

CHAPTER 1 - OVERVIEW

1.1 BACKGROUND TO THE STUDY

Small, medium and micro enterprises (SMMEs¹) are important vehicles in the economic and social development of developing and developed countries. SMMEs constitute a vital element of the development process and their contribution in terms of production, employment and income is widely recognised (Van Oyen & Levitsky 1999). SMMEs in developing countries can militate against the problems caused by reduced Foreign Direct Investment (FDI) in that they stimulate economic development, create jobs and alleviate poverty. The major constraints to the development of SMMEs in many developing countries are limited access to: finance, technology, markets and management skills. Access to, and awareness of business information is also a major constraint to the development and growth of SMMEs in developing economies. However, access to, and awareness of business information is not often given the same attention as other constraints facing SMMEs. Limited access to information resources to start, survive and grow is one of the challenges faced by SMMEs in enterprise development. Studies on business information provision to small, medium and micro enterprises in developing countries reveal that there are several gaps in the demand for, and supply of business information in this sector (Zhao 1999; Duncombe & Heeks 1999; Moyi 2003).

SMMEs are limited in their capacity to access information in many ways, either through lack of knowledge, technological limitations, and the low levels of education or because of the nature of the businesses that they operate. SMMEs also face problems of accessing business information because they either do not understand what relevant information is needed or they do not know how to obtain it efficiently (Mutula 2005). It has been observed in earlier studies that SMMEs in general are under-performing due to the lack

¹ The terms Small and Medium Enterprises (SMEs), Small and Micro Enterprises (SMEs), Micro and Small Enterprises (MSE) and Small, Medium and Micro Enterprises (SMMEs) are often confused and used interchangeably. However these are different as the names imply differences in size. Here, the study focus is on SMMEs i.e. Small (11-25 employees), Medium (26-75 employees and Micro (0-10 employees)

of relevant information to gain access to a wide range of resources like finance, markets, and technology and training facilities.

There is a general consensus among public policy makers, academics and researchers that entrepreneurship is a vital route to economic advancement for both developed and developing economies. As a result, a host of small business assistance programmes are conducted by business development services (BDS) organisations made up of public, private and non-profit organisations (Temtime et al. 2004: 563). The field of BDS continues to change rapidly as methodologies for defining and delivering services become more sophisticated and more rooted in commercial, day-to-day realities of small businesses. BDS organisations have supported many activities to improve the information environment of SMMEs so that they are able to respond more readily to market challenges. In many countries donor funding as well as private sector support and sometimes national governments support BDS organisations. It is the reliance on donor funding that has at times made many of the programmes provided by BDS organisations unsustainable as donor funding can shift focus without enough warning to the recipients.

In developing countries, information development projects have largely been associated with failure (Montealegre 1999; Heeks 2002). UNIDO (2003a) identified the failure of information services provision to SMMEs as being caused by: the lack of needs assessment, projects that are not demand oriented, the lack of networking among service providers, both in the public and private sector, as well as the lack of awareness raising about projects among policy makers, brokers and service providers. SMMEs in the area of export trade, for example, are largely supported by Trade Promotion Organisations (TPOs). However, a 1992 World Bank study showed that many of the TPOs in developing countries failed to meet their objectives, which included the dissemination of business information. The Food and Agricultural Organisation (FAO) has also been supporting the setting up of Marketing Information Systems (MIS) in various developing countries to assist small-scale farmers to access market information. The projects, based in recipient governments' ministries of agriculture, have failed to meet their objectives and have experienced problems of sustainability. Many failures have also been recorded

in the area of dissemination of business information through the use of Information and Communication Technologies (Duncombe and Heeks 1999). Some of the reasons cited, for example, include the approaches adopted in deploying ICTs, which do not take information needs and information seeking behaviour into consideration.

In Namibia, before Independence in 1990, the growth of the SMME sector was slow due to unfavourable and even hostile government policies. The post-Independence government formulated an SMME policy framework (Namibia: Policy Programme on Small Business Development 1997) showing the importance it attached to the sector and its recognition of the role this sector could play in economic development, employment creation and poverty alleviation among previously disadvantaged communities. This policy document, amongst others, stipulates government's role in various programmes that ensure conditions are favourable for SMMEs in Namibia to flourish. The sector is seen as an important force in generating employment, creating more equitable income distribution, activating competition, exploiting niche markets (both internally and internationally), and enhancing productivity and technological change, thus stimulating economic development. Namibia's Vision 2030² and the NDP³ (National Development Plan) clearly spell out the role the state is to play in the promotion and effective development and operation of small, medium and micro enterprises in the Namibian economy (Republic of Namibia 2004).

