

REVIEW

# An investigation into the impact of digitalization in the SME's development in Namibia: a systematic literature review

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The study sought to determine how digitalization has affected the growth of SME's in Namibia. Using secondary data, the study examined how digitization has affected the growth of SMEs in Namibia and around the world. To ascertain whether technologies are used in businesses in Namibia and elsewhere, a survey of pertinent literature on digitalization in the development of SMEs was done. Numerous SMEs in Namibia face challenges such as increased rivalry and an inability to adapt to rapidly shifting market demand, technological development, and capacity restrictions brought on by knowledge, innovation, and creativity. According to the present survey, SMEs in Namibia should begin utilizing digitalization because it offers insights that help them better understand their clients and gauge the effectiveness of marketing initiatives. This is especially helpful for small businesses with constrained marketing budgets.

**Keywords:** digitalization, SME's, Namibia, impact of digitalization

## Introduction

The importance of digitalization to businesses is rising. However, most businesses—and SMEs in particular—are finding it difficult to carry out a comprehensive global digital transformation process (1). In fact, digitalization has a significant impact on a company's organizational strategy, including how market prospects are created. One factor that encourages SMEs to go global is digitalization, according to research.

However, the incorporation of digital technology necessitates investments and modifications to a company's internal procedures through the mobilization of new resources and the introduction of particular management capabilities. According to Shettima and Sharma (2), digitalization has become a key issue for SMEs nowadays due to demand on numerous industries and organizations to adapt their operations to be more digital. The current study therefore reviewed earlier research on how digitization has impacted the expansion of SMEs in Namibia.

## Problem statement

According to Alves (3), digitization is a continually developing concept that affects businesses everywhere and offers small and medium-sized firms (SMEs) the ability to participate in the global economy. The fourth industrial revolution is flourishing, mostly due to digital transformation (4). Small and medium-sized businesses (SMEs) should adjust to the latest round of scientific and technological revolution as well as the trend of industrial transformation; seize the benefits of digital technology; and enhance their quick perception, quick response, and wise decision-making skills in the digital age to improve their capacity to manage risks and sustain development. SMEs are increasingly interested in and required to use novel and creative decision-making techniques in order to increase performance and competitiveness. The impact of digital transformation on the growth of SMEs has not received enough research; SMEs nowadays face significant pressure to adapt their operations to the digital world.

## Objectives

1. The main objective of the study was to analyze existing related literature on the impact of digitalization on the SME's development in Namibia and elsewhere.

The specific objectives are:

1. To evaluate the existing related literature on the impact of digitalization in the SME's development in Namibia and elsewhere.
2. To analyze the current measure in place on SME's development on the adoption of digitalization in Namibia.
3. To examine the factors that help or hinder SME's development in the construction and use of technology.

## Hypothesis

The three hypotheses of this study were as follows, in accordance with the objectives stated above:

*H0: There is no connection between Namibia's SME development and the effects of digitalization.*

*HA1: The growth of SME's in Namibia and the effects of digitalization are related.*

*H0: There is no connection between Namibia's adoption of digitalization and the current measures in place for SME development.*

*HA2: There is a connection between Namibia's adoption of digitalization and the present policies in place for SME development.*

*H0: There is no correlation between the development of SME and the use and building of technology.*

*HA3: There is a connection between variables that support or obstruct SME development in terms of technology use and construction.*

## Literature review

The literature pertinent to this investigation is discussed in this section.

## Theoretical literature

### Digitalization

According to Gorenšek and Kohont (5), digitalization is a recent phenomenon that has altered how individuals

act in a range of situations, including trade, business, agriculture, industry, and even public services. According to Oladejo and Adreti (2010), SMEs can adapt to the changing market conditions by incorporating digitization into their daily operations. Furthermore, it was claimed by Akanji (2006), Akintoye and Oladejo (2008), and Akande (2013) that SMEs play a significant role in both emerging and developed economies with relation to employment prospects and self-sustainability for people going through a transition. According to Bansal and Sharma (2006), the digitalization of economic processes comprises the replacement of manual methods with digital ones.

### **The current measure in place on SME's development adopting technology**

According to Das et al. (6), in the current competitive business environment where businesses are expanding internationally and entering global marketplaces, technology has become a critical tool for increasing market competitiveness. Additionally, several companies have explored opportunities to achieve economies of scale, particularly in countries with developed commercial technology.

