Exploring an alternative competitive strategy for the Namibian small stock industry

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ABSTRACT

TITLE: Exploring an alternative competitive strategy for the Namibian small stock industry

KEYWORDS: Small Stock Marketing Scheme (SSMS), small stock industry, competitive advantage, sustainable competitive advantage, stakeholders, stakeholder theory

The Namibian small stock industry has been in decline since the implementation of the Small Stock Marketing Scheme (SSMS) 15 years ago. In a country where 70% of the population’s livelihoods depend on the agricultural sector, the impact has been dramatic. These policy interventions had the objective of value addition creation and establishing a secondary industry. Abattoirs were built in Namibia, quantitative restrictions were enforced on the export of live sheep to South Africa, and it was expected that value would be added through the processing of sheep carcasses locally, rather than having these processes taking place in a neighbouring country. Noble in thought but lacking in execution, the SSMS, together with drought and a difficult economic situation, had the opposite effect, driving the industry downwards to a point where it has halved in size.

Namibia is one of the scantiest populated countries in the world, leaving the population very dependent on the area in which they live. Sheep farming mainly takes place in the dryer and harsher southern parts of the country. Sheep farming has helped these towns to exist, creating employment and contributing to the value chain by means of expenditure for farming activities. The implementation of the SSMS therefore had far more reaching effects than just the small stock industry itself, but on many of the towns which are highly dependent on the success of this industry. The jobs created by the secondary industry were heavily outweighed by the jobs lost on a primary level. The objectives of value addition turned into a reality of value erosion. The Namibian small stock industry is at a stage where alternative plans and strategies needs to be evaluated and successfully implemented to make a successful recovery. This study aims to help this industry with that goal.

Multiple strategic tools could assist in the analysis and assessment of the Namibian small stock industry. This study uses the SWOT analysis to understand the industry, its strengths and weaknesses as well as its opportunities and threats. The study further
applies the PEST analysis to identify the opportunities and threats which each of these environments provides and pose to this industry. Using the principles of the stakeholder theory, it is suggested that the industry should be governed in a manner that would contribute positively to all its members (stakeholders). The identification, evaluation and implementation of a competitive strategy could assist the industry in its recovery.

Semi-structured interviews were performed with eight members of the Namibian small stock industry. The research participants represented the industry fairly as four sections of the industry, namely farmers, abattoirs, businesses and meat board representatives were represented by two participants each.

This study recommends that the Namibian small stock industry applies a differentiation strategy as Namibian sheep is of high quality and adheres to the requirements of free-range animals. This sets Namibian sheep apart from the global sheep industry and provides an opportunity to establish itself again.
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CHAPTER 1

1 INTRODUCTION

1.1 Role of agriculture in Namibia

Namibia is described as a developing country that is trying to diversify its economy, increase foreign investment, and reduce its dependence on South Africa, which is its major market (Badertscher, 2018:1). Namibia's economy depends mainly on mining, mineral exports and agriculture. Agriculture is regarded as Namibia's second most important sector, due to the employment created through this industry (Business Sweden, 2017:8).

Namibia's Gross Domestic Product (GDP) contracted by 0.8% in 2017 and is expected to moderately grow only with 0.6% in 2018, which explains why the country's junk status has been maintained (Ngatjiheue, 2018). The repo rate was also raised to seven percent by the Bank of Namibia in April 2016, the same year in which Namibia experienced a trade deficit of N$29 817 million (Business Sweden, 2018:8).

Mining, commercial ranching, fishing, meatpacking, and fish processing are viewed as Namibia's most important economic sectors. Agricultural activity (5.5%) and mining (11.5%) jointly contribute 17% to Namibia's GDP. Yet the mining sector only employs about 2% of the population, in stark contrast to a much higher percentage of the population that is employed by the agricultural sector (Badertscher, 2018:1; Van Wyk, 2011:ii). In 2016, 20.1% of the Namibian labour force was employed in agriculture, forestry and fishing industry, more than double the 9.7% employed in the wholesale and retail industry, the country's second largest source of employment (The Namibia Labour Force Survey 2016 Report, 2016:44). Almost 70% of Namibian's livelihoods depend on the agricultural sector (Van Wyk, 2011:ii).

Crops and live animals make up 15% of Namibia's exports (Business Sweden, 2017:13). Namibia is the third largest producer of sheep in eastern- and southern Africa and produces surplus amounts of mutton, which has allowed it to become an exporter of these products (Kahuika et al., 2006:1; Taljaard et al., 2009:1).
Namibia’s small stock industry can be divided into the following categories, pelt sheep, mutton sheep and goats (De Lange, 2008:11). Between 2008 and 2012, Namibia’s small stock industry experienced a dramatic decline of 21% in the number of sheep marketed for slaughter by producers, with only 953 000 marketed for slaughter annually during this period compared to the 1.2 million per annum in the period 1992-2007. This number declined even further in 2017 when only 850 000 sheep were marketed for slaughter (Rademeyer, 2018:3).

1.2 Implementation of the Small Stock Marketing Scheme

The Small Stock Marketing Scheme (SSMS) was introduced on 1 July 2004 with the aim of increasing local value addition in respect of Namibian small stock marketed for slaughter by increasing the utilisation of local slaughtering and tannery facilities (PWC, 2007:8). This Scheme introduced a range of progressively more demanding quantitative restrictions on the number of live sheep Namibian producers are allowed to export to South Africa. The SSMS was implemented as an alternative to a fixed 15% levy on live sheep exports (PWC, 2007:5; Sarker & Oyewumi, 2015:1; Rakow, 2018:2).

The rationale behind the SSMS was that the measures introduced to compel small stock producers to make greater use of local slaughtering and tannery capacity would translate into more jobs in and higher revenue for those facilities, thus contributing to the Namibian Government’s Vision 2030 strategy (PWC, 2007:9), to transform Namibia into “A prosperous and industrialised Namibia, developed by her human resources, enjoying peace, harmony and political stability” by 2030 (Namibia Vision 2030, 2004:40).

The first step taken towards local value addition was the imposition of levies on the export of agricultural products. These included a 15% levy on exports of live sheep. However, the Namibian Government decided that exports of live sheep would be exempted from this export levy if local abattoirs and slaughter facilities were used at full capacity by November 2007. This decision led to the introduction of the Small Stock Marketing Scheme on 1 July 2004. The SSMS was initially supported by Namibian small stock producers (Rakow, 2018:2). The first export ratio imposed by the SSMS was a 1:1 ratio,
which meant that farmers could export one live sheep for every sheep slaughtered locally (in Namibia).

On 28 February 2005, the export ratio was changed from 1:1 to 2:1, on 1 September to a 6:1, and on 1 April 2007 to 3:1. Further changes to the SSMS were introduced on 15 May 2007 and again on 14 June 2007. The former gave the Meat Board of Namibia the responsibility of determining the conditions to be met before an export permit could be issued. A 3:1 export ratio was imposed for a second time on 15 June 2007 (PWC, 2007:14). In 2013, in the midst of a drought, the then prevailing 6:1 export ratio was temporarily suspended and replaced by a 1:1 ratio (Rakow, 2018:3).

Although promulgated in good faith, the SSMS failed to deliver the expected results. After its introduction, the price per kilogram for Namibian sheep carcasses dropped dramatically and remained below the price per kilogram for South African carcasses, price differentials which exist to this day (NAO, 2017:6). The loss experienced by the Namibian economy as a result of the SSMS amounted to N$ 177 million per year. Instead of adding value, the scheme had the opposite effect on the small stock market in southern Namibia (Rademeyer, 2018:3).

1.3 Results of the Small Stock Marketing Scheme

The most important effects of the SSMS on the Namibian small stock industry were lack of competition, lack of value addition and employment, increase in the price differential between Namibia and South Africa, decline in sheep production in Namibia, and the substantial losses suffered by producers (NAU, 2017). According to Rademeyer (2018:2), the difference between prices paid to Namibian producers and those paid to South African producers has never been as high as it is currently. The price differentiation experienced by Namibian producers seemed to increase as the Scheme went through its various phases (PWC, 2007:53). The Scheme had mostly negative effects, which included the sharp decline in the number of sheep marketed for slaughter by producers in Namibia as mentioned in section 1.1 above. It made more sense from a financial perspective for Namibian producers to export more live sheep to South Africa as Namibian abattoirs were not able to compete with South African abattoirs on prices paid to producers (Rakow, 2018:15).
1.4 Literature Review

A review of previous, relevant literature is a crucial part of a research project. These reviews create firm foundations for advancing knowledge (Webster & Watson, 2002:13). A literature review was conducted on the following topics, the findings of which follows below:

(i) Competitive strategy and competitive advantage;
(ii) The Small Stock Marketing Scheme; and
(iii) The sheep industry.

1.4.1 Competitive strategy and competitive advantage

Extensive research has been done on competitive advantage and how it can be obtained. The concept of business strategy focuses on the question of how firms can compete within specific markets or industries (Walsh & Dodds, 2017:3). The concept of competitive advantage first came to light in Michael Porter's book entitled Competitive Advantage: Creating and Sustaining Superior Performance (1985). In this book, it is argued that a firm’s ultimate failure or success depends on its strategic competitive advantage. He further argues that this competitive advantage can be obtained by offering products at a lower cost (known as a low cost strategy) or by offering unique products or services, against which competitors cannot compete against (which can be referred to as a differentiation strategy) (Sersland, 1987:63).

Two dominant schools of thought exist regarding the creation of competitive advantage, namely, the external approach and the resource-based view. The external approach states that competitive advantage can be obtained through the response and adaptiveness of firms to opportunities and threats in their competitive environment. The resource-based view holds that competitive advantage can be obtained if it is possible to differentiate the internal resources and capabilities of a firm from those of competitors (Walsh & Dodds, 2017:3). According to Grant et al. (2010), firms have to find ways to create and maintain competitive advantage over its competitors in order to sustain themselves. Sustainable competitive advantage refers to the continuous superior performance of a firm (Villalonga, 2004:206-207).
Srivastava et al. (2001:8) state that an effective strategy can assist organisations to create new marketplace space and thus obtain competitive advantage. This study has the objective to identify and evaluate effective strategies, which can be implemented by the Namibian small stock industry to obtain competitive advantage.

1.4.2 Small stock marketing scheme

A study conducted by Sarker and Oyewumi (2015:74) found that the SSMS has led to increased price volatility within the Namibian sheep market which in turn spilled over onto the South African sheep market. The study argues that since increased price volatility is commonly believed to reduce welfare, the SSMS has been reducing wealth in Namibia and South Africa since its inception in 2004.

A PWC study (2007:8) identified three possible options for Namibian producers to help eliminate the effect of the SSMS, which included:

(i) Unrestricted cross-border trade for sheep exports;
(ii) An amended export ratio; and
(iii) A fixed export levy rather than quantitative export restrictions.

Despite the solutions this study offered to farmers, none have been implemented to date and the SSMS is still being enforced. In the same vein, the Namibian Ombudsman, Advocate John Walters in May 2018 recommended that the SSMS should be abolished (Rakow, 2018:16). However, no alternative solution was offered to replace the current scheme or assist the small stock industry to recover from the scheme’s adverse effects. Morris and Mare (2013:118) employed a risk and environmental analysis to assist a group of farmers in identifying their best strategic options. Although the study was successful in helping these farmers identify their strategic options, this study only focused on a particular group of farmers and its findings can therefore not be generalised to the Namibian small stock industry at large. It is important to note that all of these studies and reports highlighted the negative effects that the SSMS has had on the Namibian small stock industry.
1.4.3 Sheep industry (Small stock industry)

It is believed that by 2050, the agricultural sector will need to increase production by more than 60% to meet the world’s growing demand for food (OECD/FAO, 2012). Mutton production and consumption is expected to increase by 22% between 2011 and 2021. This increase will be driven by developing countries rather than developed countries (Montossi et al., 2013:772). Rowe (2010:991-993) contends that after a global reduction in sheep supply, mutton will recover and increase its market share.

Given the social, economic and environmental limitations and constraints they face, sheep farmers have to be able to adapt to increase the efficiency of their farms with even less resources, particularly farmers who also have to contend with environmental and labour constraints (Montossi et al., 2013:773). At a global level, the sheep industry faces two major challenges. The first is to increase production outputs and the efficiency of farms while differentiating products, adding value and maintaining consistency. The second challenge is, coping with and adopting rapid technological advancements to compete successfully with alternative meat products.

The challenges that the global sheep industry faces can be aligned with the challenges that the Namibian sheep industry faces, both increasingly need to remain competitive. If the Namibian small stock industry succeeds in dealing with these challenges, it can obtain a competitive advantage, either through increased production, increased efficiency or by effectively harnessing technological advancements to extract more value from the value chain.

Various studies argue that the sheep industry as a whole is likely to enjoy increased market demand for sheep products due to the increase in the world population (Macfarlane & Simm, 2007:7). Others have found that consumers prefer grass-based lamb products to lamb products fed on concentrates (Font i Furnols et al., 2011:781). It is important to note that the majority of commercial Namibian sheep farmers reside in the Southern areas of the country (Morris & Mare, 2013:118).

In conclusion, it can be said that although numerous studies have been done on the concepts of competitive strategy and competitive advantage, the SSMS and different
sheep industries, very few studies are available where these topics have been integrated. Although Morris and Mare’s (2013:122) focus was on establishing a collaborative marketing strategy for Namibian sheep farmers, their study has its limitations as it only focused on a small group of farmers. In contrast this study will incorporate and integrate these topics to fill this identified knowledge gap.

1.5 Theoretical Framework

Stakeholder theory is a generalised term for a class of theories which helps scholars and managers obtain a better understanding of relationships between firms and their stakeholders and the performance effects of these relationships (Jones et al. 2018:371).

Stakeholder theory is an important framework for identifying the different interests, powers and capabilities of stakeholders, not only in business management, but also beyond (Akwei, 2018:480). Stakeholders have been defined by Freeman (1984:46) as any individual or group that can influence and is influenced by the achievement of organisational goals and objectives.

This study will harness the stakeholder theory to investigate the effects the SSMS has had and will have on the stakeholders of the small stock industry. Its focus will be on the stakeholders of the Namibian small stock industry, therefore any person or group that is influenced and can influence the achievement of the small stock industry’s goals. These stakeholders include Namibian sheep farmers, Namibian farm workers, local Namibian abattoirs, the Namibian Government and consumers of mutton in both Namibia and South Africa. Who these stakeholders are and how they can influence or can be influenced by the small stock industry will be elaborated on later in this study.

Thus, when combining the objective and the theory on which this study is grounded, the objective of this study is to identify those competitive strategies that will be in the best interest of the majority of stakeholders in the small stock industry.

1.6 Problem Statement

It is clear from the evidence obtained and explained in paragraph 1.2.3 that the SSMS has not had the effect intended at its implementation on 1 July 2004. The conclusion can
be made that the SSMS has failed to achieve its main goal as well as the goals of value
addition and job creation. This view is supported by the recommendation of the
Ombudsman that the SSMS should be abolished (Rakow, 2018:16). Moreover, the effects
of the SSMS have largely been negative as various reports have shown (PWC, 2007:10;
Rakow, 2018:9). This makes it necessary for the small stock industry to identify a new
competitive strategy if it is to re-establish itself.

1.7 Research Objectives

The research objectives of this study can be divided into the main objective and secondary
objectives.

1.7.1 Main Objective

The main objective of this study will be to identify and evaluate a possible competitive
strategy for the Namibian small stock industry.

