

Impact of Start-up Capital on the Growth and Sustainability of Established Small Businesses in the Northern Namibia. A Case Study of Oshakati

Ruth E.Y Shigwedha **, Helena Hakweenda *
Namibia Business School, University of Namibia, Windhoek, Namibia

Abstract

This study investigates the impact of start-up capital in the growth and sustainability of existing enterprises in a rapid growing town in the northern Namibia known as Oshakati in Oshana region. Using a qualitative research technique, the experiences and viewpoints of local entrepreneurs were collected to gain a better understanding of the obstacles and possibilities encountered. A case study design was used, with purposive sampling whereby eight firm owners with experience in start-up financing and operations were included. Data were gathered through semi-structured interviews, providing deep insights into their business paths. Thematic analysis was performed to extract essential patterns and themes from interview transcripts. The findings demonstrate that start-up funding has a considerable impact on business growth, operational capability, and market reputation. However, entrepreneurs confront obstacles such as restricted access to institutional capital, poor financial management, and heavy loans. The study suggests that increasing access to inexpensive financing and financial literacy are critical for long-term business viability. Government-backed low-interest loans, business training programs, and community-based funding efforts are among the recommendations to help Oshakati's small companies. Future researchers could investigate the long-term effects of start-up money on business sustainability in different Namibian towns, allowing for broader comparisons and generalizations. Researchers should look on the role of digital financial instruments and mobile banking in increasing access to start-up finance for rural entrepreneurs.

Keywords: *Growth and Sustainability, Namibia, SME Start-up Capital.*

Introduction

Although Namibia's policy discourse acknowledges the importance of small businesses for promoting equitable urban growth, the practical support mechanisms remain limited. For instance, a 2021 pilot study of firms in informal settlements, revealed the biggest obstacle to expanding operations is a lack of working cash [25]. In addition, the Institute for Public Policy Research, most SMEs nationwide are unable to obtain formal financing due to disjointed loan programs and stringent bank criteria involving collateral [10]. A few key micro-evidence of Oshakati that

support the pattern is revealed in the study of [22]. where a strong correlation between microloans and the expansion of SMEs is discovered ,while the study further revealed that less than half of the owners polled were eligible for these loans. Equally, [15] study revealed that Oshakati business owners, have difficulty obtaining official funding and must instead rely on unofficial or personal funds. In addition a small percentage of SMEs in this region use bank loans or formal financing, according to research and surveys that have already been done [15]. It's also worth noting that SMES play a major role in Namibia 's economy with about 160,000 employees[26].

This significance aligns with broader continental trends observed during the “Africa Rising” era, which was characterised by notable economic growth and the increasing emergence of African enterprises as competitive actors in domestic and regional markets [1].

In comparison, during preliminary walk-through interviews, the researcher observed several micro-retailers that borrowed informally from neighboring shop-owners but still closed within 18 months, revealing a contextual gap at the intersection of start-up finance and embedded business networks.

Despite mounting evidence, little is known about how the presence of established businesses in urban areas of Namibia in particular Oshakati have affects newcomers’ ability to mobilize start-up capital, share supply chains, or reach customers. Similarly, the international comparisons support the challenge of access to credit which remains the top obstacle reported by entrepreneurs across 48 countries in the OECD SME Financing Scoreboard [18]. In contrary to this evidence study[21] has had warns that capital alone cannot compensate for deficits in entrepreneurial capability. It is therefore against this background that, the study analysed the impact of start-up capital on the growth and sustainability of established Small Businesses in one of the vibrant urban town in Namibia the Oshakati, located in the Oshana Region.

Literature Review

Introduction

This section reviews past studies on the impact of start-up capital on the growth and sustainability of small businesses. The literature is structured to present empirical evidence aligned with the main research aim and supported by the relevant theoretical framework.

Theoretical Framework

The best suitable theoretical framework for this investigation is the Resource-Based Theory

(RBT), which was created by Jay Barney in 1991. According to RBT, a company's internal resources, including its financial capital, networks, talents, and capabilities, are crucial factors in determining its competitive edge and long-term performance [3]. Businesses with precious, uncommon, unique, and non-replaceable resources have a higher chance of succeeding and maintaining growth [3]. This idea is in line with the study's emphasis on how the existence of established companies which could provide networks, mentorship, or competition and the availability of start-up capital a crucial resource affects the viability of new enterprises in Oshakati. Oshakati entrepreneurs might work in a resource-constrained environment, and the resources they are able to mobilize during the start-up phase have a substantial impact on their performance. Therefore, in this socioeconomic setting, the Resource-Based Theory offers a useful lens through which to examine how the availability or lack of internal resources impacts business outcomes.

The Impact of Start-up capital on the Growth and Sustainability of Established Businesses

Start-up capital is critical in determining whether an established business can grow, expand its services, and continue operations over time. Adequate initial finance allows businesses to purchase necessary equipment, invest in infrastructure, hire skilled employees, and react to changing market conditions. Many businesses struggle to stay in business without enough cash, much alone grow over time.

Globally, countries with favorable finance environments tend to develop more robust businesses. According to [23], Japan's start-up sector received almost ¥850 billion (approximately \$6 billion) in investments in 2023, amid global economic turmoil. This ability to attract and retain investment emphasizes the need of a stable and accessible financial system, particularly for small

enterprises susceptible to financial shocks. A well-capitalized start-up has the freedom to develop, diversify its offers, and weather economic downturns.

