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THESIS REPORT

**BUSINESS SUPPORT SERVICES FOR SMES
IN NAMIBIA**

Present state and development

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ABSTRACT

The idea of the thesis came from an earlier research I was involved with in the beginning of the year 2008. The research was a subproject of a larger project called PLDDSI (Partnership for Local Democracy, Development & Social Innovation) and studied SMEs in Namibia. On basis of PLDDSI-project I came up with the thesis on Namibian support services for SMEs to give more information for PLDDSI-project.

Aim of the thesis is to examine the present situation of the SME support services and how support services in Namibia have changed, grown and developed between the years 1990-2008. Purpose is also to raise BDS providers' views on the present situation on the field.

Information for the thesis was gathered through earlier researches on the field and interviews with representatives of few BDS providers. Interviews with representatives were carried out between 23.9.-1.10.2008 in Namibia. Other sources of information were the PLDDSI- research and experiences from the field work and a research on BDS providers in Namibia published in June 2008.

BDS providers are vibrant and the BDS supply is comprehensive. There are still many problems on the field which show especially regionally. Lack of communication between SMEs and BDS providers and lack of co-operation between BDS providers are causing different problems. Comparison between the present and the earlier state of BDSs indicates that the quality of services has improved but the problems are almost the same.

BDS providers should co-operate more to reach efficiency in their operation and make their services more known among SMEs. Target groups and services should be specified more precisely. Government should take a role of a supervisor in the field of BDSs. Results and recommendations of different researches should be taken into better use.

Key words:	support services	SME	business development	service provider
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TIIVISTELMÄ

Opinnäytetyön aihe syntyi aiemmasta tutkimuksesta, jossa olin mukana vuoden 2008 alussa. Tutkimus oli osa kansainvälistä PLDDSI-projektia (Partnership for Local Democracy, Development & Social Innovation), jossa tutkittiin namibialaisia pk-yrityksiä. Tutkimuksen pohjalta päätin keskittyä opinnäytetyössäni namibialaisten pk-yritysten tukipalveluihin kerätäkseni lisätietoa PLDDSI-projektia varten.

Tavoitteena on tutkia pk-yritysten tukipalvelujen nykytilannetta sekä niiden kehitystä, kasvua ja muutoksia vuosien 1992-2008 välillä. Tarkoituksena on myös nostaa esille palveluntarjoajien näkemyksiä alan nykytilanteesta.

Tiedot opinnäytetyötä varten kerättiin käyttäen hyväksi aikaisempia tutkimuksia sekä palveluntarjoajien kanssa käytyjen haastattelujen pohjalta. Haastattelut tehtiin 23.9.-1.10.2008 välisenä aikana Namibiassa. Muita tiedonlähteitä olivat PLDDSI-tutkimus ja sen ohessa tehdyt kokemukset kentältä sekä tuore tutkimus namibialaisista yrityspalvelutarjoajista, joka julkaistiin kesäkuussa 2008.

Yrityspalvelutarjoajat ovat elinvoimaisia ja palvelutarjonta Namibiassa on kattava. Silti alalla on monia ongelmia, jotka korostuvat varsinkin alueellisesti. Vuorovaikutuksen puute pk-yritysten ja palveluntarjoajien välillä sekä yhteistyön vähyys palveluntarjoajien kesken aiheuttavat monenlaisia ongelmia. Yrityspalvelujen laatu on kehittynyt verrattaessa nykyisiä yrityspalveluja niiden historiaan, mutta samoja ongelmia on edelleen havaittavissa.

Yrityspalvelutarjoajien tulisi tehdä enemmän yhteistyötä tehostaakseen toimintaansa ja palvelujen tunnettuutta pitäisi parantaa yritysten parissa. Kohderyhmät ja palvelut tulisi määritellä tarkemmin. Yrityspalveluala tarvitsee valvontaa, jota voisi hoitaa valtio. On myös tärkeää, että alaan liittyvien tutkimusten tulokset ja kehitysehdotukset otettaisiin tehokkaammin käyttöön.

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Abbreviations

AIDS	acquired immune deficiency syndrome
BDS	business development service
COSDEC	Community Skills Development Centre
COSEDA	Co-operative Support and Enterprise Development Agency
DED	Deutscher Entwicklungsdienst
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
HIV	human immunodeficiency virus
IMLT	International Management and Leading Training
IPPR	Institute for Public Policy Research
JCC	Joint Consultative Council
MTI	Ministry of Trade and Industry
NCCI	Namibia Chamber of Commerce and Industry
NDC	Namibian Development Corporation
NEPRU	Namibia Economic Policy Research Unit
NGO	non-governmental organization
PLDDSI	Partnership for Local Democracy and Development and Social Innovation
PSF	Private Sector Foundation
SME	small and medium enterprise
SMME	small, medium and micro-enterprise
SSE	small-scale enterprise
UTN	Urban Trust of Namibia

1 Introduction

Namibia has a long history in supporting small and medium enterprises (SMEs) and business development services (BDSs) have had a significant role in supporting SMEs. There are a number of studies and researches on SMEs and problems and needs they have, but not that many studies have focused on BDSs and BDS providers. The development of BDS providers affects directly to the development of SMEs, which is why it is important to research BDS providers operation and development.

The idea of the thesis came from an earlier research I was involved with in the beginning of the year 2008. The research was a subproject of a larger project called PLDDSI (Partnership for Local Democracy, Development & Social Innovation) and the goal for the research was to find out, what kind of SMEs are there in Namibia, what kind of capacity do they have and what are the needs and problems they face. The research was implemented together with the Polytechnic of Namibia by interviewing 207 entrepreneurs in two Namibian towns, Keetmanshoop and Ondangwa. On bases of PLDDSI-project I came up with the final subject for the thesis and the conclusion was a research on support services for SMEs.

One goal of the thesis is to examine how business support services for SMEs have developed from the independence to present in Namibia. Namibia became independent on 21 March 1990 and the purpose is to examine, how support services in Namibia have changed, grown and developed between the years 1990-2008. The other goal is to study the present situation of the SME support services: who and which organizations are the main service providers to SMEs, what are the concrete services they are offering and are services available enough for SMEs. In addition, suggestions for improvements are compiled together according to results of these two issues.

Information for the thesis was gathered through earlier researches on the field and interviews with representatives of few BDS providers. Earlier researches were done between years 1992-2005 and most of them focus on SMEs and only partly on BDSs. In addition, other sources of information are the PLDDSI- research

and a recently published research on BDS providers in Namibia by JCC and GTZ.

Interviews with representatives of BDS providers were carried out between 23.9.-1.10.2008. The interviewees were chosen based on following criteria: the BDS provider has a significant role in supporting SMEs, is well known and has been in operation for several years. In addition, interviewees were chosen in a way that different kinds of BDS providers were represented: NGOs (non-commercial), commercial BDS providers, banks and donors. Interviews took place at BDS providers own premises in Windhoek.

