Anglia Ruskin University
Cambridge & Chelmsford

Hochschule für Wirtschaft und Recht Berlin
Berlin School of Economics and Law

BASIC INCOME GUARANTEE, SELF-EMPLOYMENT AND ENTREPRENEURSHIP - LESSONS TO BE LEARNED FROM THE NAMIBIAN BIG EXPERIMENT.

Paper for the Thirteenth BIEN Congress

June 30th to July 2nd 2010

FEA-USP, Sao Paulo, Brazil

Stefan Altenkamp

mail@stefan-altenkamp.de

Anglia Ruskin University / Hochschule für Wirtschaft und Recht Berlin

MBA General Management program

24 June 2010

Abstract

Basic Income (BI) has been heavily discussed in recent years to distribute wealth and eradicate poverty. In Namibia a government commission has suggested the introduction of a partial BI. A coalition of different social groups has taken up the idea to pilot it to assess its impact on the community of Otjivero-Omitara in the so called BIGNAM pilot project. The research on the project revealed the emergence of significant nascent entrepreneurial activity sparked by the BI. This was not foreseen and only little research on the interrelation of BI and entrepreneurship existed. In this paper I take up again the research in this field to describe what happened in the BIGNAM pilot project. I first create a conceptual framework from the existing literature on Basic Income, entrepreneurship and government promotion policies. This includes also different psychological theories on motivation and entrepreneurship. I analyze interviews and quantitative data with the framework in order to formulate hypotheses on how the BI impacted the entrepreneurs. These hypotheses lead to a visual impact model that describes the effects observed. The main aspects of this model are: the creation of opportunity, the activation of the community resulting in the setting of social norms, the empowerment of community members, the positive perception of these factors by the entrepreneur that triggers the entrepreneurial activity. Based on this model I give recommendations on further research and on best practice government policies. In addition recommendations are given for a transfer of the findings into a regional BI experiment in Europe.

1 Introduction

1.1 Basic Income Guarantee

The issue of a Basic Income Guarantee (BIG) as a means to distribute wealth in a society has been heavily discussed within recent years. All major political parties in Germany have a concept for the "Grundeinkommen" (basic income) or "Bürgergeld" (citizen money). In the United States the USBIG network promotes the idea following the experiments in the 1970's on the Negative Income Tax (NIT), a concept close to BIG. The basic idea of a BIG is simple; any citizen of a country gets a defined basic income to support his basic needs. However the implementation of such a scheme opens up a full basket of questions: How should it be financed, should existing schemes be replaced, should it be universal or targeted etc. .The focus in the research is very much on the western countries, but the underlying problem and the rationale for a BIG is very much the same all over the world. Especially societies with great social inequalities are faced with new challenges to cope with wealth distribution after the political changes of the 1990's. This is especially true for southern Africa, where the end of Apartheid transformed South-Africa and Namibia into independent, democratic countries with historically very unequal wealth distribution.

1.2 BIG in Namibia

1.2.1 History

After Namibia became independent in 1990 the new government had to face several problems: 75 % of the population living in poverty, 30-40 % of unemployment, complete lack of a social security system. On the other side Namibia's economy produces some substantial income from mining, agriculture and tourism. This wealth is very much concentrated in the hands of a small fraction of the population, leading to highest Gini index in the world (UNDP, 2009). This and the lack of a social security system led to the discussion of a BIG to overcome the situation. The Namibian tax consortium NAMTAX, a government appointed commission to evaluate the tax system, in 2002 proposed a "Basic Income Grant" for Namibia in the form of monthly cash grant of N$ 100 (~ 8.9 €) (NAMTAX, 2002). The rationale for this approach was the commission's finding that Namibia's high unemployment rate could not be overcome by classic employment programs of the government. Following their simulations NAMTAX concluded that the monthly cost of N$ 170 million could be financed through a revised tax system, mainly based on a 7 % increase of the VAT. The total cost of the program was calculated at 2.25 to 3.75 % of the GDP. The IMF (2006) declared the proposal in their country report to be ineffective and calculated the cost at 5.5 % of the GDP. It claimed that a BIG would increase fertility, alcohol expenses and would harm the labour supply. Later in 2009 and 2010 the Namibian government finally rejected the NAMTAX proposal. The BIG coalition, an initiative formed by the Church Council of Namibia, the National Union of Namibian Workers and other NGO's in 2005, called the IMF report misleading and its calculation to be wrong, supporting the initial figures of NAMTAX (The Namibian, 2006). As the government still rejected the proposal the BIG coalition called for the first BIG experiment and began implementing the BIGNAM pilot project in 2006.

1.2.2 The BIGNAM pilot project

The idea was to study the effects of a BIG on a Namibian community under scientific control. Therefore the Otjivero-Omitara settlement (about 1,000 people, some 100 km to the east of Windhoek) was chosen, all inhabitants except pensioners, which receive a universal government

pension of N$ 390 a month, where made eligible to a monthly grant of N$ 100 for the period of 2 years, starting from January 2008. Two organizations, the Desk for Social Development (DfSD) and the Labour Resource and Research institute (LaRRI) were asked to conduct research on the pilot project. They published several assessment reports on the Internet, which are available on the projects website at www.bignam.org .

1.3 BIG and entrepreneurship

Reading the BIGNAM April 2009 report, my interest was sparked by a graph showing the monthly capital income of Otjivero-Omitara:

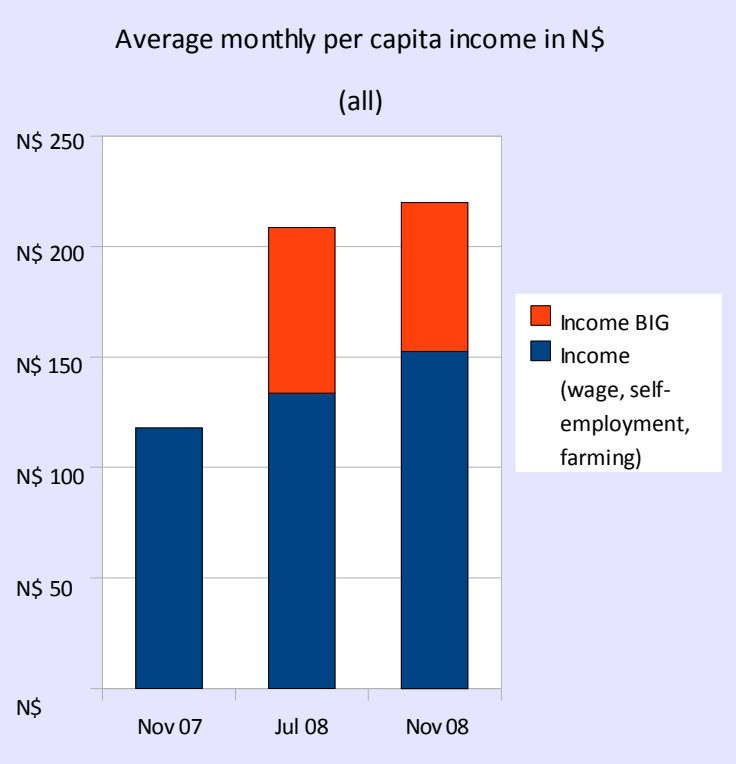

Figure 1: Income of the Otjivero-Omitara settlement

Source: BIG pilot assessment report, Haarmann et al, 2009, p. 72

The interesting fact here is that the total income of the community has increased beyond the income sourced from the BIGNAM. In reviewing this researchers from LaRRI found that this income mainly came from increased self employment. Interviews done as part of the report indicated, that this was an effect of the BIGNAM. For me the question arose:

Could a BIG promote self-employment and entrepreneurship?

This is the main research question that this paper will look at. In addition we will answer these questions:

- What are the mechanisms of the promotional impacts a BIG has?
- Could it be transferred into a European environment to promote self-employment end entrepreneurship?

2 Literature Review

This paper focuses around three main areas: Basic Income, entrepreneurship and government promotion policies.

2.1 Basic Income

I assume that the reader is familiar with the different concepts of a Basic Income Grant (BIG). Figure 2 taken from Fitzpatrick (1999) just serves as a reminder to classify the BIGNAM pilot project. In this notion it can be identified as a transitional or partial BI.

