, motor mechanics, carpentry and joinery, panel beating and spray painting, tailoring, computer and cellphone repairs, refrigeration repairs and catering.

### **4.2.2 The awareness of accessing funding from financial institutions for start-up entrepreneurs**

#### **Subtheme 1: Opinion about start-up businesses accessing funding or loans to develop/boost their businesses**

Asked about what they thought about accessing funding to develop their businesses, participants had mixed feelings. The majority of participants were in support of start-ups getting loans to develop their businesses while few were not. The specific reasons for their choices are discussed below.

For participants that supported getting loans to develop their businesses, Participants 2, 3, 5, 9, 10, 11, 12, 14 and 15 highlighted that it was important to obtain funding from the financial institution to develop or boost their businesses. In light of the above, Participant 2 had this to say: *“Personally, I think, like a startup, I needed to get funding when I started my business because I struggled to grow because of not having a financial backup. Even now, I still struggle to grow my business because I cannot still access funding from financial institutions.”* In the same vein, Participant 5 highlighted that: *“Small businesses should access funding to develop their businesses because they do not start with enough money, but the vision will be there. Financial help could make start-up easy as there are*

*a lot of expenses involved such as salaries, raw material, rentals etc.*” Participant 10 concurred with the others and highlighted that: *“I think that accessing funding from banks and other financial institutions is important, especially when starting the business and when you realise that you need to grow it because there is a lot involved that needs capital, which you do not normally have, but after getting funding, you can make your business profitable enough to even pay back the loan”*

Furthermore, Participant 11 had this to say about accessing funding for start-ups to grow their businesses: *“I always tell my friends that if we had the opportunity to get funding, our businesses could be in a better position. I have seen some of my colleagues that got funding from the bank when they started, and they are doing well. They are still paying for such loans but managing although a few did not put that money to good use.”* Last but not least, Participant 12 acknowledged that: *“I wish I could have the opportunity to get funding from financial institutions because it helps to start your business with almost everything you need to keep running smoothly. In my case, I have struggled to grow my business because I am always financially burdened, yet I also have a family to feed.”*

On the other hand, for the minority participants that did not support the notion of accessing funding to boost or develop their businesses, the specific reasons for their choices are discussed below.

Participant 1 explicitly said this: *“I do not believe in accessing funding to finance my business because it will be a burden for me to pay back due to the heavy interest rates that come with a loan. I would rather struggle to grow my business than get a loan. So far, I*

*am surviving since I started 4 years ago, and I see growth already``. Interestingly, Participant 4 highlighted that: ``Accessing funding to grow my start-up gives me shivers and as a businessperson, I would not try it. I fear being charged or dragged to court for failure to pay back. I prefer the method I used of starting with the little I had from my savings until I was able to generate a stable income. `` Furthermore, Participant 6 emphasised that: ``I started with a small loan from my uncle, but it did not go well as planned until he had to take me to the police. From that time, I learnt that it is better to start your business with the little you have. If anything goes wrong or the business is not giving you enough, there is no need to stress by thinking how you are going to pay back. `` In addition, Participant 13 concurred with the previous assertion and highlighted that: ``Through experience, accessing funding to start a business was dangerous because it is rare that you start well and get enough to pay the loan every month. I got a loan from an SME bank and I struggled to pay it back. I was always getting warning letters but when the bank closed, that is when I felt relieved. ``*

According to the accounts given by participants, findings indicate that many start-ups preferred to access funding to finance their start-ups since they started with little resources while few startups believed in working hard to grow their businesses with little capital coming from their savings. According to Dzafic and Babajic (2016), a startup`s survival in many countries is guaranteed through funding from various government initiatives and financial institution packages tailor-made for new venture businesses. Furthermore, findings indicate that some start-up entrepreneurs feared accessing funding from financial institutions due to loan interests and consequences that come with failure to repay. In light of the above, Čalopa et al., (2014) said that some start-up companies prefer traditional and

informal financial sources with emphasis on private financing and financial help from friends and family.

**Subtheme 2: Current situation or criterion used in Namibia in terms of start-ups/SMEs accessing funding or loans from financial institutions?**

Asked about the current situation or criterion used for startups or SMEs to access funding or loans from Namibian financial institutions, different criteria were mentioned although most participants also professed ignorance of the requirements or current state of affairs in financial institutions in terms of loan facilities.