The SMME sector in Namibia is estimated to comprise about 30 000 enterprises employing an estimated 160 000 people, about 19.79% (this figure does not include part-time, occasional, or commission workers or the SMME owners themselves) of the total formal labour force of 500 000 employees. About 75% of the small businesses operate in the service and trade sector, while 25% operate in the manufacturing sector. The contribution of the SMME sector to Gross Domestic Product (GDP) has been rising and

² Namibia Vision 2030 – Policy framework for long-term national development. The goal of the Vision is to improve the quality of life of the people of Namibia to the level of their counterparts in the developed world by 2030.

³ NDP – National Development – the vehicles for implementing Vision 2030's objectives, often run over a five year period

is estimated to be about 8.7% of GDP (Arnold et al. 2005). SMMEs are seen as contributing to the overall improvement of peoples' lives, especially the previously disadvantaged groups.

The SMMEs in Namibia are highly diverse, often operate under diverse market conditions, and employ varied means of production. Some SMMEs are expanding and making profits whilst others are poorly managed, lacking financial and managerial resources necessary to adapt to a growing economy. The main types of businesses in the SMME sector in Namibia are in the following categories: manufacturing, construction, retailing, catering, and personal and business services. Unlike other African countries, the proportion of manufacturing enterprises is small. The majority of the SMMEs are urban-based and are in the north of the country, corresponding with the population distribution. In the manufacturing sub-sector the greatest numbers of entrepreneurs are engaged in dress-making, tourist articles, carpentry, motor repairs, panel beating, welding, electronic repairs, food processing and services. The government considers the development of small enterprises as an important part of its industrial development policy. Thus, it has identified poverty alleviation and employment creation, through the promotion of small and medium enterprises, as its main objectives (Erastus-Sacharia et al. 1999).

The SMME sector in Namibia faces a variety of constraints. The most commonly cited problems to date include the lack of a suitable policy environment, market problems (especially not having enough customers), financial constraints (especially lack of operating funds) input difficulties (especially input costs), and effects of globalisation. There is also evidence that competition from imports (as a result of SACU - Southern African Customs Union-membership) is also a major problem. Access to business information is not cited as a major constraint to the growth of SMMEs and yet it is one of the major constraints to the sector, and it is the subject of this study. The ability of SMMEs to survive in an increasingly competitive global environment is largely dependent upon their capacity to access and use business information as an economic resource. However, one of the constraints limiting their capacity is access to timely, current, relevant and adequate business information for informed decision-making

(Mutula 2005). Ntsala, (cited in Mutula 2005), notes that there is consensus that small businesses are not well served with information, yet they need access to up-to-date information to keep up with technological developments locally, regionally and internationally. Further it is noted that small businesses do not have libraries or information centres of their own, and small business service providers are often not well coordinated in their information dissemination activities.

The majority of entrepreneurs in Africa, whether contemplating a start-up or an expansion, need some help to convert business ideas into technically and financially acceptable plans. There are, however, many imperfections in the flow of information in African countries and effective business development services can assist in reducing business failure by filling the information gap. There is an element of risk in all business undertakings – in fact there is a well-known, accepted relationship between reward and risk in the business world. When information and data are available, undue risk can be minimised, although not eliminated entirely (Van Oyen & Levitsky 1999).

The Namibian Economic and Policy Research Unit (NEPRU) have published surveys on the overall needs of SMMEs in Walvis Bay and Greater Windhoek areas (Hansohm et al. 1998, 1999; Erastus-Sacharia et al. 1999; Arnold et al 2005 and Tjituka and Harris 2005). The studies cite information as one of the critical issues that need to be addressed if SMMEs are to develop. The NEPRU (Hansohm et al. 1998, 1999; Erastus-Sacharia et al. 1999; Arnold et al 2005 and Tjituka and Harris 2005) studies note two views on business information. Firstly, that business information is viewed as a “luxury” that is much more suitable for businesses that operate on a large scale. Secondly, the study found that some institutions feel that business information should be disseminated to enable small entrepreneurs to produce and deliver goods and services as required by the market. The surveys by NEPRU (Hansohm et al. 1998, 1999; Erastus-Sacharia et al. 1999; Arnold et al 2005 and Tjituka and Harris 2005), and other studies by the Commonwealth Secretariat (1998), and the Ministry of Trade and Industry (1997) on SMMEs in Namibia, have not addressed the business information needs, information-seeking patterns and the information services that exist for Namibian SMMEs.

