

**INFORMATION NEEDS ASSESSMENT FOR SMALL SCALE BUSINESS
COMMUNITY IN ZAMBIA: CASE STUDY OF CHISOKONE MARKET,
KITWE.**

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ABSTRACT

This paper presents the findings of a study that was carried out to determine the information needs of small-scale business community at Chisokone Market in the city of Kitwe in Zambia. The study sought to establish among other things the unique information needs of the business community; the types of businesses carried out, the different service providers within the city of Kitwe, the problems faced by small-scale business community in seeking for information and the demographic characteristics of the community. The research design employed the survey method. Questionnaires were used to collect data from the population. From a sample of 250 respondents, 209 completed questionnaires giving a response rate of 83.6%. The results of the study showed that most of the information needs related to marketing, sources of supplies, management skills, and credit /loan facilities. Lack of access to information was cited as the major problem facing small-scale businesses at Chisokone Market in Kitwe Zambia.

Keywords: Information needs; Small sized enterprises; Business information needs; SMEs; Zambia

INTRODUCTION

There is no universal definition of SME (Small and Medium Sized Enterprise) that is acknowledged. The common definition in OECD (Organisation for Economic Co-operation and Development) countries is based on employment figures; correspondingly an SME has less than 500 employees (OECD, 2002). SMEs are often seen as a vital source of growth and innovation in a dynamic economy and

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consequently small businesses help to diversify the economy and at the same time create employment (Machacha, 2002). There is a growing impetus worldwide for the development of a strong SMEs sector as the engine of economic growth and development. Internationally, small businesses are increasingly becoming the most vital part of the economy. Small businesses can play a key role in fostering growth, creating jobs and thus alleviating poverty. Christianson (2004) noted that small businesses were the bedrock for economic growth in Africa and were globally responsible for overwhelmingly generating employment in growing economies. Similarly in Asia, Christianson pointed out that China's economy was largely driven by SMEs while the Philippines invested heavily in SMEs (Gungen, 2003). Within Western Europe, enterprises employing fewer than 250 persons were reported in 2004 to account for 99.8% of all enterprises and 66.2% of employment (Christianson, 2004).

African countries have in general, recognized the importance of SMEs. Southwood (2004) pointed out that Africa's economies were often dominated by government and large corporations, but the real engine of economic growth, it seemed was within the SMEs sector. South Africa, Egypt, Morocco, Kenya, Uganda, Botswana, Zambia and Tanzania have prioritized their investment in SMEs (Gordon, 2003; Maksoud and Youseff, 2003 and Republic of Botswana, 2003). Muuka (2002) noted that the informal sector in Africa was huge due to the large numbers of employees it absorbed as a consequence of inadequate jobs and opportunities in the formal sector. Muuka further pointed out that in many countries of Africa, the informal sector (largely made up of SMEs) was estimated to employ anywhere from three to six times the number of employees in the formal sector. Within SADC member countries (Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe) SME policy initiatives now rank higher than ever before on the political agenda of eradicating poverty (Chidzomba, 2002). The member countries recognise that small and medium sized businesses play a critical role as a source of most new jobs. Consequently collaborative efforts were initiated in 1996 by member countries to enhance the SMEs sector that culminated in the formation of the Small Enterprise Promotion Advisory Council (SEPAC). This body serves as a regional SME support network for the SADC region. SEPAC is charged with the responsibility of among others, implementing programmes to promote sustainable regional integration of SADC SMEs; marketing, business linkages and cross-border trade; policy issues; entrepreneurship development and training; access to finance; information, technology development and transfer, facilitation of exchange of information and experiences; identifying specific barriers to small enterprise success and supporting

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policies and programmes that provide small business with increased opportunities; regional integration of all SMEs in SADC; enhancement of national, regional and international performance of the SMEs by reducing impediments to growth and capitalising on opportunities for sustainable SME development (Chidzomba, 2002).

INFORMATION ACCESS AND SMES

The ability of SMEs to survive in an increasingly competitive global environment is largely predicated upon their capacity to leverage information resource, yet one of the most notable obstacles limiting their capacity is access to timely, current, relevant and adequate information for informed decision making. Wu (2002) pointed out that relevant information was essential to any business decision, which in the hands of an informed individual leads to better business decisions. However, most organizations more so SMEs struggle to gain access to important information that they need in a timely manner for improved productivity, profitability, customer satisfaction and improved cycle time. By and large, SMEs are confronted with this information struggle because they either did not understand what relevant information is needed and/or they did not know how to obtain it efficiently. The problem of information access by SMEs seems pervasive. Duncombe and Heeks (2001) noted that in Botswana SMEs in general were under performing due to lack of relevant information to access credit.