The thesis begins with an overview of the Namibian business life: how the Namibian economy and business life are structured. This information helps to understand the present state of SMEs in Namibia and issues involved in BDS operation. The next chapter examines BDSs and development of BDSs from 1990s to 2000. This is mainly done from SMEs' point of view, because earlier studies on BDSs are not available. After the historical overview present state of BDSs is under consideration. In this chapter the present BDS supply and BDS providers interviewed are introduced. Introduction of BDS providers is to understand the operation of different kinds of BDS providers and their concrete services.

Followed by the introductions the current BDS supply and needs of SMEs in Namibia are compared. SMEs' attitudes and opinions on BDS providers and BDSs are gone through in the next chapter. This consideration illustrates some of the problems the BDS sector is facing. The final chapters delve into problems of the BDS sector according to BDS providers and improvements they suggest. Last part of the thesis includes suggestions for improvement of my own.

2 Background: Structure of economy and business life in Namibia

The structure of Namibia's economy is very divided which is typical for a developing country. Large part of the population earns their living from self-sufficient agriculture and only a small part of the population works in the commercial sector. Despite the fact that agriculture is a main source of livelihood, it makes up only few percents of the country's GDP. The agricultural production is very dependent on the annual weather circumstances and at times drought is a serious problem for farmers. (Pikkarainen, Ranta, Sitari & Vasanen. 2004:149-151)

Because of unstable income from farming, people have been forced to look for a job to survive and support their family. Namibia is suffering from a very high unemployment rate which at present is about 35 percent (GTZ & JCC. 2008: 6). Unemployment is one main reason why people become an entrepreneur. When there is no job, one has to employ him/herself. There are a number of SMEs in Namibia, but the actual number is hard to evaluate because of insufficient information on informal SMEs. Into informal businesses are included for example hawkers selling food at open markets. They cannot afford to have own premises, register their company or pay the costs of a formal business.

There is very little industry in Namibia and the output of the country is low, which is why a large part of the goods are imported. The government of Namibia has had projects and plans for supporting the country's industrialization and developing production of certain goods. Majority of the SMEs in Namibia are operating in retail business and significantly small amount is producing. (Pikkarainen, etc. 2004:161)

Income differences of the citizens are high and divided unequally. GDP in Namibia was N\$6.900,00 in 2002 but the reality was that half of the population was living under the poverty rate (Pikkarainen, etc. 2004:150). SMEs have a significant role in reducing poverty and unemployment in the country. SMEs cannot grow enough without support from outsiders. Since independence different and numerous BDS providers have operated in order to support and develop SMEs in Namibia.

3 Business support services from the 1990s to 2000

Namibia has always been rich in the amount of NGOs in the country. Since the independence Namibia has been fortunate to have many donors and supporters who have helped the country to develop and improve its working life, economy and employment. Countries like German, South Africa and Finland have had a significant role in supporting Namibia in many ways, and NGOs have been dependent on their support.

Unfortunately there is not much historical information available on BDSs and BDS providers. The main focus has always been on SMEs' situation in Namibia, which is understandable since SMEs have been acknowledged as an important factor to the economy of Namibia a long time ago. Nevertheless, some earlier researches give an idea of the usage of BDSs and attitudes SMEs have had on BDSs and BDS providers in the past.

Next chapters represent some results of researches related to BDS activities published between years 1996-2005. The samples and the regional spread of the studies varies, which is why the results of these studies cannot be completely comparable with each other. Still, they indicate the attitudes towards and needs for support services.

3.1 Small Scale Enterprise Needs Survey (1996)

Nepru conducted a survey for the Windhoek Chamber of Commerce and Industry on SMEs called "Small Scale Enterprise Needs Survey: Greater Windhoek" in 1996. The sample was 99 SMEs in the area of Windhoek, Katutura and Khomasdal. Aim of the study was to assess the needs of small enterprises. A part of the survey was related to BDSs.

The usage of BDSs was small according to the study. Most used service was book-keeping and 10 SMEs out of 99 had received this service. Next was business management (8 SMEs had used the service), vocational training (6) and pricing services (5). Only four institutions were mentioned as having provided these

services: IMLT (9 beneficiaries), Okatumbatumba (8), NDC (1) and COSEDA (1). (Nepru. 1996: 41)

Enterprises interviewed were asked to rate the services provided by different institutions. Table 1 shows the results of the ratings.

Table 1

Institutions	Excellent	Good	Unsatisfactory	Does not provide services	Do not know
NNCCI	0	4	10	12	73
Urban Trust	0	2	3	9	85
JCC	0	1	2	11	85
Investment Centre	0	0	1	6	92
NDC	2	32	23	15	27
Central Government	2	30	40	17	10

Table 56, Rating of services provided by institutions, Small Scale Enterprise Needs Survey: Greater Windhoek. 1996: 41.

Other institutions mentioned were COSEDA, PSF and IMLT, whose services were rated as excellent or good. The results show that most known institutions were NDC and Central Government, and the rest were simply unknown. In addition, enterprises were more unsatisfied than satisfied with the services in overall. Interestingly, more service providers (9) were mentioned in this question than in the question of institutions having provided the services (4). (Nepru. 1996: 41) It indicates that entrepreneurs have rated the institutions according to their images and assumptions.

The survey also represented opinions of the entrepreneurs on potential areas of support and they thought support was most needed on areas of better location (88 %), market information (62 %) and advice on business organization (48 %). The most unnecessary areas of support for entrepreneurs were stated to be

services related to technical advice (52 %) and subcontracting (57 %). (Nepru. 1996: 44)

The study showed that SSE sector was viable and contributed meaningfully to the Namibian economy but at the same time the development of the SSE sector was only in its infancy. Especially the sector of manufacturing was still little developed. Some recommendations of the survey stated that entrepreneurs need information about the services of the WCCI and other agencies, sources of supply, finance and new markets. (Nepru. 1996: 45-46)

3.2 Small enterprise support institutions in Namibia 1999

The research was carried out by Nepru in February 1999. It based mostly on literature and earlier studies and partly on interviews with SMME institutions. The research represents the history and present state of SMEs and their potentials in future. Government's activities for supporting SMEs are also represented, but there is not much information on the situation of other business support institutions. The institutions were interviewed about their views on problems of the SMME sector.

Problems with financial issues were seen as one major problem among the SMEs. Other major problem according to SMME institutions was lack of markets, demand and access to markets. Lack of entrepreneurs' business skills, government policy and legislation and lack of information were also mentioned as serious problems. Many of the institutions felt there were deficiencies of support to SMMEs. Other problems mentioned were lack of cooperation between support institutions and poor access to services. (Nepru. 1999:25-26,29)

SMME institutions were asked about their views on areas of intervention. Management, finance and technology were prioritized highest. Institutions suggested more training in different fields of management. When finance was concerned, access to finance was seen as a problem, not the price of finance. SMME institutions thought that banks should be encouraged to change their attitude towards SMEs. Technology support was stated to be crucial or very important and producing technology

was expressed to be a priority. Some felt that the government should be responsible for improving this area of intervention. (Nepru. 1999:27-28)

The main conclusion of the research was that the existing SMME promotion institutions should develop their networking. Majority of the institutions thought the main aim of co-operation should be in sharing information and experiences. Other views on co-operation were that institutions should co-ordinate interventions to avoid duplication of efforts, establish business linkages and subcontracting and strengthen existing institutions rather than creating new ones. (Nepru. 1999:41-42)

3.3 SME Impact Assessment 2003

Nepru, in cooperation with JCC who commissioned the study and GTZ who funded it, published a research on SMEs in 2003. BDSs were studied from the SMEs point of view. The sample of the research was 309 SMEs from eight different clusters all over the country.

