

**THE ROLE OF EFFICIENT ORGANISATIONAL COMMUNICATION IN
ENHANCING COHESION AND SERVICE DELIVERY**

The case of the Small Enterprise Development Board in Zambia

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By

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Declaration

I declare that this attachment report has not been previously submitted for a degree in this or any other university.

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Abstract

This report is the result of the student's attachment to the Small Enterprise Development Board (SEDB) Head Office in Lusaka for four months from July 1, to October 31, 1999. The main purpose of the attachment was to enable the student participate in the activities of the organisation in order to enable him to observe and assess the role of efficient organisational communication in enhancing the organisation's cohesion to facilitate service delivery to its clients. Information for the report was gathered mainly through participant observation, in-depth interviews and personal experiences as the student interacted with members of staff and some of SEDB's clients. The findings, observations and personal experiences revealed that SEDB was experiencing critical financial constraints as a result of its huge debt and loss of credibility. This has affected its performance as the organisation has been unable not only to pay employee salaries on time but also failed to deliver services to its clients. The financial and administrative constraints of SEDB have led to demotivation and frustration of staff members. These problems could be attributed to lack of effective communication links within SEDB. The fact that even at the moment there are no formal management, departmental or management-union meetings, and that regional offices no longer submit reports to head office, is indicative of a breakdown in the communication network at SEDB. Lack of formal interaction between top management and employees has promoted suspicion, mistrust and reliance on rumours for information. Since managers work with and through their subordinates, warm relations at interpersonal and group levels are critical to the promotion of cohesion and co-operation in the organisation. Good relations can also promote employee support for their managers and the organisation. Because SEDB is experiencing financial constraints and there are no services to clients, constant management-employee interactions are the key to the maintenance of employees' morale. In summary, the principal recommendations are that the government should provide adequate financial and technical support to SEDB in order for it to regain its credibility and that SEDB management should make deliberate efforts to improve its internal network so that it can play a significant role in improving living standards of the poor in Zambia through small businesses.

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A.K

The University of Zambia

February 10, 2000

Dedication

To my dear wife Kulita and our children Naomi, Kasongo, Alfred, Lisa, and Waivwa;
and to my late father and mother.

Abbreviations/Acronyms

BEDCO	Basotho Enterprises Development Company
CARMATEC	Centre for Agricultural Rural Machinized and Technology
COMET	Copper Mines Enterprise Trust
DRC	Democratic Republic of Congo
FAO	Food and Agricultural Organisation
FGD	Focus Group Discussions
GNP	Gross National Product
GOB	Government of Bangladesh
GRZ	Government of the Republic of Zambia
HANDICO	Handicraft Marketing Company
IFAD	International Fund for Agricultural Development
IG	Income Generating
ILO	International Labour Organisation
IMF	International Monetary Fund
IPI	Institution for Production and Innovation
ISOs	Informal Sector Operators
ITIS	Industrial and Technological Information System
LMS	Loan Monitoring System
MCD	Master of Communication for Development
MIS	Management Information System
MMC	Master of Mass Communication
MMD	Movement for Multi-Party Democracy
MSEs	Micro and Small Enterprises
NCMDS	National College for Management and Development Studies
NGO	Non-Governmental Organisation
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SARDC	Southern Africa Research and Development Committee
SED	Small Enterprise Development
SEDB	Small Enterprises Development Board

SEs	Small Enterprises
SEPAC	Small Enterprise Promotion Advisory Council
SIDO	Small Industry Development Organisation
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SSEs	Small Scale Enterprises
SSIAZ	Small Scale Industries Association of Zambia
TDAU	Technology Development and Advisory Unit
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Development Organisation
UNIP	United National Independence Party
UNZA	The University of Zambia
USA	United States of America
USAID	United States Agency for International Development
VIS	Village Industry Service
YWCA	Young Women's Christian Association
ZACCI	Zambia Chambers of Commerce and Industry
ZACS	Zambia Agricultural and Commercial Show
ZAMS	Zambia Agricultural Marketing Service
ZAMTEL	Zambia Telecommunication
ZARD	Zambia Association for Research and Development
ZCCM	Zambia Consolidated Copper Mines
ZFU	Zambia Farmers' Union
ZNTB	Zambia National Tender Board
ZUFIAW	Zambia Union of Financial and Allied Workers

Contents

Chapter 1: Background	1
1.0 Introduction.....	1
1.1 Zambia’s profile.....	1
1.2 Institutional profile.....	4
1.3 Functions of the Board.....	6
1.4 Incentives	7
1.5 Non-financial activities by SEDB.....	8
1.5.1 Training.....	8
1.5.2 Marketing services	10
1.5.3 Industrial and technical information system.....	10
1.5.4 Industrial estates.....	10
1.5.5 Monitoring and supervision	10
1.6 Organisational structure	11
Chapter 2: Attachment context	15
2.0 Introduction.....	15
2.1 Background to the attachment	15
2.2 Justification	16
2.3 Terms of reference	17
2.4 Methodology	17
2.5 Limitations	18
2.6 Literature review	19
2.6.1 Entrepreneurship in Africa.....	19
2.6.2 Small business promotion in SADC and other countries	21

Chapter 3: Conceptual framework	28
3.0 Introduction.....	28
3.1 Development defined.....	28
3.2 Participation in development	34
3.3 Communication defined.....	37
3.3.1 Communication.....	37
3.3.2 Types of communication.....	37
3.3.3 Development communication	38
3.3.4 Organisational communication	39
3.4 An organisation as a system.....	43
3.5 The role of communication	48
 Chapter 4: Personal experiences	 53
4.0 Attachment setting	53
4.1 Orientation	53
4.2 Programme.....	54
4.3 Work environment and hours.....	55
4.4. Relationship with staff.....	56
4.5 Personal reflections.....	58
 Chapter 5: Challenges and problems of SEDB	 60
5.0 The role of SEDB in the Zambian economy.....	60
5.1 Financial services to MSEs by SEDB.....	61
5.1.1 Hammermill distribution.....	63
5.1.2 Projects development	64
5.1.3 Sericulture programme.....	66
5.1.4 Sorghum dehuller programme	67
5.1.5 Machinery and equipment.....	67
5.1.6 Industrial and technological information system (ITIS).....	67
5.2 Enterprèneurial training programme.....	69
5.3 Industrial estate development programme	70
5.4 Problems faced by SEDB.....	72

