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INDICATORS FOR PERFORMANCE MEASUREMENT OF BUSINESS DEVELOPMENT SERVICES (BDS)

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Abstract

The study examined some Monitoring and Evaluation (M & E) indicators with a view to develop a matrix for the most frequently used indicators within the broad spectrum of Business Development Services (BDS). The study further explores some debates around evaluation of BDS intervention programmes with the aim of making the discussion on M&E in this domain accessible to all stakeholders. The methodology adopted includes both thematic literature review and experiential approaches, since the author is an experienced internationally certified BDS practitioner. The findings point to the need to recognise the tools for accessing activity and impact indicators, among other knowledge acquisition resources. The key contribution of this study is the M & E Matrix for activity and impact indicators for BDS developed. The matrix is relevant for research, practice and policy. The implications and recommendations require the BDS practitioners to understand and adopt the tools, entrenching target setting, data gathering, performance achievement and development of skillset for M & E in practice. Further, researchers are invited to test various components of the matrix as deemed necessary in empirical settings. The policy makers are made to be aware of the right interventions to support BDS, and entrepreneurs are guided on what to aim at as performance metrics. This study is original in its conceptualisation and orientation; it is a handy tool for sustainability of business development service provision, value-based results, and entrepreneurship as a practice.

Keywords: BDS; M & E; Impact Indicator; Activity Indicator; Small Business, Performance Measurement, Enterprise Development

Introduction

Business Development Services (BDS) comprise of a wide range of business services, both strategic and operational, aimed at improving the performances of the enterprise, including access to markets, and its ability to compete (Cdased, 2001). It is always targeted at building the capacity of the entrepreneurs so as to strengthen business management skills of the recipients. BDS are meant to accelerate skills development and fast tract business exposure and experience. Though, many BDS often focus attention only on the growth of the enterprises to the detriment of the business owners as observed by Lyons (2003): “Most efforts are focussed on businesses rather than entrepreneurs. Services, if they are targeted at all, are related to stages in the business cycle rather than on the skills and abilities of the entrepreneur”.

However, this study explores available indicators, developing a robust matrix that consider issues that relate to the Advisers, Business Development Services Providers (BDSPs), the enterprises, the entrepreneurs/business owners (as owner clients to the BDSPs) and the general economy as a whole and draws appropriate conclusions. Tanburn (2008) claims that evaluation tends to be fairly sensitive- since it is potentially a measure of the performance of the programme design, the implementation team, and the implementing agency. Expectedly, careers and reputations are on the line.

The paper continues after this introduction with the literature review (discussing the BDS and concept of performance measurement) in section 2. Section 3 covers the methodology, while section 4 focusses on the selection of indicators, discussion of results and justification. The challenges of measurement, Performance reporting and David Storey’s six steps

to heaven are discussed in section 5. Section 6 concludes the study with recommendations. Definitions of terms are provided at the end of the paper as Appendix.

Literature Review

What Constitute Business Development Services (BDS)?

Micro, Small and Medium Enterprises (MSMEs) need a range of BDS that contribute to the efficiency, profitability and expansion of the business activities they pursue. By implication BDS need be tailored towards the needs of the MSMEs by the BDSPs if they are to have the desired impact. Some examples of BDS include:

- i. Training and Technical Assistance
- ii. Market Access services
- iii. Finance Facilitation
- iv. Policy Advocacy
- v. Workspace Facilitation
- vi. Information and Research Services
- vii. Technology and Product Development Services
- viii. Input Supply Services
- ix. Organisational Development through new products
- x. Networking
- xi. Capacity Building and Staff Development

So, what exactly does a service delivery in BDS entail? Adebiyi (2006) submits that BDS are a group of enterprise support services provided to firms to help them overcome both financial and non-financial obstacles impeding their long-term growth and success. Goldmark (1996) also describes BDS as services such as training, technology transfer, marketing support, business advise, mentorship, and information, which are geared at assisting small and microentrepreneurs enhance the performance of their firms. Furthermore, it should be emphasised that although BDS have generally been regarded as non-financial services, they are occasionally provided alongside credit and other financial services.

There are seven different sorts of business support services, according to the Small Enterprise Education and Promotion Network (Seep). These include

infrastructure, policy/advocacy, market access, input supply, technology and product development, training and technical assistance, and alternative finance mechanisms (SEEP Guide to Business Development Services and Resources).