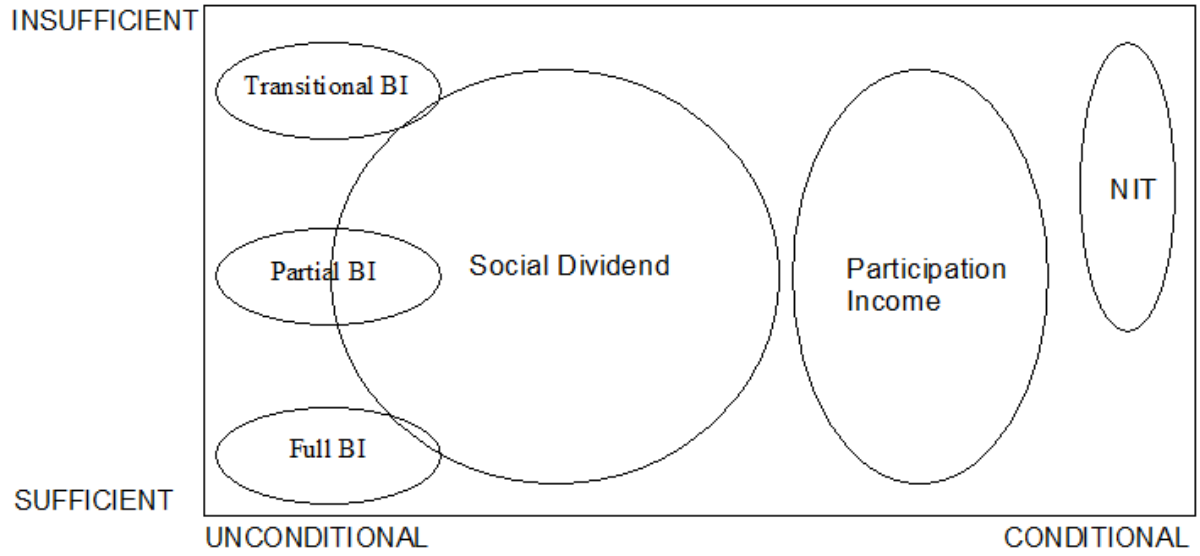

Figure 2: Basic Income Schemes

2.2 Entrepreneurship

2.2.1 Definition of Entrepreneurship

The concept of entrepreneurship has been around since the Middle Ages and since then many definitions have been given. The term *Entrepreneur* stems from the French language and was first used by Cantillon. Hisrich et al. (2009) define entrepreneurship as the process of devoting time and effort to create something different with value under risk to receive monetary and personal satisfaction; Schumpeter (1934) sees it as innovation in untried technology, which does lead to economic development. Table 1 gives an overview of the different definitions in literature.

Middle Ages	Actor and person in charge of large-scale production projects.
17th Century	Person bearing risks of profit (loss) in a fixed contract with government.
1725	Richard Cantillon – person bearing risks is different from one supplying capital.
1803	Jean Baptiste Say – separated profits of entrepreneur form profits of capital.
1876	Francis Walker – distinguished between those who supplied funds and received interest and those who received profit from managerial capabilities.
1934	Joseph Schumpeter – entrepreneur is an innovator and develops untried technology.

1961	David McClelland – entrepreneur is an energetic, moderate risk taker.
1964	Peter Drucker – entrepreneur maximizes opportunities.
1975	Albert Shapero – entrepreneur takes initiative, organizes some social and economic mechanisms, and accepts risks of failure.
1980	Karl Vesper – entrepreneur seen differently by economists, psychologists, business persons, and politicians.
1983	Gifford Pinchot – intrapreneur is an entrepreneur within an already established organization.
1985	Robert Hisrich – entrepreneurship is the process of creating something different with value by devoting the necessary time and effort assuming the accompanying financial, psychological, and social risks and receiving the resulting rewards of monetary and personal satisfaction.

Table 1: Definitions of Entrepreneurship

Source: Adapted of Hisrich and Peters, 2002

Looking at the SME activities in the BIGNAM pilot most definitions seem to be too complex or specific. Therefore I choose a combination of Drucker's (1964) and McClelland's (1961) definition as the one in this paper:

An entrepreneur maximizes opportunities in moderately taking risks.

This definition does not rely on innovation or a complex process model. It allows me to look at what creates opportunities on a macroeconomic level as well as why someone takes opportunities on an individual level. Due to the SME nature of the enterprises in the BIGNAM pilot I will use the terms self-employment and entrepreneurship interchangeably.

2.2.2 Necessity and opportunity entrepreneurship

Over the last decades several organisations have been established to research on entrepreneurship, its preconditions, outcome and effect on economics. Since 1997 one important organisation, the Global Entrepreneurship Monitor has developed an assessment model to evaluate the conditions of entrepreneurship on a global scale. The GEM distinguishes between 'necessity entrepreneurship', which is mainly driven by the individuals need to fund himself, and 'opportunity entrepreneurship', which is entrepreneurship in terms of Drucker's definition (GEM, 2008, p. 15). The GEM has developed the 'U curve hypothesis' (GEM, 2008, p. 7), which links economic development to the move from the first to the second form of entrepreneurship. The U curve in Figure 3 displays early stage entrepreneurial activity (TEA) (also called nascent entrepreneurship) against per capita GDP and has declining TEA for GDP growth, until a bottom is reached when TEA augments with further GDP growth.

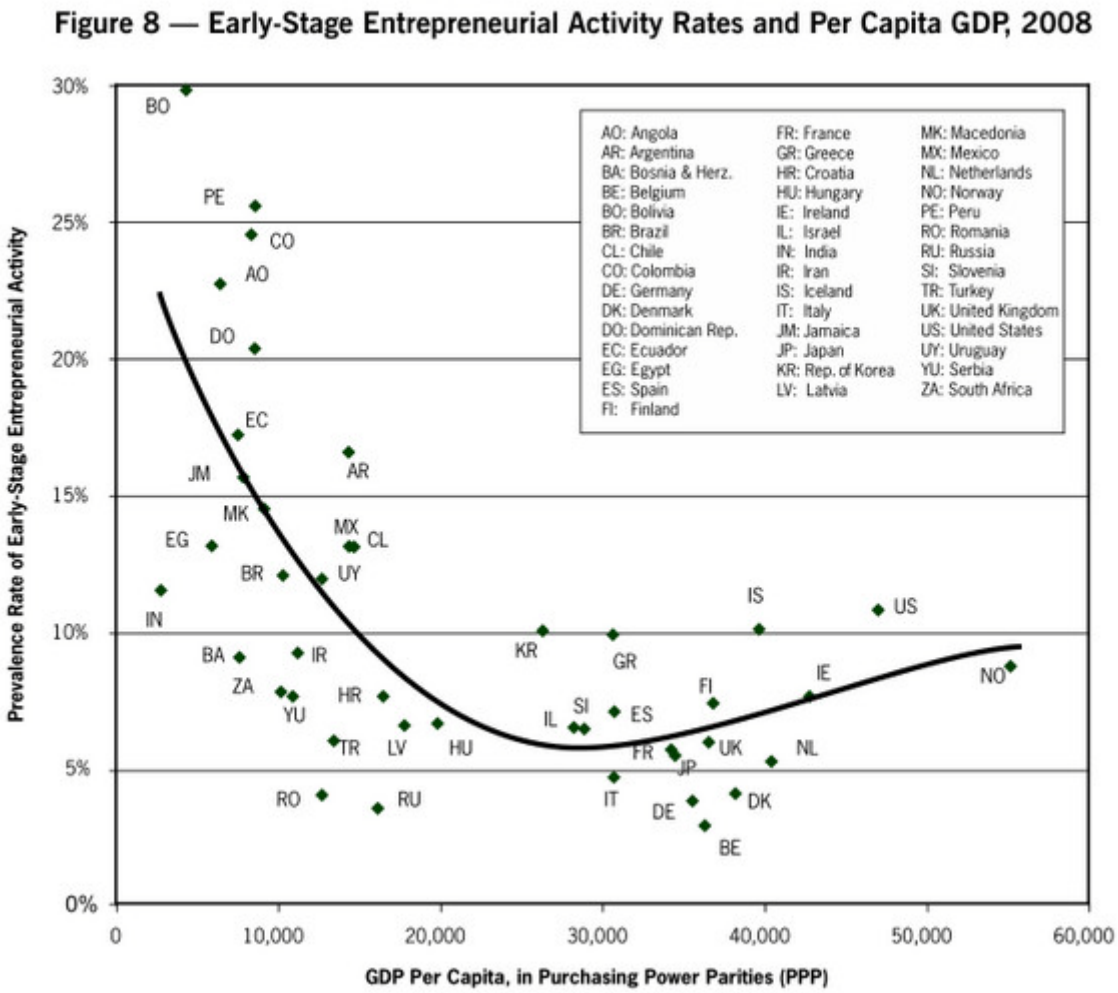

Figure 3: Nascent Entrepreneurship and economic development

Source: GEM report 2008

In its 2008 global report GEM (2008, p. 5) revised its model to incorporate the World Economic Forum's Global Competitiveness Report's (WEF, 2009) differentiation of national economies into factor driven, efficiency driven and innovation driven economies. Thus the U shape can be explained as the transition from factor driven economies with high levels of necessity entrepreneurship through efficiency driven economies with decreasing necessity entrepreneurship level until the bottom is reached. From there TEA increases again with opportunity entrepreneurship in innovation driven economies. The interesting fact here is, that per capita GDP growth, or more abstract personal income, is linked to increased opportunity entrepreneurship. Besides the global reports the GEM also publishes national reports, which will be discussed in the following chapter.

The concept of necessity entrepreneurship has been criticized by Rosa et al. (2006) as the GEM's concept of dependant employment and its availability might not apply in all societies. However this does not devaluate the concept of opportunity entrepreneurship.

2.2.3 The enterprising individual

By now we have discussed entrepreneurship from the outside, but what is happening inside an entrepreneur? What drives one person to start a business while others refrain? Bridge et al. (1998, p.42) list several approaches of which I will look into some of them:

- Personality theories
- Sociological approaches
- Integrated approaches

Personality theories believe that the reason lies in the specific personality of an individual. McClelland specifically showed in his ground breaking book 'The achieving society' that the 'Need for Achievement' motive (abbreviated nAch) is the key driver in an entrepreneur in taking risks (McClelland, 1961, pp. 259-300). His book is especially interesting because he looks at entrepreneurship from a psychological rather than from an economic point of view which considers individual actions to be just rational (McClelland, 1961, p.11). I will look deeper into motivational psychology further down in this chapter.