The research showed that SMEs needed support most in the field of financing (65 %) and marketing (60 %). Other fields of support were needed by around 30 percent of businesses interviewed. Results are shown in the figure 3. SMEs had had most support in the field of sites and premises and this kind of support was mainly provided by government and NDC (industrial parks). Otherwise, the amount of received support was very low in every other category. (Nepru. 2003:51)

Figure 3

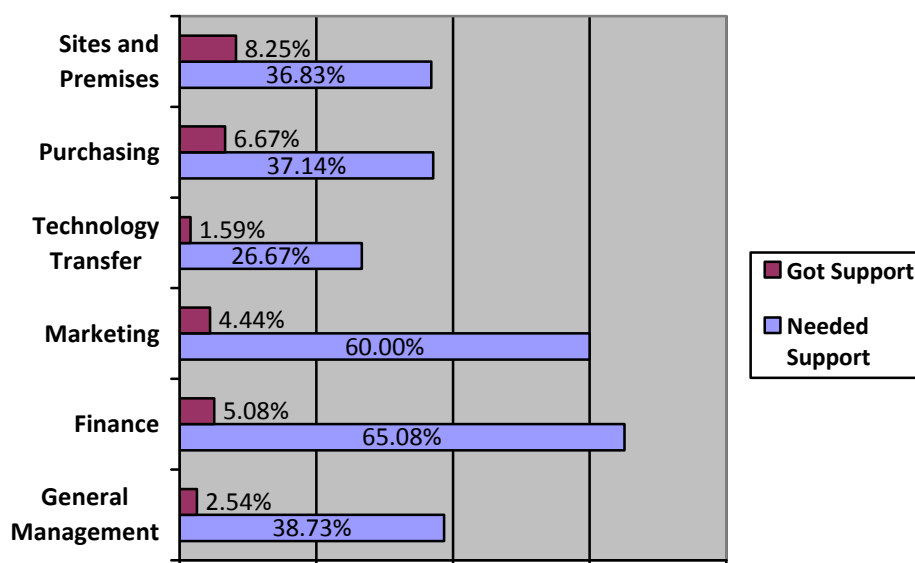


Figure 33. SME Impact Assessment 2003: 51.

Finance was said to be expensive or hard to get, entrepreneurs felt they were not treated equally and financing issues were expressed complicated. Marketing was assumed to be highly needed because of entrepreneurs hope for more turnover. Entrepreneurs were aware of some of government's support programmes but still they indicated that it was difficult to participate in meetings or attend seminars and workshops. The vocational training schools and COSDEC were seen as good training institutions, but they were criticized for not being able to provide support after a business had been established. Surprisingly, almost all interviewees thought that government's programmes were not reaching the intended target market. (Nepru 2003:56)

3.4 SME Development and Impact Assessment 2004

SME Development and Impact Assessment 2004 research was carried out in cooperation with IPPR, Nepru, Embassy of Finland and JCC. The research was published in November 2005 and the sample was 368 Namibian SMEs. Target of the research was to examine the role of financial services, business linkages and support services for SME development.

Most businesses interviewed used only few financial services and supplying and receiving on credit had reduced between 2003 and 2004. It was surprising that a large number of SMEs (28,46 %) did not even want credit or to have debts and only 9,5 percent stated

the lack of access to financial services as a major constraint. (IPPR 2005:28-31)

The research showed the same result with the usage of BDSs than the research year earlier. The majority of businesses did not make use of typical BDSs. Mostly businesses were using purchasing and sourcing services, municipality services, marketing, accounting and book-keeping. Purchasing and sourcing services did not reflect to the usage of purchasing BDSs because these services were mostly mentioned as basic buyer-seller activities. (IPPR 2005:36.)

Municipality services were predictably focused on renting premises. Municipality was clearly indicated to be important in providing market space. Renting price was relatively low for majority of SMEs but some were still unsatisfied with the price. This indicated of the low operational level of many businesses. (IPPR 2005:43)

Marketing services are largely market-based and the majority of SMEs answered that they would acquire marketing services from specialized (private) firm. These services were rated as very important and affordable. Still, almost 79 percent of businesses who mentioned competition and lack of customers as their problems did not make use of marketing services. Lack of resources was seen as the most probable reason for not using the services. (IPPR 2005:39-40)

Accounting and book-keeping were stated as affordable services and preferred to receive from a private firm. IT services were also preferred to have from a private firm, though IT services were the least demanded services. Training and technology transfer services were usually acquired from NGOs and BDS providers, followed by private providers and individual consultants. SMEs rated the services as very important and were very satisfied with them, although only 12,02 percent were using training or technology services. (IPPR 2005:37-38, 41-43)

One interesting finding of the research was that contrary to a common belief, most businesses were aware of business services. At least medium sized businesses were more aware of the services than smaller businesses. Municipality and marketing services were most known and purchasing and sourcing services were most unknown BDSs among the interviewees. When SMEs were asked for reasons for not using BDSs, the majority did not regard them as necessary or they could get them done in-house. Business planning services were the least unknown service and marketing services too expensive. (IPPR 2005:44-45.)

3.5 Summary of the history of BDSs

The usage of BDSs in Namibia has not grown according to earlier studies. Nepu's research in 1996 showed that only a small part of the SMEs interviewed used BDSs in the Windhoek area. This study did not give any information on SMEs in other parts of the country, but one could assume that the usage of BDSs was, and still is, focused in Windhoek where the services are most available. Nevertheless, SMEs did not use BDSs to any significant extent in Windhoek that time. Eight years later the research report showed that majority of the businesses did not use business services, because they did not consider them necessary. This research included SMEs all over the country, but the results were not better than 1996.

SMEs' awareness of BDSs and BDS providers has become better along the years. In 1996 most known institutions were NDC and Central Government and the rest were close to unknown. Anyhow, the SME Development and Impact Assessment 2004 stated that most of the SMEs interviewed were aware of BDSs, at least in some level even though not all of them knew exactly what the service was but they had heard of it.

In each research the problems and needs of SMEs are said to be almost the same. In 1996 most support were needed in the areas of finding better location, market and business organization. In 1999 and 2003 problems and needs were said to be in financing, lack of market, business skills and marketing. These two studies also stated that SMEs had a poor access to services and BDS providers were having some deficiencies of support to SMEs. The research in 2004 made an exception with the results of financing problems. Only 9,5 percent of interviewees said access to financial services was a major problem and many SMEs did not even want to have debts.

If the problems and needed support are realized, why are the problems the same year after year? There can be many reasons: SMEs' lack of awareness of the services, underestimating of the value of the services, poor access to BDSs, BDS providers focusing on wrong services, etc. The research in 2004 indicated that for

example those SMEs who had problems with competition and lack of customers, did not make use of marketing services. Assumingly, there have been solutions to SMEs' problems in offer but businesses have not known or have not had the resources to improve their situation.