As the beat goes on the service providers must take stock of both the activity and impacts using some indicators, this need be done as a deliberate company policy and must be done right. Efforts must be made to avoid what Yankelovich (1972) described as the Macnamara fallacy: “The first step is to measure whatever can be easily measured. That is OK as far as it goes. The second step is to disregard that which can’t easily be measured or give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can’t be measured really isn’t important. This is blindness. The fourth step is to say that what can’t be easily measured really doesn’t exist. This is suicide.” - The Macnamara fallacy (Yankelovich, 1972).

Concept of Performance Measurement

Performance measurement is very critical to the success of any BDS providers. The commercial approach to service provision is becoming increasingly relevant and recognised, even with a clear focus on sustainable private sector development (Mcvay & Miehlsbradt, 2001; Rijnveld, 2006). For BDS providers, the need to track performances, evaluate the progress and conduct performance reviews at acceptable interval period are essential for decision making and success. It is an assured route for donors to be able to measure both the institutional viability and sustainability programmes and impacts. It opens a clear path for organisational and staff needs, a necessary for management oversight and accountability on agreed objectives and goals. The question is what manner of approach can be used to track performance? Based on the market development paradigm, three BDS objectives have been put forth, including having a positive impact on business, reaching out to underserved populations with beneficial services, and providing sustainable services through suppliers and cost-effective initiatives(Mcvay, Miehlsbradt, & Canedo, 2001).

Therefore, the key focus should not be on monitoring of activities and programmes only, but also on the impacts. Mengstie (2016) investigated key BDS factors that drive the performance of micro and small enterprise in East Amhara (Ethiopia) and found market access, infrastructure facility, input supply, training and technical assistance to be very significant on performance. As a result, impact evaluation should receive just as much attention as activity and programme monitoring.

However, those who did not use the BDSPs are not significantly impacted by infrastructure facilities, training, or technical assistance. This outcome shows the relevance and usefulness of performance measurement. Performance reporting will need to have a feedback mechanism that encourages the authenticity and accessibility of information sources in a way that is acceptable to the stakeholders looking forward to such feedback in order to foster trust and sustainable practise. It is hoped that this will increase BDS patronage, trust-building, and sustainability.

Methodology

The methodology adopted in this study is both the thematic review of the literature and experiential approaches, because the author is a BDSP. The literature on the monitoring and evaluation were carefully selected from the Courseware of Market Oriented Small Business Development Services (Mosbds, 2008) of the International Training Centre/International Labour Organisation and other sources. The approach is more of practitioners'-oriented study.

Selection of Indicators/ Discussion of Results

What Indicators are needed?

The Market-Oriented Small Business Development Services (Mosbds, 2008) suggested two basic types of indicators as follows:

Activity Indicators: These indicators are used to assess the performances of the BDS. Issues such as; the number of businesses provided with counselling over a specified period of time, or the number of women signing up for training courses among others will show

the level of activities going on at the service providers' firms.

Impact Indicators: These indicators focus on how the activity has changed the business. The indicators can be both qualitative and quantitative. For instance, while quantitative indicators may focus on the number of new jobs created; qualitative indicators will address the extent to which the programme of support has achieved its development purpose. Impact indicators must show *hard facts*, the services provider must demonstrate how much positive benefits a business has received from its interaction with the BDSPs. This often times may be difficult to prove especially if the support has taken place in an economic recession. Business growth may not occur until the economy begins to pick up. Therefore, in the short run, some impacts may be difficult to prove. In addition to time dynamics, measuring impacts could also have financial implications on limited resources of most service providers.

Why Using Indicators?

Indicators are used for a number of reasons, such as:

- i. To assess the performance of business counsellors in order to determine their performance and continuous relevance in the organisation.
- ii. To assess the BDS performances to determine its competitive strength and relevance.
- iii. To be able to determine if set targets are being met by comparing predicted and actual performances. This will help to shape short-term management decisions.
- iv. Appropriately designed and selected indicators can help to show impact/performance evidence.

“...what gets measured gets attended to and what is attended to tend to get measured.” (Lundstrom & Stevenson, 2001).