Sociological approaches see individuals exposed to an opportunity structure in education and employment (Roberts, 1977, p.7) which effectively limits their choices. So for an entrepreneur to emerge he must experience the opportunity to develop the skills required as well as the opportunity to actually start a business. However it can be argued that entrepreneurial personalities not just wait for opportunities to emerge but actively seek for them. Besides this criticism this approach is valuable in looking at what societies should do to promote entrepreneurship and will be later discussed.

Integrated approaches combine several approaches to overcome their drawbacks. A well known model was given by Krueger (1995, p.10) and can be seen in Figure 4. He combines social norms and personal competencies into 'intentions' which lead when sparked by an event like displacement to entrepreneurial activity. Thus he is combining the social and behavioural approach.

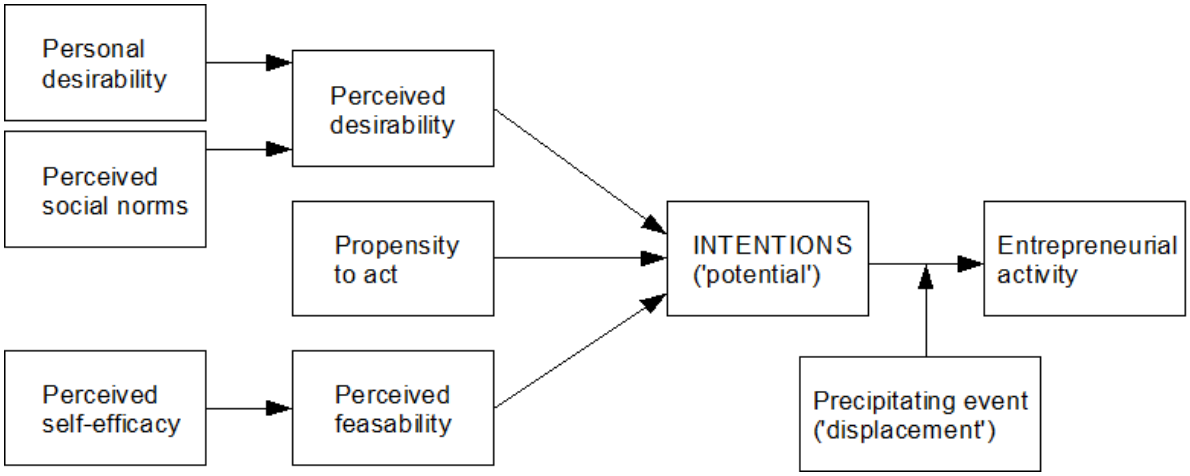

Figure 4: Intentions model of entrepreneurial potential (simplified)

Source: Krueger, 1995, p. 10

Close to this is the model by Bridge et al. (2009, p.84) given in Figure 5. The important implication here is that entrepreneurial activity will be affected by an individual's resources and attributes prior to a trigger that starts the decision process. So it does reflect that the availability of support such as grants or training is influential as well as personal mindset and perception. This model is very helpful in combining social theory, psychological theory and triggers in the environment into one model.

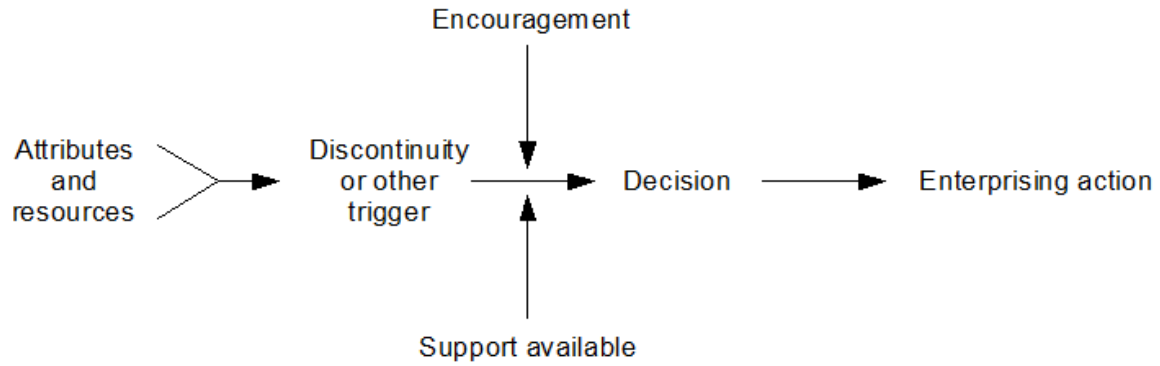

Figure 5: Attributes-and-resources model

Source: Bridge et al., 2009, p.84

2.2.4 The psychology of an entrepreneur

We want to look at this model a little bit closer from the terms of needs, motives and motivation. Psychologists have developed several concepts of these terms. Heckhausen (2006, pp. 11-43) lists five psychological research lines of which two are of importance here for us:

- Personality Psychology
- Motivational Psychology

The basis for both was laid in the theory of needs by Murray (1938). He identified two groups of needs, the primary ones like need for food, need for cold avoidance etc. and the secondary ones. In addition he created a test framework to measure these needs.

The personality psychology approach is looking at dispositions of individuals to explain their behaviour and was introduced by Stern (1935) and Allport (1937). As part of this research area Maslov developed his hierarchy of needs (1954) out of Murray's theory. Alderfer (1972) extended the concept into the ERG theory grouping needs into interfering groups. The concept is close to Maslov in that the levels in the pyramid can be grouped into existence needs, relatedness needs and growth needs. However in contrast according to Alderfer motivators of a higher level can be present while lower level needs are not satisfied. So a person might be looking for achievement, a growth need, while he is still hungry thus having his existence need not fulfilled even that he is still handicapped by this.
While these models look into the relation of needs the motivational psychology looks into what sparks motivation out of needs or otherwise called motives. We have already mentioned nAch as the major motive that drives entrepreneurs as shown by McClelland (1961). He and Atkinson were the pioneers in this research field.

In 'The achieving society' McClelland(1961, pp. 159-204) points out that while the need for affiliation and need for dominance might be present in entrepreneurs they are mainly driven by the need for achievement motive, so I follow only this motive for the moment.

How does the actual motivation derive from the motive or otherwise asked when do individuals become entrepreneurial? McClelland argued that entrepreneurship is about moderately taking risks (1961, pp.210-214). But when do individuals perceive a risk as moderate and why do they not choose low risks (like being employed rather than starting an own business)? Atkinson (1957) did a famous experiment on how people choose difficulties (thus risks) in a ring-toss game. He found that people

with high nAch tend to take moderate difficulty compared to people with low nAch, which choose low or high difficulties (McClelland, 1961, p.214). He formulated the risk-preference model as an expectancy-value formula

$$T = nAch \cdot P \cdot A$$

where T is the tendency or motivation, nAch is the measured achievement motive of an individual, P is the perceived probability of success and A is the perceived incentive value. It directly corresponds to the risk as they give a higher perceived incentive. P negatively corresponds to the risk and can also be written as P=1-A meaning that high risks lead to low probability in succeeding. The formula also makes clear the difference between the motive nAch and the motivation T.

If we rewrite the formula with P=1-A we get

$$T = nAch \cdot P \cdot (1 - P) \leftrightarrow T = nAch \cdot (1 - A) \cdot A$$

This explains why the tendency for moderate risks is high since T is maximized for A=P=0.5 as shown in Figure 6 given that an individual's nAch is high. In contrast a person having a low nAch could choose to be very risky because the achievement is not so important to him or take a low risk to be on the safe side.