One thing that is common for almost all four researches is the low demand for IT and technology related services. In 1996 more than half of the interviewees thought they did not need technical advice. Technology services were stated to be one area of potential intervention in 1999. In 2003 only 1,6 percent of SMEs had gotten technology services when 26,7 percent felt they would have needed it. The demand for IT services was still weak according the research in 2004. Technology would help many SMEs to make their business more efficient, but technology services have not become popular among SMEs. Lack of resources is probably hindering the usage of these services the most.

4 Present state of business support services

At present there are various SME support service providers in Namibia. Different institutions and organizations operate at different levels. Part of these institutions operates directly with SMEs offering services in marketing, management, book-keeping, etc. One part of the institutions is so called umbrella-organizations, which help SMEs to make connections with support service providers. Rest of the institutions is involved in supporting SMEs through funding different programmes.

Business support institutions are divided into commercial and non-commercial BDS providers. Commercial BDS providers are usually profit-focused, although there are exceptions among commercial BDS providers. Non-commercial BDS providers are non-profit organizations and NGOs belong to this category. The following chapters represent the structure of BDSs at present and few organizations, which have a significant role in supporting SMEs in Namibia.

4.1 Namibia's BDS sector today

A study on services provided to small and medium enterprises by JCC and GTZ called "Business Development Services in Namibia" was recently published (June, 2008) and provides a comprehensive idea of service providers and BDSs at the moment. The findings of the research were based on interviews with 85 BDS providers over the country. The majority (55 %) of BDS providers interviewed were non-commercial. Of the 85 BDS providers 61 percent were subsidized from donor or Governmental grants and commercial companies.

Most (85 %) of the 85 BDS providers interviewed offered training of some kind. Commercial and non-commercial BDS providers had some differences in the supply of training services. 69 % of the commercial BDS providers offered specific courses, 50 % were offering general management training and 50 % finance training. Therefore non-commercial BDS providers were mostly offering general management (86 %), marketing (83 %) and finance (78 %). First difference between commercial and non-commercial BDS providers is confining of supply. Non-commercial BDS providers seem to offer same kind of services which is shown by the results. About four-fifths of the non-commercial BDS providers interviewed were offering training from the same field. The supply of BDS providers interviewed is shown in figure 1. (JCC & GTZ 2008: 68.)

Figure 1

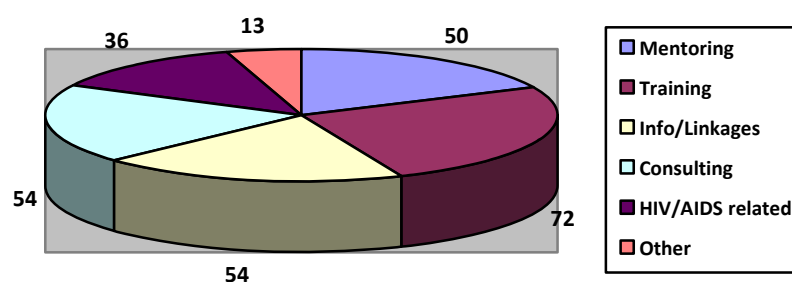


Figure 39: BDS offer (N = 85), Business Development Services in Namibia 2008: 68.

Training services among the commercial BDS providers were more specialized, which is understandable considering their nature of business. A business heading for success has to specialize into something in order to stand out. Non-commercial organizations have a different kind of aspect in their operation so they probably do not have same interest to specialize their services. On the other hand, it is good to have various services from a single BDS provider, but this also creates some disadvantages like losing the focus and duplication of services.

Consultancy services are offered more by commercial BDS providers than non-commercial ones. The JCC & GTZ-research stated that 94 % of commercial companies indicated at least one field of consultancy as their core service, whereas only few of the non-commercial ones did so. Most common fields of consultancy among commercial BDS providers were finance (86 %), general management (78 %) and human resources (58 %). Corresponding fields among non-commercial BDS providers were general management (65 %), finance (61 %) and marketing (61 %). (JCC & GTZ 2008: 68.) It is likely that consulting is easier for commercial BDS providers to offer because they are specialized in consulting and they have experts to give consultancy. To non-commercial BDS providers it can be more challenging to offer consultancy because, what I assume, their employees usually are not experts on a certain field, and in order to offer consultancy, they need to buy it from somewhere else.

Financial services for SMEs form a wide section in the BDS sector. Banks are naturally the main service providers when finance is concerned. Banks like Development Bank of Namibia, Bank Windhoek and FNB have contributed widely in supporting SMEs in Namibia. At the moment the Namibian Government with assistance and support from the German government has plans for creating a micro-finance banking institution. (Germany gives seed capital... 2008: 15.)

4.2 Introduction of service providers and services

In order to get an idea of different BDS providers and their services and support, few BDS providers are represented in the following chapters. These BDS providers have a history of several years in operating in business support sector. Representatives of the institutions were interviewed and the information about the institutions was gathered from the interviews and their web sites.

SMEs Compete

SMEs Competitiveness Consultancy (Pty) Ltd is a consultancy firm which is better known as SMEs Compete. SMEs Compete provides assistance and support for income growth and job creation in the Namibian SME sector. The primary objective of the firm is to improve entrepreneurial, management, marketing and information technology skills of SMEs. The firm offers services related to capacity building, skills enhancement and business growth methods. (Web site of SMEs Compete. 12.9.2008)

Services provided for SMEs include business capacity building, mentorship and coaching, business restructure and business expansion guidance. Market access services are one of the most visible activities of SMEs Compete. In 2008 SMEs Compete is arranging seven expos in different parts of the country. Additional services offered, among others, are guidance on legal status regularization and statutory obligations, production efficiency and quality improvement, capital access facilitation and new market development including export markets. (Web site of SMEs Compete. 12.9.2008)

In addition, SMEs Compete provides support for the business community, business services organizations, government ministries, municipalities, Manufacturers Associations and other representative bodies. For these organizations the firm offers services related to outsourcing and subcontracting opportunities, facilitation of linkage opportunities with SMEs and identification and introductions to service providers. (Web site of SMEs Compete. 12.9.2008)

To have access to SMEs Competes there are some criteria for SMEs. SME client must have been in business for at least one year,

has to employ at least one employee, operate in the formal sector and have premises of some kind. At the moment SMEs Compete have more than 700 SMEs who have and continue to benefit their services. (Meyer, Danny. Interview. 2008)

SMEs Compete's future looks promising. They are hoping to have 6-8 branches in the country and possibly to neighbouring countries. SMEs Compete has a strategy for the future and areas where they want to develop are venture capital and property. They will buy properties, renovate them and lend or sell it to SMEs. (Meyer, Danny. Interview. 2008)

IMLT- Institute for Management and Leadership Training

The Institute for Management and Leadership Training was established in 1983. It offers training and consulting services in the fields of entrepreneurial and civic society development. IMLT's major objective is to encourage and improve entrepreneurial thinking and acting and motivate self-employment as possible career option. (Habel, Mirjam & Karuhumba, Bernice A. Interview. 2008)