The design of sustainable information delivery services and systems is largely dependent on a full understanding of the target audience's information needs and seeking patterns. Over the last five decades, several studies on information needs and seeking patterns have been carried out for an array of users in both developing and developed countries. The area of business information needs and seeking behaviour in companies of different sizes are also recorded in the literature. What is not well documented and researched has been the information needs and seeking behaviour of small, medium and micro enterprises, especially in developing countries. The SMME sectors have occupied an important role in developing economies as job creators, engines for economic growth and development and for poverty alleviation. It is the importance of this group and that of information in economic development that is at the centre of this study. SMME information needs and seeking patterns in Namibia have not yet been examined as a basis for the development of business information services to the sector. Hence these studies in a developing economy like Namibia.

1.2 OBJECTIVES OF THE STUDY

Studies on business information provision to SMMEs clearly indicate that information projects in developing countries and in Africa, in particular, have largely failed or are still in formative stages (Heeks 1999a, Heeks 2002, Roman & Colle 2002). While information behaviour has been studied in many contexts, with a variety of people and a broad array of motives and goals (Case 2002: 9), few studies identify the information needs and seeking behaviours of SMMEs in a business environment. The rapid changes in information provision, computerised access, digitised formats in full text and an oversupply of resources on the Internet, compel a review of information seeking behaviour among small, medium and micro enterprises in a developing country context (Atkinson & Figueroa 1997: 60).

The main objectives of this study are, therefore:

- To examine the business information needs and seeking patterns of SMMEs in Namibia;
- To examine the existing business information services for the SMME sector;
- To determine the level of ICT utilisation in the delivery and use of business information; and
- To use the research results to design a strategy for business information services for the SMME sector in Namibia

1.2.1 Research problem

Studies by Zhao (1999), Duncombe & Heeks (1999), and Moyi (2003) have identified gaps in information provision to the SMME sector. However, they have not adequately proposed how to narrow these gaps and provide better options in the development of sustainable information programmes to support the SMME sector. The lack of sustainability of information projects in developing countries on the one hand, and the absence of addressing information needs and seeking behaviours as strategies to provide lasting business information services to small, medium and micro enterprises, on the other, lead us to pose the main research question of the study as:

“How can a better understanding of the information needs and seeking patterns of SMMEs contribute to a strategy for successful delivery of sustainable business information services to this sector in Namibia?”

This study investigates the following themes in order to answer this question:

- Business information needs and information seeking patterns of small, medium and micro enterprises;
- Existing business information services;
- The utilisation of Information and Communication Technologies in the sector in Namibia; and

- Proposes how business information services can be delivered to the SMME sector in Namibia in the most effective way.

1.2.2 Research sub-questions

A number of sub-questions emerging from the above themes were addressed. The following table (Table 1) outlines the research questions emerging from the main research problem of the study.

Table 1: Research sub-questions

Research theme	Research sub-questions
SMMEs' business information needs	1. What are the business information needs of SMMEs?
SMMEs' information seeking behaviour	2. What are the SMMEs information seeking patterns for business information?
The existing business information services	3. What business support organisations exist to meet the business information needs of SMMEs? 4. What are the communication channels for business information to SMMEs?
The utilisation of Information and Communication Technologies in the SMME sector	5. What is the role of ICTs in the SMME sector? 6. What is the state of e-readiness in the SMME sector? 7. How do business support organisations disseminate business information to SMMEs through ICTs? 8. How do SMMEs use ICTs to access, store and exchange business information?
Design of a business information delivery services for the SMME sector in Namibia	9. How can the results of this study be used to design a model business information service for the SMME sector in Namibia?

1.2.3 Working framework

The study of information needs and seeking behaviour falls within what has been generally referred to as user studies (Mchombu 1994, Wilson 1999, Jorosi 2006). According to Jorosi (2006:98) the field of information behaviour falls within mainstream user studies, spanning over four decades during which many researchers have been trying to understand the information behaviour of various types of groups of users. Information needs and information seeking have been the subject of many studies resulting in several models that explain human behaviour in the seeking and searching for information, and how information needs arise. The models include: the information behaviour model by Wilson (1981), information seeking by Wilson (1981; 1999), Dervin (1986), Ellis (1989) and Kulthau (1993) and information searching and retrieval by Ingwersen (1996). A conception of information seeking as a process in which information needs are pursued, or in which problem solving takes place, is found in each of these models at some or other level (Foster 2004:228).

Models are needed for various purposes and in research they provide guidance in setting research questions and formulation of hypotheses (Jarvelin & Wilson 2003:1). Wilson and Walsh (1996) explain that information seeking is usually a result of the recognition of some need perceived by the user. The demands for information are usually placed upon formal or informal sources or services, resulting in failure or success to find information. There are intervening variables such as psychology, demography, that are role related or interpersonal and environmental that can impact on information use. This study attempted to explore the suitability of these models in designing a suitable business information service for the SMME sector in Namibia, and more specifically it used Wilson's General Model of Information behaviour (1996).

