**DURBAN UNIVERSITY OF TECHNOLOGY**

# Exploring financial and investment strategies as foundational pillars of successful African economies. A case study of Namibia

By

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**APPROVED FOR FINAL SUBMISSION**

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Student Signature 30/10/2018

**Declaration**

I, **Thomas Mutsvene**, do hereby declare that this thesis is a culmination of my own investigation and research and has not been submitted in part or full for a doctoral degree or any other degree at any College/University.

[redacted]

____________________ October 2018

**T. Mutsvene** **Date**

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## Dedication

To my late parents who all went to be with the Lord when this academic feat was still a far-fetched dream. To my wife (Perpetual), my son (Ryan) and daughter (Raela) who filled the void of inspiration left by my departed parents. To my siblings (brothers and sister) who fearlessly believed in my potential through thick and thin.

## Abstract

This research outlines that amidst the raging debates, Africa is at the receiving end of the effects of ill-crafted financial and investment strategies of their own making. The major research problem is that African economies lose a lot of investment opportunities through lost investor confidence caused by political polarisation, weakening currency value and ignoring the resources available within the economy. The main aim of the research was to explore how financial and investment strategies can be used to improve African economies to be successful. The goal was to see how financial and investment strategy can be harnessed to achieve successful African economies through examining the effect of such strategies on the economy and comparing performance of Namibian economy against others as well as the impact of joining the rand monetary union and politics.

The research adopted a mixed research methodology on data from eight countries out of the total population of fifty four African countries in various income levels. The sample size was two hundred (200) participants and one hundred and fifty (150) responded to the research instrument(s). The major findings revealed that financial and investment strategies revolving around the available resources are the bedrock upon which successful African economies hinge on, hence, there is need to tap into untapped resources and engage in massive beneficiation in pursuit of economic growth and development agenda.

Practical and managerial implications of this research show the need of developing financial and investment strategies revolving around economy's resources so as to tap into significant incomes and investment opportunities wrapped in them. The major contribution of this research is a thrust on beneficiation and value engineering along the resources exploitation value chain as most African literature has provided little scope on the importance of this process and its impact on financial and investment growth in Africa.

**Key Words:** Income; Resources; Growth; Development; Beneficiation

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**Acronyms and Abbreviations**

ABC – American Business Council
ADB – African Development Bank
App - Application
ATS – Alternative Trading System
BCL – Bamangwato Concessions, Ltd
BFTU – Botswana Federation of Trade Unions
BIPA - Business Intellectual Property Authority
BoN – Bank of Namibia
BRICS – Brazil, Russia, India, China and South Africa
BSE – Botswana Stock Exchange
CAP – Common Agricultural Policy
CEO – Chief Executive Officer
CFP – Common Fisheries Policy
CMA – Capital Market Authority
DevX – Development Capital Markets
DFID – Department for International Development
DSIP – Development Sector Investment Plan
EPA – Economic Partnership Agreement
EPAS – Economic Planning and Advisory Services
EPZ – Export Processing Zone
ESM – European Single Market
ETF – Exchange Trade Funds
EU – European Union
FAFIN – Fund for Agricultural Finance in Nigeria
FCB – First Community Bank
FDI – Foreign Direct Investment
FMARD – Federal Ministry of Agriculture and Rural Development
GCI – Global Competitiveness Index
GEAR – Growth, Employment and Redistribution
GEC – Global Economic Crisis
GIPF – Government Institutions Pension Fund
GRN – Government of the Republic of Namibia
HDI – Human Development Index
HPI – Human Poverty Index
HPP – Harambee Prosperity Plan
ICT – Information Communication Technology
IHC – International Headquarter Company
IMF – International Monetary Fund
IP – Industrial Policy
IPS – Investment Policy Statement
IPPR – Institute of Public Policy Research
JSE – Johannesburg Stock Exchange
KIST – Kigali Institute of Science and Technology
MCA – Millennium Challenge Account
MDG – Millennium Development Goals
MoF – Ministry of Finance
MTI – Ministry of Trade and Industry
MITSMED – Ministry of Industrialization, Trade and SME Development
MSME – Micro, Small and Medium Enterprises
NAD – Namibian Dollar
NAMFISA – Namibia Financial Institutions Supervisory Authority
NamibRe – Namibia Reinsurance Corporation Limited
NAV – Net Asset Value
NEB – Namibian Equity Brokers

NFSS – Namibia Financial Sector Strategy
NIC – Namibia Investment Centre
NIF – Nigeria Infrastructure Fund
NFICA - National Financial and Investment Crimes Agency
NMA – Namibia Manufacturers' Association
NMRC – Nigeria Mortgage Refinance Company
NPC – National Planning Commission
NSIA – Nigeria Sovereign Investment Authority
NSX – Namibia Stock Exchange
OECD – Organisation for Economic Cooperation and Development
OSBP – One-Stop Border Post
OTC – Over-The-Counter
PWC – Price Waterhouse Coopers
R&D – Research and Development
RDP – Reconstruction and Development Program
RMC – Regional Member Countries
SA – South Africa
SACU – Southern Africa Customs Union
SADC – Southern Africa Development Community
SAPP – Southern African Power Pool
SARC – Southern Africa Resource Centre
SEEP – Skills, Employability and Entrepreneurship Program
SEZ – Special Economic Zones
SME – Small-to-Medium Enterprise
SOE – State Owned Enterprise
SWIFT – Society for Worldwide Interbank Financial Telecommunication
UCTERC – University of Cape Town Energy Research Centre
US – United States
USD – United States Dollar
WBG – World Bank Group
WEC – World Economic Forum
WTO – World Trade Organisation

# CHAPTER ONE
# INTRODUCTION

## 1.1 Introduction

The African continent is endowed with highly valuable natural resources such as minerals (diamond, platinum, gold, uranium, lithium, zinc, copper and many others), natural wonders like waterfalls, gorges, deserts, sea and islands as well as great wildlife and vegetation yet the contribution they bring to finance and investment is failing to lift its economies' income levels. Sceptics are of the view that there is no problem with African economies while management scientists believe financial and investment strategies can be the turning point of economic success in Africa as her resources are being beneficial to non-African economies as a result of them being exploited by foreign investors. Some investment and management science specialists are of the view that exploiting of natural resources in Africa require extensive capital investment which most Africans do not afford, but considering the revenues governments generate, there is a general belief that, if such revenue is invested in country resources, the returns generated can be so high to finance capital projects such as infrastructure development and public expenditure within the economy. It remains to be seen if financial and investment strategies can be used to tap into these resources.

This research focuses on the area of financial and investment strategies within an economy in the field of business administration. The focus is to explore how financial and investment strategies can be used to resuscitate developing economies, particularly in Africa, so that they can compete head-on with other continents and elevate economic development and growth to match the standards of first world economies. There has been a neglection of this area by previous researchers such as Sahi (2012), Jordan and Miller (2009), Wheelen and Hunger (2004) and Davies (2000), therefore, this research seeks to fill this void using findings of previous researchers in related research fields such as neuro-finance and behavioural finance, by addressing the shortcomings thereof using constructive academic criticisms (where necessary) in order to make significant contribution to the academic body of knowledge. The research explains the role of other relevant key variables such as African politics, education development, information communication technology, government policies and legislation, corruption as well as nepotism on financial and investment strategies of an economy. Major controversies, gaps and inconsistencies in the literature to be addressed by this study lie in the failure of economies with rich and internationally demanded resources such as oil, diamonds and gas to succeed and avoid high income disparities and inequality gaps within the economy. Some African economies sign bonds with non-African economies to exploit these resources in exchange of some capital projects service(s) such as road rehabilitation and infrastructure development for stipulated significant timeframes but the service(s) value received in return will be costing far less than the revenues generated from such resources by foreign economies who will be party to the African resources bonds. Some economies with less value resources have higher income rating than those with high value-high grade resources which worsens the controversies and inconsistences which have prompted the conducting this research. Past researchers such as Farrel (2014), Sahi (2012), Kaufmann and Vicente (2005) concentrated on finance and investment areas such as development finance, microfinance, long term financing, investment finance, financial systems, neurofinance and behavioural finance but left a gap to critically study financial and investment strategies.

In view of the above, the core research problem is that the leverages of natural, artificial and human resources in Africa are not tapped into, to develop the continent's economies into middle or first income class. According to National Planning Commission (NPC) (2015), due to uncertain economic conditions in most African countries mostly caused by politics, corruption and the weakening of currencies against major currencies like the US dollar, Africa loses a lot of investment opportunities as existing investors lose confidence as her existing and potential investors go into panic mode. Some African economies have great financial and investment strategies but implementation is stopped prematurely especially on change of government democratically or worse by undemocratic means such as a military coup or any other means. The ensuing targeted sanctions by super-power economies in response excessive human right abuses as well as undemocratic constitution of some African governments stifle financial and investment growth in an economy as well. Specific research objectives on the use of financial and investment strategies on economic growth initiatives, impact of politics and joining monetary unions like the Rand bloc on finance and investment and comparing Namibia's performance against fellow African economies guide this research on a mixed methodology approach. The research design is an exploratory scientific survey design on the impact of financial and investment strategies in inducing investor confidence and triggering economic independence, development and growth not only in Namibia per se but in African economies following qualitative and quantitative research design technique. The potential value-add of the study is to contribute knew knowledge to existing academic theories and establish findings from mixed methodology using case study approach with special attention to prevailing factors at play in the case study economy during the conduct of the research. The practical merit and rationale for the study is to come up with practical recommendations which can be implemented at governments, financial and investment commissions as well as the private finance and investment sector.

## 1.2 Field of research

### (i) Discipline

This research study is in the field of finance under business/public administration. It zeroes on financial and investment strategies and their contribution to building a successful economy. This involves how governments and private sector co-exist in an economy making use of financial and investment strategies as the foundational pillars upon which economic growth and development can be built.

### (ii) Geographical scope

The research uses Namibia as a case study economy, particularly researching on how the public and private sector can collaborate to stimulate financial and investment growth within the country in order to build a successful African economy.

### (iii) Content and conceptual scope

Local case studies such as the role of the National Planning Commission, the monetary and fiscal authorities as well as line ministries such as Ministry of Economic Planning and Development, Ministry of Industry, Trade and SME Development, BIPA (Business and Intellectual Property Authority), private sectors (service and manufacturing industries) were looked at. Financial and investment policies and plans were reviewed in line with the economy's success trajectory so as to examine how far they contribute to the objectives of this research. Other African economies in the middle class rating together with Namibia and some in the upper and lower class were also looked at in order to establish the impact of financial and investment strategies to their economic rating.

### (iv) Temporal scope

This research study develops from national scope where Namibian economy was looked at as the main case study and then proliferated into an international scope when other African economies like South Africa, Kenya, Botswana, Rwanda, Uganda, Zimbabwe and Zambia were looked at particularly in relation to their economic rating between lower, middle and upper class. The researcher further looked at other international economies' trading blocs such as the dollar bloc, euro bloc and yen bloc so as to see the impact of the rand bloc (where Namibia belongs to) on the success of its economy.

## 1.2 Context of the Research

### (i) Background to research area

African economies are struggling to match the standards of most continents of the world which has resulted in them being labelled developing or third-world economies (Correia, Flynn, Uliana, and Wormald, 2007:54). According to Tuhafeni (2015:63), political risks have threatened investor confidence and lack of a combination of sound policies and financial/investment strategies have added rust to the economic wheels.

The pace of development has decreased at an increasing rate (United Nations 2005:16). The UN report further states that corruption has become the economic cancer which kills governance thereby triggering economic atrophy, bureaucracy and indifference. Capital Markets, Money Markets, Bond Markets, Development Capital Markets (DevX), Security Depositories as well as Fiscal/Monetary Authorities seem to have lost track of how to salvage declining economies (Correia *et al.* 2007:65). Taking a close look on the development map, African economies seem to be at a far distant. Some African countries have good financial/investment strategies in black and white but the implementation of the blue-prints is more than just a lip service (Louthuraj, 2010:42). Correia *et al.* (2007:67) further state that, this non-implementation is just as good as the absence of financial/investment strategies. Absence or non-implementation of these strategies have caused continuous economic coughs. Since one of the major characteristic of investors is being too cursor-sensitive, they are likely to lose risk appetite to investing in an economy they are unsure of as there would be no assurance of a safe investment haven (Sahi, 2012). This research looked at national and international scope in the African economies' landscape of financial and investment strategies contribution to economic growth and development. It looked at how the policies implemented by the Ministry of Finance, Ministry of Trade, Industry and SME Development and Office of the Prime Minister correlate with financial and investment strategies set by the office of the president's National Planning Commission as well as the Bank of Namibia's foreign markets and treasury's impact on spurring infrastructural development and reserve creation. The fiscal and monetary authorities' policies and decisions' impact on financial and investment development within an economy was also reviewed and the fusion of private financial and investment institutions in building rising economies.

**(ii) Justification for focussing on research area**

Financial and investment strategies play an increasingly pivotal role in the economy's financial system. With a focus on important contemporary financial and investment strategies, the research considers concentration on fundamental macro, fundamental equity or credit selection, relative value strategies, tactical strategies, event driven strategies as well as portfolio management and asset allocation (Arnold, 2010; Fabozi, 2007; Stulz, 2003). This is important for this research because for an economy to be successful, it should be able to effectively carry out portfolio optimization, risk control, performance attribution and asset allocation, forecast patterns of economy's market behaviour using tactical asset allocation strategies and strategies based on the forecast of likelihood of market-moving events or market reactions to such events.

**(iii) Significance/relevance of research focus area**

This research is unique as it looks at how known organisation and country-specific strategies can be developed to be useful to catapult an economy by building national investments. It attempts to advance financial and investment strategies for economies so as to reduce government borrowings and build macro-equity investments. Significance of this research study focuses on theory, concept, policy and practice.

**(a) Significance on theory**

The research reviews existing theories on their use and relevance in contemporary financial and investment strategies for steering economic success in African economies. Various theories such as Makowitz's Modern Portfolio Theory, Greater Fool Theory, Prospect (Loss-Aversion) Theory, Rational Expectations Theory and Efficient Market Hypothesis (EMH) were looked at and their applicability in relation with the evolution of public and private finance and investment processes so that the findings from the literature reviewed can be used to authenticate, substantiate or even criticise some of these theories in order to create refined theories applicable to today's financial and investment activities.

**(b) Significance on concept**

Financial and investment concepts and strategies pursued by various African governments are examined to identify areas that spearhead the building of successful economies while some concepts that need revision and review are identified. Successful financial and investment development and growth concepts in certain countries are identified to see how they can be of use and benefit to other struggling economies through customisation or whole concept adoption.

**(c) Significance on policy**

The research is of benefit to existing and to-be-crafted financial, investment and economic policies by using the findings and recommendations to improve existing policies or develop newer ones which can be in sync with realities and modalities of economic development and growth.

**(d) Significance on practice**

Current practices in finance and investment stand to benefit from this research's findings and recommendations as it brings into the picture the reality of citizenry expectations to coincide them with global practices or modern systems which would be inferred from this research. Better approaches to corporate governance and risk management in finance and investment activities and transaction can be developed from this research using the analytical model developed by this research using the logic regression technique.

## 1.4 Research Problem and Aims

### 1.4.1 Research Problem

African economies lose a lot of investment opportunities as existing investors lose confidence in the economy and potential investors sit on the fence due to uncertain economic conditions mostly caused by politics and the weakening of currencies against major currencies like the US dollar and the Euro (National Planning

Commission, 2015). The quest of attracting and retaining investors in African economy has been much of lip serve than action. Financial and investment strategies have been written and formulated into policies which are enticing to keep but the promotion of such policies has been misdirected and sometimes not done at all (Nakale, Sikanda and Mabuku 2015). The variance between targeted investment amounts and the actual investors acquired within African economies is highly adverse in most countries which affects economic growth intonation. Nakale, Sikanda and Mabuku (2015) further note that there is high income inequality in Namibia to an extent that the majority of the economy is controlled by the rich minority. Understanding what strategy is has been complicated by the proliferation in the number of schools of strategic thought and by the undisciplined, even reckless, use of the term (Davies, 2000:3). Financial and investment strategies are seemingly dreams far-fetched for African economies. However, Africa's story of middle and upper class rising has caught the world's imagination in recent years hence the need for more investment in research and development in key areas that stimulate economic success such as income inequality, finance and investment (Stiglitz, 2016). This need of finance and investment research triggered this research given the unaccounted value of resources African economies have.

The African continent has vast mineral deposits, a lot of intellectual capacity and a number of agricultural land and is better natural tourism destination. All these leverages are not tapped into to develop the continent into middle or first class economy. Auctions of African resources like minerals and agricultural produce are unknown to them, and renegotiating contracts have been difficult to carry out. There is still very much need to have a better narrative on this landscape and negotiating contracts on upstream markets. Past researchers such as Tuhafeni (2015), Louthuraj (2010) as well as Correia *et al.* (2007) have delved much on the reasons for economic growth stagnation in Africa but this research has identified the lack of solutions to such economic imbalances. According to the UN 2005 report, it is important not only that the fast growing Asian countries make the right policy choices, but also that developed countries take appropriate policy measures to overcome the persistent imbalances and inequities in the international trading system (United Nations, 2005, p.iii). This gap need to be filled if Africa is to be restored its rightful position on the world economic map, possibly by necessitating the need for the adoption and implementation of robust financial and investment strategy. This research seek to provide a panacea to these problems through the use of financial and investment strategies to spearhead economic development and growth.

### 1.4.2 Main objective of the Study

The study aims at exploring how financial and investment strategies can be used to improve African economies so that they can develop into successful economies through accelerating the pace of development and growth as well as infrastructural improvement to match the standards of first world economies. Namibia, as the case study economy, was analysed on how it has used the financial and investment strategy to strike a middle class economy rating and the research explores how the same strategies can be harnessed to leverage this economy rating higher.

#### 1.4.2.1 Researcher Objectives

The following are the research objectives:

- (i) To explain what constitutes a successful economy.
- (ii) To examine the effect of financial and investment strategies on economic sustainability, growth and development in Namibia.
- (iii) To compare performance of Namibian economy against other African and inter-continental economies in order to spur financial and investment growth to improve the economy's rating.
- (iv) To investigate challenges inhibiting Namibia to develop and grow into a first class economy.
- (v) To ascertain possible financial/investment opportunities to achieve a successful economy.
- (vi) To determine the impact of Namibia joining the rand bloc on the economy
- (vii) To assess the impact of politics on financial and investment strategy of an economy

### 1.4.3 Research Questions

The following are the research questions on which this research is anchored:

(i) What defines a successful economy?

(ii) How can financial and investment strategies be used to promote economic sustainability, growth, development and governance in African economies?

(iii) How can Namibian economy's performance be rated against other African economies and inter-continental economies?

(iv) What are the challenges inhibiting the growth of Namibia into a first class economy

(v) What are the possible financial/investment opportunities to achieve a successful economy?

(vi) To what extent does the joining of the rand bloc trading system affect the Namibian economy?

(vii) What is the impact of African politics on financial and investment strategies of an economy?

## 1.5 Significance of study

In summary, the research has a fourfold impact namely, conceptual impact, theoretical impact, policy impact and practical or managerial impact.

### (i) Conceptual impact

There are vast mineral deposits, oil fields, agricultural land, good climatic conditions, high population, renaissance, peace and stability in Africa capable of building better economies and poverty free Africans. However, this is not the case on the ground as most African countries are in abject poverty, with resources only benefiting the minority at the expense of the majority. Namibia is endowed with diamond, gold, uranium and zinc as major minerals and has one of the greatest tourism destination (with aquariums, the sea, desert and rich wildlife reserves, inter alia) which can be very useful in building robust financial and investment strategy to uplift the economy's status. This research, therefore, sought to contribute to the literature on economic markets by studying the impact of various variables, such as oil price changes on a large set of emerging economies' market returns such as stock market returns. The conceptual framework revolved around establishing why African economies struggle in their development curve despite being endowed with vast resources better than other continents. It develops on what the Namibian economy is endowed with in order to determine any untapped potential to spur financial and investment growth and development resulting in a successful economy. Mineral sector, tourism sector, agricultural sector, service sector and professional sectors like education as well as national government and private sector roles in developing financial and investment strategies helped formulate this research's conceptual framework.

**(ii) Theoretical impact**

This research provides the cross-pollination of ideas from various literature, achieving a unique nexus of academia and economic views on one hand, and theoretical and applied models on the other. Past researches on financial and investment strategy have been taken on pro bono but this research provides a more universal measure that is proxy for how people live their daily lives and how their economies achieve economic success. This research reaffirms existing theories and also seeks to establish new ones which can contribute to existing body of knowledge in successful public economy management and administration. Considering the envisaged impact of this research, the research builds on existing theory and develops more literature in this field of study through the findings of the research. A critique of existing literature and contribution to body of knowledge helped developing new theory in the field of financial and investment strategies. Existing theories, government plans, and policies such as national development plans, Millennium Development Goals (MDGs), vision 2030, Harambee Prosperity Plan (HPP), fiscal and monetary policies, investment policies, as well as private sector financial and investment perspectives and textbook, journals and internet literature helped formulate the theoretical framework of this research.

### (iii) Policy impact

The research provides insight to some areas that need to be reconsidered and reviewed in the monetary and fiscal policies, finance policy and investment policy using the findings and recommendations from the study. Sedate economic policies interwoven with Gross Domestic Product (GDP) per capita management and purchasing power parity (PPP) management depend on robust financial and investment strategy which implies that this research if so material to the development of practical policies by avoiding errors made in previous policy documents of other economies who faced challenges in stimulating financial and investment growth to spearhead economic development and growth.

### (iv) Practical or managerial impact

There are various ways of measuring success in terms of wealth, a lack of it or overall socio-economic status in Africa arising in people, communities and countries. The research explored how finance and investment strategies would be the solution to the missing link to creation of successful economies. Investment and financial strategies need sagacity and piety in corporate governance so that economic emancipation cascades downstream to the villages. Private and public managers can use the research findings to find the best ways of using financial and investment strategies in reshaping status of their economies as it comes with practical and applicable solutions to economic development and growth stagnation.

## 1.7 Delimitation/Scope

The delimitation of this research is in terms of discipline and geographical location.

### (i) Discipline

In terms of research discipline, the study is restricted in the area of finance and investment as a field of business administration. The research tries to establish if financial and investment strategies can be the foundational pillars of building successful African economies.

### (ii) Geographical location

African economies dominated this research although a look into overseas economies was included for comparison purposes using past literature on financial and investment strategies. Thus, the research was carried out on an international scope but mostly limited to Africa with Namibia being a main case study economy. A mixture of public and private as well as NGO sectors with a bias to finance and investment was involved. This research was restricted to finance and investment people but also utilised economist as well as statisticians in gathering data and information for the research. Mostly, those that hold the most senior positions were used in this research like permanent secretaries of government ministries, directors or deputy directors of government departments and line ministries, managers of investment and finance firms, heads of finance/investment research firms, as well as finance/economics/investment academics. Eight African economies were considered in consolidating this research scope in three income classes namely, upper middle income class, middle income class and lower income class economies. This comprised of countries in the most performing class (like South Africa, Kenya, Nigeria and Botswana); Middle class (Namibia, Rwanda and Uganda) and lower class (Zimbabwe). The portfolios that were targeted in these eight (8) countries included Public Sector (Monetary/fiscal authorities – Central Banks and Ministry of Finance, National Planning Commission and Ministry of Trade, Industry and SME Development), Private Sector (private financial and investment firms, Private financial investment/financial/economic/statistical research firms), Academia Sector (scholars/academics) and the Non-Governmental Organisations/Donors Sector (NGO).

## 1.8 Limitations

The research was not generalised as this presents a strain on the budget hence it made use of sample observations and findings. The researcher was also not be able to carry out the research in each and every African economy due to time constraints hence the need to use samples of upper, middle and lower class African economies so that the sample may be as representative of the entire population as possible. Besides, the other limitation was the unwillingness of some of the research participants to divulge information even anonymously due to unknown reasons and most probably fear of the unknown especially on politically sensitive questions. These research limitations are summarised into the following:

(i) **Methodological limitation** – The methodology used in this research might not be the best but the one affordable and easily applicable within the ambit of this research setting. Exploratory scientific survey which follow a case study approach, was restricted to the case study despite mixing with few other outside information such as when benchmarking Namibia and other African economies.

(ii) **Access to data limitation** – the researcher was restricted to some data especially at the Bank of Namibia (BoN), the Office of the Prime Minister (OPM) which both felt that they could not participate in this research directly while the office of the President's National Planning Commission (NPC) and Ministry of Finance (MoF) participated but not fully due to data sensitivity. Despite efforts to assure these organisations through signing the letter of permission and responding positively to the research authorisation request, and the researcher's promise to uphold research ethics and abide with the integrity requirements of this research, the response rate was not 100% which strained the degree accuracy of the findings.

(iii) **Theoretical limitation –** Since past researchers have touched only on some bits and pieces of this research scope, there was a constraint on research theory which was also exacerbated with the institutional requirement to consider very recent literature/theoretical information, the research was deprived of a number of sources which were side-lined as too old for this research. However, journals from sites such as Ebsco Host, Emerald and other sites were useful to consolidate test literature.

## 1.9 Potential outputs

This research is expected to meet the national and international acclaim particularly for building improved African economies, regions and the continent at large. The potential output of this thesis can be viewed from a threefold dimension, namely theoretical, conceptual and policy or practical implications:

### (i) Theoretical implication

This research yielded findings which can be of insurmountable value to strategic finance and investment body of knowledge at national and international level, particularly, the African continent. The existing theory was reviewed, substantiated, criticised to develop current findings on the existing theories. From the research findings on what remains not investigated in this field, the research developed new theory that is pan-African and possibly applicable on an international scale through customisation. It seeks to culminate into publication of a journal article and chapters in books which can be useful in the field of financial and investment strategies for economic development.

### (ii) Conceptual implication

African economies can use findings of this research to uplift their economies strategically for steering economic development and growth while avoiding pitfalls which researched economies would have passed through. Financial and investment strategy concepts was better unveiled by this research so that they can be understood by every concerned citizen particularly those that define the national discourse through plebiscites.

### (iii) Policy or practical implication

Financial and investment strategies affect every facet of the economy, starting from individuals to corporates and even the nation as a whole as they are drivers and determinants of future success. Considering what is currently happening in South Africa and other African states, this research provide solutions to the impact of politics on economic investments as well as proffering best ways of implementing financial and investment policies for strategic economic success. Most African economies from Cape to Cairo are having severe economic coughs which are crystal clear even from the layman in the street, so this research harnesses the available resources to give Africa as a continent, the momentum it needs to attract significant investment and accumulate financial muscle to compete with other frontline continents. It is highly expected that this research can help awake the sleeping giant, Africa, to identify its untapped resources and talent as well as financial and investment policy blueprints, and use them to catapult its various economies to higher levels of development and growth. African governments like Namibia and South Africa, can use this research's findings to develop better financial and investment policies and frameworks as well as updating the existing ones so as to achieve economic success through effective implementation.

### 1.10 Breakdown of Chapters

The following is the structure of this research:

Chapter One – Introduction. The chapter introduces the project by giving the research context and the existing problem. It goes on to give the research aim which is further broken down into research objectives and questions. The significance of the research and its scope are also covered and the limitations to the research.

Chapter Two – The International Perceptive on Finance and Investment Strategy. This chapter reviews literature on international perceptive of the research area. It gives the theory governing the research as well as the history and development of financial and investment research. It shows existing gaps and limitations of past research in related areas by exposing what remains to be seen. Various economies' financial and investment strategy were looked at including the world's second largest economy, China. It ends by giving challenges impacting financial and investment success in Africa and looks at the impact of joining a monetary union (rand bloc) and politics on financial and investment strategies.

Chapter Three – The Namibian Experience on Financial and Investment Strategies. This chapter looks reviews literature on the Namibian (case study economy) experience in financial and investment strategies. It tries to look at strategies which have enabled Namibia to strike a middle income class rating despite overreliance on imports.

Chapter Four – Research Methodology and Design. This chapter explains the methodology adopted for this research and looks at the research population and its defined sample. It also explains the methodology for answering research questions/objectives and research ethics governing this research.

Chapter Five – Data Presentation, Analysis and Discussion of the Research Findings. This chapter analysed data qualitatively through content and documentary analysis. It also shows descriptive statistics analysis and cross tabulation and correlation analysis under quantitative research analysis approach. The chapter also shows how an analytical financial and investment economic success model was developed.

Chapter Six – Research Summary, Conclusion and Recommendations. This chapter presents primary and secondary research findings and recommendations to various research stakeholders. It explains the impact of the research on theory and policies and then ends with a conclusion following possible areas of future research.

## 1.11 Chapter Summary

This chapter looked into the research context covering background to the finance and investment strategies research area and justification for focussing on this area. Research objectives and research questions were clearly outlined and the significance of study was discussed. The research delimitation and the limitations were explained as well as research ethics guiding the research process and ended with potential outputs of the research. The next chapter concerns the review of literature that informs the study, starting with the international perceptive followed by the Namibian experience.

## CHAPTER TWO

## THE INTERNATIONAL PERCEPTIVE ON FINANCE AND INVESTMENT STRATEGY

### 2.1 Introduction

This chapter reviews literature in the published domain on the international perceptive on financial and investment strategy. Literature review involved critical examination, assessment of existing knowledge in the public financial and investment problem domain in order to establish a basis of what remains misunderstood in the area, or enabling problematisation of assumptions and theoretical claims in the existing body of knowledge (Green, 2006). The chapter gives an overview, synthesis and a critical assessment of past related research seeking to challenge or problematise existing approaches, theories and findings; and show similarities or differences, agreements or disagreements of past research findings in order to reveal the perceived gap in this knowledge domain (Alvesson and Sandberg, 2011). In order to gain a deeper understanding of the international perceptive on finance and investment strategy, the researcher drew from different resources ranging from textbooks, journal articles, finance and investment conference papers, policy documents, legislative documents, multidisciplinary research databases such as Ebsco Host, Emerald, Science Direct and Google Scholar which focus mainly on finance and investment. A fusion of information from these sources helped criticise, develop and improve existing knowledge in the financial and investment strategy area.

### 2.2 Finance and Investment Research Development

Financial and investment strategy research still dominate society's discussions of economic performance on the international utopia. Countries economic performance have been major predictors of success measuring the standard of living as well as equality/inequality (Stiglitz, 2016). Finance and investment have a major role in financial system, infrastructural development and Gross Domestic Product (GDP) as well as national income management (Nakale, Sikanda and Mabuku, 2015). This concurrence between Nakale, Sikanda and Mabuku (2015) and Stiglitz (2016), is not a mere coincidence but demonstrates the key role finance and investment play in the management of an economy. GDP[1] and national income dictate people's perceptions of business and the economy, impacting their behaviour and realities of economic activity. Research on the impact of financial and investment strategies on the performance and success of an economy have been neglected over the past one-two decades as most researchers focus on individual investment, behavioural finance as well as new concepts such as neurofinance (Sahi, 2012). According to research by Klynveld Peat Marwick Goerdeler (KPMG) an accounting firm specialising in financial audit, tax, and advisory (2010), the financial and investment market in Africa is still in its infancy because it is still beyond the reach of most African countries. Some economies like DRC and some parts of Nigeria and Somalia are still having war risk which retards national financial and investment strategy because of security concerns for international investors (Delloite and Touche Group, 2015).

The Delloite and Touche Group (2015) further highlighted that, the African continent has vast mineral deposits, a lot of intellectual capacity and a number of agricultural land and is better natural tourism destination. All these leverages are not tapped into to develop the continent into middle or first class economy (Nakale, Sikanda and Mabuku 2015). Auctions of African resources like minerals and agricultural produce are unknown to most African countries despite owning the resource(s), and renegotiating contracts have been difficult to carry out (Stiglitz, 2016). However, BIDPA (2016), confirmed that one of the significant achievements of Botswana's mining industry history has been its ability to have direct access to the diamond auction floors which has made it the world's highest producer of diamonds over the past decade. This reveals that there is still very much need to have a better narrative on this landscape and negotiating contracts on upstream markets. There is a strong lack of solutions to such economic imbalances and developing solutions through financial and investment strategies is necessary (Stiglitz, 2016). Botswana hassled

[1] GDP – Gross Domestic Product is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period, usually one year (twelve months)

the process by reclaiming power over its diamonds and has been granted direct access to diamond auction flow where renegotiated its own contracts to become the highest diamond producer in the world (BIDPA, 2016). According to the UN 2005 report, it is important not only that the fast growing Asian countries make the right policy choices, but also that developed countries take appropriate policy measures to overcome the persistent imbalances and inequities in the international trading system (United Nations, 2005, p.iii). This gap need to be filled if Africa is to be restored its rightful position on the world economic map, possibly by necessitating the adoption and implementation of robust financial and investment strategy. It is high time African economies become investor-centric by having sound rubrics of investment policy (United Nations, 2005)

#### 2.2.1 Theories governing this research

This research is premised on various financial and investment theories. These include Modern Portfolio Theory by Makowitz (the passive investment approach), Greater Fool Theory (GFT), Efficient Market Hypothesis (EMH), Prospect (Loss Aversion) Theory (PT/LAT) and Rational Expectations Theory (RET). All these theories try to enforce uniformity to all investment buy and sell decisions that create the market stochasticity daily.

##### 2.2.1.1 Makowitz Modern Portfolio Theory (MPT) (The Passive Investment Approach)

MPT is one of the oldest investment theory which is based on two main concepts that any investor's goal is to maximize return for any level of risk and that risk can be reduced by creating a diversified portfolio of unrelated assets. The theory believes in investment portfolio diversification which will significantly reduce the overall risk of a portfolio as assets that are unrelated will also have unrelated risk (Mauldin, 2016). An economy need to reduce investment risk by coming up with a mix of various investment instruments such as bonds, capital market stock and others as their correlation will be very low. The usefulness of MPT in government investment initiatives is lower than the private sector because of applicability as governments are not as flexible as the latter when it comes to investment decisions (NSX, 2011).

##### 2.2.1.2 Greater Fool Theory (GFT)

This theory proposes that an investor can profit from investing as long as there is a greater fool than that particular investor to buy the investment at a higher price. The problem with this theory is that the market will ultimately run out of fools as the market for any investment overheats and the perfect flow of information as explained by the EMH. According to Mauldin (2016), GET believes that investing according to the greater fool theory means ignoring valuations, earnings reports and all the other data which is as risky as paying too much consideration to it, resulting in its subscribers being left holding the short end of the stick after a market correction. It remains to be seen if governments can run the risk of engaging in financial and investment transactions based on this slippery grass theory.

#### 2.2.1.3 Efficient Market Hypothesis (EMH)

The EMH states that the market price for stocks include all the known information about that stock giving the stock an accurate value until a future event changes that valuation. Governments and private sector investors using the EMH are far better off owning a variety band of stocks to profiteer from the general rise of the market. Sticking to the EMH believes is however suicidal as some financial and investment inherent risk may not be reflected in the price which makes picking stocks based on growth potential or undervalued assets a better investment strategy (KPMG, 2013). Stiglitz (2016) opposes the EMH point arguing that Warren Buffett and other world renowned investors have consistently beaten the market by finding irrational prices within the overall market.

#### 2.2.1.4 Prospect (Loss Aversion) Theory (PT/LAT)

This theory believes that people's views of gain and loss are skewed, implying that, people are generally more afraid of a loss than they are stimulated by a gain. Given a chance to choice between two different prospects, people pick the one that they feel has less chance of ending in a loss, rather than the one that offers the most gains. This theory contradicts with the high risk high return philosophy and may inform governments to be more risk averse which stifles the economy’s financial and investment growth agenda. Kugotsi (2014) is of the view that governments need to be sensitive when investing public funds to avoid unnecessary economic bleeding in the future.

### 2.2.1.5 Rational Expectations Theory (RET)

The theory states that the players in an economy act in response to their logical expectations about the future. This creates a self-fulfilling prophecy that helps bring about the future event but can misdirect people to invest or hold their funds in response to their expectations which may be changed by other factors at play such as unexpected risks such as Act-of-God risks, Global Economic Crisis (GEC) and government policy shocks, factors which render the theory's utility doubtful. For example, this happens in ETFs where an investor may expect a stock to go up, and will be influenced to buy it, only to find the market price dropping after buying as there will be no greater fool due to the perfect flow of information through the EMH. Philips (2012) highlights the main problem with RET is that it can be changed to explain everything, but effectively tells the investor nothing about other factors that may be at play in the market.

## 2.3 Definition of a successful economy

"An economy is a means of fulfilling people's needs and improving their quality of life, not an end in itself" (Grandes, 2014:19). A successful economy is one that has achieved economic success. Economic success is about efficiency in delivering people's in an impartial, transparent, ecological and spirited approach (Jordan and Miller, 2009). In a successful economy, the unemployed are put back to work, wages are increased, wealth is spread out more evenly and sensible regulations are put in place and enforced to protect the economy's financial, health, education as well as infrastructural systems. In such an economy, taxes rates are adjusted to force corporations and the wealthiest citizens to carry a share of the burden which is in line with the benefits they have received from society (US Democrats 2016 Manifesto). Jordan and Miller concurs with the US Democrats' definition of a successful economy, highlighting that it is an economy that accommodates people from all walks of life, where inequality and any imbalance can be hardly identified.

Successful economies provide exceptional collective services such as education, housing and water as well as good health facilities (Sahi, 2012). Despite Africa's move towards achieving this, it suffers much from brain drain because overseas labour markets pay better hence are attractive to African professionals in search of greener pastures (Nakale, Sikanda and Mabuku, 2015). A successful economy keeps its professionals in employment for the benefit of the economy and will do all it can to stop brain drain and retard its consequences (Moyo, 2015). The quality of the healthcare system is well managed in a successful economy so as to produce healthy workforce which will be devoted to the economic and infrastructure sector to enhance productivity (Nakale, Sikanda and Mabuku, 2015:5). Developing economies which saturate Africa still find it difficult to carve a successful economy despite most of them not having high population due to lack of industrialisation and technical skills to spur entrepreneurship (Thomas, 2015).

### 2.4 The development of financial and investment strategy research in Africa

The field of finance is, however, getting much interesting with growth of research in this field which has postulated new theories and ways of thinking (Arnold, 2010). Recently, a new domain of finance called neurofinance was established which stemmed from the standard model of decision making based on the credence that people are sane agents who give explicit decision making assumptions or axioms (Sahi, 2012). Governments such as Namibia's are made of such rational agents who are responsible for planning for the citizenry and making decisions targeted at steering and sustaining their respective economies. Sahi (2012) further assert that, Markowitz's (1952) Modern Portfolio Theory (MPT) has been widely accepted particularly on its view that investors base their portfolio selection decisions on expected reward and variance and can diversify financial assets/instruments to maximise portfolio returns. However, "its applicability to government financial and investment strategies has failed as policymakers do violate the principles of expected utility" (Sharpe, Alexander and Bailey, 2009:58). This is because governments rarely diversify their financial and investment portfolio and are not risk takers like individual investors (Arnold, 2010). Governments sign investment agreements and financial agreements with other governments and international monetary/financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB) which are construed to economic development initiatives (Louthuraj, 2010:45). Such weaknesses of neurofinance and behavioural researchers as well as Markowitz’s Modern Portfolio Theory (MPT) which focused on individual and household finance/investment while ignoring macro financial and investment strategies have triggered this research to come up with a galvanised research which looks at the fusion of public and private sector financial and investment agents in creating leveraged economies which can realise better algorithms of success.

Sharpe, Alexander and Bailey, (2009), posit that, macro-financial and investment strategic thought stem from public and private sector policies. Davies (2000) failed to clearly indicate the origin of financial and investment strategic thought but highlighted the significance in the realisation of national goals. Financial and investment strategy determine the financial resources needed to achieve an economy's financial/investment goals and objectives (Pearce and Robinson (2003:92). Behavioural finance and the psychology of investing have put a red line between economies (Sahi, 2012). The beginning of investment wisdom is to recognize the circumstances that lead to poor decisions and thereby cut down on the damage done by investment blunders (Jordan and Miller, 2009:241). Jordan and Miller (2009:242) further assert that, cognitive errors by an economy’s investors cause market inefficiencies where investor rationality, independent deviations from rationality, and arbitrage cannot exist. As a result, a substantial portion of investors in an economy may make irrational investment decisions, and the collective irrationality of these investors then lead to an overly optimistic or pessimistic market situation that cannot be corrected via arbitrage by rational, well-capitalized investors (Wheelen and Hunger, 2004:50). However, both Jordan and Miller (2009) and Wheelen and Hunger (2004) and Jordan and Miller (2009) did not focus on possible financial/investment opportunities to achieve a successful economy despite revealing these challenges. Therefore, a critical assessment into the financial and investment opportunities to unleash great African economies is necessary.

According to Correia *et al.* (2007:5), individuals and governments have different value systems hence the financial manager understand the differences between these systems. Correia *et al.* (2007) further attest that economic policies are decisions considered by the on how to make use of the country’s scarce resources and must flow from and reflect the different values of individuals, corporates and government. The balance of equity finance and debt finance in African economies is very worrisome. Today's markets have become sophisticated with a wide variety of financial instruments and forms of debt capital which make governments' borrowing decision bewildering (Arnold, 2010:448). The use of domestic bond markets such as the Eurobond has not yet been harnessed in Africa and syndicated lending, mezzanine finance and high-yield (junk) bonds or catastrophic bonds are still to pass litmus test. When an economy attempts to invest in another economy, it is vital to identify the market's potential. Research by Deloitte and Touche Consulting Group in 2015 revealed that the demand for a specific product increases exponentially at certain points in a country's development curve and identifying this trigger point of demand is critical to entering emerging markets at the best time (Wheelen and Hunger, 2004:58). However, the Deloitte and Touche Consulting group's findings, did not consider the impact politics make towards the success of a grand entry into emerging markets. Correia *et al.* (2007), Tuhafeni (2015) and Delloite and Touche Group (2015) did not address the effect of financial and investment strategies on economic sustainability, growth and development in Namibia, which makes this envisaged research unique in trying to proffer solutions to the development of Africa. This research study therefore focuses on how national financial and investment strategies can be used to bridge the gap that has left African economies being labelled developing countries yet they have sufficient resources to stimulate development and growth.

### 2.5 Components of financial and investment strategy

There are a number of financial and investment strategies which are vital for the uplifting of economies from stagnation, sterile growth and overreliance on others. The following are some of the key components of building a robust financial and investment strategy:

#### 2.5.1 Practical, entrepreneurial and vocational education from grassroots

An economy expecting to grow into a success story invests in its population's education (Stiglitz, 2016). The curriculum has to be designed in such a way that it imparts practical and technical skills which are highly transferrable into entrepreneurship shills so as to avoid the job seeking tendency but to raise job creators (Jordan and Miller, 2009). For example, China has managed to grow into a self-sustaining economy where almost everyone can produce something. The towns like Guangzhou and Shenzhen have become industrial hubs infested with both high-tech formal industries and efficient as well as effective home industries (IMF, 2015). Such an education system allows a primary level student to assemble high-tech printers or computers that can even be of export quality (Delloite and Touche Group, 2015). While in Africa such primary education students are referred to as pupils or primary learners, China sees an active generation to the production output (Sahi, 2012). In the end despite having a population of over 1.2 billion in one country, which is over the whole African population, the unemployment levels in China are quite stable (Jordan and Miller, 2009). Thus, there should be a shift from relying on vocational education at tertiary level, as the case in Namibia and some other African economies, to implementing revised curriculum that is anchored on practical and technological skills at grassroots level like primary level so as to improve production and GDP within the economy (Tuhafeni, 2015). In the end, a self-sustaining economy becomes a reality but as long as colleges and universities or technikons produce employee seeking graduates, the problems of unemployment will be heralded each and every year (Thomas, 2015).