At present IMLT is offering one comprehensive service involving SMEs called Business Simulation Programme. Target groups are university, polytechnic and vocational training center students who study their last year, pre-start-up and start-up entrepreneurs, bank clerks and business mentors consulting SMEs and lower-middle management from private sector. (Habel, Mirjam & Karuhumba, Bernice A. Interview. 2008)

The simulation provides hands-on experience in founding and running your own business through PC-based learning instrument. Programme includes six phases: idea generation, structuring of market information, development of business plan, enterprise formation, market entry and competition and evaluation of team results. (Habel, Mirjam & Karuhumba, Bernice A. Interview. 2008)

Objectives of the Business Simulation Programme are to improve the strategic and entrepreneurial skills of participants and understand causal relations in business life. In addition

participants learn about teamwork and decision making. (Habel, Mirjam & Karuhumba, Bernice A. Interview. 2008)

In the future, IMLT is starting another program which is continuing from where the business simulation ends. This means some kind of support for existing businesses, but information about the new programme was not available yet because it is still under progress. (Habel, Mirjam & Karuhumba, Bernice A. Interview. 2008)

NCCI- Namibia Chamber of Commerce and Industry

The Chamber of Commerce and Industry has been operating since 1990 as a representative body for the Namibian enterprise sector. NCCI has established branches in 14 towns in order to have a sufficient representation in the whole country. (Maharaj, Vee. Interview. 2008)

NCCI offers various kind of support for its members. This support includes training courses (book-keeping, negotiation skills, customer care and starting a business) and workshops, business matchmaking facilitation, business information and advice and advocacy and lobbying. NCCI and its members arrange informative breakfast and dinner meetings for entrepreneurs to discuss current issues and change information. Enhancing SMEs marketing skills is one aim of the services and for the enhancement NCCI arranges trade missions, fairs and exhibitions. With trade enquiries NCCI is connecting exporters and importers with potential buyers. (Maharaj, Vee. Interview. 2008)

Bank Windhoek

Bank Windhoek has focused its services for SMEs to a separate branch called Emerging Small and Medium Enterprises (ESME) branch. The branch offers a wide range of products such as term loans, article and vehicle finance, bridging and cooperative finance and letter of credit and guarantee.

Bank Windhoek has certain criteria when an SME is applying an ESME loan. Applicant must have a detailed business plan, company registration documents, audited financial statements or

a summary of income and expenses and the past six month's bank statements. Moreover, applicant needs to give the bank shareholder information, contracts, tenders or letters of intent of applicant's clients, full banking details and industry specific requirements. ("Your Guide to ESME Finance". Brochure. 2008)

If an applicant passes the application process, Bank Windhoek can offer cheap funding with 4,75 percent lower rate than the prime lending rate. When a loan has been granted, bank offers mentorship and aftercare in order to control and assist the business to manage the business and its finances. (Sauer, Hans. Interview. 2008)

In the future Bank Windhoek is launching a new check account-product for SMEs. The check account offers SMEs short term credit. Many businesses need short term credit because their costs and income are not always in balance. One improvement in the future is giving more authority to grant limits within the branch, which will make the loan process more fluent. (Sauer, Hans. Interview. 2008)

City of Windhoek – SME Incubation Centre

The City of Windhoek has a division for economy development, which has many development projects and operations. These operations include industrial stores, informal trading activities, offering trading and operating spaces. One important form of SME support is The SME Incubation Centre. (Andima, Julius. Interview. 2008)

The Incubation Centre supports the SME sector by providing workshop space, support services and capacity building interventions. Incubation Centre encourages informal, semi-formal and small businesses to move to the next level of formal sector, the commercial business operation. SMEs wishing to join the SME Incubation Programme can be start up-or existing businesses. They can apply for a vacancy and the applications will be screened and entrepreneurs are invited for an interview. (Andima, Julius. Interview. 2008)

Criteria involve extent of innovation of business idea, demonstration of commitment and entrepreneurial skills. In addition to workshop space, The Incubation Centre offers mentoring services, training in business management, administration and marketing, advice on technical product development, marketing and promotional support and promotion of business linkages. SMEs also have access to information technology infrastructure and resource centre. (Andima, Julius. Interview. 2008)

Future plans for the Incubation Centre are extending the mentorship to include everyone and keeping the service on going. The Centre is should also market the centers' operations, the concept and the businesses there more actively. In the future focus will be on aftercare of the businesses' operation after the three year -programme. (Andima, Julius. Interview. 2008)

JCC- Joint Consultative Council

The Joint Consultative Council (JCC) started in 1995 as an informal forum for entrepreneurs wanting to develop themselves. In 2000 it was incorporated as a Section 21 company offering SMEs many kinds of services such as consulting, training, mentoring, microfinance, business plans, etc. The last two years JCC has changed its focus from SMEs to BDS providers and acts as a facilitator and a network of service providers to SMEs. (Web site of JCC. 15.10.2008)

JCC's programmes and services include listing network partners and subscribers on the website and directory, storing information related to SME service provision and referrals between network partners and subscribers and advices on finding a suitable service provider. (Web site of JCC. 15.10.2008)

One main focus in the future will be the Namibian Business Women summit, which has gained popularity and JCC wants to ensure its growth and sustainability. JCC will also organize awareness campaign for awarding innovation for service delivery, which is open to all SME developments. The idea is to award BDS

providers who have an innovative idea, development project, etc. (Meier, Roland. Interview. 2008)

UTN- Urban Trust of Namibia

Urban Trust of Namibia (UTN) has been active since 1994 and operates in Windhoek, Ongwediva and Tsumeb. UTN is supporting SMEs through supporting local authorities with LED issues, emphasizing on urban poor and residence and on policies that enable SMEs to be vibrant. UTN facilitates their skills and resources based on needs of local authorities. (Santos, Joas. Interview. 2008)

UTN is involved in LED related projects in different towns all over the country. UTN is not a consultancy firm, they take on services based on their mission that includes services that address the issues involving LED, participation, enabling environment and services that benefit the low income communities and in the end the urban poor. (Santos, Joas. Interview. 2008)

UTN would like to expand the LED support to as many towns as possible. At present it is an obligation for towns to have a LED strategy and UTN have had experience in this area and therefore would like to share their information. The problem in expanding the LED support is the difficulty for getting fund for broad projects like the LED support projects. (Santos, Joas. Interview. 2008)

DED- Deutscher Entwicklungsdienst

DED is one of the leading European development organizations for personnel cooperation. DED is a non-profit organization and offers services in Namibia in the fields of rural development and resource management, promotion of SMEs and public private partnerships and prevention and treatment of HIV/AIDS. In the field of SME promotion, DED supports BDSs via its deployment of professionals. These services include consulting and mentoring to improve competitiveness, advanced training, developing business-linkage between SMEs and established businesses, formalization and start-up of businesses and promotion of cluster development. (Web site of DED. 22.10.2008)

