Vol.6 No.1, pp.86-96, May 2025
ISSN:2026-9153 (Online), 2026-8000 (Print)

https://journals.ium.edu.na

NJMS
NAMIBIA JOURNAL OF MANAGERIAL SCIENCES

Received: 07 June 2024 Accepted: 09 April 2025 Published: 01 May 2025

# The impact of Ease of Doing Business in Namibia on the country's participation in the Global Value Chains

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## ABSTRACT

Participation in GVC is undoubtedly a recent sustainable development strategy that can be used by economies across the globe, especially small and developing economies like Namibia. Participation in GVC has been noted by researchers as one way to achieve Vision 2030 through its potential to increase the pace of industrialisation through global partnerships. The Global Value Chain (GVC) is expected to benefit Namibia`s local market and improve international trade. However, concerns about the low-ranking Ease of Doing Business (EODB) Index put Namibia at a disadvantage in benefiting from international trade. Thus, this study aimed to assess the impact of EODB in Namibia on the country's participation in the GVC. An econometric analysis comprising of correlation analysis and the Ordinary Least Squares (OLS) regression analysis was applied to analyse the time series secondary data from 2004-18, on the four measures of global value participation, given as, global value chains participation, GVC, foreign value added (FVA), domestic value-added (DVA), and the indirect value added (DVX) and lastly, the ten ease of doing business components variables. The findings from this study indicated a positive relationship between EODB and GVC participation in Namibia. However, a lack of policy reforms in some EODB components, such as those that encourage easy starting of businesses, easy access to electricity, protection of minority investors, paying taxes, registration of properties, enforcing contracts, and getting credits, reflects the need for reforms. These results imply that reforms in the regulatory and business environment will increase the Ease of Doing Business in this country, which will positively influence the potential for Namibia to participate in Global Value Chains.

***Keywords:*** Ease of Doing Business, Global Value Chains, Sustainable development, Correlation analysis, Namibia

## 1. INTRODUCTION

The World Bank presents the ease of doing business reports as a stepping stone to a lot of business regulatory reforms, which have been shown to influence the economy's development (World Bank, 2021). The report on the ease of doing business is based on an investigation of the business environment, regulatory aspects and reforms which govern the existence of domestic enterprises. The (World Bank, 2020) cites that 'the primary goal of the Doing Business report is to provide an objective basis for understanding and improving the regulatory environment for businesses around the world'. In that perspective, the ease of doing business in an economy can be seen as a major step toward industrialising an economy through the participation of both the public as well as private sectors. The main regulatory and reform areas are summarised in dimensions that include facilitating starting a business, access to credit facilities, getting electricity, dealing with construction, reducing taxes, and at the same time protecting the new entrant and minority investors (World Bank, 2021).

Business environment reforms allow for the emergence of many entrepreneurs, the growth of SMEs and Foreign Direct Investment (FDI) inflows and ultimately increase the economy's output (Chambers, D, & Munemo, J, 2017) . The transmission mechanisms will also improve investments, trading activities, income levels in the economy, and ultimately the standards of living and general welfare of the residents. This is the desired path toward sustainable growth and development. Moreover, Namibia, being a developing nation, needs an environment that promotes the participation of both the private and public sectors of the economy.

According to the Business and Intellectual Property Authority (BIPA) 2021, in the period between 2008 and 2020, Namibia's aggregate average ranking stood at 91.7 on the World Bank's Ease of Doing Business Index. Hopwood & Links (2019) reported in the IPPR report that, in line with the NDP4, Namibia strives to improve its competitiveness from the 4th position achieved in 2017 to be the most competitive economy in the SADC region by 2020. Similarly, the year 2020 saw Namibia in position 104 out of 190 economies ranked. It also aimed to improve by at least 10 ranks in the starting business category in the World Bank's Doing Business report. Considering this, the time taken to register a new business improved from 33 days in 2019 to 21 days in 2020 (BIPA, 2021). According to the (World Bank, 2021) report, Namibia scored 61 points in the ease of doing business index in 2020. In the same vein, Namibia attained its attractiveness from the ability to get electricity and pay taxes. With all the efforts put in place by the Namibian government, there is no doubt that improving the business regulatory environment would be the best way to drive the economy towards the achievement of improved and sustainable economic growth through increased participation in GVCs.

