

Success and Usefulness of Business Development Services in Tanzania's SMEs Market

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Abstract

The study examined the success and usefulness of successful provision of useful Business Development Services (BDS) in Tanzania's SME market. Specifically, the study examined the extent to which the demand side and supply side factors as well as government support influence the successful provision of BDS. A survey methodology was deployed in the conduct of this study. Using random sampling, 100 respondents were selected to take part in a questionnaire survey: 50 questionnaires were administered with Business Development Services Providers (BDSPs) and 50 questionnaires with Small and Medium Enterprises (SMEs). The selected enumeration areas (EAs) were all based in Dar es Salaam City's municipalities of Temeke, Kinondoni and Ilala. A response rate of 85 percent was obtained for the 100 self-administered questionnaires distributed, 48 percent for BDSPs and 37 percent for SMEs. The collected data were organised and summarised using the Statistical Package for Social Sciences (SPSS) which facilitated the computations of frequencies and percentages as well as actual analysis based on the research questions. The summarised data were then analysed through hypothesis testing using the t-test. The results show that the demand-driven factors, the supply side factors and government assistance have a significant bearing on the success and usefulness of BDSPs in the Tanzania's SME markets. On the basis of these findings, the study concludes that, successful and useful BDS in the Tanzania market require a good combination all the three positions. Therefore, it is recommended that BDSPs must provide services in are great demand by the SMEs, that is, taking cognisance of demand-driven factors, and must be creative and innovative enough to bring about the desired changes and provide solutions that will steer growth and development of the SME sector (that is on the supply side). Finally, the government should play its role to facilitate business formalisation and access to finance in addition to ensuring that the regulatory framework was fully functional and responsive to the needs of the SMEs.

Key Words: Business Development Services, SMEs, Demand and Supply of BDS

Introduction

Big businesses for years have enjoyed much support from financiers, governments and other stakeholders. This situation is, however, changing quickly in all economies of the world (Scarborough and Zimmerer, 2006). Currently, support emphasis is shifting towards Small and Medium Enterprises (SMEs) development partly because of their viable contribution to national economies. The development of SMEs

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has long been regarded as crucial for the achievement of broader development objectives. In fact, it is increasingly recognised that SMEs play a crucial role in employment creation and income generation at both the global and local levels (URT, 2002). Studies carried out in developing countries show that SMEs have greater economic benefits than large firms in terms of employment generation, efficiency and growth since they use more of what a country possesses and less of what it lacks (Assefa, 1997; Hallberg, 1999). More significantly, SMEs play a key role in transition and developing countries. These firms typically account for more than 90 percent of all firms outside the agricultural sector, constitute a major source of employment and generate significant export earnings, hence key to poverty reduction (OECD, 2004).

Empirical evidence shows that a dynamic and growing SME sector can contribute to meaningfully to the achievement of a wide range of development objectives such as the attainment of healthy income distribution, poverty reduction, creation of employment (Daniels and Ngwira, 1993); and production of goods and services that meet the basic needs of the poor (Cook and Nixon, 2000). Regardless of their large contribution in countries' development and economic growth, the growth and development of SMEs in developing countries face a lot of challenges. These challenges include difficulties in accessing financial credits, poor managerial skills, lack of skilled staff, uncontrolled growth, lack of government business support services, serial and historical traditions, high cost of inputs, advocacy capacity, inadequate quality control, and cultural environment (Cook and Nixon, 2000; ILO, 2003; Mbura 2013). In this regard, the OECD (2004) argues that SMEs, due to their size, tend to be constrained by access to finance, cumbersome setting up bureaucratic procedures, operating and growing a business, and lack of effective institutional structures. The removal of these constraints is a daunting task, hence the need for holistic SME support such as an enabling environment for SME development consisting of functioning macro, meso and micro level institutions.

Generally, BDS tend to facilitate the SME growth, particularly as part of the additional services provided by MFIs to their clients (Kessy and Temu, 2010) and not in its own context. This is primarily because MFIs provide BDS but not as their core products and they are only given to their clients as an additional service to enable them to manage their credits effectively. The limited scope of the services provided makes them have little impact on business development (Esim, 2001, www.itdgpublishing.org.uk). As distinct from MFIs, non-MFIs business development service providers do provide service as their core product, a thing which make the service provided focus on business development with no other backside interests such as credit protection. This enables their services make a significant contribution to the growth of SMEs for both MFI and non-MFIs clients.