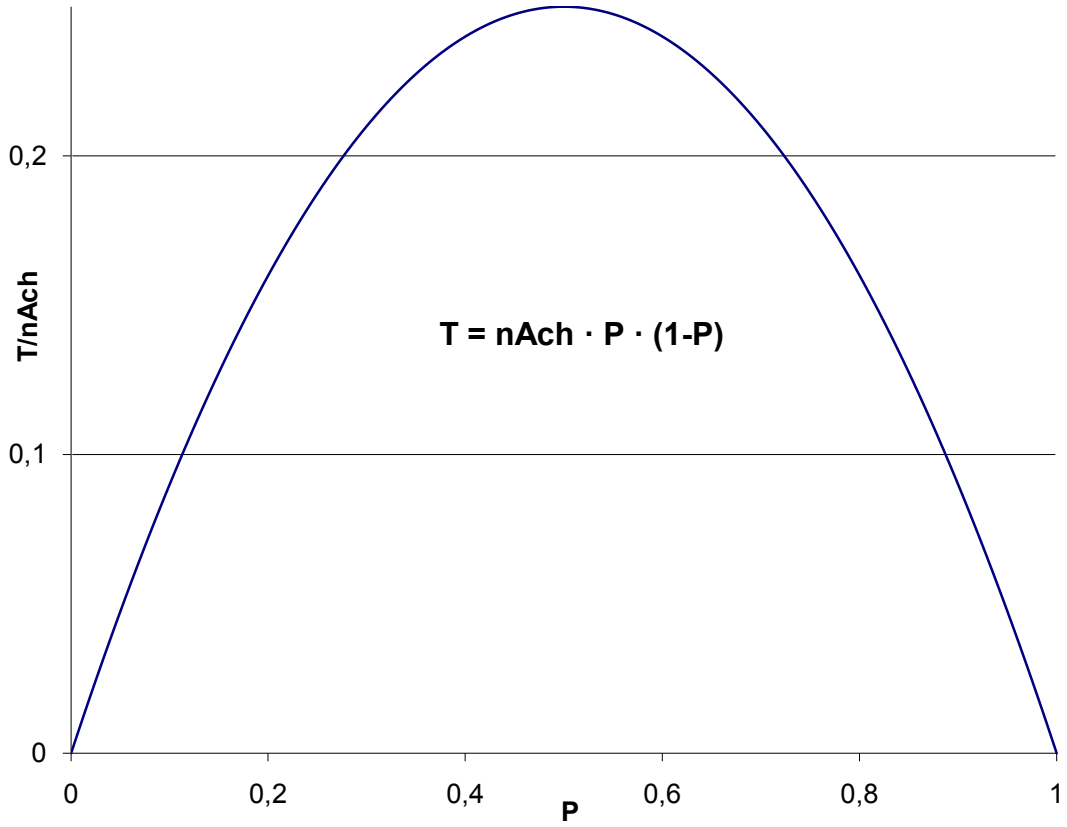

Figure 6: Relation between T and P in Atkinson's risk-preference model

Source: Own drawing

Coming back to the Attributes-and-resources model of Bridge et al.(2009) in Figure 5 I can interpret encouragement as nAch, while the availability of attributes, resources and support result in a given

perceived probability P. The decision is then taken at maximum T. The trigger itself can be explained in two ways, firstly being completely external or secondly as the result of a high shift of P into the optimum, as T is a square function of P. In other words, if things change in the environment in a way that high risks become moderate risks then this can trigger the entrepreneurial activity.

We will use these psychological models together with the integrated approach in the later chapters to identify why and how entrepreneurial activity was sparked in the BIGNAM pilot.

2.3 Government promotion policies

2.3.1 Why governments need a entrepreneurship policy

First we want to look into the not obvious question why governments should have a policy on entrepreneurship. Interestingly neither Hisrich et al. (2009) nor Kaplan & Warren (2009) covered this in their books, so they might not have felt it to be of importance. But the positive relationship between SME creation (thus entrepreneurship) and economic development has been acknowledged by several authors. Birch showed that two third of new Jobs in the United States between 1969 and 1976 were in SMEs (Storey, 1994, p. 161). But only in 2000 the EU identified promotion of entrepreneurship as a focal economic policy in the Lissabon agenda. Neck & Nelson (1987, p.7) from the International Labour Office (ILO) earlier considered a more effective use of resources through entrepreneurship. Storey was one of the pioneers in the UK to look at macroeconomic policies and implications on SMEs in his book 'Understanding the Small Business Sector', the result of a 3 year ESRC research program started under the Thatcher government. His book can be considered as a standard work which Bridge et al. followed in their book 'Understanding Enterprise: Entrepreneurship and Small Business'. They continue the policy discussion with the questions *why* and *how* governments should intervene (Bridge et al., 1998, p.208). Their findings are given in Table 2.

Why intervene?	*To maximise economic, social and other welfare benefits* But the benefits sought can include both wealth creation and jobs, and the promotion of one does not necessarily mean the promotion of the other	*Provided:* • The benefits are worth the costs. • Alternative approaches could not provide more benefit for the same cost or the same benefit for lower costs.
How to intervene?	*By addressing obstacles and barriers to development* For instance by reducing 'market failure'.	*Provided:* • Addressing the obstacles does achieve the benefits sought.

Table 2: The why and how of intervention

Source: Bridge et al., 1998, p.208

This is of value to us as it gives a clear policy objective and a reason why an SME policy is needed to reach it. The key aspect here is the admittance of obstacles and barriers SMEs face in current markets due to market failures. This is in contrast of neo-classical theory which sees markets at a tendency to perfectness while other economists see market failures as an inherent characteristic of all markets (Bator, 1958). SMEs due to their size are subject to market imperfections listed in Table 3 (Bridge et al., 2009, p.338). Classic welfare economies like the Beveridgian system follow the same

concept of market failure. In that sense entrepreneurship promotion policies can be interpreted as instruments of welfare economics.

Market gap	***Cause of market gap***	***Action needed***
Supply of entrepreneurs	Social and economic bias in favour of employment rather than self-employment	Social security system Education Tax system
Supply of innovations	Inadequate R&D	Education and research policy R&D expenditure Tax system
Lack of capital	Distortions in capital markets	Tax system Subsidised lending Monopoly policy Credit guarantees
Labour shortage	Imperfections in the labour market	Social security system Social environment Housing policy Training and education Monopoly policy Labour relations policy
Lack of premises	Imperfections in property market	Urban redevelopment Planning regulations Infrastructure investments
Bureaucracy and compliance cost	Growth of government	Simplification, exemption, changes in local taxation Reorganization of central and local government
Purchasing Marketing	Imperfections in supplier markets Imperfections in seller markets	Monopoly policy, tax system, government 'crowding out'

Table 3: Market imperfections, cause and actions needed

Source: Bridge et al., 2009, p.338

A good example of such a market imperfection is the distortion in the capital markets due to the current financial crisis. It has led to SMEs not having access to fresh capital as banks do refrain from lending money to them.

2.3.2 Policies to overcome market imperfections

To overcome the barriers governments have developed several policies and instruments in specific areas. Storey (1994, p. 269) has categorized the UK government policies as shown in Table 4. These measures are very much in line with the measures described by Neck&Nelson in their policy framework (1987, p.21, pp. 39-48). We will later look into where the BIGNAM pilot might have had similar effects.

Macro policies	• Interest rates • Taxation • Public Spending • Inflation
Deregulation and simplification	• Cutting 'red tape' • Legislative exemptions • Legal Form
Sectoral and problem specific policies	• High-tech firms • Rural enterprises • Community enterprises • Co-ops • Ethnic businesses
Finance assistance	• Business Expansion Scheme/Enterprise Investment Scheme • Loan Guarantee Scheme • Enterprise Allowance Scheme/Business Startup Scheme
Indirect assistance	• Information and advice • Business Growth Training/other training • Consultancy Initiative
Relationships	• Small firm division • Lobbyist/policy formulation

Table 4: UK government SME policies

Source: Storey, 1994, p. 269

Having looked at the general policy options we want to look now into specific programs providing cash grants as this is what a BIG does. In Germany the government in the past had issued two different programmes that guaranteed an income to individuals starting a business. Kritikos (2009) evaluated the two programmes in terms of efficiency and effectiveness. The first programme was the' Überbrückungsgeld', an income guarantee to unemployed in the height of 67 % of the former income plus 70 % social security costs. The second programme was the 'Existenzgründungszuschuss', a benefit program for self employed people of 240-600 € for 3 years with an income allowance of 25,000 €. While both programmes provided an income guarantee the first was unconditional on income but targeted to unemployed, while the later was not limited to the unemployed but conditional on income. Kritikos found both programmes to be effective, while the first was also efficient in that the savings in social security expenditure to these individuals was higher than the programme cost. These findings were published in the national GEM report. The nature of the two programmes is interesting, as the first can be seen as a form of BIG, while the second is comparable to a NIT programme.

2.3.3 BIG as a SME promotion policy

There is not much research on the possible promoting effects of a BIG on entrepreneurship. Nooteboom (1987) was the first to look at the idea of an unconditional BIG to promote SMEs and self employment. He found 4 ways in how it stimulates entrepreneurship:

- in providing a way to compensate economies of small scale
- as an incentive to the employed to become entrepreneurs and leave their job
- as an alternative to the different targeted programs and their administrative overhead
- as a solution to the unfair competition of black labour.

However, his findings were based on thoughts rather than on empirical results.

An experimental study done by Marx & Peeters (2008) looked at winners of the Belgian 'Win for Live' lottery which were granted an unconditional livelong income of 1,000 € per month. It revealed no effect on self-employment; none of the winners quit work to start a business, but also labour supply did not significantly change.

The BIGNAM pilot in itself is an experimental study on the BIG's promotional effect on entrepreneurship. As stated in the introduction, self employment substantially increased during the BIG, as did the income not sourced from the BIG itself. The BIGNAM April 2009 (Haarmann et al., 2009) report provides interviews with people who turned to self employment and concludes that they have started self-employment because of receiving a BIG. The last two studies seem to be in contrast, while the German study seems to comply with the BIGNAM pilot.

It should be noted that McClelland devoted a whole chapter in 'The achieving society' on accelerating economic growth (1961, pp.391-438). Based on the risk-preference model he sees two ways of promoting entrepreneurship and thus growth:

- To increase nAch of the society
- To use existing nAch more efficiently

The first suggestion is not easy to accomplish as nAch is a personal trait developed over the life time of an individual. Thus progresses can only be achieved in the long run. Sadly school education does only little change to nAch (McClelland, 1961, pp. 413-417) as the foundation is laid in the family in the early childhood, so governments cannot do much to increase it.