For the few that knew about the current situation and criterion used for start-ups to access funding or loans from financial institutions, Participant 2 had this to say: *“Currently, the financial institutions such as Development Bank of Namibia consider the number of years of operating, the availability of collateral such as a house or car or machines that they may take if you fail to pay back and a good proposal which you mention what the loan is for. Also very important, they want to know how much you earn every month and how much you can pay back”* Participant 6 highlighted that: *“at the bank and other microlending organizations, they consider your location. If your location is not good for business they will not give you the loan. Secondly, they also consider your profits per month, so you need to provide financial statements from the bank. Other things they need I have forgotten.”* Furthermore, Participant 11 highlighted that: *“Banks always need to have a guarantee for them such as a house, car, business property or other assets for them to give you a loan. If you fail to pay it, they will take those things and sell them.”*

For the majority that did not know about the current situation or criterion used by financial institutions to provide funding for start-ups, they specifically highlighted the fact that there was information available, but they just did not have it at their disposal. Participant 1 had this to say: *“what I know is there are institutions that provide financing for start-ups and SMEs, but I never bother to ask what is needed. What I hear is it is risky to get a loan from the bank, so I never bother to look for the information they need for one to access funding.”*

In addition to that, Participant 4 highlighted that: *“I am not aware of the exact conditions of present for start-ups to access loans from the bank and other financial institutions. I did not apply yet, so I have to at least visit some of the banks to ask.”*

Participant 5 emphasised that: *“Although I support the fact that start-ups should look for financing to boost their businesses, I do not have enough information of the things the banks need to give us loans. What I know is one should be able to write a good proposal that can convince the bank. I always say to myself, one day I will try to apply, I guess I should enquire first with them.”*

As if this is not enough, Participant 10 alluded that: *“to be honest, the information I do not have but I know it is available in the banks. I also know that few start-up businesses have tried to apply to have the information. However, in general, if you ask most of the people here, they do not know exactly what is needed.”*

Last but not least, Participant 12 highlighted this: *“I only know that I have to sort my papers well such as banking details for me to get a loan but the other information I do not have.”*

On the other hand, few participants mentioned that the biographic nature of the start-up was essential or was a criterion that financial institutions followed although it was not written on paper. Participant 6 also noted: *“I have realised that as women, we are at a*

*disadvantage that men in getting loans. Some institutions favour men more than us. I do not know why they think that we cannot pay back loans.* `Furthermore, Participant 8 concurred that: ``Some banks were tribal in their choice of who to give loans. One bank, which I shall not mention has a habit of giving loans to relatives of the bosses who come from one region. `

In a nutshell, according to the accounts given by participants, findings indicate that financial institutions criterion for start-up access to funding was not known by many start-ups although they acknowledged that there existed at least something of that sort. There was ignorance on the part of start-up entrepreneurs as to the criteria for awarding loans by financial institutions. Furthermore, findings indicated that collateral, financial statements, location of business and duration of business as well as tribal and gender discrimination were some of the criteria used to choose startups that accessed funding by financial institutions. Start-ups do not usually get funding from banking and microfinance institutions due to lack of collateral, vulnerability to uncertainty and lack of adequate legal and regulatory paperwork (Ries, 2011; Musamali & Tarus, 2013; Avevor, 2016).

### **Subtheme 3: Your experiences/your counterparts` experiences in accessing funding to financial institutions for the business**

Asked about their experiences (for those that applied before) and the experiences of their counterparts (for those that did not apply but were informed) in trying to access funding, participants had various experiences although some had the same experiences. The discussion is further unpacked below.

Some participants were turned down or had their counterparts turned down due to the absence of collateral. Participant 3 had this to say: *“my friends have been applying for funding in different institutions and they have not succeeded because the bank keeps on asking for collateral as surety. The unfortunate part is that we have no houses, cars, or other assets that we can offer. Even if I offer my only house in the village, I am at risk of losing it if my business does not go well.”* Participant 5 mentioned that: *“we are often asked to produce collateral in the form of immovable assets such as houses or farms, but we do not have. It is very frustrating because the moment you mention that you are a start-up entrepreneur, they mention that knowing well that you do not have. I have realised that they offer loans to established companies and SMEs and not to us start-up entrepreneurs.”* Participant 7 mentioned that: *“my experiences when I called the bank to ask what was needed, they asked if I possessed collateral for security reasons. It put me off because they mentioned that they could not offer me anything.”* In the same vein, Participant 15 highlighted that: *“my friend has been applying for the fourth time now, but they keep on rejecting him because he does not have assets to declare to the bank for them to give him a loan.”*