The growth of the SME sector is believed to have resulted into more opportunities for BDS providers (BDSPs); however, poor business development services is still said to be one of the challenges the SME sector faces (URT, 2002). This implies that, the sector remains weak and has been unable to provide services successfully. Yet, there are inadequate studies conducted thus far on the factors which can enable the BDSPs to provide successfully useful BDS to foster SME growth. The OECD (2004) contends that on the basis of analysis to-date, and independent of regional level of development among countries, access and integration into local, national, and global markets require substantial investments in sustainable institutional and service delivery to SMEs in all areas. It is against this backdrop that this study examines factors determining the successful provision of useful BDS by BDSPs in Tanzania.

Problem Context

Until the early 1990s, the SMEs' business support model, particularly in the developing world-context, was heavily supply-driven (Olomi, 2009). Support was predominantly centrally-organised and administered by governments and heavily financed by foreign donors. This approach was deemed inappropriate in many developing countries, where markets for BDS suffered from lack of information among SMEs on the services needed and their potential benefits. In fact, the impact of the services could not be demonstrated and business operators were not willing to pay for the services.

In consequence, the BDS market development approach was established in the mid-1990s. By then, it had become clear to many development agencies that in comparison with the results of microfinance, BDS, after many years of funding and endeavour, had produced disappointing results, especially with regard to outreach, impact, sustainability and efficiency (Otieno *et al.*, 2013). A call for the market development approach to BDS represents a progressive step in an attempt to address some of the shortcomings of earlier large-scale publicly-funded programmes. In particular, the approach places emphasis on demand-driven services which respond to market realities rather than to the imposed top-down supply-driven training and participatory methods which build on people's existing experience and skills (Mayoux, 2006).

Despite this seemingly positive development, empirical evidence shows that many small enterprise programmes based on the new philosophy continue to struggle to make an impact (SDC, 2000; OECD, 2004). In many BDS markets, services are still weak, with a mismatch between BDS supply and demand as well as discrepancies between the need for new services and willingness to pay (Olomi, 2009). This implies that, the BDS market has yet to start operating efficiently and successfully.

A number of studies conducted on BDS and BDS market mostly fail to show what determines the successful provision of BDS. Dyer and Dyer and Ross (2008) established a mediating role of business advisors on the performance of MSEs. Wren and Storey (2002) attested to the usefulness of business support for MSEs primarily with a finance focus. It is apparent that most of previous studies have focused on the usefulness of BDS provided by MFIs and non-MFIs BDSPs on SMEs growth. With the objective of trying to understand and assess the status of delivering business development services (BDS) and identifying the prospects and challenges, the Ethiopian Development Research Institute (2003) conducted a survey of MSE operators in BDS in Ethiopia. The results of the survey indicate that there were very limited BDS providers in the sector, who delivered limited services only to a few MSE operators. These results show that the BDS outreach was very low. The most important constraints were mainly related to access to markets and finance. Kessy and Temu (2010) conducted a study on the impact of training as one aspect of the BDS pertaining to the performance of Micro and Small Enterprises served by Microfinance Institutions in Tanzania. The results of the study show that enterprises owned by recipients of business training have higher performance than enterprises owned by non-recipients of training services. The findings of this study imply that training services in business skills for Tanzania's micro and small entrepreneurs is vital to enhance the firms' performance and growth in addition to improving the owners' living standards and their access to credit.

Otieno and Kiraka (2009) argue that small firms in developing countries may not use BDS partly because of their low level of knowledge and lack of recognition that BDS services can raise their productivity and growth. Generally, they lack information or fear that the envisaged benefits would not occur. Furthermore, Miller and Toulouse (1986) argued that research findings often differ systematically across different groups of firms and under different business environments. In other words, findings in one business environment may not be applicable in another environment. Miehlbradt (2003) also noted that markets differ as what might be construed as a problem in some countries may not necessarily be in others; moreover, although there are some similarities among markets, there are many exceptions. Indeed, despite the situational analysis studies carried out in other developing countries, such as Ethiopia, more BDS market situational analysis studies need to be undertaken in the context of Tanzania to take into account local particularities. Such studies are needed to identify the factors behind successful provision of useful BDS in the country, for example. These are factors which will enable BDSPs to match with the BDS demand and BDS supply.

This study, therefore, examines the determinants of successful provision of useful Business Development Service in Tanzania. More specifically the study's objectives are threefold:

- i) To examine the extent to which the BDS' demand-side factors affect the successful provision of useful BDS.
- ii) To examine the extent to which the BDS' supply-side factors influence the successful provision of BDS.
- iii) To examine the extent to which governmental support to BDSs influence the successful provision of useful BDS.