## Conceptual framework

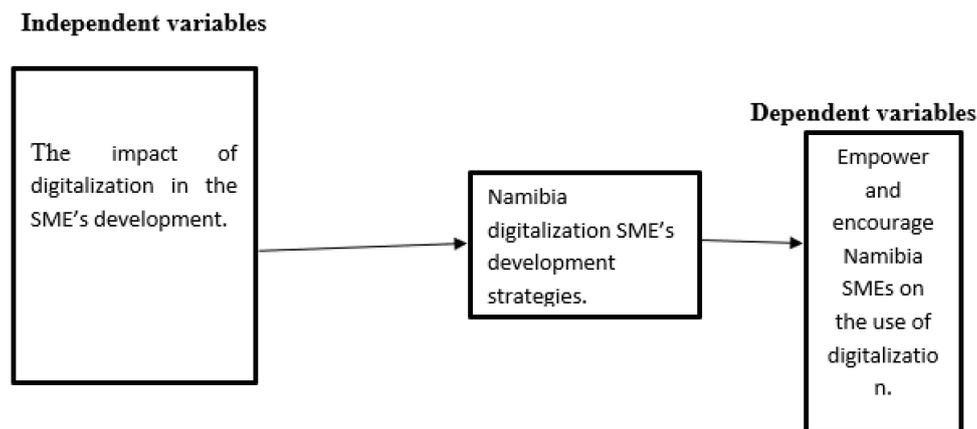
The conceptual framework in **Figure 1** below articulates the relationship between the independent and the dependent variables. These are the impact of the digitalization and thereof the impact of SME's development in Namibia and how they influence each other.

## Research methodology

This section describes the procedures and tools that would be used in the study to gather data, the kinds of data that would be gathered, and the methods that would be used to analyze the data. The study's objective, to analyze existing related literature on the effects of digitalization on the growth of SME in Namibia and worldwide, had an impact on the methodology and approaches that were used.

## Research design

Case studies served as the primary method of investigation in this study. A case study is defined by Babbie and Mouton (7) as "an intensive/in-depth investigation of a single unit." This study used two case studies as its method because it gave the researcher the opportunity to thoroughly examine the four papers that were utilized to assess secondary data. It is appropriate because the researcher purposefully drew conclusions using secondary data. However, the researcher



**FIGURE 1** | Conceptual framework for Namibia digitalization SME's development strategies. Source: researcher's own conceptualizations.

chose a case study primarily because the concept behind one is that it presents a clear image of a problem and requires that the real-life issue be examined from a variety of aspects and perspectives (8). Since case studies comprise an empirical investigation of a specific contemporary event within its real-life setting during data collection, they will be used in this study (9).

## Research method

As a tactic, the qualitative research methodology was chosen. Consequently, qualitative data were gathered. This is mostly due to the expressiveness of qualitative data types and the opinions of the participants involved. This kind of information would be useful in understanding the interactions that occur when business services are provided between humans, technologies, and other technologies (10). The qualitative research approach was chosen mainly because it enables the collection of data on people's and groups' subjective ideas and opinions.

## Data collection

The study used secondary data to analyze existing literature related to this study under discussion. Prisma model was used as the determinant factor in selecting the literature used in this study.

## Data analysis

Data analysis involves searching, classifying, and summarizing data in order to create meaning and uphold evidence (11). Data organization, summarization, and interpretation will be used to control the analytical process. The interpretive technique will be used to analyze the qualitative data; this method was chosen because it follows

a set of guidelines for how the data should be analyzed. The first step is data reduction, which is an analytical procedure whereby the qualitative information that the researcher gathered is condensed, reorganized, and combined to form theory (12). The researcher must take reduced data and display it in an organized, condensed manner in step two of the data analysis process. In the third step, "drawing conclusions," the research questions are addressed by figuring out what the detected themes imply, considering explanations for the patterns and relationships seen, or drawing contrasts and comparisons.

## The theoretical underpinnings of research

As the study's guiding theory, the diffusion of innovation has been chosen. A theory known as the diffusion of innovation aims to clarify the how, why, and rate at which novel concepts and technological advancements spread across civilizations. Diffusion, according to Rogers (13), is the process through which an innovation is disseminated over time among the members of a social system through certain routes. The diffusion of innovations idea has several different antecedents that come from different academic fields. According to Rogers, the innovation itself, communication methods, the passage of time, and social systems all play a role in how quickly a new concept spreads.