A competitive strategy should be beneficial to the members of the small stock industry
and also assist the Namibian Government in reaching the goals and objectives of the
Vision 2030 strategy. Its benefits for the small stock industry will include assisting the
industry to re-establish itself, to promote its growth and contribute to the Namibian
economy. It could support local value addition by increasing the number of sheep
marketed annually and/or help Namibian producers achieve higher prices for their
products.

1.7.2 Secondary Objectives

The following secondary objectives will support the main research objective and will be
treated in the relevant sections (named chapters) mentioned hereafter:

- Presenting the appropriate research methodology to address the set main research
  objective (chapter 2);
- Reviewing the literature around competitive strategies and competitive advantage
  while considering the context of the Namibian SSMS (chapter 3);
• Gathering qualitative data from interviewees to identify and evaluate a competitive strategy for the Namibian small stock industry (chapter 4);
• Concluding the study by providing recommendations on an appropriate competitive strategy for the Namibian small stock industry (chapter 5).

1.8 Methodology

1.8.1 Research Methodology

Methodology is defined by Crotty (1998:3) as the strategy or action plan that determines the choice and the use of a particular research method. Part of this strategy is the research approach followed.

A research approach is defined as the plans and procedures for conducting research. This includes all the steps taken during research: from broad assumptions made to the methods of data collection and the analysis and interpretation of data (Creswell, 2009:8). There are three research approaches, each representing different world views. The first approach is a quantitative approach including positivistic and post-positivistic views that focus on measurements and numbers. In contrast to this, qualitative approaches include constructivism and transformative world views that focus on words and images. The third research approach is a mixed method approach, which is a combination of the quantitative and qualitative research approaches (Creswell, 2014:4).

The research methodology in this study, will consists of a literature review and an empirical study.

1.8.2 Empirical Research and Data Collection Method

According to De Villiers and Fouché (2015:135), interviews are the most commonly used data collection technique for qualitative studies. This study will likewise use the qualitative empirical method to collect data. Interviews will be conducted with various stakeholders in the Namibian small stock industry. These stakeholders will include two farmers, two abattoir representatives, two corporate representatives and two Namibian Meat Board representatives. Interviews will be conducted until the point of saturation is reached.
The objectives of the interviews will be to gain perspective and insight from the key stakeholders into the current situation in which the Namibian small stock industry finds itself. The needs of the respective stakeholders will be identified first, followed by the identification and development of an appropriate competitive strategy to address those needs.

Three basic interview techniques are used in data collection. They are:

(i) Structured interviews;
(ii) Semi-structured interviews; and
(iii) Unstructured interviews.

This study will make use of semi-structured interviews with open-ended questions. Semi-structured interviews are used when the researcher is not trying to test a specific hypothesis (David & Sutton, 2004:87), which is what this study will not be attempting to do. This technique allows the interviewer to ask additional questions with the purpose of gaining a better understanding of the information obtained from interviewees. The knowledge obtained from the study’s literature review will be used to assist in developing of questions for the interviews.

1.8.3 Paradigmatic Assumptions and Perspectives

Epistemology focuses on the theory of knowledge and includes methods, validation and ways to gain knowledge of social reality. Epistemology pays particular attention to the knowledge gathering process with the goal of developing new and better models and theories (Grix, 2002:177). Epistemological distinctions refer to the paradigms of quantitative and qualitative research as that of positivism and interpretivism, respectively (Rolfe, 2006:306).

Epistemology can thus be said to have two perspectives that can be adopted: the positivism perspective or the interpretivism perspective. The interpretive epistemology is said to be one of subjectivism and is centred on real world phenomena. This means that the world does not exist independently of our knowledge of it (Grix, 2004:83). This is the perspective that is applicable in the study.
Qualitative research is described by De Villiers and Fouché (2015:132) as research that provides evocative (strong and emotional) data obtained through the researcher’s perceptions and experiences. Qualitative data collected in this study will be obtained through interviews with various stakeholders in the Namibian small stock industry. A qualitative researcher goes on a journey of discovery rather than a journey of verification. The research is thus likely to unlock new leads and avenues for research that upon which further research can be based (Bryman & Burgess, 1984:84). Hathaway (1995:536) uses the term interpretive to describe the paradigm underlying qualitative research. This is a paradigm of realism that uses inductive reasoning and draws conclusions from observations made, meaning that the researcher moves from the particular to the general (De Villiers & Fouché, 2015:128).

The ontological position of interpretivism is relativism (Scotland, 2012:11). This view is that reality differs from person to person as it is subjective (Guba & Lincoln, 1994:110). According to Creswell (2009:8) the aim of interpretive methodology is to understand a phenomenon from the perspectives of individuals, by investigating interaction between individuals and also historical and cultural contexts inhabited by people.

This study aims to gain an understanding of the current situation, the phenomenon of the SSMS and the effects that it has had on the Namibian small stock industry from the perspectives of different individuals (stakeholders), and to also identify possible strategies that can be successful within the perspective of all stakeholders, including taking into account historical and cultural contexts. Namibia’s historical and cultural contexts are crucial to this study and will be elaborated on later in this study.

1.9 Key Definitions

The following terminology is crucial to this study:

**Small Stock Marketing Scheme (SSMS):** The Small Stock Marketing Scheme refers to the legislation implemented by the Namibian government with regards to the export of live sheep from Namibia to South Africa.

**Small stock industry:** This term refers to the small stock animals in the Namibian livestock industry and consists of sheep and goats (ljambo et al., 2017:4).
**Competitive advantage:** Competitive advantage refers to an advantage obtained over competitors by offering products at prices which they cannot match or offering products and services they cannot offer (Sersland, 1987:63).

**Sustainable competitive advantage:** The term refers to a continuous superior performance of a firm (Villalonga, 2004:206-207). For the purposes of this study, sustainable competitive advantage will refer to the means by which the Namibian small stock industry will be able to resurrect itself in the long-term. Building superior performance for the Namibian small stock industry would include assisting the industry to re-establish itself, to grow and to contribute to the Namibian economy by improved local value addition, increasing the number of sheep marketed annually and/or achieving higher prices for Namibian producers.

**Stakeholders:** Stakeholders are any individual or group that can influence and can be influenced by the achievement of organisational goals and objectives. For the purposes of this study the term stakeholders will focus on individuals or groups that can influence or can be influenced by the Namibian small stock industry.

1.10 **Chapter Overview**

Chapter 1: Introduction

This chapter serves as an introduction to the study as it includes the background to the study, the literature review performed, the problem statement, the objectives of the study and definitions of key words. This chapter will provide the necessary evidence that the research topic is of an actual and relevant nature.

Chapter 2: Research methodology

This chapter’s focus will be on the research design and methods that will be used in this study. These will consist of the chosen research techniques and the motivation for choosing these techniques. This chapter will elaborate on the study’s research approach and data collection methods.
Chapter 3: Competitive strategies and the Namibian SSMS

This chapter will consider literature around competitive strategies and competitive advantage. The chapter will also elaborate on the context of the SSMS.

Chapter 4: Empirical study

In this chapter the results obtained through interviews with various stakeholders in the Namibian small stock industry will be analysed. The analysis will be supported by an in-depth discussion of the data gathered using qualitative research methods.

Chapter 5: Conclusions and recommendations

This chapter will consist of summarised results and a conclusion to the study. It will also assess whether the problem statement and the objectives of this study have been successfully addressed. Finally, the limitations of the study will be discussed and areas of further research identified.

The next chapter will present the research methodology.
CHAPTER 2

2 RESEARCH METHODOLOGY

2.1 Introduction

The objective of this chapter is to address the first of the secondary objectives of this study (as outlined on page 8) and to identify the appropriate research methods to be followed to achieve the main objective of the study. The chapter will define and discuss the different terms associated with research design and research methodology while further elaborating on the approaches that will be used. Methodology is defined by Crotty (1998:3) as the strategy or action plan that determines the choice and the use of a particular research method. A research approach is defined as the plans and procedures for conducting research. This includes all the steps taken during research from broad assumptions made to the methods of data collection and the analysis and interpretation of data (Creswell, 2009). This chapter will discuss the appropriate research paradigms, the researcher’s ontological and epistemological position, the appropriate research methodology and the data collection methods.

2.2 Research paradigm

According to De Villiers and Fouché (2015:126) for a researcher to comprehend the difference between quantitative and qualitative research methodologies, the researcher first needs to understand what paradigms are. Kuhn (1970:viii) states that paradigms are accepted examples of true scientific practices which provide models for scientific research. A paradigm can also be defined as a belief system and/or world view that is followed by the researcher, which includes choices of methods, ontology and epistemology (Guba & Lincoln, 1994:107).

According to these authors, a paradigm represents a worldview that defines the nature of the world, an individual’s place in the world and the possible relationships that one can have with that world and its parts (Guba & Lincoln, 1994:108).

Ontology refers to the researcher’s beliefs regarding the nature of reality and humanity (the social world) and of what can be known about this world (Ritchie & Lewis, 2003:22).
There are two contrasting positions regarding ontology namely, objectivism and constructionism. Objectivism holds that an independent reality does exist, while constructivism sees reality as a product of social processes (Tuli, 2010:99).

Epistemology, on the other hand, focuses on the theory of knowledge which includes methods, validation and ways to gain knowledge of social reality. Epistemology pays particular attention to the knowledge gathering process with the goal of developing new and better models and theories (Grix, 2002:177). Epistemological distinctions refer to the paradigms of quantitative and qualitative research as positivism and interpretivism, respectively (Rolfe, 2006:306).

An interpretive epistemology is said to be one of subjectivism and is centred on real world phenomena. This means that the world does not exist independently of our knowledge of it (Grix, 2004:83). The nature of positivists’ social reality is that empirical facts exist apart from people’s personal ideas and thoughts (Tuli, 2010:99). According to Guba and Lincoln (1994) positivists assume the researcher and the research object to be independent entities. The object that is being researched can be studied without being influenced by the researcher or the researcher being influenced by the research object (Guba & Lincoln, 1994:110).

This study will be based on an interpretivist paradigm as it seeks to gain understanding of the Namibian small stock industry and the situation in which it finds itself.

2.3 Research approach

There are three research approaches which represent different worldviews: quantitative, qualitative and mixed method. Quantitative approaches include positivistic- and post positivistic views that focus on measurements and numbers. In contrast to this, qualitative approaches include constructivism and transformative world views that focus on words and images. The third research approach is a mixed method approach, which is a combination of the quantitative and qualitative research approaches (Creswell, 2014:4).

Qualitative research is described by De Villiers and Fouché (2015:132) as research that provides evocative (strong and emotional) data which were obtained through the
researcher’s perceptions and experiences. A qualitative researcher goes on a journey of discovery rather than a journey of verification; thus, the research is likely to unlock new leads and avenues for research that can be used to base further research upon (Bryman, 1984:84). Hathaway (1995:536) uses the term interpretive to describe the paradigm underlying qualitative research. This is a paradigm of realism using inductive reasoning and draws conclusions from observations made. Inductive reasoning follows that the researcher moves from the particular to the general (De Villiers & Fouché, 2015:128).

Mixed method research approaches can be defined as a type of research where elements of quantitative and qualitative research approaches are combined, with the purpose to increase the range and depth of understanding and evidence (Chirawatkul, 2015:275). This is a research approach which follows the logic of all three types of research (Johnson et al., 2007:129).

Creswell (2009:8) argues that the aim of the interpretive paradigm is to understand a phenomenon from the: 1) perspectives of individuals, 2) investigation of interaction between individuals, and 3) also historical and cultural contexts inhabited by people.

This study aims to gain an understanding of the current situation, the phenomenon of the SSMS and the effects that it has had on the Namibian small stock industry from the perspectives of different individuals (stakeholders). It will also explore alternative strategies that can be successful within the perspective of all stakeholders, including taking into account historical and cultural context.

This study will therefore follow the interpretive paradigm which aligns with a qualitative research approach.

2.4 Research design

The purpose of a research design is to make sure that the evidence obtained throughout the study will allow the researcher to answer the research question as unambiguously as possible (De Vaus, 2001:9). Ritchie and Lewis (2003:47) contended that the design of a qualitative research study is not a stage which is completed early in the study, but rather a continuing process that requires constant review of decisions and research approaches.
Research design is a process which requires the researcher to create habits of innovation. The best research designs require imagination, invention and the willingness to avoid the obvious (Bechhoffer & Paterson, 2000: ix).

The choice of research design is guided by the choice of research methodology which in turn is determined by the research paradigm. The instructions from the research paradigm combination is that of the ontological and epistemological assumptions – determines the research design that is to be followed by the researcher (Tuli, 2010:105). Research designs are inquiries within the different research approaches, namely quantitative, qualitative and the mixed method approach. These approaches provide the direction for research design procedures (Creswell, 2014:41). Research design will differ in terms of the actual place where the research is performed, the methods followed to obtain data and the methods of data analysis used (Bechhoffer & Paterson, 2000:11).

Phenomenological research refers to research where the researcher describes the experiences of individuals regarding a certain phenomenon as lived and described by the participants of the study. This specific research design usually involves conducting interviews with participants (Creswell, 2014:42). This study aims to understand the effects of the SSMS through the view and experiences of individuals that are directly involved and affected by the implementation thereof. It can therefore be said that this study follows a phenomenological design.

2.5 Research methodology

Research methodology is a strategy which translates the ontological and epistemological principles into directions which indicate how the research should be conducted as well as the principles, procedures and practises which govern research (Tuli, 2010:102). The research methodology controls the study, dictates the manner in which the data are acquired, arranges the data in a logical relationship and determines the approach for refining and combining data.

Thus, there are two primary functions of research methodology: to dictate data acquisition and to extract meaning from the data acquired (Leedy & Ormrod, 2010:6). The research
methodology adopted in this study will be categorised under the following headings: 1) sampling and site collection, and 2) data collection methods.

In conclusion, research methodology suggests how the underlying meaning of the data becomes visible and yields conclusions that will lead to the expansion of knowledge.

2.5.1 Sampling and site collection

When conducting qualitative research, the method of sampling used is determined by the research methodology followed as well as the topic that is under investigation. It is not used for the creation of generalizable findings (Higginbottom, 2004:12). Sampling performed for qualitative research should be purposeful and the process followed to identify and select participants should be clearly described (Law et al., 1998:6). According to Marshall (1996:523) three sampling methods are used in qualitative studies, namely convenience sampling, theoretical sampling and selective or purposeful sampling.

Convenience sampling: Marshall (1996:523) states that this method of sampling is the least rigorous method used as it involves selecting participants that are least demanding with regards to time, effort and money. This method of sampling however will most probably deliver data lacking in quality and credibility. Thus, the use of a more thoughtful approach regarding the selection of samples will be justified.

Theoretical sampling: According to Marshall (1996:523), theoretical sampling demands building interpretative theories from data gathered and selecting new samples to study and further elaborate on this theory. Theoretical sampling is widely associated with grounded theory research (Higginbottom, 2004:9). This method is an approach where new observations are selected in the pursuit of analytically relevant distinctions instead of establishing the frequency of phenomena (Emerson, 1981).

Conye (1997:625) mentions that data gained through theoretical sampling and the constant comparative analysis thereof is used in the development of theory. It can thus be concluded that theoretical sampling is utilised for grounded theory research.
Judgemental/Purposeful/Selective sampling: Purposeful sampling is commonly used in qualitative research for identifying and selecting cases with valuable information regarding the phenomenon which is being studied (Palinkas et al., 2013:540).

Marshall (1996:523) affirms that the researcher selects samples that would help to answer the research question as productively as possible. Purposive sampling strategies are used to better the understanding of the selected research participant’s experiences (Devers & Frankel, 2000:266). Purposeful sampling selects research participants for a specific goal and not randomly (Law et al., 1998:6).