Literature review

This section reviews theoretical and empirical literature on BDS and BDS providers in relation to SMEs. The term Business Development Services (BDS), refers to a wide range of non-financial services critical to the entry, survival, productivity, competitiveness, and growth of micro and small enterprises (Olomi, 2009). Business development services can help microenterprises solve their problems by facilitating access to markets, availing less expensive or higher quality inputs, introducing new or improved technologies and products, improving management and technical skills, eliminating policy constraints and helping enterprises to access appropriate financing mechanisms (Esim, 2001). BDS programmes can vary greatly depending on the size, the industry's sub-sector in which they operate, the products and services they produce, the processes and level of technology used, and the specific community and business environment where they are located.

Business Development Services Providers (BDSPs)

The term BDSPs stands for a range of providers that offer BDS to SMEs. These include public, private as well as civil society organisations. The BDS providers include Private Businesses, Specialised Governmental Agencies, Non-Governmental Organisations (NGOs), local governments, development companies, business associations and individual providers. In many entrepreneurial situations, private-sector companies and formal and informal networks are the most important players in BDS (Miehlbradt and McVay, 2003). BDS offered by private companies are both more sustainable and more likely to have an impact because they must be responsive to the needs of business operators to attract customers

(OECD, 2004). Private BDS providers range from multinational consulting firms, small companies with a national or regional outreach to informal micro enterprises serving local MSEs.

The BDS interventions are offered at least at three levels: the enterprise, meso (intermediate) and macro levels. At the enterprise level, programmes focus on building capacities of owner-managers, their employees and the business itself (Olomi, 2009). At the intermediate level, BDS programmes concentrate on building and strengthening the capabilities of the BDS providers themselves through human capital development, technology and infrastructure. Macro-level interventions deal with developing an enabling policy framework, creating an environment conducive to the growth of BDS enterprises, including eliminating barriers and administrative burdens imposed by legal and regulatory systems and enhancing access to markets

Demand for BDS

Demand is the rate at which consumers want to buy a product. In this regard, The economic theory holds that demand consists of two factors—taste and ability to buy. Taste, which is the desire for a good, determines the willingness to buy the good at a specific price. Ability to buy implies affording a good at specific price, and thus an individual must possess sufficient wealth or income (Whelan and Msefer, 1996). BDS demand represents the extent to which SMEs need the BDS. This demand depends on the type of the services needed and level of significance that is placed on the type of the service needed. As a matter of fact, most of the BDS customers would be more interested in being treated with great care by and have good relationship with the BDS providers.

To match the demand and to make the BDS useful and successful an enterprise's development focus in BDS should be on demand-driven and market-responsive provision of services. In this regard, efficiency should be a guiding principle in programmes (Esim, 2001). If they are designed and implemented with an approach that is responsive to customers' needs and constraints, the BDS can have positive impacts beyond enterprise development. Otieno and Kiraka (2009) contend that such as technology development and innovation as well as other customised and affordable services would stimulate demand on the part of BDS clients. And yet, SMEs may not use the BDSs services because what is available may not be suitable to their needs or may not afford to pay for the services (ibid.).

Supply of BDS

BDS supply represents different business development services offered by different BDSPs. Programmes tend to be conceived by bureaucrats in search of a person they consider trustworthy in solving the firm's problems, thus adopting a top-down approach in providing services to SMEs. This approach emphasized the donors' view of what was good for SMEs and focused on training and counselling (Otieno and Kiraka, 2009). Nevertheless, donor-funded or supported programmes aimed at providing free or subsidised services may contribute to market failure (ibid). Under this scope, the key providers of BDS were governmental organisations and NGOs and BDS were essentially public goods financed by the state or donors (SDC, 2000). And yet, effective supply of BDS ought to include the sufficiency, efficiency and the availability of the provided service to the customers. BDS programmes can be minimalist, with single intervention such as training-only, technology-only or marketing-only services or a package whereby a number of different services are combined or linked (Esim, 2001). The minimalist strategy often fairs better in terms of cost-effectiveness and sustainability. Although integrated strategies can have great

impact, they are costly and must often be subsidised. Supply-driven programmes are successful in increasing income for customers in the short-run but not in the long-run because they neither focus on sustainability of the services provided nor on the sustainability of the microenterprises.

Theoretical Reflection

This section delineates the expectancy theory, passive learning model, contingency theory and the marketing mix theory as applied in this study.

