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Inadequacies in Local Entrepreneurial Ecosystems that Impede Growth-Oriented Entrepreneurship in Lesotho

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Abstract

Entrepreneurship is acknowledged globally as a driver of unemployment reduction, poverty alleviation and national economic well-being. However, many nations, especially developing ones, struggle to sustain growth-oriented entrepreneurship due to limitations in their entrepreneurial ecosystems. With an unemployment rate of 28.9% as of 2019, Lesotho is one of the countries struggling to sustain effective entrepreneurial ecosystems. This article seeks to identify the inadequacies in local entrepreneurial ecosystems that impede the emergence of entrepreneurs and small-and-medium enterprises in Lesotho. This study, grounded in systems theory, utilised a qualitative approach using semi-structured interviews to collect data from twenty-five budding entrepreneurs. Data analysis showed that financial institutions funding, entrepreneurial apathy, poor infrastructure, dearth of talents and leaders, and inadequate support networks were the main barriers to entrepreneurship in Lesotho. This study raises awareness of Lesotho's entrepreneurial ecosystem's basic flaws, which hinder growth-oriented business. The study is expected to improve policymakers' intervention strategies and attract more scholars' attention to the phenomenon. The study is limited in scope due to the participants' concentration in Maseru, the capital city. This geographical restriction is a limitation to the extent that businesses operating in the city and those operating in the countryside may experience different systemic impacts. Future research should explore broader scope.

Keywords: Entrepreneurial ecosystem, growth-oriented entrepreneurship, entrepreneurship, entrepreneurial challenges, small-and-medium enterprise.

1. Introduction

With an unemployment rate of 28.9% (ILO, 2022), Lesotho is one of the countries with dire unemployment levels in sub-Saharan Africa. The COVID-19 pandemic and the consequent economic shocks worsened the already deplorable unemployment situation in the country. Given this scenario, it would be expected that small-and-medium enterprises (SMEs) would abound to cushion the effects of unemployment. Regrettably, that is not the case in Lesotho. Few ventures exist, and few individuals explore entrepreneurship as an alternative career path. As a result, Basotho (Lesotho citizens) scramble for the few available jobs in the public and private sectors, leaving many unemployed and mired in poverty.

Lesotho government has launched various intervention programs to encourage entrepreneurship and create a conducive environment for businesses to thrive. Among these measures are a credit guarantee program, revolving loan schemes for manpower development, and trust funds for entrepreneurs. Other interventions include direct investment in infrastructure, such as fully equipped factory shells, made available to entrepreneurs at little or no cost. The Maseru Securities market was also created in 2014 to provide additional funding source to enterprises. Sadly, as of December 2022, only one company was listed in the exchange market.

Policymakers have taken initiatives to address the challenges, focusing more on funding and capacity building. Despite these interventions, entrepreneurs and start-ups remain constrained, suggesting that the government maybe adopting a silo tactic rather than a holistic approach to address the problems. The policymakers have not embraced the system thinking theory, which focuses on the whole rather than the parts (Verhoeff et al., 2018).

System theory underscores the importance of conducting a comprehensive analysis of the factors inhibiting programs designed to promote entrepreneurship. Instead of partial focus, the elements and their interconnectedness

influencing entrepreneurship and start-ups must be studied. Unfortunately, no formal study has been conducted in Lesotho in this regard. In essence, there has been no local study to provide local insight into the weaknesses in the Lesotho entrepreneurial ecosystem.

Against the above background, this study intends to address the gap by investigating the current state of the entrepreneurial ecosystem in Lesotho to identify its components and evaluate their effectiveness. The overarching objective is to deconstruct and highlight the weaknesses in all the ecosystem elements that inhibit growth-oriented entrepreneurship in Lesotho.

Based on the research background and purpose, the question to be answered in this study is: What are the weaknesses in the local entrepreneurial ecosystem that limit the emergence of entrepreneurs and start-ups in Lesotho? To answer the question, a qualitative research approach is used in which semi-structured interview questions was posed to participants to extract their experiences.