At the moment DED is busy with several projects. Some of the main partners of DED are Bank Windhoek, FNB, Consult Byro, SMEs Compete and IMLT. DED is supporting and funding their operation and projects and the partners are implementing the projects. Some fields where DED is acting at the moment are construction industry and transport and logistics. In construction sector DED is working with Construction Industry Federation in order to bring SMEs on board. In transport and logistics DED is developing a National Logistics Association, supporting Owner-driver-program (one man-company) and planning training for drivers added with financial compound together with banks. DED also have plans for Freight Exchange Platform, which would be a web based auction place for cargo truckers bidding for cargo in order to improve access to market. The problem with this plan is the high cost of developing the platform. (Müller-Bornemann, Jörn-Hendrik. Interview. 2008)

Embassy of Finland

Finland and Namibia have a long history in development cooperation in many fields. Embassy of Finland has supported Namibia in rural water supply, health, good governance, forestry, mapping, sustainable environmental development and decentralization. (Web site of Embassy of Finland. 25.11.2008) Recently the Embassy of Finland is involved in different projects related to SMEs in the fields of travelling and tourism, women entrepreneurs and business and educational development. In 2008 Embassy of Finland is funding different projects for 1,5 million Euros. (Heikkinen, Elise. Interview. 2008.)

Embassy has supported projects related to SMEs since 2005. First the support focused on Black Empowerment-project and developing travel businesses. At present main focus is on women entrepreneurship, tourism, Business Innovation Centre and Proacademy. Proacademy is a polytechnic education which provides education and experience in practice in entrepreneurship. In the future the Embassy is focusing on the five year-project, which started in 2008, in supporting travelling and tourism. (Heikkinen, Elise. Interview. 2008)

5 Needs of SMEs vs. services available

It is a general opinion that SMEs in Namibia need support of some kind and that SMEs have various needs. Still, it is surprising that according to JCC & GTZ-study some 92 percent of 1030 SMEs interviewed indicated that they hadn't used any BDSs during the past 12 months (JCC & GTZ 2008: 42). There are multiple reasons for why SMEs do not use BDSs to a large extent and these reasons are represented in the following chapters.

In order to have a good idea of the present situation, the results in the following chapters are based on most recent studies: PLDDSI-research, JCC & GTZ-research and interviews with BDS providers in Windhoek in 2008. The results from the interviews in Windhoek in September and October 2008 are put together. I did not want to represent opinions of a single interviewee, which is why the views of interviewees are referred to as a whole.

5.1 Problems faced according to SMEs

SMEs face different problems which indicate some fields where support would be needed. According to JCC & GTZ-research most (63 %) of the SMEs interviewed had experienced problems with access to finance. Another notable problem was lack of supplies (52 %). Quite a few SMEs had experienced problems also with capacity and finding skilled workforce, access to markets, profitability and costing issues, planning, process management and organization. (JCC & GTZ 2008: 36)

Problems of SMEs that arise from the PLDDSI-research were quite similar. Financial problems in many ways were a problem and SMEs' finances were not in balance. Access to finance was poor, they did not have enough customers and monthly costs were too high. Another major problem appeared to be finding skilled workforce: educated for the job, skilled in business management, loyal and honest. (Gertze, Huhtala, Löytty, Martin & Parkkali 2008: 45)

5.2 Needs of the SMEs

In the JCC>Z-study SMEs were asked how they would prefer to receive assistance and 40 percent answered mentoring. Training was second (37 %) followed by consulting (9 %) and information/linkages (9 %). Those who preferred mentoring wanted to receive both specialized (tailoring, catering, etc.) and general (finance, marketing, etc.) mentoring. In the field of training general management (85,8 %), financial (82,3 %), marketing (78,5 %) and human resources (76,7 %) were most wanted. (JCC & GTZ 2008: 47-49)

SMEs were asked in PLDDSI-research which kind of support they would like to have from the local authority (directly or for example through a BDS provider). Results indicated that most wanted form of support was consultancy on town planning and premises, investments on premises for businesses and training. High demand on premises reflects the regional problems in the southern and northern Namibia: suitable premises aren't available enough. Training was most wanted in the fields of business management, marketing, customer management and vocational training. (Gertze, etc. 2008: 36)

5.3 BDSs correspondence to needs of SMEs

Representatives of the BDS providers interviewed for the thesis had differing opinions on the needs of SMEs and correspondence of BDSs on these needs. One issue that came up more than once was lack of financial support services: finance assistance and micro-financing. One opinion was that access to credit is not as good as the SMEs need. There are a lot of credit providing institutions and credit guarantee funds and the need for financing services is great but the services aren't working as effectively as they could. One interviewee said some improvements to the structures of financing institutions might be relevant. (Representatives of the BDS providers, interviews. 2008)

It was also said that in addition to more specialized courses, SMEs need basic training and assistance. Some of the services might be too overwhelming for entrepreneurs and one cannot expect that

they could afford to put a significant amount of time and effort to BDSs if they are too difficult to understand. One should first have the basic skills to run a business in order and then focus on more specialized courses. (Representatives of the BDS providers, interviews. 2008)

One area of training was said to be lacking from a sufficient supply and it was marketing (Representatives of the BDS providers, interviews. 2008). The interviews in Ondangwa for PLDDSI-research indicated that SMEs which were doing well and had enthusiasm and vision for the future, wanted to invest in marketing but didn't have the skills (nor resources) for that. Need for marketing training is remarkable but the right BDSs are not available at least in some parts of the country.

The interviewees were surprisingly positive about the correspondence of supply and demand. One interviewee stated that the correspondence of the services to SMEs needs is good because BDS providers have learnt to listen to the SMEs more. Most of them said there were enough services available and a wide range of different services, but the problems were said to be somewhere else than specifically in BDS supply. One opinion was that in some areas there is even too much supply. (Representatives of the BDS providers, interviews. 2008)

One of the interviewees thought that it is irrelevant how many BDSs are offered for SMEs because they will continually require for more. On the other hand, another interviewee commented that SMEs wanting more services and support is an indicator of having too little BDSs in Namibia (Representatives of the BDS providers, interviews. 2008). Assumingly SMEs are requiring for more partly because they are not familiar with the existing BDSs and partly because there is a lack of certain services.

BDS providers seem to assume the SMEs' needs of BDSs greater than they are. According to findings of JCC>Z-research the supply of BDSs is significantly higher than the needs of SMEs. The difference is remarkable especially with consulting and provision of information/linkages. The differences are shown in figure 2.

Figure 2

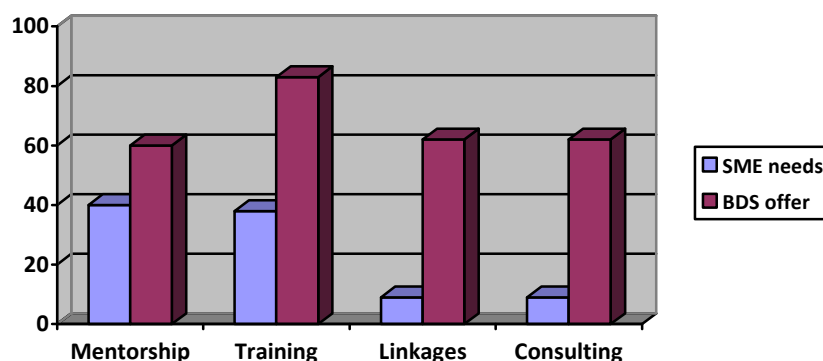


Figure 54: SME's needs vs BDS providers' offers: Total Business Development Services in Namibia 2008: 89.