Expectancy theory

The expectancy theory by Vroom (1964) is based on a perspective that people will choose from available alternatives to optimise personalised outcomes. In this regard, a person is motivated to the degree that he or she believes that efforts will lead to acceptable performance which, in turn, will be highly rewarded. This theory suggests that the propensity to act in a certain way is contingent upon the expectation that the act will be followed by a certain outcome and the relationship between that outcome and the goals of the individual. The demands for BDS by SMEs, therefore, will be affected by the benefits expected to be derived by SMEs from BDS providers. In this regard, it is the duty of the BDS providers (on the supply side) to create awareness on attendant benefits among SMEs and demonstrate their capabilities in addition to assisting SMEs to ensure they provide successfully the services required.

Passive Learning Model

Under the Passive Learning Model (PLM), a firm enters a market without knowing its own potential growth (Agaje, 2004 as cited by Anthony and Thomas, 2012). Only after entry does the firm start to learn about the distribution of its own the profitability based on information from profits realised. By continually updating such learning, the firm decides to expand, contract, or to exit. This learning model states that firms and managers of firms learn about their efficiency once they are established in the industry. The theory suggests that, for the firm to understand its potential growth, it has to undergo some induction and awareness creating activities that BDSPs provide. In this regard, the theory explains the contribution of BDS to creating awareness among firms and their managers on the need to learn and establish how BDS facilitate the learning and growth process. It is only when BDSPs know the market needs of SMEs growth and can deliver competent services that the impact of their services will translate into SME growth.

Contingency theory

This theory explains the effects of situational factors on decision-making and performance. The contingency model by Fielder (1964) shows that leaders' ability is based on situational factors such as the leaders preferred style, the motivation and the abilities of followers. The theory underscores the importance of mobilising the situational factors in a bid to have a positive effect on business performance. And SMEs can achieve such business success with assistance from BDS, which if effectively provided can make SME owners understand and manage their working and market situational factors. This may explain why different SMEs may have different performance and growth rates. Indeed, different business environment management capacities tend to result from different types and levels of BDS received from different BDSPs.

The Marketing Mix Theory

Central to marketing management is the concept of the marketing mix. This marketing mix is a set of the tactical marketing tools—product, price, place and promotion—that the firm blends to produce the response it wants in the target market (Kotler & Armstrong, 2012). Generally, there are four marketing mix variables, that is, product, price, promotion and place, commonly known as the 4Ps of the marketing mix. The marketing mix is not a theory of management that has been derived from scientific analysis, but a conceptual framework which highlights the principal decisions that a marketing manager makes in configuring out their offerings to suit customers' needs.

The marketing mix implies that, for BDS to be successful and useful, BDSPs have to make their services tangible enough to attract customers and boost the anticipated impact. They should provide quality services at reasonable prices which need to be advertised to increase SMEs awareness. On the other hand, SMEs need to mix properly the marketing variables to win over the market. This signifies the need for BDSPs to assist SMEs on how to manage the mix variables such as pricing setting and product branding strategies so as to win the market

Empirical studies

A number of recent efforts have focused on identifying the current state of practices in BDS. Richardson *et al.* (2004) conducted a survey on the challenges of growing small businesses in Africa, taking insights from women entrepreneurs. This survey conducted in Ethiopia, Tanzania and Zambia revealed that there is little awareness on and experiences of business support services among SMEs, especially for women entrepreneurs in Africa. Using grounded theory Otieno *et al.* (2013) conducted a situational analysis of BDS market in Kenya. The study identified five situational forces which affect BDS providers, namely the type of clients, regulatory framework, nature of BDS products, nature of competition and the presence of donor agencies. The responses from BDSPs suggest that many MSE entrepreneurs were largely unaware of and/or were ignorant of the benefits of BDS because many had not experienced these services. With regard to attitude, it was established that many MSEs were unwilling to pay for the BDSP services because they had been accustomed to donor support which met all training costs for them. Generally, the regulatory framework in the BDS market was largely described by BDSPs as weak. In addition, most BDSPs felt that the presence of donors was distorting the market by providing free services, hence making it difficult for their businesses to be sustainable.

A survey by the Botswana Institute of Development Policy Analysis (BIDPA) on how to promote entrepreneurship in Botswana, which focused on the constraints to Micro Business Development (2011) revealed that Microenterprises are very much an integral part of the intended beneficiaries of the existing financial and BDS programmes. Nevertheless, not many financial products or BDS have been tailored to the needs of microenterprises. To the contrary, a common feature of the existing and past SME support programmes is that they all have been based on a top-down, one-size-fits-all approach. Moving away from this approach to one whereby products and services on offer match with the diversity of needs and demands of their intended beneficiaries is a necessary next step. However, doing so requires reasonably detailed knowledge of the diversity of businesses in the SME sector in terms of capability and constraints. In Botswana, as in other developing economies, SMMEs do not have good access to credit, markets and business services.