Below are key identified indicators and categories presented in a matrix:

Table 1: BDS Monitoring and Evaluation Indicators Matrix Table

Client & others M&E Indicators		1	2	3	4
ACTIVITY INDICATORS	Business Adviser	No of businesses provided with counselling/supports	No of owner managers signing up for training courses	Income generated by individual advisers from clients	No of adviser hours delivered
	BDSPs	Is the intervention timely and not reconstructive?	Are the training programmes relevant and timely?	Are targets (both income and numbers) being met on comparative basis?	Rate of participation by women/disabled
	Programme Delivery Performance	No of people signing up for courses	What is the Dropout rate?	Are the services meeting the expectations of the clients?	Are participants/clients evenly spread?
IMPACT INDICATORS	Business Level Performance	Changes in turnover	Changes in profit level	Improved cash flow	Improved Sales per employee.
	Social Impact	No of new jobs created due to intervention	Jobs impact on general health & safety of both the employed and the environment	Is the organisation an equal opportunity employer including women and the disabled?	
	Economic Impact	Improvement in productive capacity of the business	Poverty Alleviation/wealth creation i.e ability of the business to impact other businesses, individuals and the economy.	Improved Market penetration and value chain.	Rate of transition: How many businesses are able to transit from informal to formal sector?
	Value Added	Improved quality and Branding	Improved Managerial Ability	Environmental Awareness and consciousness	Enhanced Customers Loyalty

Source: Literature review and field experience

The matrix table has both quantitative and qualitative measures. While quantitative indicators address issues such as numbers relating to jobs created, turn-over, income generated etc, qualitative measurement addresses issues that the impact could be felt either as a direct consequence of intervention or indirectly

(through positive or negative externalities). Due to a large-scale impact of some qualitative outcomes, donors and governments are becoming interested in its measurement. Examples are impacts of jobs created on the economy, on individuals' health and the environment, improved quality and branding of

services and businesses, and the level of environmental consciousness among others.

Justification for the Selected Performance Indicators

Some of the indicators identified in the matrix are discussed below:

Activity Indicators

These indicators focus on the activities undertaken by a typical BDSP. It is expected that when these activities are properly carried out; in terms of *efficiency*, *effectiveness*, *quality* and *outreach* they are likely to yield the desired impacts. Assessing the performances of advisers, BDSP and Programme delivery can be carried out using the criteria mentioned above and can be further described as follows:

Effectiveness: The need to measure the effectiveness of an intervention will assist the BDS to determine if its strategies are working especially in the short term. This will signal what the result will be quarterly or annually. Indicators such as numbers of businesses and owners accessing the programmes are critical and may go a long way to determine the likely income to be generated. With these indicators, the BDSP would determine if the advisers are actually delivering on mandates. For instance, Bissegger (2000) argues that: “The simplest and most reliable indicator of BDS impact is thus the readiness of entrepreneurs to pay a certain amount of money for a service. Provided, of course, that the BDS market is free from distortions”.

Efficiency: While effectiveness may produce figures both in terms of income and patronage, efficiency will go a long way in determining the continuous patronage of the BDSP based on the response rate to clients needs. The efficiency with which an intervention is carried out (using available resources) will determine if a client will adjudge the intervention as ‘*relevant and timely*’ or ‘*relevant but the damage has been done, it is only reconstructive*’! Efficiency will either project the service provider or adviser as a highly proactive organisation/person or simply inefficient. Therefore, BDS should adopt indicators that will measure how efficiently the services are delivered.

Quality: These indicators are included to measure issues that are likely to emerge if there are problems in

terms of efficiency and effectiveness. This may manifest in the drop-out rates and could also be positive in terms of clients’ satisfaction and spread. Poor quality threatens *sustainability*. Sustainable BDS depend largely (in part) on good quality services.

Outreach: An indicator like this may meet the needs of BDSP or those of donors. They both have distinct interests. Number of people reached is an important indicator to a donor. Donors are likely to work with Business Development Organisation (BDO) that can reach target groups such as rural workers, vulnerable groups among others. The BDSP has a propensity to place focus on management indicators that act as a controlling tool for adviser performance. However, if management data are properly collected, it may be possible to immediately extract information that is significant to donors in some cases. According to Tanburn (2008), monitoring entails continuously measuring performance, especially by looking at metrics like efficiency, the intervention team frequently conducts them internally. Whereas, evaluation aims to demonstrate impacts (rather than improving interventions).

Impact Indicators

These indicators measure the results of the activities that have been carried out by the service provider. The impacts are relevant to BDSP, clients’ firms, owner managers and the economy as a whole. These can be explained as follows:

Business Level Performance: Indicators under this category will measure changes in business performances in terms of turn over, profit, cash flow management among others. All these will show *hard facts* that indeed the activity indicators are actually yielding results in real terms!