5.4.1 Mismanagement.....	72
5.4.2 Lack of government support.....	73
5.4.3 Delay in restructuring SEDB.....	74
5.4.4 Lack of communication links.....	75
5.4.5 Lack accommodation and equipment.....	76
5.5 Suggested solutions to SEDB’s problems.....	77
Chapter 6: Attachee’s contributions.....	79
6.0 Introduction.....	79
6.1 Involvement in Zambia Agricultural and Commercial Show.....	80
6.2 Client contacts at the regional office.....	83
6.3 Attendance of trade union meetings.....	84
Chapter 7: Discussion of findings and experiences.....	87
7.0 Purpose of the attachment.....	87
7.1 SEDB’s challenges and constraints.....	87
7.1.1 Financial mismanagement.....	88
7.1.2 Poor management staff interaction.....	91
7.1.3 Poor internal communication links.....	97
7.2 The SEDB network and existing communication gaps.....	97
Chapter 8: Conclusions and recommendations.....	102
8.0 Conclusions.....	102
8.1 Recommendations.....	107
References.....	110
Appendices.....	113

List of figures and tables

Figures.....	2
Figure 1: Map of Zambia	2
Figure 2: SEDB's organisational structure/Top managers	12
Figure 3: Proposed SEDB internal communication links	94
Figure 4: SEDB's system interlocks with other systems	100
Tables	62
Table 1: Number of funded projects by province	62
Table 2: Amount disbursed by province	62
Table 3: Number of hammermills distributed in 1992/93	63
Table 4: Number of hammermills distributed in 1993/94	64
Table 5: Number of non-hammermills projects formed	65
Table 6: Number of training course programmes from 1992--1997	69
Table 7: Status of industrial estates	71

CHAPTER 1

Background

1.0 Introduction

This report is based on the author's attachment to the Small Enterprise Development Board (SEDB) for four months from July 1 to October 31, 1999. The attachment was in partial fulfillment of the award of the Master of Communication for Development (MCD) offered by the Department of Mass Communication of The University of Zambia (UNZA).

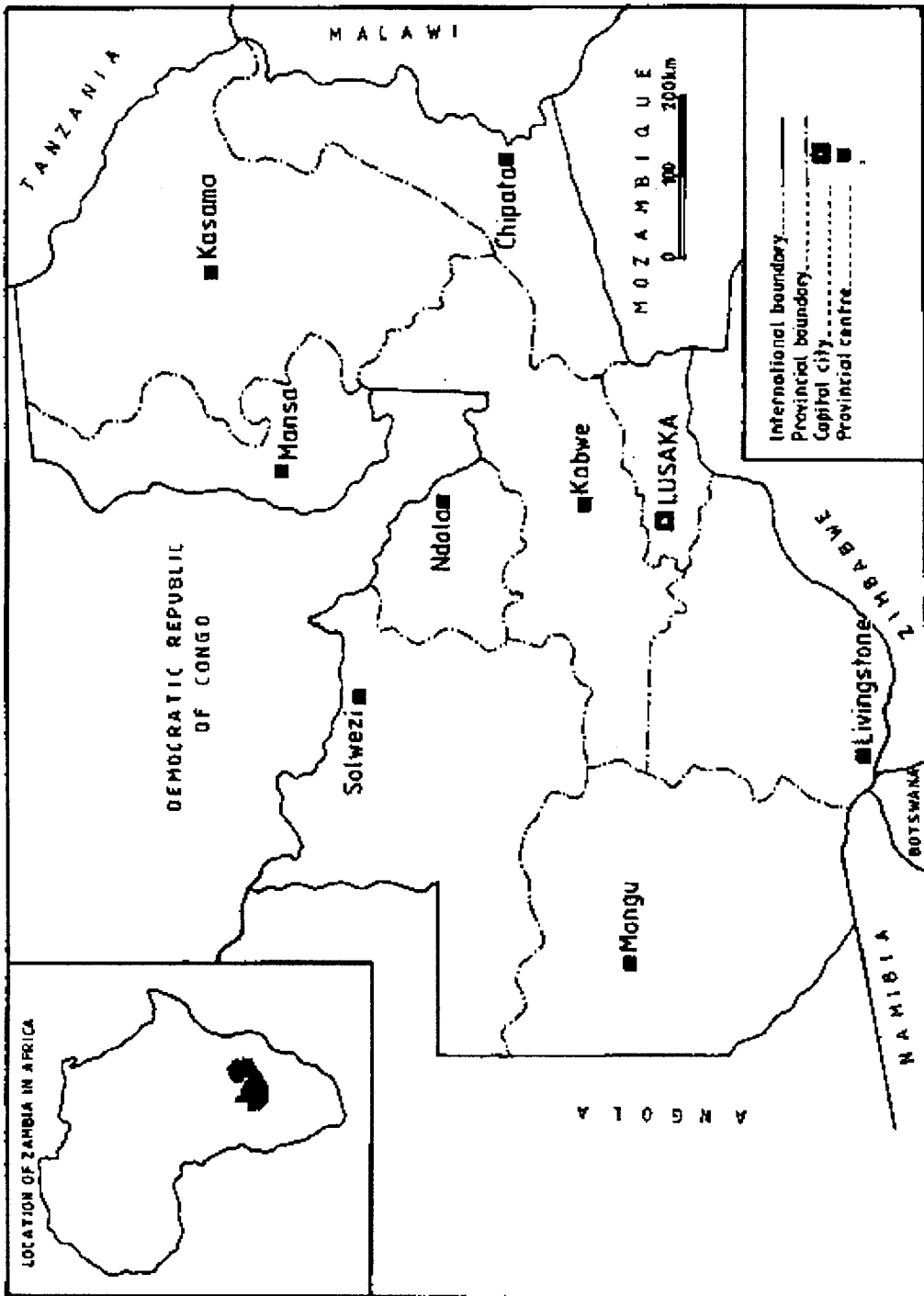
The MCD programme trains development communication specialists who would be able to use all the processes of communication for development. The programme provides ways of reaching people wherever they may be by using all processes of communication more efficiently in order to involve people in the development decision-making process. The assumption is that development can only be sustainable if the beneficiaries are empowered to participate in deciding the nature of development intended for their benefit.