In contrast, [19] state that in Kenya, many enterprises rely largely on personal savings or informal sources because conventional banking facilities are still scarce. This lack of institutional money hinders their capacity to scale operations or engage in long-term initiatives, undermining sustainability. Similarly, in Namibia, [22] discovered that the majority of entrepreneurs in Oshakati rely on personal finances, with only 2% receiving loans from commercial banks. This reliance on informal sources often results in undercapitalized businesses that operate at minimal capacity and are highly vulnerable to economic disruptions.

These studies all reinforce a worldwide and regional consensus: access to dependable and sufficient start-up funding is critical to business sustainability and expansion. Bridging the gap between informal and formal financing might enable entrepreneurs in local economies like Oshakati to grow their small firms into competitive, resilient enterprises that contribute significantly to economic development.

The Challenges Faced by Entrepreneurs in Accessing and Utilising start-up Capital

Accessing and properly utilizing start-up finance remains a key barrier for entrepreneurs globally. These challenges differ by country and setting, and are frequently formed by a combination of economic structures, regulatory contexts, financial literacy, and the availability of support services. Although some countries have well-developed financial systems, entrepreneurs nevertheless confront structural barriers to obtaining appropriate and timely capital.

In Finland, for example, [2] argue that, despite the presence of a strong financial infrastructure, early-stage entrepreneurs usually rely too heavily on government

subsidies. Furthermore, organizations without proven track records or scalable concepts continue to face barriers to accessing private venture finance. This reliance on public money, while initially beneficial, frequently hinders the entrepreneurial ecosystem's flexibility and innovation due to bureaucratic restraints and funding inflexibility.

In contrast, Nigerian entrepreneurs face a unique set of hurdles. According to [8] high interest rates, loan disbursement delays, and economic unpredictability make it difficult for businesses to efficiently plan and manage their finances. These challenges discourage borrowing and cause many businesses to operate informally or with little capital, limiting their growth and sustainability.

According to [16], South African township businesses are frequently rejected by mainstream finance institutions, despite government initiatives. Major challenges include bad credit histories, a lack of collateral, and insufficient financial literacy. This lack of access prohibits entrepreneurs from expanding their operations or investing in better infrastructure, perpetuating economic disadvantage.

Namibian businesses, particularly those in informal urban settlements, face similar challenges. In contrary [20] highlights the scarcity of finance sources, little venture capital activity, and insufficient business development support. As a result, many people rely on informal sources like family, friends, or savings, which are sometimes insufficient to support or grow a business.

These cross-country comparisons highlight a common struggle: inadequate inclusive access to financial resources and an inability to effectively manage available cash. The Namibian scenario demonstrates this gap, highlighting the need for context-specific interventions to promote access and utilization of start-up funding for long-term entrepreneurship.

Possible Strategies that can Improve Access to Start-up Capital and Support the Long-term Sustainability of Small Businesses

Several countries, including Namibia, have implemented creative ways to improve access to start-up funding and promote the long-term viability of small firms. These initiatives frequently combine financial innovation, policy reforms, and ecosystem support to solve the various problems entrepreneurs encounter while seeking funding.

Moreover, [24] discuss the emergence of peer-to-peer financing platforms, such as Funding Societies in Malaysia, that connect entrepreneurs directly with private investors, circumventing traditional financial institutions. This concept not only increases access to financing, but it also provides more flexible terms. Furthermore, government tax breaks aimed at attracting angel investors have boosted private participation in early-stage enterprises, promoting more risk-taking and money flow to start-ups.

Similarly, [13] describes how the Parish Development Model (PDM) and the Uganda Business Facilitation Center improved financial access, particularly in rural communities. These projects decentralize entrepreneurial support and bring financing closer to marginalized communities, lowering bureaucratic bottlenecks and promoting local economic growth. Such community-focused approaches teach crucial insights about customizing interventions to various socioeconomic circumstances.

Zimbabwe's approach, as described by [14], involves the formation of the Mutapa Investment Fund and the promotion of angel investor networks. These initiatives seek to close the persisting funding gap for startups by mobilizing local and regional resources to supplement government efforts. By promoting private sector participation, Zimbabwe hopes to create a more dynamic investment climate for new firms.

Namibia is moving toward integrated entrepreneurship support through [12] proposed National Venture Capital Fund and digital inclusion policies aimed at SMEs in informal urban regions. These efforts acknowledge the necessity of not only providing financing but also improving digital access and business skills in order to ensure that small enterprises can continue and develop successfully.

Despite these potential strategies, there is a lack of empirical information to assess their success in various economic and cultural contexts. This gap emphasizes the significance of targeted study in settings such as Oshakati, Namibia, where many informal enterprises continue to experience financial difficulties. Such research can provide vital insights for improving existing interventions and developing bespoke solutions to meet the specific demands of the local entrepreneurial ecosystem.

Materials Methodology

Research Approach and Design

This study employed a qualitative research approach, which uses non-numerical data like observations and interviews to explore and comprehend people's experiences, perspectives, and social situations [5]. This method captured the complex realities of local entrepreneurs and provide deep insights into how established companies and start-up financing affect entrepreneurship in Oshakati. Additionally, a case study research design—which is characterized as a thorough examination of a particular person, group, or environment within its actual context was employed [5]. This design is suitable since it enabled a thorough analysis of Oshakati's distinct entrepreneurial environment, enabling in-depth investigation of the elements influencing start-up sustainability and success.