The selection of a sample for this study had the goal of obtaining information from individuals who had proper knowledge and expertise of the Namibian small stock industry and who understood the SSMS and the effects thereof. Thus, purposeful or selective sampling was used in this study.

Eight individuals were identified, including farmers (2), abattoir representatives (2), corporate members (2) and Meat Board representatives (2), all from different spectrums of the Namibian small stock industry. According to Rakow (2018:3), the Namibian Government in 2007, indicated that the Meat Board of Namibia were responsible to determine the conditions which needed to be met before a permit for the export of live sheep could be issued. Thus, it can be said that the Meat Board was acting on behalf of the Government’s policies. However, the Meat board does not establish these policies, but enforces them.

The aim was to understand the SSMS and its effects thereof from viewpoints representing all the different stakeholders of the Namibian small stock industry. The selection process was also aimed at ensuring that the identities of the participants were protected, that the agreed confidentiality requirements were maintained, and that no further details or information about the participants will be provided.

2.5.2 Data collection methods

According to Harrel and Bradley (2009:6), there are many different data collection techniques that can be utilised in qualitative studies. These include:
**Surveys:** This form of data collection consists of a fixed set of questions and can be administered in different manners including by pen and paper, on the internet and even in the form of an interview where the interviewers follow a strict script.

**Interviews:** Interviews usually consist of one-on-one discussions between the interviewer and the research participant with the goal of obtaining information on the specific topics discussed between them. Interviews can be performed face to face or over the phone. The manner in which the interview is performed and the structure that is followed is what differentiates interviews from surveys.

**Focus groups:** Focus groups consist of group discussions that are performed with the goal of obtaining information on the topic that is being discussed.

**Observation:** When researchers use this data collection method, they do not participate in the interaction but rather observe the actions of the participants in the study. It is nonetheless important to note that as the researcher is present, it can influence the interactions between the research participants.

**Extraction:** Extraction consists of collecting data from documents, records as well as other archival sources. This is usually a process of abstraction where large quantities of information are used to obtain the information required by the study.

**Secondary data sources:** These sources are datasets which already exist and were compiled by another researcher.

This study used interviews as the method of data collection. Interviewing can be defined as the collection of data from humans where they are asked questions and they respond verbally (Potter, 2005:282).

According to De Villiers and Fouché (2015:135), interviews are the most commonly used method data collection technique for qualitative studies. The purpose of interviews is to gain detailed accounts from research participants regarding the research topic being studied (Polkinghorne, 2005:142). Three basic interview techniques are used in data collection:
(i) Structured interviews;
(ii) Semi-structured interviews; and
(iii) Unstructured interviews.

Semi-structured interviews use open-ended questions. The interview focuses on several key questions to help define the areas to be explored but the researcher and the research participant is allowed to digress and to a certain extent diverge in order to pursue a response in more detail (Gill *et al.*, 2008: 291). Semi-structured interviews are used when the researcher is not trying to test a specific hypothesis (David & Sutton, 2004:87), which this study is not attempting to do.

This technique also allows the interviewer to ask additional or follow up questions, when necessary, to better understand the information obtained from interviewees. Semi-structured interviews are thus used when the interviewer seeks to delve deeply into the topic at hand in order to gain a thorough understanding of the answers provided to the questions asked (Harrel & Bradley, 2009:27).

This study utilised semi-structured interviews with open-ended questions. The interviews were performed on a face-to-face basis. Interviews were recorded with the permission of research participants and field notes were taken. Interviews were conducted until the point of saturation was reached. Questions were developed keeping in mind the factors that influence the Namibian small stock industry and by using knowledge obtained from the preceding literature review that formed part of this study.

### 2.5.3 Data Analysis

Data analysis can be defined as the systematic search for meaning. It is a method to processing qualitative data which enables the researcher to communicate what had been learned to others (Hatch, 2002:148). Thorne *et al.* (2000:68) argue that data analysis is without a doubt the most complex and the least understood of all the different stages of a qualitative study and the stage in the study that receives the least thought when discussed in literature. It is also one of the most significant steps of the research process (Leech & Onwuegbutzie, 2007:562).
According to Thorne et al. (2000:68-70) the following specific analytic strategies exist:

**Constant comparative analysis:** This data analysis strategy consists of taking a single piece of data for example – one interview – and comparing it to other, different pieces of data to identify possible relationships between them. The process of constant comparative analysis continues until all data pieces have been compared to one another.

**Phenomenological approaches:** The analytic process followed in phenomenological studies do not focus on data comparison, but rather on in-depth and detailed experiences of the lives of research participants, which only the participants have experienced. This method of analysis seeks to generate data to help the reader understand the lived experiences of the research participants.

**Ethnographic methods:** Ethnographic studies focus on aspects of human experience and the interpretation of cultural behaviour. Ethnographic analysis is thus a repetitive process where ideas which are culturally based and come to light during active field work are transformed, translated or illustrated in a written document. This involves working through pieces of data to identify inconsistencies and contradictions and subsequently generate conclusions about why things happen as they do.

**Narrative analysis and discourse analysis:** Narrative analysis as a strategy shows how the stories that research participants tell, shed light on the experiences that they have lived. Analytic processes enable the researcher to identify the main narrative themes in the stories that people tell about their lives. This enables the researcher to discover how the participants make sense of their lives. Discourse analysis sees speech as a linguistic tool that was shaped through different social and ideological influences. Thus, it focuses on how social relations influence participants behaviour and thoughts.

This study will utilise constant comparative analysis as well as phenomenological approaches. Constant comparative analysis will be used to compare answers given by research participants during the research interviews with research participants to establish the reasons why the Namibian small stock industry finds itself its current situation and data will be grouped according to questions asked. A phenomenological approach will be followed in order to gain an understanding of the differences in the way
research participants have experienced the SSMS and in the effects of the SSMS on the various participants.

### 2.6 Methodological Rigour

Methodological rigour refers to the responsibility of a researcher to ensure that relevant procedures have been followed and confounding factors eliminated with the aim to deliver dependable research results. Reliability and validity are the concepts that measure methodological rigour. For the purposes of qualitative studies, which is underlined by an interpretivist paradigm, reliability and validity can be changed to trustworthiness, rigour and quality (Golafshani, 2003:604). Ensuring trustworthiness, rigour and quality is of extreme importance.

The scientific notion of reliability predicts that when data measuring of the phenomenon is repeated that the results should be the same. However, when conducting social research this is not always easy to achieve, as human behaviour is never static (Merriam, 1995:55). When qualitative studies are replicated, they will not necessarily deliver the same results, but rather two interpretations of the studied phenomenon (Merriam, 1995:56). It is for this reason that Golafshani (2003:601) emphasizes that the quality of a qualitative study is its most important test.

According to Bechhoffer and Paterson (2000:18) there are two types of validity, namely internal and external validity. Internal validity refers to the conclusions drawn from the research and is therefore based on solid results. When the conclusions drawn are more reliable, the researcher will have a greater chance of identifying real or material differences in the data collected. Ritchie and Lewis (2003:274) describe internal validity as the accurate reflection of the phenomena that are being studied, as perceived by the research participants.

External validity therefore come from the researcher’s ability to generalise the findings from data gathered in the study to the population as a whole. Tobin and Begley (2004:392) highlight that comparable external validity is very different in qualitative studies as there is not just one correct interpretation. The aim of external validity is to be able to draw valid
comparisons from the samples where data was gathered and the population from which the sample came.

In pursuit of ensuring the above-mentioned requirements, research participants in this study were encouraged to share information on the topic being studied – the Namibian small stock industry – even if the predetermined questions asked did not necessarily specifically focus on the information shared. Interviews were recorded and field notes were taken during all of the interviews. The research participants were asked the same set of questions and prompted to share their own experience on the topic after answering all the predetermined questions.

2.7 Ethics

There are various reasons why it is important for a researcher to follow the guidelines for ethical research. Firstly, these guidelines promote the goals of research which include knowledge, truth and the prevention of errors. Secondly, as research usually involves working with different people from multiple institutions, the guidelines promote the values that are crucial for working together, such as trust, accountability, fairness and respect for one another. Thirdly, these norms ensure, if necessary, that the researcher can be held accountable for conducting unethical research. Furthermore, ethical norms help to obtain public support for research. Finally, the maintenance of ethical research standards promotes other crucial moral and social values including compliance with laws, human rights and even animal rights (Resnik, 2015:2).

This study was approved by the North-West University’s Ethics in Commerce Research Committee with ethics number NWU-00684-18-S4. For this project in particular, the goals of research, values that are crucial for working with multiple people, and compliance with laws and regulations were of the upmost importance. The ethical norms were upheld through the confidentiality agreement with research participants, by treating participants with respect and by upholding all relevant laws and regulations throughout the research process.
2.8 Summary

This chapter aimed at identifying and presenting the appropriate research methodology that was followed to address the first secondary objective of this study as set out in chapter one (refer to page 8).

This chapter discussed the research paradigm underlying this study as well as the associated ontological and epistemological assumptions. The paradigm adopted was interpretivism. The three main research approaches were discussed, including the research approach selected for this study – qualitative research. Purposeful sampling was utilised to identify respondents from various sectors of the Namibian small stock industry with the aim of understanding the industry from multiple perspectives. Data were collected by conducting semi-structured interviews, using a set of open-ended questions.

A fixed number of questions were asked regarding the Namibian small stock industry. Data analysis consisted of constant comparative analysis in which answers from the interviews were compared and data grouped according to the questions asked. This study adhered to high standards of methodological rigour to guarantee the reliability and validity of the research. In closing, the ethical research norms were presented and followed to ensure that the goals of the research project were reached and good relations with research participants were maintained.

The following chapter will present a literature review on the Namibian small stock industry and the Small Stock Marketing Scheme.
CHAPTER 3

3 COMPETITIVE STRATEGIES AND THE NAMIBIAN SSMS

3.1 Introduction

A review of previous, relevant literature is a crucial part of a research project. These reviews create firm foundations for advancing knowledge (Webster & Watson, 2002:13). It is therefore necessary to use previous literature to understand the problem at hand and how it may be solved. This chapter aims to address the second secondary objective as stated in chapter one (refer paragraph 1.7.2, page 8).

The literature review was critical to gain an understanding of the phenomenon being studied, the SSMS. It was equally important for understanding what competitive strategy and competitive advantage are and what it could be in different contexts, including the context applicable to this study. Furthermore, the literature review was critical for the development of the set of questions used in the data collection procedures.

3.2 Competitive strategy and competitive advantage

Srivastava et al. (2001:3) state that an effective strategy can help organisations create new marketplace space and thus obtain competitive advantage. This study has the objective to identify and evaluate effective strategies, which can be implemented by the Namibian small stock industry with the goal of obtaining competitive advantage. In the context of this study, the Namibian small stock industry is facing uncertainties and thus has the option to act now or wait to act until the uncertainties have been resolved.

Extensive research has been done on competitive advantage and how it can be obtained. Barney (1991:102) defines sustained competitive advantage as a situation where a firm has implemented a strategy that has led to value creation where no competitor, current or potential, has implemented that strategy and where these competitors are unable to reproduce the benefits obtained through that strategy.

Barney (1991:99) further states that sustained competitive advantage can be obtained when firms implement strategies which utilise its internal strengths, together with
responding to external opportunities while at the same time counteracting external threats and avoiding its own weaknesses.

The concept of competitive advantage and how it can be obtained is extensively discussed in Michael Porter’s book, Competitive Advantage: Creating and Sustaining Superior Performance (1985). According to the author, a firm’s failure or success ultimately depends on its strategic competitive advantage. He also argues that this competitive advantage could be obtained by offering products at a lower cost (low cost strategy) or by offering unique products or services, which competitors cannot (differentiation strategy) (Sersland, 1987:63).

According to Reed and Defillipi (1990:90) obtaining competitive advantage is the very objective of a firm’s strategy rather than something that is a part of the firm’s strategy. The reasoning for this statement is that a connection exists between superior firm performance and competitive advantage. When a competitive advantage is obtained, a firm’s performance will automatically increase.

Two dominant schools of thought exist on how competitive advantage is created (Figure 3-1), namely the external approach and the resource-based view (Walsh & Dodds, 2017:3).

**Figure 3-1: Competitive advantage resource-based compared to external approach**

![Figure 3-1: Competitive advantage resource-based compared to external approach](image)

Source: Barney (1991:100)

These two approaches can be related to the SWOT analysis. The latter framework is an analytical tool used for identifying an organisation’s strengths and weaknesses (internal
environment), the opportunities that the organisation has and the threats it faces in the external environment (Dyson, 2002:632; Pickton & Wright, 1998:102).

According to Brooks et al. (2014:25), the SWOT analysis is a popular tool for presenting qualitative data in a structured manner. Barney (1995:49) mentions that the SWOT framework, although very simple, shows how important the external and internal phenomena are when trying to understand the sources of an organisation’s competitive advantage. He also notes that environmental analysis – which refers to opportunities and threats – alone is not enough, and that analysis of an organisation's internal strengths and weaknesses is just as important to understand sources of competitive advantage.

### 3.2.1 The external approach

The external approach states that competitive advantage can be obtained through the response and adaptiveness of firms to opportunities and threats in their competitive environment (Walsh & Dodds, 2017:3). It is applicable to an organisation’s external environment, described as variables which exist outside the organisation. These variables are not controllable by the organisation in the short term (Houben et al., 1999:126). The external environment has also been perceived as complex (Dess et al., 2005:166).

Bogner and Thomas (1992:13) argue that the changing nature of the external environment forces organisations to learn and make room for growth. For an organisation to do that, it must constantly obtain relevant information from the external environment.

Furthermore, these variables shape the context in which the company operates and functions. The external environment can be divided into two subcategories, namely, direct and indirect environments. The direct environment refers to elements which the organisation directly influences through its actions. These elements are usually shareholders, employees, competitors, customers and suppliers.

Porter’s Five Forces model (refer Figure 3-2) is a tool used to analyse the external competitive environment (Grundy, 2006:216; Indiatsy et al., 2014:75). Porter argued that a company’s competitive environment is shaped by five forces in the external environment
including barriers of entry to the industry, the bargaining power of suppliers and of buyers, the threat of substitute products and the competitiveness of the industry.

It seems, however, that the Five Forces model is more applicable to the direct external environment. The reasoning behind this statement is that the models focuses more on elements which can be influenced by the organisation, for example the buyers, suppliers, competitors in the form of new entrants to the industry as well as substitute products, where these factors will increase the number of competitors of an organisation.

**Figure 3-2: Porter’s five forces model**

![Porter's five forces model](image)

Source: Porter (1985)

The indirect environment refers to more general elements which usually have an impact on the long-term decisions of the organisation. These elements consist of economic, technological, political and socio-cultural elements (Houben *et al.*, 1999:126).

The PESTEL analysis focuses more on the indirect environment as it touches on political, economic, social, technological, environmental (nature) and legal aspects, which are all
elements which are not under the influence of the organisation, but which themselves can and do influence the decisions of the organisation. The PESTEL analysis can be simplified to focus only on political, economic, social and technological factors (PEST analysis) (Figure 3-3).

**Figure 3-3: PEST analysis**

![PEST Analysis Diagram](image)

Source: Downey (2007)

Undertaking a PEST analysis allows an organisation to obtain an understanding of how it can be influenced the factors in the illustration above.

This study will thus make use of a PEST analysis by conducting interviews with participants drawn from different sectors of the Namibian small stock industry and will be discussed in more detail later.