### 2.5.2 Sector Rotation as an Investment Strategy

Sector rotation involves moving or rotating investment from one industry segment to the other within an economy (SARC, 2014). Sam Stovall, Chief Investment Strategist for Standard and Poor's (S&P), wrote a seminal study in 2014 on the benefits of sector rotation and listed technology, basic materials, staples, financials, energy, utilities, and healthcare as industry segments or sectors which may react to changes in the economic cycle. SARC (2014) highlighted that  energy sector tend to have high investment and returns during the peak of an economic cycle as both consumers and industry have a strong appetite for oil, coal, and/or natural gas (SARC, 2014).

An investment strategy is used in sector rotation to measure risk against potential rewards so as to come up with an economy's investment allocation decision (Stovall, 2014). Sector rotation has not yet been harnessed in an economy like Namibia but has proven to bring superior returns in countries where it has been applied like South Africa despite factors such as investor psychology, natural disasters, and government intervention which can significantly change a normal market trajectory and disrupt investment timing (Lyon, 2014). This strategy looks more rational but African economies still lack much appreciation as highlighted by Clement (2016), that sector rotation is highly used in European economies like the USA and in Asia and have contributed immensely to economic success. However, Lyon's proposition was concluded without much piloting on African economies where some are usually undergoing a trough season and rarely experience a boom yet it seems the strategy thrives much when an economy is on a recovery path.

### 2.5.3 Choice of finance and investing vehicles

An economy must have a fusion of finance and investing vehicles order to establish a very strong financial system that is reliable for a functioning economy (KPMG, 2014). This comes through direct investment in financial markets targeted at raising equity capital for government or private capital projects and borrowing in the financial markets for infrastructure development as well as indirect financing via financial institutions. Such institutions include development banks like Development Bank of Namibia (DBN) and Africa Development Bank (ADB) for development finance, mortgage houses for mortgage finance as well as direct transactions or borrowing and partnership contracts. This have seen the Government of Namibia borrowing from the pool and investments of Government Institutions Pension Fund (GIPF) of late as an alternative source of financing the economy.

Investment and finance vehicles range from short-term financial instruments such as certificates of deposit, treasury bills, commercial paper, bankers' acceptances, repurchase agreements, to fixed income securities like long term debt securities and preferred stocks. Common stock (also referred to as ordinary shares) and speculative investment vehicles such as options, futures and commodities traded on the exchange (such as coffee, grain, metals, other commodities) also make up the pool of financial and investment instruments. Other investment tools which can shape an economy's investment portfolio include various types of investment funds, investment life insurance, pension funds and hedge funds (Kugotsi, 2014).

## 2.5 International financial markets

According to E-encyclopaedia of banking, stock exchange and finance (EBSEF) (2009), the financial market comprises the markets "strictu sensu" (stock market, bond market, currency market, derivatives market, commodity market and money market), the institutions which work in them with different aims and monetary as well as fiscus functions , together with direct/indirect policies orientated to making the market the place (not necessarily a physical place and not necessarily ruled but regulated) where the exchange between surplus and deficit units is carried out as efficiently as possible. A financial market can be seen as a set of arrangements that allows trading among its participants (Smetak, 2014).

Financial markets determine the price of assets on thereby providing liquidity of the financial assets and reducing the cost of transactions by eliminating explicit costs like asset advertisement (Fabozzi, 2007). As financial markets promote the movement of funds between both individuals and countries, they help upgrade asset and cash reserves which are very essential in building a strong economy. Despite covering both microeconomic and macroeconomic needs, this research is restricted to the impact of financial markets at macroeconomic level. Former British Prime Minister William Gladstone expressed the importance of finance for the economy in 1858 as follows: "Finance is, as it were, the stomach of the country, from which all the other organs take their tone." According to Dr Duisenberg, president of European Central Bank in 2001, financing through stock markets is optimal for industries where there are continuous technological advances and where there is little consensus on how firms should be managed. Duisenberg (2011), further notes that the financial system is also particularly important in reallocating capital and thus providing the basis for the continuous restructuring of the economy that is needed to support growth. These findings, however, do not reveal that when economies are undergoing recession, financial markets may fail to raise finance and thus dry up investments already made through them as stock prices take a nosedive. Bank-based finance thus become the most suitable option to ensure funds accumulation and ensure a well-balanced economic growth process propelled by private companies.

### 2.6 Challenges in building successful economies in Africa

There are a number of factors inhibiting the growth of national finance and investment in Africa, which include, the following:

#### 2.6.1 The long-term problem of 'growth finance'

Existing literature reveal the existence of a permanent gap in the provision of growth capital in Africa and the underlying market issues, together with anecdotal evidence, suggest that this gap currently exists especially in Namibia (Kugotsi, 2014). Following the rating of Namibia as an upper middle economy, Namibia could no-longer qualify for some development capital/finance as it was rated a better economy (Schlettwein, 2017). Such a status which may have been caused by the very low population size of Namibia, stifle economic development in areas of infrastructure, technology, equality, employment creation and so on, a situation which has made the economy to witness growth stagnation in the past year. According to Rowlands (2010), this gap has been the worst in the range where companies seek finance of R10-150 million, argued that mezzanine finance was the best way to plug the gap, and asserted that scale was required and companies must ensure there is no mandate creep.

Growth finance stimulates various sectors which include, inter alia, infrastructure capital projects, national finance and investment and macro-economic goal accomplishment (Phillips, 2012). This is in line with the objects of Namibia Investment Promotion Act, 2016 which seeks to promote sustainable economic development and growth through the mobilization and attraction of domestic and foreign investments that enhance the economic development objectives of Namibia to build a prosperous, industrialised society with adequate direct investment to, among other things, encourage the creation of employment, wealth, technology transfer, capacity building, value addition to natural resources and foreign currency generation; and facilitate domestic investments, particularly in priority economic sectors. According to Bounzanis (2016), legislation plays a significant role in the development of financial and investment policies and strategies. The implementation, pursuit and achievement of such legislative objects remains a worrisome factor on the development of financial and investment strategies to spearhead country development in Africa.

### 2.6.2 Corruption and Nepotism on international landscape

Corruption has become the economic cancer across the world which kills governance thereby triggering economic atrophy, bureaucracy and indifference (Stiglitz, 2016). Furthermore, failure to arrest corrupt activities and practices in Africa has meant discouraging foreign direct investors to consider Africa as a safe investment zone. Recycling of dead wood has kept corruption institutionalised in countries like Zimbabwe and Angola (Delloite and Touche Group, 2015).Fraud, corruption and nepotism have triggered more need for intensified auditing and risk management in the modern economy (Sahi, 2012). According to Lampert (2014:25), "public finance and investment has been affected much by institutionalisation of corruption and nepotism in public and private sectors resulting in the crippling of competence and performance results". The end result, is an economy with policies and legislations which remain ceremonial and not implemented or even at least looked into at all, to the detriment of the overall success of the finance and investment sector of the economy (Benet, 2015). Bel (2012) asserts that, corruption and nepotism are some of the factors inhibiting the growth of economies into successful countries and states. Jones (2014) highlights that the successful story of the USA and the UK is largely dependent on the ability to manage corruption and nepotism at grassroot levels of the economy through the use of Anti-corruption commissions and other effective risk management techniques like the corporate governance laws. It remains to be seen if African economies will meet the international standards on mitigating corruption and uprooting nepotism as has been witnessed in the SA and the UK.

### 2.6.3 The colonisation syndrome, lack of economic independence and power over own resources

Most countries in Africa were colonised by the whites and the Germans and Namibia is no exception as it was colonised by the latter. Besides gaining independence, it can be safely seen on anecdotal evidence that such independence was only political independence and not economic independence. In trying to achieve economic independence, African economies find it difficult because they have been given golden handcuffs by these former colonisers in the form of debt finance under the camouflage of bilateral relations while they continue to control economic and natural resources of the African countries (Albalate, Bel and Fageda, 2011). Albalate, Bel and Fageda (2011) further assert that, minerals, wildlife and agricultural as well as marine resources are still much in the hands of these colonisers despite most African economies having attained independence for periods spanning over 2 decades. This problem is not only in Namibia but also in most African countries like South Africa, Botswana, Zambia and so on (Tuhafeni, 2015). Albalate*,* Bel and Fageda (2011) assert that, the balance of equity finance and debt finance in African economies continues to be very worrisome. Even the level of inequality amongst citizens in post independent African economies is still discouraging as it shows two-worlds apart amongst citizenry of the same economy (Stiglitz, 2016).

In Spain, according to Bel (2012), financial and investment strategies are also influenced by strategies of directing funding to the regions immediately surrounding the political capital, a situation which suggest that this financial and investment problem is not only affecting Africa. The lack of economic independence is one of the challenges inhibiting opportunities available for the growth of African economies into first class economies. It remains to be seen if economic independence can stimulate financial and investment growth in Africa. According to Mukono (2015), Zimbabwe have tied to liberalise its economy through accelerated forceful economic independence since the turn of the new millennium, but almost two decades later, the economy has faced severe financial and investment strain despite various targeted interventions. Economic independence involving total control of key resources and economic sectors/factors without foreign direct investment or robust back up finance and investment, retards economic manoeuvring and stagnates growth (Albalate, Bel and Fageda, 2011). This provides a problem in understanding the assertions of Tuhafeni (2015) and Albalate, Bel and Fageda (2011), that lack of economic independence stifles economic success but this researcher believes even if there is control of economic resources while financial and investment strategies are not intact or unavailable completely through capital formulation and development, the success of African economies becomes an insurmountable uphill struggle. However, having intact financial and investment strategies is not good enough but implementation thereof determines the course of direction towards building successful economies (Schlettwein, 2016).

### 2.6.4 Lack of implementation of financial and investment strategies/economic investment policies

Taking a close look on the development map, African economies seem to be at a far distant in the implementation of their country strategies or policies (Mukono, 2015). Some African countries have good financial/investment strategies and policies in black and white but the implementation of the blue-prints is more than just a lip service (Nakale, Sikanda and Mabuku 2015). This non-implementation is just as good as the absence of financial/investment strategies (Delloite and Touche Group, 2015). Absence or non-implementation of these strategies have caused continuous economic coughs (Schlettwein, 2016). Investors become too sensitive that they cannot risk investing in an economy they are unsure of as there will be no assurance of a safe investment haven (Schlettwein, 2016). Grandes (2014), highlights that the use of derivatives is still gaining momentum with much fear of the unknown in Africa. “It is possible to use derivatives to synthesise many or all of the return characteristics of different investments” (Phillips, 2012:12). Efforts to build an effective trading bloc, like the rand bloc seem to be failing to take-off just as compared to the dollar-bloc, European bloc, and yen bloc. Paralysis of analysis on the effects of politics on economic development and growth continues to cripple opportune investments (Sharpe, Alexander, and Bailey, 2009).

## 2.7 The performance of African economies and inter-continental economies - Africa's Financial and Investment Sector

The African continent's financial and investment sector comprise of the banking sector, the insurance industry and private equity investment (Sharpe, Alexander, and Bailey, 2009). Africa had a relatively unexplored and underinvested financial and investment sector almost two decades (KPMG, 2013). KPMG (2013:5) report further notes that, "recognising the opportunities that Africa's burgeoning middle class presents, an increasing number of financial institutions have awoken to the massive potential that lies within Africa's growing consumer base".

Past research by SARC (2014) in collaboration with the African Development Bank (ADB) revealed that the insurance market in Africa is under-developed except for South Africa, Namibia, and Mauritius. This is mainly because most Africans are still too poor to afford insurance and have little savings for investment. However, private equity is in a boom mode while the agriculture, mining and energy production have to rise also in response to the continent's population growth (Moyo, 2015). Such production requires huge capital injection and counties must find ways of raising it. Financial and investment techniques may be one way of capital accumulation. A healthy economy is characterised by its ability to feed its population and finance all national expenditure while retaining a surplus for contingencies that may arise (UN, 2005). Phillips (2012) strongly believes that financial and investment strategies are the starting point towards bringing African economies to the common pool of great nations as they foster improved economic investment and international trade.

## 2.8 The Upper Class African Economies (South Africa, Kenya, Nigeria and Botswana) – A look at sustainable financial and investment strategies

### 2.8.1 South Africa Economy

According to SA Department of Trade (2014), South Africa is one of the most sophisticated, diverse and promising emerging markets in the world. South Africa is a key investment location which offers a gateway to the rest of the continent thereby creating an over one billion people market (Mukono, 2015). The infrastructure typifies first-world economic infrastructure which creates a conducive financial and investment growth and development platform.

South Africa (SA) have sound economic policies, a favourable legal and business environment, world-class infrastructure, access to markets and is a gateway to Africa which promote financial and investment success while maintaining flexible trade reforms and strategic alliances, cheaper cost of doing business, ease of doing business, industrial capability under cutting-edge technology to match global competitiveness (KPMG, 2013). Sachs (2014) asserts that fiscal framework of SA promotes economic planning for finance and investment within the economy.

Macroeconomic strategies revolve around finance and investment growth and development (KPMG, 2013). SA introduced the “Growth, Employment and Redistribution” (GEAR) macroeconomic strategy covering budgetary reform and deficit reduction; trade liberalisation and tariff reform; flexible labour market strategies; renewed infrastructure investment; tax incentives to attract investment; and a commitment to co-ordinated policies (Levišauskait, 2010). GEAR engineered a fast growing and job-creating economy through redistribution of resources and creation of opportunities for the poor as well as provision of accessible health, education and housing facilities (SA Department of Trade, 2014).

The South African Reserve Bank (SARB), the central bank, implements inflation targeting to stabilise both interest and exchange rates as the key tenets of financial an investment strategy (Levišauskait, 2010). It works with the Johannesburg Stock Exchange (JSE) which offers secure, efficient primary and secondary capital markets across a diverse range of instruments, supported by cost-effective services (SARB, 2016). The JSE has four hundred (400) listed companies which lubricates capital formation, finance and investment growth (Sachs, 2014). According to SARB (2016), the stock market plays a pivotal role in capital formation and investment promotion within the economy.

The World Economic Forum (WEF) (2016) highlights that the strength of South Africa's auditing and reporting process guarantees the ease of doing business in such and economy – an important bait for high net worth investors. Such ratings create confidence in both local and international investors and can be used as a strategy to attract more investors essential for building a successful economy (WEF, 2016). In contrast to Namibia, South Africa's financial and investment sector seem to be steering a more successful economy with massive industrialisation, transport system, mining infrastructure, an international stock exchange bourse, huge foreign direct investment as well as equity market capitalisation. Schlettwein (2016) bemoaned the little contribution made by Namibia Stock Exchange to overall finance and investment building for the economy. An effective stock exchange provides a gateway for equity growth for both the economy's individuals and body corporates (Lampert, 2014).

#### 2.8.1.1 SA's Infrastructure Investment

South Africa invested heavily in world-class infrastructure (Tuhafeni, 2015). Kugotsi (2014) notes that, the successful hosting of the 2010 FIFA World Cup has created international investors' confidence on the capability of South Africa to execute and even host high capital and infrastructural development projects. However, past researchers such as Grandes (2014) and Moyo (2015) agree on the perception that despite the success of the tremendous world cup infrastructure in South Africa, a number of capital and infrastructure development projects had to be suspended with some yet to recover as some project funds had to be diverted to support the FIFA grant. According to Prof Jeffrey Sachs, at the Third Financing for Development Conference convened to set the new financing architecture for a new global partnership in 2014, “investment in infrastructure must be a priority for Africa if it is to achieve double-digit economic growth”.

Building an economy that becomes a hub of both local and foreign investment has been a success pillar of South Africa which have seen the economy being the second biggest in Africa after Nigeria (Stiglitz, 2016). Namibia’s financial and investment strategies built on South Africa’s learning curve have been met with mixed feelings. Some researchers like Thomas (2015), suggested that Namibia needs to invest in infrastructural development and SME development intervention through massive industrialisation, while Tjueza (2016) and Nantinda (2016) argue that without investment in skills development through vocational training and development, the pursuit of success benchmarked at South African economy is a far-fetched dream.

**2.8.1.2 Energy Investment in South Africa**

South Africa is the regional power hub in Southern Africa. Power sources include hydro-electricity power and natural gas power plant boosts South Africa's energy security. South Africa has also committed to adding nuclear to its energy mix in the second quarter of 2015 and completed by the end of the same financial year (University of Cape Town Energy Research Centre (UCTERC), 2015). According to SA Department of Industry 2015 Report, the first nuclear energy station is expected to come on line in 2023. Wind energy has been also piloted as an alternative energy source in South Africa. Just Energy and InnoWind, in collaboration with small-holder land owners and farmers have built a wind farm using a unique business model that re-invests a substantial portion of the revenues earned from developing the project back into equity for the local community to own. This option once fully tested, can be commercialised and contribute to the South Africa’s energy grid as well as export output and the economy’s GDP (UCTERC, 2015). The ability to invest in energy accelerates industrialisation and production as most industries use electricity in their processes and automation as a result of increase in the use of robotics. The Namibian economy because of its location in desert and dry land imports much of its energy. Nantinda (2016) suggest that Namibia experiences sunny conditions and thus need to invest more in green energy by tapping into photovoltaic energy. This can bring savings in energy expenditure which can be invested to generate returns or alternatively may be channelled to other developmental areas in the form of development finance.

#### 2.8.1.3 Trade reform and global strategic alliances[2]

South Africa was admitted to the BRIC group of major developing economies – Brazil, Russia, India and China which subsequently converted to BRICS upon her admission (SA Department of Trade, 2014). Financial and investment growth in South Africa is supported by its special relationships with the Southern African Customs Union (Tuhafeni, 2015).

According to SA Department of Trade (2014), plans have been proposed for a continental free trade area to boost commerce within Africa, which may further open up opportunities for South African companies. However, to date, the continental free trade area is still not realised (Lyon, 2014). Trade agreements with various economies and stakeholders are an easy way to promote finance and investment (Clement, 2016). An economy like Namibia, require trading partners to boost exports and increase import of war materials or to spur development thereby stabilising the balance of payments as an economic indicator. Such trade agreements and global alliances enhance an economy's industrial capacity which is a spur to building a successful economy (Davies, 2000).

#### 2.8.1.4 Industrial capability and cutting-edge technology

A number of leading technologies in areas of energy and fuels, steel production, deep-level mining, telecommunications and information technology have been accomplished in SA (Davies, 2000). Investment in technology has promoted agile

[2] Strategic alliance (also called strategic partnership) is an agreement between two or more economies to pursue a set of agreed upon objectives needed while remaining independent economies. Strategic alliances can develop in outsourcing relationships where the economies involved as parties desire to achieve long-term win-win benefits and innovation based on mutually desired outcomes.

production which have seen a significant rise of production in South Africa but Namibia's industry still contributes less to the economy's GDP (Nakale, Sikanda and Mabuku 2015). Cutting edge technology enhances industrial capability, the returns of which can be used to support finance and investment initiatives (Arnold, 2015). The use of technology in propelling industrial production increases output which fosters economic sustenance and exports as well as foreign currency reserves (Smetak, 2014). Fabozzi (2007) notes that, successful economies have sound industrial capacity as well as high-technology which trigger overwhelming GDP and burgeoning international trade.

#### 2.8.1.5 Competitiveness

South Africa's government provides incentives for value-added manufacturing projects to stimulate competitiveness through industrial innovation under subsidised costs of production (SA Department of Trade, 2014). The Namibia Income Tax Act, gives a tax subsidy to all manufacturing companies during the first 10 years of operation (Jurie, 2015). This is an investment strategy that promotes the growth of the manufacturing sector which in-turn helps ease some other macroeconomic problems like unemployment and price instability (Thomas, 2015). According to Nakale, Sikanda and Mabuku (2015), a sustainable taxation system is one that allows producers to boost their production, compete with foreign producers and help build improved quality of products for the economy. Kotler and Keller (2008) highlight that not all competition is bad, at times competition enhances production quality, price stability as well as increased output in an economy.

### 2.8.2 Botswana Economy

Botswana has a great economic record which has been built on a foundation of diamond mining, prudent fiscal policies, international financial and technical assistance, and a cautious foreign policy (Modise, 2014). It was rated the least corrupt country in Africa, according to international corruption watchdog, Transparency International 2015 report. It is against this background that it is noteworthy to review the financial and investment strategies of Botswana as a relatively successful African economy.

#### 2.8.2.1 Overview of Botswana Economy

Past research on Botswana in 2012 by Botswana Federation of Trade Union (BFTU) revealed that, agriculture accounts for 3% of the national GDP. Subsistence farming and cattle ranching predominate agricultural activity since the economy is plagued by erratic rainfall and poor soils (Ranko, 2015). According to Modise (2014), tourism is also important to the economy and so is mining which is anchored on substantial mineral. This is the main force behind Botswana's continued economic expansion (African Barometer, 2013). Kugotsi (2014) is of the view that, strong agriculture and mining policies have been the footing behind the successful revenue generation for the Botswana economy which have made it easier for the finance of various macro-projects such as road and infrastructure development and rural electrification.

Botswana's economic growth slowed during 2005-2008 period and then turned negative in 2009, contracting by 5.2% partially as a result of a major recession in the industrial sector (CIA, 2010). Such budget deficits in Botswana can be highly linked to relatively high military expenditures despite there being no war in Botswana's 50 years independence history (Ranko, 2015). The biggest challenge remains the inferior level of economy diversification in Botswana which disturbs financial and investment growth (UN, 2009).

#### 2.8.2.2 Trade Industry in Botswana

Botswana is part of the Southern African Customs Union (SACU), a union that also hosts South Africa, Lesotho, Swaziland, and Namibia (World Bank, 2011). Trade investment in Botswana relies is anchored on diamond export which have seen the country being the world's largest producer of gem diamonds for time immemorial (Moyo, 2015). Ranko (2015) highlights that, lack of diversification affects investment income badly, for example, if the great demand of diamonds goes into rapid decline, then the economy of Botswana would suffer greatly as it is highly dependent on this export. Investment in mining provides many jobs for the unemployed in Botswana as people are needed to physically extract the diamonds, and to build the roads needed for their transport, for example (Modise, 2014). Industry interdependence is the tap root of successful economy as the coughing of one industry becomes a proximate cause of several economic quagmires (Thomas, 2015). For example, the downsizing of the Botswana diamond mines may mean increased unemployment and worsening standards of living. Tuhafeni (2015) suggest that, diamonds are a strong source of foreign exchange which can be introduced to the economy and can be a potential basis for industrial development, and thus stimulate improvements within an economy’s infrastructure.

Around 70% of Botswana's electricity is imported which makes it more expensive to produce in Botswana as the cost of electricity is relatively higher than it could have been if it was locally generated (Safela, 2015). Previous researchers like Ranko (2015) have proposed the use of solar energy in Botswana as an alternative source of electricity as the country has high photovoltaic climate. Electricity is relatively expensive in Botswana as there is no competition amongst providers which gives Morupule Power Station a significant monopolistic edge in the electricity market hence raising costs of production and stifling investment as investors want to produce at a lower cost in order to be competitive in the markets. Tjueza (2015) notes that other sources like wind energy and gas have not received much attention in Botswana yet. The high cost of energy in Botswana makes local production exorbitant, allowing increased influx imports from countries like South Africa, which in turn affects the GDP and BOP. Moyo (2015) posit that overreliance on imports hampers the quest to rise into a successful economy. Thus, Botswana’s major threat to building successful economy comes from the high rise of imports from South Africa and China.

#### 2.8.2.3 Tourism Industry in Botswana

Twelve (12%) of Botswana GDP comes from Tourism industry reveals the industry as a major player in the economy (Safela, 2015). Tourism areas in Botswana include national parks, game reserves, and wetlands. According to Ranko (2015), the lack of preservation and conservation of wildlife have costed not only Botswana but Africa as a region significant billions in the past decade.

#### 2.8.2.4 Agriculture Industry in Botswana

Agriculture in Botswana contributes 2.8% to GDP and the rural population survives on subsistence farming and cattle and small livestock production. Animal husbandry particularly cattle ranching is a major contributor to the agricultural industry’s GDP proportion. Botswana has an overseas beef market that generates more than 50 million pula per year (Modise, 2014). Agricultural research has played a huge role in promoting agricultural investment in Botswana which have increased revenue for the economy to sustain government’s developmental programs (Kugotsi, 2014). According to BIDPA (2016), identifying the economy’s priority sectors has been a key driver for financial and investment growth in the Botswana economy which indicate great sustenance of its upper middle income status.

#### 2.8.2.5 Private Sector Development and Foreign Investment

Ranko (2015) notes that harnessing the private sector in the country’s financial and investment development agenda is critical in establishing an all-round economic growth strategy. The contribution of the private sector of Botswana helps in diversifying its economy which raises the country earnings from which financial and investment strategies are levelled off (Modise, 2014). Botswana implemented additional policies to enhance competitiveness such as Foreign Direct Investment Strategy, Competition Policy, Privatisation Master Plan, and National Export Development Strategy so as to allow foreign investment to thrive in the direction set for building a successful economy. BIDPA (2016) suggest that the government of the present day is responsible for ensuring the creation of an environment in which financial and investment initiatives succeed through its strategic plans, policies and legislation.

#### 2.8.2.6 Botswana Economy rankings

Managing to establish a good economic rapport through corporate and economic governance is one of the fundamentals of economic success (ADB, 2015). Botswana was ranked as Africa's least corrupt country by Transparency International in 2004, ahead of many European and Asian countries. The World Economic Forum rated Botswana as one of the two most economically competitive nations in Africa in the same year raising the rapport necessary for attracting investors into the economy Botswana remains one of the best investment opportunities in the developing world which is a best ingredient for economic success (WEF, 2014). It remains to be seen if the success of Botswana economy is directly related to such economic rapport it has constructed on the international platform.

#### 2.8.2.7 Financial Sector of Botswana

**(a) Botswana Stock Exchange (BSE)**

According to BIDPA (2016), the Botswana Stock Exchange (BSE) is an avenue on which government, quasi-government and the private sector can raise debt and equity capital. Companies in a wide spectrum of industry and commerce such as banking and financial services sector to wholesaling and retailing sector, tourism sector and ICT sector trade on capital market (Rowlands, 2010). Given Botswana's lack of exchange controls, stable currency and exceptionally performing stock market, the financial sector has attracted a host of global investors seeking better returns signalling the pivotal role of stable currency and a functional capital market in finance and investment growth (Moyo, 2015).

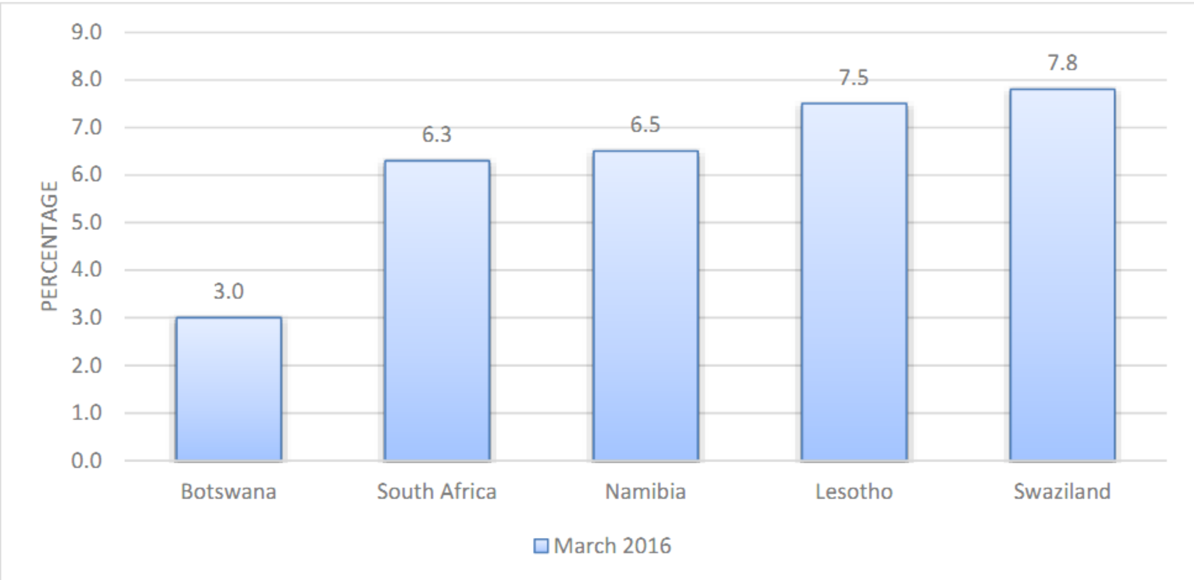
**(b) Botswana Non-Bank Financial Institutions**

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA), an equivalent of NAMFISA in Namibia, oversees all non-banking financial services entities in Botswana (BIDPA, 2016). According to NBFIRA 2015 Report, as of 2005, about 54 percent of Botswana's population had access to formal or informal financial services, and 43 percent was banked (with access to at least one formal banking product). The Central Bank of Botswana undertook serious steps to modernise the country's payment system infrastructure by establishing a code-line clearing system for the exchange of cheques and electronic funds as well as a Real Time Gross Settlement (RTGS) system, including SWIFT connection easing financial and investment transactions (Modise, 2014). BFTU (2012) notes that Botswana's inflation of 3% is the lowest in SACU, if not Africa as a whole.

### 2.8.2.8 Annual Inflation Rates (%) in SACU Member States

Economic growth is affected by inflation as investors become sceptical of their investment value security (ADB, 2015). The following Table 2.1, gives inflation rates for SACU member countries.

**Figure 2.1: Inflation Rates in SACU Member States**




*Source: SACU Inflation Report, March 2016*

According to SACU 2016 Inflation Report, most African economies suffer from the threat of inflation which kills investment as all returns are eroded by inflation and the time value of money becomes the major predictor of investment decision making. Botswana economy is quiet encouraging as it managed to maintain a lower inflation rate of 3% which gives creates a conducive investment characteristic for decision making (Modise, 2014). Trade and investment between these SACU members is affected by country to country inflation which is cancerous to trade negotiations as well as financial transactions. As shown in Figure 2.1 above, countries in the Rand Union (South Africa, Namibia, Lesotho and Swaziland) have their inflation double Botswana's inflation. It remains to be seen if this is attributed to Botswana's exit from the Rand Union or whether the effects of being in the monetary union like the Rand Union may trigger country to country inflation and affect financial and investment growth strategies.

### 2.8.3 Kenyan Economy

Kenya has a landmark story in the area of finance and investment, particularly its vibrant insurance industry and its strong relations with the World Bank Group (WBG), International Monetary Fund (IMF) and other development partners (Moyo, 2015). According to BIDPA (2016) maintaining relations with international financial institutions such as the IMF and WB helps in financial and investment development and growth through low interest bearing debt finance. Kugotsi (2014), however, argues that these world financial institutions maintain higher costs of borrowing to African economies than other continents, a situation if addressed can help various economies in Africa to develop and grow.

#### 2.8.3.1 Kenya Economic Status

The government of Kenya uses devolution to accelerate financial and investment growth and equity in distribution of resources (WB, 2015). According to Mpando (2016), it remains to be seen if strategies like land reform will raise investment output and income as it has seriously declined since Zimbabwe implemented it in the wake of the new millennium. The financial, investment and economic outlook of Kenya rest on infrastructure investments and fiscal consolidation which eases pressure on domestic interest rates and increase credit uptake by the private sector (Kugotsi

2014). It remains to be seen if this justifies that strategies pursued by the government such as financial and investment strategies (for example, innovation and urbanisation strategy in Kenya) underpinned on country's major resources (for example oil) can help deliver a successful African economy.

#### 2.8.3.2 Social Developments in Kenya

The success of Kenya raising its income level has been a result of meeting some of the Millennium Development Goals (MDG) such as reduced child mortality and addressing gender gaps in education (UN, 2015). The realisation of socio-economic goals such as interventions and increased spending on health and education are a springboard for reaching an economy's financial and investment strategic outcomes (Hikuda, 2013). Davies (2000) is of the view that, devolution of some social services is a stepping stone towards liberalised financial and investment strategies within an economy to achieve equitable socio-economic development.

#### 2.8.3.3 Investment Funds in Kenya

Investment fund managers in Kenya make investments decisions and invest the schemes funds in an array of investment vehicles ranging from property, government securities, quoted shares, unquoted shares, corporate bonds, offshore investments, guaranteed funds among many others and declare income rate at the close of specific period, usually per annum (Braba, 2012). Securities of other companies are held purely for investment purposes and some money is invested on behalf of shareholders who in turn share in the profits and losses in proportion to the investor's interest in the funds invested (Heita, 2017). Hikuda (2013) notes that fund managers are very important in the development of financial and investment strategies in Kenya as the deal with investment funds and financial instruments in their routine operations and wealth of experience. The performance of the investment funds is based on (but it cannot be identical to) the performance of the securities and other assets that the investment companies such as investment banks, investment schemes, insurance companies, and venture capitalists own.

Braba (20125) acknowledges that Kenya have unique financial instruments called Sukuk[3] instruments (also known as Islamic bonds) which are fixed income investment certificates that represent ownership claims of investment assets or services. Sukuk employs the principle of Islamic finance in order to provide sharia compliance tradable securities, the financial characteristics which are similar to those of conventional bonds (CMA, 2010). The Sukuk (bond) brings the fore one of the investment strategy as it does not just leave the investor with a debt but a share of an asset which in-turn can work best in creating a customised asset portfolio for an economy. The diversification it brings helps spread risk and thus, build higher returns for capital formation using customised financial and investment strategies.

### 2.8.4 Nigerian Economy

The Nigerian economy is one of the good economies though it is overpopulated with over 170 million population (Eneche, 2017). Because education is free, just like water and electricity, there are a lot of graduates the economy cannot absorb which have made the unemployment rate to be very high, standing at over 40% (WB, 2011). The Nigeria Infrastructure Fund (NIF) investments works with the infrastructure fund Investment Policy Statement (IPS). The use of policies in the Nigerian economy suggests the critical relevance of policies in financial and investment strategic decision making. Such a framework is vital for investment growth in contemporary economies, but the problem is, at times it is not fully implemented (Kiremba, 2016). The take-off point is clear implementation of such frameworks and financial/investment policies, if development is to be witnessed in African economies as international economies like USA, China and UK place more emphasis on implementation of such frameworks (Stiglitz, 2016)

#### 2.8.4.1 The Infrastructure Investment Plan in Nigeria

The five-year investment plan stimulates the growth and diversification of the Nigerian economy by attracting foreign investment and creating jobs for Nigerians in

[3] Sukuk refers to the Islamic equivalent of bonds. However, as opposed to conventional bonds, which merely confer ownership of a debt, Sukuk grants the investor a share of an asset, along with the commensurate cash flows and risk. As such, Sukuk securities adhere to Islamic laws sometimes referred to as Shari'ah principles, which prohibit the charging or payment of interest.

relation to paying particular attention to focus sectors of national priority such as agriculture, healthcare, real estate, motorways, and electricity (power) (Eneche, 2017). Modise (2014) notes that it is prudent for every economy to establish its key focus areas and then build financial and investment strategies revolving on such sectors for ease of triggering returns. This is supported by Smetak (2014) that investment strategies need to be linked to an economy's priority areas so as to take advantage of existing abundant resources.

## 2.9 The Middle Class African Economies (Rwanda and Uganda)

### 2.9.1 Rwanda economy

ADB (2014) highlights that Rwanda's real GDP grew by 8% annually between 2000 and 2013, which is attributed to its financial and investment growth thrust following substantial debt relief amounting to USD 1.5bn in 2005 and prudent debt management strategies. This saw the economy achieving economic transformation through of its value chains systems (WEF, 2015).

#### 2.9.1.2 Rwanda's Country Strategy Paper Pillars

Rwanda has significantly improved its infrastructure despite the country having been marred with civil war for decades stretching from the 1990s into the new millennium (Gan, 2014). However, the cost of doing business in Rwanda are very high which impacts on investor confidence due to high energy and transport costs thereby reducing the competitiveness of the country's private sector (ADB, 2014). A major constraint to financial and investment development in Rwanda is the critical shortage of skills required for private sector development (Hikuda, 2013). This leaves the country's economy being highly supported by public sector institutions whose employees' efforts are highly affected by the time rate remuneration system used and the private sectors contribution is almost immaterial yet the country's strategic policies reveal an inclination to private sector growth (Gan, 2014). According to WEF (2015:27), "the Rwanda economy's interventions in infrastructure address the country's energy and transport bottlenecks while support under enterprise development is designed to strengthen local entrepreneurship for job creation". Financial and investment strategies for the Rwanda economy are based on the following country strategy pillars:

**(a) Pillar 1 – Infrastructure Development**

Infrastructure development for investment entails improving national and regional connectivity, reducing transportation costs and increasing energy generation and access to electricity (ADB, 2014:18). Hikuda (2013) posits that, a reduction in transportation and energy costs bolster economic transformation as it cuts production costs. This transcends to improvement in the ease of doing business in the economy which is the foundation of economic development as investors fly in with capital projects which absorbs the available labour and improve production.

**(b) Pillar 2 – Enterprise and Institutional Development**

According to ADB (2014:19), "Rwanda's pillar 2 focuses on business development and incubation, including the development of relevant skills and competencies required to promote enterprise development". Rwanda introduced the Skills, Employability and Entrepreneurship Program (SEEP) which focus on developing relevant skills and increasing employability, entrepreneurship and business development, and improving institutional coordination in the provision of job creation and business development services (ADB, 2014). Sahi (2012) believes an investment in employee skills enrichment through capacity building and entrepreneurship training increases productivity as all ages in active labour market participate in production process and employment creation.

#### 2.9.1.3 Transport Sector in Rwanda

According to ADB (2014:24), investing in the transport sector help reduce transport costs while increasing the connectivity of the Rwandan economy to external markets. Despite having suffered decades of War from the late 90s to early 2000s, Rwanda has made great strides in terms of transport and infrastructural development as key initiatives of financial and investment strategies targeted at improving the economy to middle class rating were initiated. Rwanda has since surpassed Namibia in a number of ways, where drones are used to dispatch medication to remote areas using GPS systems, and has received the cleanest city in Africa award ahead of Windhoek in 2016 (Kiremba, 2016). Rwanda constructed and rehabilitated main and feeder roads which eased transportation thereby luring investors to all parts of the country (ADB, 2014). This has contributed to reducing travel times within Rwanda, and between Rwanda and its trading partners which is of significance to improving investment through trade.

#### 2.9.1.4 Rwanda one-stop border post (OSBP)

The adoption of one-stop border posts (OSBP) with computerised freight clearance systems has lubricated border clearance promoting faster traffic at Rwanda borders (Bounzanis, 2016). Such swiftness in border movement improves international trade which is critical in building foreign currency reserves which are essential for improved foreign direct investment (Hikuda, 2013). Tjueza (2015), however maintains that unlike the Two-Stop-Border Post (TSBP), the OSBP may be a good strategy for fast border movements but it also creates loopholes for easy illegal migration and smuggling of goods.

#### 2.9.1.5 Education in Rwanda

The education sector of Rwanda promotes higher education and training, thereby making it possible to tackle the issue of youth employment by a practical-based education system that meet the needs of the labour market (Kiremba, 2016). A labour investment strategy remains an essential ingredient to nation building through proactive employees geared for boosting production and employment creation (Sahi, 2012). According to Hikuda (2013), investment in education develops critical skills needed to develop and steer financial and investment strategies which address the key needs of the economy.

### 2.9.1.6 ICT advancement in Rwanda

In order to address the acute shortage of advanced skills in ICT, the Rwanda government collaborated with Carnegie Mellon University and ADB in 2015 to address the limited capacities in hardware and software engineering, network design and large scale ICT project management which are essential for computerised production through computer aided design (CAD) and computer aided manufacturing (CAM) (Bounzanis, 2016). Arnold (2010) notes that an investment into ICT accelerates national output and meeting unexpected demand on both domestic and international markets. However, Moyo (2015) cites that ICT usage results in unemployment due to automation and robotics, which means that and economy needs to develop further financial strategies to help maintain the income and purchasing power of even thee affected employees.

### 2.9.2 Uganda economy

The Uganda government has unveiled projects worth over USD 7.0 billion in 2015, most of which were allocated to the development of an Information Communication Technology park in Uganda which eases the search for investors to help foster economic development and help alleviate poverty by creating thousands of job opportunities (ADB, 2014), Focus Economics (2016). However, Sahi (2012) argues that huge investments in ICT are suicidal to the success of an economy as most business will be transacted online leaving the majority unemployed as even the investors tend to trust ICT ahead of the economy’s citizens.

### 2.9.2.1 Uganda Agriculture sector

The Uganda agricultural sector employs 75 per cent of the total labour force but faces infrastructure and access to market challenges (Gan, 2014). Tuhafeni (2014) highlights that a huge financial investment into agriculture and transport infrastructure such as road network guarantees both domestic and international trade mobility. Smetek (2014) is of the view that investment into road infrastructure systems need to be reduced and focus on air and electronic bullet rail systems for bulk as well as fast transportation of goods to the market. Moyo (2015) disagrees with Smetek (2014) and highlights that there is a strong need to improve an economy's infrastructure to boost agriculture and other productive sectors in order to build trade and business as road systems are cheap and easier to construct.

#### 2.9.2.2 NDP in Uganda

Molebugi (2017) cites that most countries have NDs but the implementation thereof is next to just a lip service on plans designed to improve offices' shelf file piles and presentations. Molebugi's view is supported by Nakale, Sikanda and Mabuku (2015), concurred that financial and investment strategies have been written and formulated into policies which are enticing to keep but the promotion of such policies has been misdirected and sometimes not done at all.

However, ADB (2014:26) states that, "development frameworks are needed in order to attract private investment and promote competitiveness within a liberal and open economy". Uganda introduced Development Sector Investment Plan (DSIP) such as agricultural policy and transport policy in order to support key economic investments (Focus Economics, 2016). Putting plans into action is one best way to hit the economy ground running especially when major financial investment allocations are directed to priority sectors of the economy (Namibia Planning Commission, 2014)

#### 2.9.2.3 Mining and Oil (petroleum) in Uganda

Uganda has gold, tungsten, tin, beryl, and tantalite in the south; tungsten, clay, mica, iron, copper and granite as well as other various secondary minerals (ADB, 2014). Higher oil process spur economic activity coupled with a stronger energy sector (Bounzanis, 2016). Bounzanis (2016) further highlights that Uganda's energy and oil sector has been volatile in recent years, plagued by militant attacks, industrial action and poor infrastructure. Financial and investment strategies in the oil industry help trigger higher oil output implying higher export revenue for further investment (Thomas, 2015). Braba (2012) states that oil may be good as a national resource but it brings with it barrels of guns instead of barrels of oil volume which threatens the peace within the economy and investors get scared to inject their capital. At the end of the day, most oil rich economies lament in war instead of enjoying the peace that comes with many investors.