Population of the Study

The population of this study comprised 1,600 business owners, including both new and established enterprises operating in Oshakati, as reported in the Annual Report [6], representing the total group from which the sample was drawn [17].

Sampling Procedures

This study used purposive sampling to choose eight (8) SME owners in Oshakati who met two critical criteria: they had access to start-up funding and had at least three years of business operation experience. The selection of eight people was based on the manageable scope of a qualitative investigation and the data saturation principle, which states that no new information can be gleaned from extra participants. While no statistical formula was employed, representativeness was assured by choosing participants from a variety of industries (retail, manufacturing, agribusiness, catering, and services) and maintaining gender balance.

Research Instruments

Semi-structured interviews, defined as a qualitative data collection technique that uses flexible, open-ended questions to allow in-depth exploration of participants' responses [11], were employed as the primary research instrument in this study. In alignment with the defined population from which the sample was drawn [17], this method enabled the collection of detailed information from entrepreneurs in Oshakati regarding their experiences with start-up funding and business sustainability. The approach was appropriate as it provided a structured yet adaptable framework, allowing participants to share their perspectives and experiences while ensuring that key research themes related to opportunities and challenges in their entrepreneurial journeys were comprehensively addressed.

Data Analysis

The data in this study were analysed using thematic analysis, a method that involves identifying, examining, and summarising recurring patterns and themes within qualitative data. Interview transcripts were arranged thematically through the coding of key quotes about startup funding and long-term company viability. Following that, these codes were categorized into themes that represent the typical struggles and experiences of Oshakati entrepreneurs. This method made it possible to comprehend the data in great depth and highlights important elements that affect small businesses' ability to develop and survive.

Results and Discussion

Demographic Information

Participants interviewed from the eight selected SMEs in Oshakati ranged in age, gender, sector, and business experience. To ensure confidentiality, business names are replaced with industry groupings. Four male participants worked in retail commerce, agribusiness (irrigation and fresh produce), manufacturing (printing and signage), and food delivery. The remaining four were women who ran enterprises in general trading, tailoring and textiles, culinary services, and mixed merchandise. Their ages ranged from 25 to 54, reflecting a broad age range. Business experience ranged from three to more than fifteen years, bringing insights from both new and experienced entrepreneurs. The balanced gender representation and sectoral diversity ensured a comprehensive understanding of the impact of start-up capital across different industries while upholding ethical research standards through confidentiality.

Presentation and Analysing of Data

The study is governed by three key objectives, which influence the development of interview questions and data analysis. These goals center on determining the impact of start-

up money on business growth and sustainability, identifying barriers to accessing and utilizing such financing, and offering improvement solutions. Each set of questions under these objectives is intended to elicit detailed insights from entrepreneurs, and the findings were examined and presented in accordance with these theme areas to achieve focused and relevant conclusions.

The Impact of Start-up Capital on the Growth and Sustainability of Established Businesses in Oshakati

This objective aims to investigate how the availability and sufficiency of start-up funding has influenced the growth and sustainability of established firms in Oshakati. The questions seek to determine the origins, amounts, and impact of early investment, as well as if adequate capital could have resulted in greater long-term firm stability and development.

Theme 1: Description of the Source(s) and Amount of Capital Business Owners used to Start Business

Participant 1: *“I used personal savings to establish the business. Over the course of two years, I had saved approximately N\$10 00000 from my prior work. It wasn't much, but I had to get by with what I had.”*

Participant 2: *“I used a government grant from the Ministry of Trade to fund the start-up. I earned N\$25 000.00, which allowed me to purchase some equipment and pay for renting space.”*

Participant 3: *“I borrowed N\$15 000.00 from family members and saved approximately N\$5 000.00. My relatives and I worked together to get the business up and running.”*

Participant 4: *“I borrowed N\$20 000.00 from a microfinance organization. The interest level was high, but that was the only choice accessible to me at the time.”*

Participant 5: *“I started my business with only N\$8 000.00 from selling livestock. It was hazardous, but I didn't have any other financial support or loan options.”*

Participant 6: *“The capital came from their pension payout. I used approximately N\$30 000.0 from my retirement settlement to start the firm after leaving my employment.”*

Participant 7: *“I obtained N\$12 000.00 by joining a local savings group (tontine), as they did not have access to formal loans. It assisted me in purchasing the initial stock.”*

Participant 8: *“I obtained a loan of N\$18 000.00 from a local SME development program. They also provided me with training, which made it easier to use the funds responsibly.”*

Theme 2: Ways Initial Capital Influenced the Growth of the Business

Participant 1: *“The start-up funding enabled me to purchase building materials and tools. With these, I was able to accomplish more jobs and attract new clients. I also bought a wheelbarrow, which made the labor go faster.”*

Participant 2: *“The money enabled me to create a little business and purchase necessary supplies such as rice, sugar, and soap. Previously, I sold things from home, but now I have a legitimate location, which has improved my consumer base.”*

Participant 3: *“I utilized the funds to purchase a water pump and seeds. This enabled me to cultivate more crops and provide fresh goods to a wider clientele. The initial monies enabled me to launch my irrigation business.”*