Policymakers have launched several initiatives to stimulate people's interest in entrepreneurship. However, the initiatives have not yielded the desired result of encouraging entrepreneurship and reducing unemployment. Sadly, rigorous studies have not been undertaken to evaluate whether inadequacies in the entrepreneurial ecosystem inhibit the intervention's effectiveness. The significance of this study lies in its contribution to identifying systemic deficiencies in the entrepreneurial ecosystem, which, when addressed, will light the path for a more impactful policy framework and interventions.

2. Literature Review

An entrepreneurial ecosystem is conceptually similar to an ecological system (ecosystem); however, unlike the latter, it is a relatively new concept, first articulated in the early 1990s in the Harvard Business Review (Audretsch et al., 2021). It represents a collection of factors and institutions that facilitate the development of new firms, bringing together people who have the ability to innovate, and encourage entrepreneurship (Audretsch et al., 2021). Spigel (2017), sees entrepreneurial ecosystem as a blend of social, economic, cultural, and political elements that foster innovative start-ups and motivate aspiring entrepreneurs to launch SMEs in a given territory. It evolved from the pressing necessity to shift from individualistic views to systemic perspectives that recognise an entrepreneur's success factors. This shift in major emphasis and focus on individual view to a systemic perspective is attributed to many factors. First, the entrepreneurial process is becoming more collective involving different actors including digital technologies (Atio et al., 2018). The other factor is globalisation which is extensively facilitating interdependencies and interconnectedness in entrepreneurship (Cavallo et al., 2021). This explains and justifies the broad interests of scholars on entrepreneurial ecosystems.

Stam and Van de Ven (2019) argue that entrepreneurial ecosystems are necessary because individuals cannot command all the prerequisites of business: resources, supporting institutions, infrastructure, marketing, and other business support facilities. When entrepreneurs embark on business, they initiate a symbiotic interdependence by reaching out to scientific communities for knowledge, financial institutions for venture capital, universities for talents; government agencies for regulatory approvals, and supply chain players for inbound and outbound movement of values (Stam and Van de Ven, 2019). Spigel (2020) described an entrepreneurial ecosystem as "a set of interdependent actors and factors coordinated in a manner that facilitate productive entrepreneurship within a given territory. Roundy et al. (2018), see entrepreneurial ecosystem as a geographically-bound social networks of institutions and cultural values that give rise to and sustain entrepreneurial activities.

Building on earlier works, Spigel et al. (2020), defined entrepreneurial ecosystems as the regional collection of actors (such as entrepreneurs, advisors, workers, mentors, and workers) and factors (cultural outlooks, policies, RandD systems, and networks) that contribute to the creation and survival of high-growth ventures. According to Cavallo, Ghezzi et al. (2019), entrepreneurial ecosystems are unique networks of interdependent actors and relationships that support the formation and expansion of new businesses.

Entrepreneurial ecosystems drive local economic vibrancy and growth, creating fertile environments for the emergence of new firms. They are a collection of organised and interdependent characteristics that create a stimulating environment for entrepreneurial activities (Mujahid et al. 2019). Jones and Ratten (2021) in their contribution opine that an entrepreneurial ecosystem indicates a type of ongoing social interaction that represents a means to understand the mix of factors necessary for entrepreneurship to exist in a particular territory.

The definitions offered above are appropriate and comprehensive as they address the key characteristics of an entrepreneurial ecosystem: interconnectedness, coordination, nurturing embryonic firms, moulding entrepreneurs and other fundamental elements. They highlight the primary functional purpose of the entrepreneurial ecosystem, which is to provide an environment that creates enthusiasm for entrepreneurial initiatives and sustainability. Following the system theory upon which this study is based, the entrepreneurial ecosystem is a configuration of interconnected, interdependent, complementary, and supportive components that work together to create an enabling environment for entrepreneurs and businesses. The term entrepreneur refers to someone who identifies opportunities and gaps in the marketplace, and designs new products, services, and business models to fill the gaps, and then brings together the capital, the skills, connections and other resources required to create a successful venture (Spigel, 2020). This

definition is a high-growth variant of the term entrepreneur. The other variant is the low-growth entrepreneurs which in their way are essential in shaping effective entrepreneurial ecosystem through their supportive contributions.