## 2.10 The lower income class African economies (Zimbabwe)

### 2.10.1 Zimbabwean economy

Zimbabwe used the US dollar as official tender from 2009-2016 but currently the bond note, which was purportedly introduced as an export incentive surrogate currency dominates daily transactions (Mpando, 2016). The economy was affected by high public debt, tight liquidity conditions, drought, poor infrastructure, institutional weaknesses and an overvalued exchange rate (Moyo, 2015). This caused a lot of investment withdrawal triggering reverse urbanisation as most people including productive labour retired to rural areas in search of cheaper life (Dube, 2015). Makwara (2016) disagrees that there is cheaper life in rural Zimbabwe as peoples purchasing power is eroded but rather believes that investment opportunities dwindle in a shrinking economy and even if new investors come, quality and experienced labour will be scarce due to brain drain and as better economies take advantage of cheaper high quality labour in such low economies like Zimbabwe. Tjueza (2015) concurs that there has been massive high quality and experienced brain drain in Zimbabwe at the benefit of regional economies like South Africa, Namibia, Botswana, Malawi and the international economies.

#### 2.10.1.2 Dollarisation in Zimbabwe

Zimbabwe adopted the US dollar in 2009 opening a multi-currency regime in the financial sector as the Rand, Pula, Euro and Pound also got into circulation (ADB, 2014). According to RBZ (2012), the country also began making token payments on arrears and embarked on a series of Staff Monitored Programs with the International Monetary Fund (IMF). Biti (2014) believes that Zimbabwe was too quick to make these token payments to the Briton Woods Institutions (IMF and World Bank) before much recovery was experienced in the economy which consumed capital for investment purposes.

There were significant improvements in social services delivery and prompt action to correct fiscal policies and restabilisation of financial system which saw a restoration of confidence to the banking public whose bank balances had been previously eroded by inflation without any compensation (Chinake, 2016). Reforms in the investment climate were promoted by commitment to service the country debt to help improve an ailing economy out of its quagmire (Derek, 2015). However, Mangudya (2014) notes that financial and investment strategies are difficult in struggling volatile economies like Zimbabwe and can only be effective if well customised to suit the prevailing economic environment as such strategies have to differ from one economy to the other. Mpando (2016) challenges this reasoning and states that the calibre of the players such as the citizens behaviour plays a major role in determining the financial and investment strategy for the economy unlike the dictates of the economy, a learned economy seems to be difficult to work with in the implementation of such strategies due to increased criticism which may not always subscribe to constructive reasoning.

#### 2.10.1.3 The financial and investment system of Zimbabwe

The Zimbabwean investment climate was buoyant in the first ten to fifteen years of independence. Economic policies like the 1990 Economic Structural Adjustment Programme (ESAP) which forced the abandonment of the 'Growth with Equity' affected investors as they began to see the currency weakening against the US dollar. The ESAP as a policy had repercussions that retarded the economy which earned the policy a new name "Economic Suffering of African People" (Makoni, 2000). The indigenisation and empowerment law which came into effect on 07 March 2008 requiring foreign investors to compulsorily cede 51% of their business pushed existing and potential investors away. Investments in Zimbabwe particularly in the agriculture (the spine of the economy), following the indigenisation law and Fast Track Agrarian Reform which pressed for locals' harsh farm-takeover, forced a significant number of investors choosing neighbouring economies like Zambia and

Mozambique as safe investment destinations. Major players in the banking industry like Barclays also downsized operations by more than 90% as they transferred operations to Malawi which also affected the investors who had invested in Barclays share on the Zimbabwe Stock Exchange. Banks and insurance companies are operating below 50% capacity (Insurance Council of Zimbabwe, 2014). Biti (2014) states that investment institutions rarely get clients as people have lost confidence in banking institutions and insurance companies as well as investment institutions especially following the freezing of their accounts during the dollarization period. The episode manifesting in Zimbabwe is one where the banking public spend most of their time outside the bank than inside as they queue to withdraw their cash (Chinake, 2016). ATMs have since stopped accepting VISA, maestro or international cards as the banks fear that the little cash they have may be wiped out. Since the US Dollar disappeared from the market as the banking public prefer to hold their cash than banking it, the Reserve bank of Zimbabwe (RBZ) introduced a surrogate currency, in the form of “Bond notes and coins”, which are pegged at par to the US Dollar in 2015 (Mangudya, 2015). Political and financial analysts from the opposition party (Movement for Democratic Change) have denied from the onset that the bond note will maintain its purported value against the US dollar. The year 2017 saw the rise in parallel market cross-rating the bond note and US dollar at 180 Bond notes to U$100, which implies the bond note started to lose value at an increasing rate. This surrogate currency (Bond note) do not work outside Zimbabwe as it is not regarded as legal tender with the same value as the US Dollar (Mpando, 2016). Instead of stimulating exports as intended, the bond currency seemingly retards international business as most exports rely on imports as part of raw materials and primary industries have been severely crippled in Zimbabwe hence raw materials, previously produced within the economy need to be imported (Derek, 2015). The Public Debt Management Act, passed into law in September 2015, was expected to strengthen the legal and institutional framework for debt management within the economy. However, almost two years down the lane, there was no much significant improvement in Zimbabwe’s public debt management (Chinake, 2016).

Richard (2015) maintains that the investment growth within the economy and management of the already existing ones is undermined by lack of capital inflows from exports as well as a continuously downsizing industry. Thus, depressed exports, limited FDI and increase in public expenditure hamper financial and investment strategies targeted at steering the economy forward (African Economic Outlook, 2016). However, ADB (2014) states that financial and investment strategies are a spur to economic turnaround of any economy regardless of its class rating. It remains to be seen if financial and investment strategies can be useful for steering economic development and growth while avoiding pitfalls that the Zimbabwean economy went through.

### 2.11 Chinese economy

China has emerged to be one of the most successful economies in the world (Liu, 2013). It has three independent states in it, namely Hong Kong, Macau and Taiwan which have independent financial and investment systems but reporting to China. Xing (2014) highlights that, these three independent financial and investment systems fall under the administration of a Chief Executive Officer who in-turn reports to the President of the People's Republic of China.

Notably, China has efficient and effective infrastructural development, transport network system, banking system and investment system (Sahi, 2012).

#### 2.11.1 Infrastructure Development in China

China has approximately 1.2 billion people which imply that the cities should be congested. Cities like Beijing, Shanghai, Guangzhou and Shenzhen have more than 10 million people. According to Farrel (2014), the rate at which business happen in such cities is so fast and to decongest the cities, an efficient infrastructure development is not a matter of choice but a necessity. Liu (2013) concurs with Farrel (2014), that investing in infrastructure development triggers business growth and fluid transacting. The Chinese cities are built in such a way that they have very tall buildings which comprise of three significant aspects, the underground, ground floor and the upstairs. The underground normally comprise of the subway for the Metro (underground) train, the ground floor and sometimes the first two upstairs are shopping malls, while the upstairs are the residences for the city inhabitants (King, 2015). This would mean people do not normally travel to the city centre to buy as it congests and disturbs business, but would rather buy from the malls where they just go by the elevator. Jiang (2014) affirms that despite the benefits of efficient infrastructure, the cost of constructing and erecting such infrastructure is highly capital intensive which when not well calculated and managed, leads an economy into factual insolvency. Sahi (2012), on the other hand, highlights that as the cities have too many people, using road systems to go to work or town means a lot of time wasted in traffic congestion, so people travel using the subway Metro (underground) train which is one of the fastest way of beating traffic congestion. Xing (2014) asserts that decongesting china using infrastructure development has made the economy one of the highly favoured trade destination.

### 2.11.2 Transport network system in China

The railway network in huge cities like Shanghai, Beijing and Guangzhou is huge that it has around seven lines per city with various metro/subway stations (King, 2014). This means it is cheaper and faster to travel by train to and from work than using road system. Jiang (2014) notes that the provision of a variety of transport options in highly populated cities like Beijing and Shanghai gives investors wide choice in managing their travelling times. There are also a lot of people who can be carried by each metro train which has over eight couches, each carrying more than 100 people. This means one train has a carrying capacity of over 800 passengers at once. The rail system also operates high speed (bullet) trains and the maglev (magnetic train), which links cities or the airports and the city centre (Liu, 2013). The maglev train uses electro-magnetic induction technology (Riux, 2016). According to Riux (2016), “such trains travel at a very high speed more than any road system at speeds ranging from 300-500km per hour”.

The airports in China are also huge infrastructures which allow an average of over 1 million travellers per day (Farrel, 2014). According to Liu (2013), “every airport is linked to the subway for the Metro (underground train) to allow both domestic and international travellers easy commuting systems. China has a number of airlines which fly domestic and international routes while the whole globe uses China as a business gate especially through the Pudong international airport in Shanghai and the Beijing international airport. Bueyon international airport in Guangzhou is also a huge airport as the city is an industry hub where most manufacturing takes place and thus provides trade investors ease of direct access to the manufacturers (Jiang, 2014).

### 2.11.3 China's interdependent industry and value engineering

There are industries in China which support each other, for example the agricultural industry produces rice which can go through the value chain process to come up with other products that can be exported at higher prices for higher capital formation to support further investments (Xing, 2014). Park (2015) asserts that, in order to avoid business snooping, China has opted to be a closed economy of some sort as it can sustain itself with its own resources. Riux (2016) further stresses that China has blocked google, gmail and youtube as it believes that these were the eye-gates to espionage and industry paralysis. Farrel (2014) argues that blocking other international internet platforms stifles international market reach as well as attraction of international investors. Instead, China has its own search engine(s) such as Baidu which allows translation of English to Chinese thereby permitting the transaction of business with the rest of the world as it translates also Chinese to vernacular languages other than English (Jiang, 2014). Deutsche (2015) supports Jiang (2014) and stress that China has managed to negotiate contracts with huge car manufacturers in Germany like Mercedes Benz to have manufacturing plants in China where China manufactures the cars on behalf of Germany because of cheaper production technologies brought about by China's massive investment in ICT. Samsung an also huge pharmaceutical firms like Johnson and Johnson have been lured to set manufacturing plants in China, which provides employment to the citizens and income to government through taxation (Liu, 2013).

### 2.11.4 Banking and Investment System in China

China have travelled miles in banking and investment as it have embraced the use of technology. It has accepted the use of VISA, Maestro, Credit and debit cards, Paypal and other online business transaction sites (Farrel, 2014). The use of plastic money has promote investor confidence as it eliminates the risk associated with travelling with cash and also high capital business where payments can be made through swiping, credit cards as well as internet banking (King, 2014). The emergence of the parallel market has been crippled by allowing banks such as the SPD Bank to do forex transaction on the ATM where people can change their international currencies such as USD, Euro, Pound, Rand and so on into the Yen, and vice versa in the click of a button (Park, 2015). This is a convenient service especially for investors and travellers such as tourists who can transact or move money through the official monetary system within China rather than the parallel market where it is difficult to account for (Sahi, 2012). According to Xing (2014), this have allowed China to maintain a stable currency with an exchange rate against the USD ranging between Yen 6.7-7.0:1 USD as the effects of parallel market dealings are non-existent.

According to MI (2013), "Chinese banks still lend too much of their money to underproductive state-owned enterprises (SOEs)". It is still very disturbing that African economies fail to build banking and investment systems like the Chinese despite vast minerals which can be beneficiated to establish strong economic citadels and pedestals the world can adopt.

### 2.12 Financial and investment strategies in international currency bloc economies

International economies have seen it beneficial to invest in monetary unions which gave rise to the dollar bloc, euro bloc, renminbi bloc and the polar African rand bloc. The dollar bloc include economies like United States, Canada, Australia and New Zealand, the European bloc comprise of the euro zone market bloc with economies like Germany, France, Holland, Belgium, Luxembourg, Austria, Italy, Spain, Finland, Portugal and Greece and the rand bloc consisting of South Africa, Lesotho and Swaziland) as well as the Renminbi bloc comprising of China, Hong Kong, Macau, Mongolia and the Solomon Islands.

### 2.12.1 Monetary blocs

According to Sachs (2014), “A currency union (also known as monetary union) involves two or more states sharing the same currency without their necessarily having any further integration (such as an economic and monetary union, which would have, in addition, a customs union and a single market)”.
Phillips (2012) claims that currency blocks relaxes trade flow of investors from one economy to the other. Hamata (2016), however, cites that the use of currency blocs have spill over effects that affect economic performance negatively especially if the primary economy on which other economies’ currency are pegged to suffers a nosedive. It remains to be seen if monetary blocks can improve finance and investment status of an economy.

#### 2.12.1.1 The Renminbi bloc

The rapid rising of China into a global economic player has sparked discussions on a bigger international role of the Chinese currency, the renminbi. Past research by Deutsche Bundesbank in 2011 and Fischer (2011), revealed that Chinese currency would soon contend with the US dollar just like the Euro. Park (2015) asserts that financial and investment strategies in China have significantly produced returns since the establishment of the Renminbi bloc. It remains unclear whether the success of China is directly related to the success of the Renminbi bloc or there are other factors at play.

#### 2.12.1.2 The dollar bloc

According to the Organisation for Economic Cooperation and Development (OECD) (2014), the dollar bloc had 56 by 2008, the same as the Euro bloc. “The dollar bloc differs from the euro bloc in that there exists a group of countries that peg temporarily to the US dollar without having close economic affinities with the bloc” (Fischer, 2011:1). African countries in the middle income group such as Libya, Morocco and Syria peg their currencies with the US dollar (Grandes, 2014). Being in the dollar bloc helps an economy correct its fiscal policies and restabilise the financial system by restoring confidence of the banking public in the economy's financial system (Chinake, 2016). Research still needs to substantiate whether being in a monetary bloc like the dollar bloc influences financial and investment growth of the economy.

#### 2.12.1.3 The euro-bloc

According to Fisher (2011), EU member countries constitute the euro bloc together with former and current French, Portuguese, Spanish and Danish dependent territories, mainly in Africa. African countries have adopted a flexible exchange rate regime, the euro exodus which have seen the Republic of the Congo and Gabon switching directly from a euro peg to a dollar peg. The impact of financial and investment initiatives pursued by the Republic of Congo and Gabon both when they were members of the Euro bloc and when they switched to the dollar bloc remain immaterial despite huge oil resources they export (Jacobs, 2006). Clement (2016) suggest that strong currency blocs like the euro bloc and the dollar bloc play a significant role on the economy's finance and investment philosophy.

#### 2.12.1.4 The rand bloc

According to Stulz (2003:20), "the Rand Zone has formally been in place since 1974, when South Africa, Botswana, Lesotho and Swaziland signed the Rand Monetary Agreement (RMA)". Currently, the Rand bloc includes South Africa, Namibia, Lesotho and Swaziland. The first major event after the RMA occurred when Botswana opted in 1976 to pursue independent monetary and exchange rate policies (Grandes, 2014).

Swaziland, Lesotho and Namibia, according to OECD (2014:23), "introduced their own national currencies after becoming independent states (the lilangeni, the loti and dollar in 1974, 1980 and 1993, respectively), but their exchange rates have remained fixed at parity with the Rand." The Rand is legal tender in Namibia and Lesotho, which South Africa compensates for loss of seignorage (Tuhafeni, 2014). The rand bloc is still a very strong currency bloc whose impact on trade and investment have been widely seen in SACU member countries as it eased the union’s financial and investment transactions. According to Grandes (2014), the strength of the SACU is hugely dependent on the continued existence of the rand bloc.

### 2.12.2 Botswana Exit

Botswana exited the RMA in 1976 and set its own monetary policy but it, however kept linked to the Rand through a currency basket (OECD, 2014). The exit saw Botswana maintaining a stronger currency (the Pula) in modern day Africa (Jacobs, 2006). This is as a result of Botswana economy’s powerful diamond mineral export as well as strong bilateral relations with the western world’s Britton Woods institutions and various first world countries (Ranko, 2015). Modise (2014) highlights that, Botswana’s ability to remain linked to the Rand has promoted investment and financial relations with fellow SADC countries like South Africa, Namibia, Lesotho and Swaziland. Research on the impact of currency strength of the economies financial and investment is still ongoing and the debate is getting more interesting as Safela (2015) believes that currency strength is the key determinant of investment growth and Sharpe, Alexander and Bailey (2009), Arnold (2012) and Sahi (2012) believe that investment and economic growth are not directly related to strength of currency.

### 2.12.3 Advantages of the Rand Bloc/ CMA

Fabozzi (2007) affirms that, the more open and more similarly diversified economies are, the higher the benefits they will reap from having joined a CMA. There is a positive joint effect from a higher degree of openness and similarly higher degrees of investment diversification brought about by an economy’s decision to join a CMA like the rand bloc (Mathee, 2011). Fischer (2011, agrees with Mathee (2011) that CMA ignite wider market which revolutionises an economy’s trade and investment. According to Chiduwa (2016: 67), “Namibia can import 80% or so of its import requirements from SA without the need to find foreign exchange reserves first”. Given that Namibia’s involvement in international money and capital markets is still relatively low, membership of the CMA helps to attract capital flows into the economy and helps to lead to greater financial deepening (Meyns, 2006). Chiduwa (2016), however, disagrees with Meyns (2006) citing that Namibia is a net loser of capital flows to SA because of the degree of sophistication of the SA money and capital markets, such outflows tend to undermine the degree of financial deepening in Namibia and tend to reflect an absence of bankable investment projects within Namibia.

### 2.12.4 Trading blocs

A regional trading protects member-economies from imports from non-members (OECD, 2014).  Hamata (2016) states that a trading bloc is a form of economic integration that improves world trade activities. According to Chiduwa (2016), "Namibia is a member of SACU, SADC, CMESA and the EU-ACP group of countries through the Lome and Cotunou conventions but it remains to be seen if Namibia's membership to all these blocs is beneficial in economic terms, particularly in finance and investment area". There are several types of trading bloc, including, inter alia, the following:

#### 2.12.4.1 Preferential Trade Area

Preferential Trade Areas (PTAs) exist when countries within a geographical region agree to reduce or completely remove tariff barriers on selected trade items from co-members of the area. This improves international trade investment and boost production by cutting raw material costs especially for industries that import and in-turn makes the final products competitively prices due to lower cost of production and non-tariff exportation to member counties.

#### 2.12.4.2 Free Trade Area

A Free Trade Areas (FTA) is created when two or more countries in a region agree to reduce or eliminate barriers to trade on all imports from other members. According to Chiduwa (2016:66), “this is the first stage in the process of economic integration in which the trade bloc countries either reduce or completely abolish restraints on trade (tariff and non-tariff barriers) with each other while maintaining them against the rest of the world (ROW). Thus, joining a FTA propels investment in trade and relational investments between economies (Meyns, 2006). This is trade investment strategy that stimulates product diversity and competition within the economy which trigger innovation and creativity.

#### 2.12.4.3 Customs Union

In a customs union, tariff barriers are removed between members and an agreed common (unified) external tariff is charged against non-members. Daniel and Bach (1999) claim that the complete liberalisation of trade among member states while maintaining a common external tariff structure creates a wide investment market for member economies which generates higher returns. Meyns (2006), however highlights that at times the customs union makes other member economies’ financial and investment strategies be affected by external shocks from one member economy due to negative investment externalities. Namibia pays dearly each time inflation in SA becomes unmanageable and interest rates have to be raised in order to combat inflation forcing Namibia to follow suit, fundamental economic indicators do not demand that such stringent measures ought to be taken (Daniel and Bach, 1999). However, Chiduwa (2016) attests that the positive investment externalities in the customs union are more than the negative externalities, so an economy should be enticed to join the union as a strategy to improve the success of its financial and investment strategies.

#### 2.12.4.4 Common Market

According to Meyns (2006), “common markets are a further extension of the customs union to embrace the movement of factors of production as well as goods and services”. Such free-flow of factors of production is the bedrock of effectiveness of financial and investment strategies as investors also, have the liberty to move their investments within the common market (Smetek, 2014).

### 2.12.5 The main advantages for members of trading blocs

#### 2.12.5.1 Free trade within the bloc

Free trade encourages innovation and creativity as member countries work harder to achieve comparative advantage over other member countries' products or services (Chiduwa, 2016).

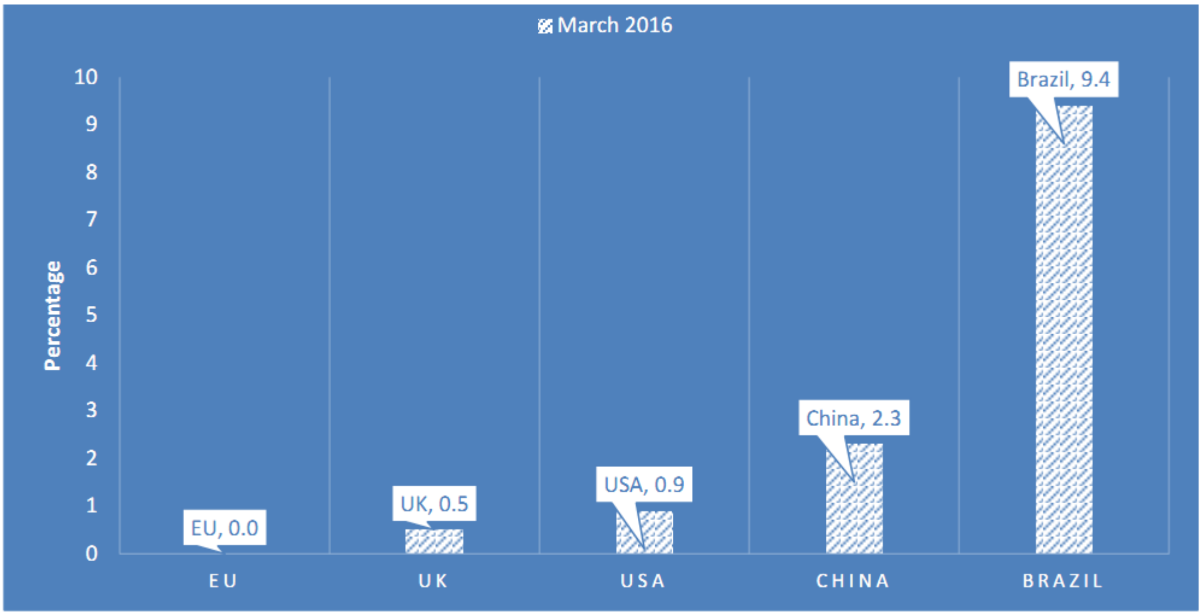
#### 2.12.5.2 Market access and trade creation

Wider market access raises the trade investment market and act as a lubricant for huge capital formation to finance an economy's growth initiatives or objectives (Meyns, 2006). Access to variety of products or substitutes through cheaper imports enhances the general standards of living within an economy (Sharpe, Alexander and Bailey, 2009). According to Mathee (2011), financial and investment strategy unlocks market access and facilitates trade particularly on the stock exchange and international trade.

## 2.13 Inflation in EU, UK, USA, China and Brazil

Financial and investment strategies are affected by inflation within an economy. Most powerful developed economies are feeling the heat of inflation in their financial and investment growth agendas, a situation which may be worse in developing economies (Meyns, 2016). The following Figure 2.2 gives an inflation report of developed economies:

**Figure 2.2: March 2016 EU, UK, USA, China and Brazil Inflation Report**




*Source: inflation.eu*

The Euro area annual inflation rate was stagnant in March 2016, signifying room for financial and investment growth. In the UK, the early warning signs of BREXIT saw the annual inflation rate increased by 0.5 per cent in March 2016, which is also relatively low considering the high volume of financial and investment activity within this economy. In the USA, the world's largest economy, the annual inflation rate rose by 0.9 per cent in March 2016, while China the second largest economy has an inflation of 2.3%.  It remains to be seen if the rise of inflation is attributed to the country's level of economic growth. This is partially defended by Brazil's annual inflation rate which was 9.4 per cent in the same comparative period despite the economic activity of the country being lower than that of USA and China. The impact of inflation on financial and investment growth and development remains a worrisome factor to economic growth hence governments develop mechanisms to tackle it head-on (Mathee, 2011).

### 2.14 Building blocks for robust financial and investment strategies

Financial and investment strategies play an important role in the financing of businesses, innovation and green growth (Philips, 2012).  There is need for funding of later-stage private/public sector and projects using available resources (Sharpe, Alexander and Bailey, 2009). Sharpe, Alexander and Bailey (2009), further highlight that, robust financial and investment strategies in an economy can be built by transforming grants and subsidies into revolving financial instruments risk profiling and ascertaining the potential financial, social and environmental return using public budgets to stimulate growth via private sector investment in the form of Public Private Partnerships[4] (PPPs).

Private investment and job creation need governments to put in place the building blocks for economic development, and create the policy, legal, regulatory and institutional environment for markets to work and businesses to grow. According to DFID (2013:4), clear and consistently applied rules help to reduce the risks and costs of doing business, in turn encouraging higher rates of entrepreneurship and investment. Stent (2014) highlights that, economic growth will be more sustainable and have a greater impact on poverty reduction if countries maximise the development benefits of their natural resources. Alon and McKee (2009) agree that financial and investment strategies rooted in an economy's natural resource and sectorial interdependence and society inclusiveness can arrest impediments to building successful economies. In addition, Mukono (2015) highlights that, the long term prospects for growth in both developed and developing countries will be undermined if climate change is not addressed against the backdrop of deepening financial and investment strategies.

### 2.15 The impact of African politics on financial and investment strategy of an economy

Jacobs (2006) advances that, political risk can be understood and managed with reasoned foresight on financial and investment impact on continued economic success on both micro and macro levels. Political risk can be seen from macro- and

[4] A public–private partnership (PPP, 3P or P3) is a cooperative arrangement between one or more public and private sectors, typically of a long term nature. PPPs can be understood of both as a language game and a governance mechanism. Under the former perspective, the PPP phrase can cover hundreds of different types of long term contracts with a wide range of risk allocations, funding arrangements and transparency requirements. And as a brand, the PPP concept is also closely related to concepts such as privatization and the contracting out of government services. The latter says the PPP concept encompasses at least five families of potential arrangements, one of which is the long term infrastructure contract in the model of Private Finance Initiative (PFI).

micro-level political risks (Phillips, 2012). According to Stulz (2003), “macro-level political risks have similar impacts across all foreign actors in a given location and are included in country risk analysis, hence would be incorrect to equate macro-level political risk analysis with country risk as country risk only looks at national-level risks and also includes financial and economic risks”. Micro-level risks focus on sector, firm, or project specific risk and are worsened by other risks such as government currency actions, regulatory changes, sovereign credit defaults, endemic corruption, war declarations and government composition changes Philips (2012) and (Davies, 2000). According to Smetek (2014), “these events pose both portfolio investment and foreign direct investment risks that can change the overall suitability of a destination for investment and can ultimately alter the way a government must conduct its affairs”. Research by Bounzanis (2016) revealed that macro-level indicators can be quantified and modelled like other types of risk to investigate their impact on finance and investment.

The term political risk assumed different meanings over time. According to Duisenberg (2011), “political risk refers to the complications businesses and governments may face as a result of what are commonly referred to as political decisions or any political change that alters the expected outcome and value of a given economic action by changing the probability of achieving business objectives”. Portfolio investors may face financial losses and governments may face complications in their ability to execute diplomatic, military or other initiatives as a result of political risk, which eventually stifles the transformation of an economy into a successful one following the conduciveness of the political climate for financial mobility and investment growth (Moyo, 2015).

According to Bill Clinton (1994), former USA president, “business always follows politics”. In South Africa itself, there has been an upsurge in foreign investment in the late 90s and the early millennium until of late, when the impacts of the negative goodwill emanating from President Jacob Zuma’s case and the Guptas, the state capture case and various scandals which has rocked the top political echelons as the failed custodians of constitution. This kills investor confidence as they will be uncertain of the future of their investment funds, a situation which retards economic growth and development.

### 2.16 Chapter Summary

This chapter focussed on African economies other than Namibia and other international economies like China. The make-up of their financial systems and investments in infrastructure and other key sectors like agriculture have been discussed. Most successful economies have been utilising the private-public partnerships in steering economic growth and development. Notable strategies implemented by these international economies like South Africa, Botswana, Kenya, Rwanda and China in the industrial and transport, infrastructure and energy have made these economies distinguishable as economic development cascaded to the peripheral levels. The chapter ended with building blocks toward building robust financial and investment strategies. The next chapter will deviate from international perceptive to the Namibian experience. It will give the current status quo in the financial and investment sector and will focus on what has been done as well as the contribution of the current systems to economic success. The Namibian experience on financial and investment systems and strategy will be discussed in detail in the next chapter.

# CHAPTER THREE

# THE NAMIBIAN EXPERIENCE ON FINANCIAL AND INVESTMENT STRATEGIES

## 3.1 Introduction

This chapter looks at the domestic financial and investment strategies in use and options available in Namibia to churn it into a successful economy. Namibia economy's performance will be assessed against other African economies. Data from Namibia Statistical Agency (National Accounts), National Planning Commission (NPC), Institute of Public Policy Research (IPPR), Southern Africa Resource Centre (SARC), Bank of Namibia (BoN), Ministry of Finance (MoF), legislation like Investment Promotion Act, strategic documents like Namibia Fiscal Strategy document and Namibia Financial Sector Strategy document and other local sources as well as journal articles and textbooks will be used to inform this research chapter.

## 3.2 Namibian economy's performance

In Namibia, the issue of industry competitiveness is a key concern with wage levels being significantly higher than in countries with a comparable level of development (NPC, 2015). However, due to lack of industries which have promoted overreliance on imports, particularly from South Africa, such higher wages do not hold purchasing power as prices of goods are higher as compared to other economies as a result of import duties, distribution costs as well as the general operation of market forces when demand is high (Hamata, 2015). Electricity provision is still inadequate to support the required levels of economic growth to reduce high levels of unemployment through industrialisation in Namibia (Amupolo, 2016).

According to Haufiku (2014:28), "Namibia's performance in terms of becoming a more first-choice investment destination and a competitive economy has not declined but has been stagnant over a significant period of time". However, the world rankings show Namibia's decline on the international rankings. IPPR (2014) and Sharp, Alexander and Bailey (2009) highlight that Namibian economy has been standing still struggling with high poverty levels in rural areas like Opuwo, unemployment and inequality making other nations became competitive to catch up and overtake it. According to the WEF (2016), "competitiveness is how countries create the best economic, social and environmental conditions for economic development. It measures what makes up this development, things like policies, institutions, and productivity. Striving for competitiveness is striving for rising prosperity. It means creating more opportunities to improve the way people live through stimulating investment."

**Table 3.1 below, illustrates the Global Competitiveness Index position of Namibia between the three years of 2012-2014:**

**Table 3.1: Top 10 Competitive Countries in Sub-Saharan Africa**

Top ten sub-Saharan African countries on the Global Competitiveness Index 2013-2014

| *Country* | *Position 2013-2014* | *Score* | *Position 2012-2013* |
|---|---|---|---|
| Mauritius | 45 | 4.45 | 54 |
| South Africa | 53 | 4.37 | 52 |
| Rwanda | 66 | 4.21 | 63 |
| Botswana | 74 | 4.13 | 79 |
| Seychelles | 80 | 4.10 | 76 |
| Namibia | 90 | 3.93 | 92 |
| Zambia | 93 | 3.86 | 102 |
| Kenya | 96 | 3.85 | 106 |
| Gabon | 112 | 3.70 | 99 |
| Senegal | 113 | 3.70 | 117 |

*Source: IPPR Report, 2015*

As shown in Table 3.1, Namibia has risen from $92^{nd}$ position to $90^{th}$ position during 2012-2013 and 2013-2014 comparative periods respectively which is a good sign of the cascading benefits of financial and investment strategies adopted. Some of the factors that hold Namibia back cannot be solved by quick-fixes especially in areas of poor-performing health and education systems (Iiyambo, 2014). Other aspects require a shift in financial and investment planning mind-set, for example, Kenya is rising on the rankings partly because of heavy investment in research and innovation as well as ensuring strong coordination between the private sector and government

(Moyo, 2015). The National Commission on Research, Science and Technology (NCRST) can play a crucial role in research and development – instead of just acting as a 'research police' thereby further constraining the research environment (NIPAM, 2015). According to IPPR 2014 research report, "the civil society in Namibia has objected to the regulations governing research, calling them 'draconian' ". This have stifled research in areas of finance and investment particularly portfolio management and wealth planning.

### 3.3 Overview of the Namibian Economy

The Namibian country has 14 regions[5] namely Karas, Hardap, Khomas, Erongo, Omaheke, Otjozondjupa, Kunene, Omusati, Oshana, Ohangwena, Oshikoto, Kavango East, Kavago West and Caprivi (now Zambezi). Namibia has consistently ranked among the top sub-Saharan African countries on good governance. Despite the 2013 Corruption Perception Index by Transparency International ranking Namibia the seventh least corrupt country in sub-Saharan Africa, financial investments do not provide much areas of choice to domestic and foreign investors (NPC, 2015). One would, therefore, wonder why financial and investment strategies are not being taken serious in Namibia, with such glaring performance which guarantees the success of attraction of foreign direct investment.

However, Amupolo (2016) argues that the budgetary process of Namibia is not transparent and inclusive as claimed by Schlettwein (2016), as the general public are not consulted at all which makes it fail to accommodate other critical factors like the climatic impact. Being surrounded by performing economies like South Africa and Botswana and oil-rich Angola, Namibia can consider resources in neighbouring counties can also be considered as possible investment areas especially when the government considers signing some partnership and cooperation contracts in the form of memorandums of agreement. Figure 3.1 below shows the general map of Namibia showing its three neighbouring partners (SA, Botswana and Zambia) which

[5] A region in Namibia is equivalent to a province in other countries

can be easily converted into critical trade, financial and investment partners within the region:

**Figure 3.1: General Map of Namibia**


*Source: SARC – Namibia Country Strategy 2014-2016*

Namibia is the fourth-largest exporter of nonfuel minerals in Africa, the world's fifth-largest producer of uranium, and a producer of large quantities of lead, zinc, tin, silver, and tungsten (Ministry of Mines and Energy (MME) Report, 2016). However, the mining sector employs less than 3% of the population (Pendukeni, 2016). Past research by IPPR (2015) have revealed Namibia as one of the most unequal societies in the world as inequality exists across gender, race, regional, ethnic, educational and class dimensions of our society. The United Nations Human Development Report of 2009, revealed high income inequality in Namibia with a Namibian Gini coefficient of 0.743. Whether this is the reason why investments are so low in Namibia, it remains to be seen. The BoN (2012) highlights that the economy's productive capacity is based mainly on the mining, agriculture and fishing sectors and partly the services sector. Hamutenya (2015) asserts that there is need for financial and investment strategies and policies to be interlinked with these key productive sectors such as agriculture, mining and tourism. Mubiyana (2013), however, puts across the incorporation of financial and investment growth initiatives in country strategic documents such as the Namibia Vision 2030 and the Harambee Prosperity Plan of 2017 as evidence of the prior existence of such linkages.

Namibia's vision 2030 seeks to transform the economy into and industrialised country of equal opportunities under the auspices of dynamic and accessible financial sector (GRN Vision 2030: 41). According to Tuhafeni (2015:73), a fiscal policy that distributes wealth fairly and encourage production can be achieved through a collaboration between public, private and civic society organisations in policy formulation, programming and implementation. Stiglitz (2016) expressed out on the fair distribution of wealth in Namibia and have cited it as one off the preconditions for investment creation. Heita (2017) argues with Stiglitz (2016) and cites that, instead, sound international relations help ensure effective cooperation and international trade relations and are lubricants of economy's success and burgeoning international investment. According to Kofi. A. Annan, the former UN Secretary General, the goals of effective international participation of developing countries in global policy coordination and investment creation can still be reached, although there is still need of debate about how best to make the global partnership for making the development a reality. According to Honourable Calle Schlettwein, Namibia's Minister of Finance in his 2016 National Budget presentation, "the country has attained a middle-class rating which is better than many African economies and still need to harness more financial and investment strategies to achieve higher economic growth and development as per its potential". This research seeks to investigate how far financial and investment strategies can go in spurring the success of the Namibian economy. In the early millennium, financial and investment research have revolved around individual and household finance, which had a lot of repeated researches in the same field and resulted in stagnation of macro financial and investment research (Phillips, 2012).

The proportion of people living in extreme poverty affects the country's investment creation and thus the creation of a strong financial and investment strategy in a necessity in stimulating economic growth to pull the population out of the poverty mud (Amupolo, 2016). One of the fundamental responsibilities of a government is to create a strong economy which attracts investors, whether they are a small group of investors or a large group of stockholders and create employment for its citizenry while ensuring micro and macro-economic stability (Jordan and Miller, 2009:72).

### 3.4 Namibia's economic growth and performance

Namibia's economic growth performance over the period 2011 – 2015 has shown a strong, growing economy recording growth rates greater than 5% per annum while inflation remained moderately stable at 6.5% (NSA, 2014). Financial and investment strategies stimulate increased investment in public infrastructure investment which triggers strong domestic demand for imports (Jordan and Miller, 2009). According to NSA (2014:41), "the Namibian current account has been in deficit over the years". Fiscal consolidation measures as part of financial and investment strategies can be used to strengthen national savings and ease pressure current account balance (Phiri and Odhiambo, 2015).

The following Table 3.2, shows the performance of the Namibian economy for the four (4) years to 2014:

**Table 3.2: Namibian Economy Performance 2011-2014**

| | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| Real GDP Growth | 5.1 | 5.1 | 5.7 | 6.4 |
| Real GDP Per Capita Growth[6] | 3.5 | 3.1 | 3.7 | 4.4 |
| CPI Inflation | 5.0 | 6.7 | 5.6 | 5.4 |
| Structural Budget Balance (% of potential GDP)** | -4 | 0.5 | -4.8 | -7.2 |
| Current Account Balance (% of GDP) | -2.8 | -5.8 | -4.1 | -6.8 |
| Unemployment Rate | - | 27.4 | 29.6 | 28.1 |
| Youth Unemployment Rate | - | 37.8 | 41.7 | 39.2 |
| Poverty Rate (Head count) | 28.7* | - | - | - |
| Gini Coefficient[7] | 0.5971* | - | - | - |

** Data in Financial years [ŧ] Estimate * 2009/10

*Source: NSA 2014 National Accounts, NSA 2009/10 NHIES Report, NSA LFS Reports, BoN 2014 Annual Report and MoF Fiscal Strategy 2015/16 – 2017/18. Authors' calculations of structural budget balance*

An increase in the Gini-coefficient, youth unemployment and overall unemployment rate reveals the need to develop the economy's capacity so as to address income disparities as well as possible riots and demonstrations as well as high crime from unemployed youths. "The majority of the employed population do not have post-secondary school education qualification which points to a high lack of skills, low income and poor investment knowledge for the majority of those in employment" (Fiscal Policy Brief, 2016:8). One way is to have a well-balanced financial and

[6]Per capita GDP is a measure of the total output of a country that takes gross domestic product (GDP) and divides it by the number of people in the country usually to compare the performance of one economy to another. A rise in per capita GDP signals growth in the economy and tends to reflect an increase in productivity.

[7] The Gini coefficient (also called a Gini ratio or a normalized Gini index) is a measure of statistical dispersion intended to represent the income distribution of an economy's residents, and is the most commonly used measure of inequality. The Gini coefficient measures the inequality among values of a frequency distribution (for example, levels of income). A Gini coefficient of zero expresses perfect equality, where everyone has the same income. A Gini coefficient of 1 (or 100%) expresses maximal inequality among values, where only one person has all the income or consumption, and all others have none.

investment strategy helps improve the current account balance. Continued decline of current account balance affects the government's financial and investment initiatives and it will be pressed to improve this balance hence most of the government revenue would be channelled to that at the expense of investment (Pendukeni, 2015).

### 3.5 Current Status of the Namibian Financial System

The Namibian financial system comprise the central bank, commercial banks, development banks, a range of nonbank financial institutions such as insurance companies and pension funds, smaller financial intermediaries, money market and the capital market (NFSS, 2011:13). The financial institutions operating in Namibia are the following:

#### 3.5.1 Banking financial institutions

Banking financial institutions include commercial banks and other specialised finance institutions.

**(a) Commercial Banks**

These include 5 banks namely; First National Bank of Namibia (Ltd.); Standard Bank of Namibia (Ltd.); Nedbank Namibia (Ltd.); Bank Windhoek (Ltd.) and FIDES Bank (Ltd.) According to Amupolo (2016:23), "a successful economy comprise of a strongly functioning banking system". The total bank assets, deposits and loans increased by 20% between 2009 and 2010 (BoN, 2011). This shows the expansion of the Namibian economy as a result of the rise in the banking financial system which also indicate a rise in investment through financial instruments transacted by commercial banks such as banker's acceptances (BAs), treasury bills (TBs), commercial paper (CPs) and negotiable certificate of deposits (NCDs).

### (b) Other specialised finance institutions

Specialised finance institutions in Namibia include Namibia Post Office Savings Bank (a division of NamPost Ltd), Agricultural Bank of Namibia Ltd, National Housing Enterprise Ltd and the Development Bank of Namibia Ltd. According to Heita (2017:29), the requirements to open a banking account at Nampost have allowed wider access to banking services in Namibia unlike the requirements of commercial banks. Specialised finance institutions offer financial services of deposit taking and granting loans at very nominal bank charges and finance costs which promote local investment in Namibia. Mpando (2016) corroborates with Heita (2017) that banks should move to open banking where requirements are scrapped off to promote wider banking – a system adopted by Stewart Bank in Zimbabwe where the simple requirement is an Ecocash registered Econet Wireles SIM card. Heita (2017), further claims that, requirements of work permits, visas or payslips have stopped a significant percentage of the banking public from practicing banking which ultimately forces them to keep their huge sums of cash out of the banking system.

### 3.5.2 Non-bank financial institutions

Namibia has insurers, pension funds, investment managers, unit trusts, microfinance institutions, a stock exchange and stock brokers as non-banking financial institutions which contribute significantly to financial and investment growth because of high industry assets valued at N$205,217 million by 2010 (NFSS, 2011:14).

### (a) Insurance

Namibia has 17 long-term insurance companies, 15 short term insurers including NamibRe, a reinsurance company in Namibia (NamibRe, 2015). A reinsurance institution provides insures insurers (Ross, 2009). According to Patty Karuaihe Martin, the Managing Director of the Namibian National Reinsurance Corporation Limited (NamibRe), NamibRe is currently the only reinsurance company in the country During the financial year 2014/15, NamibRe paid about N$ 1.8m to the government and to date, NamibRe has paid just over N$4.9m in dividends to government, as its shareholder, indicating a significant amount raised for the government which can be channelled for further investment. The insurance industry's assets were N$2.4 billion, accounting for 2.8 percent of Namibia's GDP in 2010 (NamibRe, 2015).