### 3.2.2 The resource-based view

The resource-based view postulates that if it is possible to differentiate the internal resources and capabilities of a firm, from those of competitors, competitive advantage can be obtained (Walsh & Dodds, 2017:3). This contention is supported by Oliver (1997:698) who argues that the selection and gathering of resources is not only a function of decision making within the firm but also a function of external strategic factors.
Because within-firm choices are driven by economic rationality, these choices are made with regard to factors such as the efficiency and profitability of a firm (Conner, 1991:122). External factors refer to factors within the industry which impact the firm, either positively or negatively, and determine which resources are or will be used and how they will be used. These factors include the power of buyers and suppliers, the level of competition within the industry and the market structure of products and the industry itself (Oliver, 1997:698).

Grant (1991:115) proposes the use of a framework for strategy formulation in using a resource-based approach. This framework consisted of the following five steps:

(i) Identifying and classifying the resources of the firm with the aim of assessing their strengths and weaknesses and comparing it to relevant competitors to identify ways in which the firm’s resources can be utilised more effectively;
(ii) Identify the capabilities of the firm, what and how it can do things better than its competitors and what resources will be required to do so;
(iii) Assessing the money-making potential of the firm’s resources and capabilities with regard to sustainable competitive advantages as well as how imitable the utilisation of these resources and capabilities are;
(iv) Selecting a strategy where the firm’s resources and capabilities are utilised the most effectively in relation to external opportunities; and
(v) Identifying gaps where the necessary resources do not exist with the aim of investing in the firm’s resource base and filling the identified gaps. This is supported by Andrews (1971) who states that the usual approach to strategy formulation begins with the assessment of a firm’s resources and capabilities.

Grant et al. (2010) argue that firms have to find ways to create and maintain competitive advantage (Figure 3-4) over their competitors in order to sustain themselves. Sustainable competitive advantage refers to the continuous superior performance of a firm (Villalonga, 2004:206-207). The concept of business strategy focuses on the question of how firms can compete within specific markets or industries (Walsh & Dodds, 2017:3).

Strategy focuses on the future which in turn means that there are always uncertainties regarding the strategic contexts of firms, but the sources of these uncertainties as well as
the level of uncertainties differ from firm to firm. This leaves firms with two options to pursue, the first of which is to react to these uncertainties and the second, to wait until the uncertainties have passed or at least been partially resolved (Wernerfelt & Karnani, 1987:187).

**Figure 3-4: Creation and maintenance of competitive advantage**

![Figure 3-4: Creation and maintenance of competitive advantage](image)

Source: Grant (1991:115)

### 3.3 Sheep industry

It is believed that by 2050 the agricultural sector will need to increase production with over 60%, to meet the world’s growing demand for food (OECD/FAO, 2012). An increase of 22% in mutton production and consumption is expected between 2011 and 2021. This increase is expected to be driven by developing countries rather than developed countries (Montossi *et al.*, 2013:772). Rowe (2010:991-993) predicted that mutton production would increase again after a global reduction in sheep supply. Furthermore, global meat consumption is expected to rise by an average of 1.4% per annum, resulting in an additional 51 metric tons of consumption across the globe by 2024.
Although it is believed that poultry will constitute half of the increase in global meat consumption, mutton consumption is expected to grow by 1.9% per annum, which is higher than the average increase predicted for meat consumption. This expected rise in the consumption of mutton can be attributed to the growing demand for sheep products from Asia as well as the Middle East (OECD/FAO, 2012).

Various studies argue that the sheep industry as a whole, is likely to enjoy increased demand for sheep products, due to the increase in the world population (Macfarlane & Simm, 2007:7). Research also suggests that consumers prefer grass-based lamb products rather than concentrate-fed lamb products (Font i Furnols et al., 2011:781). It is important to note that the majority of commercial Namibian sheep farmers reside in the Southern areas of the country and that the sheep products delivered by Namibian farmers are not concentrate-fed but rather the free-range grass-based products preferred by consumers (Morris & Mare, 2013:126). This shows how important the global sheep industry is to the world’s increasing food demands which in turn suggests that options may be available for Namibian sheep products in the global market.

Despite various social, economic and environmental challenges, sheep farmers globally have to be able to adapt to increase the efficiency of their farms, with even less available resources, particularly farmers who have to deal with environmental and labour constraints (Montossi et al., 2013:772). The global sheep industry faces two major challenges. The first is to increase farm production and efficiency, possibly by differentiating products, adding value and maintaining consistency. The second challenge is to keep up with and adopt technological advancements to successfully compete with alternative meat products.

The challenges that the global sheep industry faces are similar to the challenges that the Namibian sheep industry faces, as both increasingly need to remain competitive. If the Namibian small stock industry succeeds in dealing with these challenges it can obtain a competitive advantage, either through increased production, increased efficiency, by unlocking more benefits from the value chain or by adopting appropriate technological advancements.
The Namibian agricultural sector consists of two sectors, namely crops and livestock, with livestock being the more dominant of the two (Ijambo et al., 2017:5). The livestock sector is made up of the large livestock industry, which in Namibia refers to cattle, and the small stock industry, which refers to sheep and goats. The cattle industry is the largest contributor to the Namibian livestock sector in terms of performance as well as revenue generated, followed by the small stock industry (Ijambo et al., 2017:5).

Two farming systems, commercial farming and communal farming, exist in the Namibian livestock sector, taking up 52% and 48%, respectively, of total farming land (Van Wyk & Treurnicht, 2012:1). Commercial farms are situated mainly in the central and the southern areas of Namibia, while communal farming predominates in the northern regions of the country (Sweet, 1998:2).

In Namibia sheep farming takes place mainly in the Hardap, Kharas and Erongo Regions in the south-central, far southern and western parts of Namibia, respectively. Most commercial cattle farming occurs in the central areas of the country, while communal cattle farming is practised in the northern and north-eastern regions (Mendelsohn, 2006:51; Mushendami et al., 2008:9; Andjamba, 2017:22).

In 2018 the sheep farming areas experienced a drought for the fifth consecutive year, with late rainfall bringing a little relief (Namibia Agricultural Union Annual Report, 2017/2018). According to Mendelsohn (2006:55-56) and De Lange (2008:11) the Namibian small stock industry utilises mainly Dorper, Damara, Van Rooy, Blackhead Persian and Karakul sheep breeds. Each breed has its own unique traits, which is what makes their production possible in a country such as Namibia. The Damara, Van Rooy and Persian Blackhead breeds share the trait of toughness despite a limited supply of food and water, which is very important in Namibian conditions. Dorpers deliver good quality meat although they are not as tough as the other breeds. Karakul sheep are bred for their pelts and are slaughtered as lambs.

In drought conditions, Karakul ewes will survive due to the fact that their lambs are slaughtered. This demonstrates that sheep breeds in Namibia are well adapted to the harsh conditions in which they are farmed.
The abovementioned sheep can be divided into the following categories (De Lange, 2008:11):

(i) Pelt sheep which refers to Karakul sheep, and;

(ii) Mutton sheep which refers to the Dorper, Damara, Van Rooy and Blackhead Persian.

Andjamba (2017:22) reports that in the 1950s Namibia’s sheep population consisted of about 70% Karakul sheep, but that by 2004 about 90% of the sheep population were mutton sheep.

3.4 Small Stock Marketing Scheme

The Small Stock Marketing Scheme (SSMS) was introduced on 1 July 2004 with the aim of increasing local value addition in respect of Namibian small stock marketed for slaughter by increasing the utilisation of local slaughtering and tannery facilities (PWC, 2007:14). The Scheme introduced a series of increasing demanding quantitative restrictions on the number of live sheep that a Namibian producer is allowed to export to South Africa. The SSMS was implemented as an alternative to a fixed 15% levy on live sheep exports (PWC, 2007:14; Sarker & Oyewumi, 2015:1; Rakow, 2018:2).

The rationale behind the SSMS was that the measures introduced to compel small stock producers to make greater use of local slaughtering and tannery capacity would translate into more jobs in and higher revenue for those facilities, thus contributing to the Namibian Government’s Vision 2030 strategy (PWC, 2007:9) to transform Namibia into “A prosperous and industrialised Namibia, developed by her human resources, enjoying peace, harmony and political stability” by 2030 (Namibia Vision 2030, 2004:40).

The first step taken towards local value addition was the imposition of levies on the export of agricultural products, which included a 15% levy on exports of live sheep. The Namibian Government stated that exports of live sheep would be exempted from the levy if local abattoirs and slaughter facilities were fully utilised by November 2007. This decision that led to the introduction of the Small Stock Marketing Scheme on 1 July 2004. The SSMS was initially supported by the Namibian small stock producers (Rakow,
The first export ratio imposed by the SMSS was a 1:1 ratio, which meant that farmers could export one live sheep for every sheep slaughtered locally (in Namibia).

On 28 February 2005, the export ratio was changed from 1:1 to 2:1, on 1 September 2006 to 6:1, and on 1 April 2007 to 3:1. Further changes to the SSMS were introduced on 15 May 2007 and again on 14 June 2007. The former gave the Meat Board of Namibia the responsibility of determining the conditions to be met before an export permit could be issued. A 3:1 export ratio was imposed for a second time on 15 June 2007 (PWC, 2007:14). In 2013, in the midst of a drought, the then-prevailing 6:1 export ratio was temporarily suspended and replaced by a 1:1 ratio, which remains in effect (Rakow, 2018:3).

Between 1992 and 2007 the number of sheep marketed amounted to about 1.2 million sheep per year, but from 2008 to 2012 the number decreased to 953 000 per year. This number shrunk further over the next few years and only 850 000 (Table 3-1) sheep were marketed in 2017 (Rademeyer, 2018:3).

Table 3-1: Sheep market 2014 to 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of sheep slaughtered</th>
<th>Total number of live exports</th>
<th>Total number of export and slaughter sheep</th>
<th>Local slaughtered sheep</th>
<th>Total sheep marketed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>559,160</td>
<td>162,656</td>
<td>721,816</td>
<td>96,854</td>
<td>818,670</td>
</tr>
<tr>
<td>2015</td>
<td>444,927</td>
<td>437,229</td>
<td>882,156</td>
<td>79,024</td>
<td>961,180</td>
</tr>
<tr>
<td>2016</td>
<td>321,413</td>
<td>318,915</td>
<td>640,328</td>
<td>68,741</td>
<td>709,069</td>
</tr>
<tr>
<td>2017</td>
<td>238,104</td>
<td>393,594</td>
<td>631,698</td>
<td>141,967</td>
<td>773,665</td>
</tr>
<tr>
<td>2018</td>
<td>205,025</td>
<td>456,069</td>
<td>661,094</td>
<td>164,404</td>
<td>825,498</td>
</tr>
</tbody>
</table>

Source: Meat Board of Namibia (2018)
Although intended in good faith, the SSMS has not delivered the expected results. After its introduction, the price per kilogram for Namibian sheep carcasses dropped dramatically and remained below the price per kilogram for South African carcasses. These resulting price differentials still exist (NAO, 2017:6). The loss experienced by the Namibian economy as a result of the SSMS has been calculated at N$ 177 million per year. Instead of adding value, the SSMS decreased the value of small stock in the South of Namibia (Rademeyer, 2018:2).

A study conducted by Sarker and Oyewumi (2015:74) also found that the SSMS led to increased price volatility within the Namibian sheep market which in turn spilled over to the South African sheep market. This study stated that increased price volatility is commonly believed to reduce wealth, leading to the conclusion that the SSMS has reduced wealth in Namibia as well as South Africa since its inception in 2004.

To counter the negative effects of the SSMS, the PWC study (2007:53-64) identified three possible options for Namibian producers:
(i) Unrestricted cross-border trade for sheep exports;
(ii) An amended export ratio; and
(iii) A fixed export levy rather than quantitative export restriction.

The first of the options proposed in the PWC study (2007:53) involves fully opening the border to live sheep exports and recalling the export ratio being enforced by the SSMS. The study had found that Namibian abattoirs could not compete with abattoirs in the Northern Cape (the destination for most Namibian sheep exports), in terms of prices offered as Namibian abattoirs incur additional direct costs.

The study further found that Namibian farmers also incurred additional costs when exporting live sheep to South African abattoirs in the form of additional transport costs as well as weight losses on live sheep being transported to South Africa. It was assumed, however, that a large number of Namibian farmers were located in areas more or less the same distance from South African and Namibian abattoirs. For that reason, the study found that it would still be more beneficial financially for Namibian farmers to export their sheep to South Africa. The study noted that the reopening of the border without any restrictions would eventually lead to the closure of some, but not all, Namibian export abattoirs that would, in turn, lead to the termination of value adding opportunities in the Namibian small stock industry. While deploying this option would have positive results for Namibian farmers, it would have negative outcomes for the industry itself as well as for the country in terms of a reduction in value adding opportunities. It was thus concluded that the benefits of reopening the border without any restrictions for the Namibian small stock industry would only be short-term.

The second option proposed in the PWC study (2007:57) was to amend the export ratio which, at the time, was 6:1. The rationale for this option was that Namibian farmers would still support the local abattoirs but would also be allowed to utilise alternative markets for a percentage of their products. The study argued that the only justification for an export ratio in this instance would be if it helped Namibian abattoirs to cover their additional direct costs: Namibian abattoirs would unfortunately still incur those additional direct costs regardless of the number of sheep slaughtered locally. It was noted that a number of studies on this topic had recommended that Namibian abattoirs be subjected to a penalty
of some sorts if they did not maintain the predetermined price difference of N$1.50 per kilogram which had been agreed.

This is not the case though, and for that reason this option would have led to increased vulnerability for Namibian farmers in respect of the prices they receive from Namibian abattoirs as they had no other options to ensure they obtain fair prices for their sheep. This option thus seemed to favour Namibian abattoirs and not the equal distribution of benefits between the relevant parties. According to Rademeyer (2018:2) the deficit in prices paid to Namibian producers when slaughtering locally compared to exporting live sheep to South Africa reached record heights in 2018 with the difference paid amounting to N$18 per kilogram. This led to Namibian producers boycotting local abattoirs, which in turn yielded an increase in the price paid by local abattoirs of N$15 per kilogram.

The third option in the PWC study (2007:59) was to recall the quantitative restriction of a 6:1 export ratio (at the time) and replacing it with a fixed levy per live sheep exported. This fixed levy would be calculated based on the additional direct costs Namibian abattoirs incurred compared to their competitors in the Northern Cape. The export levy would be an additional expense for Namibian farmers exporting live sheep to South Africa. The rationale behind this option was to open the borders for the export of live sheep but also to equalise the playing field between Namibian abattoirs and their South African counterparts due to the additional cost of the levy for exporting live sheep. There were concerns, though, that South African abattoirs would simply improve the prices they offered to Namibian farmers to counter the impact of the fixed levy on exports.

It is important to note that various factors that existed when the PWC study (2007) was done and the options formulated have not been mentioned in the review and discussion of the options in the paragraphs above. These options were among various solutions that have been suggested to replace the SSMS, several of which could have helped the Namibian small stock industry, but to date the SSMS is still enforced and none of these solutions has been officially implemented. In the same vein, the Ombudsman, Advocate John Walters (Rakow, 2018:16) in 2018 recommended that the SSMS should be abolished, but no alternative solution has to date been offered to replace the current scheme or to help the small stock industry recover from the scheme’s adverse effects.
Morris and Mare (2013) used risk and environmental analysis to assist a group of farmers in identifying their best strategic options. Although the study was successful in helping these farmers identify their strategic options, this study only focused on a group of farmers and the findings cannot be generalised to the whole Namibian industry. It is important to note that all of these studies and reports highlighted the negative effects that the SSMS has had on the Namibian small stock industry.

In concluding the literature review, it is noteworthy that although numerous studies have been done on the concept of competitive strategy and competitive advantage, the SSMS and different sheep industries, very few studies could be found where these topics have been integrated. As mentioned, although Morris and Mare (2013) focused on establishing a collaborative marketing strategy for Namibian sheep farmers, the study has its limitations as it only focused on a small group of farmers.