This report contains information about the institution to which the student was attached, (SEDB). This includes its historical background, activities, management structure, internal and external communication network, its successes and challenges as well as the attachee's findings and personal experiences during the attachment period. It also includes conclusions based on the findings and experiences of the attachee, as well as recommendations.

1.1 Zambia's profile

Zambia is situated in the Southern African region with an area of 752,614 square kilometres. It is a landlocked country surrounded by eight countries namely: Tanzania and the Democratic Republic of Congo (DRC), to the north; Mozambique and Malawi, to the east; Botswana and Zimbabwe, to the south; Namibia to the southwest and Angola to the west (Figure 1).

Fig. 1. MAP OF ZAMBIA



Zambia's population is estimated to be about 9.1 million people with an annual growth rate of 3.7 percent (ZARD, SARDC, 1998: 15). This is more than twice what it was at independence in 1964. At this growth rate it is projected that the population will double by 2010.

At the time of independence from Britain, Zambia was one of the most prosperous countries in Sub-Saharan Africa. The wealth of the country was mainly from copper exports. However, the scenario has changed as a result of falling copper prices in the mid 1970's (ZARD, SARDC, 1998: 16). This economic decline has also been attributed to the previous (UNIP) government's failure to diversify the economy, its pursuit of inappropriate policies, mismanagement, heavy debt and the cost of the liberation struggle in some neighbouring countries namely: Angola, Zimbabwe, Mozambique, Namibia and South Africa.

In order to revive the economy, the country introduced the first Structural Adjustment Programme (SAP) in 1985 which was supported by the World Bank and the International Monetary Fund (IMF). This programme was abandoned by the then UNIP government for political reasons and its relations with the two world financial institutions were severed.

However, UNIP restored ties with the World Bank and the IMF just before losing power in 1991. The new MMD government liberalised the economy soon after coming into government. This resulted in decontrol of prices, exchange rates, deregulation of the financial market, removal of subsidies, and privatisation of state enterprises. This second structural adjustment programme led to many job losses through retrenchments and redundancies

The economic decline being experienced in Zambia has been accompanied by stagnation and collapse in the people's livelihood and in available forms of social support (GRZ, UN Systems in Zambia Report, 1995). This has been severe especially under structural adjustment after 1991. By the end of the 1990s, the economy was characterised by

reduced government expenditure on social services, public infrastructure and increased poverty.

The Zambian economy has largely been dependent on copper exports and efforts to reduce this dependency over the years have not yielded the desired results. Government's attempts to improve other sectors such as manufacturing and agriculture have not been successful mainly due to both internal and external forces such as inappropriate economic policies, poor policy implementation, unfavourable terms of trade and rising costs of imported capital and consumer goods. After years of operating in an environment in which competition and quality were not significant indicators of success, the manufacturing sector in Zambia is now under pressure to compete in an environment that is rapidly changing due to the liberalisation of the economy.

According to Healey (1993) the manufacturing sector has not performed as expected due to the rundown of the sector itself. He cites support industries which have been debilitated by poor investment decisions, scarcity of capital for new equipment and training, poor quality packaging, and unattractive and dated designs for labels as some of the reasons for lack of appeal for Zambian products (Healey, 1993: 18) This has made it difficult for the sector to produce products that would compete against attractive, better quality, better finished imported goods that are also cheaper than the locally manufactured products. Thus, the panacea for manufacturing lies in the government providing an enabling environment for short, medium and long-term prosperity of the sector.

1.2 Institutional profile

SEDB is the highest government agency for the promotion and development of micro and small enterprises (MSEs) in Zambia. The institution was originally known as the Small Industries Development Organisation (SIDO) which was created through an Act of Parliament of 1981. This Act was repealed in 1996 to create SEDB in order to streamline the operations of the organisation.

It should be noted that before the SIDO Act of 1981, there was no special legal framework for promoting the micro and small scale sector in Zambia. The Pioneer Industries Act of 1965 (relief from income tax) was intended to promote import substitution in light industries (Mauzu, 1996: 96). In addition, the Industrial Development Act of 1977 which was amended many times, was also intended to promote import substitution in industries.

The above Acts were mainly concerned with the promotion of industrial development on a substantial scale. A serious attempt to develop the small scale sector was made when parliament passed the Small Scale Industries Development Act of 1981. This was the Act under which SIDO was established.

However, SIDO's performance was not able to achieve its desired goals and this led to the repeal of the SIDO Act of 1981. This Act was replaced by the Small Enterprise Development Act of 1996. This is the Act that created SEDB. The following are the major differences between the two Acts:

1. The SIDO Act only applied to small industries in the manufacturing sector. As a result, small enterprises (SEs) in the other sectors were not able to benefit from government support programmes. The new Act covers other sectors such as trading, construction, and services.
2. In the SIDO Act, the Director/ Chief Executive was appointed by the President of Zambia. In the new Act, the Chief Executive is appointed by the Board of Directors of SEDB.
3. In the SIDO Act, the majority of SIDO members of the Board were from government institutions. Government representation has been reduced in the new Act.
4. The SIDO Act was confined to the promotion of Small Scale Industries (SSIs) in the formal sector. But the new Act covers small scale entrepreneurs in the formal and informal sectors.

5. In the SIDO Act, SSI was defined in relation to the level of investment. A small scale enterprise was defined as “ an enterprise having capital assets not exceeding K250 000 or such higher amount as may be prescribed from time to time.”
6. The new Act on the other hand, defines micro and small scale enterprise (MSSE) on investment, turnover, and employment levels. In sub-section 2 of Part 1 of the SED Act, a micro enterprise is defined as any business enterprise:
 - a) whose amount of total investment, excluding land and buildings, does not exceed K10 million;
 - b) whose annual turnover does not exceed K20 million; and,
 - c) employing up to 10 people.
7. The Act defines a small enterprise as any business enterprise:
 - a) whose amount of total investment, excluding land and buildings, does not exceed:
 - i) in the case of manufacturing and processing enterprise, K50 million in plant and machinery; and,
 - ii) in the case of trading and service providing enterprise, K10 million;
 - b) whose annual turnover does not exceed K80 million; and,
 - c) employing up to 30 persons.
8. Under the SIDO Act, the organisation played two important but contradicting roles. On one hand SIDO used to operate as a commercial financial lending company (even though SIDO was not mandated by the Act do this) while on the other hand it operated as a charitable organisation. This scenario did not work well for the organisation as it resulted in poor loan recovery rate. To rationalize the utilisation of resources to the small scale sector, the new Act mandates SEDB to be a financial lending organisation.