According to the 2007 FinScope survey, less than 10 percent of the population have access to these services. According to NAMFISA Corporate Communications Manager Isack Humata, the insurance sector was in a sound financial state, with all registered entities complying with the set requirements to operate, with balance sheets of the insurance entities being healthy and not posing a systemic risk to the financial system with the solvency and funding levels in excess of those required by law. Hamata (2016) further notes that insurance companies are thus sufficient to withstand shocks and risks to which the insurance industry is exposed. However, NAMFISA has recorded 76 cancellations of insurance entities between January and September 2015, mostly due to non-compliance with the various pieces of legislation that are used to supervise the financial industry. Thus for financial and investment success, strict regulation of the financial sectors is needed to curb ad hoc transactions which kills the spirit of investing within the economy.

**(b) Pension Funds**

Active registered pension funds in Namibia reached 167 in 2010. Despite pension coverage increase, a higher proportion of the private sector remains uncovered (Nantinda, 2016). The Government Institutions Pension Fund (GIPF) which covers Namibia's major employer (the government), accounts for the bulk of pension funds' assets (around 70%) and raises much funds through the pension pool to stimulate significant investment in the local economy (Heita, 2017).

### 3.5.3 Investment managers

According to Namibia Financial Institutions Supervisory Authority (NAMFISA) (2016), registered investment managers were 22 in 2016, despite having been 38 in 2010. Asset management companies operating in Namibia include Capricon Asset

Management, Old Mutual, Pointbreak, Prudential, Metropolitan and Namibia Asset Management, among others whose major sources of investment funds come from pension funds, long term insurers and unit trust schemes (Nantinda, 2016). In 2016, investment managers invested about 62.4 percent of total assets from pension funds (Humata, 2016). This shows the import of investment managers in developing of financial and investment strategies for overall economic development and growth as they have the capacity to build multi-billion investments in the local economy through a mix with off-shore investments of the locally generated funds.

### 3.6 The development of finance and investment in Namibia

The Ministry of Industry, Trade and SME Development (MITSMED) in collaboration with other line ministries like Ministry of Finance and Ministry of Economic Planning, played a critical role in shaping the development of finance and investment in Namibia. Various Acts such as the Investment Promotion Act, Foreign Investment Act, the State Finance Act, the Procurement Act and Financial Intelligence Act together with policies and plans such as industrial policy, Harambee Prosperity Plan, Investment Policy, Procurement Policy, Financial control Policy, among others have contributed in this development process together with the key role played by the MITSMED's Namibia Investment Centre.

#### 3.6.1 Namibia Investment Centre (NIC)

The NIC, established in 1990 under the Foreign Investment Act No. 27 of 1990, is the first port of call for all investors, both local and foreign (MoF, 2015). The NIC is mandated to market Namibia as a favourable investment destination, to facilitate and create an enabling investment environment and regulatory framework thereby ensuring that Namibia attract FDI flows through identifying and encouraging the attraction and growth of inward and outward domestic investment (MITSMED, 2016). According to BoN (2014), "the NIC has overseas investment promotion representatives in strategic locations in countries such as Germany (Berlin), India (New Delhi), South Africa (Pretoria), France (Paris) and UK (Washington). NIC seeks to promote a well-functioning financial and investment sector". Arnold (2010), location plays a huge role in financial and investment strategy. The location of NIC representatives in Germany, India, France, UK and South Africa helps easily market investment opportunities and attract investors to Namibia. Bounzanis (2016), however, argues that location is not much of significance but accessibility especially on the digital and social platforms enhances accessibility by more than a hundredfold, particularly in this age of advanced ICTs. The agility of the finance and investment cycle is improved by use of ICT especially in terms of an economy's investment growth endeavours (Thomas, 2015).

A well-functioning financial sector is essential for financial, investment and economic development (Phillips, 2012). It remains to be seen whether the computerisation of private and public sector businesses and continued development in robotics will make investment in human capital irrelevant through human resource replacement effect of computers and robotics. Stent (2014) asserts that the use of computers and robotic science have paturated the advent of fast global finance and investment transactions due to globalisation. Grandes (2014) highlights that financial service industry sophistication implies that new financial and investment strategies require constant modification or expansion in order to keep pace with the requirements of integrated financial markets.

#### 3.6.1.1 Services Offered by NIC

The NIC strives to continuously improve the business environment in Namibia through offering investor services such as required in establishing business in Namibia, for example, application for work permits, assistance with search and identification of land/premises (MITSMED, 2016). According to Nakale, Sikanda and Mabuku (2015), creating safe investment destinations clear of any impediment is a critical strategy to attract international investors.

NIC is responsible for issuing Certificates of Investment Status (MoF, 2015). Providing services to existing investors and potential investors through services like that the NIC is a noble strategy to improve financial and investment strategies of an economy as it promotes information dispersion downstream (Pendukeni, 2016). MoF

(2015) further states that the investment centre creates or provides investment incentives and carries out periodic review of investor incentives to make the necessary updates and eliminate administrative obstacles to investment in order to recommend procedures to minimise such obstacles mostly through reviewing, developing and updating the regulatory framework and legislations.

## 3.7 Financial and Investment Strategies in Namibia

The financial and investment strategy for Namibia is underpinned in different sectors ranging from infrastructure development, tender allocation and execution, vision 2030, National Development Plans (NDP), national anti-corruption strategy, fiscal and monetary strategy, expenditure analysis and control, country strategic framework, trade and regional integration, industrial policy, mineral beneficiation, to the recent harambee prosperity plan.

### 3.7.1 Infrastructural Development

Infrastructural development in Namibia covers areas of road and transport network systems, property development, telecommunication networks (landline/mobile telephone network, radio and television network and internet bandwidths), social and welfare systems development (schools, hospitals and community developments (BoN, 2012). According to NFSS (2011), strong infrastructures need to be made available by the Government of the Republic of Namibia to ensure overall stability of the financial system. According to Nuyoma (2015), “inadequate infrastructure is affecting competitiveness and constraining industrialisation”. Mathee (2011), however, shares a different sentiment with Nuyoma (2015) and notes that financial and investment strategies may thrive where there is low infrastructure growth because some investment instruments are intangible unlike investment property.

### 3.7.2 Tender allocation system

Mostly infrastructural developments go through the tender system, where the public (individual or corporate consultants) are invited to bid with quotations for the published or advertised tenders in newspapers or the tender bulletin (MoF, 2015). According to Amupolo (2016), "the tender allocation system, usually, is based on the cheapest quotation but tends to ignore the qualifications and experience of the potential bidder(s)". Reference checks are rarely done or are done on a sample and the tender board does not involve itself much on due diligence because the process is at times marred with nepotism and corruption (Grobler, 2017). In the end, tenders are awarded to non-deserving bidders who do not have expertise to discharge the required tasks, a situation which means the financial investments directed in such capital projects do not help achieve the intended goal, thus unnecessarily increasing public expenditure (Nuyoma, 2015). Such failure results in poor and defective workmanship and the processes of recovering from such losses still require a lot to be done (Tuhafeni, 2015). The government's arm that supervises corrupt activities, the Anti-Corruption Commission is still more of a conservative arm that is reactive than proactive (Heita, 2017). There are calls for the Anti-Corruption Commission to be fully involved in tender allocation as a measure to curb nepotism and corruption. Besides, the allocation of the tender(s) need not to be based on the cheapest tenderer per se, but rather on the highly qualified and experienced bidder (Alwendo, 2014). The issue of empowerment also comes in as some tenders are exclusively for Namibians, this is good in terms of trying to develop the local citizenry but sometimes costly to the government when the capacity of locals falls short in executing what is expected of the successful tenderer.

### 3.7.3 Vision 2030 and the National Development Plans (NDP)[8]

Just like other international economies such as South Africa, Uganda and Rwanda, Namibia has NDPs which target at improving the country into a successful economy (Alwendo, 2014). The NDPs are five-year plans on actions to be taken to achieve the long term Vision 2030 (NPC, 2015).The NDPs support the construction of a conducive environment for financial and investment strategies to thrive (KPMG, 2013). However, at the end of every 5 year period of each NDP, some of the goals are not realised as a result of divergent of focus as well as lack of funding (Nakale, Sikanda and Mabuku, 2015). The impact of adopting NDPs as strategy towards realising financial and investment growth remains anecdotal as it seems like just a behavioural act by African economies as they counterfeit each other in setting economic goals while having an illusion that they are at the same stages of growth, hence the justification of such an adoption act needs much research to be substantiated (Russel, 2016).

### 3.7.4 National Anti-corruption Strategy and Action Plan

The National Anti-corruption Strategy and Action Plan (NASAP) covers the period 2016-2019 (HPP), 2016). The Namibia Anti-corruption Commission (NAC) is responsible for implementation of the NASAP and so far has managed to promote corporate governance and legit practices by curbing corruption, which ultimately makes the country a safe investment opportunity through the improvement of the ease-of-doing-business (NPC, 2015). A safe investment destination attracts investors and is a good ground for effective investment decision making and commitment.

[8] National Development Plans (NDP) are important policy documents of an economy which define a desired destination and identifies the role different sectors of society need to play in reaching that goal

### 3.7.5 Fiscal and Monetary Strategy

Fiscal and monetary strategy help consolidate financial and investment initiatives by creating buffers in the economy to absorb external shocks such as the 2009 global economic crisis (Phillips, 2012). According to Alwendo (2014:34), “fiscal policy plays a critical role in promoting and maintaining macroeconomic stability which in turn is a prerequisite for high and sustainable economic growth in any economy”. According to Nakale, Sikanda and Mabuku (2015:24), “fiscal policy plays a critical role in ensuring equitable resource allocation which can potentially lead to increased income equality and poverty alleviation in an economy”. Grobler (2017) remains unsure of fiscal and monetary policy’s impact on the overall success of the financial and investment strategies of an economy. Thus, a fiscal and monetary policies underpin financial and investment strategies to accelerate an economy’s success, particularly in all factors of production (Schlettwein, 2015).

Fiscal policy also plays a key role even on employment creation when government revenue and key drivers of revenue growth are synthesised to develop a better investment areas and opportunities in an economy (KPMG, 2014). Namibia’s fiscal strategy 2015/6 – 2017/8 is shown in Table 3.3 below:

**Table 3.3: Namibia Fiscal Strategy 2015/6 – 2018/8**

| | **2011/12** | **2012/13** | **2013/14** | **2014/15*** | **2015/16*** |
|---|---|---|---|---|---|
| Taxes on international trade and transactions | 17.7 | 82.6 | 23.7 | 28.2 | -22.0 |
| Income tax on individuals | 21.1 | 19.3 | 16.7 | 31.9 | 40.9 |
| Company taxes | 5.1 | 14.0 | -41.1 | 29.8 | 48.3 |
| Domestic taxes on goods and services | 41.3 | -18.5 | 79.9 | 13.9 | 43 |
| Non-tax revenue | 13.0 | 1.2 | 1.5 | 2.6 | -14.6 |
| External grants | 2.4 | -2.0 | 6.7 | -2.3 | 0.8 |
| Other | -0.6 | 3.5 | 12.6 | -4.2 | 3.5 |
| Total revenue growth | 28.0 | 27.0 | 10.3 | 28.6 | 8.4 |

* Estimate

*Source: Namibia's Fiscal Strategy 2015/2016-2017/18*

The above table indicates shows the reaction of various taxes to counter-cyclical measures introduced by the government of Namibia and how financial and investment income is affected by their implementation. According to Namibia's Fiscal Strategy 2015/16-2017/8, domestic taxes on goods and services seem to have reacted positively to counter-cyclical measures such as tax relief and bracket adjustments for individual income earners and improvements in civil servants remunerations which increased disposable income and consumption thereby boosting revenue generated form Value Added Tax (VAT). A measure such as a change of tax bracket, tax relief or raising civil servants salaries have a significant impact on investment as it increases non-tax revenue as well as reducing tax on international trade and transaction. Once the receiver of revenue collects less revenue, public investment is affected.

### 3.7.6 Expenditure Analysis

Rowlands (2010), asserts that expenditure analysis allows the economy to pursue developmental objectives such as infrastructural development in order to lure international investors thereby, stimulating employment and growth within the economy. BoN (2014) believes that expenditure management in Namibia creates reserves to finance capital projects which in turn smoothens the flow of investments. The split of expenditure into operational and developmental expenditure supports economic growth through internal development financing.

### 3.7.7 Namibia’s Country Strategic Framework

According to SARC (2014:10), “NDP4 placed emphasis on achieving three overarching goals namely; high and sustainable economic growth; reducing income inequality; and job creation”. Namibia’s Country Strategic Framework sought to reduce income inequality levels by promoting inclusive growth and investor friendly policies. Such policies which do not scare investors away help in fostering investment growth (Nakale Sikanda and Mabuku, 2015). Country strategic framework dictates the financial and investment strategy an economy adopts and it must be developed on a wide consultative basis (Mathee, 2011)

### 3.7.8 Trade and Regional Integration

International trade is part of the key contributors to Namibian economy’s GDP (BoN, 2012). However, SARC (2014) notes that the value of exports of Namibia is less because of its location in the desert. Most regional and international trade items of Namibia are from mining, beef and tourism (wildlife) against a backdrop of high import item requirements (SARC, 2014:7). Despite having a trade policy in place, the location of Namibia in the desert forces the economy to fail to develop into a self-sustainable system as it imports most of its food items. Investment into agriculture to stimulate production such as irrigation activities helps to avoid the transfer of revenue generated from the few exports to meeting the high import requirements of food for the economy’s citizenry.

Alwendo (2014:16) states that the government of Namibia developed a strategy for implementing its Industrial Policy (IP) so as to spread national investments across private sector, public sector, trade, exports, skills development and value addition in an all-round investment diversification system. According to NPC (2015), the implementation process of the Industrial Policy Implementation Strategy is very slow, worrisome and disturbing in Namibia.

### 3.7.9 Industrialisation Policy[9] (IP)

The Industrial Policy (IP) is anchored the thrust of Namibia's Vision 2030. Thus, the policy takes due cognisance of the nation's ambitions to become a developed and industrialised economy by 2030. The industrial policy aligns NDPs to industrial policy objectives to ensure macroeconomic stability for sustained economic growth and development in the principle of openness. The industrialisation of an economy starts with requisite infrastructure development for industrial development and then ends with market development for the industry's production (Alwendo, 2014). However, the objectives of regional integration and global trade cannot and will not supersede the objectives of the Namibian economy's own national economic development goals as investment development is targeted at building a one successful economy (NPC, 2015). Because resources are limited, Namibia's IP follows a targeted approach to address specific needs of specifically identified sectors (MTI, 2012:5). The role of industrialisation in stimulating financial and investment growth within the economy continue to be debated.

#### 3.7.9.1 Incentives for Industrialisation

Namibia's industrialisation suffers tough competition from a number of sources such as fellow African countries, particularly in SACU where there is freedom of entry and various international players desiring to access the African market (Alwendo, 2014).

[9] Industrial Policy (IP) is an economy's official strategic sector-specific effort to encourage the development and growth of part or all of the manufacturing sector as well as other sectors of the economy. The government takes measures aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation through infrastructure, that is, transportation, telecommunications and energy industry development.

Government gives tax incentives of free tax for all manufacturing companies in the first ten years of operations in Namibia (Hayes, 2016). With the slow pace of industrialisation in Namibia, evidenced by very small Northern and Southern industries in Windhoek as well as huge reliance on imports from South Africa and other countries, it remains to be seen if Namibia implements sufficient incentives to promote industrialisation in the economy.

According to NPC (2016:29), “special purpose vehicles, export development programmes, and support schemes like spatial industrial zones or economic zones as well as certain allowances under the tax regime may form part of the industrialisation incentives”. The incentive regime need to ensure that it is aligned with the Industrialisation Policy if it is to improve finance and investment within as economy (Tinarwo, 2017).

### 3.8 Namibia’s Vision 2030 (National Development Plan – NDP 1, NDP 2, NDP 3, NDP 4, NDP 5)

The major goal of Vision 2030 is to make global businesses view Namibia as a good choice of investment. Since 1990, Namibia adopted planning as management tool to promote effective decision making and therefore, came up with five-year development plans starting from 1995-2000 (NDP1); up to 2025-2030 (NDP7). Currently, the National Planning Commission is launching NDP5, as NDP4 came to an end in February 2017 (NPC, 2017). Such plans underpin on finance and investment as part of the strategic pillars of economic development together with industrialisation and infrastructure development (Vision 2030).

#### 3.8.1 The Mineral Sector, Manufacturing Sector, Tourism Sector, Agricultural Sector, Service Sector

According to Craig Thomas, Managing Director of Weatherly Mining Namibia (a “mining, development and exploration company focusing on copper in Namibia”), the major challenges for investment in Namibia is the skillset requirements in critical sectors of the economy. The impact of importing skilled labour was investigated by

Tjueza (2014) and proved to have mammoth contribution to investment success and human resource development through skills transfer within an economy.

### 3.9 Government in Mining

The government of Namibia had been involved in the exploration of diamonds through NamDeb, a State-Owned Enterprise responsible for the mining of diamonds. Most diamonds are mined in Orangemund along the Orange River The presence of the Epangelo Mining Company (a private mining company in which the government has a controlling stake) has impacted mining in Namibia, but has not changed the mining landscape much in terms of investment (Pendukeni, 2016). Research still need to establish the impact of the involvement of government in mining on overall financial and investment growth.

#### 3.9.1 Beneficiation[10]

The government of Namibia has decided to pursue beneficiation in its minerals but the efforts have not yet yielded visible returns. Adding value to Namibian minerals such as diamonds, uranium and gold require special skills, some of which are not learnt in local colleges (MTI, 2012). Beneficiation, in summary, refers to the drive to increase the local benefit of Namibian minerals to the Namibian economy by creating a downstream industry, for example gold jewellery factory or cutting and polishing factories in the diamond industry (MTI, 2012).

But beneficiation has yet to reach its full potential in Namibia. Shindondola-Mote (2015) notes that the lack of proper skillsets has been a major barrier to the beneficiation drive aimed at enhancing downstream value addition in local minerals like diamonds. Beneficiation drive has already created jobs and enhanced skills of the local employees but as long as the ownership of such local diamond cutting and

[10] Beneficiation is any process that improves (benefits) the economic value of the ore by removing the gangue minerals, which results in a higher grade product (concentrate) and a waste stream (tailings). Beneficiation processes include froth flotation and gravity separation, for example, in the diamond industry, the beneficiation imperative argues that cutting and polishing (processes within the diamond value chain) should be conducted in-country to maximise the local economic contribution

polishing firms is still foreign-owned, the much vaunted beneficiation returns will take long to cascade into the mainstream economy (Pendukeni, 2016).

### 3.10 The Harambee Prosperity Plan (HPP)

The HPP seeks to usher Namibia in the epoch of Prosperity. The Plan has four Pillars namely effective governance, economic advancement social progression and infrastructure development (HPP, 2016:11). Financial and investment strategies still need to be tested if they can positively impact economic advancement, which is a pillar of the Harambee Prosperity Plan (HPP) house. According to HPP (2016), the HPP and industrial policies are poised to facelift the development and growth agenda of the Namibian economy especially if deep financial and investment strategies are maintained as parts of the national plans and policies.

### 3.11 The effects of financial and investment strategies on economic sustainability, growth and development in Namibia

An economy need to establish itself as an open international market, where investors are keen to come and establish their businesses (Zekiri and Angelova, 2011). Stiglitz (2016) highlights that international market entry barriers may include trade barriers such as tariffs, quotas, or local content requirements, exchange rate volatility or lack of currency convertibility, host country industrial policies that favour domestic firms, the existence of dominant competitors in the domestic market, or natural barriers such as geographical distance, transport accessibility, or language (Bonzanis, 2016). According to Modise (2014), financial and investment strategies must revolve around eliminating all barriers which existing and potential investors consider important.

A favourable industrial climate, a well-developed and formally regulated company law regime as well as a diversified informal sector, a highly developed financial sector, and reliable infrastructure and public services are the oxygen of robust financial and investment strategy (PWC, 2013). It remains to be seen if financial and investment strategies of a developing economy like Namibia can be structured the same way as that of a developed economy.

Political stability, a basic predictability on how the economy and government function, a relatively low inflation rate, a stable monetary policy and reasonably good transport infrastructure and efficient ports, are factors that stimulate financial and investment growth within the Namibian economy (PWC, 2013). Based on PWC's findings, this research strives to establish the possible financial/investment opportunities available to achieve a successful Namibian economy.

### 3.12 Investment Incentives in Namibia

Tax and non-tax incentives are used to stimulate the Namibian economy. The NIC gives subsidised loans to Namibia Development Corporation (NDC) to finance SMEs. In promoting export investment, exporters of locally produced goods receive cash grants of up to fifty percent of the specified export promotion and marketing expenses incurred while industrial studies that can be bought from the government at below cost usually fifty percent of production costs to companies intending to develop investment opportunities in Namibia (MTI, 2012). Namibia is still analysing the impact of further incentives such as reduced air freight for exporters, subsidised transport, subsidies on electricity, housing, training and relocation costs as well as price preference on tenders (NPC, 2015).

Excessive bureaucracy in business registrations have significant negative consequences on financial and investment growth in Namibia (Pendukeni, 2016). The Business Intellectual Property Authority (BIPA), has been tasked with expediting the process of business registration on behalf of investors and manufacturers which eliminated unnecessary excessive bureaucracy in company registration (NPC, 2016).

### 3.13 The significance of the private sector in Namibia – SMEs, Private Companies, Banking, Insurance and investment.

### 3.13.1 The financial sector

Namibia financial sector remains sound mainly because of the currency being pegged against the South African rand. Most banks and insurance companies operating in Namibia are from South Africa, which makes the financial system profitable, and adequately capitalized (Tjueza, 2016). What remains worrisome is that most of the profits posted by the banking sector will be remitted to South Africa where these banks are headquartered thereby making Namibia lose possible funds for further investment.

Development finance is regulated by the government as the two development banks (DBN and Agribank) were created by government to spearhead infrastructural development finance and agricultural development finance respectively (BoN, 2012). Non-banking financial institutions are well capitalized and underwrite all risks with the help of NamibRe as the government reinsurer which works with various retrocessioners like Swiss Re and Munich Re (Patty, 2015). The bond market in Namibia seems hardly operational with less financial instruments resulting in a relatively illiquid secondary market, and limited trading on the Namibian Stock Exchange (SARC, 2014:6). By making the bond market and the capital market as well as derivative market fully functional, more significant investments can be made through trading which pools investment income and raises returns (Kugotsi, 2014).

### 3.13.2 The Namibia Financial Sector Strategy 2011-2021

There is still; difficulty in accessing finance in Namibia, 26 year after independence due to various reasons such as lack of financial literacy and collateral, high poverty and unemployment and low information asymmetry (Kugotsi, 2014). As part of a series of measures aimed at promoting financial inclusion, the Bank of Namibia (BoN) launched the Namibia Financial Sector Strategy (NFSS) 2011-2021 in June 2012 (SARC, 2014). The NFSS, introduced by BoN in 2012, promoted financial inclusion by introducing various financial sector reforms, regulatory frameworks for banks and non-bank financial institutions, allowing entrance of new players to encourage competition and enhancing consumer financial literacy (NFSS, 2012).

Such free entry of new participants in the banking and non-banking financial sectors is a great strategy towards the establishment of strong financial system in the areas of commercial banking, development finance, banc assurance, insurance, investment creation and management.

## 3.14 The Capital Market (Namibia Stock Exchange), Money Markets, Bond Markets, Development Capital Markets (DevX), Security Depositories in Namibia and their contribution towards financial and investment strategies targeted at yielding a successful economy.

Grandes (2016) attests that, financial and investment strategies of an economy are framed from the interactions of the capital market, money market, bond market, development capital markets (DevX) and security depositories". Mathee (2011) is of the view that, if these markets are not in sync, they directly affect investor activities and thus promote the withdrawal of investments and holding of lump sums out of circulation, making it difficult to account for it.

### 3.14.1 The Namibia Stock exchange (NSX)

Created under the Stock Exchanges Control Act (No.1 of 1985), the Namibian Stock Exchange (NSX) has made significant strides in the capital formation process of listed companies. The market capitalisation of the NSX by 2010 of N$7.782 million (local market) and N$1 178 257 (overall market) revealed its being a major player in the financial industry of Namibia (NSX, 2011). The liquidity levels and market capitalisation of NSX local and overall market between 2002 and 2010 is shown in Table 3.4 below:

**Table 3.4: Liquidity Levels and Market Capitalisation of Namibia Stock Exchange**

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| Local market (N$ million) | | | | | | | | | |
| Market capitalisation | 1 728 | 2 054 | 2 492 | 2 630 | 3 820 | 4 781 | 5 720 | 7 126 | 7 782 |
| Listed securities | 12 | 11 | 9 | 9 | 9 | 7 | 7 | 7 | 7 |
| Liquidity (%) | 1.96 | 1.86 | 10.6 | 2.62 | 7.00 | 6.20 | 5.15 | 2.58 | 1.72 |
| Overall market (N$ million) | | | | | | | | | |
| Market capitalisation | 386 617 | 460 315 | 573 878 | 769 585 | 1112 542 | 1186 365 | 736 456 | 1 047 527 | 1178 257 |
| Listed securities | 35 | 35 | 32 | 28 | 28 | 27 | 29 | 33 | 33 |
| Liquidity (%) | 0.45 | 047 | 7.16 | 6.75 | 8.76 | 11.24 | 12.72 | 0.83 | 0.64 |

*Source: NSX, 2011*

The above table shows that the NSX is characterised by low levels of liquidity. According to Haufiku (2014), "this can be ascribed to the buy-and-hold strategy adopted by most investors in Namibia, partly due to a lack of sufficient instruments". The reason for holding on to trading instruments has been often cited to be the need to comply with local investment requirements (Tjueza, 2016). There is, however, definitely a case for improving the liquidity on the local exchange. It remains to be established if financial and investment strategies are one way of improving the liquidity in the local market of NSX.

### 3.14.2 Local and overall market capitalisation by listed companies in Namibia

Some of the companies listed on the NSX recorded good yields, with Bidvest Namibia recording an actual dividend yield of 3.78%, while Oryx Properties are yielding at 7.73%. Santam 3.73, Vukile 8.46% and Trustco Group Holdings at 2.30%. The Namibian companies listed on the NSX have continued to deliver solid results with strong growth in earnings, balance sheets and dividends. This has ensured support for the share prices through continued demand from local and international investors for Namibian companies (Van Rensburg, 2017). However, a comparison with other international companies, especially the South African ones, tells a different story where such foreign firms perform better (Heita, 2017). Does this imply a decline of investor confidence in local companies on the NSX, or just a belief that everything foreign is gold? Such engrossing questions can only be fully answered through research.

Overall Market Capitalisation[11] of companies listed on the NSX by 2015 stood at N$1,607,204 million, while only about N$31,944 million was local (NSX Report, 2015). The NSX Report (2015) further notes that the overall Free Float Market Capitalisation was N$1,144,004 million while N$10,636 million was from local. The NSX overall index was down from 987.24 points in May losing 0.73% on a total return basis in June compared to a 3.58% m/m decrease in May 2015. Meanwhile, about N$17 billion exchanged hands on the Namibian Stock Exchange (NSX) in 2015, with dual-listed companies dominating trading at the local equities' market. Showing an N$9.1 billion improvement, compared to the N$8 billion worth of shares traded in the 2014 financial year. The NSX is one of the largest bourses in Africa in terms of total market capitalisation, which is now hovering above the N$1.3 trillion mark (Haufiku, 2014). In 2013, the value traded was N$5.5 billion, and kept a steady increase since that year. Investment strategies have been listed amongst some of the opium factors leading to the significant rise in NSX trade (Kugotsi, 2014)

Analyst from the Namibian Equity Brokers (NEB), Madelein Smith, said that the gain in the stock markets can also be due to a number of factors, whereof financial and investment strategy of easing the regulatory environment is one. Namibia's market is predominantly demand driven, which means there are more buyers than sellers and due to the demand which forces the prices to be pushed upwards. Smith (2016), further asserts that, the fact that there are limited good quality assets listed and the low interest rate environment, investors are forced to look for alternative

[11] Market capitalisation (market cap) is the market value at a point in time of the shares outstanding of a publicly traded company, being equal to the share price at that point of time times the number of shares outstanding. As outstanding stock is bought and sold in public markets, capitalization can be used as an indicator of public opinion of a company's net worth and is a determining factor in some forms of stock valuation. It is used by the investment community in ranking the size of companies, as opposed to sales or total asset figures. It is also used in ranking the relative size of stock exchanges, being a measure of the sum of the market capitalisations of all companies listed on each stock exchange (that is, overall market capitalisation).

investments, bearing a slightly higher risk, to enhance their returns and income. Meanwhile, international media like CNN and Sky News reported that investors on the Nigerian Stock Exchange were hard-hit with the all share index plunging by 38.1% as of August 31, 2016. Other notable equities market trading in red as of August 31, 2016 included the Malawi Stock Exchange down by 22.8%, Ghana Stock Exchange down by 13% while the Nairobi Stock Exchange was down by 6.4%.

The Zimbabwe Stock Exchange (ZSE), which trades in US$, was also among the unfortunate, down 13.6%. Since the beginning of the year trading on the ZSE has been subdued due to a myriad factors including delayed approvals for foreign investors to repatriate their earnings and initial investments. Financial and investment strategies need to focus on both local and foreign investors in order to build investments for the economy (Amupolo, 2016).

According to Brian Van Rensburg, Director at PSG Wealth Management, there are several factors that will determine the movement or direction of stock markets. Van Rensburg (2017), further notes that, one of the main factors that will determine price movement, assuming there are no external shocks to valuations such as, unexpected interest rate increases, adverse macro-economic events and a financial crisis, is the profitability of the companies and quality of earnings making up the index.

### 3.15 The interaction of fiscal and monetary authorities and their significance in shaping Namibia’s financial and investment Strategy.

Past research by Arnold (2010), Fabozi (2007) and Stulz (2003) revealed that fiscal and monetary policies heavily impact on finance and investments within an economy. The interaction of fiscal and monetary authorities in shaping Namibia’s financial and investment strategy need to be assessed through analysing financial markets deepening and development.

### 3.15.1 Financial Markets Deepening and Development

A deepened financial system stimulates economic growth and lowers the cost of financial intermediation by increasing both the range and variety of financial instruments available to savers and investors. According to Van Rensburg (2017), “it can also mobilise and channel savings more effectively to productive investments”. Sahi (2012), highlights that a financial system’s stability and resilience to absorb internal and external shocks is enhanced by financial which helps in establishing a stronger economy.

Nuyoma (2015) advances that the Namibian financial system is not considered deep enough, but relatively well developed compared to most financial systems in African countries. Alwendo (2014), however, avows that, although the Namibian financial system is relatively sound and well-functioning, there are structural weaknesses that need to be addressed to enable the financial sector to contribute meaningfully to the overall performance of the economy. Alwendo (2014) further claims that, one way of seeing that is the formation of a shallow financial market which manifested through few money market instruments and a government dominated bonds market with few private players. The capital market (NSX) is also not deep enough and faces liquidity challenges as it has a limited number of local listed companies, and dominated by dual listed companies (NSX, 2011).

## 3.16 Taxation and investment in Namibia

The major source of African governments’ revenue is taxation (Stoner, 2012). Philips (2012) opines that, governments need therefore, to allot part of such revenue for investment and development finance together with public spending. Thus, for public financial and investment improvement, revenue collection should be improved significantly and avoid ostensive measurements of revenue collected by the receiver of revenue (Tjirongo, 1995). The Income Tax Act of 1981 highlights that capital gains are usually not taxable – a situation that can incentivise growth of capital investment in an economy. To date, Namibia has implemented a lot of strategies to stimulate tax collection such as waiver of all penalties over a given period so as to improve the revenue stream (Pendukeni, 2016).

### 3.16.1 Investment in government bonds

According to Namibia Investment Promotion Act, 2016 (Act No. 9 of 2016), the government should promote sustainable economic development and growth through the mobilisation and attraction of foreign and domestic investment to enhance economic development. One way of achieving this is through investment through government bonds. A government bond is a bond issued by a national government, generally with a promise to pay periodic interest payments and to repay the face value on the maturity date in the country's own currency (Smetek, 2014). Thus, government securities are primarily issued for financing part of government expenditure but can be useful for raising funds for investment and economic development. Meticulous management of government expenditure is critical for creating reserves for investment (Thomas, 2015).

The government securities also provide additional investment avenues for investors who can help deepen the financial system of the economy (Benet, 2015). Government securities also provide an additional liquid investment outlet for financial institutions, mainly commercial banks, in which they can invest their surplus funds and which can also be sold when they need to supplement their cash resources and this activates the strength of the financial system (Smetek, 2014). Some banks choose to keep these government securities (bonds) at the Bank of Namibia (BoN) and use them as collateral against overnight borrowing while other banks hold these instruments to meet their compulsory liquid asset requirements (Nuyoma, 2015).

### 3.16.2 Internal Registered Stocks (IRSs)

IRSs, unlike TBs, are capital market instruments with maturities exceeding one year (12 months) and investors holding them earn half-yearly interest (coupon). The amount of yield/return on the IRS determine the ascending priority preference of allotments made by the bank on behalf of the government clearly maintaining the electronic asset register of each holder (BoN, 2014). IRSs are transferable from one holder to another but require proper documentation to be signed by both the seller and the buyer, a characteristic which makes it a flexible form of investment considering that they can also be traded on the secondary market (Shiimi, 2015).

#### 3.16.3 Operation of a Bond

Philips (2012) notes that, since IRSs or Bonds have longer maturities exceeding 12 months the Bank of Namibia acts as an agent of the Government for the issue and redemption of these capital market instruments. IRS may be traded between parties at prices negotiated between them and the transfer is concluded by the completion of a transfer form which will be submitted by the new owner to the BoN together with the bond certificate for ownership change process (Heita, 2017). Bonds can also be sold on the secondary market (NSX) through registered stock brokers or over-the-counter. Bondholders receive a coupon which depends on various market factors and forces as a return for their investment. These capital market instruments can be traded among individuals or institutions and are good investment vehicle to establish a diversified investment portfolio capable of yielding favourable financial and investment returns.

### 3.17 Unlisted investments

According to Heita (2017), unlisted investments are securities or financial instruments which cannot be sold via an exchange but over-the-counter. Unlisted investments are also sometimes referred to as unquoted investments (Philips, 2012). These financial instruments are very difficult to liquidate as they are not sold on the capital market (NSX) which makes them not be good financial and investment options when the economy needs to generate funds urgently.

### 3.18 Investment promotion in Namibia

Investment promotion in Namibia is governed by the Namibia Investment Promotion Act, 2016 (Act No. 9 of 2016). According to this Act, the government, through the office of the Minister of Foreign Affairs and International Relations together with Ministry of Trade, Industry and SME Development work together to promote the country as a safe investment destination so as to attract foreign investors. This is done through international platform meetings and conferences as well as the hosting of local conferences which attract potential international and local investors to stimulate partnership investments and market available investment areas available within the economy as the government cannot invest in all projects alone but may need local and international partners to realise investment deliverables.

### 3.18.1 Invest in Namibia International Investment Conference 2016

The conference was held to promote investment for inclusive growth and industrialisation as part of the roadmap to building stronger financial and investment strategies for an economy like Namibia. According to MTISMED 2016 report, the conference has netted the country investments worth billions of dollars, one of which is worth an estimated US$250 million (nearly N$3.4 billion at the current exchange rate). MTISMED (2016) further notes that, in total the conference spawned 11 investment commitments that include two signed investment agreements and one joint venture agreement. Close to 700-800 jobs will be created. Investment projects form part of the country's integral economic development agenda and commitments for further in-depth discussions and negotiations between private investors and Namibian institutional and individual investors are a necessary lubricant (NPC, 2015).

Various commitments emerged from the conference including the signing of a joint venture agreements and memorandums of understanding between the government and local and foreign investors who attended. The conducting of an investment conference proved to be a rewarding investment strategy following the signing and conclusion of mega investment deals with investors such as MK International Steel from South Korea, Polycare (a low-cost building company from Germany). The conference also birthed the establishment of a Turkey-Namibia Business Council with the Foreign Economic Relations Board of Turkey (DEIK) aimed at promoting trade and cross-border investment between the two countries.

Investors from China also facilitated a memorandum of understanding between Sungroup (China) –City of Windhoek and Sungroup-Rundu City Council to explore opportunities in land servicing and low-and middle-income housing developments. At this conference, Rundu Town Council also met with investors from China, Portugal and Angola, who want to construct a factory for building materials, a shoe factory and shoe retail outlets for the domestic and regional market, as well as a hotel at Rundu. There is still a host of opportunities for investment in Namibia although the global economic meltdown effects are making investors hold their investment dice closer to the chest because of imminent risk explosion signalled by the recent freezing of all government tenders and suspension of on-going capital projects by end of September 2006.

### 3.19 Challenges inhibiting Namibia to develop and grow into a first class economy

An economy needs to identify possible policy gaps in the country's investment and growth strategy by taking stock of what has been the post-independence experience, and examining the factors that might have hindered investment within the economy (Rowlands, 2010).

The paper titled 'Financing Growth in Namibia: Policies and Strategies' presented by Dr. Meschack Tjirongo, of the International Monetary Fund examines Namibia's saving level and its relationship to investment and growth. The paper finds that while significant progress has been achieved in addressing economic imbalances, saving in Namibia has been sluggish and volatile, reflecting poor performance in domestic savings, which, in turn, reflects the lacklustre performance in investment and growth during the first post-independent decade. The paper indicates that raising savings is an investment requirement for higher sustained growth. It further points out that Namibia s savings are largely contractual and these have not translated into investment.

According to BoN (2002), during the period 1990 to 2001 the rate of savings on average was nearly 23 per cent of GDP, while the rate of investment was 19 per cent. This suggests that over the years Namibians saved more than what was actually invested. In other words the country had a positive savings investment balance. According to Davies (2000), an economy's financial and investment strategy must entice households and firms to save through investment. This being the case, the relevant question to be asked is whether the higher savings did in fact translate into more investment in Namibia, relative to other sub-Saharan countries. In Namibia the arguments are that there are not enough investment opportunities in the country; or that the form of savings, which are usually of long-term contractual nature, are not suitable for investment (Tjirongo, 2014). Equally there could be other factors preventing savings from being transformed into investment, such as the lack of human skills or investment knowledge and the structure of the Namibian economy or the structure of the financial system (Philips, 2012).

Heys (2016) is of the view that, a substantial improvement in long-term economic growth performance is central to the achievement of economic development which is the foundation of successful economy regardless of economic challenges experienced by the economy. Nuyoma (2015), it appears that structural factors such as the small domestic market, sensitive geo-climatic conditions, and productivity problems can partly be attributed to  inadequate growth performance in Namibia. It remains to be seen how financial and investment strategies can bring solutions to such challenges.

Sustained economic growth requires a higher quality and quantity of investment (Smetek, 2014). Furthermore, (Wheelen and Hunger, 2004) stress that international comparisons also suggest that countries that were able to accumulate high levels of investment achieved faster rates of economic growth and development. In particular, the problem of low investment is empirically found to be central in the explanation of low growth in sub-Saharan Africa (BoN, 2015).

### 3.19.1 Corruption

Corruption affects financial and investment initiatives of an economy as it creeps in to distort the proper execution of a financial transaction, economic activity prices or service provision , for example higher level corruption and collusion can be seen in very large Namibian tenders, where there are award decisions appear to be motivated by political affiliation (IPPR, 2014:34). Carrier (1999), supports that by highlighting that in Nigeria, investments (especially from SMES composing about 95 per cent of formal manufacturing activity) are key to the economy, but due to corruption, SMEs play second fiddle in such tender allocations. In Namibia, the BoN also notes that other challenges affecting the economy's growth strategies include legislation challenges, infrastructure problems, management skills and capacity with corruption being the biggest pedestal (BoN, 2010).

### 3.19.2 High cost economy

Namibia is a high-cost economy because of over –reliance on imported Raw materials and finished goods (IPPR, 2014). This lowers HDI as the income of the citizens is wiped away by high-cost expenditure within the country. Past researchers have linked this to lack of industrialisation and over-reliance on imports in Namibia. It remains to be seen whether practical implementation of Namibia's industrial policy can change this status quo by pinning the industrial policy to financial and investment strategies.

### 3.19.3 Access to land

Most investments require land, either in the form of agricultural land, property land for office buildings or production site location as well as various infrastructure developments. It is difficult to get access to land in Namibia as it appears to be overpriced in comparison with other African countries like Zimbabwe and South Africa (Mutorwa, 2015). Pendukeni (2016) suggest that, this is because property prices and rentals shot up when there was an influx of Angolans in Namibia who used had currency (US dollar) to purchase properties and land for property development as well as bidding rentals by high offers. Shaanika (2015) further asserts that Namibia has to finalise its revamped investment legislation and deliver land faster and cheaply to investors, if it is to improve economic investment activity sooner than later.

### 3.19.4 Rising input costs

Raw materials are expensive in Namibia because of lack of industry interdependence as well as reliance on imports which are also charged tariffs at the borders or port of entry as well as freight charges. The turbulence of the exchange rate of the Namibian dollar which follows all events that affect the SA rand also cause the inputs used for production to be costly. The shortage of critical skills within the economy forcing the employment of expatriates also increases input costs as manufacturers and service providers try to cover costs of employing the expatriates (Thomas, 2015). Electricity is also expensive in Namibia as the government imports a larger proportion to meet household and industrial requirements, making it expensive to most industries which rely on electricity as a raw material. Besides, since Namibia is located in a desert, cities like Windhoek rely heavily on recycled water which makes the water bill expensive and may also affect industries that rely on water (Varkevisser, 2013).

## 3.20 Opportunities available for Namibia to rise into first class economy – the impact of financial and investment strategies

According to Namibia's Industrial Policy, Namibia prides in its political stability, legislative and regulatory environment and openness for investment. Grandes (2014) argues that, globally, investors view developing countries the same when it comes to investment. Shaanika (2015) is of the view that, such one-size-fits-all perception affects investment in African countries, therefore Namibia will need Namibia to emphasise more on the economy than any other factors.

According to SARC (2014:12), there are various opportunities for the development of Namibia into a first class economy, which include, inter alia, the following:

- Abundant natural resources such as minerals like diamonds, uranium, lead, gold, copper,  and zinc, tourism (wildlife, natural water falls like Epupa and Ruacana, deserts like Namib and Kalahari deserts, natural rivers like Orange and Okavango rivers and hot springs).  .
- Energy investment, (gas and photovoltaic energy and biomass).
- Logistics and distribution by expanding Walvis Bay Port investment and creating more ports at Henties Bay and in Luderitz.
- Agricultural investment (rice, wheat and maize irrigation schemes in Kavango and Zambezi regions)  and dam construction and  irrigation investment
- Manufacturing industry investment (Steel, concrete and Bricks)

According to Ngatjizeko (2016), these investment opportunities, if well tapped into, using well-articulated financial and investment strategies have the capacity to transform the Namibian economy into a successful African story. This research explores the impact of financial and investment strategies in exploiting these investment opportunities. The World Bank 2017 report, however, points that it is more expensive to do business in Sub Saharan Africa as lending rates have hit 9% compared to the 7% average in other parts of Africa and the world.