## Ethical consideration

The research was conducted using secondary data related to the study under discussion, as mentioned in the research objectives and demonstrated in the research methods section. "Research ethics are moral codes that the researcher should abide by when conducting a research," claims Bless and Higson-Smith (14). In essence, this means that the researcher must follow certain rules in order to be able to discriminate between right and

incorrect when carrying out research. No one's rights will be abused in any way while the study is being conducted. Prior to participation, the subjects were given a description of the study's purpose. Assurance was given to protect their privacy and anonymity with utmost respect (15).

## Limitation

The study focused on secondary information about how digitalization has affected the growth of SMEs.

### Data analysis and findings

Data analysis entails interpreting data acquired using analytical and logical reasoning to find patterns, connections, or trends.

### Critical analysis of related literature one

In their study, Rufaro and Dick (16) examined how small and medium-sized businesses (SME) in Namibia were using information and communication technologies (ICTs) to access business information services. Data collection for the study used qualitative and quantitative methods. The research was carried out from 2005 to 2007 at Pretoria University in South Africa. The survey found that whereas business support groups generally use ICTs at a high rate, SMEs only use them at a very low rate. The report provides baseline information that governments and business support groups can utilize to provide ICTs to the SME sector so they can access business information.

### Critical analysis of related literature two

The aim of the study conducted in Kambwale et al. (17) was to examine the factors that lead to the failure of Small and/or Medium Enterprises (SMEs) in Windhoek, Namibia. New, better, and effective strategies to assist SMEs in overcoming their issues were established as a result of the study's analysis of primary data and literature. The study's conclusion was that SME failure in Windhoek, Namibia, has a wide range of root causes. The government of the Republic of Namibia and SME owners, managers, and supervisors were urged to assist them in preventing the collapse of SMEs, according to the study's recommendation.

### Critical analysis of related literature three

Mbuyisa and Leonard (18) reviewed the literature on the relationship between information and communication technology (ICT), small and medium-sized businesses, and the elimination of poverty. To examine the literature and draw findings, the study followed a systematic technique for literature reviews. ICTs can be used by SMEs to promote

socioeconomic development, such as the eradication of poverty, according to the report.

### Critical analysis of related literature four

The research conducted by Molina-Castillo et al. (19) aims to investigate how digital technologies have compelled small-to-medium-sized firms (SMEs) to reevaluate and experiment with their business models (BMs) and how this affects their performance and capacity for innovation. The study conducted an empirical investigation in 338 European SMEs who were actively leveraging social media and big data to reinvent their business models. Companies engaged in BM innovation were selected as case studies in the study. According to the study's results, internal strategic and innovative motivations are what primarily drive BMI's use of social media and big data.

### Critical analysis of related literature five

The goal of Radicic and Petkovic (20) study was to investigate how German small and medium-sized enterprises' (SMEs) technological advancements (in terms of both products and processes) were being impacted by the digitization of business. The empirical research for the paper was conducted using the Mannheim Innovation Panel (MIP) dataset of German SMEs engaged in the industrial and service sectors. The study's findings demonstrated that internal R&D involvement reduces the benefits of digitalization on innovation.

## Summary of findings

The following hypothesis was put to the test in this study **Table 1**:

*H0: There is no connection between Namibia's SME development and the effects of digitalization.*

**TABLE 1** | Summary of findings.

Hypothesis	Findings	Decision (accept/reject)
H1	There is no connection between the growth of SME's in Namibia and the effects of digitalization.	Accept
H2	The current analysis discovered that there is no connection between Namibia's adoption of digitalization and the policies currently in place to support the growth of SME's.	Reject
H3	The current study discovered a connection between variables that support or inhibit SME development in the creation and application of technology.	Accept

HA1: The growth of SME's in Namibia and the effects of digitalization are related.

H0: There is no connection between Namibia's adoption of digitalization and the current measures in place for SME development.

HA2: There is a connection between Namibia's adoption of digitalization and the present policies in place for SME development.

H0: There is no correlation between the development of SME and the use and building of technology.

HA3: There is a connection between variables that support or obstruct SME in terms of technology use and development.

## Recommendations

1. The Ministry of Industrialization and Trade is encouraged to provide a platform for SMEs to use ICTs to spread information services in order to support growth and development in Namibia.
2. The ministry of industrialization and trade should hold seminars on the use of ICTs to train SMEs in the 14 regions of the country on the use of various technologies that can be used in their business to market their business and have access to business-related information to promote growth and development in their business.

## Conclusion

Digitalization generates insights that assist firms in better understanding their customers and determining the efficiency of marketing activities. This is especially useful for small firms with limited marketing resources. Online advertising is less expensive than traditional newspaper or magazine advertising.

## Author contributions

The author confirms being the sole contributor of this work and has approved it for publication.

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