3.5 Stakeholder theory

The notion of stakeholder is a powerful one, due to its conceptual breadth. The term has no single defined meaning on which all would agree, making the definition wide due to the diversity of possible interpretations. These wide possibilities of interpretation are one of the strengths of stakeholder theory, but also one of its major flaws (Phillips et al., 2003:479). Stakeholder theory is a general term for a class of theories which help scholars and managers to obtain a better understanding of relationships between firms and their stakeholders and of the effects of these relationships on performance (Jones et al., 2018:371).

Stakeholder theory is an important framework for identifying the differing interests, powers and capabilities of stakeholders, not only in business management, but also beyond (Akwei, 2018:480). Stakeholders have been defined by Freeman (1984:46) as any individual or group who can influence and is influenced by the achievement of organisational goals and objectives. Furthermore, he distinguished between internal stakeholders and external stakeholders. Internal stakeholders refer to owners, employees, customers and suppliers of an organisation, while external stakeholders refer to relevant governments, competitors, media, special interest groups, consumer advocates and environmentalists (Laplume et al., 2008:1153). Stakeholders are not
merely generic groups, but rather individuals that stand in some kind of relationship with a company, whether via membership of a group or a role-related activity (Freeman, 1994:411).

In this study it is argued that the Namibian Government is an external stakeholder. Although government policies are imposed on the sheep industry in Namibia, through policies such as the SSMS, many of the participants who partook in this study believes that government policies should not be forced on the sheep industry. If no policy interference exists, the performance of the internal stakeholders such as sheep farmers, farm workers and abattoirs will have an effect on the Namibian Government and not as vice versa.

**Table 3-2: Stakeholders of the Namibian small stock industry**

<table>
<thead>
<tr>
<th>Internal Stakeholders</th>
<th>External stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep farmers</td>
<td>The Namibian government</td>
</tr>
<tr>
<td>Employees of sheep farmers</td>
<td>Other industries that compete with the small stock industry</td>
</tr>
<tr>
<td>Consumers of sheep meat products</td>
<td>Individuals or groups with the responsibility to protect and promote the interest of the buying public with regards to Namibian sheep products</td>
</tr>
<tr>
<td>Suppliers of farming materials &amp; products</td>
<td>Individuals or groups that are concerned with the effects that sheep farming has on the environment</td>
</tr>
<tr>
<td>Abattoirs that process sheep meat</td>
<td>The media who reports on the small stock industry and its activities</td>
</tr>
<tr>
<td>Companies that sell sheep meat</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own research

Stakeholder theory’s fundamental argument is that an organisation should be managed, not only with the shareholders in mind, but rather with the best interest of all its constituents in mind (Laplume et al., 2008:1153).
According to Donaldson and Preston (1995:70), stakeholder theory has been used and applied in many ways, three of which are a descriptive or empirical use, an instrumental use and a normative use.

The descriptive or empirical use of stakeholder theory is a means of describing or explaining the characteristics and behaviour of corporate companies. These descriptions of corporate characteristics and behaviours include the nature of the firm, the manner in which managers think about managing, how members of the board of a company think with regards to the interests of the company's stakeholders and how companies are managed. The descriptive use of the theory explains the state of affairs between companies and their stakeholders.

The instrumental use refers to the theory being utilised to identify connections between the management of stakeholders and the achievement of a company's objectives, for example with regard to its profitability and growth. In this context, the theory is used to understand or to connect stakeholder approaches and the company's desired objectives. An instrumental approach is in essence hypothetical and states how things should be done, in order to obtain the relevant results. In the case of an industry, the government of the country in which the industry operates should manage the relevant stakeholders in order for the industry to obtain and produce maximal results. However, it is clear that in the case of the Namibian small stock industry and the implementation of the SSMS, that the industry and its stakeholders are grossly mismanaged.

The normative use of stakeholder theory refers to the theory being used to interpret how a company functions, while taking into consideration moral and philosophical considerations of how a company should be operated and managed. In the case of its normative utilisation, the theory is not checked against facts and neither is the relationship between the theory and a company's performance. In this case the normative use of the theory guides a company in terms of moral and philosophical principles: whether something should or should not be done, because it is the right or wrong thing to do, which differs from the instrumental use of the theory.
Table 3-3: Descriptive and normative use of stakeholder theory

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Stakeholder</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Descriptive</strong></td>
<td>Focus Descriptive approach</td>
<td>Describes the corporate characteristics and behaviours regarding stakeholders</td>
</tr>
<tr>
<td><strong>Instrumental</strong></td>
<td>Focus instrumental approach</td>
<td>Analyses the connection between stakeholder relations management and traditional corporate objectives</td>
</tr>
<tr>
<td><strong>Normative</strong></td>
<td>Focus Normative approach</td>
<td>Interprets the function of the corporation regarding the wider society and stakeholder relations management</td>
</tr>
</tbody>
</table>

Source: Streurer et al. (2005:266)

For this particular study an instrumental approach to the stakeholder theory was followed as the researcher believes that when all the interests of the different stakeholders of the Namibian small stock industry are taken into account, the industry will be better off than it currently is.

This study used the stakeholder theory to investigate the effects the SSMS has had and will have on the “stakeholders” of the small stock industry, defined as any person or group that is influenced and can influence the achievement of the small stock industry’s goals. The effects of the SSMS on these stakeholders is considered in depth in chapter four of this study. These “stakeholders” include sheep farmers, farm workers, local Namibian
abattoirs, the Namibian Government and consumers of mutton in both Namibia and South Africa.

Thus, when combining the objective and the theory on which this study is grounded, the objective of this study was to identify competitive strategies which would be in the best interest of majority of stakeholders of the Small Stock industry.

3.6 Summary

The aim of this chapter was to address the first secondary objective as set out in chapter one. This chapter presented the appropriate and relevant research methodology to address the main objective of this study. Literature reviews were performed on three topics namely, competitive strategy and competitive advantage, the global and Namibian sheep industry and the Small Stock Marketing Scheme.

Through the literature review of competitive strategy and competitive advantage, it was determined that there are two dominant schools of thought on how competitive advantage can be created. Competitive advantage can be created through an external approach or a resource-based view. The external approach refers to the ability of the subject to adapt and respond to opportunities that exist and threats that they face in the external environment. In contrast, the resource-based view refers to the ability of the subject to differentiate its internal resource and capabilities in a way that that its competitors cannot, to establish competitive advantage.

If applied to an industry and not just a single business or firm, the same principles are still applicable. In the case of the Namibian small stock industry where competitors consist of other meat supplying industries in Namibia itself and larger sheep producing countries such as South Africa, it is of the upmost importance for an industry to establish a competitive strategy and advantage. This is not only important to survive, but for the industry to excel. If an industry as a whole is able to utilise its resources in a manner in which competing industries cannot, according to the resource-based view, competitive advantage can be obtained. If an industry is consistently more adaptive than competing industries, with regards to changing factors in the external environment, competitive advantage is established.
The literature review of the global and Namibian sheep industry identified that the challenges both of these industries are facing, are very similar. These challenges include the need to increase productivity on farms, and to differentiate their products, while also adopting new technologies on a timeous basis to successfully compete in their respective markets. It was also determined that the global population is indeed shifting towards preference for sheep products that are free-range and healthier rather than sheep which are fed on a concentrated basis. This could be vital to the Namibian small stock industry.

The implementation of the SSMS and the effects it has had on the Namibian small stock industry was reviewed next. It was established that although the scheme had good intentions, the effects thereof had mostly, if not only, been negative. It was determined that since the implementation of the scheme the number of sheep marketed for slaughter had effectively decreased by 50%. Alternative policies recommended by previous studies were discussed, but none of these policies have been implemented.

Finally, the stakeholder theory was discussed in detail. Policies should be implemented that is to the benefit of all industry members and not for the goals and objectives of individuals. Although the SSMS had the objective of being in the interest of the industry, it clearly has not had the desired effect and alternative plans need to be made.

The next chapter will present the empirical findings of the research.
CHAPTER 4

4 EMPIRICAL RESEARCH FINDINGS ON NAMIBIAN SMALL STOCK INDUSTRY

4.1 Introduction

The objective of this chapter is to address the third secondary objective – to gather qualitative data from interviewees to identify and evaluate a competitive strategy for the Namibian small stock industry. The chapter is most closely related to the main objective of this study which, as described in chapter one (paragraph 1.7.1, page 8) is to identify and evaluate a possible competitive strategy for the Namibian small stock industry. A competitive strategy in this regard refers to a strategy which would be beneficial to both the industry and the Namibian Government. The chapter provides general information on the participants and small stock industry, followed by the results of the SWOT and PEST analyses. The chapter concludes with a discussion of possible alternative strategies for the Namibian small stock industry.

For the purposes of this study, a questionnaire consisting of a list of open-ended questions was developed and used to gain insights into the Namibian small stock industry and the challenges it is currently facing. The questions were posed in a semi-structured manner to eight members of the small stock industry (two farmers, two abattoir representatives, two corporate members and two Meat Board representatives) during individual face-to-face interviews. As indicated below in Figure 4-1, the eight participants interviewed for the purposes of this study provided equal representation to the various stakeholders in the Namibian small stock industry, namely abattoirs, farmers, corporations and the government.
The questionnaire contained: i) questions intended to elicit general information about participants and the industry; ii) questions to generate data for a SWOT analysis; iii) questions intended to generate data for a PEST analysis of the industry; and iv) questions about possible strategies that the industry could follow to obtain a competitive advantage.

The first section of the questionnaire consisted of questions designed to obtain information about participants' industry experience and their current position within the industry. This section was also used to garner information about the status of the industry and the underlying reasons for the situation, from the participants' perspective. This section served to give the researcher a broad and informed understanding of the industry. It also established to confirm the industry experience of the participants and thus the reliance that could be placed on the information they provided.

The second section of the questionnaire focused on the strengths, weaknesses, opportunities and threats confronting the Namibian small stock industry. The objective of this section was to gain an understanding of the inherent strengths and weaknesses of the industry as well as of the opportunities that exist and the consistent threats the industry faces.
The third section of the questionnaire enquired about the external factors which influence the Namibian small stock industry. These factors consist of political, environmental, social economic and technological factors. The above-mentioned factors are the constituent parts and focus areas of the PEST analysis and can and do profoundly affect the industry.

The final section of the questionnaire was aimed at probing whether it was possible for the Namibian small stock industry to follow the cost or differentiation strategies of Michael Porter's generic strategies, and if so, which of two could be implemented and which would the participants recommend.

The questionnaire developed and used for this study was compiled after the literature review in chapter 3 was performed. The findings obtained from the questionnaire will be discussed in the rest of chapter 4.

4.2 General information on participants and the industry

As stated above, the aim of this section of the questionnaire was to gain an understanding of the expertise and experience of the research participants with regard to the Namibian small stock industry and their view of the situation in which the industry currently finds itself. The participants in this study (For the purposes of this study, a questionnaire consisting of a list of open-ended questions was developed and used to gain insights into the Namibian small stock industry and the challenges it is currently facing. The questions were posed in a semi-structured manner to eight members of the small stock industry (two farmers, two abattoir representatives, two corporate members and two Meat Board representatives) during individual face-to-face interviews. As indicated in Figure 4-1, the eight participants interviewed for the purposes of this study provided equal representation to the various stakeholders in the Namibian small stock industry, namely abattoirs, farmers, corporations and the government.

The first part of the questionnaire asked each participant to report the number of years they have been involved in the Namibian small stock industry. The average number of years of industry experience reported was 18 years, with the most experienced interviewee having had 35 years of experience and the least experienced 14 years of abattoir experience (See Figure 4-2 below). Many of the participants reside in the south
of Namibia and understand the industry and its dynamics for their whole lives. The years of experience the participants have in the industry stretches beyond the implementation of the SSMS. The researcher thus concluded that the information gathered from the participants would be sufficient for the aims of the study and would enable them to express informed opinions on the impact the Scheme has had on the industry itself.

**Figure 4-2: Years of industry experience**

![Years of industry experience chart](source)

Source: Own research

The second part of this section probed participants’ opinion on the state of the Namibian small stock industry and the reasons for it. When asked for their opinion, two of the participants provided the following answers:

“The industry is very politically charged due to the fact that there are stakeholders whose interests do not match those of other stakeholders; the people in power make decisions based on their own interests and not the interests of the industry as a whole.”

“The way things are currently going; we are just afraid the whole sheep industry is going to collapse.”
The majority of participants frequently described the current state of the Namibian small stock industry with words such as “distress”, “decline”, “doomed”, “not ideal”, “not sustainable” and the industry as being in “survival mode”. All of the participants agreed that the industry as a whole was in serious trouble.

When asked to indicate the reasons for the current state of the industry (Figure 4-3), three quarters of the participants (six of the eight) mentioned the implementation of the Small Stock Marketing Scheme or political interference during implementation of policies. Some participants (four of eight) referred to factors such as natural predators, an expression used mostly to refer to jackals. Five of the participants also highlighted the drought which Namibia has been experiencing for the past three to five years as one of the reasons. One participant stated the following:

“It is important to note that the Small Stock Marketing Scheme is not the only reason, but it is one of the factors. The fact that the Small Stock Marketing Scheme played one of the biggest roles in the decline of the industry is a given.”

Figure 4-3: Factors for the current state of the Namibian small stock industry

Source: Own research

It is important to note that participants gave multiple answers and that the above figure illustrates only some of the specific answers provided by the participants. Additional
factors mentioned include: i) the differences in prices paid to Namibian sheep farmers by Namibian and South African abattoirs, ii) farmers searching for other income generation alternatives, and iii) theft of sheep from farms. These factors can be described as sub-factors as they can be regarded as consequences of the factors indicated in Figure 4-3.

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“It is important to note that the Small Stock Marketing Scheme is not the only reason, but it is one of the factors. The fact that the Small Stock Marketing Scheme played one of the biggest roles in the decline of the industry is a given.”

The price differential is widely believed to be a consequence of the SSMS, while farmers searching for other alternatives are a result of the SSMS and the drought experienced in the south of Namibia.

The next question asked participants what they would change to stop the downward spiral of the industry. The only answer received multiple times (five participants) was for the SSMS to be terminated or re-evaluated and for a free market system to be adopted where farmers could choose where and to whom to sell their product (sheep). One participant stated the following:

“The only way in which the industry could be saved is to open the borders and to terminate the Scheme completely. But this would mean that the original goal of the Vision 2030 strategy, which was value addition, was not achieved. We need to re-evaluate how value addition can be achieved. It can only happen if there is a joint effort between Namibian and South African producers, marketers and slaughterers because effectively we serve the same market and we are in the same economic circumstances.”
Other participants referred to options such as: i) government incentives to assist sheep farmers as they are already on their knees, ii) treating sheep as a natural resource, similar to diamonds, where there is a fixed levy on the export of products, and iii) all farmers to be taught how to farm more efficiently. It should be noted that one participant commented on how many farms are only used for self-sustainability and not for proper commercial farming purposes.

The final question in this section of the questionnaire enquired if it would be possible for an alternative strategy to be implemented for the Namibian small stock industry. All but two of the participants agreed that an alternative strategy could be implemented. Some of the participants elaborated on their answers and emphasised that the different stakeholders need to come together to determine, evaluate and agree on strategies and plans for the future, if the industry is to be saved.

The participants who did not consider an alternative strategy a possibility, believe that the government will not allow a free market to be established and that some form of restriction will still be enforced, ruling out the viability of an alternative strategy.