### 3.21 Chapter Summary

The chapter discussed the Namibian experience in terms of financial and investment strategy. The financial and investment sector has witnessed significant growth in post independent Namibia, however, there is still a lot of untapped options to transform the economy for the better. The opportunities available for Namibia to develop into first class economy and the impact of financial and investment strategies were discussed   after the exposition of challenges retarding the progress towards achieving economic success and independence. There is a huge ray of hope for Namibia, and persistent research will allow the conversion of the available resources like diamonds, uranium, gold and huge agriculture especially cattle production for the benefit of the economy. The next chapter is on research methodology and design adopted for this research.

# CHAPTER FOUR
# RESEARCH METHODOLOGY AND DESIGN

## 4.1 Introduction

This chapter discusses the research methodology that was pursued for this research. It also looks into the research design process and how the mixed research process was carried out for this research as well as the sampling process from the target population. The research instruments administration process is also discussed and ethical considerations upheld throughout the research process are outlined.

## 4.2 Research Objectives

The research methodology and design was created to meet the following research objectives:

(i) To explain what constitutes a successful economy.
(ii) To examine the effect of financial and investment strategies on economic sustainability, growth and development in Namibia.
(iii) To compare performance of Namibian economy against other African and inter-continental economies in order to spur financial and investment growth to improve the economy’s rating.
(iv) To investigate challenges inhibiting Namibia to develop and grow into a first class economy.
(v) To ascertain possible financial/investment opportunities to achieve a successful economy.
(vi) To determine the impact of Namibia joining the rand bloc on the economy
(vii) To assess the impact of politics on financial and investment strategy of an economy

Methodology used to answer research objectives (i), (iii) and (v) was qualitative methodology which involved content and documentary analysis. Financial sector strategy documents, industrial policies, investment promotion policy, national development plans (NDPs), Namibia Vision 2030 document, ministerial reports (for

Finance and Trade ministries) and the Harambee prosperity Plan together with various finance and investment journal articles. The researcher took note of prevailing situations in the Namibian which might have affected the respondents' feedback as well as the way the content of the documents qualitatively reviewed. These factors included the effects of the global economic crisis, the technical recession the economy was undergoing as well as the government stance on infrastructure development. Objectives (ii), (iv) and (vii) were attempted using a mixed research methodology. Thus qualitative research of theoretical reviews, and content analysis were coupled with quantitative techniques such as cross tabulation and correlation analysis were used. Objective (vi) was pursued using the quantitative approach basing with respondents' views on the effects of joining the rand bloc to their economy, the findings of which were related to literature reviewed in chapters 2 and 3 to identify their implication to the research topic.

### 4.3 Research Questions

The research methodology and design was created to meet the following research questions:

(i) What defines a successful economy?

(ii) How can financial and investment strategies be used to promote economic sustainability, growth, development and governance in African economies?

(iii) How can Namibian economy's performance be rated against other African economies and inter-continental economies?

(iv) What are the challenges inhibiting the growth of Namibia into a first class economy

(v) What are the possible financial/investment opportunities to achieve a successful economy?

(vi) To what extent does the joining of the rand bloc trading system affect the Namibian economy?

(vii) What is the impact of African politics on financial and investment strategies of an economy?

Just as the research objectives above, the methodology used to answer the research questions was the same. Thus, research questions (i), (iii) and (v) were answered using qualitative methodology while questions (ii), (iv) and (vii) were attempted using a mixed research methodology. Research question (vi) was pursued using the quantitative approach basing with respondents' views on the effects of joining the rand bloc to their economy, the findings of which were related to the reviewed literature.

### 4.4 Research Methodology

Saunders, Lewis and Thornhill (2016:720) maintain that research methodology refer to the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted. This research was conducted using a combination of qualitative and quantitative methods. This was done from two perspectives, namely, epistemological orientation and ontological orientation. Epistemological orientation was done using Makowitz's Modern Portfolio Theory (MPT) concept of investment diversification and, greater fool theory, prospect (loss-aversion theory and rational expectations theory and the efficient market hypothesis theory (EMH) to qualitatively inform this study. Epistemological approach organises and explains knowledge in the form of theories while ontological approach is based on suggestions about the nature of phenomena (Lancaster, 2005:21). For example, developing theories of an economy's finance and investment consisting the views on the nature of effective financial/investment strategy with or without reference or an attempt to relate these views to a knowledge base. Ontological orientation was done using cross tabulation and correlation analysis of variables driven by different economic phenomena. A mixture of critical realism ontology and interpretative ontological approach was used. According to Saunders, Lewis and Thornhill (2016:138), "critical realism ontology focuses on explaining what the researcher sees and experience, in terms of the underlying structures of reality that shape the observable events". In this approach, the researcher observed capital projects reports, fiscal and monetary reports, government program strategic documents and policies as well as pieces of legislation in the finance and investment field such as State Finance Act and Investment and Promotion Act of Namibia. Interpretative ontological approach, on the other hand, is a critique of positivism, from a subjective perspective which involves the analysis of different non-physical phenomena meanings created by humans in order to create new, richer understanding and interpretations of social worlds and contexts (Leedy and Ormrod, 2010). The researcher applied the interpretive ontological approach on analysing and observing how the finance and investment laws are made universal to apply to every economic citizen regardless of cultural background, level of education and various different social realities in Namibia. Lancaster (2000:22) further asserts that both epistemological and ontological orientations survive to influence and shape the nature of contemporary management research.

**4.5 Research Design**

Research design refer to a framework for the collection of data to answer research questions and meet research objectives providing reasoned justification for choice of data sources, collection methods and analysis techniques (Saunders, Lewis and Thornhill (2016:726). This research is basically an exploratory scientific survey on the impact of financial and investment strategies in inducing investor confidence and triggering economic independence, development and growth not only in Namibia per se but in African economies. Saunders, Lewis and Thornhill (2016:170) notes that, “mixed research methodology involves the separate use of quantitative and qualitative research methods within a single phase of data collection and analysis in order to provide a richer and more comprehensive response to the stated research questions through concurrent triangulation design”. The nature of this research dictates that the researcher uses a mixed methodology as the data to be collected comprise of policies, strategies, beliefs, opinions and thoughts of respondents in Namibia and other African  and international countries with statistics and numerical data to corroborate the data collected. A mixed research design was, therefore, used for this particular research because of its ability to identify a number of variations of exploratory scientific survey in mixed methods research which is a combination of qualitative design and quantitative design. Thus, mixed research method was used to enable triangulation to take place (Saunders, Lewis and Thornhill, 2016:158). This prompted the use of Microsoft Excel and Statistical Package of Social Sciences (SPSS) to quantitatively analyse the data.

### 4.5.1 Qualitative Research Design

According to Leedy and Ormrod (2010), qualitative research involves looking at characteristics, or qualities, that cannot easily be reduced to numerical values in examining the many nuances and complexities of a particular phenomenon. This has been further impressed by Snape and Spencer (2012:28) that “qualitative research provides a unique tool for studying what lies behind, or underpins a decision, attitude and behaviour”. African economies’ attitude and behaviour towards achieving a successful economy are underpinned in financial and investment strategies/policies.

The researcher used content and thematic context analysis to analyse qualitative data where annual reports from Ministry of Finance (MoF), National (Planning Commission (NPC), Bank of Namibia (BoN) annual reports, Ministry of Industry, Trade and SME Development (MITSMED) reports, Government Strategic Plan and program documents such as the Harambee Prosperity Plan (HPP) and the Namibia Financial Sector Strategy (NFSS). Aspects that are related to the research area were qualitatively reviewed to establish the research themes/patterns.

### 4.5.2 Quantitative Research Design

Quantitative research involves looking at amounts, or quantities of one or more variables of interest in order to seek explanations and predictions that generalise to other variables and to establish, confirm or validate relationships to develop generalisations that contribute to existing theories (Leedy and Ormrod, 2010:94-95). Quantitative research focuses on gathering numerical data and generalising it across groups of people or to explain a particular phenomenon. Decombe (2010:237) states that, quantitative research is associated with the production of numerical data that are objective in the sense that they exist independently of the researcher(s) and are not the result of undue influence on the part of the researcher himself or herself.

Therefore, data was measured quantitatively, rigorously analysed and evaluated according to established research procedures. Swanson and Holton (2005:32) mention that quantitative research is generally experimental, quasi-experimental or descriptive. The advantage of quantitative research is that it uses numbers as unit of analysis where the researcher is more detached and this research method is best used when dealing with large-scale studies where analysing specific variables is necessary and difficult.

Quantitative research deal with numbers, logic, and an objective stance. Quantitative research focuses on numeric and unchanging data and detailed, convergent reasoning rather than divergent reasoning, that is, the generation of a variety of ideas about a research problem in a spontaneous, free-flowing manner (Muijs, 2010:42). The overarching aim of a quantitative research study is to classify features, count them, and construct statistical models in an attempt to explain what is observed. Quantitative data was solicited using the structured questionnaire which was distributed personally, by email and also online via the ODK collect research application to enable ease of data collection from wide dispersed sample.

### 4.5.3 Case Study Approach

This research also followed a case study approach, using Namibia as a main case study economy. According to Thomas (2011), a case study research involves analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more method. The case that is the subject of the inquiry was an instance of a class of phenomena that provides an analytical frame — an object — within which the study is conducted and which the case illuminates and explicates. Leedy and Ormrod (2010), in a case study, the researcher collects extensive data on individuals, programs or events on which the investigation is focused. The researcher used interviews, observations, documentary analysis of newpaper articles, policy documents (monetary and fiscal policies) as well as past reports and records over a period of one year from January 2017 to December 2017). The researcher recorded details about the physical environment and historical, social and economic factors that had a bearing on financial and investment strategies of Namibia.

The strengths of case study research includes its assistance in understanding complex inter-relationships as they are grounded in lived reality, and therefore facilitate the exploration of the unexpected and unusual through enabling the research to focus on the significance of the idiosyncratic and show the processes involved in causal relationships (Hodkinson and Hodkinson, 2011). Despite facilitating rich conceptual/theoretical development, case study research, on the other hand, tend to swamp researchers in data as it requires too much data for easy analysis and is very expensive if attempted on a large scale. Exploratory research suits the case study approach used in this research as it prompts inductive research where one starts with the general conclusion to determine whether it is applicable to the conditions under research. For example, in the framework of this study, financial and investment strategies are the pillars of a successful economy, but, however, there might be other contributing factors. Brink, Van Der Walt and Van Rensburg (2009:203) define inductive reasoning as a process that proceeds from the specific to the general and from empirical data to theory. Thus, the responses or observations from the sampled respondents may be used to develop theory from such empirical data and propose broad understanding or theories (generalities) that may be intended to apply beyond the respondents sample interviewed or observed. Inductive reasoning is of particular relevance in qualitative approaches that are used to extent existing theory into a new setting or develop understanding and theory where none currently exists (Fox, 2011:430).

A case study approach was appropriate for this research because of the researcher wanted to look at possible programs, policies or strategies that enabled the Namibian economy achieve a middle income economy rating. The researcher is based in Windhoek, the capital city of Namibia, which made it easier to spend and extended period of time interviewing senior/middle management personnel, observing, reading and assessing various documents and policies or articles on financial and investment planning and decision making sites. Such sites include the National Planning Commission (NPC), Ministry of Finance's Economic Planning and Advisory Services function (MoF – EPAS), MITSMED' Investment Centre, Bank of Namibia (BoN), non-banking financial institutions regulator (NAMFISA), Namibia Reinsurance Company (NamibRe) and other private Financial and Investment organisations such as Metropolitan Namibia, Old Mutual Namibia and Bank Windhoek's Capricon Asset Management.

### 4.6 Research Population

Various scholars such Saunders, Lewis and Thornhill (2016), Thomas (2011), Decombe (2010) and Leedy and Ormrod (2010) concur that research population is entire undefined research elements from which a target population and research sample can be derived. The target population is a subset of the research population defined by the researcher as something more manageable and is the actual focus or target of the research inquiry (Kervin, 2009). In this research, the population comprised of all the African economies which are in the lower, middle and upper class economy domain. Thus, the research population was all the 54 countries in Africa. The target population consisted of all senior or middle management professionals in finance and investment field (monetary/fiscal authorities, private financial and investment firms, economic/statistical research firms, finance scholars/academics and NGOs in finance/investment) in various African economies. The target research population was ten thousand (10 000) calculated on eight African countries namely, Namibia (500), South Africa (3500), Kenya (2000), Botswana (500), Rwanda (1500), Uganda (1000) and Zimbabwe (1000). These were the known total number of senior or middle management professionals in finance and investment field (monetary/fiscal authorities, private financial and investment firms, economic/statistical research firms, finance scholars/academics and NGOs in finance/investment) from various country statistics agents and bulletins. A comparison of financial and investment strategy literature on monetary blocs was made with countries in the dollar bloc, the European bloc comprising of the euro zone market bloc and the non-euro zone market bloc as well as the renminbi bloc.

### 4.7 Sampling Types

Non-probability sampling was used in this research depending on the variable under investigation. Nonprobability sampling is used when an exhaustive population list is not available and some units are unable to be selected, hence there is no way of knowing the size and effect of sampling error due to missed persons, unequal representation, and so on (Patton, 2013:51). This sampling technique is effective when trying to generate ideas and getting feedback for example through quota samples like grouping the research respondents into males and females. The use of these two techniques promotes effective sampling and analysis of research data collected. Cooper and Schindler (2008:314) define sampling as a process of selecting some elements from a population to represent that target population in conducting a research survey. This research was centred on Namibia as a case study economy. However, a sample of some economies in Africa, upper middle income class, middle income class and lower income class economies was used for consolidating the research. This comprised of countries in the most performing class (like South Africa, Kenya, Nigeria and Botswana); Middle class (Namibia, Rwanda and Uganda) and lower class (Zimbabwe). Thus, the sample was drawn from eight (8) countries from Public Sector (Monetary/fiscal authorities - Bank of Namibia and Ministry of Finance, National Planning Commission and Ministry of Trade, Industry and SME Development), Private Sector (private financial and investment firms, Private financial investment/financial/economic/statistical research firms), Academia Sector (scholars/academics) and the Non-Governmental Organisations/Donors Sector (NGO). In other countries, at least one representative of each sector was chosen to participate in this research which gives an overall sample of 200 participants constituting 13% of the research population 8/54 countries). The list of respondents (mostly those in managerial positions) was constructed by random sampling method for each of the three categories namely upper, middle and lower income economy classes. This was done to eliminate any form of bias which might affect manipulate the findings of the research.

The method chosen on selecting probability sample depended on the available sampling frame, the population standard deviation (spread), how costly it was to survey members of the population and how the researcher(s) analysed the data (Leedy and Ormrod, 2010).

The probability of a given African economy being selected for this research can be calculated in probability sampling. Since the sample size (n) and the total population

(N) are known, the probability of being included in the sample was calculated as follows:

Probability of being selected (same for each African economy) = (n ÷ N) x 100%
= (8 ÷ 54) x 100%
= 15%

This means that every African economy has a 15% or a 30 in 200 chance of being selected for this research.

### 4.8 Measuring instrument

Measuring instruments depend on the research design or approach adopted in the research, and using their prons and cons, the researcher can then select the most appropriate instrument to satisfy the research questions and or objectives. Quantitative research instruments include questionnaires, structured observation, structured interviews and qualitative research instruments include in-depth interviews, diary accounts, focus groups, documentary review and analysis and so on (Saunders, Lewis and Thornhill, 2016).

In this study, research instruments comprised of a questionnaire and interview guide as well as general surveys. These instruments were designed using closed ended questions other than open-ended question. Two questionnaires were designed for this research, a structured questionnaire and an unstructured questionnaire. This was meant for the execution of a mixed research approach qualitatively and quantitatively. The interview guide contained questions that would yield the same feedback should a questionnaire be used in its place. The research instruments were informed by existing financial and investment literature and a few theories which informed this study.

#### 4.8.1 Administration of questionnaires and interviews

There are several techniques which were used to administer the questionnaires and interview guides. The questionnaires were distributed to the public sector, particularly the monetary and fiscal authorities, national development and economic planning ministries or agents and the private sector, particularly the financial and investment firms/industry as well as the general public (scholars/academics as well as financial/investment/economic and statistical research firms and NGOs. In some areas where questionnaires were not be best, the interview guide was used to interview respondents face-to-face or telephonically, depending on the best interviewing format for the situation at hand. This was because some respondents were visually impaired and some had some disabilities which made the completion of questionnaires impossible for them hence interviews were done following the interview guide. The respondents were given ample time to complete the questionnaires which were collected personally or by post, fax e-mail and online from the ODK Collect Application (App) server. This total research sample size was 200 from the four (4) main sectors (that is, Public sector, private sector, Non-Governmental Organisations and Academia sectors) of the chosen eight (8) African countries.

Because of the dispersion of the sample, the researcher developed a data collection App called “ODK Collect” with the research questionnaire accessible on anyone using an android device for use together with other research instrument administration techniques stated earlier in this chapter. The App was able pick GPS coordinates which helped ease the problem of cheating in data collection where responses are not collected from the real research respondent may be used to distort the actual research findings. A data collection map showing the concentration of respondents can be drawn out using the GPS coordinates as evidence of real data collection process executed. This ODK App was accessible by the research participants using the following steps:

1. Get access to an android device. Preferably a tablet but an android phone can also do. Make sure you have internet access on the tablet or phone.
2. Go to Google play store using the application on phone/ tablet or by typing this: ***https://play.google.com/store*** on the browser.
3. Download and install this application: **ODK Collect**

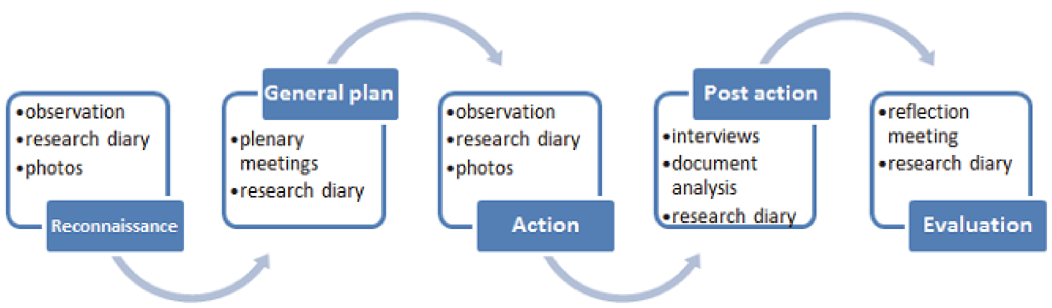
4. Open ODK Collect and from the main interface select the three dots showing on the top right corner
5. Select **'General settings'** and go to **'Configure platform settings'**
6. Enter these details:
   - URL: https://phd-research-tmutsvene.appspot.com
   - Username: collect
   - Password: collector
7. Go back to General settings and mark **'Auto send with Wi-Fi'** and **'Auto send with Network'**
8. Go back to ODK Collect main menu.
9. Select **'Get blank form'**
10. It will connect to the server and give a list of all the forms you can download. Mark the form and select **'Get selected'**
11. The respondent then needs to get back to ODK Collect main menu and select **'Fill blank form'**
12. Done! Now the research participant can start entering data on the form.
13. NB*: Once the research participant marks the form as finalized, the form would be sent automatically to the server when there was Wi-Fi or Network.

Respondents had the liberty to disclose their names or to answer the questionnaires/interview questions anonymously so as to yield unbiased feedback. The researcher used a consent letter from the respective economy's sector/firm authorities to carry out the research as well as an authorisation letter from Durban University of Technology's Department of Post Graduate Studies to carry out this research.

### 4.9 Data Collection, Presentation and Analysis

Research instruments such as questionnaire and interview guide were used to collect data. This data was analysed through comparisons with first world economies' performance. This data was presented graphically using Statistical Package for Social Sciences (SPSS), Microsoft Excel (Spreadsheet) and various software like Foxit were used to manipulate research data. Leedy and Ormrod (2010), Kevin (2009) as well as Cerny and Kaiser (2007) agree that, as a statistical tool, SPSS software is very fast in analysing data and it has minimum errors in statistical calculations unlike the Microsoft Excel application. The researcher had the freedom to choose a graph that suitably represented the distribution of research data. Both quantitative and part of qualitative data were analysed by SPSS thereby making the researcher's work easier. Therefore, the SPSS data analysing software importance cannot be undermined since it has revolutionised the data analysis process. SPSS allows easy presentation of data in graphical form to cater for the other audience which can see but not literate in reading. Foxit allows easy capturing of diagrams in pdf format to word which may be necessary to substantiate research literature while Microsoft excel is a simple application software for quantitative analysis of research information into graphs, tables and charts. Excel and SPSS were used interchangeably to consolidate each other in processing research data during data analysis. The researcher used a statistical package called SPSS because it has data analysis tool pack which provides reasonably complete tests of statistical significance through pivot tables in the data menu which can be used to generate summary tables of means, standard deviations, counts as well as generating some statistical measures, such as a the Cronbach correlation coefficient (Goldwater, 2007). The use of questionnaires and interviews was complemented with the following data collection action model in Figure 4.1 below:

**Figure 4.1: Kurt Lewin's Data Collection Action Model**




Source: Kurt Lewin's Model (Elliot, 2013)

Reconnaissance involves fact finding on the use of financial and investment strategies to spearhead economic development, growth and success and plenary meetings were done with government and private sector officials while observing also the way the strategies are used in various economic sectors. Observed financial and investment strategy documents underwent document analysis particularly on their provisions and implementation. This was done particularly on policies and plans rolled out by the National Planning Commission and the Office of the Prime Minister linking them to actions of various line Ministries such as Ministry of Finance, as well as the private sector. This was a post action activity following critical researcher's observation as well as interviews or research questionnaire completion. Content analysis was also used, which is a class of research methods at the intersection of the qualitative and quantitative traditions used to make replicable and valid inferences by interpreting and coding textual material by systematically evaluating texts (for example, documents, oral communication, and graphics), qualitative data can be converted into quantitative data (Yon, 2012). It allows the researcher to recover and examine the nuances of an economy's behaviour, stakeholder perceptions, and societal trends. For this research, the researcher used a combination of qualitative and quantitative content analysis so as to dilute the shortfalls of each method in order to get findings that can be a better representation of a generalised research. The researcher used and maintain a research diary which was updated timeously and used for planning any research meeting vital at collecting research data.

### 4.10 Pretesting

A pilot study is research instrument pre-testing in order to make necessary changes can be made as per the feedback from pilot respondents (Foster, 2013; Van Teijlingen & Hundley, 2002). The draft research questionnaire and interview guide were therefore subjected to pretesting on a total of 5 senior Namibian government officials (in monetary/fiscal authorities, national development and economic planning ministries/agents/commissions), 5 investors in Namibia, 5 private financial and Investment institution officials and 5 members of the Private financial investment /

financial / economic / statistical research firms, Financial/investment scholars/academics were asked to comment on any perceived ambiguities, jargon problems, omissions or errors concerning the draft research instruments. These draft instruments were also submitted to two experts, the research supervisor and also the researcher's private research mentor to add their input before being administered for a full-scale survey. This was done through the use multiple data gathering strategies such as the ODK App, emails, interviews (face-to-face/telephonic and skype) and

## 4.11 Validity and reliability/trustworthiness (qualitative research)

According to Saunders, Lewis and Thornhill (2016:202), validity refers to the appropriateness of the measures used, accuracy of the analysis of the results and generalizability of the findings. The researcher paid attention to measurement validity which involve face, construct, content and predictive validity. Internal validity (face validity and construct validity) measures the causal relationship between two variables. This was done by done by cross tabulation and correlation analysis to establish the causal relationship between each research variable and the response variable "Financial and Investment Strategies as Foundational Pillars for Economy's Success". External validity (content validity and predictive validity) id concerned with answering the question "can this study's research findings be generalized to other relevant settings or groups?" (Saunders, Lewis and Thornhill, 2016). Tests to see if the research findings can inform policy and practice were done by avoiding threats such as instrumentation, past or recent events and testing through research processes like piloting.

Reliability refers to replication and consistency of the results if similar surveys are duplicated (Saunders, Lewis and Thornhill, 2016). The researcher used factor analysis and Cronbach coefficient alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Thus, it is a measure of scale reliability and was used to measure the relationship between financial/investment strategies and a successful economy as it deciphers the internal consistency of and relationships between questions within this research. A level of alpha that indicates an acceptable level of reliability for this research was a minimum of 0.70. In particular, a high alpha is possible even though the item responses are multidimensional (Schmitt, 1996), and level of alpha is also related to the number of items being tested. Cortina (2003) shows how the value of alpha varies according to the number of items being tested, and how alpha generally declines as the number of dimensions increase. Cortina (2003), further indicates that, although a high level of alpha does not guarantee unidimensionality, nor does it necessarily indicate high average item intercorrelations, a low level of alpha is often associated with multidimensional data. Thus, Cronbach's coefficient alpha is important in measuring reliability of financial and investment strategies on the building of a successful economy. Exploratory factor analysis was used in this study where the variance of variables under research (financial and investment strategies) was split into two components, one corresponding to the variance specific to that variable (the specific variance or unique variance) and a variance that is common to all variables (the common variance), in the form of the m factors (Cerny and Kaiser, 2007). Grau (2015) further stresses that the estimate of this second component is the communality, the sum of the squared factor loadings across the m factors for the financial and investment strategy variables. This is important on showing the standard deviation of the financial and investment strategies from the expected standard economic success algorithm. SPSS was used to calculate Cronbach's alpha using reliability command and to check the dimensionality of the scale using factor command.

### 4.12 Anonymity and confidentiality

According to Saunders, Lewis and Thornhill (2016:710), "anonymity is the process of concealing the identity of participants in all documents resulting from the research and the promise that even the researcher will not be able to identify by whom the responses are made". Information received during the course of this research was kept confidential and was not divulged to third parties without prior express consent of the respondent(s). In order to eliminate any form of bias, questionnaires or interviews were administered and executed on condition of anonymity unless the respondent(s) wants to be known. All information received by the researcher in the course of this research process was used strictly for academic and scholarly purposes and not for personal gain or any form of economic espionage. Making research data anonymous means removing the contributor's name (David and Rensik, 2015:13). In this research, the researcher streamlined demographic questions to exclude, age, gender, length of service or membership of clubs because some organisations, units, and groups needed their anonymity protected as such information could easily give away identity, therefore, the researcher took as many precautions as possible to protect anonymity, and only promised participants the level of anonymity that would be realistically provided. Saunders, Lewis and Thornhill (2016) highlighted that confidentiality refer to the concern relating to the right of access to the data provided by the research participants and, in particular the need to keep these data secret or private. Confidentiality was preserved by the use of a consent form which assured he participants that all information disclosed in this research was to be used solely for academic research purposes.

## 4.13 Ethical considerations

According to David and Rensik, 2015:15), research ethics are norms for conduct that distinguish between acceptable and unacceptable research behaviour. Blaxter, Hughes and Tight (2013:161) suggest that a common cause of ethical challenge is conflicts of interest between the researcher and the researched. In every research, there is need to seek ethical clearance from the university or organisation so as to avoid putting the university/organisation into disrepute (Leedy and Ormrod, 2010). In light of this, the researcher applied for ethical clearance from the University’s Faculty Research Committee (FRC) using the ethical issues checklist for research approval form and received approval referenced as 207/16 FREC clearance number. All research ethics of Durban University of Technology Post Graduate Studies Department and the college at large were complied with throughout this research process. General research ethics were also upheld with utmost professionalism in this doctoral research. All research data was gathered with informed consent of all parties involved. There was no pressure or coercion on individuals to participate in this research, individual autonomy respected in order to avoid causing harm. Research participants were given a consent letter to ratify their decision to participate in this research at their own individual discretion and highlighted the liberty to exit the research process at any point during the research. All information received from respondents was only be used for academic and scholarly purposes and not for personal gain or any form of economic espionage. Information received from respondents was treated as is and not exaggerated so as to bring out the true findings of this research.

This is important because there are risks associated with research such as lawsuits where responsibilities of the researcher will be probed in such cases. There are several reasons why it is important to adhere to ethical norms in research such as promoting the aims of research, protecting participants and nature from harm, respecting the rights to privacy and ensuring informed consent is sought for voluntary participation in the research process. Research ethics also help to build public support for research as people are more likely to fund a research project if they can trust the quality and integrity of research.

### 4.14 Qualitative Data Interview Profile

The following table, Table 4.1 shows the qualitative data interview profile of research participants in terms of job titles, countries and portfolio or department name:

**Table 4.1: Qualitative data interview profile of research participants**

| Portfolio/Department Name | Country | JOB TITLES IN MIXED SECTORS (PUBLIC/PRIVATE/NGOs) | | | | | |
|---|---|---|---|---|---|---|---|
| | | Senior Mgt | Middle Mgt | Financial / Investment Analysts | Politicians/ Political Analysts | Researchers/ Statisticians | Economists |
| Finance | Namibia | 14 | 5 | 5 | 9 | 3 | 2 |
| | South Africa | 4 | 1 | 1 | - | 2 | 1 |
| | Rwanda | 3 | 1 | - | - | 1 | - |
| | Uganda | 2 | 1 | - | - | - | - |
| | Botswana | 3 | 1 | 2 | - | 1 | - |
| | Kenya | 2 | 1 | 1 | - | 1 | - |
| | Zimbabwe | 6 | 2 | 1 | 1 | 1 | 1 |
| | Nigeria | 2 | 1 | - | - | 1 | - |
| Finance Total | | 36 | 13 | 10 | 10 | 10 | 4 |
| | | | | | | | |
| Investment | Namibia | 6 | 5 | 4 | 3 | 3 | 3 |
| | South Africa | 3 | 2 | - | 1 | 3 | 1 |
| | Rwanda | 2 | 1 | 1 | - | 1 | 1 |
| | Uganda | 2 | 1 | - | - | 1 | - |
| | Botswana | 2 | - | 2 | - | 1 | - |
| | Kenya | 2 | 1 | 2 | - | 1 | - |
| | Zimbabwe | 4 | 1 | 1 | 1 | - | 1 |
| | Nigeria | 3 | 1 | - | - | - | - |
| Investment Total | | 24 | 12 | 10 | 5 | 10 | 6 |
| GRAND TOTAL | | 60 | 25 | 20 | 15 | 20 | 10 |

The above table shows the distribution of research respondents in terms of number of people in finance positions and the corresponding number in investment area per each job title in the mixed research sectors of senior management, middle management, financial/investment analysts, politicians/political analysts, researchers/statisticians and economists.

### 4.15 Descriptive Statistics on the Respondents' Biographical Profiles

The descriptive statistics on research respondents' biological profile is based on 150 respondents as 50 respondents did not respond hence pulled out of the research.

The research did not force these respondents to remain as participants because they had freedom to withdraw at any given time as highlighted in the consent form they had signed. Descriptive statistics of the mean of respondents' biographical profile are shown in Table 4.2 below:

**Table 4.2: Descriptive Statistics of Respondents' Biographical Profiles**

| Portfolio/Department Name | Country | JOB TITLES | Mean | N |
|---|---|---|---|---|
| Finance | | Senior Mgt | 0.24 | 150 |
| | | Middle Mgt | 0.09 | 150 |
| | | Financial/Investment Analysts | 0.07 | 150 |
| | | Politicians/Political Analysts | 0.07 | 150 |
| | | Researchers/ Statisticians | 0.07 | 150 |
| | | Economists | 0.03 | 150 |
| | | | | |
| Investment | | Senior Mgt | 0.16 | 150 |
| | | Middle Mgt | 0.08 | 150 |
| | | Financial/Investment Analysts | 0.07 | 150 |
| | | Politicians/Political Analysts | 0.03 | 150 |
| | | Researchers/ Statisticians | 0.07 | 150 |
| | | Economists | 0.04 | 150 |

The mean of the respondents' biographical profile are all less than one which shows that the respondents are almost even across the job titles in both finance and investment sector.

### 4.16 Chapter Summary

The above chapter looked at the research methodology pursued in this research. It touched on how the research sample was constructed from the research population of African economies. Data was collected using a software application developed by the researcher. The application contained research questions in structured and unstructured form after taking into cognisance the input of pilot respondents. Data analysis techniques were also explained together with the complementary reconnaissance and post action evaluation which were done using the Kurt Lewin's Model. The research ethics which governed this research as per DUT Faculty Research Ethics Committee (FREC) approval were also explained in this chapter. The next chapter will look at the presentation of collected research data and a discussion of the findings in relation to the literature reviewed on Namibian perceptive in chapter 3 and the international perceptive on financial and investment strategy in the preceding chapter.

# CHAPTER FIVE

# DATA PRESENTATION, ANALYSIS AND DISCUSSION OF THE RESEARCH FINDINGS

## 5.1 Introduction

This chapter looks at mixed data analysis and presentation. Quantitative data has been analysed using SPSS while qualitative research data involved critical review of financial and investment policies and strategic documents used by the government. The data was analysed in line with the stated objectives in chapter one as well as the methodology discussed in chapter 4.

## 5.2 Qualitative Analysis

### 5.2.1 Theoretical Findings

From the interviewees' responses, a successful economy is one capable of maximising the benefit from its resources (natural, artificial and human), whose GDP is high, its active citizenry are in employment and has removed barriers for investment to flow while all sectors like production, trade, education, health and social services are functioning and is less reliant on imports. This answered objective (i) which sought so explain what constitutes a successful economy. According to MoF's 2015 Financial and Investment Report, Africa has done well in developing economic policies and strategies but the implementation thereof is somehow very slow.

Various African economies such as Nigeria, South Africa, Rwanda, Botswana, Zimbabwe and Namibia that were reviewed presents general findings on financial and investment strategies in Africa. The general observation was that an economy needs to understand its primary sector and prioritise those sectors in its development agenda. All other secondary sectors therefore bring the necessary support system to the back-borne (primary) sectors. What is quite disturbing is the replication of policies pursued by African governments without acknowledging that just as economies differ, they also have to pursue different policies (Nakale, Sikanda and Mabuku, 2015). For example, the National Development Plans pursued by Namibia are similar to the ones pursued by South Africa, but the former has a very small manufacturing sector which cannot even sustain its small population of around 2.5 million, while the latter has a population that is more than twenty tines Namibia's and a vibrant manufacturing sector.

There is a general belief that land is the critical resource in Africa but the efficient use of it tells a different story. Zimbabwe is one of the recent case studies of an African economy that has successfully managed to address the land question, no matter the redistribution strategy adopted, but the decline in agriculture production since the execution of the land reform process has since send severe shocks to the economy as well as some of its priority sectors resulting in massive job losses as well as a sharp decline in foreign direct investment.

Politics have been cited to be having a huge impact on the economy's financial and investment strategy in Africa as most politicians interfere in the running of the economy due to conflict of interest as they try hard to protect their own investments at the expense of national investments. Mostly in Africa, politicians accumulate wealth because of lack of declaration of assets upon assumption of duties in the political office which then gives them room to accumulate wealth via corrupt means especially in government tender allocations. This has seen most African politicians not willing to leave office despite some of their policies damaging the economy or resulting in economic sanctions which affect ordinary citizens and therefore impacting on the economy's rating (Moyo, 2015). Once the economy's rating drops, then financial and investment strategies will be severely affected and besides the very corrupt politicians will affect investor confidence as well as allocation of investment permits to investors they believe do not support their corrupt businesses or will bring direct competition. However, in first world economies, politics seem not to have significant impact on financial and investment strategies. An example is Australia which have changed its Prime Minister six (6) times in ten (10) years yet the economy remains strong signifying that politics have little to no bearing in the daily performance of such a country's economy. The change in political leadership, therefore affects the political leadership while bringing no change in the economic leadership unlike in Africa where new governments come with completely new policies. In this way, established systems continue to work properly. In Africa, countries tend to be tied to individuals, which is failure of greatest order as proper systems are not put in place to enable changes in political leadership without any negative effect on the economic and social front. Financial and investment theories need to keep pace with changing economic times and trends, their constant review remains no option if they are to remain relevant.

Various financial and investment theories such as Makowitz' Modern Portfolio Theory (MPT) lose applicability with such changes and hence require to be customised to have an across-the-board compatibility covering both private and public sector in order to bring investment in formal and informal sector together as well as account for all financial activities/transactions taking place in the informal sector. Such constant review of theory will also assist in developing policies that can match with financial and investment strategies through customisation and allows better appreciation of such policies by the citizenry which in turn allows the direction of focus towards one common goal of building successful economies.

### 5.2.2 Empirical Findings

Pragmatic research findings reveal a general isolation of country resources from economic blue-prints such as financial and investment strategic documents. The first objective on how financial and investment strategy can be harnessed to achieve successful economies reveal the necessity of interdependence of various sectors of the economy. There is a relaxed symbiotic relationships between the key sectors driving the economy such as mining, agriculture, tourism, energy and infrastructure in Africa. Instead of harnessing the photovoltaic energy from the natural sun or wind energy, most African economies are still pursuing other costly sources such as hydrological, gas and thermal sources. It is imperative to consider the cost of the source of power when developing the requirements mix to the national grid as well as energy export market requirements.

The value addition process to the natural resources especially in the mining and tourism sector is still very low across Africa. The greatest finding in this aspect is that Africa produces what it does not consume and consumes what it does not produce. Foreign investors normally have the greatest benefit as they have the skills and technological equipment to carry out beneficiation to minerals such as diamond polishing, setting up hydro-power stations on natural waterfalls like Epupa Falls and Ruacana Falls in northern Namibia, developing medicine from natural herbs in African forests, developing chocolates and coffee from cocoa grown in Africa or cigarettes from tobacco grown in Africa.

Corruption has been seen to be the most cancerous challenge to the success of African economies. Namibia itself has been recording high number of corruption cases both in public and private sector. This is in agreement with the World Bank 2017 report that Africa loses over US$30 billion annually due to corruption. This has been exacerbated by poor border and port control systems which have seen Africa losing resources such as precious minerals and ivory as well as rhino horns through smuggling. For example, in Zimbabwe, there are reports of gold and diamond being shipped out mixed with sand exported as a course aggregate for construction projects to China as well as such precious minerals are smuggled in the form of manufactured bricks where they are stuffed in the middle of bricks.

Financial and investment strategies thrive in functioning financial systems. However, money laundering is rampant in Africa where some investors who are even know by the government that they do not have a banking culture are given business permits yet they cripple the financial system by holding vast sums of cash which will be laundered out of the economy. A disturbing scenario is found in Zimbabwe where this have caused serious cash shortages in the financial system resulting in withdrawers paying interest to withdraw their savings or salaries from the parallel market. In the end, the economy has created the selling of money by a parallel exchange on the black market which continues to weaken the local currency day in day out. The attraction of new investors is then severely affected resulting in the few existing ones closing shop as they succumb to high costs of production as well as a shrinked market due to reduced purchasing power of the general populace. Namibia also continues to feel the same thorn in their flesh and so is Botswana and Zambia.

This have seen the late President of Zambia HE Michael Sata, recalling the Chinese businesses from the economy when he came to power, a period which also saw the former President of Namibia HE Hifikepunye Pohamba reacting to the same Eastern investors employing even their tribes to push wheelbarrows in the construction sector, thereby leaving vast Namibians unemployed.

### 5.2.3 Namibian Economy Findings

The theoretical and empirical data sought to meet the second objective on examining the effect of financial and investment strategies on economic sustainability, growth and development in Namibia show that these strategies accelerate economic growth and development by encouraging development finance, creating employment and eradicating poverty and social unrest. These strategies increase capital formation, as they serve as a means to achieve social and economic transformation which avoids economic stagnation amid plenty of resources by attracting the much needed financing and investment capital.

The third objective which required a comparison of the performance of Namibian economy against other African and inter-continental economies in order to spur financial and investment growth to improve the economy's rating reveal that 80% of the respondents strongly agree that Namibian economy performs extremely better than most African economies statistically as it has recently been reclassified to an upper middle income economy by World Bank. Hangula (2018), argues that, this is only possible because of the low population in Namibia but the level of income inequality revealed by low Gross National Income (GNI) per capita and skewed income distribution with a Gini-Coefficient of 0.61 shows Namibia as one of the most unequal countries in the world. The level of income inequality in Namibia is so huge that 10% of the population controls 90% of the economy (Nakale, Sikanda and Mabuku, 2015). This has further been worsened by failure to carry out informed resource prioritisation according to scale of preferences, a situation which has seen the unemployment rate being reported at 28% in 2016 and further rising to 35% in 2017 despite the Vision 2030 targeting to reduce it to 5% by 2030. Such increase in unemployment reduces disposable income and purchasing power of the citizenry which affect both FDI and domestic investors as the potential market shrinks.

Infrastructure investment is still needed to improve Namibia's agility to attract investors in order to develop the economy (NPC, 2016). The transport infrastructure for road, air and sea modes as well as ICT infrastructure need more attention so as to allow the smooth movement of investors, goods and services as well as information on business correspondence. Most investors consider the ease-of-doing business in an economy and that comes through sufficient infrastructure development. Namibia has one major international airport, the Hosea Kutako International Airport (HKIA), which is around 50-60km out of Windhoek central business district (CBD), a situation which jeopardises swift movement of people, goods and services. Considering the wide dispersion of towns and other critical rural areas in Namibia in the form of some Special Economic Zones (SEZ) such as the Southern Namibia's grape fields as well as Orangemund diamond areas, the lack of sufficient air transport infrastructure in the vicinity stifles investment in such areas. Development agenda of Namibia such as infrastructure development and growth are not met by funding (NPC 2016 Report). This has been evident in overall funding requirement for NDP4 which stood at N$4 Billion while the government only had N$1.8 Billion, the difference meant most of the financial and investment goals contained in this NDP would not be met, no matter how lucrative they may have been.

Another challenge inhibiting Namibia to develop and grow into a first class economy was seen to be capital flight as recorded by Namibia Reinsurance where over N$2 Billion was lost through capital flight in 2016-2017 according to NAMFISA 2017 report. Another discovery was the 2017 SME Bank scandal which resulted in Bank of Namibia ordering the closure of the bank as it had siphoned significant amounts of money out of the economy through unsanctioned investments threatening the capital adequacy requirements. If all these funds have been left in the economy, they could have yielded more returns which would improve the local financial and investment system.

Namibia itself has succumbed to massive poaching where elephant ivory and rhino horns are lost without any cash inflow despite having enacted anti-poaching laws. There have been a sharp increase in wildlife deaths as a result of poaching activities in Africa. The lack of preservation and conservation of wildlife has costed Africa significant billions in the past decade (Ranko, 2015).