Participant 4: *“I spent my start-up money on a sewing machine and a work table. Since then, I've been able to produce garments for additional customers and have moved into making school uniforms.”*

Participant 5: *I spent the capital on crates and fresh vegetables. I began delivering produce to local stores and invested in transportation and a cold box to keep the goods fresh.*

Participant 6: *The money helped me launch a modest catering business. I got pots and a gas burner so I could cook meals for construction workers.*

Participant 7: *I used the money to purchase a printer and ink. This allowed me to create signage and business cards. Since then, I've built my clientele by providing high-quality work.*

Participant 8: *I used the monies to purchase a hairdryer and basic supplies. This enabled me to start offering hairdressing services such as braiding and nail treatment, attracting additional consumers.*

Theme 3: Sustainability of the business due to high start-up capital

Participant 1: *Yes, absolutely. With more money, I could purchase a vehicle to transport my tools and materials rather than borrowing one. This would allow me to accomplish jobs more quickly and take on more work.*

Participant 2 stated: *Having additional funds will enable them to purchase a refrigerator for selling cold drinks and meat. This would allow me to extend my product offering and attract more clients.*

Participant 3: *Yes, I would like to fence my property and purchase additional water tanks. This would increase productivity and protect my crops. Due of financial constraints, I am currently operating on a reduced scale.*

Participant 4: *Yes, with greater funds, I could purchase better sewing machines and hire an assistant. I sometimes struggle to execute requests fast, which would assist improve my service.*

Participant 5: *Yes. More money would allow me to buy my own delivery van. Currently, I rely on others for transportation, which is expensive and limits my delivery choices.*

Participant 6: *Yes, additional funding would help me purchase seats and tables so that clients could eat on-site. Currently, the majority of customers take their food away, but I want to improve the dining experience.*

Participant 7: *Yes, I want to get a new laptop and a better printer. My existing equipment is slow, limiting my output. More capital would help me improve my services.*

Participant 8 asserted: *Yes. If I had more money, I could open a genuine salon rather than working out of a little room. A nicer environment would entice more clients and help my business expand.*

The findings show that start-up cash, regardless of its source personal savings, loans, or grants was critical in allowing company owners in Oshakati to create and grow their businesses. The initial funds were mostly used to purchase necessary equipment, inventory, and infrastructure, which directly contributed to business growth and extended client reach. Furthermore, participants uniformly stated that more start-up funding would have improved their enterprises' sustainability by allowing for expenditures in transportation, better equipment, and improved facilities. This emphasizes the necessity of accessible and enough capital for long-term small business growth and stability in the region.

Challenges Faced by Entrepreneurs in Oshakati in Accessing and Utilising Start-up Capital

This section includes findings organized around two emerging themes: the difficulties entrepreneurs faced in obtaining and managing start-up money, and how these obstacles affected their business performance.

Participants provided practical experiences that demonstrated both financial and operational challenges, offering insight on the real-world consequences of capital-related issues in small business management.

Theme 4: Challenges Encountered in Accessing Start-up Capital

Participant 1: *“Yes, I struggled with budgeting. I utilized some of the funds too rapidly without sufficient preparation, resulting in shortages when I wanted to purchase more materials for forthcoming tasks.”*

Participant 2: *“Yes, handling money wasn't easy. I didn't keep appropriate records at beginning, and I occasionally purchased stocks that did not sell well. I had to learn how to better manage my money through trial and error.”*

Participant 3: *“Yes, I had difficulties deciding between purchasing tools and saving for contingencies. When the water pump failed, I had no backup money, which slowed output.”*

Participant 4: *“Yes, in the beginning, I overspent on textiles that were pricey and difficult to sell. I didn't comprehend market demand adequately, which hampered my cash flow until I changed my purchase technique.”*

Participant 5: *“Yes, shipping vegetables cost more money than I anticipated. I didn't prepare for fuel and breaks, so I had to borrow from friends to meet unanticipated expenses.”*

Participant 6: *“Yes, I miscalculated how quickly costs would increase. The price of petrol and food increased, but I had already spent the majority of my money. I struggled to meet client demand.”*

Participant 7: *“Yes, I made some stupid judgments at early, such as purchasing too much ink and paper before finalizing purchases. It limited my capacity to respond swiftly to client needs.”*

Participant 8: *“I admitted to spending money on personal needs due to the initial slowness of their business. That set me back, and I needed to work harder to recuperate and replenish my resources.”*

Theme 5: Effects of the challenges on the business performance

Participant 1: *“Budgetary issues caused project delays and client loss due to late delivery. Now I spend more time planning before spending, and I strive to save a percentage of each paycheck.”*

Participant 2: *“Difficulty tracking revenues and losses due to poor record-keeping practices. I sometimes refilled the incorrect goods. I've since started keeping a stock book and focusing on things that clients purchase frequently.”*

Participant 3 stated: *“Budgetary constraints hindered their rapid growth. I squandered opportunities to increase my farm. Now, I'm more cautious with my expenditures and make sure to always have emergency savings set up.”*

Participant 4: *“I experienced cash flow issues, limiting their ability to purchase in bulk or accept larger orders. Now I pay attention to customer trends and only acquire products that I am confident will sell. It helped me become more strategic.”*

Participant 5: *“Reported delivery delays and spoiled produce due to transportation concerns. That harmed my reputation. Now I organize my delivery better and prioritize things that last longer.”*