Information has long been regarded as very important aspect of informed decision making. It is referred to as the fourth organizational resource after financial, human and physical resources. Harris (1993) likens information as a factor of production to land, capital, people and equipment. Forgionne (1991) pointed out that information was needed by a variety of users for various purposes within enterprises. For example, the global economy relies on producing high technology goods and services within an information society. In such a society, enterprises transform human effort, materials and other economic resources into products and services that meet consumer demand. Managers on the other hand, utilise these resources to plan, organise, staff, administer and control activities in ways that best achieve the enterprise's objectives. In the information society environment, successful enterprises will produce high technology goods and services. SMEs would need high quality information and effective systems to deliver such information to achieve success.

BACKGROUND TO THE STUDY

Kitwe is the second largest city after the capital, Lusaka with a population of 338,207 (Kitwe city council, 1997). The city has well established mining and secondary

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industries, and has many attractive facilities for commercial, industrial and residential development comparable to other towns in Zambia. The city's major economic activity is copper mining. Kitwe's local authority under whose jurisdiction falls Chisokone Market has seven departments namely administration, public relations, health, community development, social welfare, engineering, finance, water & sewerage. The role of the local authority is to provide specific services such as housing, water and health to the local community resident within its administrative area.

In 1991, the Government of Zambia adopted structural adjustment programmes of the World Bank and the International Monetary Fund (IMF). Some of the economic changes involved privatizing companies that were once government monopolies. Because of the restructuring, many employees were retrenched in order to maintain a lean and efficient labour force. The large proportion of the labour force that was laid off came from the mining industry. Those who were laid off could not easily find jobs elsewhere. For them to eke a living some of them decided to venture into the informal business sector. The government has realized that it is not sensible to depend on a single mineral (diamonds) for long-term economic development of the country. Hence the government is encouraging the development of SMEs sector as a way to diversify its economy (Amani and Mbagu-Kida, 2001).

Kitwe has one of the largest informal sectors in Zambia. Most of the businesses in this sector are concentrated at Chisokone Market. Established in 1991, the Market has grown from small makeshift to the biggest in the city (ZANAMA news, 2000). It has several businesses such as groceries, food, hardware, butcheries, barbers, salons, clothing, furniture, handicraft, curios and kitchen displays. The business community has an association known as ZANAMA, which represents the interests of the small-scale business community at Chisokone Market.

INFORMATION ACCESS BY SMES IN CHISOKONE MARKET

The small-scale business community at Chisokone Market inevitably needs timely and relevant information to make informed business decisions. However, the information that exists on the services and facilities available is not organized to enhance easy access and retrieval. Additionally, the information is not relevant enough to meet the growing demands of the small-scale business community at the market. Furthermore, information on existing services is and by large scattered, thus hampering effective business decision-making

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Various organizations and individuals organize and process information at Chisokone Market. However, there are problems associated with the smooth organization and dissemination of this information such as, lack of proper information infrastructure and ignorance of the information needs of users. Often information providers tend to collect information that has little relevance to the consumers. According to Mchombu (1996) this in part emanates from the failure by the information providers to have in mind the needs of the information users whenever they are collecting and organizing information. Civile (1993) has reflected in depth on this question and concluded that knowledge of user needs and behaviour is critical to providing a relevant information service. Smith (1996) carried out a study to investigate the way small and medium enterprises use information and whether use of such information resources was in a way related to business success. The study revealed that among the successful companies, 75% had access to business information as compared to the less successful ones. Hopwood (1989) carried a similar study to that of Smith's (1996) on successful women entrepreneurs in Zambia. The findings of the study revealed that one of the factors that were hindering entrepreneurship was the lack of access to information.

The importance of information in business management cannot therefore be over emphasized. The use or non-use of information can determine the fate of one's business in any organization. Lack of access and use of information can result in businesses running at a loss. In Botswana, Kebonang (1997) carried out a study in which he was evaluating existing ways through which the financial assistance policy (FAP) programme disseminated information to small-scale business owners involved in knitting, leather work, metal work, sewing and wood category. The study found that one problem facing entrepreneurs is that of inadequacy of prevailing system of information dissemination. Against this background, this study therefore sought to: (a) identify the information needs of the small scale business community at Chisokone Market in Kitwe Zambia; (b) determine the nature and types of small scale businesses available at the Market; (c) identify the service providers at Chisokone Market; (d) assess the problems that are faced by small scale business community in seeking for information; and (e) determine the information media preferences by the small-scale business community.