Another experience faced was that the process for application was tiresome and made start-up entrepreneurs quit before finishing the process. Participant 1 mentioned that: *“My partner applied for financing for her business some years back, but they kept on asking unrealistic demands. We decided to cancel the plan and recently, my brother faced the same problem.”* In support of the above, Participant 9 also mentioned that: *“the process of applying to the bank for a loan was stressful because the forms are a lot, the requirements are also unattainable, and the interviews are so draining. My friend had to*

*stop in the middle of the process after getting frustrated.* `` As if this is not enough, Participant 12 also faced the same predicament because the process for vetting was too much for him. She had to say this: *``my aunt was always being sent back and forth until she got the loan finally. It is generally not easy, and I am even afraid to start applying although I really need financing.* ``

For those that experienced the process of accessing funding, some had difficult experiences due to the size of their businesses. In light of this, Participant 4 highlighted that: *``The Development Bank of Namibia (DBN) only accommodated established SME businesses but neglected startup businesses. That is the challenge we face most times because we are considered high risk in those institutions. After all, they think they will never recover their money.* `` Participant 10 added that: *``the banks usually look at the size of the business and if it is still small and starting, they are not willing to give loans and if ever they give, the loan does not take you anywhere because it will be little.* ``

The other experience that start-up entrepreneurs faced when applying for a loan was the waiting list issue. Participant 13 highlighted that: *``My father had been on a waiting list for the past three years from DBN and my sister is also on the waiting list at Nedbank and its now more than a year. I do not know why they put people on hold but whenever they enquire, they are just told to wait for their turn.* `` Participant 2 highlighted that before SME bank closed, she was on a waiting list of start-up businesses for six months. This is what she had to say: *``before the bank closed, we applied for a loan to boost our start-up as we were just starting. I remember we were told that the funds would be ready in 45 days, but nothing came through. We were not told the reason for not getting the funds or*

*the delays. We were only informed that there was a waiting list, so it needed patience. This went on until the SME bank was liquidated. Such an experience was not pleasant because at that time I needed to boost my business.* ``

In a nutshell, and according to the accounts given by participants, findings indicate that participants experienced difficulties such as application rejection due to no collateral, having to endure the waiting list and getting rejected because of the size of the business as well as going through a tedious application process which made them quit at the end of the day. Start-ups do not usually get funding from banking and microfinance institutions due to lack of collateral, vulnerability to uncertainty and lack of adequate legal and regulatory paperwork (Ries, 2011; Musamali & Tarus, 2013; Aveyor, 2016).

#### **4.2.3 Factors that hinder access to funding for start-up entrepreneurs**

Subtheme 1: Reason was given by financial institutions as to why some start-ups cannot qualify for funding to boost their businesses

Asked about the reasons that financial institutions gave when they or their counterparts did not qualify for funding, participants gave five major reasons although they explained their cases differently. No collateral (majority participants), absence of financial statements, absence of a proper business plan, and lack of business system procedure (minority participants) were the excuses given by financial institutions. However, few participants did not know what financial institutions needed and what reasons they gave for not providing funding. Below are the narrations of participants about their experiences or that of their counterparts.

For the majority that pointed out the absence of collateral as a reason given by financial institutions did not give them funding, Participant 1 highlighted that: *“Financial institutions always want us to declare our assets such as houses or farms for us to access funding. That is a challenge because most of us start-ups and SMEs do not have the collateral they need. We end up losing on great opportunities all in the name of not having collateral.”* Furthermore, Participant 3 asserted: *“When we go to the bank to apply for funding, the most top requirement is for us to have collateral. At first, I did not understand what collateral was and with time, I began to understand the concept. In the process, loans are assessed by those few individuals that have collateral and that are capable of boosting their own business.”*

The absence of collateral was also emphasised by Participants 5, 6 and 8 as they all highlighted that the absence of collateral did not award them funding in various financial institutions. Participant 5 emphasised that: *“I and my family applied to different financial institutions, and we all did not get any funding due to their requirement for collateral. Worst still, if it is DBN it does not even give you a chance to explain themselves. With this experience, I realised that start-ups are not considered important in Namibia.”* Participant 8 also mentioned that: *“I have not personally applied for a loan or funding at any financial institutions but for my friends and relatives that did, the major obstacle was the absence of collateral. I also have a friend who had collateral because of the inheritance. The gentlemen received funding because he provided collateral.”* Furthermore, participant 13 mentioned the same point and emphasised that: *“Banks and other financial institutions valued collateral because they needed security and surety*

*before they lose money. Collateral requirements still will pull us down and with many of my colleagues that have applied to miss the requirements, the major problem was collateral.* ``