In the field of user studies of information behaviour for small, medium and micro enterprises in developing countries, the literature is very much limited with few studies reported. The majority of studies in this field are based on western experiences and do not

help us much in our understanding of how small enterprises look for and use business information. However, what western studies have provided us with are the theoretical frameworks on which we can base our own studies of various user groups' information needs and seeking patterns. And the ultimate goal is to design information delivery systems that work and are sustainable.

This study investigates information needs and seeking patterns as a basis for the design of a sustainable business information delivery service in the SMME sector in Namibia. In order to achieve this overall goal of the study, Wilson's General Information behaviour Model (1996) was used to investigate how small, medium and micro enterprises information needs arise, how they seek information and the kinds of barriers that they face in seeking information. Wilson's model pictures the cycle of information need and seeking, and how various intervening variables can help or impede successful information searching. The variables provided in Wilson's model are important in this study as the model has also been used to inform the design of business information delivery services for the Namibian SMME sector. Wilson's model is discussed in Chapter 2.

1.3 RESEARCH METHODOLOGY

The survey research method was used, and applied both quantitative and qualitative techniques in the gathering and analysis of data. The quantitative approach was found most suitable to collect data from both the SMMEs and business support organisations, while the qualitative approach was found suitable for carrying out the in-depth analysis of business information services within business support organisations. The use of both quantitative and qualitative approaches ensured data collected was valid and reliable. Several studies reviewed in the literature review section (Zhao 1991; Kinnell et al. 1994; Duncombe & Heeks 1999; Mchombu 2000; Ikoja-Odongo 2001; Bourgouin 2002; Duncombe 2004; Njoku 2004) also used a mixed method approach in the study of information needs and seeking behaviour to ensure reliability of data collected. The full research methodology is discussed in Chapter 3.

1.3.1 Literature review

The literature review was based on the research questions of the study and it forms the foundation of the investigation. The review covers information needs, seeking patterns, business information services, utilisation of ICTs and previous experiences in the establishment of business information services for SMMEs in developing countries.

1.3.2 Research population

The target population of this study was the SMME sector in Namibia, which is made up of SMME owner/managers and business support service providers' representatives as units of analysis.

1.3.3 Data collection methods

The survey research was carried out with the aid of three data collection instruments: a structured questionnaire for SMME operators, a structured questionnaire for business support organisations and an assessment guide for the existing business information services. These instruments are listed below and a brief outline provided for their use.

Table 2: Research instruments used for the study

Research instrument	Description and use of instrument
Literature review	The review covers information needs, seeking patterns, business information services, utilisation of ICTs and previous experiences in the establishment of business information services for small businesses in developing countries (Chapter 2).
SMMEs' Questionnaire	The questionnaire for SMME operators addressed the research question on business information needs, the information seeking patterns and the usage of ICTs and the state of e-readiness in the SMME sector (Appendix 3).
Business Support Organisations' Questionnaire	The questionnaire was designed for business support organisations. It was designed to address the research question on existing business information services that exist and the channels that they use to deliver business information to SMMEs (Appendix 4).
Business information services assessment guide	The instrument was used for the qualitative assessment of business information supply services within the business support organisations (Appendix 5).

1.3.4 Data analysis techniques

The survey data collected from SMMEs and business support organisations was evaluated and analysed using the Statistical Package for Social Sciences (SPSS), while the data from the in-depth business information services assessment was analysed using content analysis. The overall goal of the data analysis was to describe the business information needs and seeking behaviours of SMMEs as well as to describe the nature of the existing business information services and the utilisation of ICTs in the sectors. Descriptive statistics were used as they were more suitable for the study of information needs, seeking patterns and business information services for SMMEs in Namibia.

1.3.5 Limitations of the study

The limitations of the study are:

- The findings are very broad, focusing on the whole SMME sector and yet specific sector studies could be necessary to address specific sector problems;
- The survey method used in this study has its weaknesses. Standardized questionnaire items often represent the least common denominator in assessing people's attitudes, orientations, circumstances and experiences; and
- The study on information needs and seeking behaviour, while addressing information provision, might not necessarily solve the many other problems that SMMEs face and fail to fulfil the goals of employment creation, poverty alleviation, and economic development.
- The study was descriptive of the situation regarding the business information needs, seeking patterns and services in the SMME sector in Namibia, and the results cannot be further generalized without proper inferential statistical tests.