Literature supports that the benefits derived from an increased ease of doing business, that is, increased private sector participation, FDI inflows and fast-track industrialisation pace will enhance the country`s participation in Global Value Chains. GVCs have positive effects in both developed and developing economies. Developed economies gain access to more competitively priced inputs, higher variety, and economies of scale, meanwhile emerging economies gain from faster industrialisation, increased competition, learning externalities, and technology spill overs (Baldwin & Lopez-Gonzalez, 2013; Kee & Tang, 2015). Participation in GVCs helps emerging economies like Namibia to join existing value chains instead of building them from scratch, and by this, they no longer depend on gaining a comparative advantage in a broad range of production stages domestically. GVC participation has a positive impact on the income per capita, as well as its components, investment, and productivity (Raei, Ignatenko & Mircheva, 2019). The arguments in the literature prove that Namibia could also benefit from its economic growth and sustainable development if it participates in GVCs. Hence, this study assesses the impact of the ease of doing business in Namibia on its participation in GVCs. The findings from this study will enable policymakers in Namibia to advance their policy strategies and direct more effort towards creating a favourable business environment, thereby improving the ease of doing business in the economy, to achieve high and sustainable economic growth through increased participation in GVCS.

The rest of the paper is structured as follows: the next section briefly highlights Namibia's potential for participating in GVCs. This will be followed by a summary of the empirical literature on the subject, then detailed information on data as well as the estimation model specification. The last part will discuss the findings and conclusions, respectively.

### 1.1. Namibia's Potential to Participate in GVCs

The growth in domestic and foreign investments and an increase in output, mentioned as benefits of ease of doing business in the economy, can greatly contribute to the need for participating in GVCs. As revealed in the literature, participation in GVCs would then enable Namibia to attain sustained economic growth and development.

Researchers have pointed out some competitive advantages that Namibia can utilise and boost its participation in GVCs (Pathikonda & Farole, 2015). A report by the World Bank Group points out Namibia's proximity to South Africa and its well-developed infrastructure as offering large potential to connect to regional and global value chains. Relative to other SACU countries, Namibia takes the lead in terms of its proximity to markets and access to inputs, which increases its chances in GVCs (Pathikonda & Farole, 2017). Jauch (2009) also considered Namibia's proximity to markets as one of the key considerations in investment decision-making by multinational investors.

Regarding infrastructure, Namibia has a strong advantage from the port of Walvis Bay, which strategically links to other corridors in the sub-regions as the Trans Kunene Corridor, the Windhoek Luanda Corridor, the Trans-Oranje Corridor, and the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLDC). There are also road network linkages cutting across these corridors, thereby creating a strategic network. The Trans Kalahari Corridor is known for providing a short link across the entire breadth of the Southern African Sub-continent and is also another route choice providing links between the American and Eastern European markets. Policymakers and private businesses view this development corridor as a catalyst for regional integration, pushing traditional businesses into increasingly complex international value chains (Dannenberg et al, 2018). They argue that the countries fail to realise the full benefits of such due to development policies that are unable to sufficiently address the complexity of regional development. Hence, a closer focus on easing the doing of business will lure private domestic and international investors' participation and full utilization of such facilities. There is a notable and significant change in the tools and strategies of growth corridors (Baxter et al, 2017). As opposed to the older approaches focusing on public infrastructure development, global economic organisations have encouraged more comprehensive strategies that consider dynamic developments of private investments and global value chains (Baxter et al, 2017 & Nogales, 2014). This brings us to the idea that such a type of infrastructure accompanied by reforms encouraging the easy doing business in the country can result in so much growth and development due to increased participation in GVCs.