4.3 SWOT Analysis

The second part of the questionnaire focused on the strengths and weaknesses of the Namibian small stock industry, as well as the opportunities and threats that exist. Table 4-1 below provides a summary of the strengths and weaknesses of the Namibian small stock industry as identified by the participants. Each of the strengths, weaknesses, opportunities and threats will be discussed in the following sections.
Table 4-1: Strengths and weaknesses of Namibian small stock industry

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Free-range sheep</td>
<td>• Market share weakness</td>
</tr>
<tr>
<td>• Knowledge, expertise and experience of farmers</td>
<td>• Natural predators of sheep</td>
</tr>
<tr>
<td>• High quality abattoirs</td>
<td>• Political and policy interference</td>
</tr>
<tr>
<td>• Good genetics of animals</td>
<td>• High input costs</td>
</tr>
<tr>
<td></td>
<td>• High slaughtering costs</td>
</tr>
<tr>
<td></td>
<td>• Distance from market for products</td>
</tr>
</tbody>
</table>

Source: Own research

What emerged clearly from the interviews with the participants was that although the industry has strengths and opportunities available, these are currently overshadowed by the weaknesses and the threats that the industry is facing.

Table 4-2: Opportunities and threats of the Namibian small stock industry

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Marketing of free-range sheep products</td>
<td>• Drought and climate change in Namibia</td>
</tr>
<tr>
<td>• Possible markets in Europe for deboned sheep meat.</td>
<td>• Increase in natural predators of sheep</td>
</tr>
<tr>
<td>• Unutilised markets in Africa</td>
<td>• Further political and policy interventions</td>
</tr>
<tr>
<td></td>
<td>• Further increase in primary input costs</td>
</tr>
<tr>
<td></td>
<td>• Non-competitive market structure</td>
</tr>
<tr>
<td></td>
<td>• Increase in average age of sheep farmers</td>
</tr>
</tbody>
</table>

Source: Own research

It is important to note that the inputs and results obtained from the research participants pertaining to the SWOT analysis of the Namibian small stock industry are diverse as the different sectors of the industry are represented in the study. It is natural for participants
to provide answers based on their own experience, knowledge and understanding of the industry and the situation which they are facing.

4.3.1 Strengths

Strengths – in the context of a SWOT analysis – refer to a certain competence, resource or attribute which an organisation or in this case, an industry, can utilise to exploit opportunities which exist in the external environment (Capon & Disbury, 2003:393).

Research participants were asked to specify the strengths of the Namibian small stock industry (Figure 4-4). It was evident that most participants agreed on what these strengths were: almost all the participants (seven out of eight) agreed that the fact that Namibian sheep are free-range animals is a strength. Free-range refers to animals which, over and above them roaming freely on the farms, do not receive any antibiotics, growth hormones or any animal by-products. The dissenting participant noted that although Namibian sheep are raised on natural pastures, this is not a marketable attribute in the South African market, as the final user is not willing to pay a premium for a free-range product.

Other strengths outlined by the participants included the knowledge, experience and expertise of Namibian farmers (four out of eight) and; the high-quality genetics of Namibian sheep and the superior quality – even world class – abattoirs (two out of eight). It was however noted by some participants that the operating cost of Namibian abattoirs are too high to compete with South African abattoirs. In the opinion of these participants, the quality of the abattoirs would then not be a strength of the industry in this case. One participant remarked:

“I believe that for the government it was an image thing to have European Union (EU) approved abattoirs, but it never achieved the goal as it should have. It is almost like having a national airline, but where the government subsidises the national airline, the producer subsidises the export abattoirs, and this is not sustainable.”
The factors mentioned were, in their opinion, aspects that could assist the industry to gain a competitive advantage and that could be exploited to utilise existing opportunities in the external environment.

**Figure 4-4: Strengths of Namibian small stock industry**

![Strengths of Namibian small stock industry](image)

Source: Own research

**4.3.2 Weaknesses**

In the context of a SWOT analysis, the term weakness refers to lack of a certain competence, resource or attribute within an organisation, or in this case, an industry, that is needed to perform well in the external environment (Capon & Disbury, 2003:394). The weaknesses of the Namibian small stock industry will refer to factors that are within the control of the industry members, or at least are controllable to some extent.

Research participants were asked which weaknesses the Namibian small stock industry have (Figure 4-5), and in contrast to the strengths of the industry, the answers of participants did not correspond. It is understandable that the industry does have many weaknesses, especially in its current state.

When asked to list the weaknesses of the industry, directly after listing the strengths, one participant answered:

“*Unfortunately, many more.*”

55
This answer made it clear that the industry is indeed experiencing hardship and difficulties, and that something has to be done to rectify and address the situation. The weaknesses listed by the research participants included factors such as the domestic market for sheep products being very small (five out of eight), which makes the industry dependent on product exports. With the SSMS limiting export possibilities for sheep farmers, this has had a major effect on the industry. Seven out of eight participants also considered natural predators such as jackal, as a weakness of the industry. In recent years the efforts to stop these predators from killing sheep has become difficult due to farmers moving out of the sheep industry and into game or cattle farming, where predators such as jackals are not nearly as destructive as on a sheep farm. Half of the participants (four out of eight) mentioned policy and political interventions in the industry as being a major weakness.

Further factors mentioned included: i) the high input costs of sheep farming (four out of eight participants), ii) the high slaughtering cost of Namibian abattoirs, which many participants (four out of eight) believe is due to the adherence to the EU’s standards for meat products, iii) the distance that sheep products need to travel to get to the relevant market (four out of eight), and iv) the intensiveness, difficulty and challenges of sheep farming (two out of eight).

All of the above factors can certainly be seen as industry weaknesses as they are under the control, or partly under the control, of industry members. However, two participants specifically referred to discord amongst members of the Namibian small stock industry:

“There is a lot of disagreement in the industry with the farmers, the meat board, the abattoirs and the government, each on their own side. The parties cannot come to an agreement, and I mean, it has been how many years that they have been trying to make the abattoirs work in Namibia.”

“People tend to shift the blame to someone else: the farmers blame the situation on the industry and the industry blames it on the farmers.”

The fact that there is discord between the different members of the industry was noted throughout the interviews with the research participants. One participant said that farmers
do not want to contribute to Namibia, while another stated that the farmers have always been pro-Namibia and asked what more could be done to prove it. This discord has been on-going since the implementation of the SSMS and has had major effects on the small stock industry as a whole.

**Figure 4-5: Weaknesses of the Namibian small stock industry**

![Bar chart showing weaknesses of the Namibian small stock industry]

Source: Own research

It is clear from Figure 4-5 that the weaknesses as reported by the research participants greatly exceed the strengths of the Namibian small stock industry.

### 4.3.3 Opportunities

According to Capon and Disbury (2003:395), opportunities are possibilities which exist in the external environment, and which an organisation (or in this case, an industry) can pursue to obtain benefits.

Five of the research participants agreed that there are opportunities for the Namibian small stock industry to exploit, while the other three participants stated that they did not
believe that there are viable opportunities for the industry in the current external market. The opportunities mentioned by the participants (Figure 4-6) strongly correlated with the strengths of the industry discussed earlier in this chapter.

**Figure 4-6: Opportunities in the Namibian small stock industry**

![Bar chart showing opportunities in the Namibian small stock industry](image)

Source: Own research

Most of the participants (five out of eight) mentioned that there are opportunities to market Namibian sheep as free-range animals. These animals are not fed through feedlots or by using other animal products and growth hormones to increase the weight of the slaughtered sheep. One participant suggested the following with regard to marketing the products as free-range and how value could be created through the industry:

“The value chain should be correctly understood. The value chain starts the day that a farmer buys a ram to put with his ewes. When a lamb is born, all of these animals have to be taken care of – fighting off predators, providing medicine, providing feed and ensuring that there is water until the product is ready for the market. Up until that point, 50% of the possible value has been added to the product. But then the other 50% of value has to be added
and there lies enormous potential in our country. At this stage the product goes to an abattoir, the skin is removed, and the product is moved to South Africa, and that is only 5% of the value that can be added.”

With this statement, the participant was referring to available investment opportunities such as packaging factories and materials and the fact that farmers could ask retailers how they specifically wanted the products to be packaged and to provide the products in that form. According to this participant this is how: i) value can be added, ii) employment can be created, iii) a positive contribution can be made to the economy of Namibia, and iv) the Namibian small stock industry can be uplifted. The idea of providing packaged and branded meat products from Namibian farmers and abattoirs was backed by three other participants who believed that it is possible and that a market does exist for such products.

However, as evident in According to Capon and Disbury (2003:396), opportunities are possibilities which exist in the external environment, and which an organisation (or in this case, an industry) can pursue to obtain benefits.

Five of the research participants agreed that there are opportunities for the Namibian small stock industry to exploit, while the other three participants stated that they did not believe that there are viable opportunities for the industry in the current external market. The opportunities mentioned by the participants strongly correlated with the strengths of the industry discussed earlier in this chapter.

According to Figure 4-6 above, there were two participants who did not believe that viable opportunities exist in the external market. These participants made the following statements:

“There are not many opportunities to diversify. Export abattoirs are too expensive to operate and they do not have other market opportunities and there are not enough people in Namibia to consume all the meat that is produced. Thus, they will always be export driven and dependent on the South African market.”
“No, I don’t know. I have to tell you, as long as the industry is going on, like it is going on now, there are no opportunities.”

Other opportunities highlighted by multiple participants included the export of mutton to European countries as the export abattoirs do adhere to the EU’s standards for the slaughter of sheep. It important to note, however, that meat that is exported to Europe has to be completely deboned. The participants believe that there is a market for Namibian sheep overseas and that the free-range sheep can be marketed, not only locally, but internationally as well. These participants who identified this opportunity were asked whether they believe that the identified market opportunities for free-range sheep, are willing to pay a premium for these products. All five of these participants agreed that these markets are willing to pay a premium as consumers of animal products in recent times have become more conscious about the type of animal products they consume.

However, three of the participants did not think that the markets in which Namibian sheep products are distributed are willing to pay a premium for free-range products. These participants are the same who stated that there were no viable opportunities for the industry, and represents one participant stating the following:

“Mutton is already the most expensive protein you can buy, compared to chicken, pork and beef. Thus, to distinguish between free-range, Karoo Lamb etc, there is just not space for a premium.”

This participant further stated that although markets do exist in Europe, the fact that the meat has to be deboned is a major obstacle as Namibian sheep and lambs are already smaller than average. He queried the time it would take to fill a 30-ton container with deboned mutton, and what would happen to the meat if that container is flagged by local customs or refused entry by EU customs.

Other markets in African countries such as Angola and Botswana were the last opportunity noted. One participant argued that both of these countries do not have a formal small stock industry and that there are opportunities for Namibian sheep to be exported at a reasonable price.
4.3.4 Threats

Threats, in the context of a SWOT analysis, are defined by Capon and Disbury (2003) as an external factor which can impact an organisation’s (or in this study, an industry’s) performance negatively. The last question of this section requested participants to identify and list the external threats that the Namibian small stock industry is currently facing. Figure 4-7 presents the threats.

**Figure 4-7: Threats to the Namibian small stock industry**

![Threats to the Namibian small stock industry](chart.png)

Source: Own research

The most common threat identified by research participants was the drought which the whole of Namibia, but especially the farmers in the southern part of the country, is currently experiencing. All eight of the participants noted that the drought is a major threat for the industry and that it has already had major negative impacts. Many farmers have sold or left their farms as it was impossible to farm if there has been no rain for the past five to eight years. Another significant threat to the industry is the increase in predators.
In this regard one participant stated:

“In the small stock industry, predators can make or break you. If you have problems with predators there is no way that you will have lambs to sell. The damage they do to your flock is unbelievable.”

Three of the four participants who identified the increase in predators as a threat to the industry believe that it got worse after the implementation of the SSMS. Due to the high input costs of sheep farming, farmers in sheep farming areas switched to either cattle or game farming. This led to the farmers not working together in the fight against these predators. The increase in predation can also be attributed to the difference in prices paid to Namibian and South African producers. The participants reported that the lower prices paid to Namibian farmers has made it difficult for them to afford new fencing. Overall, it has eroded the morale of farmers to the point where many are no longer willing to invest properly in their farms. Others have decided to stop sheep farming altogether and to seek other forms of income because sheep farming has become a loss-making farming enterprise over the past few years.

The political and policy interventions which participants identified as threats to the industry refer to additional trade barriers they fear will be implemented in the form of either the SSMS or other restrictions on the export of live sheep to abattoirs in South Africa. Two participants also referred to the uncertainty around land reform legislation and the threat it poses for the industry.

Another threat noted by two of the participants was the relatively high average age of Namibian sheep farmers and the number of young sheep farmers having decreased over the years. This might mean that aging Namibian sheep farmers will not be able to transfer their knowledge and expertise to new generations. Also, as they eventually pass on and others abandon sheep farming, there is a real concern that only a handful of competent farmers will remain to steer sheep farming in the country.

4.4 PEST Analysis

This section of the questionnaire required research participants to state their views on the effects the political, economic, social and technological environments have on the
Namibian small stock industry. The main reason for including a PEST analysis in this study was to understand how these factors could influence a possible competitive strategy for the Namibian small stock industry, especially with regard to the political environment (from which policy interventions emanate) – and the economic environment, given the economic hardships Namibia is currently facing.

4.4.1 Political environment

The research participants were in agreement that the political environment affected the Namibian small stock industry. Although some of the participants (three out of eight) argued that Namibia generally has the advantage of a very stable political environment, all of them mentioned that its effects on the industry itself have been negative.

Participants referred to the inconsistency of policies implemented and the uncertainty which this has caused for the members and the industry as a whole. The statements from the participants lent themselves to be grouped as follows:

Uncertainty created by the political environment:

“The political environment undermines the sheep industry. It creates uncertainty. It creates a situation where people focus on a backup plan rather than on the farm itself.”

“They are currently busy with new policies, but this creates uncertainty in the industry as nobody knows what these policies will be.”

“If they can just make up their minds, it was the government who said that the abattoirs should be built. The abattoirs were built, when the scheme was 6:1, the abattoirs had good slaughter numbers, then it changed to 1:1. In the end they are going to kill the abattoirs.”

Self-interest of policy makers or industry members:

“On the one side there is a stable political environment, which is very good. But due to the fact that many of the decision-makers are farmers
themselves, the decision making is not always made on a macro basis but rather on a micro basis where people make decisions for their own interest.”

“There are farmers associations which are based on political thinking, rather than working towards the same economic goal of getting good value for their products, they are not bargaining together.”

Ineffective or wrong policies implemented for the goal of value addition:

“I think it had a dramatic effect; you could see that in the past. The political agenda is not wrong, to promote value addition and to create a situation where raw materials are not just exported, is not wrong. However, the method of achieving this is not effective. The biggest issue with politics is the unwillingness (of politicians) to admit that something did not work.”

“We are obliged as a government to force value addition, because we are exporting employment opportunities and considering the objectives of Vision 2030, which are noble objectives. However, since government started to influence policies on the sheep industry, it actually almost collapsed.”

“They have a difficult ball to juggle as they have to create jobs in a country that does not have a secondary industry. The problems with politics start when policies are enforced that does not stimulate an industry, then it has a major negative effect.”

Positive impacts of the political environment:

“On the one side there is a stable political environment, which is very good.”

“I would say it is both positive and negative.”

“We should not just look at the negatives. The fact that we live in a peaceful environment. And the fact that industry members can be in conversation with political leaders, even if they don’t always agree.”
The majority of research participants commented that the principles of utilising the small stock industry as a means of adding value in Namibia was a noble idea and understandable, but was ineffective, lacking in execution and had mostly negative consequences. The policy interventions introduced did not have the desired effects and, together with the current drought, had brought the industry to its knees.