Some scholars, including Spigel (2020), have however, questioned the validity of the notion that all forms of entrepreneurship lead to economic growth. Hence, they confined the discussion of entrepreneurial ecosystems to high-growth entrepreneurship, arguing that only innovative and growth-oriented firms are the engines of economic development. Growth-oriented entrepreneurship according to the proponents, seeks to establish and scale enterprises that boost productivity, employment, innovation, company internationalization, and economic growth (Gutterman, 2018). They acknowledge, however, that low-growth entrepreneurs can be needed to build a successful entrepreneurial ecosystem, because they can have a complementary strategy (Boutillier, 2020).

Lafuente et al. (2018) subscribed to Spigel (2020)'s argument on high-growth entrepreneurship and further raised the issue of "entrepreneurship paradox", in which they argue that more entrepreneurs are not always beneficial to the economy. Buttressing their point, they cited the prevalence of entrepreneurial activities in developing countries relative to developed countries. This paper considers that the level of development in less developed countries explains why there are so many entrepreneurs. They strive to build business foundations that will lead to high-growth businesses, just as entrepreneurs in developed countries initially did.

While there may be elements of truth in the paradox assertion, real-world experience shows that most entrepreneurial efforts begin on a small scale and grow to prominence in some cases. Empirical evidence suggests that networks of creative tiny start-ups transform into successful entrepreneurship, and even less successful companies add value to society in a way (Boutillier, 2020). This argument is cogent, particularly in less developed nations where policymakers aim to reduce unemployment, alleviate poverty, and ultimately expand the economy.

This paper, therefore, rejects the notion of the 'paradox of entrepreneurship' in the context of less developed nations, among which Lesotho is one. The need to escape poverty drives entrepreneurs in less developed nations to launch businesses to generate income to take care of their families. The entrepreneurship paradox in the context of less developed countries seeking self-preservation is, therefore, fallacious. Accordingly, this study examines the concept of the entrepreneurial ecosystem from a fundamental standpoint, favouring small start-ups at a level just above street vendors.

2.1. Elements of entrepreneurial ecosystems and their vitality indicators

Entrepreneurial ecosystems components comprise: finance, infrastructure, culture, formal institutions, networks, demands, leaders, talent, knowledge, and support services. These elements and their respective health indicators are reviewed in this section to assess their features.

2.1.1. Financial institutions

Finance is a vital requirement for entrepreneurs' success. No start-up business launches without finance, and no entrepreneur mulls business without funds. Accessing funds constitutes the biggest obstacle to business development by aspiring entrepreneurs. So, for an effective entrepreneurial ecosystem, financing sources must be available and affordable. The reality of this factor in the Lesotho context will be tested with the research participants. The health of the finance component of any entrepreneurial ecosystem is measured by the ease with which entrepreneurs can access funds and the softness of the terms and conditions.

2.1.2. Infrastructure

Infrastructure is a crucial element of the entrepreneurial ecosystem. It relates to the availability of sound road networks, ferries, motorways, railways, and air traffic systems as well as recreational facilities. It must be affordable and not so expensive as to cripple entrepreneurs' businesses. Infrastructural contribution to the entrepreneurial ecosystem is measured by the adequacy and the practical utility derived from the infrastructure.

2.1.3. Culture

Culture is another crucial component of entrepreneurial ecosystems. The values, norms, attitudes, risk tolerance of a society are crucial determinants of entrepreneurial activity within a country (Jovanovic et al., 2018). Culture may foster a job-seeking mindset or promotes entrepreneurship as an alternative career option. It may also explain the extent of respect accorded business owners. The influence of culture on entrepreneurship can be measured by the prevalence of new firms, indicating how common it is to initiate a new business (Credit et al., 2018).