There are some regional differences in the needs of SMEs and supply of BDSs. In the northern Namibia demand for mentorship was the highest and the supply weakest. Contrary, the demand for Information and linkages was weakest and supply of these services was highest. Supply and demand were most corresponding in the Khomas region, where the demand was much higher than other regions. Offered consulting services in Khomas didn't correspond to the demand which was very weak for consulting. In central, coast, south and east the demand for all types of BDSs was low in comparison with the BDS supply. (JCC & GTZ 2008: 91-94)

6 SMEs attitude towards BDSs

Attitudes of the SMEs have an enormous effect on the usage of BDSs. SMEs have many kinds of opinions on BDSs and BDS providers based on their earlier experiences, preconceptions or rumors. BDS providers are aware of the opinions on them and faced the attitudes of SMEs in their work.

6.1 SMEs opinions

SMEs often find it difficult to form opinions of the BDS providers because they haven't used their services or heard of them before. Even the term BDS is quite unknown: 62 percent of the SMEs of

the JCC>Z-research were not familiar with the term. Still, SMEs understood the meaning of the term when it was explained to them. (JCC & GTZ 2008: 43.) In the PLDDSI-research the SMEs found it hard to evaluate the importance of the BDS providers, because they didn't know much about their operations and their support for SMEs.

SMEs in general are not willing to pay for BDSs more than the lowest rate N\$0-150 per hour. Although, there were specific categories of training, mentoring and consulting, such as general management, marketing, financial field and human resources, for which some SMEs were willing to pay more. Most of the SMEs have gotten used to subsidized BDSs, which is one reason why SMEs are not willing to pay much for BDSs. (JCC & GTZ 2008: 51-53)

JCC>Z-research showed that 75 percent of SMEs surveyed thought that SMEs in Namibia generally did not make use of BDSs. SMEs' prior use of BDSs was also very weak: 92 percent had not used any kind of BDS in the past 12 months. (JCC & GTZ 2008: 42-44.) One can assume that using BDSs haven't yet been acknowledged as good practice among the SMEs which can make them doubtful towards BDSs.

While carrying out the PLDDSI-survey, the frustration of the entrepreneurs towards different support projects became obvious. Some entrepreneurs were tired of researches and interviews because they haven't gained any benefit out of them and things have not changed to better afterwards. Mostly this critic concerned operations of local authorities and the government. SMEs have not learnt much of the results of business support work, which can make them lose faith in BDSs. It is also likely that SMEs have had such a great expectations of the BDSs that disappointment has been inevitable.

6.2 Views of the BDS providers

Interviews with the BDS providers indicated that attitudes of the entrepreneurs were one thing hindering BDS providers operation. First of all, the interviewees felt entrepreneurs are too inactive

when seeking for help is concerned. There are support services and information available, not equally in the whole of the country though, but entrepreneurs aren't active in finding information and assistance. Somehow the attitude of the SMEs seems to be that BDS providers should come to SMEs, not on the contrary. (Representatives of the BDS providers, interviews. 2008)

Attitude towards paying for BDSs was also seen a little complicated among the interviewees. Entrepreneurs tend to have a wrong conception of BDSs and getting services of good quality: they are not and cannot be offered for free. Sometimes it can be difficult for SMEs to understand that BDS providers are operating as a business or that they have different costs for offering the services and that giving the support is not charity. The biggest problem with these issues is lack of knowledge in understanding the potential value of BDSs and BDS providers' operation. (Representatives of the BDS providers, interviews. 2008.)

7 Problems faced according to BDS providers

There are several factors that effect on BDS providers operation and they have recognized a number of problems related to the relationship between the BDS providers and SMEs. Some problems are due to problems within the BDSs and operation of BDS providers. There are challenges seen also among the SMEs, mostly concerning the attitudes of entrepreneurs. In addition there are other external factors that make the operating of BDS providers difficult.

The most significant problem with BDSs is homogeneity of the services. Too many BDS providers are offering same services. One of the interviewees said there are too many programs that encourage people for example to retail business (Representatives of the BDS providers, interviews. 2008.) Retail is not the most affordable business because of the large amount of retail businesses and the high competition. Services, which BDS providers have offered, have been mostly the same despite the fact that the entrepreneurs come from various businesses and with different backgrounds and experiences (Representatives of the BDS providers, interviews. 2008).

Another remarkable challenge with BDSs is accessibility of the services in the whole of the country. Majority of BDSs are in the capital, Windhoek. Some BDS providers only operate from Windhoek or have few branches in other parts of the country. Northern and southern parts of Namibia are at much worse position than central regions of the country when it comes to access to BDSs. (Representatives of the BDS providers, interviews. 2008)

One problem is that SMEs' awareness of the services is poor. Even if there are services available, SMEs are not aware of the possibilities offered to them. (Representatives of the BDS providers, interviews. 2008.) This could be because of BDS providers less visible role and smaller supply of services in certain parts of the country. It can also be due to SMEs not getting enough information on BDSs or on the other hand, they don't know how or where to look for the information.

Despite the low awareness of BDSs in some parts of the country, BDSs have become more familiar to businesses than what they were ten years ago. Still, I am in belief that BDS providers are not being understood the right way among SMEs. Not all entrepreneurs understand the value of BDSs to their businesses. Operation of the BDS providers are often wrongly understood which leads the SMEs to misinterpret their operation. Financing institutions are a good example: some people are assuming to get easy money and can't understand the requirements of getting a loan. Furthermore, after being disappointed when they haven't qualified for a loan, SMEs feel they have not been treated equally. (Representatives of the BDS providers, interviews. 2008.)

One difficulty in offering BDSs is language problem (Representatives of the BDS providers, interviews. 2008). Even though English is an official language in Namibia, it is rarely the mother language of people coming from different tribes. Business language is sometimes complicated and hard to understand because of different terms. Some words in English doesn't necessarily exist in some other language, which makes explaining things even harder. BDSs are often provided in English, which creates a language barrier between SMEs and BDS providers.

Not so many SMEs have earlier experience or knowledge of BDSs, which makes it difficult for them to compare BDS providers. It can be troubling to evaluate the quality of services and services between different BDS providers. Most of the BDS providers are unknown for SMEs which is why it is hard to tell which BDS provider is more reliable than the other. One interviewee said the biggest fear they had was that some BDS providers are taking advantage of SMEs unawareness and lack of experience (Representatives of the BDS providers, interviews. 2008).