Participant 6: *“I stopped taking large orders due to escalating costs. It slowed the business. I've learned to negotiate better prices and buy in smaller, more manageable quantities.”*

Participant 7: *“Stated that they lost consumers due to slow delivery times. That makes me reconsider how I organize my materials. Now I simply stock what I need and focus more on client communication and scheduling”*

Participant 8: *“Reported stock shortages due to personal expenses, resulting in client turndowns. It taught me to keep my professional and personal finances separate, as well as to prepare ahead for slow weeks.”*

The findings show that Oshakati businesses face similar obstacles such as inadequate financial planning, poor record-keeping, and unexpected operating costs. These challenges have a direct impact on performance since they impede business growth, cause client unhappiness, and reduce profitability. The researcher views this as a clear indicator of the importance of basic financial literacy and targeted help for small-business owners. Equipping entrepreneurs with budgeting, inventory management, and contingency planning skills has the potential to greatly increase capital use and, as a result, the sustainability and competitiveness of regional SMEs.

Strategies to improve access to start-up capital and support the long-term sustainability of small businesses in Oshakati

This section delves into participants' thoughts on increasing access to start-up funding and guaranteeing the long-term viability of small enterprises in Oshakati. Participants' replies included practical proposals for financial support systems, business strategies, and advice for new entrepreneurs on how to effectively manage capital and negotiate common problems in the local business climate.

Theme 6: Support or services to help entrepreneurs to access start-up capital more easily

Participant 1: *“The government should lower loan conditions and provide low-interest loans.”*

Participant 2: *“Workshops on applying for grants and loans.”*

Participant 3 suggests: *“Local financial institutions simplify application procedures.”*

Participant 4: *“Access to business advisors who can help us create bids.”*

Participant 5: *“Municipally supported community savings plans.”*

Participant 6 suggests: *“More outreach activities from SMEs to rural regions.”*

Participant 7: *“Using online channels to apply for funding would improve accessibility.”*

Participant 8: *“Start-up competitions offer money for young enterprises.”*

Theme 7: Strategies or financial solutions to be recommended for ensuring long-term sustainability of small businesses

Participant 1: *“I believe that prudent reinvestment of revenues leads to long-term viability. Instead of spending all of my earnings, I always set aside some money to expand the firm and buy goods in bulk.”*

Participant 2: *“Keep solid records and prevent wasteful spending. I discovered that tracking daily income and expenses helps me make better decisions and prevent getting into debt.”*

Participant 3: *“It's critical to save for emergencies. I was taken off guard when my pump broke, so I now set aside a small cash each month to tackle such eventualities.”*

Participant 4 emphasized: *“The importance of diversifying your products or services. Uniforms can sell quickly or slowly. So I started doing changes as well, which helps me supplement my income when other projects are slow.”*

Participant 5: *“Building ties with loyal consumers is extremely beneficial. When clients trust you, they return and even refer you to others. This has kept my business running throughout sluggish seasons.”*

Participant 6: *“I monitor my costs frequently and strive to negotiate better prices with vendors. Buying in fewer quantities or seeking local alternatives has helped me stay on budget.”*

Participant 7: *“Investing in high-quality equipment saves money in the long term. My earlier printer kept breaking, but now that I have a better one, I can work faster and my clients are happier.”*

Participant 8: *“Now, I make a point of keeping my personal and company finances separate. Mixing the two caused confusion, but now I can clearly see what the company earns and requires.”*

Theme 8: Advice to new entrepreneur starting a business in Oshakati

Participant 1: *“I would advise them to start small and work their way up. Don't wait for large sums of money; use what you have now and add more as your business grows.”*

Participant 2: *“Borrow just what you are convinced you can repay. I've seen folks take large debts and then suffer. It is preferable to start modest and gradually increase.”*

Participant 3: *“Firstly, understand your market. Don't rush to spend your money until you know what people in your neighborhood actually need. I made that mistake and had to make adjustments afterward.”*

Participant 4: *“Keep records from the start. Understand how much you spend and make on a daily basis. It makes it easy to manage money and seek support when necessary.”*

Participant 5: *“Always prepare for unexpected expenses. I didn't consider transit and spoiling at first. If I had known, I would have saved some money for those surprises.”*

Participant 6: *“Begin with products or services that are inexpensive and simple to implement. Do not invest in expensive concepts that will be difficult to maintain at first.”*

Participant 7: *“Join an entrepreneur-oriented group or network. You can learn from their failures and obtain ideas for how to manage your money effectively. I have learned a lot from others.”*

Participant 8: *“Prioritize spending your capital on what will help your firm grow. Don't rush to decorate or purchase costly items. Focus on what brings in consumers and income, then gradually improve.”*

The findings show that small business owners in Oshakati encounter structural and financial impediments when seeking start-up finance, despite having clear and realistic proposals for addressing the situation. Participants emphasized the need of simpler loan application processes, financial literacy seminars, and the involvement of both government and community-based institutions in increasing access to funding. They all agreed that long-term sustainability is dependent on reinvesting income, maintaining proper records, diversifying, and increasing customer trust. Their advice to budding entrepreneurs demonstrates a strong understanding of the local context, emphasizing caution, moderate growth, emergency preparation, and the importance of separating business and personal funds for long-term success.