2.1.4. Formal institutions

Formal institutions include governance and regulatory frameworks that impact business activities. Fornal institutions determine the role of the entrepreneurial activity in society (Leendertse et al., 2021) and the relationship between entrepreneurship and formal institutions determines to a large extent the outcome of entrepreneurial ecosystem's vitality (Raza et al., 2019). The friendliness of legislation, measured by the entrepreneurs' comfort with the regulations, helps to assess formal institutions' contribution to a sound entrepreneurial ecosystem.

2.1.5. Networks

Entrepreneurial ecosystems use networks to distribute the essential strands of ecosystem including talents, knowledge, technologies, service supports, and funds. Networks foster the coherence of ecosystem actors (Nordling, 2019), thus strengthening effective ecosystem development where connections among the entrepreneurial ecosystem components are intensified. It provides business and entrepreneurship expertise, which is necessary for business success. The proportion of enterprises in an area that interact, collaborate, and participate in some activities can be used to gauge network's effectiveness in an ecosystem.

2.1.6. Market/Demand

The market/demand component of entrepreneurial ecosystems encompasses the availability and capacity of customers to patronise the entrepreneurs' products. Demand is a crucial element in determining the vitality of the entire ecosystem. Scanty customers and low demands breed sluggish ecosystems that are uninspiring to potential entrepreneurs. Customers' purchasing power depends on disposable income per capita, GDP, and population density, and these affect the entrepreneurial ecosystems' liveliness. Entrepreneurs' periodic turnover is a good measure of demands' contribution to an effective ecosystem.

2.1.7. Leadership

Leadership in an entrepreneurial ecosystem involves leading outside the box of traditional boundaries devoid of top-down reporting delineations. Budding entrepreneurs need leaders who know the way, walk the way, and lead the way for the new entrepreneurs to emulate. Leadership in the entrepreneurial ecosystem is measured by the presence of visible leaders who influence and inspire other elements of the ecosystem. Another measure is the prevalence of privately organised interest groups and public-private partnerships for economic development.

2.1.8. Talent and knowledge

Talent comes from human capital, an essential component of the entrepreneurial ecosystem. Talent in a territory could be measured by the proportion of people aged 15 to 65 (Stam and Van de Ven, 2019) with a higher education degree and sufficient experience demonstrated in the possession of special skills. Acquired knowledge on the other hand, is essential to the entrepreneurial ecosystem as it enhances business operating processes. Investments in research and development and tertiary education are the primary sources of knowledge acquisition. Knowledge acquisition can be measured by the proportion of GDP allocated to research and development efforts in the public and private sectors (Stam and Van de Ven, 2019), the outcome of which is reflected in the availability of technocrats and professionals.

2.1.9. Support services

The entrepreneurial ecosystem relies on affordable intermediate business services to reduce barriers and expedite value generation (Stam and Van de Ven, 2019). Entrepreneurs use field specialists, coaches, and support organizations to thrive. Support services contribution is measured by the percentage of a territory's firms that support mainstream businesses.

2.1.10. Outputs of Entrepreneurship

Lastly, a healthy entrepreneurial ecosystem produces entrepreneurship and collective value as outputs and outcomes, respectively (Stam, 2015). These entrepreneurs set up business with the idea and knowledge available. The number of inspired entrepreneurs with tenacity and perseverance can measure the effectiveness of entrepreneurial ecosystems.

In summary, scholars have articulately contributed to the entrepreneurial ecosystem literature and brought it to the limelight, though with disagreement on the definition and focus of the term. Entrepreneurial ecosystems consist of constituent factors that interact symbiotically in a systemic framework to play distinct but complementary roles in fostering an environment where entrepreneurial activities can flourish. This mutualistic interdependence involves relationships among elements pursuing their interests in the ecosystem and, in the process, creating a business-friendly environment for entrepreneurs.

However, some scholars have limited the entrepreneurial ecosystem discussion to what they described as innovative and high growth-oriented entrepreneurship, leaving out the basic form of entrepreneurship that they argue has a little positive impact on countries' economic development. This argument is considered to be flawed in the context of developing countries. It is, however, envisaged that with scholars' sustained interest in the concept, the discordance in definition and focus will fizzle out in the future.