To participants that pointed out lack of sound financial statements or reports as reasons used by financial institutions to determine to fund for start-ups and SMEs, Participant 2 highlighted that: *``When applying for funding, the banks and other financial institutions always reject start-ups and businesses without proper financial or bank statements. The reason being that they want to see how you have been managing the little that you were getting before entrusting you with a huge sum of money and they want to see if you can be able to pay back.* `` In the same vein, Participant 7 highlighted that: *``Banks and other institutions that provide financial assistance always required financial statements so that they see how you manage your own finances. However, as a small business, it is difficult to even take my money to the bank because I live on hand to mouth.* `` Furthermore, Participant 9 highlighted that: *``from the time I applied for funding, one of the important requirements they asked were financial statements for 6 months. A lot of us do not manage to have such organised financial statements because we do not use banks often.*`` Participant 15 also mentioned that: *``I heard that banks always want small businesses to take a detailed financial report of how you use your money and as for me, I cannot manage that because my business does not even give me enough money to put in the bank.*``

For those that mentioned the absence of a proper business plan as a reason why some start-ups cannot qualify for funding to boost their businesses, Participant 8 mentioned that: *``One of the most important requirements to get funding is a good business plan and if you do not have one, they will not give you a loan. A business plan at least shows how*

*organised you are and what you plan on doing in the next phase and when you get the loan.* `` In support of the above, Participant 10 also concurred that a business plan was imperative to the bank because that was the benchmark of what one would get according to the financial plan and so forth. Participant 10 had this to say: *``in a business plan, we have to state the management plan, marketing plan and financial plan and if those are not clear, there is no funding given.*`` Last but not least Participant 14 highlighted that: *I know that banks want an organised business plan and if it is not available, they will not take your application. If you have one but it is not clear and shows what they want, no funding will be given.* ``

For those participants that mentioned lack of business system procedure as one of the reasons given by financial institutions as to why some start-ups cannot qualify for funding to boost their businesses, Participant 12 highlighted that: *``The bank wants to know how your business is doing and the way you are running it therefore if you fail to produce that, they cannot be able to see your business idea and the future of it.*`` Participant 13 also added that: *``Financial institutions need to see the direction of one`s business and if they do not identify it, they will not give a loan. I remember that when I was applying for a loan with one of the financial institutions some years back, they visited my business premises to see what I was doing.* ``

The few that did not know the reasons given by financial institutions as to why some start-ups cannot qualify for funding all showed that they were ignorant of the process, procedures, and requirements of the bank in terms of access to funding.

From the accounts provided by participants, it appears that financial institutions are unlikely to provide funding for new startups or small businesses without sound financial statements or reports, collateral, and a good business plan. A Ghanaian study on challenges faced by SMEs when accessing funding asserted that credit for small businesses was difficult to source since financiers are hesitant to finance start-ups that have an uncertain future (Avevor, 2016). Furthermore, April (2005) emphasizes that financial institutions are more likely to approve loans for firms that can provide collateral and to those firms that have established long term relationships with lenders. Findings, however, show that some startups were ignorant of the requirement the banks and financial institutions needed for them to provide funding for small businesses.

### **Subtheme 2: Why my business does not meet the requirements needed by financial institutions to access funding in Namibia**

Asked why their business or startup did not meet the requirements needed by financial institutions to access funding participants mentioned various reasons such as no collateral (majority), lack of evidence to show that the business can generate profits, lack of experience on the business venture and lack of management skills (minority).

For those that mentioned that they did not meet the requirements needed by financial institutions to access funding due to lack of collateral, their experiences are as follows. Almost all participants acknowledged that they did not have collateral to give as surety to the bank. In the same vein, Participant 3 highlighted that: *“It was difficult for us to get funding from the bank because our businesses do not have heavy machinery that can be weighed as collateral and some of us we do not even have houses or cars to give as*

*collateral.* Participant 6 mentioned that: *“We usually did not meet the requirement for accessing funds because we don’t own properties that can be put as collateral.”* As if this is enough, Participant 9 also highlighted that: *“I failed to get a chance to access loans because financial institutions always ask for collateral. Where they do not ask for that, they give loans that do not help in any way through my business.”* In addition, Participant 14 reiterated that: *As start-ups, and coming from poor backgrounds, we do not have collateral yet to start declaring unless our businesses were developed.*

For participants that mentioned that they did not meet the requirements needed by financial institutions to access funding due to lack of evidence to show that the business can generate profits, their experiences are explained below. Participant 4 had this to say:

*“We are usually expected to write business plans that are meant to inform the financial institutions so that they can grant loans but due to lack of proper education or skill to do the business plan, we end up submitting incomplete and shallow business plans.”*