Hulke et al, (2021) recall the national government's ambitious goals for economic development in the Zambezi region, focused on its potential in the tourism and agriculture sectors. Efforts were diverted towards the modernisation of the agricultural sector to improve small-scale farmers' skill sets and to integrate them into domestic and international value chains, as documented in the NDP5 (National Planning Commission, 2017). Together with this, the NDP5 points also towards developing the potential in nature conservation through commercialising them and attracting international eco-tourists. One research on how conservation shapes agricultural value chains discovered that despite the desire of farmers to position themselves in AVCs, they remain in a strategic hanging or downgrading state due to CBNRM-related institutions (Hulke et al , 2021). These institutional issues hinder the full potential in these sectors, hence there is a need to address and reform the institutions to permit full participation.

There are so many efforts that have been made to enable integration into value chains. Linked to the increasing acceptance of globalisation, Namibia established the Export Processing Zones and granted special manufacturing incentives to investors. This development was aimed at improving international competitiveness, departing from an import substitution based on an export-led growth of the economy. This move can be viewed as Namibia's first step in trade liberalisation and integrating into the global world, and it lured Namibia's ability to participate in GVCs. More benefits could come through increased foreign investments, new industries, improved income, and improved standards of living for the citizens. Also, many efforts have been made to diversify the fish and meat processing as well as the mining industries. Despite all these efforts, Namibia remains relatively minimally integrated into value chains (Engel, Winkler & Farole, 2016). The major impediments to the successful harvest of these efforts are the skills shortages and regulatory obstacles, together with the lack of private sector participation in the economy (Shikongo, 2016).

Based on the above-noted arguments, one can safely argue that increasing the ease of doing business in Namibia can foster the country's capability to participate in GVCs, as it will improve the regulatory environment, allowing for full participation of both domestic and international investors to utilise the endowments and advantages in the country.

An investigation centred on small and medium enterprises SMEs in 111 countries was carried out by (Urata & Baek, 2020) identified some country-related factors that influence the probability of a country participating in GVCs. These were factors such as how open a country is to trade as measured by the openness to trade, levels of FDI inflows, infrastructure development, efficient logistics and governance issues as impacting factors. Most of these factors are greatly impacted by how easy it is to do business in a country. A country like Namibia, with very good infrastructure, makes logistics more efficient. Coupled with good governance structures, this makes the country even more open to trade, increasing the FDI inflows.

The study by Del Prete et al. (2018) proved the need for business environment policy reforms to enhance participation in GVCs. Their study investigated the participation of the Northern African countries in GVCs, complementing the Input-Output analysis with sectoral evidence from some selected case studies. Their findings suggested that enhancing participation in GVCs has the potential to substantially benefit local industries, the economies, and the whole regional area. They further point out that the ability to retain such benefits relies on special local conditions in terms of a conducive environment for foreign investments, low trade barriers, and favourable policy interventions to encourage businesses. The findings from this study indicate that Namibia's efforts towards sustainable growth and development can be achieved if its regulatory environment leads to enabling participation in GVCs.

Some empirical investigation revealed that proximity to markets, efficient logistics, and strength of institutions are among the most important capabilities for competitiveness in GVCs in SACU countries (Pathikonda & Farole , 2017) . Their findings reveal that the ease of doing business is a very important factor in enhancing participation in GVCs, as it covers the efficiency in logistics and institutional issues, which are key success factors. As motivated by Jauch (2009), proximity to markets is one of the key considerations in investment decision-making; this finds Namibia at an advantage to utilise its proximity to markets and inputs to increase its participation in GVCs.

There are several benefits of participation in GVC, including enhanced productivity, sophistication, and diversification of exports (Kowalski et al, 2015). Their study pointed out that trade and investment policy reforms together with improvements in logistics and customs, intellectual property protection, infrastructure, and institutions, play an active role in promoting further engagement in GVCs. Most of these factors support the idea that easing of doing business promotes a country's GVCs participation. These findings were in the context of five developing sub-regions in Africa, the Middle East, and Asia.