The second suggestion leads to support individuals with high nAch so that they start entrepreneurial activity (McClelland, 1961, pp. 418-421). In the sense of Atkinson's risk-preference model this means optimizing the perceived probability of success.

2.3.4 Policy evaluation

Important in any policy measure is the evaluation of its outcome. The OECD (2007) has developed a frame work for the evaluation of government policies. It consists of 6 steps to assess which can be seen as maturity levels. The first 3 steps are considered to be monitoring rather than evaluation as they completely depend on the recipients views of the program, while step 4 to 6 also take the non receivers' views into consideration to contrast both. It is only from step 5 onwards that these two groups are seen counter-factual. Step 6 deals with the question of how the selection process can be biased to overcome the presence of non observables. Even that the framework is quite complex, it could be used to assess future BIG experiments.

3 Data Analysis

In this chapter I will look into the data presented in '*Making the difference! The BIG in Namibia. Assessment Report*' (Haarmann et al. ,2009). All citations in this chapter are from this report unless otherwise indicated.

3.1 Financial Impact of BIG

In Figure 1, derived from the same report we have seen that the income of the settlement has risen beyond the amount that was induced by the BIG itself. Table 5 shows the different sources of income. The highest increase is obviously in the field of self-employment. Besides this also income from dependent employment has risen. It should also be noted that due to the increased attention more grants were given out by the government.

Mean household income by source excluding BIG	Nov 07	Nov 08	Increase/Decrease in %
Wages	N$ 581	N$ 692	19 %
Self-Employment	N$ 170	N$ 681	301 %
Farming	N$ 42	N$ 57	36 %
Remittance	N$ 103	N$ 82	-21 %
Government grants	N$ 199	N$ 285	44 %

Table 5: Sources of Household Income

Source: Haarmann et al., 2009, p.73

3.2 Nascent Entrepreneurial activity

To clarify the impact that the BIG had on enterprising individuals we want to look at their statements that were taken as part of the panel studies (names were anonymized):

"Since we get the BIG I bought materials and I am making three dresses that I sell for N$ 150"
"I started my project in August this year (2008) after the introduction of BIG. As you can see, I made those dresses and one cost N$150, If I make 5 dresses then I make a profit of N$750, in three weeks time. People are very much eager to support my business. …I will continue to pray that the Otjivero community will use the money for the real needs so that through us, the entire Namibia will get the BIG" (E.G., female).

"I started my business of making ice lollies right after the BIG started.... The demand for ice lollies is big because I make the biggest ice lollies in the settlement. I sell one ice lolly for 50 cents and I make 50 a day... With the BIG, people have money to spend, that is why I make the ice lollies" (B.B., female).

"I started my tuck-shop in August this year (2008) after the introduction of the BIG. The BIG came to our place like a miracle, and I will constantly thank God for his grace. The BIG made it possible for me to start a business I never dreamed of. Now I am able to sell food, soft drinks and a bit of alcohol. My profit per month is about 800.00 to 1000.00. I believe, by giving this money to all Namibians will also force the young people like me to start using their skills and talents" (A.I., male)

"I started the brick-making business in 2006 but had to stop it due to a lack of finances. After the BIG as introduced... I started again with it. From one cement bag I make 250 bricks. The bricks are standard and I sell them for one dollar. I get the sand for the bricks from the river. It is still a family business which I plan to expand in the future if I get more finances. Bricks are in demand so I will need more manpower in order to serve the interests of the people here at Otjivero. I am very optimistic that this project will expand with the BIG and employ more people" (J.G., male)

"We started the project last year but we had to stop due to a lack of funds and materials. We resumed full force in January 2008 after we received the BIG money. We are six women who are involved in the project... We make dresses, especially Nama cultural dresses because most of our clients are looking for them. We have clients from as far as Gobabis, Witvlei, Windhoek and from the surrounding farms. When there are occasions like weddings and funerals, we make good sales... One dress is about N$ 150 and we make about N$1,500 – 2,000 per month. We have opened a bank account in Windhoek where we do our savings" (R.A., female).

"After the introduction of the BIG I started my business. I bake traditional bread every day. I bake100 rolls per day and sell each for one dollar... I make a profit of about N$ 400 per month. My business is good and I believe that it will grow. The only problem that I have is the lack of fire wood. It is often hard to get wood. But I made an application for additional help to the government in order to expand my business" (F.N., female)

"The introduction of the BIG made it possible for me to start my tuck shop. It is a very small business but people support it a lot... I mostly sell sugar, tea, maize meal, sweets and popcorn. We make bout N$ 800 – 1,000 per month. I also sell self-made materials for donkey carts. I buy my stock in Gobabis, travelling on the train" (A.N., male)

To structure the data I have done an open coding process, where different aspects were identified in the data as well as from the knowledge gathered in the literature review on the subject.

Aspect mentioned	**E.G.**	**B.B.**	**A.I.**	**J.G.**	**R.A.**	**F.N.**	**A.N.**
Started business before but stopped				x	x		
Started business with BIG	x	x	x			x	x
Started or Restarted business because of BIG	x	x	x	x	x	x	x
BIG enabled business			x				x
Lack of funds before BIG				x	x		
More demand through BIG		x	x				
Support from the Community	x						x
Contribution to Community			x				
Believe in Community	x		x				

Table 6: Aspects as coded from entrepreneur's statements

It is clear from Table 6 that all of these entrepreneurs are now in business due to the impact of the BIG. I will more thoroughly analyze their statements in the next chapter.

3.3 Community Mobilisation

Besides the financial and entrepreneurial impacts there was a significant effect on the community. As we know from the different models of the enterprising person its social surroundings are an important dimension of choosing entrepreneurial activity. The assessment report highlights this in a separate chapter from where I have taken the following description.

In the beginning of the project the community was quite suspicious about an outside intervention making them even more dependant. Bishop Dr. Kameeta who chaired the project however convinced

people about the honest effort of the BIGNAM project to improve the bad situation of the settlement. The people of Otjivero-Omitara felt that unlike other intervention projects they were in ownership and responsibility of the outcome. This led to the sole decision of the community to inaugurate an elected 18 member 'BIG Committee' before the start of the BIG payments to assist the project. Their guiding principle was to take part in a "little project with a large aim. The aim is to UPLIFT the 'life' of Omitara, then Namibia, then Africa and at last the world" (BIG Committee, 2007, cited in Haarmann et al., 2009). They developed a strict code of conduct for the committee itself and elected so called 'control officers'. Their function was to educate and empower individuals and advise them on how to spend their money wisely but not to force them. As the committee was quite aware of the problem of alcohol abuse the shebeen owners were incorporated and agreed on not to sell alcohol on payment days.

3.4 Other impacts

As my first aim is to look at the why people have started to be enterprising with the introduction of the BIG. However we want to shed light on other impacts that contribute to the social environment of an entrepreneur. The assessment report (Haarmann et al., 2009) lists several impacts on general living conditions:

- Household poverty dropped from 76 % to 37 % based on the Namibian food poverty line (N$ 152 / capita / month)
- Economic activity in work or self-employment raised from 44 % to 55 %
- Child malnutrition went down from 42 % to 10 %
- School non-attendance due to financial reasons dropped by 42 %
- Number of parents paying school fees increased to 90 %
- Use of the health clinic increased significantly as people can pay now the visit fee of N$ 4, clinic income increased from N$ 250 to N$ 1,300
- Household debt fell from N$ 1,215 to N$ 772
- Overall crime rates fell by 42 %

It is obvious that this had a vast impact on the general living conditions and ignited the feeling of hope and responsibility in the community. As an example I want to give three resident's statements from the assessment report:

"Generally, the BIG has brought life to our place. Everyone can afford food and one does not see any more people coming to beg for food as in the past. What I can say is that people have gained their human dignity and have become responsible."(J.D., resident)

"Things are really fine unlike before when I was really suffering and struggling very hard. Last year I used to be very depressed because I had to beg all the time, now I have enough to eat. I am still unemployed but at least I do not depend on my parents any more for food and other things now I have my own money. My children are back in school and I am saving some money to be able to send them to boarding school when they complete their primary education here. The BIG has helped me and my children a lot. I can now also travel to Windhoek in search for work." (W.G., resident)

"I ask people how they are living and they are eating much better now. They tell me that things are going a bit better. Some people have started selling things like food, tobacco, clothing, cell phones, as a source of income. One HIV positive woman now buys materials and makes Nama dresses. We are thinking of holding a competition to see what people did with the BIG money. We want to give a prize and this can motivate others."(M., clinic nurse)

The project also sparked additional government attention. One direct reaction was the decision to make antiretroviral (ARV) medication needed to assist HIV positive residents directly available in Otjivero-Omitara. Before people had to travel to Gobabis which costs around N$ 100. The direct access to ARVs had a very big impact as the number of the communities HIV patients is high.