1.3 Functions of the Board

The mission statement of the Board is to promote and facilitate the development of MSEs and to create a conducive environment for achieving that function. The functions of the Board include the following:

1. formulate, co-ordinate and implement policies and programmes for promoting and developing MSEs;
2. monitor the efficiency and performance of MSEs;
3. establish a database of facilities and sources of finance, technology, raw materials, machinery, equipment and supplies with a view to promoting accessibility to MSEs registered under the Act;
4. provide marketing support services to MSEs;
5. register, collect, research and disseminate information relating to MSEs;
6. register, monitor and co-ordinate activities and programmes of promotional agencies engaged in MSE development;
7. assist in the development and upgrading of appropriate productive technologies for MSEs;
8. locate and develop industrial estates and common facilities for use by MSEs;
9. establish training and processing centres to provide machinery and equipment to MSEs on lease-out basis;
10. develop entrepreneurship;
11. arrange for independent training, management and consulting services to small entrepreneurs;
12. provide the financial services specified under section eighteen; and,
13. make recommendations to the Minister on any legislative reform which may be required for the development of MSEs.

1.4 Incentives

The Board also facilitates the provision of various incentives for MSEs, owners of any building or premises let out for by MSEs as industrial or commercial estates, and for any financial institution providing loans or any other financial facilities and services to MSEs in order to create an enabling environment for MSEs. For instance, all the MSEs registered with SEDB are entitled to the following incentives:

1. exemption from payment of tax on income for the first three years of operation for an enterprise in an urban area;
2. exemption from payment of tax on income for the first five years of operation for an enterprise in a rural area;
3. operating without a manufacturing license for the first five years required for under any law;
4. exemption from paying licensing fees required for such an enterprise under any law; and,
5. exemption from paying rates on factory premises for the first five years.

1.5 Non-financial activities by SEDB

SEDB carries out a number of non-financial activities in the promotion of MSEs. These include training of entrepreneurs, marketing services, monitoring and supervision services, provision of information and technological services, industrial estates and business consultancy.

1.5.1 Training

Training has been one of the important components of MSEs development. SEDB offers a variety of short courses which are designed for small scale entrepreneurs. The courses include :

1. Business awareness workshops.

These workshops are aimed at sensitizing and motivating people to consider self employment through micro and small businesses. The workshops are targeted at those with the potential to start a business such as the unemployed retrenched or retirees and out of school youths.

2. Start a business (SAB) seminars

These are practical courses that take potential entrepreneurs through a step by step process of building up a business idea and developing a business plan.

3. Basic business management (BBM) workshop

These are workshops which introduce entrepreneurs to the basic concept of business management to enable them to run the day to day operations of MSEs.

4. Training of facilitators

This course is aimed at enhancing the skills and abilities of officers involved in MSE business promotion.

5. Business awareness seminars

These courses are aimed at policy makers, administrators and officers who are involved in the promotion and development of MSEs in order to create awareness on the importance and benefits of developing indigenous entrepreneurs.

6. Training of project officers

These are short courses that are aimed at equipping all officers involved in MSE development with skills of business idea identification and selection, proposal writing and appraisal.

7. Training of trainers

These are practical and participatory courses aimed at equipping officers with training and conceptual knowledge in various MSE disciplines.

SEDB also provides tailor-made training programmes based on the training needs of its clients. These courses are in the following areas:

1. follow-up methods;
2. business consultancy;
3. communication skills;
4. production management and quality management;
5. business counselling; and,
6. technical courses such as hammermill maintenance, leather tanning, sericulture, food processing and textile related fields.

1.5.2 Marketing services

This is another important service offered by SEDB to the MSE sector. It assists entrepreneurs to market and sell their products and services through exhibiting at agricultural and commercial shows, trade fairs and other special exhibits. For example, between 1992 and 1999, there have been 114 exhibitions with 3 287 MSE exhibitors attending such fora.

In addition, the organisation has a showroom at the Makeni Industrial Estate which was opened in May 1999 to assist the informal sector operators to sell their goods on a commission basis. At the Makeni Unique Collections (as it is known) only products of high quality are displayed. These are mostly made of woodwork, textile, ceramics, jewels and other local materials. The Makeni Unique Collections also identifies formal marketing organisations and links them to the informal producers for continuous flow of products to the marketing organisations.

1.5.3 Industrial and technical information system (ITIS)

This facility has been set up within SEDB's library at the Head Office as an information depository or data bank in order to provide necessary information to clients and make it easier for them to make informed business decisions. The information held includes project profiles, sources of machinery and equipment and various publications on the MSE sector.

1.5.4 Industrial estates

SEDB offers sheltered serviced premises to small businesses at their initial stages at a fee. After three years, the enterprises are expected to leave the premises for new entrepreneurs. There are many workshop spaces provided by SEDB in various towns in Zambia but are at varying stages of completion (Table 7).

1.5.5 Monitoring and supervision

Under this function, two primary duties are undertaken; namely business diagnosis and loan monitoring system (LMS). The first function involves identifying business operational constraints such as low production and low sales volumes. The LMS

function involves monitoring of fulfillment of the conditions of loans to be obtained, project implementation and commencement of operations until the loans are fully repaid.

1.6 Organisation structure

SEDB is managed by a management team headed by a Director/Chief Executive who is appointed by the Board of Directors. Members of the Board of Directors are appointed according to the provisions of Section 4 of Chapter 715 of the Laws of Zambia. The Board members are drawn from the following institutions:

1. A representative from each of the ministries responsible for:

- a) finance;
- b) commerce, trade and industry;
- c) youth, sport and child development;
- d) local government and housing;
- e) community development and social services, and,
- f) science, technology and vocational training.

2. Eight persons, each from:

- a) the Small Scale Industries Association of Zambia (SSIAZ);
- b) the Zambia National Farmers Union (ZFU);
- c) the trade unions;
- d) the Bankers Association of Zambia;
- e) the Zambia Chambers of Commerce and Industry;
- f) Economics Council of Zambia;
- g) any agency promoting women in business; and,
- h) the Environmental Council of Zambia.