In Tanzania, like in other developing countries, the demand for BDS remains alarmingly low but the expectation for a significant turn around and increase looming large as vindicated by a number of accomplished and ongoing studies regarding the importance and impacts of BDS on SMEs growth. In 2003, a study was conducted on Tanzania women entrepreneurs, a project which was funded by ILO (ILO, 2003). The survey was carried out in three regions of Dar es Salaam, Arusha and Zanzibar, with the aim of identifying factors which hamper the growth of women's operation in SMEs sector. With respect to access to and impact of Business Support Services, the results show that, most of the women entrepreneurs had received technical and business management training. Yet, access to business skills training is often limited because of lack of awareness of the existing training opportunities as well as limited time available for the women to attend training. The results of that study also show that some women entrepreneurs lack skills and information required for them to take full advantage of the market opportunities available. The few who have participated in trade fairs witnessed a significant positive impact on their businesses as a result. Also, lack of customised services and innovative skills was identified as one of the challenges those operating in the beauty industries faced. The findings also show that there are not many local institutions offering training on beauty care and fashion design, and hence women in these sectors were sometimes forced to go to other countries to acquire the requisite skills or recruit skilled employees. This situation calls for more BDS intervention in respective areas.

Riedijk (2010) published the results of a study conducted in five regions of Tanzania regarding supporting energy entrepreneurship to boost rural energy access in the country. The results of the study show that achieving a sustainable and commercially viable BDS market in Tanzania is still a challenge. BDS in Tanzania traditionally is a non-profit matter as it is provided for free or at highly subsidised costs. Significant barriers for entrepreneurs to accessing BDS services were pointed out to be lack of awareness of the benefits of BDS, lack of capacity to pay for them and lack of willingness on the part of SMEs to pay for services because people were used to getting free training.

A study that assessed the Institutional Framework for Promoting the Growth of MSEs in Tanzania carried out by Mnenwa and Maliti (2009) in Dar es Salaam found that most of the MSE respondents in the research area believed that they needed governmental support. The kind of support they needed focuses upon tax incentives, loans, guarantees, grants, market information and better regulatory environment conditions. On the other hand, the results of a needs assessment study conducted for the MSE support institutions show that these institutions had inadequate financial and human resource capacity. The MSEs support institutions needed effective internal structure such as staff, financial equipment and facilities. The results also show that, the effective delivery of services depends on the environment that is external to agencies such as government support, trustworthiness of MSEs, entrepreneurial attitudes of MSEs, and cost sharing.

Conceptual framework

Evidence from both theoretical and empirical literature review was used to develop a conceptual framework. This framework shows variables which determine the successful provision of useful BDS for SMEs growth in Tanzania. It shows that the usefulness of BDS is determined by congruence between the BDS demand-side and the BDS supply-side factors. In this study, the demand-side factors represent the basic services needed by SMEs for their growth, whereas the supply-side factors represent what the BDSPs need to provide successfully the basic services

required by SMEs for their growth. Governmental assistance, in this regard, is required to facilitate the market operations through the creation of a conducive marketing environment.