4 Interpretation

4.1 Initial Hypothesis

Using the analytic induction paradigm I start to interpret our data by formulating a hypothesis to begin with:

H1: BIG promotes nascent entrepreneurial activity

This is a very simple view of the BIG's impact and only serves as a starting point

4.2 BIG and entrepreneurship promotion policies

In chapter 2.3 we have looked at market imperfections SMEs are facing and how government policies could overcome them. We want to take a closer look on BIGNAM in respect to these policies. One of the most obvious market imperfections is the access to financial funds. SMEs often cannot provide sufficient securities to raise money on the classical capital market. This is portrayed by the two statements of entrepreneurs in Table 6 saying that they had to stop their business due to insufficient funds. They both restarted their business with the introduction of the BIG as it gave them the needed capital. Event that some of the entrepreneurs still had further financial need the BIG functioned as a seed financing to start with. We formulate this as a hypothesis:

H2: BIG serves as a seed financing to start a business

This kind of function is similar to a loan guarantee scheme which is quite popular with European governments in supporting jobless in starting their businesses. It does not fund the enterprise but instead the entrepreneur himself. The German "Überbrückungsgeld" (see Chapter 2.3.2) is of the same nature. It was found to very effective in an evaluation by Kritikos (2009). In addition a BIG provides potential customers with additional buying power and therefore fuels demand. This is a special form of public spending, a classical Keynesian policy used to boost the macro economy for SMEs as noted in Table 4. Most of the entrepreneurs in the BIGNAM pilot noted that they saw increased demand due to the BIG. This formulates as:

H3: BIG provides additional buying power and creates demand

The BIG paid out in the BIGNAM pilot is unconditional so besides identifying the individual eligible there is no means test. This produces very little administrative overhead and is an efficient method to provide financial grants to individuals. The classic social security or enterprise grant system is means tested and needs significant administrative effort to be implemented. In addition a conditional program requires the individual to be aware of it, collect evidence of being eligible for it and provide even income information after having received the conditional grant. BIG has none of these drawbacks and can be seen as an effective form of deregulation:

H4: BIG deregulates the access to financial grants

4.3 BIG and labour supply

In a European context BIG is very much discussed in the domain of its impact on labour supply. In the BIGNAM pilot the unemployment rate went down from 60 per cent to 45 per cent while the labour force slightly increased. This is in full contrast to the NIT experiments in the United States in the 1970's. However Widerquist (2002) and Groot (2004) have shown that the setup of these experiments might have caused that decline in labour force participation. Marx & Peeters (2008) at

least found no significant retreat from labour force with lottery winners receiving an unconditional monthly cash grant.

While I am not able to tell the full effect on labour participation from the BIGNAM pilot I at least can note its positive effect:

H5: BIG facilitates labour force participation

It does so in two ways:

- By making low paid work more attractive
- By providing funds which actually enables people to look for work outside of the Otjivero-Omitara settlement

4.4 BIG and the community

In the BIGNAM pilot project the community played an important role in the implementation. It came aware that the success of the project was nearly completely in its hands. Furthermore the community was mobilized in a way to effectively monitor and advise individuals on how to use the BIG. An important policy in all government entrepreneurship policy is training as shown in Table 4. Even that there was no formal specialized training to entrepreneurs that aspect seems to some extent be acquainted by the 'control officers'. It created social norms to all community members in respect to their behaviour in the project. The result is visible in two outcomes:

- Community members support local entrepreneurs in buying their products
- Entrepreneurs start enterprises to fulfil the social norm and contribute to the community

This is evident from the entrepreneur's statements shown in Table 6. They were quite aware of social expectations and internalized them even. They were positive about the support coming from the community and their contribution back into it. This can be seen as a social contract between the community and the entrepreneur. The importance of social norms is reflected in Krueger's model in Figure 4, it is also present in McClelland's recommendations on how to use nAch more efficiently for economic growth (1961, pp.391-438).

We formulate this as a new hypothesis:

H6: BIG can mobilize communities to set effective social norms and to give support through customer loyalty. Effective mobilization results in a social contract between the entrepreneur and the community.

It should be noted that this is only the case if a BIG implementation enables the community to fulfil that role by letting them control the implementation. This leads to:

H7: In order for BIG to mobilize a community it must be in control of the implementation

This can be generalized in the sense that foreign aid projects have failed in the past in not letting communities decide on the implementation.

4.5 BIG and opportunity

In respect to the GEM terminology it is interesting to look at the nature of the entrepreneurial activity in the BIGNAM pilot. Clearly none of the interviewees in Table 6 expressed a necessity to

start their businesses even that the unavailability of jobs was a fact for them. Instead they all said they started or restarted their business because of the BIG. Some of them saw the BIG as an enabler or demand creator, both aspects that can be grouped into the more general term opportunity. I argue therefore that these individuals are all opportunity entrepreneurs despite their unemployment. It is their perception that the BIG sparked their activity. I reflect that by adapting the first hypothesis:

H1: BIG promotes nascent opportunity based entrepreneurial activity

But what creates this opportunity? The answer lies in H3 and H4: BIG creates demand and provides seed financing and thereby creates an opportunity:

H8: BIG creates opportunity based on increased demand and provided financing

The U-curve hypothesis by the GEM predicts increasing opportunity based TEA with increasing income for efficiency and innovation driven economies. Namibia however in being comparable to South Africa is classified as a factor driven economy which would result in declining TEA with increasing income until the income of roughly 29.000 PPP is reached. Clearly all entrepreneurs interviewed have no income even close to that amount. However given their level of opportunity entrepreneurship they have reached the area with increasing TEA. This can be interpreted as to they have "tunnelled" the U-curve and were transformed from a factor driven economy into an efficiency driven one within their regional context so effectively going trough economic development. That interpretation has no direct evidence in the current data but at least there is an indication in the BIGNAM pilot of regional economic development:

H9: Regional BIG is an instrument of regional economic development

4.6 BIG and the enterprising individual

So far we have looked into external factors of the entrepreneur, but how has that influenced his internal decision process? Krueger's intention model in Figure 4 helps us here. I already have identified the creation of social norms through the community. Propensity to act is a factor of personal capabilities which can be supported by training and advice from the community. The other factors personal desirability, perceived self-efficacy and perceived feasibility cannot be explained by our current hypotheses. The precipitating event could be interpreted as a trigger. In the BIGNAM pilot obviously the BIG itself finally sparked the entrepreneurial activity but it remains unclear how this formed a trigger for the individual. I will later resolve these open points in the model but remain with another aspect of the model for the moment: it is the perception rather than an objective assessment of the situation that contributes to the entrepreneurial decision. I formulate this as:

H10: The entrepreneurial decision is based on perception of the surrounding factors

This has a fundamental implication: not the absolute amount of money granted in a BIG decides on its impact but the perception of the receiver. This is somewhat contrary to the classification of BIG schemes by Fitzpatrick (1999).

The second entrepreneurial model of the individual in Figure 5 fits to our discussion of the first model. It also incorporates a trigger and does mention support and encouragement, which comes from the community and the opportunity created. The attributes and resources in this model can be interpreted as the personal factors from the first model.

4.7 BIG and motivation

Krueger's model left us over with some unclear interpretation of personal factors that contribute to the entrepreneurial decision. McClelland and Atkinson's work on nAch and the risk-preference model can help here. If we interpret Krueger's intention to be the tendency T we can use their findings in the model. Thus the perceived feasibility is the probability P and the perceived desirability is the incentive A in the risk-preference model. The motive nAch is then to be found as the perceived self-efficacy. So Krueger's model can be explained using Atkinson's risk-preference model. What we still have to clarify is the trigger that finally sparks the entrepreneurial activity. Obviously discontinuities like displacements or unemployment could provide for such triggers. But even that they might have been present in the BIGNAM pilot they were not the main factor as most entrepreneurs only started their business with the beginning of the project. Therefore my assumption is that the level of opportunity and support from the community were perceived by the entrepreneurs in a way that it made such a difference for them that it became a trigger. This is supported by the behaviour of the tendency T in the risk-preference model in Figure 6. If P increases to or next to the optimum the result is a nonlinear square impact on the tendency to act entrepreneurially which can be seen as a trigger. This interpretation is based on the assumption that the probability P is based on the perception of support and opportunity due to the BIG. I reformulate our hypothesis H10 and add H11:

H10: The entrepreneurial decision is based on perception of the surrounding factors. The main factors are social norms, opportunity and community support

H11: The perception of surrounding factors becomes a trigger if these factors increase significantly to the optimum

4.8 BIG and self-empowerment: The enabling effect

So far we have looked mainly into the entrepreneur's perception of the BIG and its effects. But what impact does the BIG have on community members that then have an impact on the entrepreneur? And a second question wasn't so far discussed: Why does a BIG that does not even provide the existence minimum enable them to act as they did in the BIGNAM pilot?

To understand this I take a look on the interviews in Chapter 3.4: Obviously something has changed in the mind of the community members that empowered them to act. It enabled them to be customers, to look for work, to eat properly, to get medical assistance, to pay school fees, to be proud members of the community. They elected the BIG committee and sat out effective social norms. All this I call the enabling effect. Given the very little amount of money they received this result is quite astonishing and must be explained. That there really was an enabling effect can be shown by Maslov's and Alderfer's models: The activities listed above all fulfil other needs then the basic needs. So by satisfying these needs they have progressed from their basic needs even that these were only partially fulfilled. For this to happen there must have been the enabling effect.

The explanation for all this lies in the perception of the BIG. This is portrayed by the motto of the assessment report: 'To make the difference'. The people of Otjivero-Omitara felt the BIG to be a chance that would enable them to live a normal life. Again it is the perception of their circumstances and change due to the BIG that counts. This gives us:

H12: BIG empowers people and enables them to act in the community if they perceive it as a chance.