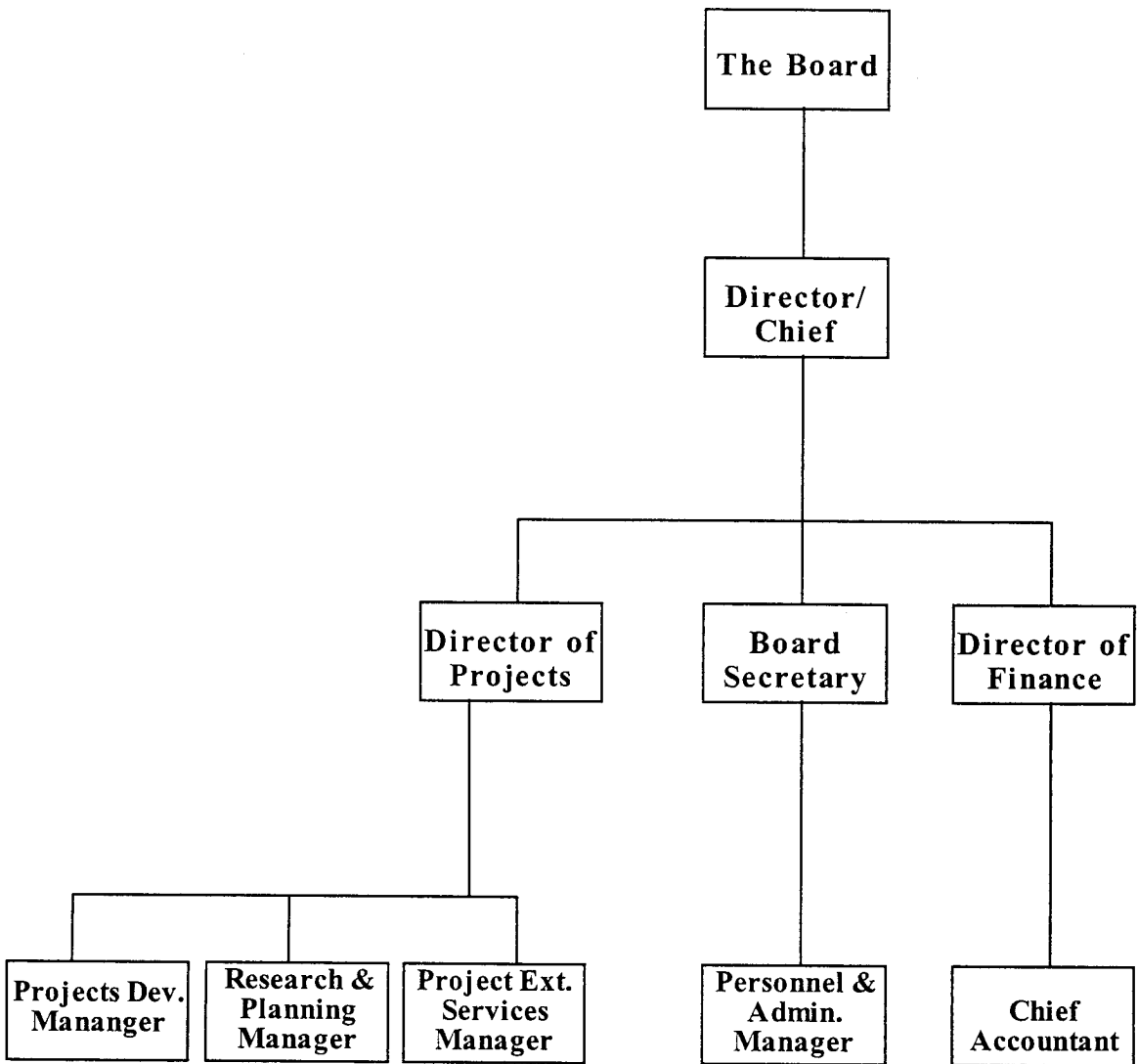
3. Two reputable private businessmen appointed by the Minister.

All the above members of the Board are nominated by their respective institutions but are appointed by the Minister of Commerce, Trade and Industry.

The organisation has three departments namely: Projects, headed by the Director of Projects; Legal and Administration, headed by the Board Secretary; and Finance, headed

by the Director of Finance. These heads of department are directly answerable to the Chief Executive (Figure 2).

Figure 2: SEDB's organisational structure/top management



The Projects Department's functions are the core business of SEDB while the other two departments offer support services to the main business of the organisation. There are three managers under the Director of Projects. These are the Projects Development Manager, Research and Planning Manager, and the Projects Extension Services Manager.

SEDB has regional offices in all the nine provinces of Zambia. The regional offices are situated in the following towns:

1. Lusaka, Lusaka Province;
2. Kabwe, Central Province;
3. Kitwe, Copperbelt Province;
4. Mongu, Western Province ;
5. Choma, Southern Province;
6. Solwezi, North Western Province;
7. Mansa, Luapula Province;
8. Kasama, Northern Province; and,
9. Chipata, Eastern Province.

Except for Lusaka region, which is managed by a senior regional manager, the other regional offices are headed by regional managers. These Managers are answerable to the Director of Projects. The total labour force of SEDB stood at 140 employees as at October 19, 1999. Out of this number 40 employees were on retrenchment but still on the payroll awaiting their benefits (Appendix 1).

In addition, all the SEDB regional offices, except for Lusaka and Mansa, operate from rented premises. SEDB House where the head office is located is shared by SEDB and the Department of Natural Resources. This has created an accommodation shortage for SEDB.

The role of SEDB in alleviating poverty in Zambia cannot be overemphasized. SEDB is in a good position to serve small business operators through its regional network. The services offered by SEDB provide SME operators with skills and knowledge required for

them to create wealth for themselves. With adequate support and efficient management of the institution, SEDB can complement efforts by government and non-governmental organisations in the development of Zambia.

CHAPTER 2

Attachment context

2.0 Introduction

The previous chapter outlined briefly the historical background of SEDB (place of attachment), its main objectives, activities, and management structure. This chapter contains information related to the rationale of the attachment, method of data collection and a review of the importance of MSEs as well as efforts by selected sub-Saharan countries in promoting MSEs.