Discussion of Results

The discussion of findings provides a detailed interpretation of the data acquired in accordance with the study goals. It investigates the importance of start-up capital in promoting business growth, the difficulties entrepreneurs encounter in obtaining and utilizing finance, and proposes realistic options for improving capital access and business sustainability in Oshakati.

The impact of startup capital on business growth and sustainability

Participants repeatedly stated that the first funding permitted the purchase of critical assets such as tools, equipment, inventory, and even shop space. This access instantly aided operational growth and enhanced client reach. Takachi (2024) highlights that proper investment, such as Japan's ¥850 billion venture inflows, promotes small firm growth. In Oshakati, even little capital investments resulted in concrete commercial outputs such as water pumps, sewing machines, and catering equipment. This is consistent with the idea that startup capital serves as a growth driver, bridging the gap between concept and capacity. The practical data from participants demonstrates the importance of start-up finance in stimulating early-stage development.

Interviewees also noted that start-up financing increased trust with customers and suppliers. Better equipment and premises-built trust and resulted in recurring business. This is consistent with Petersen's (2025) conclusion that formalized and visible investments in business setup improve reputation and stability. Oshakati businesspeople reported that a wheelbarrow, cold box, or branded shop improved their professional image and enabled them to negotiate better conditions. This is consistent with broader SME research, which links tangible investment to improved brand perception. In this approach, start-up capital does more than just enable operations; it also ensures a company's market validity.

Several participants admitted that starting funding directly influenced employment decisions. Microloans and subsidies enabled them to hire helpers or temporary workers to satisfy demand. This is consistent with Otuko and Mathenge (2024), who discovered that financial constraints in Kenya hampered firm growth, mostly due to the inability to hire extra people. In Oshakati, timely allocation of money assisted enterprises in expanding capacity and increasing output. This is consistent with human capital theory, which states that personnel resources are critical to long-term growth. Participants who could employ staff demonstrated more reliable service delivery and gradual scaling.

Nonetheless, all eight participants agreed that having additional start-up funding would make their enterprises far more sustainable. These entrepreneurs mentioned the need for greater investments in transportation, improved equipment, and premises modifications. This is consistent with Shipofi (2022), who found that only 2% of Oshakati enterprises received commercial loans, resulting in persistent undercapitalization. This is consistent with the concept of undercapitalized growth traps, in which inadequate initial finance limits future viability. The participants' stories demonstrate that, while any capital is preferable than none, insufficient start-up investment prevents businesses from reaching their full potential or surviving shocks.

Challenges faced by entrepreneurs in Oshakati in accessing and utilising start-up capital

The main challenge cited was a lack of access to formal financial sources. Only one member obtained a microfinance loan, while the rest depended on personal savings, informal investments, or government assistance. This is consistent with [20], in Namibia and [16] in South Africa, who identified collateral, credit history, and financial literacy as significant hurdles. This is consistent with global

tendencies in which exclusion from formal institutions encourages entrepreneurs to fund themselves or seek high-interest informal sources. These findings highlight systemic barriers that limit access to structured financial products, keeping many entrepreneurs out of mainstream finance.

Even after gaining access to finance, participants struggled to efficiently manage and use funds. Poor record-keeping, excessive spending, and a lack of budgetary discipline were among the challenges. This is consistent with [8] findings that Nigerian businesses' lack of financial management skills destroyed borrowed cash. Oshakati business owners routinely misallocated funds, either on low-selling stock or personal expenses, resulting in cash deficits. This is consistent with business studies that emphasize the importance of financial literacy in long-term enterprise management. The recurring issue here is that access to finance without financial competency can lead to resource waste and undermine long-term profitability.

Unexpected operating costs, such as transportation failures, rising material prices, and equipment repairs, caused significant challenges. When such expenses arose, many lacked contingency money, resulting in service disruptions and lost revenues. This is consistent with [19], who emphasize that operational unpredictability undermines African SMEs' resilience. This is related to the concept of startup fragility, in which initial capital injections drain quickly due to unexpected demands. The participants' experiences highlight the vulnerability of small businesses that are unable to absorb shocks due to inadequate financial preparation.

Another common issue was confusion over collateral and loan terms. Even those who qualified for loans faced high interest rates or strict criteria. Some applicants were discouraged by the prospect of large repayment expenses. This is consistent with findings from Finland[2], Nigeria [8] and South Africa [16],

which all highlight burdensome loan terms as obstacles to financing. This is consistent with findings from Uganda's PDM model, which suggest that reducing loan complexity improves uptake. In Oshakati, reducing lending conditions and offering better terms could lead to more accessibility.

Strategies to improve access to start-up capital and support the long-term sustainability of small businesses

Participants cited government-backed low-interest loans and simplified application procedures as critical enablers. These concepts are similar to Malaysia's tax incentives for peer-to-peer lending and angel investors [24] This is consistent with Zimbabwe's Mutapa Fund concept [14], which encourages investment through lower obstacles. Oshakati entrepreneurs contended that accessible financing, along with fewer entry restrictions, can democratize capital access. This is consistent with financial literature, which indicates that cutting transaction costs directly boosts small business participation in formal lending. Their voices echo global best practices and push for their replication on a local scale.

Training sessions, access to business advisors, and outreach initiatives were used by participants to emphasize the need of financial literacy and business support services. This is consistent with Kato's [13] Uganda facilitation centers, which combine funding and consulting services for rural entrepreneurs. This aligns with global SME assistance models that mix funding and skill development. In Oshakati, entrepreneurs believe that practical training in proposal writing, record-keeping, and budgeting, in addition to funding, will significantly improve fund efficacy and accountability.