2.2. Theoretical underpinning

Qualitative research typically uses theories to frame a study and guide all stages of the research. This research is based on two major philosophical assumptions: ontology, which holds that there is no single reality but rather multiple realities for any phenomenon, and epistemology, which holds that knowledge is developed through subjective observation, detailed description, and in-depth comprehension (Kivunja and Kuyini, 2017). Individuals perceive and interpret a situation from their point of view, depending on their own experiences with reality.

Given the nature of this study and in keeping with the chosen ontological background, the appropriate interpretive framework is the naturalist paradigm, or more precisely, the interpretive constructionism. This suggests that knowledge is about learning how people view the world, evaluate what they see, and attach meanings and values to events and objects. With this in mind, the theories relevant to this study include system, resource-based, cluster, process, and network theories (Fubah and Moos, 2021).

This research is however, anchored on the assumptions enshrined in the systems theory which espouses the notion that system components are best understood in the context of their relationships with one another and with other systems, rather than in isolation (Alter, 2018). System theory is preferred because the assumption aligns with the objective of this study, which is to interact with entrepreneurs to assess holistically the effectiveness of the elements promoting entrepreneurship in Lesotho. System theory is relevant to entrepreneurial ecosystem research because, like systems theory, it has features that cannot function well in isolation and must interact to create a well-functioning entrepreneurial system (Fubah and Moos 2021).

3. Materials and Methods

This study seeks to discover local entrepreneurial ecosystem flaws that prevent growth-oriented entrepreneurship in Lesotho. To achieve this objective, a qualitative research approach was adopted. A qualitative method was preferred to the quantitative method or the hybrid approach as it focuses on specific situations, individuals and words, and not arbitrarily assigned numbers, thus facilitating a thorough understanding of the phenomenon under investigation. The choice also hinges on its effectiveness in exploratory research (Tobi, 2016), helping to articulate participants' perspectives.

3.1. Materials

The study was conducted in Lesotho, a mountainous kingdom with a population of 2.3 million (World Bank Report, 2022). The Registrar of Companies' website (OBFC) summarises 17 044 active registered companies according to the sectorial distribution (Table 1). Apart from nine multinational companies operating in the Kingdom, all the companies fall under the SMEs classification. Due to the mountainous nature of the landscape, Maseru City, the country's capital, is the hub of economic activities. About 70% of the registered companies operate in the Maseru region. In light of this scenario, the study concentrated on companies operating in Maseru City.

Table 1: Sectorial distribution of registered active companies in Lesotho as of 2018

Sector	Number of active Companies
Construction	9, 946
Real Estate/Property	1, 634
Mining	1, 267
Catering	1, 191
Cleaning Services	1, 033
Consultancy	1, 010
Security Services	516
Printing	344
Sewerage	103
Total	17, 044

3.2. Methods

Methods include: the stages and formulas that are used in data analysis, arranged sequentially step by step.

Purposive sampling was used to recruit the research participants. This approach was applied because the participants had first-hand experience with the phenomenon being explored. According to Ames et al. (2019), purposive sampling ensures richness in the data collected. The guiding principle in determining sample size is that it should be large enough to adequately describe the phenomenon of interest while also answering the research question. Braun and Clarke (2015), pegged the number 12 as the minimum sample size at which saturation point might be attained in a qualitative research. This guideline was considered in selecting 25 existing and five aspiring

entrepreneurs to participate in this study. So, a total of 30 participants were initially selected for the interview. However, only 20 of the existing entrepreneurs and all (5) of potential entrepreneurs presented themselves for the interview. Thus, 25 participants were interviewed, achieving an 83% response rate. At least two existing entrepreneurs were interviewed from each of the nine sectors listed in Table 1.

Twenty-five existing entrepreneurs were chosen because they are active in the ecosystem and have passed the rigours of floatation. They, therefore, possess great insight into the inadequacies in the local entrepreneurial ecosystem, which can be shared to enrich this study. The five aspiring entrepreneurs were interviewed to obtain their perspectives on the factors impacting their desire to own a business, specifically, the challenges holding them back.