Observed findings from Namibian economy as a case study economy included information about the physical environment such as the experiencing of a technical recession by the end of the first quarter of 2017 and the insurgent of the attempts to destabilise the country by the Zambezi region (former Caprivi region) to isolate the region from Namibia in 2016 as well as the closure of donor funded projects by Millennium Challenge Account (MCA). The political environment which remained hanging in the air following the Caprivi isolation attempt affected several investments that were targeted to benefit the Zambezi region (IPPR, 2016). The technical recession coupled with the after-effects of the Global Economic Crisis (GEC) impacted on Namibia's financial and investment strategies which saw the government suspending all capital projects in August 2017. An article published by the New Era newspaper of 11 August 2017 revealed that the government of Namibia had stopped funding all capital projects with immediate effect. This affected the construction sector and other key infrastructure investments in the economy. The other observed finding was the effects of South Africa's state capture case of former President Jacob Zuma and the Guptas which resulted in the loss of value of the rand whose fall resulted in the Namibian dollar assuming a nosedive mode as it is pegged with the SA rand. Investors took a precautionary position closely monitoring developments in the economy which affected significant investments. According to the 2017 Fiscal and monetary policy brief by NPC, the fall of the rand also affected the NDP 4 goals as the allocated funds were affected by the fall of the Namibian dollar responding to the fall of the rand which resulted in underfunding and the government could not allocate more funds as it was battling with technical recession and had since suspended several capital projects. This retarded Namibia's quest to spur financial and investment growth in the economy (research objective iii) and it became part of the challenges inhibiting Namibia to develop and grow into a first class economy (research objective iv).

NAMFISA 2017 Report and NamibRe 2017 Report concurred that revenue income and profits increased at a lower rate in the insurance and reinsurance sector in 2017 compared to the previous years' trends. This implied that in times of economic recessions, individuals and corporates invest les in insurance and reinsurance as they seek to divert focus to key priority areas. Some investors decide to hold their surplus incomes in hard currency (USD) as they hedge against the effects of recession such as inflation. According to MITSMED Investment Centre 2017 Report, the cost of doing business in Namibia increased in 2017 as a result of effects of technical recession and after effects of the GEC (Global Economic Crisis) as investors watch the market movements in the economy. The revenue collection by the Inland Revenue declined in 2017 owing to closure of most close corporation businesses and SMEs in the construction sector and Capital Projects following government's decision to temporarily stop funding all capital projects due to the technical recession (MoF Report, 2017) This implies that financial and investment is negatively impacted by government decisions in response to economic shocks such as technical recessions and GECs.

### 5.2.4 African Economies findings

The lack of manufacturing and value addition to natural resources Africa is endowed with cripples African economies as in most of these economies, they are exported overseas in their raw form. The prices of such natural resources are determined and controlled in international markets, and as long as African economies depend on the proceeds from such resources, it will be difficult for them to be significant players globally. Financial and investment strategies help in attracting capital and financing needed for major infrastructure projects which would ultimately uplift the standards of the masses of poverty-stricken communities by creating employment.

In gearing up for investment growth and development, there is great need for massive infrastructure development. Some countries in Africa have only a single or two airports with the rest being small aerodromes which only cater for presidential jets used only during political campaigns. The sad truth discovered was that, those one or two functional airports cannot even service a hundred (100) travellers in an hour while countries like China can process around two hundred (200) travellers in ten (10) minutes (NPC Report, 2017). Most investors look at possibilities to move their raw materials and finished products fast so as to effectively manage the cash flow turnaround. Getting to Sir Seretse Khama Airport in Botswana and Hosea Kutako International Airport in Namibia as well as Robert Mugabe International Airport in Zimbabwe will show this wide gap in air transport infrastructure. However, South Africa have gone miles in this area with OR Tambo and King Tshaka being vibrant international gateways as well as a number of airports in other towns, this is also the case in Kenya and Ethiopia with Addis Ababa airport being a major gateway out of Africa.

Africa still has a lot of trade barriers amongst itself with few customs and market unions like SACU and COMESA failing to have wide membership (SACU Inflation Report, 2016). This is further affected by some currencies having very low exchange rate value against major African currencies like the Pula and the Rand which has affected also the growth of monetary unions in in Africa like the Rand Union. This has prompted South Africa to join the BRICS as a way of widening is trade area with powerful trade partners such as Brazil, Russia, India and China. There is fear to join monetary and customs/market unions as most countries want to protect local industries and therefore become scared of foreign competition from continental market heavy weights like South Africa and Nigeria.

The much vaunted growth of the African continent has been a catalyst for attracting significant investment to the continent but ground evidence seem to zig-zag in a reverse osmosis style meandering into a case of miscalculation and over-optimism (Kugotsi, 2014). The old adage, “if you don’t know where you are going, any road will do” can appropriately be applicable to investing. An investment policy is essential in creating a successful economy because it sees beyond the economy’s horizon by clearly outlining short-term goals for investors to reach the investment aim (Sharpe, Alexander and Bailey, 2009:13). Despite being endowed with seemingly vast resources, Africa fails to attract investors as well as accumulate capital to catapult socio-economic development and growth (Philips, 2012:56). To date, Africa has not managed to issue a global bond to take advantage of its high income generation capacity through its simultaneous issue in various bond markets in the world as was done by the Asian Development Bank in July 2005, the Inter-American Development did in September 2005, the World Bank did in February 2005 and the Republic of Italy did in June 2005 (Fabozzi, 2007:208). The use of derivatives is still gaining momentum with much fear of the unknown in Africa. It is possible to use derivatives to synthesise many or all of the return characteristics of different investments (Phillips, 2012:12). Efforts to build an effective trading bloc, like the rand bloc seem to be failing to take-off just as good as the dollar-bloc, Euro bloc, and yen bloc. Paralysis of analysis on the impact of politics on the development and growth of an economy continues to cripple opportune investments (KPMG, 2014). Furthermore, failure to arrest corrupt activities and practices in Africa has meant discouraging foreign direct investors to consider Africa as a safe investment zone (Patty, 2015). Recycling of dead wood has kept corruption institutionalised in African governments resulting in policies being used for decades without being revised (Biti, 2014).

### 5.2.5 International Economies Findings

A lot of lessons can be drawn from other international economies like China which, despite having a staggering population of over 1.2 billion have managed to address its infrastructure gap in a short period of time and have managed to use robust financial and investment strategies to build the second largest economy globally. Thus, investment in infrastructure development such as transport (road network, airline industry and sea mode), electricity and power, and a stable financial system to finance manufacturing as well as a practical educational curriculum stimulates economic functionality and fosters overall economic growth (MITSMED, 2017). This is achieved through increased industrialisation and value addition to resources that are extracted or available in raw form instead of exporting them as is. This answers objective (ii) of this research on examining the effect of financial and investment strategies on economic sustainability, growth and development in Namibia.

According to the Harambee Prosperity Plan (2016), international governments play a critical role in the economy through investments in infrastructure and creating environments conducive for both public and private investment to prosper. Some citizens get assistance from their governments even to pursue business in other continents like Africa or anywhere in the world in the form of national grants to start up own businesses, a practice which decongests the scramble for country resources (NFSS, 2011).

## 5.3 Quantitative Analysis

Quantitative results include Cronbach Alpha and reliability Tests, descriptive statistics analysis, Cross Tabulation and Correlation Analysis, and logistic regression for the development of an analytical model. All these analyses are based on a response rate of 150/200, that is, 75%. Table 5.1 below shows the reliability statistics of this research:

**Table 5.1: Reliability Statistics**

| Reliability Statistics | | |
|---|---|---|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .902 | .918 | 4 |

The researcher required to get a Cronbach Alpha score above 0.7 to confirm high internal consistency of the research instrument(s). Table 5.1 above, shows that the questionnaire was reliable with the Cronbach's alpha of 0.902 with respect to the four latent variables sharing the Likert scale: 1-Strongly Agree; 2-Agree; 3-Disagree and 4-No impact. Variable statistics were calculated to get the following results:

### a) Variable Statistics

The following Table 5.2 reveals the variable statistics based on four key research variables from which the individual variable measures of dispersion, mean and standard deviation have been calculated:

**Table 5.2: Item Statistics**

| Item Statistics | | | |
|---|---|---|---|
| | **Mean** | **Std. Deviation** | **N** |
| Financial and Investment as Foundational Pillars for Economy | 1.36 | .594 | 150 |
| Effect of joining Rand Bloc Trading on Financial and Investment | 2.47 | 1.041 | 150 |
| Impact of African Politics on Financial and Investment | 1.51 | .712 | 150 |
| Government Policies Supporting Financial and Investment Growth | 1.70 | 1.015 | 150 |

The above table for Item Statistics gives the means and standard deviations for each of the variables. If all the variables are reliably tapping into the same concept, the researcher expects these scores to be fairly similar. In order to make the research instrument more reliable, any variables that had scores that are significantly dispersed than the others require to be removed. In this case the “Effect of joining Rand Bloc Trading on Financial and Investment” variable seems to have a higher average score than the other variables as reflected by its highest mean value of 2.47 and standard deviation of 1.041. However, since all the mean values are less than three (3), this implies that all the four (4) variables are closely related. This confirms the findings by Phillips (2012) that investment growth could be affected by other factors preventing savings from being transformed into investment, such as the lack of human skills or investment knowledge and the structure of the Namibian economy or the structure of the financial system (Philips, 2012).To decide whether or not to remove this variable, the researcher had to look at the other statistics like inter-variable statistics and variable-total statistics.

### b) Inter-Variable Correlation

Below are inter-variable correlations shown in Table 5.3 below based on the above four key research variables:

**Table 5.3: Inter-Variable Correlation**

| Inter-Item Correlation Matrix | | | | |
|---|---|---|---|---|
| | Financial and Investment as Foundational Pillars for Economy | Effect of joining Rand Bloc Trading on Financial and Investment | Impact of African Politics on Financial and Investment | Govt Policies Supporting Financial and Investment Growth |
| Financial and Investment as Foundational Pillars for Economy | 1.000 | .635 | .703 | .715 |
| Effect of joining Rand Bloc Trading on Financial and Investment | .635 | 1.000 | .730 | .777 |
| Impact of African Politics on Financial and Investment | .703 | .730 | 1.000 | .865 |
| Govt Policies Supporting Financial and Investment Growth | .715 | .777 | .865 | 1.000 |

This table for Inter-Item Correlation gives the correlation matrix, displaying how each variable correlated to all of the other variables. If all of the variables are reliably measuring the same concept, the researcher would have expected them all to have a higher degree of association with each other. To increase reliability of the questionnaire, variables with low correlations across the board might have needed to be excluded. Again the variable “Effect of joining Rand Bloc Trading on Financial and Investment” had the lowest correlation coefficient (0.635 with the variable “Financial and Investment as Foundational Pillars for Economy”. This implies that joining a monetary bloc like the Rand bloc have a less impact on strengthening financial and investment strategies as foundational pillars of an economy. This agrees with the Jacob (2016) and (Ranko, 2015) findings that the exit of Botswana from the rand union saw the country maintaining a stronger currency (the Pula) in modern day Africa as a result of strong bilateral relations with the western world’s Britton Woods institutions and various first world countries (Ranko, 2015).

### c) Variable-Total Statistics

Variable total statistics which helped in reliability decision making to maintain the research instruments (Questionnaire and interview guide) as most appropriate research instruments for this PhD research are shown in the following Table 5.4:

**Table 5.4: Item-Total Statistics**

| | Item-Total Statistics | | | | | |
|---|---|---|---|---|---|---|
| | | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| 1 | Financial and Investment as Foundational Pillars for Economy | 5.69 | 6.592 | .735 | .549 | .904 |
| 2 | Effect of joining Rand Bloc Trading on Financial and Investment | 4.57 | 4.595 | .786 | .625 | .883 |
| 3 | Impact of African Politics on Financial and Investment | 5.53 | 5.754 | .857 | .768 | .857 |
| 4 | Govt Policies Supporting Financial and Investment Growth | 5.35 | 4.403 | .881 | .804 | .838 |

This table for Item-Total Statistics helped the researcher to decide including or excluding any variables from the questionnaire. In doing this, two columns of interest were: First, the “Corrected Item - Total Correlation” column which showed how much each variable associated with the overall questionnaire score. Correlations less than that Corrected Item - Total Correlation indicated that the variable could not measure the aspect of interest reliably. Second, and more importantly, the researcher was interested in the final column in the above table “Cronbach’s Alpha if Item Deleted”. This column gave the Cronbach’s alpha score the researcher would get if each of the respective variable was removed from the questionnaire. The current score was 0.902, so, if this score went down after the researcher deleted a variable, then the variable would be retained. But if this score went up after upon the variable deletion, the researcher would not retain the variable in order to make the research questionnaire more reliable. In this case, deleting variable, the researcher, increased the Cronbach’s alpha score slightly, so that deletion could have been considered. However considering that under the current Cronbach alpha score, all the variables have a Corrected Item-Total Correlation which is above 0.3 (and even above 0.7) including variable one (1) and the removal of variable one (1) only gives a 0.002 increase in, the researcher considered not removing any of the four variables and found out that research instrument(s) were reliable for this research. This implies that the research instrument was capable of yielding reliable research data from which research findings, recommendations and conclusions would be inferred. All the four variables are highly correlated which increases the reliability of feedback from the research instrument’s participants.

## 5.4 Descriptive Statistics Analysis

Descriptive statistics analysed demographic characteristics of various research variables. This was done in tabular, graphical and chart form. This was broken into variable frequencies, sectorial distribution of respondents, respondents’ frequency per country, employment demographics of respondents, levels of economic growth of respondents’ economies in order to assess the presence and impact thereof, of financial and investment strategies and policies in support of the strategies.

### 5.4.1 Variables Frequencies

The following Table 5.5 shows descriptive statistics variables with their respective mean, standard deviation and skewness:

**Table 5.5: Variables Mean, Standard Deviation and Skewness**

| | Mean | Std. Deviation | Skewness |
|---|---|---|---|
| Sector | 1.80 | 1.05 | 1.12 |
| Country | 3.06 | 2.26 | 0.71 |
| Employment Position | 2.70 | 1.80 | 0.67 |
| Level of Economic Growth | 3.43 | 0.55 | -0.23 |
| Financial and Investment Strategies | 1.00 | - | |
| Policies Supporting Financial and investment Strategies | 1.40 | 0.79 | 1.51 |
| Financial and Investment as Foundational Pillars for Economy | 1.36 | 0.59 | 1.44 |
| Country Performance vs others | 2.39 | 1.10 | 0.26 |
| Effect of joining Rand Bloc Trading on Financial and Investment | 2.47 | 1.04 | -0.11 |
| Impact of African Politics on Financial and Investment | 1.51 | 0.71 | 1.59 |
| Sufficiency of African Resources to reduce poverty | 1.94 | 1.29 | 0.77 |
| Govt Policies Supporting Financial and Investment Growth | 1.70 | 1.01 | 1.22 |
| Namibian Economy vs Other African and Intercontinental Economies | 1.43 | 0.58 | 1.01 |
| Challenges inhibiting Namibian Economy Growth | 2.53 | 1.12 | 0.13 |
| Opportunities Available for Namibia Economy Growth | 1.97 | 0.92 | 0.33 |

All the variables in Table 5.5 above, are having non-zero skewness showing the concentration of responses to the right or left of the distribution. The level of economic growth and effect of joining Rand Bloc Trading on Financial and Investment are negatively related to financial and investment strategies impact on building successful African economies. The level of skewness of these two variables have low skewness of -0.23 and -0.11 respectively. However, the other 12 variables are positively related to financial and investment strategies as key pillars of building successful economies. The spread from the mean (Financial and Investment Strategies) was less than two (2) except for country variable that has a standard deviation of 2.26. This reveals that all the 13 variables revolve around the key variable “financial and investment strategies” (the mean) which helps to consolidate findings on the impact of financial and investment strategies (the mean variable) as foundational pillars of successful African economies.

### 5.4.2 Sectorial Distribution of Respondents

Research respondents came from public, private, non-governmental (NGO) and academia sectors. 80 respondents (equivalent to 53% of total respondents) came from the public sector, 40 respondents (equivalent to 27%) private sector, ten respondents (equal to 7%) NGO sector and 20 respondents (equivalent to 13%) academia sector). This combination created a good cocktail of views as respondent background sector had the potential to bring out biased research feedback.

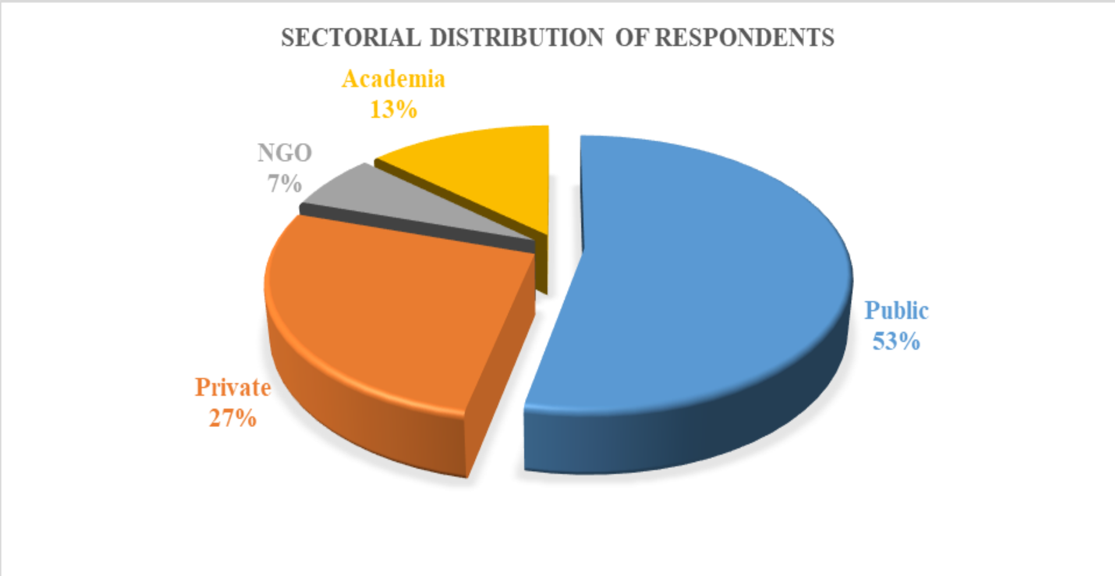
Table 5.6 below, shows sectorial distribution of respondents:

**Table 5.6: Sectorial Distribution of Respondents**

| Sector | Frequency | Percentage |
|---|---|---|
| Public | 80 | 53 |
| Private | 40 | 27 |
| NGO | 10 | 7 |
| Academia | 20 | 13 |
| **Total** | **150** | **100.00** |

Sectorial distribution is visually represented in a fragmented pie chart shown in Figure 5.1 below:

Figure 5.1: Sectorial Distribution of Respondents

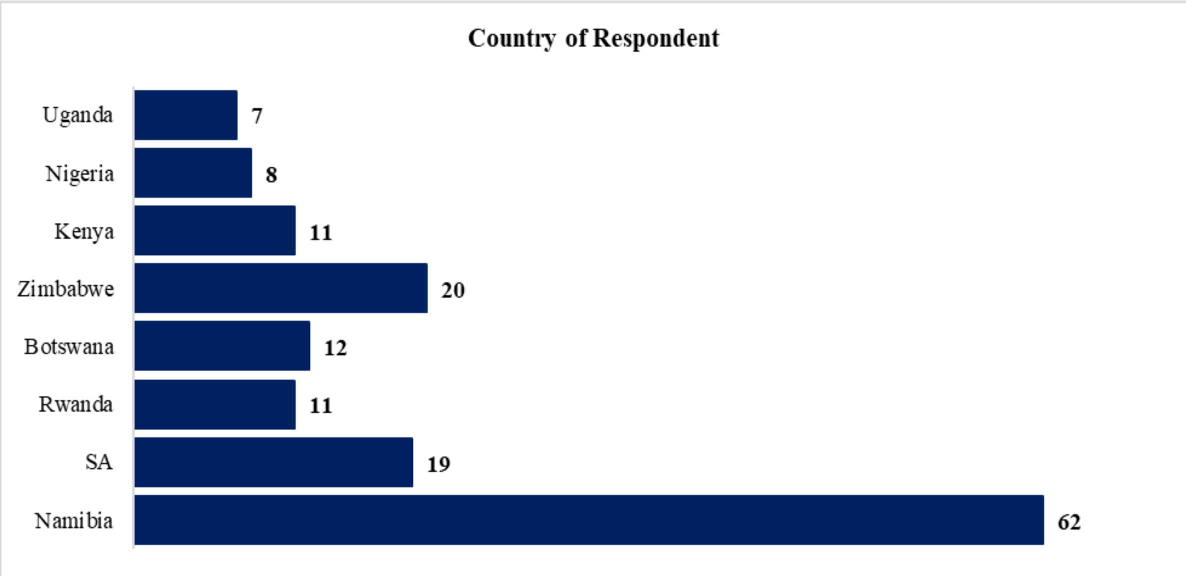



Key sectors related to the finance and investment strategies research were pooled together as shown above which helped diffuse monopoly of perceptions on the research questions and the diversity of opinions from various sectors increased the reliability placed on the research's findings.

**5.4.3 Respondents frequency per country**

Research respondents were drawn from eight African countries. 62 respondents (representing 41% of total respondents) were form Namibia, 19 (13%) from South Africa, 11 (7%) from Rwanda, 12 (8%) from Botswana, 20 (13%) from Zimbabwe, 11 (7%) from Kenya, 8 (5%) from Nigeria and 7 (5%) from Uganda. These respondents came from the four sectors - public, private, NGO and academia in their respective economies. Below, Figure 5.2 reveals the distribution of respondents per each country. Namibia constituted the highest number of respondents as a case study economy and because the researcher was based in this country during the duration of this study:

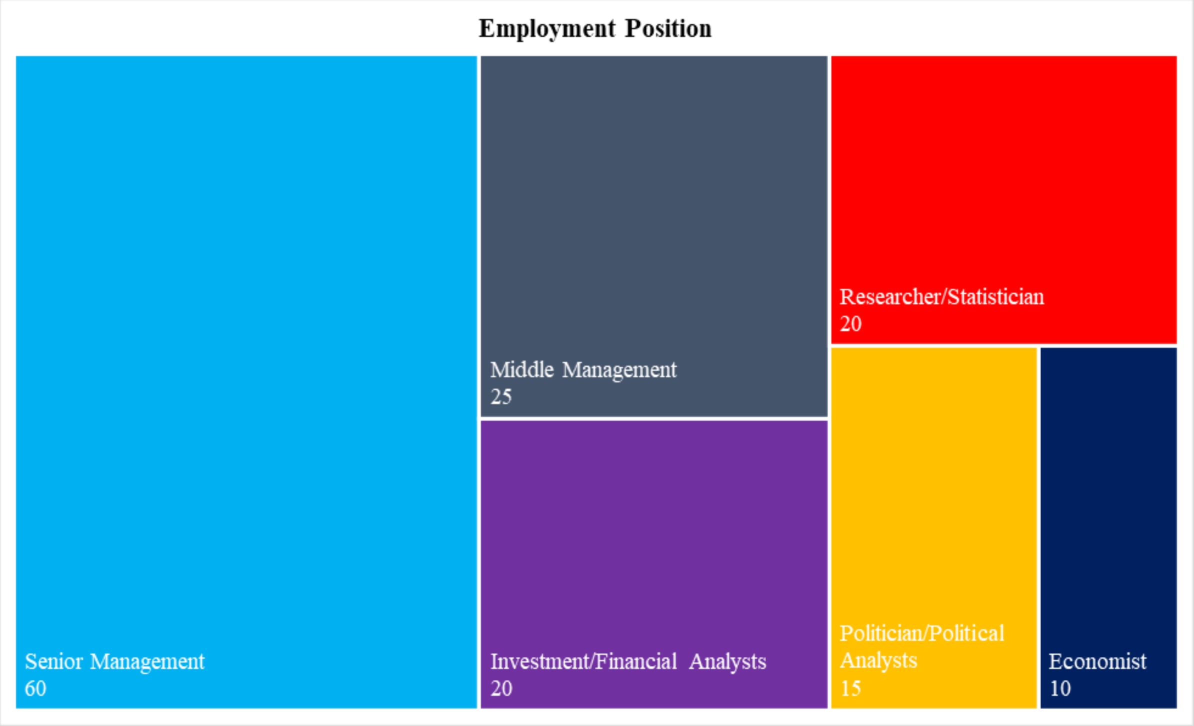
**Figure 5.2: Respondents Frequency per Country**




### 5.4.4 Employment Demographics of Respondents

Research respondents were concentrated in six employment position demographics namely; Senior Management (60 respondents = 40% of total research respondents), Middle Management (25 = 17%), Investment/Financial Analysts (20 = 13%), Politicians/Political Analysts (15 = 10%, Researcher/Statistician (20 = 13%) and Economists (10 = 7%). Figure 5.3 below, shows the employment demographics in terms of positions held by respondents at the time of study:

**Figure 5.3: Employment Position Demographics of Respondents**




The composition of research participants above is varied which allowed the fusion of perceptions and ideas on financial and investment strategies' use as key drivers of African economies. The crosspollination of feedback from various fields helped eliminate bias in research feedback.

### 5.4.5 Income Levels of Respondents' Countries of Origin

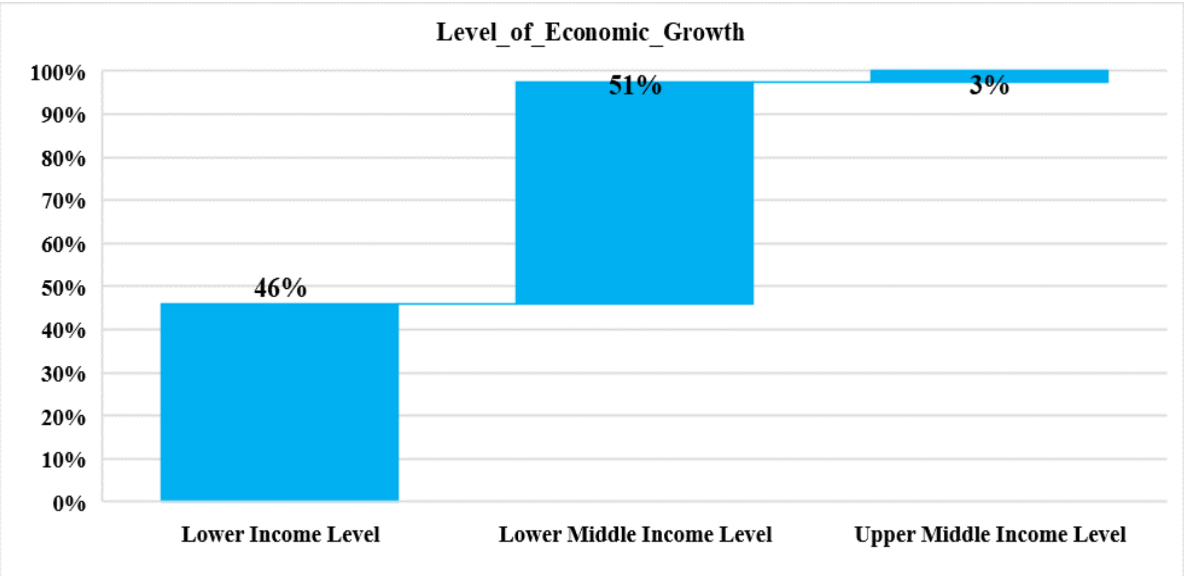
The eight economies used in this research were at different levels of economic growth and therefore, had different levels of income level rating. The levels of economic growth of respondents' economy were in terms of three distinct groups namely, upper, middle and lower income level. This finding contradicted with statistics in the public domain such as that South Africa is an upper middle income economy as SA had 19 respondents in total but only four respondents out of the entire 150 respondents highlighted that their country was an upper middle income economy. This therefore, puts to the fore that several respondents do not even know the income level rating of their economy as this contradiction is also seen on lower income level economy feedback which stated that 69 respondents were in this category yet only 20 respondents from a lower income level economy (Zimbabwe) participated in this research. The income level of an economy has an impact on its financial and investment growth initiatives. According to KPMG (2013) and SA Department of Trade (2014), there are many reasons to do business in an upper middle income economy like South Africa which include, inter alia, sound economic policies under the auspices of favourable legal and business environment, world-class infrastructure, easy access to markets, trade reform and strategic alliances, cheaper cost to do business, ease-of-doing business, industrial capability, cutting-edge technology and global competitiveness. This feedback on income levels of respondents' countries are shown in Table 5.7 below:

**Table 5.7: Income levels of Respondents' Countries**

| Level of Economic Growth | Frequency | Percentage |
|---|---|---|
| Upper Middle Income Level | 4 | 3 |
| Lower Middle Income Level | 77 | 51 |
| Lower Income Level | 69 | 46 |
| **Total** | **150** | **100** |

Overall percentages of respondents per each level of economic growth are shown in Figure 5.4 below:

**Figure 5.4: Levels of Economic Growth of Respondents' Countries**



### 5.4.6 Presence of Financial and Investment Strategies within an economy

All respondents (100%) from the eight African countries confirmed the presence of financial and investment strategies in their economies but bemoaned the lack of implementation thereof. Thus the researcher discovered that, it is one thing to have financial and investment strategies yet it is the other thing to have it implemented for economic success to be realized. This agrees with Correia *et al*. (2007) finding that, non-implementation of financial and investment is just as good as the absence of financial/investment strategies.The presence of financial and investment strategies in African economies is shown by the feedback represented in Table 5.8 below:

**Table 5.8: Presence of Financial and Investment Strategies within an Economy**

| Presence of Financial and Investment Strategies | Frequency | Percentage |
|---|---|---|
| Yes | 150 | 100.00 |
| No | 0 | - |
| Total | 150 | 100.00 |

### 5.4.7 Availability of Policies Supporting Financial and Investment Strategies

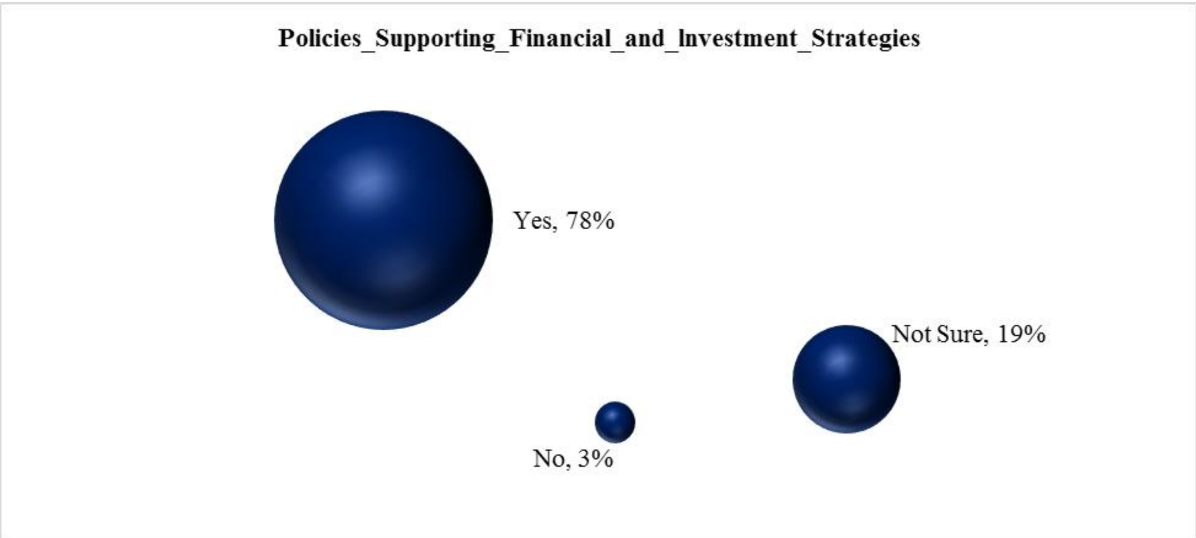
A total of 118 respondents (79%) of the respondents agreed that there are policies supporting financial and investment strategies in their countries while four respondents (3%) said such policies are non-existent and 28 respondents (19%) are not sure about the availability of these policies. This reveals that there is no information asymmetry amongst the government and its citizenry as 100% of the respondents are affirmative about the presence of financial and investment strategies yet a significant proportion of 19% are not sure of the existence of policies that support such strategies. This worsens the discovery by Nakase, Sikanda and Mabuku (2015) that what remains quite disturbing is the replication of policies pursued by African governments without acknowledging that just as economies differ, they also have to pursue different policies (Nakase, Sikanda and Mabuku, 2015). The availability of policies supporting financial and investment strategies in African economies is shown in Table 5.9 below:

**Table 5.9: Availability of Policies Supporting Financial and Investment Strategies**

| Policies Supporting Financial and investment Strategies | Frequency | Percentage |
|---|---|---|
| Yes | 118 | 79 |
| No | 4 | 3 |
| Not Sure | 28 | 19 |
| **Total** | **150** | **100** |

According to MoF's 2015 Financial and Investment Report, Africa has done well in developing economic policies and strategies but the implementation thereof is somehow very slow. However, Stulz (2003); Fabozi (2007) and Arnold (2010) revealed that fiscal and monetary policies heavily impact on finance and investments within an economy. Figure 5.5, below summarises percentages of respondents confirming, not confirming and unsure about the availability of policies supporting financial and investment strategies:

**Figure 5.5: Availability of Policies Supporting Financial and Investment Strategies**

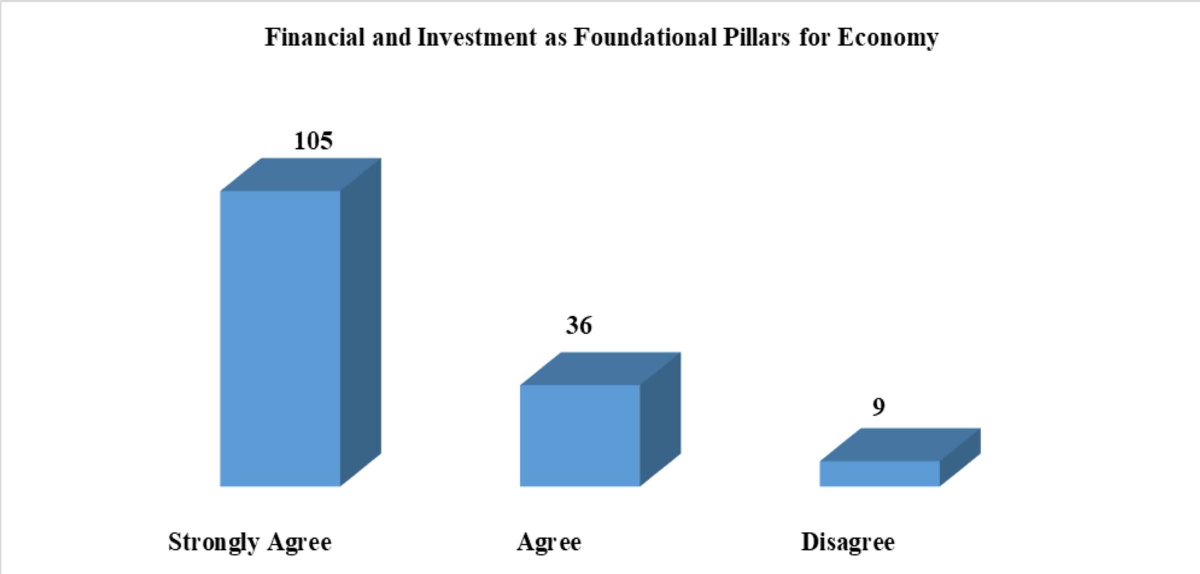



The above results reveal that most economies have policies and programs that support financial and investment strategies. Therefore their failure to be successful can be attributed to other factors other than financial and investment strategies such as non-implementation of policy blueprints, politics and high corruption.

### 5.4.8 Financial and Investment Strategies as Foundational Pillars for Economy's success

A total of 105 research participants (equivalent to 70%) strongly agreed that financial and investment strategies are foundational pillars for and economy's success. A total of 36 (24%) agreed to this effect while nine (6%) disagreed and stated that there are other factors central to the establishment of successful economies other than financial and investment strategies. Thus, the findings show that financial and investment strategies are foundational pillars for economy's success. This is in congruency with Stiglitz (2016) who indicated that, structuring an economy that becomes a hub of both local and foreign investment has been one of the success pillars of the South African economy which have seen the economy being the second biggest in Africa after Nigeria. The findings demonstrate that financial and investment strategies are critical footing for the success of an economy. This agrees with King (2015) findings which established that the strength of the financial sector depends on other factors such as human capital development as an augmentation of effective institutional infrastructure. Below, Figure 5.6 reveals the respondents' perceptions on whether financial and investment strategies are the foundational pillars of an economy's success or not:

**Figure 5.6: Financial and Investment Strategies as Foundational Pillars for an Economy**




The corresponding percentages of respondents' feedback on their perception concerning whether financial and investment strategies are foundational pillars of successful African economies or not are shown in Table 5.10 below:

**Table 5.10: Financial and Investment Strategies as Foundational Pillars for an Economy**

| Financial and Investment Strategies as Foundational Pillars for Economy | Frequency | Percentage |
|---|---|---|
| Strongly Agree | 105 | 70.00 |
| Agree | 36 | 24.00 |
| Disagree | 9 | 6.00 |
| **Total** | **150** | **100.00** |

The above table reflects that 141/150 of the respondents concur that financial and investment strategies are foundational pillars of a successful economy. This means that government policies and programs should be underpinned on financial and investment strategies that utilize all the available natural, human and artificial country resources.

### 5.4.9 Comparison of Namibia's Economic Performance Versus other African Economies

In pursuit of objective (iii) which sought to compare performance of Namibian economy against other African and inter-continental economies in order to spur financial and investment growth to improve the economy's rating, a total of 43 respondents (constituting 29% of total respondents rated Namibia's economic performance as excellent, while 29 (19%) rated it as very good and 60 (40%) said its moderately good. This revealed that Namibia's performance is good as 129 respondents confirmed that the country's performance is moderately good and higher than other African economies. This agrees with Haufiku (2014) findings that Namibia's performance in becoming a first-choice investment destination and a competitive economy has not declined but has been stagnant over a significant period of time. A total of 12 Respondents (equal to 8% said Namibia's performance is poor while six (4%) rated it as very poor in comparison with other African economies. Participants who rated Namibia's performance as poor and very poor respectively concur with Stiglitz (2016) that the level of inequality amongst citizens in post independent African economies is still discouraging as it shows two-worlds apart amongst citizenry of the same economy. Namibia still has huge income disparity gaps amongst its citizenry which need rigorous financial and investment reforms to be addressed so as to keep improving the economy's performance rating against fellow African economies. A summary of respondents' judgement of the performance of their respective economies against other African economies is shown in Table 5.11 below:

**Table 5.11: Namibia's Economic Performance versus Performance of other African Economies**

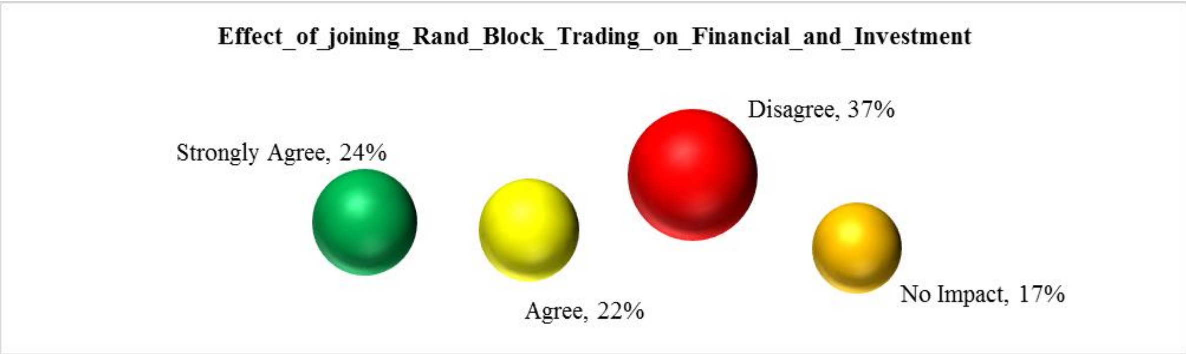
| Namibia's Performance vs Performance of Others Countries | Frequency | Percentage |
|---|---|---|
| Excellent | 43 | 29 |
| Very Good | 29 | 19 |
| Moderately Good | 60 | 40 |
| Poor | 12 | 8 |
| Very Poor | 6 | 4 |
| **Total** | **150** | **100** |

Even with low industrial production in Namibia save for high beef export, Namibian economy performs better than a lot of African economies from a general standpoint as shown in the table above. This can be attributed to the advantages of being in the Rand Monetary union as well as SACU, COMESA and common wealth.

### 5.4.10 Effect of joining Rand Bloc on Financial and Investment Growth

Respondents' feedback on answering research objective (vi) which sought to determine the impact of Namibia joining the rand bloc on the economy, revealed that a total of 24% respondents strongly agree that joining the Rand bloc would positively affect financial and investment growth due to widened trade market especially for investors that rely on importation of raw materials and export revenue as they will not be affected by exchange rate risk. A total of 22% respondents from the eight countries also agree to this effect but 37% disagreed citing that currency value will be severely affected by external shocks in any other country within the Rand Union, for example, if South Africa's expropriation of land without compensation result in sanctions against the economy, other countries within the Rand Union will feel the latent effects through the weakening of the Rand. This finding disagrees with Mathee (2011) and Fischer (2011) who highlighted that there is a mutual effect from a greater economic ingenuousness and sophisticated investment diversification brought about by an economy's decision to join a CMA like the Rand bloc and that CMA ignite wider market which revolutionises an economy's trade and investment. A total of 17% respondents feel that there is no impact at all on financial and investment growth in Africa as a result of joining the Rand Union as this will affect the government's monetary authorities sovereign decision making on monetary policy choices. This agrees with the case of Botswana which exited the Rand Union but still maintain a higher value currency in the form of the Pula although the economy has a much smaller industry than South African economy. Modise (2014) supports this finding by highlighting that Botswana's ability to remain linked to the Rand despite exiting the Rand union has promoted investment and financial relations with fellow SADC countries. Sentiments of respondents on the impact of joining the Rand bloc on financial and investment growth are shown in Figure 5.7 below:

**Figure 5.7: Effect of joining Rand Bloc on Financial and Investment Growth in Africa**




Joining the a monetary bloc like rand union shows almost a 50-50 effect where it may boost financial and investment growth but there is also risk of the cascading negative effects of shared risk as what happens in the major economy will affect all other economies in the union. Thus, if the rand falls as a result of policies implemented by the Government of the Republic of South Africa in South Africa, the latent effects will affect all members of the rand union despite them not having made similar policies.