The impact of ease of doing business on GVC participation can also be evidenced through increased industrialization, FDI inflows, and economic growth in output, which will see the economy seeking to trade internationally. Empirical literature also supports the positive impact of ease of doing business on economic growth and development as posited by (Bétila, 2021; Adepoju, 2017).

There is evidence of a significant positive effect of Ease of Doing Business on economic growth in African states (Bétila, 2021). Applying the system Generalised Method of Moments (GMM) estimation, a panel analysis for 144 African countries over the period 2010 to 2018 was conducted. The findings suggested that business regulatory reforms are a means for African countries to achieve and sustain economic growth. The same positive impact on GDP per capita was concluded for some countries using panel data for 155 countries from 2006 to 2016 (Adepoju, 2017). These results support the claim that the ease of doing business is an important factor for economic growth, although the effect varies across countries.

In summary, the empirics discussed above reveal that favourable business environments are beneficial to the ability of countries to participate in global value chains through their influence on industrialisation pace, FDI inflows, private businesses' participation, and many other benefits. Drawing from the above literature and Namibia's capabilities highlighted, this paper aims to assess the potential for ease of doing business in enhancing the country's participation in GVCs using OLS regression analysis on the time series data ranging from 2004 to 2018.

## 2. METHODS

This study adopted a quantitative methodology with an interest in the interplay of GVC variables and the ten component variables of EODB. This study employs the Ordinary Least Squares regression modelling to assess the impact of Ease of Doing Business on GVCs participation. Time series secondary data over the period 2004-18 was analysed using the E-Views software.

### 2.1. Dependent Variables

The GVC participation is the dependent variable (regressant) in this study. Beverelli et al. (2015) mention that GVC participation is a variable depicted by three basic components. These comprise; the foreign value added (FVA) which encompasses the foreign value embedded in a country's exports, the domestic value-added (DVA) which is the domestic value embedded in the country's exports, and the indirect value added (DVX) which is the domestic value-added embedded in other country's exports as specified by UNCTAD (2020). Data on the three basic indicators of GVC were sourced from the UNCTAD Global Value Chains Database. The impact of ease of doing business was assessed on each of these three variables.

### 2.2. Independent Variables

The ease of doing business (EODB) components were used as the independent variables (regressors) in this study. These include Starting a business (SB), dealing with construction permits (CP), getting electricity (GE), registering property (RP), getting credit (GC), protecting minority investors (PI), paying taxes (PT), trading across borders (BT), enforcing contracts (EC) and resolving insolvency (RI). Data on these variables were extracted from the World Bank's (2020) published reports on Ease of Doing Business.

### 2.3. Model Specification

The OLS main model is therefore econometrically specified as follows:

$$GVC_{pt} = \beta_0 + \beta_1 EODBE_t + \varepsilon_t \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

Where the variables are defined as above;

$GVC_{pt}$ represents the overall participation in global value chains in time t,

$EODBE_t$ represents the vector of the ten varying ease of doing business indicators in time t;

$\beta_1$ is the rate of change in GVC per unit change in EODB,
$\beta_0$ is the trend intercept defining the level of GVC when EODB is zero.
t indexes the 15 years under study; and the $\varepsilon_t$ is the error term.