2.1 Background to the attachment

The problem of poverty that has affected the majority of Zambians has necessitated interest in self-employment through the small enterprise sector. Small enterprises do not only offer people opportunities for self-sustenance but also empowers them to overcome poverty by creating wealth for themselves. This is because self-employment teaches people to take initiative in the face of poverty and economic problems and learn how to be more responsible in life.

However, most small scale entrepreneurs face many problems such as lack of capital, managerial skills, and information. In its efforts to promote an entrepreneurial culture and encourage the development of MSEs, the Zambian government created institutions such as SEDB.

As an apex government agency for the promotion and development of MSEs, SEDB requires to have efficient internal and external communication links to perform its roles. Unless SEDB has effective communication links it would be unable to coordinate its activities and exchange useful information with its clients in order to influence their innovation decisions in the direction desired by the government.

Furthermore, effective internal and external communication network enhances the achievement of an organisation's objectives. In small enterprise development communication is necessary in order to:

1. raise awareness of the importance of SEs in the creation of wealth;
2. exchange information to persuade and influence entrepreneurs to develop entrepreneurship culture;
3. motivate entrepreneurs to make informed choices about business decisions;
4. exchange information to influence policy changes;
5. promote effective internal communication network necessary for rapid responses to internal and external environmental changes; and,
6. identify attitudes, felt needs, capacities, and constraints to the adoption of change, and through dialogue elicit participation of the intended beneficiaries of the development effort.

2.2 Justification

As stated earlier in this report, the MCD programme provides ways of reaching people wherever they may be by using all processes of communication in order to involve them in development decisions that affect them. The assumption is that unless people are genuinely involved in development both as participants and as beneficiaries, the society will be unable to realize its potential for development. This is because any development planned for the people by outsiders is not likely to be sustainable.

Therefore, the attachment is an important component of the MCD programme so that students are not only familiar with theories about development and development communication but are also afforded opportunities to participate and observe how development-oriented organisations such SEDB use communication to promote development efforts.

Furthermore, although much has been written about the importance of MSEs, little analysis has been done on the role of communication to enhance support-service delivery.

The findings and experiences of the attachment may be useful to SEDB and other development scholars.

2.3 Terms of reference

Arising from the above, the major objectives of the attachment were to:

1. observe and assess communication links within SEDB;
2. observe and assess management-employee relationship;
3. assess communication technology utilized for internal and external communication; and,
4. assess communication strategies for promoting entrepreneurship in the country.

2.4 Methodology

Data and other experiences for this report were collected through the use of qualitative techniques such as active participation, in-depth interviews, and focus group discussions.

Kane supports this method of collecting data and experiences by saying that

knowledge is created in the process of interaction, not discovered.

Therefore, the role of the observer is to interpret these constructions rather than predict them (Kane, 1995: 23).

As a result, there were no assumptions or hypotheses made before the attachment.

According to Kane, the aim of this approach is to understand and view events through the perspective of the people being studied. The main interest is in meaning, the reality of the situation and not just information and statistics. It also seeks to understand the people's feelings rather than just numbers (Kane, 1995 *passim*).

Primary data was gathered through participant observation. As a data collection technique, participant observation

provides information about what people let you see them doing as opposed to the survey, which gives you information on what they say they are doing or what they say should be done (Kane, 1995: 20).

This was done by:

1. being involved in the day-to-day activities of SEDB;
2. conducting in-depth interviews with key informants namely Director of Projects, Personnel and Administration Manager, Lusaka Regional Manager, Acting Extension Services Manager, Controller Marketing, Controller Monitoring and Extension Services, field officers, trade union officials and rank and file employees;
3. interviewing clients that came into contact with the author;
4. observing internal relationships between management and employees and the trade union officials; and,
5. observing how employees interact with the clients.

On the other hand, secondary data were collected by having access to the organisation's documents and reports.

2.5 Limitations

Any short comings in this report could be attributed to the following factors:

1. the author was unable to visit provincial offices due to insufficient funds;
2. the attachment was at a time when SEDB had suspended almost all its support services to MSEs due to lack of funds. As a result, the student was unable to participate in monitoring and marketing activities; and,
3. the student was unable to conduct Focus Group Discussions (FGD) with clients to assess their perception of SEDB as it was not easy to gather them for such an exercise because they are located in distant places.

2.6 Literature review

Countries in the sub-Saharan Africa gained their independence with great expectations, but most of these expectations have not been fulfilled. In most of these countries there has been both economic and social decline in the living standards of the people. Much of this decline has been attributed to failed past policies that led to an unbalanced and unsustainable economic structure (World Bank Report, 1993: passim).

The problem of poverty which has been as a result of decades of economic decline in most African countries has necessitated increased focus on alternative sources of creating wealth. The small business sector is one of the initiatives which offers an alternative source of economic and social development. According to Dale, micro and small enterprises are an important source of income for many poor people in developing countries. Recognizing this, governments and donors have sought to promote these small firms usually through credit programmes (Dale, 1997).

2.6.1 Entrepreneurship in Africa

According to the World Bank report (1993), the concept of entrepreneurship is not new in sub-Saharan Africa. This is because long-distance trade dates back to the 11th century. African farmers, traders and artisans were part of these entrepreneurs. Even to day, farmers, artisans, traders and managers of large enterprises are the potential indigenous entrepreneurs.

The report cited above further states that during the first decades of independence, policy makers in most African countries focused mainly on promoting large-scale, state-owned enterprises. These were considered as the focal point of development and were fully supported by public policy. These firms enjoyed preferential access to credit, protection from competition, foreign exchange concessions and exclusive licenses.

In addition, the role of the state as entrepreneurs was justified by the argument that the local private sector had neither the capital nor the expertise to drive rapid development and industrialization. The World Bank report further says that Africa was seen as a

continent without indigenous entrepreneurial skills and that its modern sector was at odds with a backward informal sector that could only provide subsistence but nothing more.

By regarding the informal sector as marginal to development, policy makers greatly underestimated the potential of local entrepreneurs. They also ignored the extent to which government policies have driven local entrepreneurs into the informal sector. These policies crippled economic growth by deterring investment by foreign and local entrepreneurs.

However, in the 1980s, the role of the public and private sectors changed greatly. This was as a result of observable weaknesses of the post-independence approach to development. Governments started to include local entrepreneurs in their long-term strategies for employment and economic growth (World Bank Report, 1993: 137). In most African countries, including Zambia, the public sector was privatized in order to encourage private initiatives, both local and foreign.