Participant 5 also mentioned that: *“As start-ups, we are not good at giving a clear calculation sheet of how we intend to make a profit because our businesses are not stable and we do not know how to do it. Maybe next time these financial institutions should train us on what to do.”*

Participant 11 highlighted that: *“I struggle to understand my own business at times because I do not know how I earn at the end of the month because I feed my family from the money every day. It is therefore difficult to calculate everything, and I make so determining my profits is a problem.”*

For participants that mentioned that they did not meet the requirements needed by financial institutions to access funding due to lack of experience on the business venture

and lack of management skills, their experiences are highlighted below. Participant 5 highlighted that: *I did not meet the requirements of the financial institution for me to get funding because I am new in the industry, and I am still learning, and I also have few clients and no management skill to put my things in order. But with time, I will be able to write down what my business is all about and how I can grow it.* `` In addition, Participant 13 highlighted that: *``as small businesses, we are still learning a lot. We do not have accounting knowledge, management knowledge and other qualities that make us get loans easily because we cannot count well.* ``

In a nutshell, findings show that start-up businesses did not meet the requirements needed by financial institutions to access funding mainly due to the absence of collateral, lack of evidence that shows business capacity, lack of experience in the business venture and management skills. Osano and Languitone (2016) reported that start-ups do not have clear financial plans and accounting documentation and at the side of the financing institutions, the interest rates and overhead costs are too high for startups. Findings indicate again that start-ups in most cases did not qualify for loan facilities as financial institutions tend to shun them. Therefore, Nichter and Goldmark (2009) mentioned that there were policy biases towards large enterprises such that most loan facilities were meant for those entities that could pay back without challenges. In the same vein, a study by Sachikonye and Sibanda (2016) on assessing SMEs and start-ups financing by commercial banks in Zimbabwe highlighted those commercial banks were not willing to fund start-ups because of a lack of a track record and business vulnerability at that infant stage.

### **Subtheme 3: Your thoughts about restrictions given by financial institutions on start-ups that require funding**

Asked about their thoughts about restrictions given by financial institutions on start-ups that require funding, the majority of participants pinpointed unfairness in the process. Other participants lamented that it was gender-biased and discriminatory while the minority of participants did not respond to the question. The detailed thoughts of participants are discussed below. Participants 1, 2, 3, 6, 9, 10, 11, 12, 13 and 15 pinpointed that there was unfairness in the criterion used by financial institutions on startups that require funding. In light of this, Participant 2 highlighted that: *“the restrictions were unfair because as SMEs and start-ups, we are not given a chance to exercise our full potential just because we do not have collateral, or we are still small. It is very unfair because established companies get funding, yet they are already doing well.”* Participant 6 added that: *“the restrictions put on us by financial institutions were so unfair because they are unrealistic for some of us. We are still young, and we just found a way to survive, and they expect us to have assets as collateral to get a loan. We cannot use our parents’ assets. It hurts really.”* Furthermore, Participant 11 highlighted that: *I find it very unfair that financial institutions do not make provision for start-ups, but they have requirements that suit other bigger organizations. We should also be considered because we as SMEs contribute a lot to the economy.”* Participant 15 mentioned that: *“the restrictions were unfair because they push us away from such institutions, yet some businesses still get funding. To make matters worse, they even have divisions in the banks that offer funding to SMEs that only meet the strict requirements.”*

Participants 4, 7, 14 and 15 mentioned that the restrictions were discriminatory and gender-biased and their explanations are as follows: Participant 4 highlighted that: *“Most women could not access funding because the requirements were too universal and there was no consideration of widows, single mothers, vulnerable women, and the poor. Women who do not own property, but their husbands had sole ownership were not given loans since the title deeds were not in their names.”* In addition, Participant 14 emphasized that: *“the restrictions available for start-ups were discriminatory and gender-based because vulnerable women were not considered in their requirements. Secondly, the employees in those financial institutions gave loans to their relatives and friends, besides the strict requirements they had.”* Last but not least, Participant 15 had this to say: *“the restrictions were discriminatory because they favoured the richer SMEs that afforded collateral as well as the learned SME owners that had financial management knowledge and so forth.”*

In a nutshell, findings show start-up entrepreneurs felt that the restrictions put by financial institutions for accessing funding were unfair, discriminatory and gender biased. Evidence is provided by Mc Caffer and Coleman (2007) who asserts that there is undeniable discrimination in women accessing credit from financial institutions since the women are required to give more collateral as compared to men in their quest for financial services. Findings indicate again that start-ups, in general, were discontent with the process of application of funding in financial institutions. Financial institutions only grant credit to organizations that convince them beyond reasonable doubt that they dare to manage their affairs fairly and transparently and this only manifests in good and sound record-keeping practices (Arnold et al., 2007; Nieman, 2006). However, Haihambo (2016) asserted that

about 69.5% of Namibian SMEs/start-ups cannot access loans or funding from financial institutions because they are either rejected or some simply do not apply.