Social Impact: Measuring social impact of intervention may be ideal especially in a labour-intensive economy. Social indicators may be important in proven the contribution of a business to providing solutions to social problems such as unemployment, gender discrimination, and unhealthy living/working environment among others. Job creation for instance is important in a labour-intensive economy because, it may be possible to attain profitability or higher turn

over using capital intensive production methods and reducing employment! (Debate surrounding merits and demerits of each option is beyond the scope of this study).

Economic Impact: Both the clients and BDSP must demonstrate their contribution to the productive capacity of the economy. Ability of the service providers to assist businesses in informal sector to formalise will go a long way to prove this. Because any formalised business will also be willing to pay tax and contribute to social-economic development of the country. A small business sector with enhanced capacity can make significant contribution to the Gross Domestic Product (GDP), hence the service providers must be interested in such measure.

Challenges of Measurement

To gather certain data for impact evaluation may prove difficult for reasons of *confidentiality, ignorance/lack of skills, strategy, cost and time dynamics*. The following likely challenges may occur and the service providers should be well prepared for them:

- i. *Profit:* Owner managers may be constraint to give details on profitability either because of poor knowledge and/or confidentiality.
- ii. *Capital:* Though more capital has potential of enhancing the productive capacity of the business but may reduce the demand for labour.
- iii. *Wage & Labour Costs:* There may be definition problem of what constitute “reward to labour”
- iv. *Employment:* How can a job be defined in BDS service provision? As part-time, casual or seasonal jobs? There is need to arrive at Full Time Equivalents (FTE)¹. For instance, two employees each working for half a week comprises one FTE.
- v. *Sales per Employee:* It gives an indication of increasing (decreasing) productivity. Though gives a simple indication of

changes in productivity. The challenge is to workout full time equivalents (FTE).

- vi. *Turnover:* Though useful, but may not give details of sales performance. Are more sales results from low prices? Any short run challenges?
- vii. *Cost and Time for Evaluation:* Who collects data and who pays? When is the ideal time, during or after programme delivery? These are some of the issues that need be resolved especially if this is being demanded by donor. An objectivity criterion favours the involvement of third parties in data collection. However, for reasons of confidentiality or familiarity, beneficiaries may hesitate to pass information to people they may regard as “complete strangers”. According to Swiss contact's experience, data supplied by BDS organisations is more dependable than data collected from third parties (as documented by Bissegger (2000).

In order to overcome these challenges, there may be need for consistency in gathering of data. Advisers will need to gather data as they are providing advisory services (in this case combining both monitoring and evaluation; probably for reasons of cost and time). They may not have to come back on a *special occasion* to gather certain information on a business they are expected to know so much about (though ex-post evaluation may not be ruled out completely). At the BDSP level all definitional problems must be resolved and the most practicable/ethical approach on information gathering agreed upon.

Challenges of Performance Reporting

Reporting performances also has its peculiar challenges and some questions that may arise could be:

- i. When is the impact visible, now or later?
- ii. Who pays for evaluation and who uses the results?
- iii. Are the impacts due to BDS and not to other factors?
- iv. How reliable is the data collected by advisers? Making somebody a judge in his/her own case?

¹ See http://en.wikipedia.org/wiki/full-time_equivalent for more information.

In view of the above, understanding ‘*attribution*’ and applying it in reporting results requires the advisers to demonstrate that the impacts being reported actually emanated from their intervention and not from other intervention or factors. To make it more convincing, service providers must guide against ‘*deadweight*’ by justifying that the observed impacts wouldn’t have been possible without their intervention. Advisers/BDSP will bring integrity to their claims by keeping record of proofs in acceptable format such as counselling document, photographs (not necessarily of the owners but of different stages in the business), video/tape recording (especially outreaches), keeping hard copy of advisory files, minutes of important meetings, soft copies through regular system update, and advisers peer review and ‘entrepreneurial pocket system’² methods of monitoring and evaluation may also be used.

‘*Hawthorne effect*’³ is another important task for concern. For instance, when information gathering is delayed unnecessarily, the clients/respondents might modify their behaviour/responses due to the awareness that they are being studied. On-going monitoring and information gathering might help to prevent some of these challenges.