As a study rooted in a qualitative approach, semi-structured interviews were used to extract data from the 25 participants. There are many other data collection methods in qualitative research; however, a semi-structured interview is preferred because it uses open-ended questions and allows the participants to respond in their own words rather than forcing them to choose from fixed responses (Fuba and Moos, 2022) as is the case in quantitative methods. It also gives the researcher the flexibility to probe participants' initial responses for further insight while offering the participants the free spirit to air their views, including requests for clarifications (Fuba and Moos, 2022).

To ensure glitch-free data collection, a discussion guide was prepared for the interview and piloted to assess the ease with which the participants will understand and respond to the questions. However, due to time constraint, only two budding entrepreneurs were coached. The substantive interviews were conducted at the entrepreneurs' sites (their shops) for their convenience and to achieve a high response rate. The potential entrepreneurs were interviewed at the nearest school site. The interviews were recorded, transcribed verbatim, and compared with the electronic recording to ensure consistency.

Interpretive phenomenological analysis was used to appreciate how the entrepreneurs make sense of the entrepreneurial ecosystem in Lesotho context. Interpretive phenomenological analysis was chosen because it could help identify patterns within small and large data sets based on the interviewees' opinions, perceptions and lived experiences (Clarke and Braun, 2017).

Narrative and pattern coding were applied at different stages of the analysis to analyse and summarise the data collected. Narrative coding developed codes representing participants' narratives from a literary perspective, while pattern coding presented meta-codes that identified similarly coded data at the narrative coding stage by grouping them and generating major themes at the second coding cycle (Onwuegbuzie, 2016). These two coding systems were used because they helped to reaffirm that the methodology and subsequent results-were sound, precise, and reliable, thus helping to make accurate sense of the raw data collected. The analysis exercise culminated in final codes that identified themes and findings for the study, which were subsequently linked to the research question (Fubah and Moos, 2022).

4. Results and Discussion

Most entrepreneurial ecosystem studies have been qualitative case studies that provide robust descriptions of the construct and the elements (Stam and Van de Ven, 2019) however, little attention has been dedicated to the vitality of the entrepreneurial ecosystem components in Lesotho context. This paper aimed to identify weaknesses in Lesotho's entrepreneurial ecosystem that inhibit the emergence of entrepreneurs and SMEs in the country.

To answer the research question: What flaws in Lesotho's entrepreneurial ecosystem hamper entrepreneurship and start-ups? The research participants' data and researchers' prior works were examined. Interviews with entrepreneurs highlighted ecosystem problems that explain why the Lesotho start-ups sector is not booming. The findings made from the analysed data are summarised and discussed below:

There is apathy toward the notion of starting a business, and society do not care whether you are a successful businessperson or not.

Lack of accessible funds constitutes the most significant obstacle to individuals considering start-ups.

Inadequate physical infrastructure constitutes a barrier to entrepreneurship.

The shortage of talent and acquired knowledge was recorded as a dimension of the ecosystem deficiencies impacting entrepreneurship.

The respondents also identified low population density as a factor creating insufficient demand to sustain entrepreneurial operations.

Flowing from the issue of talent and knowledge is the lack of leaders to inspire budding entrepreneurs.

Finally, there is sluggish emergence of new firms and, consequently, inadequate network to energise the entrepreneurial ecosystem.

Interview responses placed entrepreneurial apathy embedded in the culture as a significant clog in the wheels of a functional entrepreneurial ecosystem. Not much is attached to the pride of being a business owner in Lesotho. Entrepreneurship is not considered an alternative career option, hence able-bodied men and women scramble for the few available jobs in the public and the private sectors. Twenty of the twenty-five respondents narrated how they were first hesitant to start private businesses, and nothing, including societal norms, persuaded them to act. Three of the five aspiring entrepreneurs recounted how their retirement benefits were squandered while ignoring the hunch of starting a business. Traditionally, there is general entrepreneurial apathy, and many Basotho do not see entrepreneurship as an alternative career option. This finding is supported by the Lesotho government survey in 2016,

which found that more than 50% of SMEs are owned and operated by foreign entrepreneurs, mainly the Chinese and the Indians (GoL, 2016).