#### **4.2.4 Perceptions about strategies that can improve access to funding for start-up entrepreneurs**

##### **Subtheme 1: Efforts by financial institutions to ease the process of applying for funding for start-up businesses**

Asked about what they thought financial institutions can do to ease the process of applying for funding, the majority of participants suggested financial institutions be all-inclusive (women, vulnerable etc.) in terms of requirements for accessing funding, some suggested mentorship and training programmes for start-ups so that they understand the requirements and boost their business. In addition, the few participants (minority) suggested for financial institutions improve access to risk capital that can cater for start-ups (small businesses). The suggestions by start-up entrepreneurs to financial institutions are underpinned below.

For those that suggested for financial institutions to be all-inclusive (women, vulnerable etc.) in terms of requirements for accessing funding, Participant 6 highlighted that: *“I suggest that financial institutions should be inclusive of all start-up businesses and not just give loans to bigger corporations. I also suggest that financial institutions should consider women and vulnerable people in the requirements for accessing funding since there are no flexible terms for such people.”* In addition to this, Participant 12 suggested that: *“Financial institutions were supposed to have loans designed for different groups such as loans for start-ups, loans for SMEs, loans for sole traders etc. This will help to*

*cater for many different groups of people.* `` Again, Participant 15 suggested that: ``*Discrimination should be eliminated by distributing funding fairly and not award because of skin colour, ethnicity, social status, class and so forth.* ``

For those that suggested mentorship and training programmes for start-ups so that they understand the requirements and boost their business, Participant 5 highlighted that: ``*Financial institutions should organise training programmes and workshops for start-ups so that they are taught how to apply for funding and understand the requirements and so forth.* `Furthermore, Participant 14 pinpointed that: ``*Mentorship programmes were going to be helpful for start-up entrepreneurs where financial institutions can orient an encourage them to work hard in their business while also offering some grants to cushion them.* ``

For those that suggested for financial institutions to improve access to risk capital that can cater for start-ups (small businesses), Participant 9 had this to say: ``*Banking institutions make a lot of money and there is no way they cannot have money for charity or risky businesses. That money can be channeled to help start-up entrepreneurs who are not catered by the mainstream requirements of accessing loans.* ``

In a nutshell, according to the accounts given by participants, findings indicate that financial institutions were expected to be inclusive in their provision of funding to businesses were supposed to sacrifice some risk capital for start-ups as well as train and mentor start-ups on applying for funding. It is then imperative for financial institutions responsible for funding such groups to go out of their way and offer training sessions to any start-ups that approach them for funding (OECD, 2015).

## **Subtheme 2: Efforts by the government to improve access to funding for start-up businesses**

Asked about what they thought the government can do to improve access to funding for start-ups, the majority of participants suggested for the government to provide grants for business start-ups in conjunction with various financial institutions while others suggested policies that support a market conducive environment for start-ups. Furthermore, other participants suggested that the government should provide more incubation spaces to lay the foundation of the business. The above suggestions by participants are unpacked below.

Those that suggested for the government to provide grants for business start-ups; Participant 1 highlighted that: *“Government should support us through offering grants to boost our businesses. The government can work together with financial institutions to provide us with grants or any form of funding.”* Furthermore, Participant 10 said that: *“I urge the government to help us with funding or even work with banks to provide funding for us because we have an impact in the economy of this country.”*

Those that suggested for the government to come up with policies that support a market conducive environment for start-ups; Participant 4 highlights that: *“Policymakers should remember us the start-up entrepreneurs and when they decide aspects of the economy, we should also be included. We want policies that support us getting funding in one way or the other.”*

Those that suggested for the government to provide more incubation spaces to lay the foundation of the business; Participant 3 had this to say: *“If there are no loan facilities for us in financial institutions, I suggest the government at least provide many other incubation centres that are developed so that we have somewhere to start from. Check this Bokamoso, it was built, and some infrastructure was put in place for us to use. This means that I do not have to look for a shade, tap water, pit for fixing cars and so forth to do my business because they are pre-constructed.”*

In a nutshell, and according to the accounts given by participants, findings indicate that the government was expected to bail out start-ups, build more incubation spaces and ensure a conducive environment for startups to operate their businesses and grow them. Furthermore, findings indicated that the government was generally expected to be involved in the plights of the start-ups.