METHODOLOGY

This study employed survey method. The target population consisted of the small-scale business community at Chisokone Market. From a total number of 2650 registered people involved in small-scale business at the Market, 250 were randomly

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selected. From this sample, 209 completed the questionnaire giving a response rate of 83.6%. In addition, 15 service providers were identified with the help of small-scale business community and all involved in the study. Questionnaires to the service providers were administered after questionnaires from the small-scale business traders had been completed and collected. This was because the identity of the service providers was known through questionnaires that were distributed to the small-scale business. From the City council, which is the official and main service provider within its area of jurisdiction, four departments were selected. The questionnaires were given to the heads of the following departments: public relations, health, community development and Social welfare. These departments were chosen because they are most involved in the provision of services to the Chisokone Market community. Of the four questionnaires that were distributed to the heads of departments in the City council, three were completed and returned except for one from the health department.

Two main types of businesses were identified from the study namely manufacturing (production) and trade & services. Manufacturing comprised people involved in carpentry, handicrafts, curios and clothing. The trade & services category consisted of groceries; fish vendors, barbers and salons; vendors of farm produce; clothing and a mixture of other businesses. Information and service providers comprised of: Christian Education Trust of Zambia (CETZAM), Copperbelt Education Project (CHEP), Kitwe City Council, Legal Resources Foundation (LRF), Ministry of Agriculture, Food and, Fisheries (MAFF), Oxfam, Pride Africa, Support for the Implementation of the National Plans of Action (SINPA), Young Men's Christian Association (YMCA) and Young Women's Christian Association (YWCA).

The study population was divided into ten strata according to the type of business. (clothes, furniture, handicrafts/curios, groceries, barber/salon, farm produce, fish, hardware/electronics, mixture and others). Proportionate sampling method at 10% was used to draw samples from each stratum. This approach was important to ensure that members of each stratum were given equal chances to be selected. The results obtained were used to make inferences about the business information needs and services of the small-scale business community.

Two sets of open and closed-ended questionnaires were used. In order to obtain more information from the service organizations, documents were also reviewed. Document reviews involved inspecting existing institutional records such as constitutions, minutes, publications and reports relevant to the establishment of the information and service providers. Research assistants were used to help respondents

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fill in the questionnaires in order to take care of those who could neither read nor write.

RESEARCH FINDINGS

Demographic Information

The first part of the questionnaire looked at the demographic information of the respondents at Chisokone Market. This required the respondents to indicate their age, gender, marital status, level of education and, the residential area they came from. This information was sought with a view to establish the demographic details of the people involved in small-scale business. The findings revealed that:

- (a) the majority of respondents were in the 19-30 age group, with the frequency of 92 (44.0%) followed by those in the 31-40 age group with a frequency of 71 (34.0%). This shows that the majority of small-scale businessmen and women are predominantly youths falling in the first two categories of the age groups i.e. 19-30 and 31-40 respectively.
- (b) 126 (60.3%) respondents engaged in businesses were males and, 83 (39.7%) were females. These figures could mean that there are more men involved in the small-scale businesses than there are female counterparts at the Market.
- (c) married respondents were in the majority 118 (56.5%), followed by single 59 (28.2%), the divorced 22 (10.5%) and, the widowed 8 (3.8%). The results could be interpreted to mean that married respondents engaged in small-scale businesses are in the majority than any other category. This could be expected given the responsibilities of fending for families.
- (d) 126 (60%) had secondary level of education followed by primary school 53 (25.4%) and college/ university level of education 27 (12.9%) respectively. The results could be taken to show that the people engaged in small-scale businesses at Chisokone have on average secondary school level of education. This could also be partly explained by lack of employment in the formal sector.
- (e) 171 (82.6%) of the respondents came from the high-density areas. Those from the low-density area were 36 (7.4%). The low-density area is associated with high levels of income on one hand and the high-density area is associated with low levels of income on the other. The study also sought to establish the distribution of people in the business categories. It was found that people who are involved in clothing category were the majority 50 (24.6%), followed by those in the food categories such as fish 38 (18.7%), farm produce 35 (17.2%) and groceries 18 (8.9%).

Information Needs

Respondents were asked to state their information needs. A total of 61 (29.2%) indicated that they needed information on business marketing, 59 (28.2%) needed information on sources of supplies, 43 (20.6%) wanted information on business management skills, 39 (18.7%) credit facilities, 6 (2.9%) were not sure about their information needs and, only one (0.5%) needed health information. Respondents were asked to state whether they faced any problems when searching for information. 160 (76.6%) indicated that they faced problems, whilst 49 (23.4%) stated that they did not. In terms of specific problems they faced when searching for information, one hundred and sixty five, 78.9% of the respondents indicated the lack of access to information as the major problem whilst 5, 2.4% respondents were not sure about the kinds of problems they faced.