Independent variables

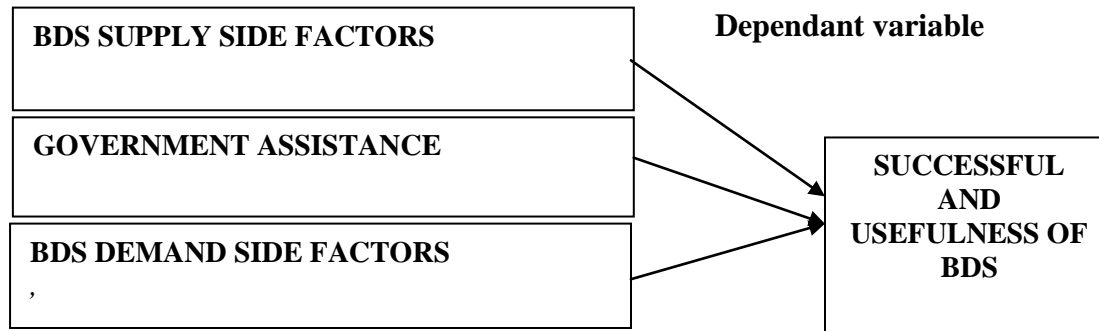


Figure 1: Conceptual Framework

Source: From the literature review

Independent Variables

The model presented in Figure 1 indicates the independent variables as the demand-side factors, supply-sides factors and governmental assistance. Demand-side shows what the customers of BDS require, that is, innovation in terms of technology, product and services, knowledge on building customer relations. Basically, it constitutes customer care and customer retention and business strategies in marketing, management, operational and financing. Supply-side shows what is needed by a BDSP to provide efficient Business Development Services. These are creativity and innovation in terms of products and technological aspects of BDS, sufficient and efficient human capacity, wide range of customised services and business strategies such as strategic marketing, strategic management and financial management. Governmental assistance refers to the part played by the government in business formalisation, facilitating access to finance and providing a regulatory framework.

Dependent variable

Successful and useful BDS for SMEs growth, as a dependent variable, is achieved by matching the demand and supply side factors. This can be attained through having supported competent BDSPs which can provide what is required by the BDS customers:

Hypotheses

Based on the above articulations the study proposes the following three hypotheses:

(i) H_0 : Demand-side factors have no positive influence on the success and usefulness of BDS in Tanzania

H_1 : Demand-side factors have a positive influence on the success and usefulness of BDS in Tanzania

(ii) H_0 : Supply-side factors do not contribute positively to the success and usefulness of BDS in Tanzania

H₁: Supply-side factors contribute positively to the success and usefulness of BDS in Tanzania

(iii) *H₀: Government assistance is not important in the successful provision of useful BDS in Tanzania*

H₁: Government assistance is important in the successful provision of useful BDS in Tanzania

Methodology

This study employed quantitative research techniques. Quantitative research designs enable the researcher to construct statistical models in an attempt to explain what was observed. The survey approach was employed to acquire primary data. The study sample comprised 85 respondents made up of 37 (BDSPs) and 48 SMEs, which according to Busha (1980) and Stephen (1997) is appropriate for a viable study. The study used random sampling method to include units in the sample. For SMEs respondents, a list of registered SMEs operating in Dar es Salaam was obtained from BRELA from which a sample of 48 respondents was randomly selected. For 37 BDSPs researcher acquired some contacts of BDSPs operating in Dar es Salaam from the former University of Dar es salaam Entrepreneurship Centre (UDEEC) incubatees. Data were collected from respondents using self-administered structured questionnaires. Data were cleared for reliability and validity tests before they were subjected to quantitative analyses. Data analysis involved data preparation, presentation, descriptive analysis and hypothesis testing. The summarised data were analysed through hypothesis testing using t-test.

Study findings, analysis and discussion

Ultimately, a sample of 100 respondents was taken and the enumerator administered a total of 100 questionnaires, of which 50 were administered with Business Development Services Providers (BDSPs) and 50 Questionnaires with Small and Medium Enterprises (SMEs). Of the 100 questionnaires distributed, the researcher was able to retrieve 85(85%), forty-eight from BDSPs and 37 from SMEs. The study was guided by the hypotheses developed in accordance with the attendant research objectives. The data were collected and discussed in accordance with the study's three research questions. Generally, all the questions focused on the determinants of successful provision of useful BDS in Tanzania's SMEs market. The findings have been presented in the context of general findings and as per study's objectives.

General Findings

Gender

Gender was one of the issues that are important for the heterogeneity of a research study. In this study, gender was observed and findings are presented in Table 1.

Table 1: Gender of the respondents

Gender	BDSPs		SMEs		TOTAL	
	N	%	N	%	N	%
Male	24	64.9	26	54.2	50	58.8
Female	13	35.1	22	45.8	35	41.2
	37	100.0	48	100.0	85	100

Field Data (2013)

Findings in Table 1 show that males were 50(58.8%) of the respondents and female were 35(41.2%). This implies that the majority of businesses in Tanzania are owned by men due to the predominance of patriarchal culture and risk aversion in most of the country's societies. In fact, only recent changes have seen women now increasingly owning and running businesses. These findings match with the findings of a study conducted by Kessy (2009) on microfinance and enterprises performance in Tanzania with regard to gender issues. The results of that study show that females lag behind in business due to the high risk aversion tendency among females.

Education level

The study also determined the level of education of the respondents that ranges from secondary level of education to PhD. Table 2 presents the respondents' level of education.