### **4.3 Summary**

This chapter presented the analysis and findings of the primary research, discussed and interpreted findings of the study on an assessment of challenges faced by start-up entrepreneurs in accessing funding in Namibia. The next chapter outlines the summary of the findings and concludes the research.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This study dealt with an assessment of challenges faced by start-up entrepreneurs in accessing funding in Namibia. The study was qualitative and primary data was collected through the interview guide to address the following research objectives:

- To assess the awareness of accessing funding from financial institutions for start-ups entrepreneurs in Windhoek.
- To explore the factors that hinder access to funding for start-up entrepreneurs in Windhoek.
- To explore the start-up entrepreneurs' perception about strategies that can improve access to funding for start-up entrepreneurs in Windhoek.

### **5.2 Summary**

The analysis contained in this chapter of the research study focused on an assessment of challenges faced by start-up entrepreneurs in accessing funding in Namibia. A qualitative study was done, and 15 participants were chosen from 3 different SME operating markets: Bokamoso Incubation Centre, Katutura Youth Complex and Oshetu Community Market (Single Quarters) in Windhoek. In a nutshell, start-ups longed to access funding to boost their businesses but were ignorant of the requirements needed by financial institutions.

With regards to factors that hindered start-ups from accessing funding from financial institutions, those that had requirements and applied experienced difficulties due to lack

of collateral, absence of proper business plans and financial statements, lack of evidence that show business capacity and lack of experience on the business venture and management skills.

With regards to strategies to improve access to funding for start-ups, financial institutions were expected to be inclusive in their provision of funding to businesses, sacrifice some risk capital for start-ups as well as train and mentor start-ups on applying for funding. Furthermore, the government was expected to bail out start-ups, build more incubation spaces and ensure a conducive environment for start-ups to operate their businesses and grow them.

### **5.3 Conclusion of findings**

#### **Objective 1: Awareness of accessing funding from financial institutions for start-ups entrepreneurs in Windhoek**

Financial institutions criterion for start-up access to funding was not known by many startups although they acknowledged that there existed at least something of that sort. In addition, it was noted that there was ignorance on the part of start-up entrepreneurs as to the criteria for awarding loans by financial institutions. However, few start-up entrepreneurs had an idea that they did not usually get funding from banking and microfinance institutions due to lack of collateral, vulnerability to uncertainty and lack of adequate legal and regulatory paperwork.

#### **Objective 2: Factors that hinder access to funding for start-up entrepreneurs in Windhoek**

The absence of collateral (majority participants), absence of financial statements, absence of a proper business plan, and lack of business system procedure (minority participants) were factors that hindered access to funding for start-ups. Furthermore, Nichter and Goldmark (2009) mentioned that there were policy biases towards large enterprises such that most loan facilities were meant for those entities that could pay back without challenges. In the same vein, a study by Sachikonye and Sibanda (2016) on assessing SMEs and start-ups financing by commercial banks in Zimbabwe highlighted that commercial banks were not willing to fund start-ups because of lack of a track record and business vulnerability at that infant stage.

**Objective 3: Start-up entrepreneurs perceptions about strategies that can improve access to funding for start-up entrepreneurs in Windhoek**

Financial institutions were expected to be inclusive in their provision of funding to businesses were supposed to sacrifice some risk capital for start-ups as well as train and mentor start-ups on applying for funding. The government was expected to bail out start-ups, build more incubation spaces and ensure a conducive environment for startups to operate their businesses and grow them. It was imperative for financial institutions responsible for funding such groups to go out of their way and offer training sessions to any start-ups that approach them for funding (OECD, 2015).

**5.4 Recommendations for action**

Considering the conclusions drawn from both primary and secondary research, financial institutions such as commercial banks and the government are advised to look into the following recommendations to improve access to funding for startups in Namibia.