The above equation 1 is further broken down into the following specific models representing each of the three basic indicators of GVC participation, regressed by each of all the components of ease of doing business:

$$FVA_t = \beta_0 + \beta_1 SB_t + \beta_2 CP_t + \beta_3 GE_t + \beta_4 RP_t + \beta_5 GC_t + \beta_6 PI_t + \beta_7 PT_t + \beta_8 BT_t + \beta_9 EC_t + \beta_{10} RI_t + \varepsilon_t \ldots \ldots \ldots \ldots \ldots .2$$
$$DVA_t = \beta_0 + \beta_1 SB_t + \beta_2 CP_t + \beta_3 GE_t + \beta_4 RP_t + \beta_5 GC_t + \beta_6 PI_t + \beta_7 PT_t + \beta_8 BT_t + \beta_9 EC_t + \beta_{10} RI_t + \varepsilon_t \ldots \ldots \ldots \ldots \ldots .3$$
$$DVX_t = \beta_0 + \beta_1 SB_t + \beta_2 CP_t + \beta_3 GE_t + \beta_4 RP_t + \beta_5 GC_t + \beta_6 PI_t + \beta_7 PT_t + \beta_8 BT_t + \beta_9 EC_t + \beta_{10} RI_t + \varepsilon_t \ldots \ldots \ldots \ldots \ldots .4$$

Where the variables are defined as above;
$\beta_{1-10}$ is the rate of change in GVC per unit change in the respective EODB variable?
$\beta_0$ is the trend intercept defining the level of the GVC variable when EODB variables are at zero?
t indexes the 15 years under study; and the $\varepsilon_t$ is the error term.

## 3. Results

The study used econometric procedures that included regression diagnostic tests, Pearson correlation analysis, and the Ordinary Least Squares regression analysis. Regression diagnostic tests were done to evaluate the model assumptions and investigate whether there are observations with outliers that might give undue influence on the analysis. The results of the diagnostic analysis are presented in Figure 1 and Figure 2, which show the trends in the dependent and independent variables, respectively.

A graphical diagnostic representation of all dependent variables, in raw data, is shown in Figure 1. The model specification is the log of the foreign value-added (FVA), the log of the domestic value added (DVA), the log of the domestic value added embedded in other countries' exports (DVX), and the log of the global value chains (GVC). As expected, the entire dependent variable trend upwards and show similar cases of oscillatory movements over time. The most notable decline in GVC and its three variables was experienced in 2009. This could be explained as the impact of the global financial crisis that saw the slowdown in most economic activities and trade flows. The MTI & UNDP (2011) report on AFT commitments and disbursements in Namibia revealed a large fall in commitments from US$75 517 000 in 2008 to US$4 785 000 in 2009 (MTI & UNDP, 2011:195). These declines in AFTs were mainly in the trade-related adjustments and economic infrastructure. Concerning the 2016 decline in GVC participation, insights can be driven by the World Bank (2021), and the economic outlook that reported the economic slowdown was contributed by low commodity prices, the impact of the persistent drought in the region, weak growth in key trading partners such as Angola and South Africa, as well as the tight fiscal policy measures that were implemented. However, the diagnostic graph trend, apart from these two outstanding years, shows an increase in global trade activities over the given period.