There is another kind of trust related problem, too. People are reluctant to receive help or assistance from certain people. One interviewee had experienced some negative attitudes among entrepreneurs towards local consultants or trainers, despite the fact that they had educated themselves and were qualified for the job. On the other hand entrepreneurs have doubts about some foreign support providers and they might feel that not just anyone can qualify for given reliable consultancy. (Representatives of the BDS providers, interviews. 2008)

Market in Namibia is strongly affected by foreign businesses and competition. SMEs have good products and services but the market is insufficient. Entrepreneurs in Ondangwa said that competition has grown disproportionately since foreign, mostly Chinese, businesses have started their business. SMEs' knowledge of the local as well as the external market is inadequate. They don't know well enough who they are buying from or to whom they are selling and entrepreneurs don't have adequate information on different options and possibilities when suppliers, subcontractors, etc are concerned. (Representatives of the BDS providers, interviews. 2008.)

Several donor programs in Namibia since independence were mentioned as one reason to some of the present problems. Some donor programs said to be failed because money that was given to entrepreneurs to start their business was given to wrong people. Money that was for a good cause was taken advantage by people who weren't interested in entrepreneurship. (Representatives of the BDS providers, interviews. 2008)

Another problem in connection with donor programs was the short-time nature of the projects. A lot of money and effort were put to create possibilities to support SMEs, but since the donor program was over, support operations were paralyzed. The development that the program aimed to, did not last.

(Representatives of the BDS providers, interviews. 2008)

8 Suggested improvements by BDSs (Representatives of the BDS providers, interviews. 2008)

Availability of BDSs was seen as one of the most important issues which should be taken into consideration. First of all, interviewees thought that BDS providers should have more branches and services offered in all parts of the country. Availability should be made easier also to people speaking different languages. Training, courses, materials, etc. should be provided in the language that entrepreneurs fully understand to get the best benefit out of it.

Few of the BDS providers thought that role of the government should be changed. It was acknowledged that the government has put a lot of effort in supporting SMEs in Namibia, but the government was said to be too involved in SME support. It would be more profitable for everyone if the government would focus on enabling environment. Some saw that the government should take a more active role in terms of market issues and market access and in supporting local products and services.

One suggestion for improvement was rethinking the target groups and the services offered. Everybody should not be offered the same services. BDS providers should think their target groups more carefully and services should be tailored to meet the needs of the certain group. Services should change with the market: BDS providers should be up to date and better aware of current issues and the demand of SMEs.

In order to avoid similarity in the BDS providers' services, BDS providers should be better coordinated and improve networking of the BDS providers. The relation between supporting SMEs and education should also be taken into consideration. Educational support shouldn't be forgotten, because in the long-run it will benefit SMEs through getting skilled workforce.

BDS providers were suggested to focus more on improving client relations. At present a BDS provider and an SME are having more short-term relationships, when it would be more profitable for both to have an on-going relationship. Donor programs were said to fail because of their short-term nature. Donor support should rather concentrate in supporting existing BDS providers who are committed to support their clients on on-going bases. SMEs should be encouraged to use the resources of current BDS providers instead of creating short-term support programs.

9 Conclusions & Recommendations

There has been and there is a lot of good research work done in Namibia which provides important information on SMEs and activities in supporting the SMEs. As a result for these various studies there have been numerous suggestions for improving the situation at that moment. What is concerning is that since the studies and results are completed, are the findings and suggestions taken seriously and been introduced? Some improvements are clearly noticeable if one compares the present situation to the past but there is no information on the concrete impacts of the studies. During the field work in the beginning of 2008 in Ondangwa it was noticed that entrepreneurs had lost their hope for any improvement as a result of different researches. This might be one issue to be studied.

After years of BDS operations SMEs are still unaware of the services and service providers at least in some areas of the country. BDS providers should try to make their operation more visible in these areas and arrange awareness campaigns. It is important to show SMEs the concrete value of BDSs for example through local success stories.

One serious issue is taking advantage of SMEs in order to make money with non-qualified services. There are some service providers who are not skilled to offer the services and who are just doing business at the expense of SMEs. For this reason, there should be a supervising organization for BDS providers. The role of a supervisor would suite to government who could grant a

brand or sign for some kind for a BDS provider who qualifies as a responsible service provider and skilled to offer the services. This brand would show to SMEs that a BDS provider is trustworthy. Trust is not a problem with larger and most known BDS providers but to the smaller ones it can be a problem.

The unemployment situation in Namibia has led to a point where entrepreneurship is a must, not a choice of career. That is why there are many entrepreneurs who do not have an inner entrepreneur in them and do not know the way of business thinking. The mindset of some entrepreneurs is not in order, but still there can be a great potential among these entrepreneurs. SMEs should be provided entrepreneurship training or education where all the basic things (specializing, controlling income and costs, etc.) of being an entrepreneur would be gone through. It would be kind of a school of entrepreneurship for starting and existing SMEs where they could learn about different ways to effect on their business and to get help, and then go to other BDS providers for more specialized services.

The approach of BDS providers towards giving support to SMEs can be seen differently if the BDS provider is a commercial or a strongly subsidized organization. Subsidized organizations have more “motherly” approach to SMEs and commercial support providers act more business-like. Commercial organizations think more that those who do not have sense of business, cannot benefit from or do not need BDSs. Nevertheless, they also acknowledge that micro and small businesses cannot afford all services, which is why there is a need for subsidized services. Most likely the problem for some BDS institutions is finding the right services for the right target group.

9.1 Development of the BDSs and the future

In my opinion, BDS providers have learnt and developed their services remarkably since the independence. A part of SMEs in Namibia probably have learnt to appreciate the benefit they can get from BDSs, but majority of the SMEs have not changed their attitudes towards BDSs.

The problems of the SMEs have been almost the same during the 18 years after independence. The most common problems are access to finance and market, lack of skilled workforce and entrepreneurs' lack of business management. The only exceptions came up in the SME Development and Impact Assessment 2004-research which stated that the majority did not see finance as a major problem. Then again, this year the need for training in the field of financing was notable.

Namibia is a challenging country for BDS providers to operate, but the main key to improve the situation is increasing cooperation between BDS providers. Through cooperation supply of single BDSs providers could be planned in a way that benefits certain groups of SMEs. BDS providers have good plans for the future and the BDS sector is trying hard in every level to improve the situation of SMEs in Namibia. The problems are known among BDS providers and I believe that through cooperation they will find some good solutions for solving the problems.

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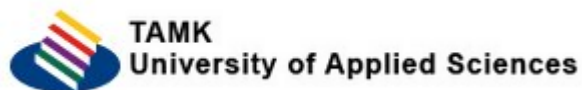
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Appendix

Appendix 1 Questionnaire



QUESTIONARY

BUSINESS SUPPORT SERVICES FOR SMES IN NAMIBIA – DEVELOPMENT AND PRESENT STATE

1. Name_____
2. Employees_____
3. Branches_____
4. Field of activities_____
5. How do you support SMEs in Namibia?_____
6. What kind of services do you offer to SMEs?_____
7. How can SMEs have access to your services? (criteria)_____

8. How have your services changed and developed since the beginning? What kind of services have you offered earlier?

9. In your opinion, what is the present situation of business support services in Namibia?

10. Do the present services correspond to needs of the SMEs in Namibia?

11. What is the biggest problem with the current business services?

12. In your opinion, what kind of improvements to the support services would be essential to SMEs?

13. Are you planning to develop your services in the future and how?