Second on respondents' list was funding. All 25 responders cited funding as the topmost challenge to starting and sustaining businesses. Respondents stated that commercial banks do not lend to start-ups due to the fear of start-up failure risks. Fifty percent of the participants also complained about the difficulties in meeting stock exchange listing requirements which typically involve establishing and showing prospects of performing well financially and operationally. Red tape and weak access to finance hinder an effective entrepreneurial ecosystem and the emergence of entrepreneurs and SMEs in Lesotho.

Inadequate physical infrastructure was also mentioned as a hindrance to a functional entrepreneurial ecosystem by 22 respondents. The mountainous landscape of the country poses serious challenge in constructing sufficient road networks at reasonable cost. Consequently, entrepreneurs embark on long road trips to nearby towns in search of supplies and distribution of products. The respondents cited long trips and the associated high costs as factors constraining their financial performance.

Nineteen participants cited a leadership vacuum, skills and knowledge shortfall, and lack of confidence as critical barriers to vibrant entrepreneurial ecosystem and start-ups. All the participants explained how they were nervous and unsure of what they were doing due to knowledge gap. Twenty-one respondents also lamented the lack of leadership mentors. Talent, knowledge, and leaders are lacking, preventing entrepreneurs and SMEs from emerging. This finding is corroborated by the Government of Lesotho's sectoral analysis incorporated in the National Strategic Development Plan II, (NSDP II) which identified the lack of specialised skills and skills mismatches as critical constraints for Basotho businesses (NSDP II, 2018).

All the existing entrepreneurs mentioned "no business," apparently referring to lack of demand as a major threat to their continued operations. The respondents attributed the sluggish business operations to sparse population, low purchasing power due to residents' low income, and the predatory actions of multinational corporations that compete with the feeble start-ups. This finding is corroborated by European Union's study on Lesotho SMEs which found that most Basotho-owned and operated SMEs suffer considerable incapacity and fail within five years of their inception (EU, 2012).

Lastly, arising from other malfunctioning components of the entrepreneurial ecosystem mentioned above is what the respondents described as the absence of emerging businesses to energise the supply chain values. Sixteen interviewees lamented the lack of local suppliers of their products, which compels them to import most of their merchandise and services from South Africa with associated high costs and import documentation stress.

Addressing the identified weaknesses in Lesotho’s entrepreneurial ecosystem is crucial to fostering a more conducive environment for start-ups and entrepreneurship. It requires a multi-faceted approach involving various stakeholders' collaboration. By working together to create a more supportive environment for entrepreneurship, we can help unlock the potential of Lesotho's start-up market and contribute to the nation's economic growth and development. It is essential for policymakers, educators, and stakeholders to work together to develop strategies that can help overcome these challenges. It is also crucial to regularly evaluate the progress and effectiveness of the implemented strategies to identify areas for improvement and make necessary adjustments. Continuous monitoring and evaluation can ensure that resources are used efficiently and that the desired outcomes are achieved.

Developing a comprehensive entrepreneurship policy framework tailored to address the specific challenges entrepreneurs face in Lesotho can serve as a roadmap for implementing these strategies. This framework should encompass key areas such as education, funding, infrastructure, talent development, and business support services. Additionally, the policy framework should be designed flexibly to adapt to the ever-evolving entrepreneurial landscape.

Firstly, promoting a cultural shift that values entrepreneurship as a viable career path is critical. This can be achieved through public awareness campaigns, educational programs, and incentives encouraging individuals to start their businesses. Additionally, celebrating the successes of local entrepreneurs can help instil a sense of pride and inspire others to follow in their footsteps.

Secondly, improving access to funding for start-ups is vital. The government and financial institutions should collaborate to create more accessible and effective funding options, such as grants, low-interest loans, and alternative financing methods. This would alleviate the financial burden on aspiring entrepreneurs and facilitate the growth of new businesses.