Figure 1: Data Diagnostic on the Dependent Variables

Source: Authors' construct

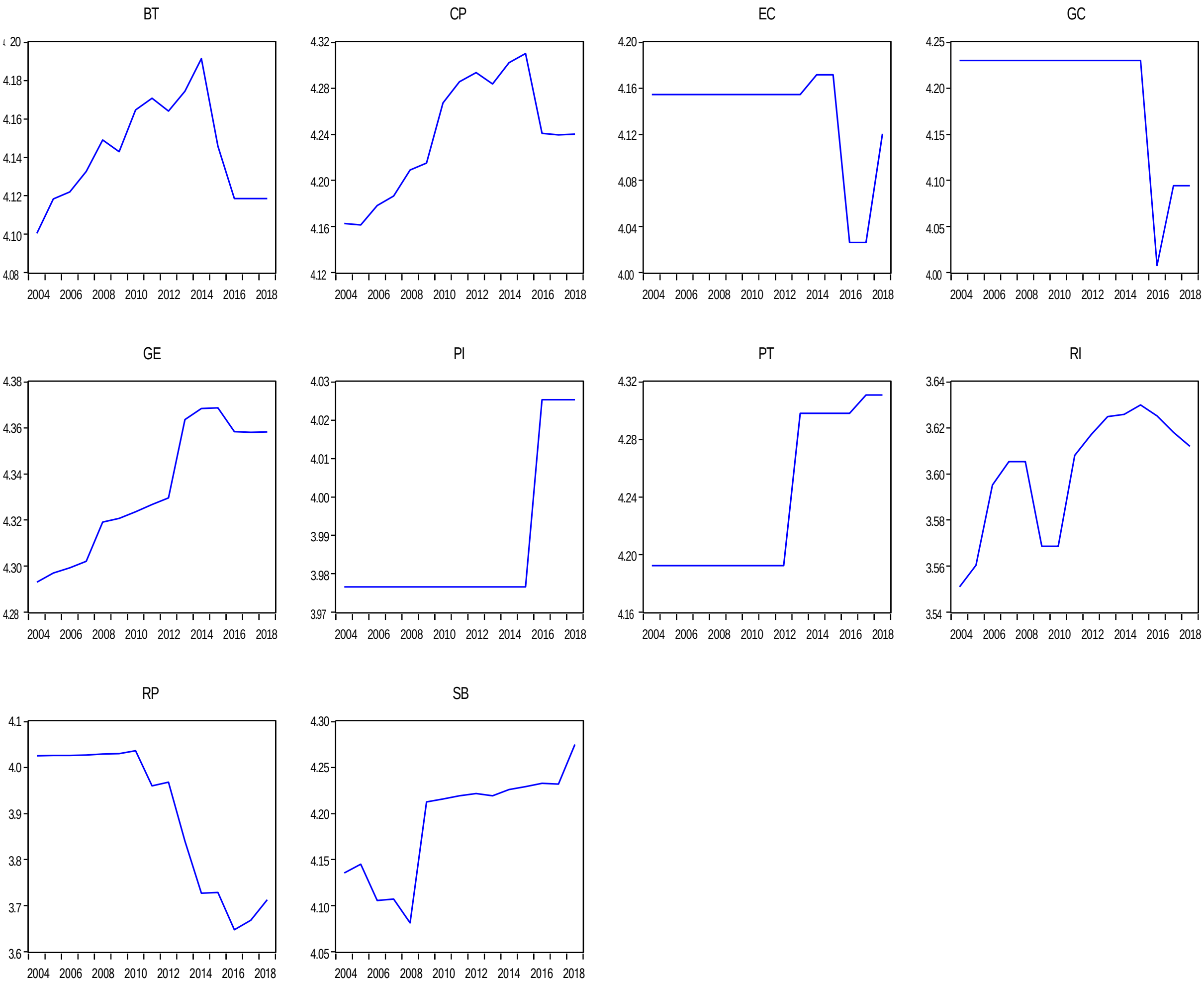


Figure 2: Data Diagnostics on the Independent Variables

Source: Authors construct

Albeit the structural breaks in the trends, comparing the four dependent variable trends presented in Figure 1, with the ten (10) independent variables considered for ease of doing business (EODB) in Namibia in Figure 2, there are evident variations in trends. The model specification of the independent variables includes the log of starting a business (SB), the log of dealing with construction permits (CP), the log of getting electricity (GE), the log of registering property (RP), the log of getting credit (GC), the log of protecting minority investors (PI), the log of paying taxes (PT), the log of trading across borders (BT), the log of enforcing contracts (EC), and the log of resolving insolvency (RI). Amongst all these variables, BT, CP, GE, RI, and SB all had upward trends, similar to the dependent variables, during the given period. A constant trend is experienced over time by PI and PT, which follows an upward swing over a short period in 2016 and 2017, whilst EC and GC had a similar constant trend over a short period of time, followed by a downward slope in trend. The constant trend in PI and Pt reveals an unwillingness to revise policies. The sudden increase in those two variables in 2016 could probably have been a reaction to the economic downturn that had shocked the economy. Income taxes were revised in 2015 as a fiscal policy stance in reaction to the tight economic situation. Together with the effort to protect the minority investors, some incentives and favourable conditions were put in place. The enforcement of contracts (EC) and getting credit (GC) worsened due to the economic slowdown in 2016. The RP is the only independent variable that showed a consistent downward trend over the given period, showing reduced efforts towards that. Despite the variations in variables` movements over time, the most notable shocks in the dependent variable were also noted in the dependent variable trends, suggesting some level of correlation in the variables.