4.4.2 Economic environment

The economic environment has a major effect on the Namibian small stock industry as it impacts the operations of industry members in their respective sectors. Economic factors are defined by Ho (2014) as factors impacting on macro-economic conditions in the external environment, but that can also include weather or seasonal factors. This definition fits well with the Namibian small stock industry, as climate factors play a key role in the production of sheep to be marketed. Namibia southern regions – the epicentre of the country’s small stock industry – have been experiencing drought conditions for the past five to eight years, and its effects on the economy are easy to see. Economic conditions also affect whether farmers can afford essential farming equipment. Finally, adverse economic conditions also negatively affect the ability of Namibian abattoirs to match the prices paid to producers by their South African counterparts.

The following quotes reflect research participants’ responses to questions about the effect the economic environment has had on input costs:

“The current economic situation has a major effect on farmers. Things like fuel and fees costs. The economy influences these things.”

“The economy has an effect on the input costs of farmers. It is not necessarily on the price of sheep products. But the input costs are almost at the brink of passing the income generated from sheep farming.”

“The impact of the economy has been dramatic. It has an impact on input costs and the debts of farmers.”
Their response relating to the economic conditions on employment:

“The economy has a big effect on young farmers. Young guys are looking for work and as soon as you leave your farm, things do not go as planned.

The economy is forcing people into a situation in which they don't want to be.”

“It’s millions. Imagine the returns that government could have got from taxes, VAT, it is huge. There are also the effects on GDP and disposable income. Just imagine how many farm labourers have lost their work when the marketable sheep reduced by 50%.”

And then general comments on the effect of the economic environment:

“Dramatic, if you look at the money lost of the investments made in abattoirs and which have been lost from the industry itself, I think it’s a couple of billion Namibian Dollars over the past few years. I think it’s catastrophic.”

“The economic effects are major when it comes to agricultural output. The moment it takes a dip it immediately transmits to the whole sector.”

“The problem with the economy is that Namibia’s economy is so small that when something happens to the South African economy Namibia’s economy is immediately affected. Thus, for a country which is resource deficient, and so dependent on another country it is difficult to stimulate economic growth.”

Based on the responses received during the interviews, it can be concluded that the current depressed state of the Namibian economy has had a massive effect on the industry, but also that the state of the industry has had a major impact on the Namibian economy. A few of the participants (three out of eight), placed particular emphasis on the number of jobs lost since the implementation of the SSMS, and again at the start of the current drought. It is important to note that participants answered this particular question from two viewpoints – the effects of the economy on the industry, and the effects of the industry on the economy. Two of the participants also referred to an increase in the cost
of living, especially for young farmers, as well as higher school and university tuition fees. The participant who mentioned the effects of the economy on the debt of farmers mentioned that the [sporadic] nature of farming revenue means that farmers do not have a consistent monthly income. As a result, they generally use overdraft facilities to facilitate farming activities.

The conclusion is that the economy has played a significant role in many different parts of the small stock industry, although its effects are more evident in the primary sector.

4.4.3 Social environment

In the context of this study, the term “social environment” refers to external factors presented by the population of a country. These external factors include matters such as demographic trends, education standards and living standards (Ho, 2014). While there are many more social factors that can be considered, those mentioned here are the main issues affecting the Namibian small stock industry. Research participants had varied responses to questions on this topic as some believe that the social environment does not influence the industry, while others hold contrary views.

Three participants argued that the social environment is much more stable than South Africa’s and indicated that this does have a positive effect on the Namibian small stock industry, for example:

“I don’t think it plays a role in the sheep industry. We have a very stable socio-economic environment. Although there is a lot of poverty and inequality, there are very little labour unrest amongst workers. In Namibia, farm workers have a better work situation than in South Africa.”

Participants clearly had different opinions on the effect the social environment has had on the Namibian small stock industry, as three of the research participants did not think it has a notable impact on the industry.

“I don’t think much. Although there are many opportunities to send workers for training, but I don’t know how many people make use of this. One thing about Namibian agriculture, it has always been open for anyone. People are
not unwilling to share their knowledge with previously disadvantaged people. But I don’t think it has a major effect on the meat industry.”

“Namibia’s population density and crime and all those things doesn’t have a negative effect on small stock marketing or farming. Maybe here and there a bit but I don’t think so.”

Other participants (three out of eight) referred to the lack of education and stability amongst farm workers. They concurred that trustworthy workers are hard to find and that many farm workers would rather work on a non-permanent basis and spend the money earned before working again. The participants also mentioned that one farmworker generally supports his extended family. One of the participants highlighted that a significant proportion of the population drops out of school at the age of sixteen, which has a major negative effect on the social environment. Here are some of the responses given on the topic:

“There is definitely a lack of skilled workers with regards to small stock farming.”

“We have a big crisis. The general impression is that many farm workers are not necessarily trustworthy. They drop out of school at fourteen. Thus, unschooled labourers are a problem, and this leads to things like the constant misuse of alcohol. However, there are good workers, and farmers try to look after these workers well.”

“This is a socio-economic problem – that people do not have to attend school after turning sixteen.”

“If you find a person working on a farm, he has an extended family to take care of. Usually he has a wife looking after the kids, his grandparents; even his in-laws are staying there. Sometimes up to ten or twelve people. Just imagine if you have to make a decision to get rid of this person, it has a direct effect on the well-being of ten or eleven people.”
The last noteworthy factor mentioned by a research participant referred to the potential impact of the Government’s impending redistribution of land to previously disadvantaged groups. The participant expressed concern that if farmland is not wisely redistributed, it could lead to land becoming unproductive. Such a reduction in productivity would contribute to a further decline in sheep marketed for slaughter.

“There are some social issues that we are grappling with at the moment. One, a movement towards the provision of land to the previously disadvantaged. In certain quarters it is believed that this land must come from farmland. Whether that farmland is productive or not is one issue, but what is likely is that farmland will reduce in total.”

The final factor to analyse as part of the PEST analysis, is the technological environment.

4.4.4 Technological environment

Technology can play a major role in any industry. Adopting new and innovative technology can help businesses and industries to grow, become more efficient and effective and gain competitive advantage. According to Ho (2014), technological factors refer to technological activities, infrastructure, incentives to use technology and technological changes which can affect the external environment.

Given the perceived lack of effectiveness in the industry (it was mentioned by four of the eight participants), technological factors must be taken into account when assessing the Namibian small stock industry. The four participants concurred that something has to be done to address the ineffectiveness noted in the industry and agreed that introducing technology is possibly the answer. There were mainly two schools of thought when participants were asked about the impact of the technological environment on the Namibian small stock industry:

• Some participants believe that technology has come a long way in the context of the industry and that it is being used in a manner that leads to positive effects, and
• many participants referred to the cost of new technology and stated that it would not be cost effective.
The quotes below represent the views of participants from the first school of thought:

“I think the farmers are much more advanced than we realise. The Namibian abattoirs are probably the best in Africa, so I don’t think we have problems with technology.”

“One of the factors for the cost difference between abattoirs (Namibian and South African), is technology. There needs to be reforms with the technology used by abattoirs, to adopt more cost-efficient methods of production.”

“Technology has helped producers. But with regards to labour, labourers are not competent with technology due to many leaving school at an early age. But technology has its positives and negatives.”

“Information is at our fingertips. Farmers live between nothing and nowhere and we have internet that works. Technology can be used to implement a more productive system. Technology definitely has its perks.”

A view from the second school of thought is:

“There’s always opportunities to use technology. The question is if it would be cost effective to implement it in an extensive farming environment. In my view, as long labour remains relatively cheap in Namibia, technology, especially on sheep, will take a while to implement.”

From the responses obtained in the interviews it was concluded that although Namibian abattoirs are very advanced, there are still questions about its effectiveness in the secondary industry. Half of the participants referred to advances in technology such as:

i) the use of water pumps powered by solar energy, ii) the use of cell phones and computers to gain access to the internet for research on animal diseases, and iii) applying online for the permits needed to move sheep for either farming or slaughter purposes. Most of the participants confirmed that the use of technology on primary (farming) level is rather good, while two participants noted the advanced technologies of the Namibian
abattoirs. One participant observed that the investment in technology has to be compared to the benefits to be gained from the investment. In his view, only additional income and increased farming efficiencies would justify any investment in technology.

4.4.5 Opportunities and threats in the external environment

The final part of this section of the questionnaire, research participants were questioned on which of the above PEST factors holds the most opportunities and contains the biggest threats for the Namibian small stock industry. Responses varied between all the above-mentioned factors and half of the participants made reference to multiple environments (Figure 4-8). However, only the main factors, as confirmed by the participants, will be taken into account.

The political environment was identified as offering the most opportunities for the industry. The four participants who mentioned this environment, referred to the effects of political intervention in the industry. They opined that if this is discontinued and the government can contribute positively to the industry, it can be turned around. These participants also stated that political will is needed to admit that things are not working, that it needs to change, and the change should be in the best interest of all the industry members.
Figure 4-8: Environment holding viable opportunities

Source: Own research

The economic environment had the second highest number of responses of the four environments. Participants felt that the economic situation has worsened the decline the industry continues to experience. Improving the economic situation would enable farmers to adequately invest in their farms and sheep and could also reduce the differential in prices paid by Namibian abattoirs and their South African counterparts. It would also help consumers to afford to buy mutton and other sheep products on a more regular basis. A stable economy would also reduce the need for retrenchment of workers on farms, in abattoirs and even in retail outlets.

One participant noted that the social environment held the biggest opportunity for the Namibian small stock industry: he felt that socio-economic upliftment would benefit not only the industry, but the country at large. Socio-economic upliftment in the south of Namibia could contribute greatly to growth in both the economy and small stock industry in this region by helping to counter its high unemployment rate and poverty levels. If more people earned a salary, consumer spending would improve, which would, in turn, lead to improved living conditions.
One participant chose the technological environment as the most promising in terms of creating opportunities. His reasoning was that it could help farmers reduce production costs and abattoirs to reduce slaughtering costs. This could reduce the price differentials referred to under the discussion of the economic environment (section 4.4.2).

Research participants thus collectively believe that all of the PEST environments hold the promise for creating new opportunities for the industry, but stability in the political environment (Figure 4-9) – particular policy interventions – was identified as the factor with the greatest potential.

Participants were then asked to identify the environment which they feel holds the biggest threat for the Namibian small stock industry. All of the participants agreed that the political environment – in terms of the PEST framework – holds the biggest threat for the Namibian small stock industry, as political and policy interventions create high levels of uncertainty within the whole industry.

**Figure 4-9: Environment holding major threats**

Source: Own research
According to one participant, statistics showed that, where free market principles were not adhered to, each change in policy had a negative impact on the industry. In similar vein, another participant argued that meddling with economic factors, for example in implementing trade policies, cannot be expected not to have an effect on the industry. Participants also referred to the uncertainty created by the impending land redistribution programme and the effects it can have if the land redistribution results in farmland becoming unproductive. It is important to note that two of the participants referred to the drought and Namibia’s natural climate as the biggest threat to the very existence of the industry. It was mentioned that climate change is expected in the future to reduce the number and size of areas in Namibia that traditionally receive viable rainfalls for farming purposes. However, natural environmental factors did not form part of the PEST analysis.

4.5 Alternative strategies for the Namibian small stock industry

The final part of the interviews focused on the possibility of alternative strategies for the Namibian small stock industry. This section asked research participants if it would be possible for the industry to operate as either a cost leader or a differentiation leader (Figure 4-10), and if so, which of the two strategies could, in their opinion, be viable.

**Figure 4-10: Porter’s generic strategies**

![Porter's generic strategies diagram](image)

Source: Porter (1985)
4.5.1 Cost leader

A firm that strives to be an industry leader due to its low-cost production of products is a cost leader. If it is possible for a firm to achieve and sustain cost leadership, it will be a good performer in its industry. According to Porter (1985:13), if it is possible to produce at a lower cost than one’s rival, the cost leader will generate higher returns.

In the context of the Namibian small stock industry, the industry has to compete against countries with many more animals, world-class technologies at primary and secondary level, and more stable economic situations boosting economic growth. From Figure 4-11 below, and as stated in chapter one (refer 1.4.3, page 5), it is evident that Namibia is not one of the top ten global sheep producing countries. It can therefore be expected that industries in larger countries such as China, Australia and India (all included in the top ten), will be in a much better strategic position to follow a cost leadership strategy. According to Colby (2015) the largest contributors to global sheep production in 2013 were China (24%), Australia (8%) and New Zealand (5%).

Figure 4-11: Global sheep meat production 2013

![Pie chart showing global sheep meat production]

Source: Colby (2015)
Almost all the research participants (seven out of eight) agreed that it would not be possible for the Namibian small stock industry to follow a cost leader strategy because of factors such as: i) high input and production costs, ii) the relatively high cost of slaughtering due to local abattoirs’ compliance with EU standards, iii) the small number of animals produced for slaughter per year, and iv) inefficiencies as noted by some of the research participants (three out of eight). One participant mentioned that sheep prices in southern Africa tend to be the highest in the world. The one dissenting participant on this point argued that if input costs declined and effectiveness improved, a cost leader strategy was an option in Namibia.

4.5.2 Differentiation leader

A differentiation strategy refers to a firm that is unique and different from its competitors in a way that is valued by their customers. Firms that follow this strategy focus on an aspect which is important from a potential customer’s perspective and therefore seek to satisfy the needs of customers with their uniqueness. There are a number of ways in which a differentiation strategy can be deployed: either through the exclusivity of the product itself, the manner in which the product is marketed or how the product is delivered (Porter, 1985:14).

The uniqueness of the product was highlighted by one participant:

“Definitely, the uniqueness of our product has to be marketed. Tell the customer the story that they want to hear.”

Almost all of the research participants believed that the Namibian small stock industry could follow a differentiation strategy due to: i) the quality of the product produced, ii) Namibian sheep being free-range animals, and iii) the high standards that Namibian abattoirs have to comply with:

“Our product is of high quality and really a premium product. Let’s have a brand for these sheep that are being slaughtered.”

“I don’t know if the market is ready to pay the premium for free-range products, which it deserves.”
“The whole world and South Africa is on the move to feed-lotting. Namibian sheep is free-range. The only way that we can survive is to be different. Like the French market their wine. We need to market our product. As a quality product with a story.”

However, half of the participants (four out of eight) argued that it is difficult to compete as there are already many brands in South Africa. They also felt that customers are not yet willing to pay a premium for a free-range product.

“It’s difficult to brand Namibian lamb. South Africa has how many different brands for lambs. If we get an alternative market, for example the Middle East, we can fully commit to the branding of sheep.”

It is clear that there are industry members who believe that developing proper branding for Namibian mutton products is a viable strategy as customer awareness of healthy living, healthy products and products which are different increases. Other members, however, believe it is not yet possible for Namibian mutton products to compete on branding.

**Figure 4-12: Cost versus differentiation leader**

Source: Own research
It can therefore be concluded that participants believe that a differentiation strategy is the better option for the Namibian small stock industry to follow (Figure 4-12).

4.6 Summary

The objective of this chapter was to address the third secondary objective (as set out in chapter one on page 8), namely gathering qualitative data by means of semi-structured face-to-face interviews to identify and evaluate a competitive strategy for the Namibian small stock industry. To this end, eight members of the Namibian small stock industry comprising two farmers, two abattoir representatives, two corporate representatives and two government representatives, were interviewed. As stated in chapter 4 (page 46), the participants collectively have an average of 18 years’ experience in the small stock industry. The researcher aimed to use the interviews to gain valuable insight and knowledge of the Namibian small stock industry.