Table 2: Education level

Education level	BDSPs		SMEs		TOTAL	
	N	%	N	%	N	%
Secondary Education	2	5.4	24	50.0	26	30.6
Ordinary Diploma	2	5.4	5	10.4	7	8.2
Advance Diploma and Bachelor degree	29	78.4	9	18.8	38	44.7
Masters	3	8.1	7	14.6	10	11.8
PhD	1	2.7	3	6.2	4	4.7
Total	37	100.0	48	100.0	85	100

Field Data (2013)

Table 2 shows that on the part of BDSPs the majority (29; 78.4 %) have advanced diploma and a bachelor's degree. On the part of SMEs, 24(50%) had secondary education. Generally, most of the respondents had either an advanced diploma or a bachelor's degree (38; 44.7%), implying that the majority of the respondents had adequate knowledge of what they were doing. In this regard, the study was heterogeneity in terms of education as it covers dispersed demographics of the targeted population in both categories of BDSPs and SMEs.

Business Formalisation

This section shows whether businesses were registered or not. It aims at understanding the business experience of both the BDSPs and SMEs. Table 3 summarises these findings.

Table 3: Business formalisation

Registered	SMEs		BDSPs		TOTAL	
	N	%	N	%	N	%
Yes	39	81.2	34	91.9	73	85.9
No	9	18.8	3	8.1	12	14.1
Total	48	100.0	37	100.0	85	100

Field Data (2013)

The results in Table 3 show that 39 (81.2%) of all the SMEs respondents were registered and nine (18.8%) were not registered. On the BDSP side, 34 (91.9%) were registered and only three (8.1%) were not registered. Generally, most of the respondents were from registered organisations which account for 73(85.9%) of the total respondents.

Hypothesis Testing

Results on Demand side Factors

The first objective of the study was to examine the extent to which the BDS demand-side factors affect the successful provision of useful BDS. The attendant hypothesis is that *the Demand factors have a positive influence on the success and usefulness of BDS in Tanzania*. The results are summarised in Table 4:

Table 4: Demand-side factors

Attributes	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Customer Caring	11.89	47	.000	2.854	2.37	3.34
Customer Retention	11.67	47	.000	2.729	2.26	3.2
Product & services Innovation	23.98	47	.000	3.562	3.26	3.86
Technological Development & innovation	22.93	47	.000	3.396	3.1	3.69
Marketing strategies	19.83	47	.000	3.583	3.22	3.95
Strategic management	21.97	47	.000	3.375	3.07	3.68
Operational strategies	17.07	47	.000	3.292	2.9	3.68

Field Data (2013)

From the observations collected, the usefulness of BDS is determined by matching the BDS supply-side and the SME demand-side factors. For the purpose of this study, the demand-side factors are basic services that SMEs currently need for their growth, which happen to be provided by BDSs, whereas the supply-side factors represent what the BDSs should possess to provide successfully basic services required by SMEs for their growth. Table 4 shows the Test Statistics (student t- statistics). In this model, a significant relationship was found between the dimensions of convenience of the response from the respondents in accordance with the services they get from BDSs. Indeed, the results show a significant level (0.00), which is below 0.05 (5%), hence supporting the hypothesis that *Demand-side factors have a positive influence on the success and usefulness of BDS in Tanzania*. Otieno *et al.*' (2013) situational analysis of the BDS market in Kenya using a grounded theory came up with nearly similar findings to those of the current study. Thus it can be deduced that there is a positive relationship between the demand-side factors and the success and usefulness of BDS in Tanzania.

Results on supply-side factors

The second objective of the study was to examine the extent to which the BDS supply-side factors influence the successful provision of BDS. The attendant hypothesis is that the *Supply-side factors contribute positively to the success and usefulness of BDS in Tanzania*. The findings based on the second objective of the study and attendant hypothesis have been presented in Table 5.

Table 5: Supply-side factors

Attributes	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Technological innovations	18.58	24	.000	3.76	3.34	4.18
Wide range of customized services	17.76	24	.000	3.88	3.43	4.33
Creativity on services	19.06	24	.000	4.04	3.6	4.48
Strategic marketing	19	24	.000	3.8	3.39	4.21
Strategic management	17.58	24	.000	3.92	3.46	4.38
Financial management	20.55	24	.000	3.92	3.53	4.31
Having competent and equipped staffs	21.93	24	.000	4.2	3.8	4.6

Field Data (2013)

As Table 5 illustrates, there is a significant relationship between the supply-side factors and the success and usefulness of BDS in Tanzania. This relationship was established from the responses collected on the services BDSPs offer to SMEs. The resultant significant level (0.00) is below 0.05 (5%), which allowing to not rejecting the Null hypothesis that the supply-side factors have a positive bearing on the success and usefulness of BDS. The Inter-American Development Bank (1996) carried out a survey of BDS programmes (1996) to determine services which most frequently aim at microenterprises. The study concluded that BDS need creativity and innovations for them to succeed. In other words, there is a positive relationship between the supply-side factors and the success and usefulness of BDS in Tanzania.