1.4 SIGNIFICANCE OF THE RESEARCH

The results of the research should be significant in that they:

- Lead to a better understanding of the business information needs and seeking patterns of SMMEs and of the business information services that are provided by different business support organizations in Namibia;
- Identify the information delivery channels and information gaps in the SMME sector and the institutional and social structures governing information flows;
- Influence policy and decision makers and service providers on the best methods/practices for business information delivery to SMME sector; and

- Contribute significantly to academic knowledge on the subject of business information needs, seeking patterns and information services for SMMEs. Such knowledge is not easily accessible, especially for developing economies.

1.5 DEFINITIONS OF TERMS AND CONCEPTS

The following are working definitions of terms used in this thesis:

Business information: According to Thomas and Ballard (1995:4), a working definition of information in business is “raw data converted into a form to enable the user to make a decision in response to a business need”. This includes raw data, like statistics, market intelligence, contact information, marketing and sources of finance, government regulations, and tariffs.

Business information services: These refer to those services that aim to provide targeted clients with specific information for certain activities. In this study information services refer to those support services in the area provided by several business support organisations to SMMEs to enable them to carry out their business activities.

Business Development Services (BDS): These are defined as all external non-financial support services to SMMEs that increase operational capacity, access to markets, management skills, financial efficiency and access to networks and information.

Information behaviour: According to Case (2002:5) information behaviour encompasses information seeking as well as the totality of other unintentional or passive behaviours (such as glimpsing or encountering information), as well as purposive behaviours that do not involve seeking such as actively avoiding information.

Information need: According to Wilson (1999:252) “information need is not a primary need, but a secondary need that arises out of needs of a more basic kind; and second, that

in an effort to discover information to satisfy a need, the enquirer is likely to meet barriers of different kinds”

Information seeking: These are strategies employed by individuals to acquire information including a selection of sources and channels to meet their need, and preference for messages on particular subjects (Chen & Henron 1982; Wilson 1999; Case 2002).

Small, Medium and Micro Enterprises (SMMEs): The definition of SMMEs used in this study is based on employment levels within the enterprises with the following ranges:

- From 0 to 10 employees are defined as micro enterprises;
- From 11 to 25 employees are defined as small enterprises; and
- From 26 to 75 employees are defined as medium enterprises.

1.6 STRUCTURE OF THESIS

This thesis presents the findings from the literature review, structured surveys and in-depth analysis as outlined in Chapter 2 and 3. Chapter 5 interprets the analysis of the data as presented in Chapter 4, and Chapter 6 presents a strategy for the delivery of business information services in Namibia. The final conclusions and recommendations of the study are presented in Chapter 7. Table 3 below gives an outline of the thesis, by listing the chapters and provides a brief overview of the contents of each.

Table 3: Structure of the thesis

Chapters	Content overview
Chapter 1 Overview	Chapter 1 includes the introduction and study of the information environment and the SMME sector; problem statement and research questions; research methodology; definitions; research procedure; significance of the research and structure of the thesis.
Chapter 2 Literature Review	In Chapter 2, the literature review focuses on addressing the research questions; the information needs of SMMEs; information seeking patterns; the nature of business information services; the channels of disseminating business information to SMMEs; the use ICTs by SMMEs and their application in the delivery of information services.
Chapter 3 Research Methodology	The Research Methodology chapter discusses the components of the study design that has guided the survey study method. The chapter discusses how the survey research method was applied including its application of both qualitative and quantitative techniques in the collection and analysis of the data.
Chapter 4 Analysis of the data	Analysis of the data. The presentation focuses on the data collected on information needs and seeking patterns of SMMEs; the services provided by business information suppliers; and the level of ICTs' utilisation in the use and delivery of business information services.
Chapter 5 Interpretation of the data	The discussion and interpretation of the data - the data of the study are analysed and compared to results reached in similar investigations reported in the literature.
Chapter 6 Proposed Strategy for business information services	In Chapter 6, the proposed strategy for a model business information services based on the results of the study and on other models as applied elsewhere in the world is presented.
Chapter 7 Findings and Recommendations	The Findings and Recommendations are discussed in Chapter 7. The overall summary of all the findings and recommendations and final conclusions of the study are presented.

1.7 CONCLUSION

This chapter has provided the overall framework for the study through the discussion of the background to the statement of the problem, the research objectives and research questions, the research methodology, outline of the literature review, justification of the study as well as its significance and limitations. Chapter 2 reviews the literature on information needs and information seeking patterns of SMMEs, the business information services for the sector as well as the utilisation of ICTs by SMMEs and business support organisation, and it lays the foundation for the empirical study that was carried out in Windhoek and Oshana regions of Namibia with SMME operators and Business Development Services (BDS) organisations.