The enabling effect can also be interpreted as the aim to end poverty that the United Nations try to achieve. The BIG's impacts shown in Chapter 3.4 are similar to the Millennium Development Goals defined in the year 2000 declaration (UNO, 2000).

In McClleland's (1961) notion of how to increase nAch in a society the enabling effect might also have an impact in the development of nAch in upcoming generations.

Additional support came from the government by providing ARVs:

H13: BIG can attract government attention which results in additional community support

4.9 Summary of Hypotheses

I just summarize our final hypotheses:

H1: BIG promotes nascent opportunity based entrepreneurial activity

H2: BIG serves as a seed financing to start a business

H3: BIG provides additional buying power and creates demand

H4: BIG deregulates the access to financial grants

H5: BIG facilitates labour force participation

H6: BIG can mobilize communities to set effective social norms and to give support through customer loyalty. Effective mobilization results in a social contract between the entrepreneur and the community.

H7: In order for BIG to mobilize a community it must be in control of the implementation

H8: BIG creates opportunity based on increased demand and provided financing

H9: Regional BIG is an instrument of regional economic development

H10: The entrepreneurial decision is based on perception of the surrounding factors. The main factors are social norms, opportunity and community support

H11: The perception of surrounding factors becomes a trigger if these factors increase significantly to the optimum

H12: BIG empowers people and enables them to act in the community if they perceive it as a chance.

H13: BIG can attract government attention which results in additional community support

4.10 Impact Model

Now that I have identified the different mechanisms of impact that BIG had on entrepreneurship in the BIGNAM pilot I can dare to visualize them in Figure 7. This is the final impact model of the BIGNAM pilot and the outcome of my research.

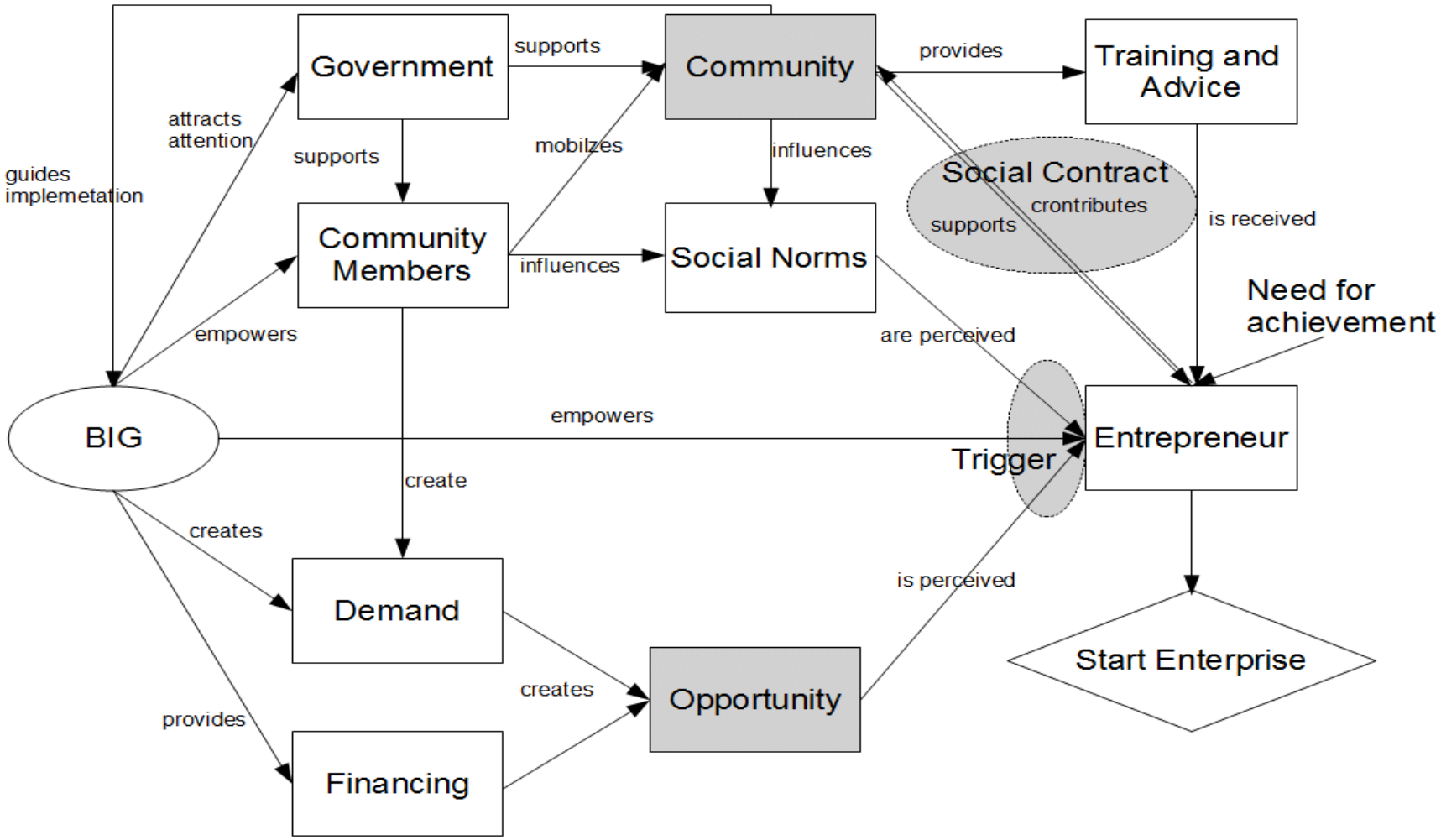

Figure 7: Model of BIGNAM's impact on the entrepreneur

5 Conclusion and Recommendations

5.1 Outcome

Basic Income has become a highly debated way of solving the nations' current problems in respect to distribution of wealth in societies faced with high unemployment. This is even truer for developing nations that have not build up social security systems that support their citizens. Namibia is a very good example of such a very young nation failing to abolish the poverty of most of its citizens. Thus it was a good place to do the first real experiment of a BIG. The BIGNAM coalition in organizing this project made a very valuable contribution to the people of Namibia but also to the scientific discussion of Basic Income.

Entrepreneurship has been become very attractive for governments to foster economic development. In order to understand the processes that spark entrepreneurial activity a lot of research has gone into this subject in the developed nations. As a result policy frameworks have been created for governments to follow.

The BIGNAM pilot project for the first time gave evidence that both policies have something in common. In this work I have analyzed the impact that the BIG had on entrepreneurial activity and found it to promote entrepreneurship. I formulated hypotheses of the key contributing factors and combined them into an impact model. The key concepts of this model are:

- Opportunity is created by the BIG by creating demand and providing financing
- The community is mobilized and creates a social contract with the entrepreneur
- Community members are empowered and support the entrepreneur
- The entrepreneur perceives the opportunity, social norms and the community support which trigger his entrepreneurial activity

However this model is limited in several ways. Every model is an abstraction of the underlying reality and only partly reflects its complexity. Therefore there might have been other factors that contributed to the effects of the BIGNAM pilot that were not addressed in the model. This could especially be true due to the limited amount of data available to this research. Secondly it is also limited in the sense that it only reflects what has happened in the specific BIGNAM experiment. It does not tell us what will happen once we use the same experiment setup in another region in another society with another economic setup. However we can make some assumptions based on this model in our recommendations. Another shortfall is the missing time aspect in the model. It does not predict how people would behave in a BIG experiment over time, especially when the experiment is limited to only a given period. Fourthly the model tells nothing on efficiency of a BIG on entrepreneurship. Obviously a BIG promotes entrepreneurship but how efficient is it compared to other policies? So there are three areas which need further research:

- Transferability
- Sustainability
- Efficiency

In the next chapter we will highlight this and give further recommendations.

5.2 Recommendations

5.2.1 Research on Entrepreneurship and Basic Income

Nooteboom (1987) was the first one to look on BIG and entrepreneurship. This paper has taken up the subject again based on the empirical results of the BIGNAM pilot project. The conclusion is that the BIG in the BIGNAM pilot project served as a policy to promote entrepreneurship. This can only be a starting point of more research to come to clarify the relation between a basic income and entrepreneurship.

5.2.2 Further research on the BIGNAM pilot

A very obvious starting point is the existing BIGNAM pilot project. Unfortunately all scientific data sampling stopped in 2009 and no new data is available. The project ended in December 2009 leaving the community with a monthly cash grant of N$ 80 for each participant. This “bridging allowance” will disappear in the future even that the project has not declared the actual date. This scenario of a limited period of cash grants is very similar to existing regional grant schemes in Europe so it allows for the study of effects after payment has ended. I therefore clearly recommend funding further research and data sampling on the participants of the BIGNAM pilot project to see how much entrepreneurial activity survives the payment stop. In this way the question of sustainability of promotion programs can be explored.

More research should also be done on the success of entrepreneurs in the BIGNAM pilot as this paper has only looked at nascent entrepreneurial activity but not on their success. Jacobsen (2003) has introduced a model on key success factors of entrepreneurship. The model could be applied and verified using existing or future data from the BIGNAM pilot.