Community-based savings organizations, internet fundraising platforms, and start-up competitions were highlighted as viable local initiatives. These proposals are based on Malaysia's peer-lending platforms and local

creative funding mechanisms [24]. This is consistent with current financial inclusion trends, which broaden access channels beyond banks. This complements Namibia's own push for digital inclusion and SME development [12]. Such hybrid finance models can harness local social capital while utilizing digital tools that are suited to the Oshakati setting.

Participants advised long-term strategic counsel for budding entrepreneurs, including disciplined budgeting, incremental growth, savings buffers, diversification, and business networking. This is consistent with the best financial practices outlined in the OECD guidelines for SME resilience. This is consistent with [19] research, which cautions against overleveraging and emphasizes the necessity of market understanding. The local advice is to start small, document finances, separate personal/company funds, network, and plan for contingencies is consistent with globally recognized entrepreneurial success principles, demonstrating maturity and intelligence among Oshakati business owners.

Conclusion

The impact of startup capital on business growth and sustainability

This study sought to determine the impact of start-up funding on the growth and sustainability of established enterprises in Oshakati. The findings demonstrated that even little amounts of start-up cash allowed entrepreneurs to purchase necessary equipment, enhance operational capacity, and boost their market credibility. Participants noted that initial capital inputs enabled them to acquire office, purchase products, and even hire employees. These financial investments paved the way for corporate expansion, client retention, and higher output. However, all participants agreed that the capital they received was insufficient to ensure long-term sustainability. While start-up capital is an important driver of growth, insufficient funding continues to hinder expansion, capacity

building, and the ability to absorb market shocks. Businesses in Oshakati would benefit substantially from increased and sustained access to start-up financing customized to their size and environment.

Challenges faced by entrepreneurs in Oshakati in accessing and utilising start-up capital

The second objective was to identify the major problems that entrepreneurs experience when getting and utilizing start-up finance. The study discovered that entrepreneurs in Oshakati confront a variety of challenges, including restricted access to formal financial institutions, high interest rates, little financial literacy, and uncertain operational costs. Due to the difficulty of meeting bank loan standards, many people turned to informal sources such as personal savings, friends, and family. Furthermore, even when funds were received, improper use (such as bad budgeting, a lack of financial discipline, and insufficient record-keeping) eroded the capital's benefits. These data show that access alone is insufficient; usage is as important. To make the most use of available finances, entrepreneurs require both cash and financial management capacity-building support. Addressing these dual issues is crucial to ensuring that small firms not only survive, but also grow sustainably.

Strategies to improve access to start-up capital and support the long-term sustainability of small businesses

The third objective was to identify measures to improve access to start-up finance and assist the long-term viability of small enterprises in Oshakati. Participants recommended realistic and context-specific solutions, such as the implementation of low-interest government-backed loans, simplified loan application procedures, financial literacy training, and expanded support networks. Entrepreneurs have suggested other financing methods, such as internet fundraising platforms, start-up

competitions, and community savings organizations. Aside from capital, they underlined the importance of business mentorship, proposal writing skills, and good budgeting methods.

Limitations of Findings

This study has various limitations, which may have influenced the results. The study was only done in Oshakati, limiting the results' applicability to other parts of Namibia. The sample size was tiny, with only a few entrepreneurs being interviewed due to time and resource constraints. Furthermore, some participants were hesitant to submit comprehensive financial information, which may have limited the amount of financial data collected. Additionally, the use of self-reported data implies that responses may have been influenced by personal biases or memory constraints, thereby affecting the accuracy of the results.

Ethical Approval

Ethical clearance was obtained from the University of Namibia Research Ethics Committee prior to the commencement of the study. In addition to the institutional permission letter, the purpose of the study was clearly explained to all participants, and informed consent was obtained before data collection. Therefore, the set of moral guidelines and norms known as research ethics has directed researchers to carry out the study in a way that respects, treats, and protects study participants [4]. Furthermore, appropriate and quiet venues were arranged for the interviews to ensure privacy and minimal disturbances.

Conflict of Interest

The authors declare that there are no conflicts of interest regarding the publication of this study.

Acknowledgements

The author expresses sincere gratitude to the supervisor, Dr. Helena Hakweenda, for the valuable guidance, support, and encouragement provided throughout the research process. Her expertise and critical insights significantly enhanced the quality of this study. Appreciation is also extended to all participants who generously shared their time and experiences, thereby making the study possible. The successful completion of this research would not have been achievable without their cooperation and openness. Special acknowledgement is further given to family and friends for their continued encouragement and understanding. Lastly, appreciation is extended to all individuals who contributed directly or indirectly to the completion of this research.

Data Availability

The data supporting the conclusions of this article are available upon reasonable request from the corresponding author, Ruth Shigwedha. The raw data underpinning the findings of this study will be made accessible to researchers upon request, subject to ethical considerations.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

Author Contribution

Ruth E.Y. Shigwedha was responsible for the conceptualization and design of the study, development of the methodology, data curation, formal analysis, and the preparation of the original draft of the manuscript. Helena Hakweenda contributed to the review and editing of the manuscript, provided academic supervision throughout the research process, and oversaw project administration.