- Financial institutions should introduce packages for financing that are favourable to start-up businesses so that they are not left out in the plan for loan and financing of Namibian businesses as a whole. Favourable packages could boost the country's GDP and the economy in general since small businesses have a large bearing on economic growth and development.
- Finance institutions and the government could also provide grants that are meant to help start-ups establish their businesses with the long-term goal of eradicating unemployment and poverty in Namibia. Grants could cushion small businesses into medium growth such that they can manage to endure the business environment for a long time.
- The government could support start-ups in various ways such as training and development, research and development programmes for start-ups and researchers, as well as establishing facilities with many amenities for small businesses such as incubators.
- Training of start-ups businesses with management, finance and business management packages could be helpful for them to run their businesses smoothly. Budgeting and general accounting know-how as well as basic management training are imperative for business growth and success.
- The various financing institutions or stockholders could address the conflict between them and debt holders (SMEs) by creating various awareness programmes on the implications of funding (criterion, servicing of debt, consequences of defaulting etc.) targeting at start-ups through physical engagement, advertisements, billboards and so forth

## **5.5 Areas for future research**

It is imperative to conduct such a study in other towns of Namibia, for instance, in the Northern parts of Namibia as well as Erongo where there are many start-ups and active financial institutions. If the study can be expanded to other towns, the results can be generalizable to the entire Namibian situation.

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## APPENDICES

### Appendix 1: Research permission letter

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☎ +264 61 205 3111, URL: <http://www.unam.edu.na>



19 May 2021

**To whom it may concern**

**Research project:** Teodensia P Thomas

**To whom it may concern**

I write this letter to confirm that Teodensia Pehovelo Thomas is a registered student Masters in Development Finance program at the University of Namibia (student number 200823787) and is required to submit a research project in the final year of study at the Department of Economics. His chosen topic for the research project is "Assessment of challenges faced by start-up entrepreneurs in accessing funding in Namibia: case of Windhoek."

In order to complete this project, she requires certain information from the **Bokamoso Incubation Centre, Katutura Youth Complex and Oshetu Community Market (Single Quarters) in Katutura**. The study will be conducted in an ethical way and the data that will be used solely for academic purposes.

Please do not hesitate to contact me if you need any more information.

Yours sincerely

A handwritten signature in black ink, appearing to read "J.A. de Beer", written over a light blue horizontal line.

Dr. J.A. de Beer  
Lecturer and course coordinator : MSC in Développement Finance  
Department of Economics  
University of Namibia

[jdebeer@unam.na](mailto:jdebeer@unam.na)

## Appendix 2: Questionnaire template

### RESEARCH INTERVIEW GUIDE

#### **Topic: Assessment of Challenges Faced by Start-up Entrepreneurs in Accessing Funding in Namibia: Case of Windhoek**

My name is Teodensia Pehovelo Thomas, student number 200823787, a Master in Science Development Finance student at the University of Namibia. I am carrying out a study on an assessment of challenges faced by startup entrepreneurs in accessing funding in Namibia: Case of Windhoek. I do hereby ask for your time to ask you some questions regarding the topic above. You are free to withdraw from the interview process if you feel uncomfortable. The researcher assures you that the information provided will be treated with confidentiality and will only be used for the purposes of this study.

**Instructions:** This interview process will make use of probing and follow up questions where necessary and each interview will take approximately 45-60 minutes.

#### **OBJECTIVES**

1. To assess the extent of accessing funding from financial institutions for startups entrepreneurs in Windhoek;
2. To explore the factors that hinder access to funding for startup entrepreneurs in Windhoek;
3. To evaluate the strategies that can improve access to funding for startup entrepreneurs in Windhoek.

#### **Section A: Demographic information**

1. Gender

2. Age

3. Location of the business

4. Years of experience with your current business

5. Nature of business

**Section B: The extent of accessing funding from financial institutions for startup entrepreneurs**

6. In your opinion, what do you think about startup businesses accessing funding or loans in order to develop/boost their businesses in Namibia?

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7. What is the current situation or criterion used in Namibia in terms of startups/SMEs accessing funding or loans from financial institutions?

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8. If you or your counterpart has applied for funding before, what were your/their experiences in accessing funding to financial institutions for the business?

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**Section C: Factors that hinder access to funding for startup entrepreneurs**

Explain in detail the reasons given by financial institutions as to why some startups cannot qualify for funding to boost their businesses?

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10. Explain in detail why you and your business in particular do not meet the requirements needed by financial institutions in order to access funding in Namibia? Explain them in detail.

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11. In your opinion, what do you think/feel about restrictions given by financial institutions and other stakeholders on startups that require funding?

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**Section D: Strategies that can improve access to funding for startup entrepreneurs**

12. What efforts can financial institutions do to ease the process of applying for funding for startup businesses? Please give detail

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13. What efforts can be done by government to improve access to funding for startup businesses? Please give detail

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14. What efforts can be done by startup entrepreneurs in order to have a chance to access funding for startup businesses through financial institutions? Please give detail

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**Thank you for taking part in this interview process**