It is important that BDSP understand these concepts in order to apply them in the most cost effective and time saving manner as practicable. This is required since the majority of donations are made with the intention of changing the world, not for the purpose of measuring it⁴; yet they are keen in obtaining performance reports on funded programmes/projects.

Impact Indicators: Exploring the Issues Further

² ‘*entrepreneurial pocket system*’ makes group responsible for their own monitoring and evaluation, where groups of clients take turns to visit each others’ businesses and discuss problems, changes implemented and lessons learnt, adviser will only coordinates and collates results. Please see (Adhikary, 1998) www.gtz.de/cefe/index.html

³ See http://en.wikipedia.org/wiki/Hawthorne_effect for further information.

⁴ Measurement is generally viewed as "overhead," and there are efforts to keep costs to an absolute minimum according to Tanburn (2008, pg 1).

Value Added: Any organisation that will be adjudged to be adding value must move beyond the general level of profit, job creation and so on. Both the service providers and clients must demonstrate high level managerial ability that will engender high quality and improved branding as well as environmental consciousness. All these also have value addition to both clients and BDSP organisations

According to our opinion, small business communities and the BDO have a better chance of being seen as socially responsible organisations because of their contributions to reducing poverty, proximity to the general public and customers, flexibility in pricing and payment options, owner-manager volunteerism in the community, environmental campaigning, market development, and the price and quality of services offered, particularly to the underprivileged. If all these are properly harnessed (and evaluated); by way of performances and attribution, both clients and BDO will no doubt be perceived as socially responsible organisations with attendant long-term benefits that may drive sustainability.

By promoting consideration of enduring social and environmental concerns, it can provide management with a broader, long-term perspective on the sustainability of the company's performance, as Burns (2008) eloquently notes. On the other hand, Bridge, O’neill, and Martin (2009) argued that evaluation should be more comprehensive (go beyond partial indicators of outputs such as jobs created or qualifications gained). They assert that evaluation typically has two main goals, namely an improving and learning goal and a proving goal. They go on to note that including information on how and why initiatives work will increase the value of evaluation. In their opinion, there are now more people worried than ever about how regulations will affect the environment and society, as well as how organisations will operate in general. Wider measures, new measures, and new measuring techniques are therefore increasingly necessary.

However, BDSP must be driven by strategy objectives rather than being overwhelmed by comprehensive (and not always useful) data. Monitoring everything is impossible in practice because there will never be enough resources- time, money, equipments, expertise-

to record everything. Therefore, service providers only need to generate focussed information. According to Bridge et al. (2009), evaluation is the retrospective review of a project, programme, or policy to determine its success or failure and what lessons could be learned going forward.

David Storey's Six Steps to Heaven

The six steps of increasing level of sophistication of evaluation (of small business support programmes) according to Professor David Storey are:

- Step 1 The take-up (numbers)
- Step 2 Do they like it (happy sheets)?
- Step 3 What difference did it make?
- Step 4 Compare assisted firms with 'typical' firms (but assisted firms are not typical).
- Step 5 Compare assisted firms with 'match' firms (but there is still selection bias).
- Step 6 Compare assisted firms with 'match' firms taking account of selection bias.

In most OECD countries, evaluation rarely passes step 3 and, in many cases, does not pass step 1, (Bridge et al., 2009). How comprehensive is your analysis and how rich is your service as BDS practitioners? It is important to acknowledge that the focus of evaluation has evolved from the simple reporting of outputs to outcomes and impacts.

Conclusion and Recommendations

This study takes an exploratory approach to M&E of BDS intervention by developing a matrix for indicators that are used mostly by BDSPs, notably activity and impact indicators. Three levels of activity were identified; business advisers, Service providers and Programme level performance. It is argued that activities at these three levels must be looked at using criteria such as; efficiency, effectiveness, quality and outreach. By this study, BDSPs are invited to study the Matrix and the following discussions and recommendations for adoption.

The study notes that a number of stakeholders (donors, government, and clients) would be interested in the outcomes of BDS efforts depending on where the income is coming from. It is therefore imperative that BDSP invest money and efforts in assessing the impact

of their work through the use of detailed but relevant M&E indicators (regardless of the level of demand by the interested stakeholders). In developing the matrix, proper consideration has been taken to guide practitioners (Adviser, BDSP, the enterprise among others) on what to look forward to. The study goes further to look beyond the enterprise by emphasising its comparison with other organisations (taking account of selection bias) of similar characteristics in order to be sure that the evaluation is detailed and well focussed. Of particular interest are Professor David Storey's six steps to heaven that emphasise on this approach (Storey, 1999).