### 3.1. Correlation Analysis

To predict the relationship between GVC and EODB, a Pearson correlation analysis was carried out, with a significant level of α at 5%. The results of the correlation analysis are presented in Table 1. The results revealed a significant correlation between the GVC and three of the independent variables, namely, BT, CP, and PI. Their p-values were 0.035, 0.0094 and 0.006, respectively. All these p-values are less than the significance level of 0.05, which indicates that the coefficients are significant. The remaining variables had p-values greater than 0.05, hence there is inconclusive evidence about the significance of the association between the variables.

Using the 95% critical value of the sample correlation coefficient table, the coefficient correlation (r), as compared to the appropriate critical value (2.160) from the table. The three variables, BT, CP, and PI were found significant with their test statistics 3.107, 2.183, and 5.119, respectively. These test statistics were greater than the critical value, hence the variables are significant.

The correlation coefficient (r) between BT and GVC is 0.555, indicating that there is a moderate positive relationship between the two variables. The r for CP and GVC is 0.825, showing a very strong positive relationship between the two variables. The correlation between PI and GVC is 0.428, which indicates a weak positive relationship between the two variables.

The correlation analysis reveals that the policies that focus on making the business environment in Namibia more conducive have not been inclusive of all the aspects of the EODB. Significant impact has been noted on trading across borders, promotion of construction permits, and protection of minority investors.

Table 1: Correlation analysis between GVC and EODB

| **Variable** | **GVC** | **Significance** |
|---|---|---|
| **GVC** | 1.00 | |
| **BT** | 0.555 | Positive |
| | [3.107] | Significant |
| | (0.035) | Significant |
| **CP** | 0.825 | Positive |
| | [2.183] | Significant |
| | (0.094) | Significant |
| **PI** | 0.428 | Positive |
| | [5.119] | Significant |
| | (0.006) | Significant |

[] represent t-statistics while () represent probability values; α=0.05

**3.2. Ordinary Least Square Regression Model**

As shown in Table 1, the R-squared and adjusted R-squared for the four models presented by Equations 1 to 4, are 0.960, 0.956, 0.949, and 0.947, respectively. All the models` adjusted r-squared are above 90%, implying that above 90% of the variation in the dependent variables (GVC, FVA, DVA, and DVX) are explained by the 10 variables of EODB. This is an indicator of a good predictive power of all explanatory variables of each model.

The F-statistics of the four models are 35.34, 31, 74, 27.06, and 26.2 respectively. The F-statistics are above 20% for each model and they are all significant at α (0.05).

Lastly, the Durbin-Watson (DW) result explains the evidence of serial correlation in the error terms. Adopting a rule of thumb:

*If DW is < 2 = evidence of positive serial correlation.*

In all the four models, the DW values are, 2.369, 2.584, 2.037, and 2.040 respective of their models and all of these are above 2, hence, no evidence of serial correlation in all four models.

The variable BT was found significantly influence models 1, 2, and 4. The coefficients were 5.437, 5.490, and 0.409 respectively, implying that a single unit increase in BT would lead to 5.437 units increase in GVC, 5.490 units increase in FVA, and 0.409 unit increases in DVX. Namibia being a small growing economy relies more on cross-border trading as it exports most of its unprocessed primary sector extracts and imports most finished products from other countries (Tafirenyika, 2020). These results indicate that an improvement in policies governing trading across borders has a positive influence on overall GVC, FVA, and DVX.