### 5.4.11 Impact of African Politics on Financial and Investment

A total of 87 participants (representing 58% of the research sample) across the board strongly agreed that African politics negatively affect financial and investment attraction in Africa. This concurs with Philips (2012) findings that, politics triggers financial and investment risks arising from actions such as government currency actions, regulatory changes, sovereign credit defaults, endemic corruption, war declarations and government composition changes. Smetek (2014) findings that these events affect the overall suitability of an investment destination and can ultimately alter the way a government conducts its business also supports this research finding. When political tensions are high, financial and investment attraction in Africa hits their low but when an economy's politics is stable, financial and investment attraction tend to be on their peak. Also 54 respondents (36%) from all the different countries where the sample was drawn agree that politics have an impact on financial and investment attraction and growth. However, four respondents (representing 2.67%) disagree with this while five respondents (representing 3%) say that politics have no impact at all on financial and investment attraction and growth in Africa. This finding contradicts with Moyo (2015) conclusion that political risk stifles the transformation of an economy into a successful one following the non-conduciveness of the political climate for financial mobility and investment growth. This can be attributed to changes in government policies when ruling parties change following national plebiscites as well as abandonment of policies before they are fully implemented. Table 5.12 below, shows the impact of African politics on financial and investment strategies and growth:

**Table 5.12: Impact of African Politics on Financial and Investment**

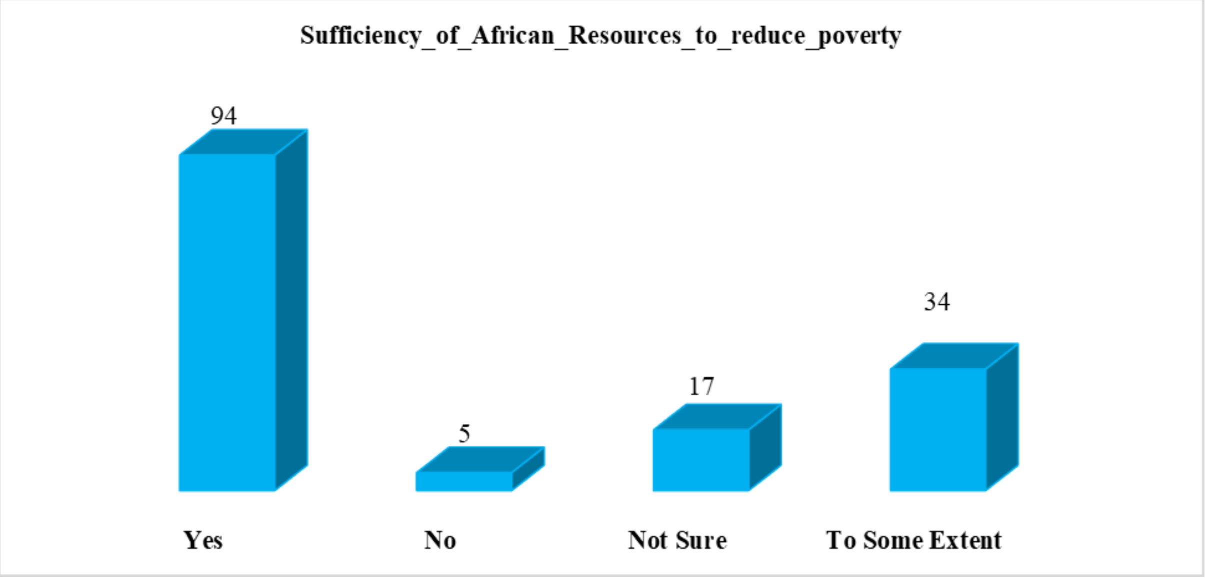
| Impact of African Politics on Financial and Investment | Frequency | Percentage |
|---|---|---|
| Strongly Agree | 87 | 58 |
| Agree | 54 | 36 |
| Disagree | 4 | 3 |
| No Impact | 5 | 3 |
| **Total** | **150** | **100** |

Popularity political policies have damaged the African economies' financial and investment initiatives as production is substituted with vote buying stunts thereby killing economy drivers. An example is the popular indigenization law that was implemented in Zimbabwe which saw locals assuming 51% ownership of every productive industry without even contributing capital in exchange of share ownership (Mpando, 2016).

### 5.4.12 Sufficiency of African Resources to back Economic Growth

A total of 94/150 participants agree that African resources are sufficient to eradicate poverty in Africa if they are tapped into the financial and investment strategies of the economy through beneficiation and value addition or engineering along the value chain. A total of 34 respondents believe this is true only to some extent as there can be other factors that can be at play like access to markets for those resources especially minerals or other natural resources. This agreement confirms Albalate, Bel and Fageda (2011) conclusions that African economies find it difficult to achieve economic growth through their resources because they have been given golden handcuffs by these former colonisers in the form of debt finance under the camouflage of bilateral relations while they continue to control economic and natural resources of the African countries – a situation of African economies having political independence but not economic resources independence. A total of 17 respondents are unsure while five respondents are of the belief that African resources are not sufficient especially in the areas which require technical expertise like mineral exploration, oil freaking and tests, energy development in wind and photovoltaic sources, beneficiation and value engineering. These findings show that beneficiation has not yet reached full potential in African economies. This affirms Shindondola-Mote (2015) finding that government's beneficiation initiatives are yet to yield significant results for local investment growth. Pendukeni (2016) also confirms that in the diamond industry, beneficiation has created employment and improved skills in the local economy but foreign ownership of beneficiation firms have somehow impacted negatively on real benefits as most of the processes are unaccounted for due to lack of local expertise in strategic areas. Figure 5.8 demonstrate the perceptions of respondents from various countries and economic sectors on the sufficiency of African resources to back economic revival and growth through supporting financial and investment agenda:

**Figure 5.8: Sufficiency of African Resources to Reduce Poverty in Africa**



With the abundance of non-fuel minerals including silver and zinc, the stagnation in addressing socio-economic ills such as high poverty levels, youth unemployment and lack of investor confidence can be faced head-on if financial and investment strategies are developed around such resources.

### 5.4.13 Ability of Government Policies to support Financial and Investment Growth in Africa

A total of 61% of the respondents from the eight countries strongly agree that their respective governments' policies support financial and investment growth while 18.67 agree to the same effect. This affirms ADB (2014) assertion that financial and investment growth is lubricated by supportive policies implemented by the government (ADB, 2014). 11% disagree as they believe that their government pursues policies that are in tandem with the safety and protection of the politicians and the connected elite's investments at the expense of the majority of the citizens. 10% of the respondents believe there is no impact at all to financial an investment growth arising from their respective governments' policies. This finding extremely contradicts with Namibia's MTI Industrial Policy (2012:4) second principle which states that stability of the national economy is an antecedent to sustainable economic growth and development. The corresponding frequencies and percentages of respondents' feeling on whether their respective government policies are in tandem with supporting financial and investment growth are shown below in Table 5.13:

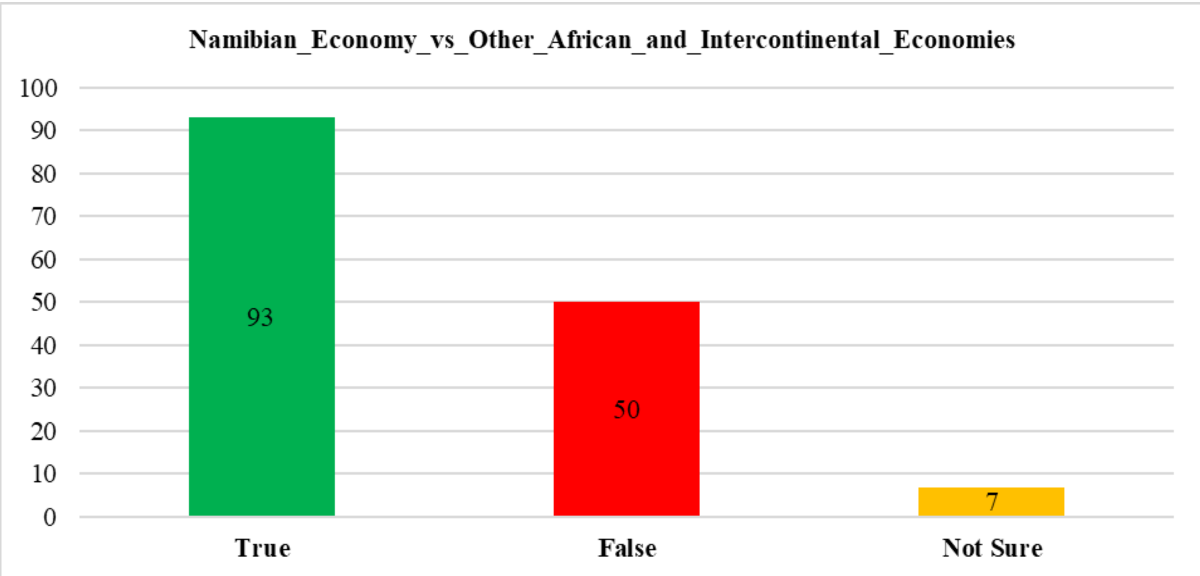
**Table 5.13: Perceptions on Government Policies supporting Financial and Investment Growth in Africa**

| Government Policies Supporting Financial and Investment Growth | Frequency | Percentage |
|---|---|---|
| Strongly Agree | 91 | 61 |
| Agree | 28 | 19 |
| Disagree | 16 | 11 |
| No Impact | 15 | 10 |
| **Total** | **150** | **100** |

### 5.4.14 Perfomance of Namibian Economy versus Other African and Inter-Continental Economies

A total of 93/150 (equivalent to 62%) participants confirmed that the Namibian economy performs better than other African and intercontinental economies while 50/150 (33%) say this is not true. This is in agreement with the narrative painted by the Chinese economy which has built a strong economy with great infrastructure to sustain over 1.2 billion population while Namibia still struggles to rise into first class economy for its less than 2.5 million population. As Liu (2013) concurs with Farrel (2014), that investing in infrastructure development triggers business growth and fluid transacting. Namibia's performance is hampered by low infrastructure development to attract high international investment. A total of 7/150 (5%) are not sure about Namibia's performance against other intercontinental economies. The bar graph below shown in Figure 5.9 reveals research participants' feedback on whether the Namibian economy's performance surpasses other African as well as inter-continental economies:

**Figure 5.9: Perfomance of Namibian Economy versus Other African and Inter-Continental Economies**




There is a general perception that the Namibian economy is performing better than many African economies, but looking at industrialization growth and human development index as well as equality reports, a lot still need to be done so that the generality of the population live better. Financial and investment strategies should be useful in addressing poverty, persistent imbalances and inequalities in the Namibian trading system to register its presence on the world economic map.

### 5.4.15 Challenges Inhibiting Economic Growth in Africa

Various African economies desire growth but face strong challenges which affect their economic growth initiatives and set targets. These challenges have proven to be common across-the-board on all African economies. Table 5.14 shows some of the challenges, respondents singled out as most prevalent in African economies:

**Table 5.14: Challenges Inhibiting Economic Growth in Africa**

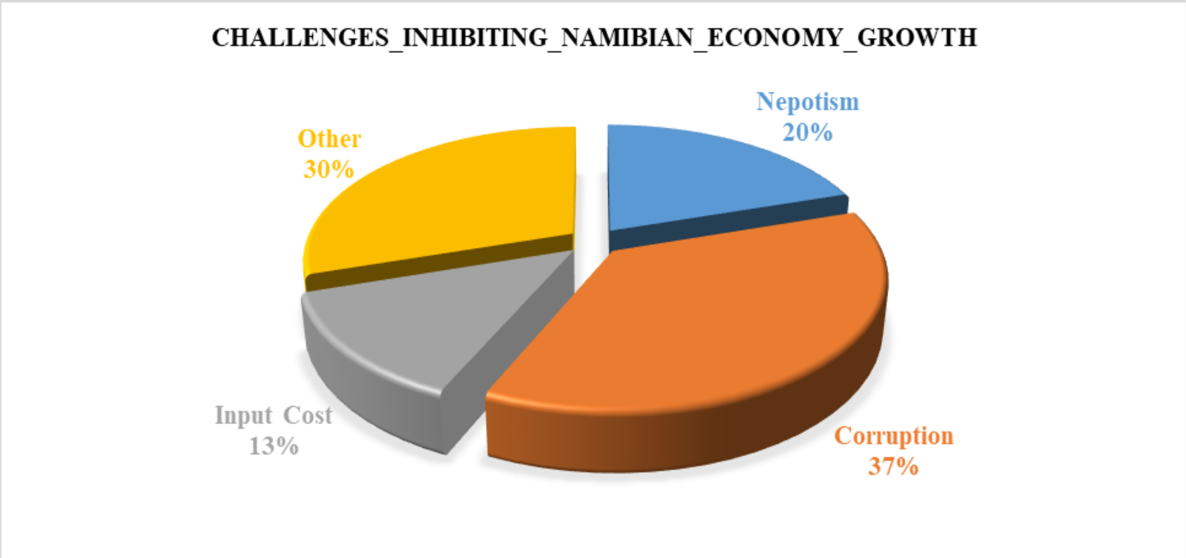
Following objective (iv) which intended to investigate challenges inhibiting Namibia to develop and grow into a first class economy, research respondents highlighted that there are a number of challenges inhibiting economic growth in Africa but chief among them are corruption, nepotism input cost and a combination of other factors. A total of 37% cited corruption as a real challenge confronting Africa especially in the public sector, while 20% said nepotism is another slow poison destroying African economies and 13% highlighted the cost of inputs particularly for the manufacturing sector. This is in agreement with Lampert (2014:25) who stated that “public finance and investment growth has been affected much by institutionalisation of corruption and nepotism in public and private sectors resulting in the crippling of competence and performance results”. A total of 30% of the respondents indicated that there is a combination of other various factors such as legislation and policy gaps that are at play to derail the economic growth train in African economies. According to Nuyoma (2015), it appears that structural factors such as the small domestic market, sensitive geo-climatic conditions, and productivity problems can partly be attributed to inadequate growth performance in Namibia. This agrees with Bounzanis (2016) that legislation also plays a significant role in the development of financial and investment policies and strategies but the implementation, pursuit and achievement of such legislative objects remains a worrisome factor on the development of financial and investment strategies to spearhead country development in Africa. Benet (2015) also highlights that, the end result challenge, is an economy with policies and legislations which remain ceremonial and not implemented or even at least looked into at all, to the detriment of the overall success of the finance and investment sector of the economy. The following table, Table 2.14 below shows challenges inhibiting economic growth in Africa:

**Table 2.14: Challenges Inhibiting Growth in Africa**

| Challenges Inhibiting Economic Growth in Africa | Frequency | Percentage |
|---|---|---|
| Nepotism | 30 | 20 |
| Corruption | 55 | 37 |
| Input Cost | 20 | 13 |
| Other | 45 | 30 |
| **Total** | **150** | **100** |

The pie chart below, shown as Figure 5.10, generalises these challenges affecting the growth agenda of African economies to the Namibian economy domain:

**Figure 5.10: Challenges affecting the growth agenda of African economies**




### 5.4.16 Opportunities available to spur African Economic Growth

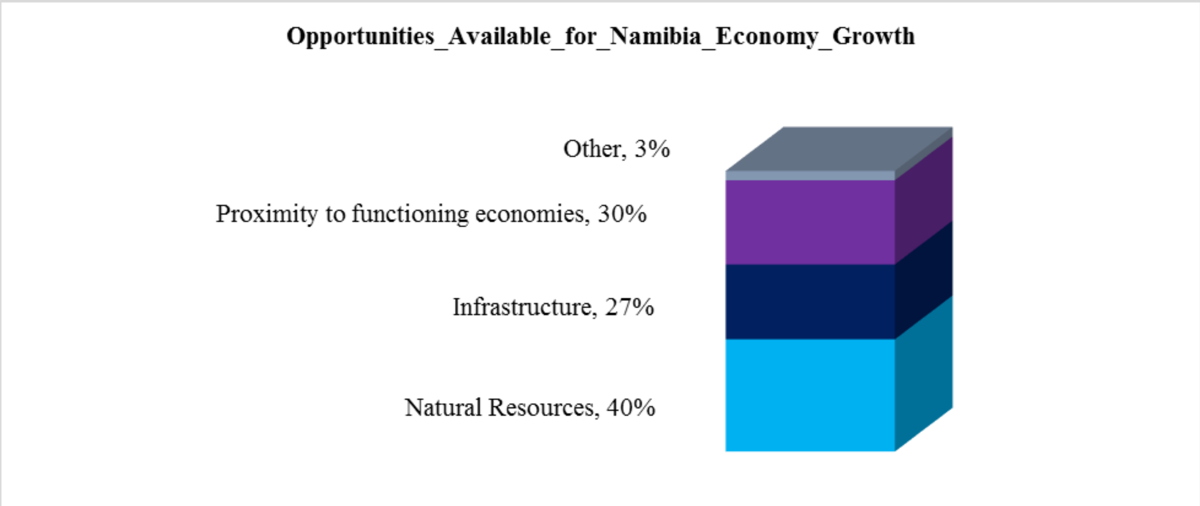
Despite facing challenges that inhibit economic growth, African economies have several opportunities they can harness to bring themselves out of economic mud trap. To answer research objective (v) which sought to ascertain possible financial/investment opportunities to achieve a successful economy, a total of 40% of the respondents believe natural resources present the greatest opportunity for economic growth in Africa and 30% trust that Africa's proximity to functioning economies like China and USA need to be taken advantage of as they can make agreements based on the vast natural resource availability. Namibia needs to take advantage of these opportunities for its minerals like Diamond, Uranium, Gold and Zinc as well as other minerals. However, 26% believe infrastructure presence an opportunity for economic growth but several infrastructure ranging from transport, ICT and industrial infrastructure need continuous improvement to be able to attract investment. Only three percent (3%) of the respondents believe there can be other opportunities other than natural resources, infrastructure and proximity to functioning economies. This ratifies Ngatjizeko (2016) claim that if investment opportunities are well tapped into, using well-articulated financial and investment strategies, they have the capacity to transform the Namibian economy into a successful African story. The findings also reveal that investment opportunities are affected by the status of the economy. This finding concurs with Makwara (2016) findings that investment opportunities dwindle in a shrinking economy and even if new investors come, quality and experienced labour will be scarce due to brain drain and as better economies take advantage of cheaper high quality labour in such low economies like Zimbabwe. The following Table 5.15, shows some opportunities available to stimulate African economic growth:

**Table 2.15: Opportunities Available for Economic Growth in Africa**

| Opportunities Available for Economic Growth in Africa | Frequency | Percentage |
|---|---|---|
| Natural Resources | 60 | 40 |
| Infrastructure | 40 | 27 |
| Proximity to functioning economies | 45 | 30 |
| Other | 5 | 3 |
| **Total** | **150** | **100** |

The findings from African perspective can be generalized to match Namibian economy. Spreading these findings over the Namibian economy, the following Figure 5.11 will be a research finding demonstration of opportunities available for Namibian economy growth:

**Figure 5.11: Opportunities Available for Namibia Economy Growth**




The above figure, Figure 5.11 reveals opportunities available for Namibia economy's growth. A total of 40% of the respondents revealed that that major investment opportunities lie in natural resources while 30% confirm that this can be further enhanced by the country's proximity to functioning economies like South Africa. This agrees with SA Department of Trade (2014) finding that South Africa is a prime investment destination for commercial local and international investment opportunities because of its excellent economic infrastructure.

## 5.5 Cross Tabulation and Correlation Analysis

Cross tabulation was used to describe the interrelationship between the distribution of one variable and the distribution of another. These variables were either contrasting or related in nature. A cross tabulation was done to determine if the main demographic variable, "Country", had an influence on the way they respondents expressed their sentiments and knowledge on other variables.

Correlation is a bivariate analysis that measures the strength of association between two variables and the direction of the relationship (Saunders, Lewis and Thornhill, 2016). The correlation coefficient varies between +1 and -1 where value equal or close to positive one (1) indicates a perfect degree of positive association between the two variables and this association weakens as the value approaches zero (0), while a value equal or close to negative (-1) shows perfect negative association. There are four types of correlations which can be measured, namely; Pearson correlation, Kendall's tau correlation, Spearman's rho correlation, and the Point-Biserial correlation. For our correlation analysis, the researcher used the Kendall's tau because our variables were nominal.

A correlation is statistically significant if its Sig. (2-tailed) < 0.01. A significance level of 0.01 is equivalent to a confidence level of 99%. So we will perform our correlation tests at 99% confidence level meaning out of, say, 100 times, 99 times we will get a certain correlation between a chosen pair of variables for a given sample size. One can also choose a 95% confidence level but a 99% confidence level, even though ambitious, produces a more accurate correlation test.

Below are cross tabulation tables showing that indeed there is a relationship between the responses given on the selected variables and the country of the respondents.

### 5.5.1 Cross tabulation of "Country" and "Policies Supporting Financial and Investment Strategies".

The researcher analysed the interrelationship between the distributions for the "Country" and "Policies Supporting Financial and investment Strategies" variables. Out of the total 150 respondents, 62 (41%) were from Namibia and this was the highest single country proportion. All the 62 respondents from Namibia were agreeable to the existence of policies that support financial and investment strategies in their country. A total of 19 South African respondents (100%) are all sure of policies supporting financial and investment strategies. However, it remains to be seen if the expropriation of land without compensation policy will stimulate investment, although significant shocks on the investment radar have already been witnessed following the announcement of this intended policy implementation. All respondents from Kenya (11), Nigeria (eight) and Uganda (seven) are not sure about the existence of policies that support financial and investment strategies in their economies. The 20 respondents from Zimbabwe have the most spread range of sentiments with 14 (70%) agreeable that there are policies that support financial and investment strategies in their economies while four (20%) disagree with this sentiment and two (10%) are not sure of the use of such policies. This confirms Schlettwein (2016) and Delloite and Touche Group (2015) finding that non-implementation of financial and investment strategies have caused continuous economic coughs and investors become too sensitive that they cannot risk investing in an economy they are unsure of as there will be no assurance of a safe investment haven.

Overally, more respondents (118 representing 79%) are agreeable to the existence of policies that support financial and investment strategies in their countries in comparison to those who disagreed (two representing 2.67%) and those who are not sure of the use of such policies in their countries (28 representing 19%). This shows that there is need to conscientise the citizenry on financial and investment strategic policies pursued by the Government so that all their efforts are directed towards satisfying the policy outcomes. The following Table 5.16 shows the cross tabulation findings of “Country” and “Policies Supporting Financial and Investment Strategies” variables:

**Table 5.16: Cross tabulation findings of "Country" and "Policies Supporting Financial and Investment Strategies" variables**

| Country * Policies Supporting Financial and investment Strategies Cross tabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | Policies Supporting Financial and investment Strategies | | | Total |
| | | | Yes | No | Not Sure | |
| Country | Namibia | Count | 62 | 0 | 0 | **62** |
| | | % within Country | 100.00 | 0.00 | 0.00 | |
| | SA | Count | 19 | 0 | 0 | **19** |
| | | % within Country | 100.00 | 0.00 | 0.00 | |
| | Rwanda | Count | 11 | 0 | 0 | **11** |
| | | % within Country | 100.00 | 0.00 | 0.00 | |
| | Botswana | Count | 12 | 0 | 0 | **12** |
| | | % within Country | 100.00 | 0.00 | 0.00 | |
| | Zimbabwe | Count | 14 | 4 | 2 | **20** |
| | | % within Country | 70.00 | 20.00 | 10.00 | |
| | Kenya | Count | 0 | 0 | 11 | **11** |
| | | % within Country | 0.00 | 0.00 | 100.00 | |
| | Nigeria | Count | 0 | 0 | 8 | **8** |
| | | % within Country | 0.00 | 0.00 | 100.00 | |
| | Uganda | Count | 0 | 0 | 7 | **7** |
| | | % within Country | 0.00 | 0.00 | 100.00 | |
| **Total** | | **Count** | **118** | **4** | **28** | **150** |
| | | **% within Country** | **78.67** | **2.67** | **18.67** | |

#### 5.5.1.1 Correlation of "Country" and "Policies Supporting Financial and Investment Strategies".

The relationship between the variables; "Country" and "Policies supporting financial and investment strategies" is statistically significant as shown by the p value of 0.00 (based on a sample of 150 respondents) which is less than the critical p value 0.01. There is a strong positive correlation (r=0.65), slightly above moderate correlation, between the two variables which explains that the country of the respondent strongly influences the sentiments of the respondents. Thus, respondents in Namibia, South Africa, Rwanda and Botswana are all aware of policies pursued by their Government that support financial and investment strategies while those in Zimbabwe, Kenya, Nigeria and Uganda are not in the clear of such policies. From these findings, it can therefore be inferred that upper middle income economies are more transparent on their financial and investment policies with the public than lower middle income and lower income economies. Table 5.17 below, shows the correlation of “Country” and “Policies Supporting Financial and Investment Strategies” variables:

**Table 5.17: Correlation of “Country” and “Policies Supporting Financial and Investment Strategies” variables**

| | | | Country | Policies Supporting Financial and investment Strategies |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.65 |
| | | Sig. (2-tailed) | | 0.000 |
| | | N | 150 | 150 |
| | **Policies Supporting Financial and investment Strategies** | Correlation Coefficient | 0.65 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.2 Cross tabulation of “Country” variable and “Financial and Investment Strategies as Foundational Pillars for Economy’s Success”.

A total of 100% respondents from Namibia, South Africa and Rwanda concurred that financial and investment strategies are foundational pillars for the economy’s success. Considering Namibia’s population of slightly above 2.2 million, and its striking upper middle class rating, financial and investment strategies’ ability to work as foundational pillars for the economy’s success can be very much attributed to this rise of economic rating. A total of 68% of Botswana’s respondents strongly agree to the same effect while 33% just agree that financial and investment strategies are indeed anchor pillars of building successful economies. 55% of the respondents from Kenya disagree with this perhaps because the citizens not informed of the Government’s policies which support financial and investment strategies. This can also be attributed to the impact of prolonged political impasse between Kenya’s Uhuru Kenyatta’s ruling party and Raila Odinga’s opposition party which have seen most local and foreign investors shelving financial and investment goals. This is also seen in Uganda, where two (representing 29%) of the respondents disagree that financial and investment strategies are foundational pillars for an economy’s success as this can be easily distorted by the politics within the economy. Shown below, is Table 5.18 which shows the cross tabulation of “Country” variable and “Financial and Investment Strategies as Foundational Pillars for Economy’s Success”:

**Table 5.18: Cross tabulation of “Country” variable and “Financial and Investment Strategies as Foundational Pillars for an African Economy’s Success”**

| Country * Financial and Investment Strategies as Foundational Pillars for Economy Cross tabulation | | | | | |
|---|---|---|---|---|---|
| | | | Financial and Investment Strategies as Foundational Pillars for Economy’s Success | | |
| | | | Strongly Agree | Agree | Disagree |
| Country | Namibia | Count | 62 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 |
| | SA | Count | 19 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 |
| | Rwanda | Count | 11 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 |
| | Botswana | Count | 8 | 4 | 0 |
| | | % within Country | 66.67 | 33.33 | 0.00 |
| | Zimbabwe | Count | 0 | 20 | 0 |
| | | % within Country | 0.00 | 100.00 | 0.00 |
| | Kenya | Count | 0 | 5 | 6 |
| | | % within Country | 0.00 | 45.45 | 54.55 |
| | Nigeria | Count | 5 | 2 | 1 |
| | | % within Country | 62.50 | 25.00 | 12.50 |
| | Uganda | Count | 0 | 5 | 2 |
| | | % within Country | 0.00 | 71.43 | 28.57 |
| **Total** | | **Count** | **105** | **36** | **9** |
| | | **% within Country** | **70.00** | **24.00** | **6.00** |

### 5.5.2.1 Correlation of “Country” and “Financial and Investment Strategies as Foundational Pillars for Economy’s Success”

The correlation of “Country” and “Financial and investment strategies as foundational pillars for an economy’s success” is statistically significant as reflected by the p value of 0.00 over a sample of 150 respondents which is less than the critical p value 0.01. There is a high positive correlation, slightly above moderate correlation (r=0.68) between the two variables which explains that the country of the respondent highly impacts the respondents’ feedback. This is because, economies at different levels of economic growth may pursue different strategies to build successful economies, of which the foundational pillars may depend on strategic plans, adopted. This correlation of “Country” and “Financial and Investment Strategies as Foundational Pillars for Economy’s Success” variables shown below in Table 5.19:

**Table 5.19: Correlation of “Country” and “Financial and Investment Strategies as Foundational Pillars for Economy’s Success” variables**

| | | | Country | Financial and Investment Strategies as Foundational Pillars for Economy’s Success |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.68 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | **Financial and Investment as Foundational Pillars for Economy’s Success** | Correlation Coefficient | 0.68 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.3 Cross tabulation of “Country” and “Country’s performance compared to other countries”.

A total of 43 Namibian respondents (constituting 69%) said the performance of the Namibian economy in comparison to other African economies is excellent while 19 (31%) rated it as very good. The findings also show that a total of ten (53%) South African respondents rated their economy’s performance and nine (47%) said it is moderately good while all 11 (100%) respondents from Rwanda rated their economy as moderately good. 12 (100%) Botswana respondents and 20 (100%) Zimbabwe respondents revealed the performance of their respective economies is also moderately good. A total of 100% respondents from Nigeria revealed a shocking rating of poor performance of their economy when compared to other African economies while three (27%) respondents from Kenya also rated their country performance as poor. This finding is quite disturbing considering the natural, human and artificial resources Nigerian and Kenyan economies are endowed with - a situation which reveals that the economy is lying on untapped resources. Cross tabulation findings of “Country” and “Country’s performance compared to other countries” variables are shown in Table 5.20 below:

**Table 5.20: Cross tabulation findings of "Country" and "Country's performance compared to other countries" variables**

| Country * Country Performance vs others Cross tabulation | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Country Performance vs others | | | | |
| | | | **Excellent** | **Very Good** | **Moderately Good** | **Poor** | **Very Poor** |
| **Country** | Namibia | Count | 43 | 19 | 0 | 0 | 0 |
| | | % within Country | 69.35 | 30.65 | 0.00 | 0.00 | 0.00 |
| | SA | Count | 0 | 10 | 9 | 0 | 0 |
| | | % within Country | 0.00 | 52.63 | 47.37 | 0.00 | 0.00 |
| | Rwanda | Count | 0 | 0 | 11 | 0 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| | Botswana | Count | 0 | 0 | 12 | 0 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| | Zimbabwe | Count | 0 | 0 | 20 | 0 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| | Kenya | Count | 0 | 0 | 8 | 3 | 0 |
| | | % within Country | 0.00 | 0.00 | 72.73 | 27.27 | 0.00 |
| | Nigeria | Count | 0 | 0 | 0 | 8 | 0 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 |
| | Uganda | Count | 0 | 0 | 0 | 1 | 6 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 14.29 | 85.71 |
| **Total** | | **Count** | **43** | **29** | **60** | **12** | **6** |
| | | **% within Country** | **28.67** | **19.33** | **40.00** | **8.00** | **4.00** |

#### 5.5.3.1 Correlation of "Country" and "Country's performance compared to other countries"

The relationship between "Country" and "Country's performance compared to other countries" is quite significant following a 2-tailed test as shown by the p value of 0.00 (based on a sample of 150 respondents) which is less than the critical p value 0.01. Strong positive correlation (r=0.85) is reflected between the two variables which explains that the country of the respondent strongly influences the sentiments of the respondents on country performance compared to other countries. This shows that most respondents, regardless of country of origin concurred that their countries are performing well in comparison with other African economies except in Nigeria, where majority rated the economy's performance as poor while a significant proportion of 27% in Kenya and 14% in Uganda also rated the performance of their economies as poor in comparison with their Africa counterparts. This suggests that resources availability plays a less significant role on economy's performance as Nigeria and Uganda are endowed with oil, but this highlights that financial and investment strategies may be the drivers of an economy's success. Table 5.21 below, reveals the correlation findings of "Country" and "Country's performance compared to other countries" variables:

**Table 5.21: Correlation findings of "Country" and "Country's performance compared to other countries" variables**

| | | | Country | Country Performance Compared to other Countries |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.85 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | **Country Performance vs others** | Correlation Coefficient | 0.85 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.4 Cross tabulation of "Country" and "Positive effect of joining Rand bloc on financial and investment growth".

To answer research objective (vi) which seeks to determine the impact of Namibia joining the rand bloc on the economy, a total of 36 respondents (constituting 58.06%) from Namibia strongly agree that joining the Rand bloc will positively affect financial and investment growth within the economy while 26 (42%) agree to the same effect. Seven (37%) South African respondents also agree to this positive effect but 12 (63%) disagree. This can be associated to increased demand for the African commodities which in-turn may create shortages in the economy which may be detrimental to the achievement of financial and investment growth. 11 (100%) respondents from Rwanda also disagree that by joining the Rand bloc, there will be a positive effect on the economy's financial and investment growth agenda. This is because Rwanda economy has witnessed massive financial and investment growth without joining the Rand bloc or any monetary bloc in the past decade despite coming from genocide. A total of 100% respondents from Botswana and 100% from

Zimbabwe also disagree with this purported positive effect on financial and investment growth. 100% respondents from Kenya, Nigeria and Uganda highlight that joining the Rand bloc has no impact at all on their economy's financial and investment growth endeavors. This can therefore, suggest that, financial and investment growth in an economy can be triggered by financial and investment strategies adopted by an economy rather than mere decision making such as a decision to join a monetary union such as the Rand bloc. The following Table 5.22 shows cross tabulation results of "Country" and "Positive effect of joining Rand bloc on financial and investment growth" variables:

**Table 5.22: Cross tabulation results of "Country" and "Positive effect of joining Rand bloc on financial and investment growth" variables**

| Country * Positive effect of joining Rand Block Trading on Financial and Investment Cross tabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | Positive effect of joining Rand Block on Financial and Investment Growth | | | |
| | | | Strongly Agree | Agree | Disagree | No Impact |
| Country | Namibia | Count | 36 | 26 | 0 | 0 |
| | | % within Country | 58.06 | 41.94 | 0.00 | 0.00 |
| | SA | Count | 0 | 7 | 12 | 0 |
| | | % within Country | 0.00 | 36.84 | 63.16 | 0.00 |
| | Rwanda | Count | 0 | 0 | 11 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 |
| | Botswana | Count | 0 | 0 | 12 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 |
| | Zimbabwe | Count | 0 | 0 | 20 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 |
| | Kenya | Count | 0 | 0 | 0 | 11 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| | Nigeria | Count | 0 | 0 | 0 | 8 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| | Uganda | Count | 0 | 0 | 0 | 7 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| **Total** | | **Count** | **36** | **33** | **55** | **26** |
| | | **% within Country** | **24.00** | **22.00** | **36.67** | **17.33** |

#### 5.5.4.1 Correlation of “Country” and “Effect of joining Rand bloc on financial and investment growth”

There is a strong positive correlation (r=0.85) between the two variables (“Country” and “Effect of joining Rand bloc on financial and investment growth”) which explains that the country of the respondent highly impacts the respondents’ feedback. African counties that have joined the Rand bloc have significant financial and investment output due to ease of transacting as well as a widened trading market. Respondents from Kenya, Nigeria and Uganda stated that there is no impact at all on financial and investment growth as a result of joining the Rand bloc. This can be because of some cons that come with entering into the monetary bloc like the Rand bloc such as promotion of dumping as well as stiffer competition to local industry/firms which distorts the GDP and ultimately declines net investment output. The following table, Table 5.23, reveals the correlation findings between the “country “variable and the “effect of joining Rand bloc on financial and investment growth” variable:

**Table 5.23: Correlation findings between the “country “variable and the “effect of joining Rand bloc on financial and investment growth” variable**

| | | | Country | Effect of joining Rand Bloc on Financial and Investment Growth |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.85 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | **Effect of joining Rand Bloc on Financial and Investment Growth** | Correlation Coefficient | 0.85 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.5 Cross tabulation of “Country” variable and “Impact of African politics on Financial and Investment Strategies”.

On answering research objective (vii) which intended to assess the impact of politics on financial and investment strategy of an economy, a total of five respondents from Uganda (representing 71%) believe that African politics have no impact at all on finance and investment while the remaining 29% disagree completely with the belief that African politics have a significant impact. Perhaps this is the reason Uganda has not changed political leadership for over three decades now. In contrast, 62 respondents from Namibia (representing 100%) strongly agree that African politics have an impact on financial and investment strategies. The same result goes for South Africa. However, comparing Namibia and South Africa, both economies still have the same political party in power since their independence but the former have successfully managed to have smooth transfer of power at the end of the presidential terms as enshrined in the constitution while the latter has witnessed near state capture by some political leaders who then were send packing before the end of their terms, a situation which affects investor decision making. This has affected a lot of businesses in South Africa, with some like the Guptas Group, closing some of their business investments. This confirms Bill Clinton's 1994's assertion that "business always follows politics". However, as Jacobs (2006) revealed, there should be close monitoring of the impact of political risk on financial and investment success at both micro and macro levels. Below, Table 5.24 shows the cross tabulation results of "Country" variable and "Impact of African politics on Financial and Investment Strategies":

**Table 5.24: Cross tabulation results of "Country" variable and "Impact of African politics on Financial and Investment Strategies"**

| Country * Impact of African Politics on Financial and Investment Strategies Cross tabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | African Politics have an impact on Finance and Investment Strategies | | | |
| | | | Strongly Agree | Agree | Disagree | No Impact |
| Country | **Namibia** | Count | 62 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **SA** | Count | 19 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **Rwanda** | Count | 6 | 5 | 0 | 0 |
| | | % within Country | 54.55 | 45.45 | 0.00 | 0.00 |
| | **Botswana** | Count | 0 | 12 | 0 | 0 |
| | | % within Country | 0.00 | 100.00 | 0.00 | 0.00 |
| | **Zimbabwe** | Count | 0 | 20 | 0 | 0 |
| | | % within Country | 0.00 | 100.00 | 0.00 | 0.00 |
| | **Kenya** | Count | 0 | 11 | 0 | 0 |
| | | % within Country | 0.00 | 100.00 | 0.00 | 0.00 |
| | **Nigeria** | Count | 0 | 6 | 2 | 0 |
| | | % within Country | 0.00 | 75.00 | 25.00 | 0.00 |
| | **Uganda** | Count | 0 | 0 | 2 | 5 |
| | | % within Country | 0.00 | 0.00 | 28.57 | 71.43 |
| **Total** | | **Count** | **87** | **54** | **4** | **5** |
| | | **% within Country** | **58.00** | **36.00** | **2.67** | **3.33** |

### 5.5.5.1 Correlation of "Country" and "Impact of African politics on Financial and Investment Strategies".

A high positive correlation of r=0.82 reveals a strong relationship between variable "Country" and variable "Impact of African politics on financial and investment strategies". This is significant at 0.01 level and a p value of 0.00 over a sample of 150 respondents. Thus, country politics play quite a significant influence on the financial and investment strategies the country pursues. Some African governments sabotage good policies capable of stimulating financial and investment growth simply because they have been suggested by opposition parties, while the latter also may suppress good policy ideas the ruling political parties may introduce. Table 5.25 below, reveals the correlation findings of "Country" and "Impact of African politics on Financial and Investment Strategies" variables:

**Table 5.25: Correlation findings of "Country" and "Impact of African politics on Financial and Investment Strategies" variables**

| | | | Country | Impact of African Politics on Financial and Investment Strategies. |
|---|---|---|---|---|
| Kendall's tau b | Country | Correlation Coefficient | 1.00 | 0.82 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | Impact of African Politics on Financial and Investment | Correlation Coefficient | 0.82 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.6 Cross tabulation of "Country" and "Sufficiency of African resources to support financial and investment growth".