Results on government support to BDSPs

The third objective of this study was to examine the extent to which the government support to BDSPs influence the successful provision of useful BDS. In this regard, the hypothesis was that *government assistance is important for a successful provision of useful BDS in Tanzania*. Table 6 presents the results based on the third objective and the attendant hypothesis.

Table 6: Government support to BDSPs

Attributes	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Government assistance in business formalization to enable efficiency and lawful operation of BDSPs	16.8	36	.000	3.541	3.11	3.97
Government assistance in accessing and securing financial services	19.54	36	.000	3.649	3.27	4.03
Protection against unfair completions and property rights to increase the market efficiency	23.23	36	.000	3.973	3.63	4.32
Limitation of donor funded programs to give more market opportunities	20.48	36	.000	3.919	3.53	4.31

Field Data (2013)

The responses presented in Table 6 indicate that government support factors contributed positively to the success and usefulness of BDS in Tanzania. Indeed, the data show a significant level of 0.00 which is below the 0.05(5%) confidence interval, hence giving room to accept our null hypothesis. Therefore, we conclude that governmental assistance is important in the successful provision of useful BDS in Tanzania. In this context, the study focused on issues such as business formalisation, access to finance, regulatory framework, the position of the Tanzania government on how its influence may lead to BDS success. The results also show that government assistance is vital in the successful provision of useful BDS in Tanzania. These results are consistent with a study by Mnenwa and Maliti (2009) which established that BDS need governmental support.

On the whole, for the successful implementation of useful BDS in the Tanzania market, there must be a good combination of all the three dimensions. The BDSPs must provide services that are great demand among SMEs in terms of value (that is based on demand-driven factors), the BDSPs themselves must be creative and innovative enough to bring about the desired changes and provide solutions that would boost the growth and development of the SMEs sector (that is supply-side) and the government, on its part, should play its role of business formalisation, facilitating access to finance and providing regulatory framework.

Conclusions and Recommendations

Conclusions

Based on the research objectives, the study has managed to analyse the determinants of the successful provision of useful Business Development Services (BDS) in Tanzania SMEs market. The findings show

that there is demand on the side of the SMEs requirements (demand-side) when the BDSPs become creative enough to design and provide services that are in high demand for the successful operations and development of SMEs. BDS are generally services that improve the performance of the enterprises, their access to markets, and their ability to compete. BDS are designed to serve individual businesses, as opposed to the larger business community (Committee of Donor Agencies for Small Enterprise Development, 2001). This study found that BDS are very vital in the development of the SME market in Tanzania due to the nature of services offered by the BDSPs through improved creativity, networking, market information and business exhibitions. However, the latter two services are offered at a low pace by many of the BDSPs.

Thus, for the successful and usefulness of BDS in the Tanzania market, there must be a good combination of all the three aspects, that is BDSPs must provide services that are in great demand by the SMEs (that is based demand-driven factors), BDSPs themselves must be creative and innovative enough to bring about the desired changes and provide solutions that would assist the growth and development of the SME sector (that is on the supply side) and also the government has to play its role to ensure that business formalisation, access to finance and regulatory framework are all functional for the betterment of SMEs.

Recommendations

(i) The government should set up a policy for BDSPs to acquire essential skills for them to build their capacity and competency in solving many of the SMEs' growth challenges. This may be perpetuated by the government through its Ministry of Industry and Trade and the Ministry of Youth, Labour and Employment. In this policy the government should insist on big companies and multinational corporations to develop trust and work with local BDSPs instead of outsourcing these services from their home countries or any other place other than the host country given that skills and competencies required are available locally.

(ii) Linking the infant BDSPs with the senior experts on BDS and SME consulting companies to foster the experiential learning and acquire coaching services. These links can improve their current ability on the provision of BDS for the growth of SMEs. They would also strengthen partnerships among BDSPs and provide opportunities for studying and understanding the needs of their market, that is, SMEs' needs, to design and provide services that would bring about effective changes in the development of SMEs.

(iii) Lastly, BDSPs must price their services according to the ability of the SMEs to pay and where necessary the government should sponsor BDSPs whose objectives are geared towards the development of the private sector, growth of SMEs and encouraging linkage with other prominent stakeholders.

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