

Testing a Structural Model of SME Development in Mauritius and Botswana: The Role of Institutions in a Comparative Perspective

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Abstract : This paper analyses the impact of the various enabling elements towards fostering entrepreneurial behavior for two Sub Saharan African countries namely Mauritius and Botswana, with focus is on role of institutions (ministries, government support institutions, financing institutions and SME associations). Using a structural equation modeling framework, it is found that finance was some of the most determinant of respondents' evaluation of the business climate thus emphasizing on the crucial of such an ingredient. Interestingly government related factors such as government support and institutional support are also reported to have a significant influence on the SME business climate in both countries.

Keywords : institutions, SME, SEM, Mauritius, Botswana

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