The report concludes by stating that although there has been policy shifts in most African countries, entrepreneurial initiatives are still hampered by regulation and limited consumer demand for local goods and services. Small-scale entrepreneurs also find it difficult to raise capital, to pool skills, or gain access to efficient infrastructure services (World Bank Report, 1993: 137).

Furthermore, the report lists some factors that hamper SMEs growth:

1. Burdensome taxation and regulation deter small-scale entrepreneurs from information systems. As a result their ability to pool resources is limited to informal network;
2. Trade policies have generally favoured large-scale, capital-intensive firms while increasing transactional costs for SMEs;
3. Commercial banks avoid lending to SMEs because SMEs generally lack collateral; and,

4. Government-run extension services and programmes of technical assistance to SMEs have largely failed because of unsustainable over-head costs, limited participation, and poorly adopted services. This leads to SMEs operating far below their potential.

In order to bring about economic growth, African governments will need to take steps to support SMEs. Kenya, for example, has taken steps to promote its SMEs. The government has outlined a broad programme of support to SMEs:

...for Kenyans to enjoy even modest improvements in their current standards of living, it will be imperative that....the great majority of jobs be created, not in the cities or in large industry, but on farms and in small-scale industries and services, both in rural and urban areas (World Bank Report, 1993: 138).

In several other African countries the prospects for large-scale industry are even more limited and the need for productive employment through SSEs will be much greater.

2. 6. 2 Small business promotion in SADC and other countries

The importance of small businesses to the economies of the region cannot be over-emphasized. In the SADC countries where there are shortages of capital, managerial resources, and skilled labour, the promotion of MSEs may be an important approach to economic development. According to Oesterdiekhoff and other scholars who have written about the need for promoting MSEs, there are many advantages to a developing country if they are established. Some of the advantages are:

1. they provide a large volume of employment with a smaller volume of capital;
2. they offer opportunities to traditional artisans and craftsmen to upgrade their skills, modernize their production techniques and diversify their production line;
3. they provide outlets for self-employment to technically qualified unemployed youth;
4. they help in dispersal of industries over the space and thereby bring about balanced regional development;

5. they bring about an integration of rural and urban economy on one hand through rural and agro-industries and large scale on the other through ancillary and subcontracting industries; and,
6. they make possible wider participation of people in the process of economic development.

The economic impact of MSEs can be measured by their contribution to output, employment, and income indicators. However, this type of statistical information for many countries does not provide a breakdown by size of the enterprise. In most cases industrial surveys cover only large firms.

Moreover, even labour force surveys and population censuses are usually undertaken at household level and respondents do not indicate the size of the SE in which the respondents are engaged (Neck and Nelson, 1987: 1- 13). However, some data can be cited for selected countries to indicate the relative importance of SEs in different regions.

The Small Business Administration in the United States of America (USA), estimated that SEs with 100 or fewer employees accounted for about 34 percent of employment and 32 percent of sales in non-government, non-farm economy in 1982. SEs provided more than half the jobs in construction and in wholesale and retail trade.

In addition, data reported in 'The state of small business: A report of the President' (USA) in March 1984 showed that 1.7 million jobs were lost in firms which employed more than 100 people between 1980 and 1982, but 2.6 million new jobs were created in firms with fewer than 100 employees. New SEs accounted for 43 percent of the net increase in jobs during the same period. Research by Birch also showed that 80 percent of the new jobs in the USA between 1969 and 1976 were in small firms which were less than five years old.

This research is supported by studies in Canada which were conducted by the Canadian Federation of Independent Business, which showed that enterprises employing less than

50 people created 100 percent of all new jobs in Canada between 1975 and 1982 (Neck and Nelson, 1987: 10).

Furthermore, a study conducted in the United Kingdom (UK), at New Castle University supported the above findings. Studies conducted between 1971 and 1982 indicated that enterprises with 19 or fewer employees were responsible for 31 percent of the creation although these firms accounted for only 13 percent of all employment in the sample.

In Japan, small enterprises with less than 100 employees accounted for 76.2 percent of total employment in the private, non-farm sector in 1978. In the manufacturing sector alone, 58.5 percent of the jobs were created by small firms (Neck and Nelson, 1987: 6). Such findings have led to significant support by governments for programmes which develop SEs so that they will grow and provide more job opportunities.

Even in developing countries, the current interest in SEs is largely from the concern about unemployment. Most SEs in developing countries desire to increase output and employment if adequate finance is available.

According to Neck and Nelson (1987), although most countries have implemented measures for the promotion of SEs, such as the establishment of credit institutions, industrial estates, and extension services, these have had very little impact in comparison with the general economic policies of the governments (Neck and Nelson, 1987: 13).

However, India is a special case because its policy has been that although large-scale industry was regarded as the keystone of development, traditional small-scale enterprises would, with little investment or development expenditure, meet the every day demands of most people. As a result many small-scale, especially handicraft, enterprises were protected and preserved. This policy has contributed to the growth of small and medium-scale enterprises in India (ibid).

In the SADC region, SEs are important because it is estimated that 90 percent of all businesses in each member states are classified as small and they make a huge contribution to national life. According to Monyake (1996), it is also estimated that over 80 percent of all employment is created by small businesses, especially for women (cited in Oesterdiekhoff, 1996: 4- 6)).

Speaking at the opening of the third Small Enterprise Promotion Advisory Council (SEPAC) conference in Botswana in 1996, Monyake stressed the need for regional network to exchange information and experiences in the field of SMME promotion.

SEPAC is the first such structure to be created at the regional level where NGOs and the private sector can meet with government representatives to discuss policy matters and other areas of common interest in the region. This was mainly because efforts to establish and maintain structures and institutions have not been successful due to lack of financial and material support from the very members that established them in the first place (ibid).

At that meeting it was decided to launch a data base on SME promotion (a communication network) in order to enable best practices to be shared with other countries in the region, and to provide an overview and solicit feedback through internet. Each member state presented a paper which described country activities related to SME promotion. Some of these are summarized below.

In Lesotho, the small, micro and medium scale enterprises (SMMEs) sector development is considered important in the socio-economic development of the country. According to the Gemin study of 1991, the SMME sector contributed the most to employment generation. Akhosi (1996) states that there were over 160 000 people employed in the SMME sub-sector as opposed to 18,000 persons employed in large scale sub-sector. It is also within the same sub-sector that indigenous entrepreneurs are consolidated (Akhosi, 1996: 15- 21).