5.2.3 Government politics on entrepreneurship and economic development

I have looked on how a BIG can promote entrepreneurship in this paper. This might be interesting for governments looking for new policies on entrepreneurship and economic development. In the BIGNAM pilot project the BIG served as a regional economic development policy. It did so in combining two existing common policies used by governments: macro economic public spending programs and entrepreneur promotion. In Germany the two equivalents of this would be the Konjunkturpaket II and the Überbrückungsgeld. As I have shown BIG is a deregulated way of providing the same two functions. So with BIG governments get a new combined policy on regional economic development that is very administrative cost effective. Historically there have even been forms of this in Germany: During the cold war West-Berlins industry received a lot public spending while its population was granted an extra eight per cent bonus on their income. The evaluation of that policy and the experiment I suggest in the next chapter could help to test the feasibility of such a policy.

This paper has found the integration of the community into the BIGNAM pilot project to be one of the key success factors. In my understanding this is also true for regional development programs in general. So these programs should always include the local communities taking over responsibility of the implementation. The failure to do so might have been the cause of unsuccessful programs in the past.

5.2.4 The Uecker-Randow BIG Experiment

One of the key questions that led to my interest in the research question was if the findings from the BIGNAM pilot project could be transferred into a regional cash transfer program in Germany. In the

north of Germany the administrative district of Uecker-Randow with 75,000 inhabitants is the poorest district in the country. While poverty in Germany is of complete different nature compared to the one in Namibia the situation in Uecker-Randow needs the same kind of economic development boost that Otjivero-Omitara got from the BIGNAM pilot project. So I call for a new experiment on the effect of BIG on entrepreneurship and thus regional economic development in the district of Uecker-Randow in Germany. This would allow verifying the model I have developed in terms of transferability, effectiveness and sustainability. To make this happen there are three main questions to be answered:

- What are the success factors?
- How much does it cost?
- How can it be evaluated?

The first question can be answered from the model introduced in this paper. For the experiment to succeed it must be perceived as opportunity and create demand. In addition it must be controlled and implemented by the community of participants itself so that they feel themselves in the ownership of the experiment. This is crucial for the community to set social norms and give support to potential entrepreneurs. In addition training is a critical success factor on entrepreneurship and should be provided.

The next question obviously is very much dependant on the actual amount of cash granted to every individual. In the BIGNAM pilot project the grant was very low even below the poverty line but it had an effect because of its perception as an opportunity. It is highly debatable what amount of money could trigger this in Germany but I suggest instead of paying a full BI the grant should be between 50 and 100 €. It should be paid for a period of 24 month fully unconditional to all participants. This would leave us with a cost of 90-180 million € for the whole district of Uecker-Randow. This is a very high price for an experiment but it could be partly financed from the backflow of taxes as well existing funds like the European Regional Development fund and the Gründungszuschuss of the Bundesagentur for Arbeit. A stripped down version could be done if only selected communities within Uecker-Randow would be included the program. This would also allow comparing funded and non funded communities but could easily create social disharmony.

The suggested BI scheme would obviously not allow potential entrepreneurs to finance themselves from the cash grant so further funds must be provided. One way would be to setup a regional micro credit program funded from the BI of individuals. In addition targeted government programs and local banks could offer credit programs to entrepreneurs.

The whole experiment could then be evaluated in its effectiveness and efficiency using the OECD (2007) evaluation framework. In addition researchers would collect longitudal data from interviews in panels on entrepreneurs as well as quantitative data of the macroeconomic accounting of the region to identify impacts and to test against existing impact models.

The call for a new experiment despite being regional is in line with the one by Groot (2004) and the same methods discussed there to minimize cost do apply.

6 References

Alderfer, C.P. (1972), *Existence, relatedness, and growth: human needs in organizational settings*, Free Press, California

Allport, G.W. (1937), *Personality: A psychological Interpretation*, Holt, New York

Atkinson, J.W. (1957), *Motivational determinants of risk-taking behavior*, Psychological Review, 64, 359-372

Bator, F.M. (1958), *The Anatomy of Market Failure*, The Quarterly Journal of Economics, 72:3, 351-379

Bridge, S. and O'Neill, K. and Cromie, S. (1998), *Understanding Enterprise, Entrepreneurship and Small Business*, first edition, Palgrave, Basingstoke

Bridge, S. and O'Neill, K. and Martin, F. (2009), *Understanding Enterprise, Entrepreneurship and Small Business*, third edition, Palgrave Macmillan, Basingstoke

Drucker, P. (1964), *Managing for Results*, Harper & Row, New York

Fitzpatrick, T. (1999), *Freedom and Security*, Macmillan, London

GEM (2008)*,Global Entrepreneurship Monitor: 2008 Executive Report*, [online] (cited 1st August 2010) Available at http://www.gemconsortium.org/download.asp?fid=849

Groot, L. (2004), *Basic Income, Compensatory Justice and Unemployment*. Kluwer, Boston

Haarmann, C. and Haarmann, D. and Jauch, H. and Shindola-Mote, H. and Nattrass,N. and van Niekerk, I. and Samson, M. (2009), *Making the difference! The BIG in Namibia. Assessment* Report, [online] (cited 1st August 2010) Available from http://www.bignam.org/Publications/BIG_Assessment_report_08b.pdf

Heckhausen, J. and Heckhausen, H. (2006), *Motivation und Handeln*, 3.Auflage, Springer, Heidelberg

Hisrich, R.D. and Peters M. P. (2002), *Entrepreneurship*, 5th edition, McGraw-Hill, London

Hisrich, R.D. and Peters M.P. and Shepherd, D.A. (2009), *Entrepreneurship*, 8th edition, McGraw-Hill, London

IMF (2006), *Namibia: Selected Issues and Statistical Appendix,* Country Report No. 06/153, [online] (cited 1st August 2010) Available from http://www.imf.org/external/pubs/ft/scr/2006/cr06153.pdf

Jacobsen, L.K. (2003), *Erfolgsfaktoren bei der Unternehmensgründung: Entrepreneurship in Theorie und Praxis*, Deutscher Universitätsverlag, Wiesbaden

Kaplan, J.M. and Warren, A.C. (2009), *Patterns of entrepreneurship*

Kritikos, A. (2009), *Die Hartz-Evaluation zur Gründungsförderung*, paper presented at the annual conference of Wirtschaftspolitischer Ausschuss des Vereins für Socialpolitik, 24-26 March, in Leipzig

Krueger, N.F. (1995), *Prescription for Opportunity: How communities can create Potential for Entrepreneurs*, Working Paper 93-03, Small Business Foundation of America, Washington D.C.

Marx, A. and Peeters, H. (2008), *An unconditional basic income and labor supply: Results from a pilot study of lottery winners*, The Journal of Socio-Economics, 37, 1636-1659

Maslov, A.H. (1954), *Motivation and personality*, Harper, New York

McClelland, D. C. (1961),*The Achieving Society*, Van Nostrand, New York

Murray, H.A. and Kluckhohn, C. (1953), *Personality in Nature, Society, and Culture*, Knopf, New York

NAMTAX (2002), *Report of the Namibian Tax Consortium on the tax structure of Namibia*, [online] (cited 1st August 2010) Available from http://www.ippr.org.na/Non-IPPR%20research/Namtax%20first%20section15Dec20021.doc

Neck, P.A. and Nelson, R.E.(1987), *Small enterprise development: Policies and Programmes*, International Labour Office ,Geneva

Nooteboom, B. (1987), *Basic Income as a Basis for Small Business*, International Small Business Journal, 5:3, 10-18.

OECD (2007), *Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes*, [online] (cited 1st August 2010) Available from http://ww2.dkit.ie/content/download/11554/70677/file/OECD%20Evaluation%20of%20Eship%20Policies%20and%20Programmes.pdf

Roberts, A.K. (1977), *The Social Conditions, Consequences and Limitations of Careers Guidance*, British Journal of Guidance and Counseling, vol. 5

Rosa, P. and Kodithuwakku, S. and Balunywa, W. (2006), *Reassessing Necessity Entrepreneurship in Developing Countries*, [online] (cited 1st August 2010) Available from http://www.isbe.org.uk/content/assets/BP06-Res.pdf

Schumpeter, J.A. (1934), *Theorie der wirtschaftlichen Entwicklung,* 4. Auflage, Duncker und Humblot, Wien

Stern, W. (1935), *Allgemeine Psychologie auf personalistischer Grundlage*, Martinus Nijhoff, Den Haag

Storey, D.J. (1994), *Understanding the Small Business Sector*, Routledge, London/New York.

The Namibian (2006), *BIG Coalition takes aim at the IMF,* The Namibian, Windhoek, 21 November, [online] (cited 1st August 2010) Available from http://www.namibian.com.na/index.php?id=28&tx_ttnews[tt_news]=28238&no_cache=1

UNDP (2009), *Human Development Report*, [online] (cited 1st August 2010) Available from http://hdr.undp.org/en/media/HDR_2009_EN_Complete.pdf

UNO (2000), *United Nations Millennium Declaration*, [online] (cited 1st August 2010) Available from http://www.undemocracy.com/A-RES-55-2.pdf

WEF (2009), *Global Competitiveness Report 2009-2010,* [online] (cited 1st August 2010) Available from http://www.weforum.org/documents/GCR09/index.html

Widerquist, K. (2002), *A failure to communicate: The Labour Market Findings of the Negative Income Tax Experiments and Their Effects on Policy and Public Opinion*, paper presented at the 9th International Congress of the Basic Income European Network, 12-14 November, Geneva