All the 62 (100%) Namibian respondents stated that African resources are sufficient to support financial and investment growth of their economy. 100% of South Africa and Rwanda respondents also confirmed this sufficiency of resources to support economic growth through financial and investment growth. This reaffirms Stiglitz (2016) observation that African resources like minerals and agricultural produce are key to economic growth and investment although it is quite disturbing to note that auctions of such resources remain unknown to most African countries despite owning the resource(s) which makes renegotiating contracts very difficult to carry out. Five (42%) respondents from Botswana are not sure is African resources are enough to sustain financial and investment growth as is evidenced by some parts of the country yet to receive civilisation despite the economy being one of the best gem diamond producers in the world (Moyo, 2015). In Zimbabwe, 60% of the respondents are not sure about the impact of the economy's resources while 40% believe the resources support financial and investment growth to some extent. This may be attributed to the evidence of tears of continuous investor decline and sharp collapse of the financial system in Zimbabwe over the years despite the economy having minerals like Diamond, Gold, Lithium, Chrome and various others. All respondents from Kenya, Nigeria and Uganda believe that African resources only support financial and investment growth of their economies to some extent. This can be because of high levels of corruption which have seen the minority elite benefiting from such resources at the expense of the majority. The most worrisome finding was that in most African economies, vicinity areas to areas infested with natural resources like minerals and other natural resources like tourist attractions remain underdeveloped despite such areas raising billions of USD revenue for the investors and the economy. The cross tabulation results of "Country" and "Sufficiency of African resources to support financial and investment growth" variables are shown in Table 5.26 below:

**Table 5.26: Cross tabulation results of "Country" and "Sufficiency of African resources to support financial and investment growth" variables**

| Country * Sufficiency of African Resources to support financial and investment growth Cross tabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | Sufficiency of African Resources to support financial and investment growth | | | |
| | | | Yes | No | Not Sure | To Some Extent |
| Country | **Namibia** | Count | 62 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **SA** | Count | 19 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **Rwanda** | Count | 11 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **Botswana** | Count | 2 | 5 | 5 | 0 |
| | | % within Country | 16.67 | 41.67 | 41.67 | 0.00 |
| | **Zimbabwe** | Count | 0 | 0 | 12 | 8 |
| | | % within Country | 0.00 | 0.00 | 60.00 | 40.00 |
| | **Kenya** | Count | 0 | 0 | 0 | 11 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| | **Nigeria** | Count | 0 | 0 | 0 | 8 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| | **Uganda** | Count | 0 | 0 | 0 | 7 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| **Total** | | **Count** | **94** | **5** | **17** | **34** |
| | | **% within Country** | **62.67** | **3.33** | **11.33** | **22.67** |

### 5.5.6.1 Correlation of "Country" and "Sufficiency of African resources to support financial and investment growth".

The relationship between the above two variables, namely, "Country" and "Sufficiency of African resources to reduce poverty by stimulating financial and investment growth" is statistically significant as shown by the p value of 0.00 (based on a sample of 150 respondents) which is less than the critical p value 0.01. The correlation coefficient of (r=0.82) reveals a very high degree of association between the "Country" variable and "Sufficiency of African resources to support financial and investment growth" variable,  explaining that the country of the respondent strongly influences the respondents' perception about the sufficiency of African Resources (natural, artificial, human) in stimulating financial and investment growth within an economy. Thus, respondents in Namibia, South Africa, and Rwanda all subscribe to the sufficiency of the African resources in face-lifting an economy's financial and investment status quo. The higher an economy is infested with resources (natural, artificial and human), the more stable and successful it can be through beneficiation and efficient allocation of such resources to key priority economic sectors. In Table 5.27 below, the correlation of "Country" and "Sufficiency of African resources to support financial and investment growth" variables is revealed:

**Table 5.27: Correlation of "Country" and "Sufficiency of African resources to support financial and investment growth" variables**

| | | | Country | Sufficiency of African Resources to reduce poverty by stimulating financial and investment growth |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.82 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | **Sufficiency of African Resources to reduce poverty by stimulating financial and investment growth** | Correlation Coefficient | 0.82 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

### 5.5.7 Cross tabulation of "Country" and "Government Policies Supporting Financial and Investment Growth

Namibia and South Africa recorded 100% respondents who strongly agree that government policies support financial and investment growth. 10 respondents (representing 91%) in Rwanda also strongly agreed with the same sentiment while one (1), equivalent to (9%), just agreed. All the ten respondents from Botswana also agreed that their government policies support the growth of financial and investment within the economy. In Zimbabwe, five respondents (representing 25%) disagreed with this although 15 respondents (75%) agreed. Those who disagreed base their reasons on the continued GDP decline of the Zimbabwean economy over the past two decades. All 11 respondents (100%) from Kenya disagreed while all the eight (100%) from Nigeria and all the seven (100%) from Uganda state that there is no impact on financial and investment growth that arise from the policies pursued by their governments. This may be attributed to the non-implementation and mere lip service given to the phenomenal policies adopted in black and white only. This finding agrees with Delloite and Touche Group (2015) that non-implementation is just as good as the absence of financial/investment strategies. The non-implementation and lip-service arise from failure to establish government and its public service office bearers based on meritocracy but basing such key institutions and office appointments on nepotism as well as corruption. Cross tabulation findings of “Country” and “Government Policies Supporting Financial and Investment Growth” variables are shown in table 5.28 below:

**Table 5.28: Cross tabulation findings of "Country" and "Government Policies Supporting Financial and Investment Growth" variables**

| Country * Government Policies Supporting Financial and Investment Growth Cross tabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | Government Policies Supporting Financial and Investment Growth | | | |
| | | | Strongly Agree | Agree | Disagree | No Impact |
| Country | **Namibia** | Count | 62 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **SA** | Count | 19 | 0 | 0 | 0 |
| | | % within Country | 100.00 | 0.00 | 0.00 | 0.00 |
| | **Rwanda** | Count | 10 | 1 | 0 | 0 |
| | | % within Country | 90.91 | 9.09 | 0.00 | 0.00 |
| | **Botswana** | Count | 0 | 12 | 0 | 0 |
| | | % within Country | 0.00 | 100.00 | 0.00 | 0.00 |
| | **Zimbabwe** | Count | 0 | 15 | 5 | 0 |
| | | % within Country | 0.00 | 75.00 | 25.00 | 0.00 |
| | **Kenya** | Count | 0 | 0 | 11 | 0 |
| | | % within Country | 0.00 | 0.00 | 100.00 | 0.00 |
| | **Nigeria** | Count | 0 | 0 | 0 | 8 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| | **Uganda** | Count | 0 | 0 | 0 | 7 |
| | | % within Country | 0.00 | 0.00 | 0.00 | 100.00 |
| **Total** | | **Count** | **91** | **28** | **16** | **15** |
| | | **% within Country** | **60.67** | **18.67** | **10.67** | **10.00** |

### 5.5.7.1 Correlation of "Country" and "Government Policies Supporting Financial and Investment Growth"

The relationship between "Country" and "Government policies supporting financial and investment growth within the economy" is quite significant following a 2-tailed test as shown by the p value of 0.00 (based on a sample of 150 respondents) which is less than the critical p value 0.01. Strong positive correlation (r=0.85) is reflected between the two variables which explains that the country of the respondent strongly influences the sentiments of the respondents on Government policies supporting financial and investment growth initiatives pursued by the economy. This shows that most respondents, regardless of country of origin concurred that policies pursued by their government support financial and investment growth. Table 5.29 below, shows the correlation of “Country” variable and “Government Policies Supporting Financial and Investment Growth” variable:

**Table 5.29: Correlation of “Country” variable and “Government Policies Supporting Financial and Investment Growth” variable:**

| | | | Country | Govt Policies Supporting Financial and Investment Growth |
|---|---|---|---|---|
| Kendall's tau b | **Country** | Correlation Coefficient | 1.00 | 0.85 |
| | | Sig. (2-tailed) | . | 0.000 |
| | | N | 150 | 150 |
| | **Govt Policies Supporting Financial and Investment Growth** | Correlation Coefficient | 0.85 | 1.00 |
| | | Sig. (2-tailed) | 0.000 | . |
| | | N | 150 | 150 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

## 5.6 Financial and Investment Strategy Model for Building Successful African Economies

African economies can thrive when both private and public sectors contribute to investment in the economy without political interference and having a government established on meritocracy than political affiliation. The country’s resources play a critical role in shaping financial and investment development within an economy. An economy like Namibia can use the methodology presented below to build a success/failure model for implementation financial and investment strategies which in turn determines the level of success of an economy.

### 5.6.1 Methodological Approach

The researcher used a methodology which measures the success of an economy as a probability. Probability measures the likelihood or the chances of an event happening. In this case, the event is the success of an economy with higher probabilities representing cases of greater economic success and lower probabilities representing cases of low economic success. The probability just like any other probability models will be bound between zero (0) and one (1).

Probability of a successful economy is an estimate of the likelihood of success over a given time horizon. Several factors can affect an economy's success probability. In this case, the researcher used the following factors as determinants of a successful economy: Financial and Investment Strategy (FIS); Country resources in total value (Cr); Beneficiation (B); Government established on meritocracy (Gm); Private sector contribution (Ps); Political interference (Pi). These factors are built into a model which will be used to estimate an economy's probability of success. Various methods can be used for building models and these include:

- **a.** Structural Modelling
- **b.** Logistic Regression
- **c.** Neural Networks

The probability of success model was developed using the logistic regression technique. This technique was selected for this research because:

- It is a common industry technique known to produce reasonable results;
- It is comparatively easy to calculate the values of the parameter estimates;
- The values of the parameter estimates have an easy interpretation.

### 5.6.2 Logistic Regression Assumptions

i) The dependent variable is dichotomous in nature i.e. success or failure.

ii) There are no outliers in the data and the presence of outliers should be investigated and outliers should be treated either by introducing cut off points or by transforming a variable, for example, taking the natural logarithm of a variable.

iii) There are no high correlations (multi-collinearity) among the predictors. This can be assessed by a correlation matrix among the predictors.

Logistic regression is based on logical reasoning. According to Saunders, Lewis and Thornhill (2016), "logical reasoning refer to a process used in theory development to explain why relationships may exist based on what is already known". The outcome is measured with a dichotomous variable (a variable with only two possible outcomes). So the dependent variable is binary or dichotomous, i.e. it only contains data coded as 1 (success, etc.) or 0 (failure, etc.). The independent variables can take any value whether numerical or non-numerical and in the latter case, the values would require to be coded into some dummy numerical values.

Logistic regression models the relationship between the independent/explanatory variable (s) and the dependent/response variable ("country performance") by fitting an equation to observed data. Generally, Logistic regression in building a probability of success model entails finding the combination of characteristics of an economy that explain historical success behaviour. Success behaviour is the dependent variable while economy characteristics are the explanatory variables. The relationship between the dependent variable and the independent variables was used to produce scores for economies. Logistic regression generates the coefficients (and its standard errors and significance levels) of a formula to predict a *logit transformation* of the probability of the presence of an economy's success behaviour.

These scores summarise information contained in success drivers that affect success probability. Economic success factors were linearly combined by the use of such standard scoring. Let $\boldsymbol{x}$ denote the factors (their number is $K$) and $\boldsymbol{b}$ the weights (or coefficients) attached to them; the researcher can represent the score $z$ that found in scoring instance $i$ as:

$$z_i = b_1 x_{i1} + b_2 x_{i2} + \cdots + b_K x_{iK} \qquad 1.1$$

Rewriting the $b's$ and $x's$ in column vectors $\mathbf{b}$ and $\mathbf{x}$, the researcher gets (1.1) above as:

$$z_i = b_0 + b_1 x_{i1} + b_2 x_{i2} + \cdots + b_K x_{iK} = \mathbf{b}'\mathbf{x}_i$$

where

| | |
|---|---|
| $z$ | is the dependent variable |
| $x_j$ | are the explanatory variables |
| $b_0$ | is the intercept term |

| | |
|---|---|
| $b_j$ | are the coefficients |
| $b_{K+1}$ | is the random term |

The regression model attempts to find the values of  and  that minimise the error in the value of. The independent/explanatory variables of the model can be substituted by economic variables of a specific country to produce a numerical score  for that particular country.

The researcher, therefore, linked the scores to success probabilities in lieu of success probabilities as a function of the scores as follows:

$$Prob(success_i) = F(z_i) \qquad 1.2$$

Like success probabilities, the function was constrained to the interval from 0 to 1. It should also yield a success probability for each possible score. These requirements were fulfilled by a cumulative probability distribution function. Using the **logistic distribution**, the logistic distribution function $\Lambda(z)$ can be defined as:

$$\Lambda(z_i) = \frac{exp(\boldsymbol{b}'\boldsymbol{x}_i)}{1 + exp(\boldsymbol{b}'\boldsymbol{x}_i)}$$

$$\Lambda(z_i) = \frac{e^{\boldsymbol{b}'\boldsymbol{x}_i}}{1 + e^{\boldsymbol{b}'\boldsymbol{x}_i}}$$

Applied to (1.2), this comes to:

$$Prob(success_i) = \Lambda(z_i) = \frac{exp(\boldsymbol{b}'\boldsymbol{x}_i)}{1 + exp(\boldsymbol{b}'\boldsymbol{x}_i)} = \frac{1}{1 + exp(-\boldsymbol{b}'\boldsymbol{x}_i)} = \frac{1}{1 + e^{-\boldsymbol{b}'\boldsymbol{x}_i}} \qquad 1.3$$

So with the logit model, the success of an economy will be measured as a probability with probabilities close to zero representing a failed economy while probabilities close to one will represent cases of a successful economy. A probability scale can then be employed to introduce cut off points for stages that ensure a smooth transition from success to failure as shown in Table 5.30 below:

**Table 5.30: African Economy Success/Failure Measurement Scale Using Probability Range**

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| Probability Range | Economy Status |
|---|---|
| $0 \leq P(success) < 0.2$ | Failed economy |
| $0.2 \leq P(success) < 0.4$ | Struggling economy |
| $0.4 \leq P(success) < 0.6$ | Developing economy |
| $0.6 \leq P(success) < 0.8$ | Successful economy |
| $0.8 \leq P(success) < 1$ | Very successful economy |

So far, the researcher only managed to present an analytical model for the probability of success of economies. This model can further be built using data for the specific variables that would be considered to be the drivers of success for African economies.

## 5.7 Chapter Summary

This chapter presented and analysed data collected using the stated research instruments. Theoretical and empirical findings have been explained in detail and quantitative findings were presented in graphical, tabular and chart forms using SPSS. This was done in line with the stated research objectives/questions where the findings were compared and contrasted to various sources in Chapter 2 and Chapter 3 of literature review. A model based on the general findings of the various constituencies of a robust financial and investment strategy to spearhead successful economic development and growth in African economies have been developed. The next chapter presents research summary, conclusion(s) arrived at and recommendations to various stakeholders expected to benefit from this research.

# CHAPTER SIX
# RESEARCH SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 6.1 Introduction

This section synopsises the whole study and clearly show the results, findings and effects on the chosen theory/theories. Major highlights/findings of the study are critically made here and major conclusions are made based on them as well as the effect on the concept and theory.

## 6.2 Summary of findings

Secondary findings in Chapter 2 and Chapter 3 touched on international and Namibian perceptive on the research topic respectively. Various secondary sources concurred that financial and investment policies play a significant role in establishing strong successful economies by laying the footing upon which various growth and developmental agendas rest. The following were main secondary findings:

- Most African economies are endowed with resources (natural, artificial and human) but stand to benefit less from them as they benefit foreign investors and tourists.
- Fear of destroying bilateral relations have led to exploitation of major resources of African economies by foreign investors. For example Kugotsi (2014) cited that the Chinese have benefitted in African minerals and other natural resources of Namibia like rhino horns and ivory than the Namibian government.
- The relevant legislation on finance and investment need continuous review in order to empower and benefit marginalised African economies. It is sad to note the level of underdevelopment in Otavi, Namibia, despite being the closest town which accommodates most of Ohorongo Cement Mine employees, despite the magnitude of record profits being posted by the mine year in year out. This is the case in most Namibian economic zones which are supposed to benefit from mining companies as well as various natural resource industries located in the vicinity such as Luderitz and Orangemund

which are close to Rossing Diamond mining company, Swakopmund and Walvis Bay which are adjacent to Atlantic Ocean, Namib Desert and Uranium Mining Company as well as the salt processing plant.

- Policies pursued by African governments should fully support financial and investment growth and linked to each other. Such policies are not well understood, let alone known by the citizenry who stand to be the intended beneficiaries of such policies.

**(i) Theoretical findings**

This research has yielded findings of insurmountable value to strategic finance and investment body of knowledge at national and international level, particularly, the African continent. The existing theory was reviewed, substantiated, criticised to develop current findings on the existing theories. Makowitz's Modern Portfolio Theory (MPT) concept of investment diversification remains very critical especially in ETFs such as capital shares and bonds market. Economies still need to apply the high return and less risk investments to salvage a guaranteed return on their investments. However, the success of this depends largely on the Greater Fool Theory where investors have to identify another greater fool to buy their instrument at a higher price in order to get a positive return. This is difficult in the advent of technology which has lubricated the EMH Theory by creating a perfect flow of information about financial and investment instruments which can be matched with their selling prices thereby making it easier for potential buyers not to be trapped into the greater fool investment cage. The utility of the Prospect (Loss-Aversion) Theory remains doubtful on that investors (both individual and corporate) are more afraid of a loss than they are encouraged by a gain signifying the high skewness between their gain and loss perceptions. This forces the investors to act in a certain distinct behaviour triggered by their different levels of rationality. Rational Expectations Theory then believes that players in an economy acting in a way that conforms to what can logically be expected in the future by spending or investing with such rational beliefs about the future expectations. However, sometimes such self-fulfilling prophecy will fail should the unexpected factors cripple into the economy such as war, or act-of-God risks like earthquakes, floods or droughts which will become national disasters heavily impacting on financial and investment growth. This makes Makowitz's MPT more relevant as it is based on the "bird in the hand" perspective. The use of various theories in making financial and investment decisions can help an economy to strike a balance in its portfolio selection and construction thereby yielding better returns to stimulate economic success.

**(ii) Conceptual findings**

The use of financial and investment strategies in African economies help uplift such economies strategically through steering economic development and growth while avoiding pitfalls which researched economies like Namibia, Botswana, South Africa, Zimbabwe and Rwanda have passed through. Financial and investment strategy concepts such as one stop industrial parks, smart politics, meticulous recruitment, spatial planning, beneficiation and inclusive development and growth initiatives need to be understood by every concerned citizen. This will allow all citizens to take part in the national financial and investment discourse, development forums and politics through voting in local government, legislative government and executive government plebiscites. Devolution is the best way to build African economies from grassroot level as natural resources can easily benefit areas and regions the resources are found better unlike a centralised financial and management governance system.

**(iii)Policy or practical implication**

Financial and investment strategies proved to affect every facet of the economy, starting from individuals to corporates and even the nation as a whole as they are drivers and determinants of future success. Politics impact directly on economic investments and policies made by the government of the present day affect the implementation of financial and investment policies for strategic economic success. The Namibia Investment and Promotion Act, State Finance Act and Financial Intelligence Act are some of the most relevant legislation in Namibia targeting the smooth flowing of financial and investment transaction within the economy. These are further supported by National Development Plans (NDPs) and other strategic blueprints, but the effective implementation thereof, leaves a lot to be desired. As a result most African economies from Cape to Cairo are having severe economic coughs which are crystal clear even to the layman in the street, hence the rise in opposition politics which try and change this status quo. Once the available natural and human resources in African economies are harnessed into national development strategic documents and implemented in mainstream macroeconomics, this will give Africa as a continent, the momentum it needs to attract significant investment and accumulate financial muscle to compete with other frontline continents. The use of financial and investment strategies backed by national natural and human resources can catapult the African economies to higher levels of development and growth.

However, corruption was found to be one of the greatest obstacles to building successful African economies though financial and investment strategies as corruption places a huge premium on the economy and worsens country investment risk profile which deters investors' entrance.

## 6.3 Conclusion

Traditional theories such as Makowitz' Modern Portfolio Theory (MPT) need constant review to maintain relevance in the modern economy and their applicability need to be customised to have an across-the-board implication covering both private and public sector. This in turn helps bring investment in formal and informal sector together as well as account for all financial activities/transactions taking place in the informal sector.

## 6.4 Recommendations

This research's recommendations have been distilled to target fivefold areas, namely Namibian economy, African governments, financial and investment committees/commissions, private sector finance and investment sector, present and future researchers.

### 6.4.1 Recommendations to Namibian economy

The following recommendations can be made:

- Namibia should adopt financial and investment strategies anchored on smart governance systems thriving on meticulous spatial planning, management science, science and high information communication technology and econometrics which lead to social, political and economic reengineering of the economy.
- Financial and investment strategies should help all citizenry established on demographic dividend to reach generational consensus on economic development and growth.
- Financial and investment infrastructure masterplan is a vital economic development catalyst which should be incorporated in the national development agenda and economic policies for the mainstream economy.
- The industrial policy needs an accelerated implementation in order to attract investors through modern infrastructure and information communication technology (ICT) architecture.
- One stop industrial park shops need to be implemented to stimulate the economy into high speed travelling gear on the rail to modern successful economy.
- Government of Namibia should strive to eliminate middlemen in the realisation of its minerals like what Botswana did for its diamonds so as to get direct access and negotiating power on the auction floors.
- The relevant legislation on finance and investment need continuous review in order to empower and benefit marginalised areas of various Namibia like Opuwo in Northern Namibia and Matahohe in the south. The recently established Ministry of Poverty Eradication is better placed to advocate for such review and amendments of legislation to put a stop to marginalisation especially in perceived rural areas.
- Improve infrastructure to match a middle income status economy so as to attract more foreign direct investment. The Windhoek's Northern and Southern industrial areas need more attention to facelift the infrastructure in order to attract foreign direct investment (FDI). Areas like Prosperita industrial

park in Windhoek also need more funding to reach a one-stop industrial hub status. The same goes without saying for all industrial areas in other Namibian towns like Oshakati, Otjiwarongo, Swakopmund, inter alia.

- Namibia needs to implement one-stop-border-posts like Rwanda, especially with its major trading partner South Africa. Thus Rietfontein, Ariamsvlei and Noordoewer border posts between Namibia and South Africa need to migrate to OSBPs to improve traffic of people and goods into and out of the Namibian economy.
- The Namibian customs department under the Ministry of Finance need to upgrade their systems and urgent adoption and appreciation of software applications like ASCUDA which will assist in faster clearing and customs/excise duty computations to promote trade investment.
- The clearing agents at both sea and inland ports of entry like Walvis Bay need to be clearly monitored to avoid connivance with importers in tax evasion which causes loss of income needed for public investment initiatives. Adopting universal software applications like ASCUDA will also assist the express service at these ports which motivates investors to trade with Namibia.
- The Anti-Corruption Commission (ACC) of Namibia and the office of the Auditor General (AG) should work together to carve a way of monitoring the economy's financial and investment activities.
- The GRN must strengthen transparency mechanisms on state procurement including the introduction of public bidding on major tenders to curb corruption and nepotism.
- Before adopting the National Development Plans (NDPs), the government should conduct an all-stakeholders consultation exercise to incorporate ideas of private sector and civil society so as to come up with well-customised plans.
- National Planning Commission in the office of the President of Namibia need to effectively implement the National Development Plans (NDPs) and work in liaison with Ministry of Finance to see to it that financial and investment strategies in the NDPs are well funded.

- Namibia should establish, strengthen and institutionalise a National Financial and Investment Crimes Agency (NFICA) responsible for addressing economic crimes especially in development finance and investment.
- Namibian government should gazette regulations for designing Special Economic Zones (SEZ) in order to improve exports, increase Foreign Direct Investment (FDI), create new jobs and facilitate overall economic development.

### 6.4.2 Recommendations to African governments

The following recommendations can be made:

- Establishment of Afro-Risk Management system which can be adopted by the continent to block the spread of financial and investment risk where investors can escape from one country to establish operations in another without getting international risk clearance. Afro-Risk will operate on the same auspices upon which inter-pol was established whose benefits have already started cascading downstream.
- Africa should work towards having a continental free trade area to boost commerce within Africa, which may further open up investment opportunities.
- Governments need to establish financial and investment strategies anchored on meticulous spatial planning, management science, science and high information communication technology and econometrics to promote social, political and economic reengineering of African economies.
- Governments should engage private sector in financial and investment strategic planning and decision making.
- Governments should be eager to restore the social contract and maintain macroeconomic stability in their politics so that financial and investment strategies thrive in their economies
- Legislation and policies need to be aligned with the natural and human resources an economy is endowed with while opening the economy for business by joining the community of nations like the Commonwealth organisation.

- Colleges, universities and technikons should customise their curriculum to match international standards and domestic goals. This helps in building the needed intellectual financial and investment thought prowess which can be used to develop modern theories and models of economic growth and development.
- One stop industrial park shops need to be implemented to stimulate an economy into high speed travelling gear on the rail to modern successful economy.
- Build capacity to fund capital projects which stimulate growth and development using existing natural resources like minerals, oil, tourist attractions rather than depending on world finance institutions like IMF and World Bank.
- The African Development Bank (ADB) need to be consolidated through direct injection from African governments' resources to back the bank to reach high capital adequacy requirements so that it can manage to lend to the very African economies at very relaxed interest rates. This helps curb overreliance on world financial institutions like IMF and WB whose lending rates to Africa are very high (over 12.5% according to Afro-Barometer March 2018 Report).
- Rwanda's and Ethiopia's one stop industrial park shops model need to be adopted by African governments to stimulate high speed financial and investment activities into the economy which is a major ingredient towards modern successful African economies.
- African governments like Namibia and South Africa, need to change their planning paradigm and start using country natural and human resources. They must develop better financial and investment policies and frameworks as well as update the existing ones in order to achieve economic success through effective implementation.
- Governments of the present day need to implement policies that help establish a conducive environment for financial and investment strategies to thrive.
- The available legislation on finance and investment need continuous review in order to empower and benefit marginalised areas of various African economies.

- Governments should establish financial and investment committees that coalesce technocrats from various political parties, apolitical members, university research centres and civic society. This helps in crafting financial and investment strategies that can address all facets of the economy to encourage an all-sector take-off in economic reconstruction and building successful economies.
- Politics and inept leadership should not be tolerated to interfere with the economy's financial and investment growth agenda. Investment opportunities need to be allocated on basis of merit, technical expertise and financing capacity rather than on political affiliation and other forms of nepotism.

### 6.4.3 Recommendations to financial and investment committees/commissions

The following recommendations can be made:

- A stand alone, apolitical/non-partisan investment commission is needed to spearhead development and transformation agenda in mining, agriculture, agro-processing, industrial infrastructure, beneficiation, marine and aviation cargo clearance without the interference of politics in the mainstream economy.
- Establish financial and investment audit committees to preside over every national investment and development agenda.

### 6.4.4 Recommendations to private sector finance and investment sector

The following recommendations can be made:

- The private sector, particularly those in finance and investments industry should be more willing to participate in the mainstream economy by coalescing with public sector through financial and investment private-public partnerships (PPPs).
- The private finance and investment sector should develop investment products on behalf of public sector instead of targeting only private sector.

They should share their expertise with the public sector on issues to do with national development finance and investment promotion.

- The private sector should be in harmony with the public sector under the financial and investments social contract where the governed (private sector) is not scared to engage the governors (public sector) and inversely, the public sector should not be scared to engage the private sector as is the case in politically polarised economies.

### 6.4.5 Recommendations to present and future researchers

The following recommendations can be made:

- The same research findings may need to be validated by using a larger research sample or a different research methodology.

## 6.5 Future research areas

This study had some limitations of scope which the researcher believes can be covered if future researchers look into the following areas:

- Financial and investment risk analysis and modelling
- Impact of financial and investment risk on national economy development
- Financial and investment strategies impact on world economic development
- Impact of financial and investment strategies on development finance
- Development finance in Africa

## 6.6 Chapter Summary

This chapter provided a summary of both secondary and primary findings of this rigorous research exercise giving research conclusions and recommendations to Namibian economy, African governments, financial and investment committees and commissions. Both secondary and primary research findings pointed to the necessity of financial and investment strategies as the foundational pillars of building successful economies. It also provided some scope for possible future research areas.

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# APPENDICES

## Appendix 1: Unstructured Research Questionnaire

This questionnaire has been designed to solicit information for purely academic purposes. This is to enable the researcher, Mr. Thomas Mutsvene (Mobile: +264 81 626 3968), a postgraduate student at Durban University of Technology (DUT), South Africa, complete his thesis on the topic; **EXPLORING FINANCIAL AND INVESTMENT STRATEGIES AS FOUNDATIONAL PILLARS OF SUCCESSFUL AFRICAN ECONONOMIES: A CASE STUDY OF NAMIBIA**, in pursuance of Doctor of Philosophy (PhD) degree in Business Administration. The research is supervised by Dr. Bethuel Sibongiseni Ngcamu, (Mobile: +27 795589794).

There is no known risk for responding or participating in this research. Please be assured that all information disclosed by the respondent(s) will remain confidential and will be used only for academic/scholarly purposes. You have the right to answer the questionnaire anonymously or to include your name and mobile number if you like. Participation is strictly voluntary and you may refuse to participate or withdraw from participation at any stage during the study. This is expected to take you **20-30 minutes** and you are kindly asked to answer the questions in utmost good faith without any exaggeration. Thank you in advance for your immense contribution to the success of this research study.

NB. All information given would be treated with utmost confidentiality and develop findings to consolidate/challenge existing theories and body of knowledge in this research field.

*Fill in the blank spaces and tick the appropriate check boxes*.

**SECTION A: DEMOGRAPHIC PROFILE**

**Na**me of Organisation/Ministry -----------------------Sector: 01☐ 02☐ 03☐ 04☐
*01 = Public 02 = Private 03 = Non-Governmental Organisation 04 = Academia*

Position of Respondent: 01☐ 02☐ 03☐ 04☐ 05☐ 06☐
*01= Senior Management Official 02= Investment/Financial Analyst 03= Middle Management 04= Politician/Political Analyst 05= Economist 06= Researcher*

Name of Country---------------------------------------- Name of Respondent (Optional): ---------------------

**SECTION B: FINANCIAL AND INVESTMENT STRATEGIES**

1. What do you understand by a successful economy and what defines it?
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------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------

2. (a) From your own perspective, what are the challenges crippling the development of successful economies in your country and Africa at large?
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------

(b) To what extent is the performance of your country's economy related to financial and investment strategies or policies? Please explain your answer
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------

(c) What can be learnt from China's infrastructure and development finance and investment which has supported over 1.2 billion population?
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------

3. How can financial and investment strategies be used to promote economic development and governance?

4. (a) Why are African economies struggling to develop and grow despite being endowed with vast and better resources than other continents?

(b) How can financial and investment strategy incorporate country resources to spur growth?

5. Briefly describe what the absence of robust financial and investment strategies can do to economic sustainability, growth and development

6. What is the impact of African politics on implementation of financial and investment strategies?

7. Explain how financial and investment strategies can be used in the development of a scoring system (algorithm) to measure socio-economic status across Africa?

8. (a) To what extent can Capital Markets, Money Markets, Bond Markets, Development Capital Markets (DevX), Security Depositories as well as Fiscal/Monetary Authorities converge with financial/investment strategies to build successful economies?

(b) What are the building blocks for achieving robust financial and investment strategies?

9. Can you suggest way(s) in which African economies can develop and embrace robust financial and investment strategies capable of churning successful economies? Please state and explain your answer?

**THANK YOU**

## Appendix 2: Structured Research Questionnaire

This questionnaire has been designed to solicit information for purely academic purposes. This is to enable the researcher, Mr. Thomas Mutsvene (Mobile: +264 81 626 3968), a postgraduate student at Durban University of Technology (DUT), South Africa, complete his thesis on the topic; **EXPLORING FINANCIAL AND INVESTMENT STRATEGIES AS FOUNDATIONAL PILLARS OF SUCCESSFUL AFRICAN ECONONOMIES: A CASE STUDY OF NAMIBIA**, in pursuance of Doctor of Philosophy (PhD) degree in Business Administration. The research is supervised by Dr. Bethuel Sibongiseni Ngcamu, (Mobile: +27 795589794).

There is no known risk for responding or participating in this research. Please be assured that all information disclosed by the respondent(s) will remain confidential and will be used only for academic/scholarly purposes. You have the right to answer the questionnaire anonymously or to include your name and mobile number if you like. Participation is strictly voluntary and you may refuse to participate or withdraw from participation at any stage during the study. This is expected to take you **10-15 minutes** and you are kindly asked to answer the questions in utmost good faith without any exaggeration. Thank you in advance for your immense contribution to the success of this research study.

NB. All information given would be treated with utmost confidentiality and develop findings to consolidate/challenge existing theories and body of knowledge in this research field.

*Tick the appropriate check boxes*.

**SECTION A: DEMOGRAPHIC PROFILE**

Name of country--------------------------------------------- Sector: 01 ☐ 02 ☐ 03 ☐ 04 ☐

*01 = Public 02 = Private 03 = Non-Governmental Organisation 04 = Academia*

*Name of Respondent (Optional): ----------------------------

** The interviewee (respondent) may choose to disclose name or be interviewed anonymously*

**SECTION B: FINANCIAL AND INVESTMENT STRATEGIES**

1. In which level of economic growth is your country (if not Namibia)?

01 ☐ 02 ☐ 03. ☐ 04 ☐

*01 = Lower level 02 = Lower Middle level 03 = Upper Middle level 04 = Upper level*

2. Does Namibia (or your country) have financial and investment strategies?

Yes ☐ No ☐

3. Are there other policies that support the economy's financial and investment growth?

Yes ☐ No ☐ Not sure ☐

2. Are financial and investment strategies part of the foundational pillars for building a successful economy?

Strongly Agree ☐ Agree ☐ Disagree ☐ No impact ☐

3. How can you rate the performance of your country against fellow African economies and other continents like Asian, Europe and American economies?

Excellent ☐ Very Good ☐ Moderately Good ☐ Poor ☐ Very Poor ☐

4. Joining of the rand bloc trading system positively affect financial and investment strategies and the overall Namibian economy?

Strongly Agree ☐ Agree ☐ Disagree ☐ No impact ☐

5. Do African politics positively impact financial and investment strategy of an economy?

Strongly Agree ☐ Agree ☐ Disagree ☐ No impact ☐

6. Do you think Africa is endowed with resources such as minerals, oil fields, agricultural land, good climatic conditions, high population, renaissance, peace and stability in Africa are capable of building better economies and poverty free Africans?

Yes ☐ No ☐ Not sure ☐ To some extent ☐

7. Do government policies support financial and investment growth and development in the country?

Strongly Agree ☐ Agree ☐ Disagree ☐ No impact ☐

8. Can the Namibian economy perform better than against other African and inter-continental economies?

True ☐ False ☐ Not sure ☐

9. Identify some challenges inhibiting Namibia to develop and grow into a first class economy

Nepotism ☐ Corruption ☐ Input cost ☐ Access to land ☐ Other ☐

10. What opportunities available for Namibia to rise into first class economy?

Natural resources ☐ Infrastructure ☐ Proximity to functioning economies ☐

Strong international relations ☐ Investor-friendly Policies ☐ Not sure ☐

**THANK YOU**

## Appendix 3: Research Interview Guide

Name of Organisation: ----------------------------------Sector: 01 ☐ 02 ☐ 03 ☐ 04 ☐
*01 = Public 02 = Private 03 = Non-Governmental Organisation 04 = Academia*

Name of Country: ------------------------------ *Name of Respondent (Optional): ---------------------------
** The interviewee (respondent) may choose to disclose name or be interviewed anonymously*

Position of Respondent: 01☐ 02 ☐ 03 ☐ 04 ☐ 05 ☐ 06 ☐
*01= Senior Management Official 02= Investment/Financial Analyst 03= Middle Management*
*04= Politician/Political Analyst 05= Economist 06= Researcher*

Research Title: **EXPLORING FINANCIAL AND INVESTMENT STRATEGIES AS FOUNDATIONAL PILLARS OF SUCCESSFUL AFRICAN ECONONOMIES: A CASE STUDY OF NAMIBIA**

1. What do you understand by a successful economy and what defines it?

2. From your own perspective, what are the challenges crippling the development of successful economies in your country and Africa at large?

3. From your own judgement, how can you rate the performance of your country's economy in line with other African economies?

4. Are financial and investment strategies part of the foundational pillars for building a successful economy and how can they be used to transform your economy?

5. How can financial and investment strategies be used to promote economic development and governance?

6. From your opinion, why are African economies struggling to develop and grow despite being endowed with vast and better resources than other continents and how can financial and investment strategy incorporate country resources to spur growth and development?

7. Briefly describe what the absence of robust financial and investment strategies can do to economic sustainability, growth and development.

8. What is the impact of African politics on implementation of financial and investment strategies?

9. To what extent can Capital Markets, Money Markets, Bond Markets, Development Capital Markets (DevX), Security Depositories as well as Fiscal/Monetary Authorities converge with financial/investment strategies to build successful economies?

10. How can financial and investment strategies be used in the development of a scoring algorithm to measure socio-economic status across Africa?

11. In your opinion, how can financial and investment strategies be used in the development of a scoring algorithm to measure socio-economic status across Africa?

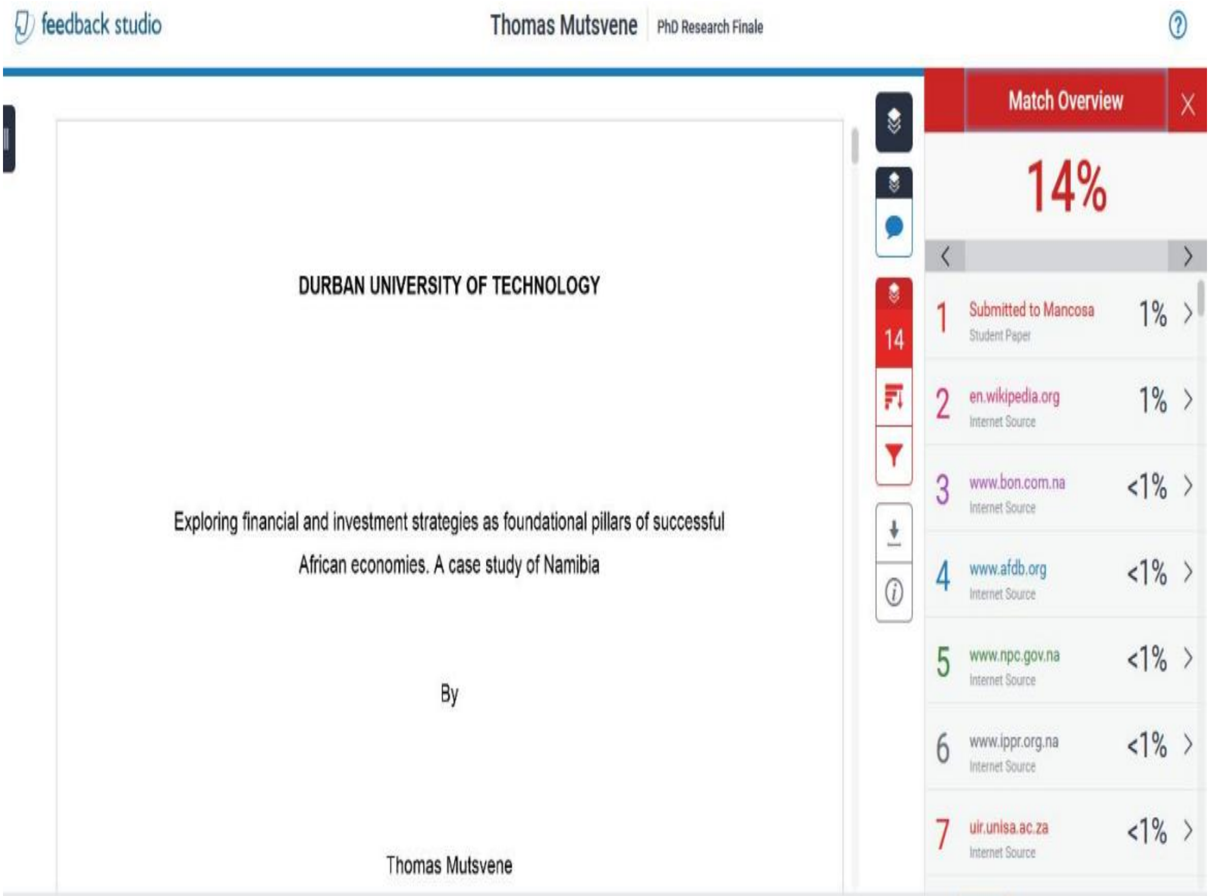
12. Can you suggest way(s) in which African economies can develop and embrace robust financial and investment strategies capable of churning successful economies? Please state and explain your answer? What can be learnt from China's strategy to sustain the 1.2 billion population?

13. What are the challenges inhibiting your country to develop and grow into a first class economy and are the possible financial/investment opportunities available to achieve a successful economy?

14. What is the impact of Namibia (or your country) joining the rand bloc (or monetary union) on the economy?

**THANK YOU**

## Appendix 4: Turnitin Report



## Appendix 5: Language Editors' Certificate

Havard Reviewers
t/a Havard College
Bachstreet Windhoek North
Namibia
Email: researchadmin@havard.co.za

Date: 22 October 2018,

Faculty Research Committee
Durban University of Technology – Faculty of Management Sciences
PO Box 1334
Durban 4000
South Africa

Dear Sir/Madam,

**Declaration of language editing**

We, Havard Reviewers Namibia, hereby certify that we have done language editing on the PhD research thesis for Thomas Mutsvene (Student No: 21649379) and have highlighted language errors in areas of grammar, sentence construction and spelling.

Yours sincerely

[redacted]

Ms. Mata (Mobile: +264 81 369 4711)
22/10/2018

**Appendix 6: Professional Editors' Certificate**

Sukkot Professional Editors
190 Olympia
Windhoek
Namibia
*Email: info@sukkostardomsolutions.co.za*

Date: 17 March 2019,

Post Graduate Studies Unit (PhD Examination)
Durban University of Technology – Faculty of Management Sciences
PO Box 1334
Durban 4000
South Africa

Dear Sir/Madam,

**RE: PROFESSIONAL EDITING CERTIFICATE**

This ratifies that the PhD Management Sciences research thesis for Thomas Mutsvene (Student No: 21649379) have been professional edited by our team of professional editors. All areas which needed attention were highlighted for corrections to be effected.

We therefore confirm that the thesis meets the professional language status for a Level 10 qualification following the implementation of changes the student submitted to us.

Yours faithfully

[redacted]

Dr. Jones (Mobile: +264 81 7 577 7566)
SSTI Language & Linguistics Section

## Appendix 7: Consent Letter

**CONSENT**

**TITLE OF RESEARCH:** EXPLORING FINANCIAL AND INVESTMENT STRATEGIES AS FOUNDATIONAL PILLARS OF SUCCESSFUL AFRICAN ECONONOMIES: A CASE STUDY OF NAMIBIA

**Statement of Agreement to Participate in the Research Study:**

- I hereby confirm that I have been informed by the researcher, (Thomas Mutsvene), about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: **207/16FREC**,
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

| ____________________ | __________ | ______ | _______________ |
| --- | --- | --- | --- |
| Full Name of Participant | Date | Time | Signature /Right Thumbprint |

I, **Thomas Mutsvene**, herewith confirm that the above participant has [redacted] fully informed about the nature, conduct and risks of the above study.

| | | |
| --- | --- | --- |
| Thomas Mutsvene | 23/07/2016 | |
| **Full Name of Researcher** | **Date** | **Signature** |

| | | |
| --- | --- | --- |
| N/A___________ | __________ | ___________________ |
| **Full Name of Witness (If applicable)** | **Date** | **Signature** |

## Appendix 8: Gatekeepers Letter – Office of the President (NPC)

**REPUBLIC OF NAMIBIA**

# OFFICE OF THE PRESIDENT

## NATIONAL PLANNING COMMISSION

Tel: (061) 283 4111
Fax: (061) 226501
E-mail: enquiries@npc.gov.na

Government Office Park
Luther Street
Private Bag 13356
WINDHOEK

Enquiries: Mr. S. Mbangu
Reference: 11/2/2

29 September 2016

Mr. Thomas Mutsvene
PhD Business Administration Researcher
P.O. Box 55307
Rocky Crest
**WINDHOEK**
**NAMIBIA**

Dear Mr. Mutsvene

**RE: REQUEST FOR RESEARCH PERMISSION**

Your letter dated 25th July 2016 on the above-mentioned matter and your subsequent meeting with Messrs. Mubusisi Mabuku and Roux Sampati on 28th September 2016 refers.

This serves to inform you that National Planning Commission is granting you authorization to collect data from our senior management in respect to your PhD research titled **"Financial and Investment Strategies – The anchor pillars of successful African economies."** This authorization is granted on the understanding that ethical standards of research will be adhered to by you in this regard.

Yours sincerely,

[redacted]

**ANDRIES LEEVI HUNGAMO**
**PERMANENT SECRETARY**

All official correspondence must be addressed to the Permanent Secretary.

## Appendix 9: Gatekeepers Letter – Ministry of Finance (MoF)

**REPUBLIC OF NAMIBIA**

**MINISTRY OF FINANCE**

Tel.: (09 264 61) 2099111
Fax: (09 264 61) 234608

Fiscus Building
10 John Meinert Street
Private Bag 13295
**WINDHOE**

Enquiries: ***Ms. Veronika M. Shirunga***
Ref:

**12 August 2016**

Mr. Thomas Mutsvene
P.O.Box 55 307
Rocky Crest
**WINDHOEK**

**RE: PERMISSION TO CONDUCT RESEARCH IN THE MINISTRY OF FINANCE WITH SENIOR MANAGEMENT**

1. The Ministry of Finance acknowledges your letter dated 25 July 2016, regarding the above subject matter.

2. Kindly be informed that this Ministry has no objection and approval is granted for you to conduct research with the Senior Management of this Ministry .Therefore you are requested to consult Ms. Ailly Titus – Deputy Director of Human Resource Training and Development in this Ministry before you embark with this exercise.

3. For any further enquiries please contact Mrs. Titus at Tel: 061 – 2092036

Yours Sincerely

[redacted]

**ERICAH B. SHAFUDAH**
**PERMANENT SECRETARY: FINANCE**

PERMANENT SECRETARY MINISTRY OF FINANCE

All official correspondence must be addressed to the Permanent Secretary.