The matrix places emphasis on value addition as part of impact indicators in such issues as environment, improved quality and branding which could go a long way to guarantee customers loyalty. It is suggested that BDSPs should look beyond their own income by developing businesses that can enhance the productive capacity of the economy in terms of their contributions. It is hoped that in the long term this will contribute to sustainability of the BDS.

The challenges of gathering data for evaluation is noted with interest, and suggest that the service providers must make it a deliberate company policy to evaluate their activities and impacts while being conscious of the challenges of reporting such as 'attribution', 'deadweight' and 'Hawthorne effects'. Data gathering is recommended as an on-going activity as services are being delivered, in order to minimise the need for and the likely resistance to 'special evaluation' programme. Given the huge cost and time of gathering reliable data during special evaluation; a conscious programme of data gathering and management by BDSPs would provide the basis for learning and skills development that is cost effective. The BDS would therefore save a lot of scarce resources and time-consuming efforts at organising special monitoring and evaluation programmes.

Finally, it is my considered opinion that as targets are being set, responsibilities must be assigned for them to be achieved. BDSPs should make individual responsible for targets and indicators; it will be easier to make individuals accountable than a committee. Top-level BDS targets should be the responsibility of

the Chief Executive Officer (CEO), while Programme Manager takes responsibility for the attainment of programme level target indicators; advisers must ensure their targets are also met. On the whole, every service organisation must develop appropriate skills to monitor and evaluate the mix of inputs, activities,

outputs, outcomes (including externalities) and impacts. It is my considered opinion that measurement of activities and impacts of BDS provisions should be given top priority by all practitioners. This necessity informed the development of the BDS Matrix in the study.

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Appendix 1: Definitions of Key Terms

Donors: Usually foreign governments' agencies that provide funding for BDS projects and programmes.

Ex-Post Evaluation: This refers to evaluations carried out at the end of programmes of intervention. *Ex-Ante evaluation* on the other hand is an assessment done in anticipation of specific impacts; usually conducted during the programme design process. It serves as guide on spending decisions.

Externalities: Externalities arise when the production (or consumption) of good or service affects parties other than those directly involved in the transaction and these spill over effects are not fully reflected either in market prices or evaluation. For instance, BDS consumption by clients may result in benefits that individuals can appropriate, but also additional benefits/effects that flow to other firms, individuals or society at large.

Indicators: An indicator is something that represents a particular attribute, characteristic, or property of a system (Gallopín, 1997). It must reflect directly the objective of the element or sub-system concerned. For instance, if job creation is set as an objective in BDS, number of jobs created will be an indicator and BDS will represent a system as used here. An indicator that combines or aggregates several parts is called an index.

Outreach Services: The proportion or scale of coverage by the service provider. In its broader form it includes coverage of underprivileged groups or hitherto underserved population.

Performance Measurement: Management need to track advisers' performances, evaluate the BDS progress and conduct performance reviews with staff in order to draw lessons and take decisions. Donors also want to measure the institutional viability and sustainability of both the service providers and programmes. It is necessary for management oversight and accountability on agreed objectives and goals.

Performance Reporting: Advisers and BDSP need to report on their performances. They need to prove the impacts of their activities. The impacts must be properly attributed to their efforts and reported in acceptable format/framework. Both donors and service providers want performances reported. Generally speaking, in designing a feedback system, the

familiarity, credibility and accessibility of information sources should be optimised.

Special Evaluation of BDS: Usually ordered to prove impacts. However, in doing so, reputations and careers of the advisers/service providers are at stake (but depend largely on the initiator, the motive and the outcome). In addition, it is time consuming and costly.

Sustainability of BDS: BDS is sustainable if commercially-motivated revenues are at least as great as the full costs of service provision (direct and indirect costs, fixed and variable costs). Revenues received from the public sector (donors or governments) are not included...Generally, costs should include all those associated with the commercial operation of the service provider. Financial sustainability differs from institutional viability; which is the ability of the BDSP to continue existing through non-commercial revenues such as grants and donations.

Value Chains: Structures of economic actors (suppliers/producers/service providers/farmers etc) whereby value is added at every distinct stage within a specific industry or the processes that combine to result in a product or service. An effective value chain works to the advantage of all businesses within the chain as it reduces response times, increases flexibility, allows for innovation, and reduces costs.