The variable CP has a significant positive influence in GVC by 4.032 per unit increase, and in DVX by 0.4481 per unit increase. The significant impact of this factor can be supported by the fact that Namibia has a very good economic infrastructure (World Bank, 2020) , which put the country at an advantage when it comes to participation in global value chains. The development and upgrading of such infrastructure have been enhanced by the favourable practice and policies in dealing with construction permits.

The variable PI has shown a significant positive influence on all the models as revealed by the coefficients; 20.847 units increase in GVC per every unit increase, 25.38 units increase in FVA per every unit increase in PI, 23.778 units increase in DVA per unit increase in PI, and 1.080 units increase in DVX per unit increase in PI. This pushes forward the policies that favour the protection of minority investors and agrees with the proposition that GVC can be achieved through increasing the private sector participation in economic activities (Shikongo, 2016).

However, the effectiveness of policies promoting BT, CP, and PI cannot be isolated from the support that comes through the influence of policies on other variables such as SB, RP, GC, EC, RI, GE, and PT. Their insignificance could suggest that more attention must be paid to improving the EODB through actively monitoring and improving those variables. These could be the weaker areas imposing difficulties in doing business in Namibia. Their improvement could aid in the conduciveness of the business environment and ultimately drive more potential for Namibia to participate in GVCs.

Table 2: Ordinary Least Squares (OLS) regression result

| Variable | Model 1 (GVC) | Model 2 (FVA) | Model 3 (DVA) | Model 4 (DVX) |
|---|---|---|---|---|
| **Intercept** | -134.73 | -169.9 | -149.0 | -5.276 |
| | (0.0032) * | (0.002) * | (0.004) * | (0.030) * |
| **BT** | 5.437 | 5.490 | 2.965 | 0.409 |
| | (0.0359) * | (0.062) * | (0.223) | (0.035) * |
| **CP** | 4.032 | 2.728 | 3.319 | 0.4481 |
| | (0.094) * | (0.294) | (0.201) | (0.032) * |
| **PI** | 20.847 | 25.38 | 23.778 | 1.080 |
| | (0.006) * | (0.007) * | (0.007) * | (0.024) * |
| **Adjusted R - squared** | **0.960** | **0.956** | **0.949** | **0.947** |
| **F-Statistic** | **35.34** | **31.74** | **27.06** | **26.2** |
| **Prob. (F-stat)** | **0.001** | **0.002** | **0.003** | **0.003** |
| **Durbin-Watson (stat)** | **2.369** | **2.584** | **2.037** | **2.040** |
| **N** | **15** | **15** | **15** | **15** |

* Denotes significant level at: α=0.05

**4. DISCUSSION AND CONCLUSIONS**

Participation in GVC is undoubtedly a recent sustainable development strategy that can be used by economies across the globe, especially small and developing economies like Namibia. Participation in GVC has been noted by researchers as one way to achieve Vision 2030 through its potential to increase the pace of industrialization through global partnerships. However, many developing economies have lagged due to a lack of favourable policies that ease doing business in their countries. More specifically, Namibia is relatively minimally integrated into value chains (Engel, Winkler & Farole, 2016) , and regulatory obstacles, together with the lack of private sector participation in the economy, are major impediments in Namibia (Shikongo, 2016) .Thus, the thrust of this study was to assess the impact of ease of doing business in Namibia on the country's participation in GVCs. The findings from this study indicated a positive relationship between EODB and GVC participation in Namibia. These results imply that reforms in the regulatory and business environment will increase the ease of Doing Business in this country, which will positively influence the potential for Namibia to participate in Global Value Chains.

The individual variables of EODB analysis revealed so much lacking in policy reforms that encourage easy starting of businesses, easy access to electricity, protection of minority investors, paying taxes, registration of properties, enforcing contracts, and getting credits. Hence, it is advised from this analysis that Namibia should focus on policy reforms targeted at the creation of a favourable business environment that can attract more investments through the ease of doing business in the country. This will benefit the economy to achieve sustainable development through participation in global value chains.

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