Thirdly, investing in infrastructure development is necessary to support entrepreneurial activities. Improving road networks, establishing railway systems, and enhancing overall connectivity would reduce transportation costs and enable businesses to operate more efficiently.

Fourthly, cultivating talent, knowledge, and leadership within the entrepreneurial ecosystem should be a priority. Expanding mentorship programs, fostering collaboration between academia and industry, and creating platforms for knowledge exchange would help address the talent gap and empower entrepreneurs with the skills and resources they need to succeed.

Fifthly, it is essential to create an enabling regulatory environment that supports and encourages entrepreneurial activities. Streamlining business registration processes, reducing bureaucratic red tape, and offering start-ups tax incentives can help create a more business-friendly environment, making it easier for entrepreneurs to launch and grow their businesses.

Sixthly, encouraging the growth of new firms and strengthening the entrepreneurial network is essential for creating a vibrant ecosystem. This can be achieved by offering support and incentives to local suppliers and fostering collaboration and networking opportunities among entrepreneurs. Incorporating the private sector, non-governmental organisations, and international partners in the development and execution of these strategies can bring valuable insights, resources, and expertise to the table. Such collaborations can facilitate the sharing of best practices, promote innovation, and help to create a more inclusive and diverse entrepreneurial ecosystem.

Lastly, promoting regional and international collaboration can open up new markets, create opportunities for knowledge exchange, and help to attract foreign investment. Encouraging cross-border partnerships, participating in international trade fairs and conferences, and fostering relationships with international organisations can provide valuable exposure and support for Lesotho's entrepreneurs. By addressing the challenges identified in this study and implementing a comprehensive and collaborative approach, we can foster a thriving entrepreneurial ecosystem in Lesotho that contributes to sustainable economic growth and creates opportunities for its citizens.

5. Conclusion

This study aimed to unmask weaknesses in the Lesotho entrepreneurial ecosystem that impede the emergence of growth-oriented entrepreneurship. Based on interview data collected from budding entrepreneurs that narrated their experiences, it was gathered that the local entrepreneurial ecosystem components are poorly integrated, ineffective and fail to incubate a new generation of entrepreneurs. Prominent in the holes of the local ecosystem are entrepreneurial apathy; unavailability and tortuous access to start-up capitals; poor infrastructure; Scarcity of talent, knowledge, and limited networks; and low demands.

These highlighted problems are prevalent in the ecosystems. Though the policymakers have introduced some measures to promote entrepreneurship in the country, not much positive outcome has been recorded. This failure to yield positive results is attributed to a silo rather than a holistic approach to address the challenge. This paper therefore, makes a case for policymakers in Lesotho to craft holistic policy framework that take into consideration the factors weakening entrepreneurial ecosystem in the country and take steps to remedy them. Though the weaknesses are pervasive, entrepreneurial apathy, financial handicap, talent and support systems present the most impactful damage to the entrepreneurial ecosystem. Policymakers should comprehensively address the weaknesses identified and promote international collaborations among entrepreneurs. While all the components should be considered, emphasis should be placed on reversing the entrepreneurial apathy in the country, infrastructural challenges, knowledge and talent challenges and, of course, funding difficulties. This can be done by introducing more professional degree courses and hub centres for research and development with relevant rich content and impactful impartation style. Enlightenment campaigns should be initiated to drive home the importance of entrepreneurship as an alternative career option in a clime of pervasive unemployment.

This study recruited only participants who are based in the Maseru capital city. Though most of the active SMEs operate from the capital city, confining the study to the capital city is considered a limitation because the entrepreneurs and businesses operating in the capital city and those in the country side may be impacted differently by the ecosystem. Future studies should expand the scope to cover the foothills and the mountainous landscape of the country. Also, insufficient local statistical data to provide local insight hinders robust reference to peculiar facts in the country. Diverse research effort should be encouraged in Lesotho to provide local reference materials for future academic discourse.

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