In order to establish whether the respondents knew of other information and service providers other than Kitwe City Council, the respondents identified Christian Education Trust of Zambia (Cetzam), Zambia National Marketers Association (ZANAMA), Pride Africa, Copperbelt Health Education Project (CHEP), Japanese International Co-corporation Aid (JICA) and, Nkana Water and Sewerage Services (NWSS). The respondents' frequencies of familiarity of these organizations were: CETZAM 83 (39.7%), ZANAMA 50 (23.9%), Others 27 (12.9%), Pride Africa 10 (4.8%), CHEP 3 (1.4%) and, NWSS 1 (0.5%).

In order to establish whether the respondents had some knowledge that computers could be used to provide information. Only 19 (9.1%) indicated that they were aware and used the computer as against 189 (90.4%) who said they did not. Respondents were further asked whether they would want to use the computers to search for information. One hundred and thirty nine, 66.5% gave an overwhelming yes answer against 69 (33.0%) who said they would not be interested in using the computers for whatever purpose.

Sources of Information

On whether respondents were familiar with any sources of information in their localities, the radio was selected by 29 (13.9%), Newspaper 26 (12.4%), Kitwe City Council 20 (9.6%), public 11 (5.3%) while the majority 99 (47.4%) chose 'others' respectively. Those who gave "other" as the answer for their source of information indicated they got information from friends particularly business colleagues. Respondents were asked whether they knew about the kinds of services that Kitwe City Council provided. A total of 152 (72.7%) responded "Yes" and 56 (26.8%) said "No".

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Information Services

On the question of whether respondents were aware of other information and service providers other than Kitwe City Council, those who chose CETZAM were 83 (39.7%), ZANAMA 50 (23.9%), Others 27 (12.9%), Pride Africa 10 (4.8%), CHEP 3 (1.4%) and, NWSS 1 (0.5%). On the nature of services provided by service organizations other than Kitwe City Council, 111 (53.1%) identified credit/loan facility and 6 (2.9%) identified health.

Lastly, the respondents were asked about the alternative forms of media in which they would prefer information to be provided. The respondents were asked to choose from books, magazines, newspapers, radios and televisions, seminars, personal contacts and the public. The highest frequency of respondents indicated that they preferred information to be provided on radios and televisions 60 (28.7%), followed by newspapers 38 (18.2%) and, personal contacts 35 (16.7%), books 13 (6.2%) and seminars 18 (8.6%) scored the lowest frequencies. The results are understandable given that most people have ready access to radios and television sets.

CONCLUSION

The findings of this study revealed that by and large, most of the information needs of the small business community in Chisokone Market were about marketing, sources of supplies, management skills, credit and loan facilities. The need for information for business decision-making was like in other related studies been underscored. Problems that hamper access to information were more to do with lack of knowledge of where to locate information. The lack of coordinated efforts among providers highlighted the need for the design of a collaborative community information system that would harness and document all the information resources available in Kitwe.

The study also revealed that lack of access to information was a major problem facing small-scale businesses at Chisokone Market in Kitwe Zambia. This result was similar to those of other studies (Kebonang, 1997; Smith, 1996; and Hopwood, 1989). Lundu (1992) cited in Ntsala (2000) observed that modern information professionals had a duty to educate the small entrepreneurs on the importance of developing their own information systems in order for the entrepreneurs to have access to information that could be quite critical to their business success. Ramsey et.al. (2003) noted that to survive in today's competitive business world, small businesses require access to accurate and relevant information both at start-up and during day-to-day operations. APEC (1995) in a study commissioned on the

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information technology needs of SMEs in Singapore, Hong Kong and the Philippines found that SMEs needed various information on such areas as: credit, technology market and business opportunities; skills and management training; business exchange/matching; technical assistance in project development; consultancy and advisory services; material sourcing; research and advocacy; legal assistance; production related technical assistance; market information, and Policy reform.

The findings revealed that SMEs at Chisokone Market faced several barriers in their search for information. This result seems to be common not only in Zambia but elsewhere. Daniels (2004) observed that despite the large proportion of employment provided by SMEs in South Africa, they face several barriers such as lack of access to information, lack of financing, technical support and expertise, low levels of education and business skills amongst entrepreneurs, limited research on SME sector, poor regulatory framework, lack of a comprehensive entrepreneurial strategy, lack of visibility of small businesses, lack of access to technology, vulnerability to cash flow disruptions, unfavourable tax regime(e.g. VAT, skills levy), inability of government to communicate what incentives are available for emerging entrepreneurs and where to go for assistance. The findings of this study and similar studies carried out elsewhere underline the importance of information as an empowering tool without which SMEs cannot compete effectively in both local and international markets.

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