The interviews revealed that most of the research participants agreed on the current state of the Namibian small stock industry, the reasons for that state and on a possible competitive strategy for the industry.

The first part of the questionnaire evaluated the industry experience of research participants, their general perception of the current state of the Namibian small stock industry and the possible reasons for this situation. Almost all of the participants referred to the implementation of the SSMS as a combination of political and policy intervention. Other factors mentioned were the effects of the current drought in Namibia, the impact of natural predators on sheep flocks and ineffective farmers. Almost all the participants were concerned about the industry and made it clear that things could not continue along the current path for much longer. The final question in the first section queried the possibility of implementing an alternative strategy or policy – six out of the eight participants believed it would be possible.

The second part of the questionnaire required participants to identify the strengths and weaknesses of the industry as well as opportunities and threats currently facing the industry (SWOT analysis). At least half of the participants agreed on 75% (three out of four) of the strengths identified. The strengths identified related mainly to the primary
industry level and included free-range animals, the knowledge of Namibian farmers, high quality abattoirs and good animal genetics. More industry weaknesses than strengths were identified, with the six listed having been noted by at least half of the participants. The only weaknesses listed by more than half of the participants were natural predators and a small domestic market for Namibian sheep products.

Of the opportunities listed by participants, only one was listed by multiple participants: the marketing of free-range products. Other opportunities identified included the marketing of sheep to European and neighbouring African countries. However, there was a contrary view that there were no opportunities for the industry at this point in time. As was the case with the strengths and weaknesses, the number of threats the industry faced far exceeded the opportunities; in fact, the number of threats was twice the number of opportunities noted. The most prominent threats identified were the extended drought situation in Namibia, further political and policy interference, and the increase in predators.

The penultimate section of the research questionnaire formed part of the PEST analysis performed for this study. Participants were asked to state the effects of each environment (political, economic, social and technological) on the Namibian small stock industry.

Although some participants noted the positive effects of Namibia’s stable political environment, all of the participants stated that the political environment has had a negative effect on the small livestock industry due to policy interference. Furthermore, while many of the participants did not consider value addition through the creation of a secondary industry a bad idea, they felt its execution was lacking.

Participants also agreed on the effects the economic environment has had on the industry. The majority of participants believed that economic situation has had, and continues to have, a deleterious effect on the industry: they felt it has increased input and production costs and increased farmers’ debt due to the sporadic nature of their cashflows. Participants also mentioned that the current economic environment could lead to an increase in the price differential mentioned previously.

The feedback from respondents was relatively mixed on the effects of the social environment on the small stock industry. A number of participants believed that this
environment does not really impact the industry itself, while others stated that the lack of education and employment does have an effect as it leads to increased poverty in the southern regions of Namibia.

Participants had varying answers with regards to the use and impact of technology in, and on, the industry. There were members who argued that the investment in technology was too high, as returns on the investment would not be worth it. Other participants stated that the use of technology at primary level was good, but that it could still be better utilised.

It was also noted that Namibia had world class abattoirs with regard to technology.

This section concluded with participants being asked to give their opinion on which of the four environments in the PEST analysis offered the best opportunities and the biggest threats to the industry. The most frequent answer in respect of both opportunities and threats was the political environment. The economic environment, followed by the technological and social environments, were seen as offering the next best opportunities. As mentioned, all the participants agreed that the biggest threat to the Namibian small stock industry was the political environment.

The questionnaire concluded with research participants being asked for their opinion regarding the feasibility of Porter’s generic strategies in the context of the Namibian small stock industry. The majority agreed that a low-cost strategy is possible.

The following chapter will summarise the study, make recommendations and highlight the limitations of this study as well as areas for future research.
CHAPTER 5

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this chapter, as set out in chapter one (page 8), is to address the final secondary objective of providing recommendations on an appropriate alternative strategy for the Namibian small stock industry.

The main objective of this study was to identify and evaluate a possible competitive strategy for the Namibian small stock industry. This objective was supported by the following secondary objectives set in chapter one (page 8):

- Presenting the appropriate research methodology to address the set main research objective (refer to chapter 2, page 14);
- Reviewing the literature around competitive strategies and competitive advantage while considering the context of the Namibian SSMS (refer to chapter 3, page 26);
- Collecting qualitative data from interviewees to identify and evaluate a competitive strategy for the Namibian small stock industry (refer to chapter 4, page 46);
- Concluding the study by providing recommendations on an appropriate competitive strategy for the Namibian small stock industry (to be covered in this chapter).

The study comprised of both a literature review and an empirical study as specified in the research methodology described in chapter one (paragraph 1.8, page 9). This chapter will provide a summary of both the literature review (chapter 3) and the empirical study component (chapter 4), followed by recommendations based on the findings of the study.

The final sections will present the limitations of the study and areas for future research.

5.2 Literature review summary

The literature review evaluated three topics central to the purposes of this study. The concepts of competitive strategy and competitive advantage were the first to be reviewed and discussed in detail. It was determined that competitive advantage could be obtained through the implementation of strategies which create value, and which no other
competitor, current or potential, have or can implement to obtain the benefits thereof (Barney, 1991:102). Porter’s generic strategies of low cost and differentiation were then described as they are viewed as competitive strategies and are important in the context of this study.

It was determined that two schools of thought exist regarding the creation of competitive advantage, namely the external approach and the resource-based view (Figure 4-10: Porter’s generic strategies, page 74). It was argued that these views, or approaches, tied in with the well-known SWOT analysis as the external approach states that competitive advantage can be obtained through the adaptability of firms to opportunities and threats in their external environment. In contrast, the resource-based view contends that by differentiating the capabilities and resources of a firm from their competitors, competitive advantage can be obtained. These concepts were discussed in detail to obtain a thorough understanding of what competitive advantage is and how it can be obtained.

The second part of the literature review focused on the sheep industry. This section started by establishing the position of mutton on the global stage and the future expectations of global mutton consumption. Many authors predict an increase in the global demand for sheep products and that the global preferences were shifting towards grass-based (free-range) products.

Next, the literature review detailed the challenges faced by the Namibian small stock industry. It was determined that the global sheep industry and the Namibian small stock industry face very similar challenges, including the production and efficiency of farms, the ability to differentiate products while adding value, and the need to increase the speed of adoption of new technologies to be able to successfully compete with other products.

The focus then shifted to the Namibian sheep industry. It was established that the small stock industry was the second largest contributor to the livestock sector in Namibia even though commercial small stock farming is conducted mainly in the southern parts of Namibia, where conditions are harsh and the carrying capacity of farms is low. The final part of this section on the sheep industry briefly discussed the traits of Namibian sheep and the reasons they were able to adapt to the prevailing harsh conditions.
The penultimate section of the literature review focused on the Small Stock Marketing Scheme. The aim of this section was to gain a complete understanding of what the scheme was about and how its implementation affected the Namibian small stock industry. The section started off by providing a comprehensive background to the scheme, including when and why it was implemented, and all of the changes that have been made to its policies since its implementation. Previously collected statistical data were cited from multiple studies which indicated the dramatic decline in the number of marketable sheep since the implementation of the scheme and which showed that something clearly had to be done to stop the decline.

The final part of the literature review referred to Freeman’s Stakeholder Theory. Freeman (1984:46) defines stakeholders as individuals or groups who influence, or is influenced by, an organisation reaching its objectives. It was determined that there are three main uses or applications of stakeholder theory, namely descriptive or empirical, instrumental and normative, and each was covered in detail. The rationale for utilising stakeholder theory was to identify and evaluate a possible alternative competitive strategy for the Namibian small stock industry, one that will serve the interests of all – or the majority of – industry stakeholders.

5.3 Empirical study summary

Qualitative data were collected by performing individual face-to-face, semi-structured interviews with eight members of the Namibian small stock industry. Interviews were performed until the point of saturation was reached. The questionnaire was designed by the researcher. The research participants included two Namibian sheep farmers, two abattoir representatives, two corporate representatives and two government representatives.

Each section of the questionnaire had a specific objective, and its sections covered:

i) general information on the research participants and the industry, ii) a SWOT analysis of the industry, iii) a PEST analysis of the industry, and iv) possible alternative competitive strategies.
Each of the four members (or constituents) of the Namibian small stock industry was represented by two research participants to ensure consistency of interview results and counter possible bias from any of the participating industry members towards the current situation.

The first section of the questionnaire was designed to confirm the quality of data collected. This was confirmed by the average industry experience of the research participants handsomely exceeding the number of years since the implementation of the SSMS.

Participants had an average of 18 years’ industry knowledge and experience and could rightfully be considered industry specialists. The conclusion made from the first section of the questionnaire was that the main factors considered responsible for the current state of the Namibian small stock industry were political interference and the extended drought which Namibia is experiencing.

The next conclusion was based on the outcome of the SWOT analysis. It was clear that the weaknesses of and the threats to the Namibian small stock industry greatly outweighed the strengths and opportunities. Furthermore, most participants agreed on all the elements identified and discussed as part of the SWOT analysis. The principal strength of the Namibian small stock industry was identified as its production of free-range sheep. The most mentioned weakness was the sharp increase in the number of natural predators farmers have to contend with. It was significant that all the weaknesses identified in the analysis were mentioned by at least half of the participants. Another notable finding was that the same factor – the free-range products of the industry - was most frequently mentioned as both its greatest opportunity and its greatest strength. The threat identified by all of the participants was the continuation of the extended drought currently being experienced in Namibia, while the threat of further political interference was the second most noted threat.

The performance of a PEST analysis was aimed at understanding the views of participants on the political, economic, social and technological environments and the effects that they believe these environments have on the industry. It was clear from the data obtained that the environment seen as holding both the biggest opportunities and threats for the industry was the political environment. Political and policy interference as
well as the impending redistribution of land – the latter possibly including currently productive farmland, have created a great deal of uncertainty and insecurity in the industry. It is nonetheless noteworthy that one of the research participants felt that a stable political environment – and more specifically policies – would create an opportunity for the market to sort itself out and would thus be the biggest opportunity. All of the participants agreed that the biggest threat to the industry was the political environment.

The final section of the questionnaire revealed that the only viable alternative strategy for the Namibian small stock industry would be a differentiation leader strategy. It was clear that the input, production and slaughtering costs of the small stock industry are currently too high for the adoption of a cost leader strategy.

5.4 Recommendations

The results obtained from the semi-structured interviews with industry specialists clearly indicate that the Namibian small stock industry needs to identify alternative competitive strategies as the scheme cannot continue along its current path. Although some participants argued that the impact of the SSMS is starting to even out, it remains a debilitating force for the small stock industry, particular in combination with the effects on the industry of the protracted drought and the depressed economic situation in Namibia. It is therefore recommended that industry members come together to brainstorm on the way forward as the success of the industry depends on all of its members or stakeholders joining forces and working together, something widely seen as lacking in the industry.

It is further recommended that the industry embark on research into alternative markets. Furthermore, the Namibian small stock industry should market Namibian sheep as free-range sheep. This marketing strategy could create a competitive advantage for the industry, especially as consumers globally are moving towards free-range products. A number of participants do not believe the market is ready to pay a premium for a free-range product. However, studies on the global sheep industry have revealed a global consumer trend towards free-range products, as discussed in chapter three (section 3.3, page 32). If Namibian sheep producers do not have an established brand by the time that consumers do make the shift towards free-range products, it will be too late to establish one from scratch. This is an ideal opportunity for the Namibian small stock industry to
follow a differentiation strategy. This strategy could be implemented not only for exports to South Africa, but also for exports to luxury markets as Namibian sheep products are of superior quality.

Political interference was the most noted reason for the current state of the industry and also identified as the second most important threat to the industry, behind the drought. In the same vein, the political environment was identified by all the participants as the environment which poses the greatest threat to the industry. The uncertainty created by constant policy change impacts negatively on all industry members. It is recommended that the industry enter into negotiations with the Namibian government to address their concerns and work towards a solution that will be to the advantage of all stakeholders.

A final important conclusion to be drawn from the data obtained is that relations between the members of the Namibian small stock industry is characterised by conflict and hostility. It is recommended that members make a conscious and concerted effort to stand together to keep the industry from failing, and more importantly to discuss the industry's strengths, weaknesses, opportunities and threats identified. Many of the research participants believed that the industry can recover from the crisis in which it finds itself. This will, however, require a joint effort by and a commitment from all industry members to act in the best interests of the industry as a whole.

5.5 Limitations of the study

The sample for data collection in this study was small and did not represent the whole population. The perceptions of the participants can therefore not be generalised across all members of the Namibian small stock industry. In addition, the study focused only on the Namibian small stock industry: its results can therefore not be made applicable to other industries in Namibia nor to small stock industries in other countries.

The study had the objective of identifying and evaluating possible alternative strategies for the Namibian small stock industry. It did not set out to determine the feasibility of these strategies and whether they can be implemented immediately.
5.6 Areas for future research

The limitations of the study, as listed under section 5.5, provide a guideline for further research opportunities. Further research opportunities include:

- Investigating the feasibility of marketing Namibian free-range sheep products in the South African and global markets;
- Identifying and evaluating alternative competitive strategies for other struggling industries in Namibia; and
- The impact of policy interventions on other industries in Namibia.

The study will now conclude with a summary.

5.7 Summary

The main aim of this study was to identify and evaluate a possible competitive strategy for the Namibian small stock industry. This industry has experienced many hardships over the past 14 years and this situation is still ongoing. The continuing drought together with the enduring effects of the SSMS has the industry on its knees. These factors influence more than just the small stock industry, but the dire situation in which the industry finds itself affects many other Namibian lives.

The recovery of the Namibian small stock industry will have a positive effect on the people and the economy of the southern parts of Namibia. The implementation of a viable differentiation strategy as described above, can play a vital role in the recovery process. It is of critical importance that the industry prepares for and positions itself to take full advantage of the opportunity to supply free-range sheep products to export markets when that opportunity presents itself.
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APPENDIX

Student: Corrius Vogel (24920649)

1. For how many years have you been part of the Namibian sheep industry?
2. What is your opinion on the current state of the sheep industry?
3. What do you believe are the reasons for the current state of the industry?
4. What do you think needs to change in this industry?
5. Do you believe an alternative strategy can be implemented? If so, what are your suggestions?

SWOT Analysis

6. Which strengths do you believe the Namibian sheep industry have?
7. Which weaknesses do you believe the Namibian sheep industry have?
8. Which opportunities do you believe exist for the Namibian sheep industry?
9. Which threats do you believe exist for the Namibian sheep industry?

PEST Analysis

10. What effect does the Political environment (such as the tax policy of Namibia, government and political stability, trading agreements between countries, environmental regulations, security controls and restrictions on mergers of companies) have on the Namibian sheep industry?
11. What is the effect of the Namibian Economy (such as interest rates, exchange rates, inflation rates, and economic growth) on the Namibian sheep industry?
12. What is the effect of the Social environment (such as language, education and living standards in Namibia, the varying roles of different genders, demographic trends, and consumer tastes) on the sheep industry?
13. What effect does the use of Technology (such as technological trends, technological innovations, and infrastructure and technological legislation) have on the Namibian sheep industry?
14. Which of these environments have the best opportunities for the sheep industry?
15. Which of these environments are the biggest threat to the sheep industry?

Alternative strategy

16. Do you believe the Namibian sheep industry could be a cost leader?
17. Do you believe the Namibian sheep industry could be a differentiation leader?
18. Which of these two options will fit best with the Namibian sheep industry?
19. Which alternative competitive strategy do you recommend?
20. Do you believe that such an alternative strategy could be implemented?
EDITORIAL CERTIFICATE

This is to certify that the following manuscript was proofread and edited for proper English language, grammar, punctuation, spelling and style by the undersigned. The research content was not altered in any way during the editing process.

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