References

- [1]. Adeleye, I., (Ed.), 2018, The internationalization of African firms: Opportunities, challenges, and risks. *Palgrave Macmillan*.
- [2]. Autio, E., Szerb, L., Komlósi, É., & Tiszberger, M., 2021, The Finnish startup ecosystem: Towards a sustainable entrepreneurial economy. *Global Entrepreneurship Monitor Finland*. <https://gemconsortium.org/report/gem-finland-2021-report>
- [3]. Barney, J. B., Ketchen Jr, D. J., & Wright, M., 2021, Resource-based theory and the value creation framework. *Journal of Management*, 47(7), 1936-1955.
- [4]. Bos, J., 2020, Research ethics for students in the social sciences (p. 287). *Springer Nature*.
- [5]. Busetto, L., Wick, W., & Gumbinger, C., 2020, How to use and assess qualitative research methods. *Neurological Research and practice*, 2(1), 14.
- [6]. Business and Intellectual Property Authority, 2023, Annual Report. <https://www.bipa.na/>
- [7]. Campbell, S., Greenwood, M., Prior, S., Shearer, T., Walkem, K., Young, S., & Walker, K., 2020, Purposive sampling: complex or simple? Research case examples. *Journal of research in Nursing*, 25(8), 652-661.
- [8]. Eneh, O. C., & Agu, A. I., 2022, Financial constraints and performance of SMEs in Nigeria. *Journal of African Business*, 23(1), 56–72. <https://doi.org/10.1080/15228916.2022.2035476>
- [9]. Fatoki, O., & Smit, A., 2011, Constraints to credit access by new SMEs in South Africa: A supply-side analysis. *African Journal of Business Management*, 5(4), 1413-1425.
- [10]. Institute for Public Policy Research. 2023. *SME financing in Namibia (Discussion paper)*. IPPR.
- [11]. Karatsareas, P., 2022, Semi-structured interviews. *Research methods in language attitudes*, 99-113.
- [12]. Katire, F., 2024, The role of Technical and Vocational Education and Training Institutions in the Namibian National System of Innovation: A Case Study of Community Skills Development Centres in the Hospitality and Tourism Sectors (*Doctoral dissertation, Stellenbosch University*).
- [13]. Kato, A. I., 2024, Building resilience and sustainability in small businesses enterprises through sustainable venture capital investment in sub-Saharan Africa. *Cogent Economics & Finance*, 12(1), 2399760.
- [14]. Mwamba, S., Chigumira, G., Mudenda, D., Simuchimba, B., & Mudzonga, E., 2022, Innovation support programs for small and medium-sized enterprises: *Evidence from Zambia and Zimbabwe*.
- [15]. Mwinga, M., 2020, *Start-up costs and sources of start-up capital among small businesses in Oshakati*. Retrieved from <https://library.net/article/start-up-costs-and-sources-of-start-capital.yen8vr7y>
- [16]. Nkosi, T. M., 2023, Financial literacy as a tool for improving funding utilization among township entrepreneurs in South Africa. *Journal of African Business*, 24(2), 112–126. <https://doi.org/10.1080/15228916.2023.2214567>
- [17]. O’Caoimh, R., Sezgin, D., O’Donovan, M. R., Molloy, D. W., Clegg, A., Rockwood, K., & Liew, A., 2021, Prevalence of frailty in 62 countries across the world: a systematic review and meta-analysis of population-level studies. *Age and ageing*, 50(1), 96-104.
- [18]. Organisation for Economic Co-operation and Development, 2022, Financing SMEs and entrepreneurs 2022: An OECD scoreboard. *OECD Publishing*.
- [19]. Otuko, M. S., & Mathenge, V. K., 2024, Catalyzing Innovation: A Comprehensive Analysis of the Startup and Entrepreneurship Ecosystem in Kenya. Retrieved from https://www.researchgate.net/publication/386534024_Catalyzing_Innovation_A_Comprehensive_Analysis_of_the_Startup_and_Entrepreneurship_Ecosystem_in_Kenya
- [20]. Petersen, S., 2025, January 13. *Skills shortage hinders local banking ownership. The Namibian*. <https://www.namibian.com.na/skills-shortage-hinders-local-banking-ownership/>
- [21]. Shane, S. A., 2008, The illusions of entrepreneurship: The costly myths that

entrepreneurs, investors, and policy makers live by.
Yale University Press.

[22]. Shipefi, S. L., 2022, Investigating the impact of microfinance institutions' products on the growth of SMEs in Oshakati, Namibia (master's thesis).
University of Namibia.

[23]. Takachi, K., 2024, *Analyzing the Global and Japanese Funding Gap in 2024: A Data-Driven Perspective*. Retrieved from <https://koheita-kachi.medium.com/analyzing-the-global-and-japanese-funding-gap-in-2024-a-data-driven-perspective-3394bb163415>

[24]. Tan, S. R., Jang, H., & Wood, J., (Eds.), 2024, *Economic Growth and Development in the Tropics*.
Routledge.

[25]. Triple Capital & Development Workshop of Namibia, 2024, December 17. Understanding entrepreneurship in informal settlements in Oshakati, Oshana Region: Results of a pilot study.
Triple Capital.

[26]. We Namibia, 2023, November 8. *Spanner in SME works*. Retrieved from <https://www.we.com.na/mw-b7-main/spanner-in-sme-works2023-11-0892963>