Akhosi also states that government policy focus for development of SMME sector is on increasing the number of local entrepreneurs, improving their quality and diversity. To achieve these objectives, the Lesotho government has recognized the need for creating a conducive environment by removing physical, administrative, political, and psychological, real or perceived barriers in order to motivate entrepreneurs to make long-term investment in the sector, a clear definition of SMMEs, a package of incentives, and a strong institutional support infrastructure (Akhosi, 1996: 15--21).

Government policy in Lesotho focuses on areas that play a key role in the development of SMMEs. These include:

1. financial incentives for SMMEs;
2. the Ministry of Trade and Industry, the Basotho Enterprises Development Company (BEDCO), financial institutions and NGOs assist SMMEs in preparation of business proposals for soliciting loans from financial institutions;
3. industrial estates;
4. the Ministry of Trade and Industry together with BEDCO are establishing estates throughout the country on the basis of demand by the SMME sector; and,
5. entrepreneurship training.

In order to overcome lack of entrepreneurship culture that has slowed down the development of the SMME sector, policy focuses on offering the following:

1. introducing entrepreneurship training at secondary school level;
2. training maintenance contractors and manufacturing technicians through entrepreneurship-oriented programmes;
3. offering a general entrepreneurship development programme covering management, accounting, marketing, and entrepreneurship;
4. providing funds to Lesotho Development Corporation for training skills to small and medium manufacturers; and,
5. diversifying vocational training that are market-led.

In Tanzania, the government realized the importance of SSEs to the economy since early 1970s. The main objective of this change in policy was to reduce external dependency (Kirumba,1996: 91). Kirumba states that the current economic restructuring programme which started in 1985 had made the government review various macro and financial policies in order to encourage investors to foster economic development.

According to Kirumba (1996), the economic restructuring exercise has made the country experience mushrooming of private and non-governmental organisations (NGOs) in supporting the SMMEs (Kirumba, 1996: 93). Government institutions that are supporting SMME include:

1. Small Industries Development Organisation (SIDO) which has 20 offices in Tanzania mainland with one in each region. These are providing SME supporting services including credits, technical advice, training and consultancy;
2. Center for Agricultural Rural Machinetic and Technology (CARMATEC) which provides technical support, extension services to rural and villages on biogas projects, oil processing, prototype of maize mill and sugar cane;
3. Institution for Production and Innovation (IPI), which is based at the University of Dar es Salaam, and is concerned with research, prototype designed for small scale industries, spare parts, technical advice and consultancy services;
4. Handicraft Marketing Company (HANDICO) markets handicrafts and cottage products for local and export markets. It also provides training to local artisans on marketing, quality packaging, designing of products for local and export markets, and organizes seminars and fairs for entrepreneurs to increase sales of their products.

In Zambia, MSE sector consists of approximately 336,600 enterprises. It is estimated that one out of four Zambian households has some income earning activity (Mapoma, 1998:118). According to Mapoma the sector employs more than 700,000 people or 18 percent of the labour force in the country.

In addition, half of the MSEs in Zambia are in trade sector, largely involved in vending activities. Another 40 percent are in manufacturing. The final 10 percent of the enterprises are in service industry (Mapoma, 1998: 118).

As stated in Chapter 1, the MSEs in Zambia face numerous operational problems. In order to alleviate some of these problems a number of institutions have been established to give assistance to the MSEs. Among them are SEDB and Village Industry Service (VIS). VIS is an NGO registered under the Societies Act of Zambia. It was created in 1976 with a purpose of promoting village and cottage industries.

Although the Zambian government, like other SADC countries, recognizes the role of MSEs in the economic development of the country, the institutions that have been set-up such as SEDB are inadequately funded and operate in an institutional environment that raises problems in promoting MSEs.

CHAPTER 3

Conceptual framework

3.0 Introduction

The main reference point of the attachment to a development-oriented organisation was to provide practical opportunities for the student to observe and participate in the organisation's activities in order to carry out a communication audit to assess how that organisation utilizes communication to promote development.

In order to link the observations and experiences during the attachment as well as the findings, it is important to examine some concepts such as development and participatory development communication. This chapter will also attempt to discuss the link between development, organisational communication and an organisation's efficiency. The assumption is that there can be no development without the sharing of information and knowledge, neither can an organisation perform effectively without effective internal and external communication links.

3.1 Development defined

The concept of development has been defined differently by various scholars. One of the well-known scholars of development and communication, Rogers defines development as:

a widely participatory process of social change and material adjustment (including greater equality, freedom and other valued qualities) for the majority of the people through their gaining greater control over their environment (Rogers, 1975: 345-358).

This definition implies that development which improves the lives of a minority of the people in a society cannot be referred to as meaningful. It also emphasizes the need for people's participation in the development process.



Inayatullah, quoted by Moemeka (1996), defines development as:

change towards patterns of society that allow better realization of human values, that allow a society greater power over its environment and over its own political destiny, and that enables its individuals to gain increased control over themselves (Inayatullah, 1967: 107).

Moemeka (1996) comments that the two definitions show that development means different things to different people ranging from such psychological or individual variables as self-reliance, achievement, motivation, self-worth and self-actualisation, to the communicator's concern for acquisition of new knowledge and skills, increased self-confidence, control over oneself and one's environment, greater equality and freedom, ability to understand one's potentials and limitations, and willingness to work hard enough to improve on the existing conditions (Moemeka, 1996: 3).

Furthermore, Moemeka says that the different viewpoints on development are not mutually exclusive. They are interwoven because they stress a change for the better in both the human, cultural, socio-economic and political conditions of the people, and of the society. It is not solely of technology or of gross national product (GNP). More importantly, it is a matter of increased knowledge and skills, growth of a new consciousness, expression of human mind, the uplifting of the human spirit, and the fusion of human confidence (Moemeka, 1996: 4).

Kasoma (1994) quotes a number of development scholars who have defined the concept of development. For instance, Schramm and Winfield (1967) define development as:

... the economic and social changes taking place in a nation as it moves from traditional to modernized patterns of society. These changes are associated with division of labour, growth of industry,

urbanisation, and incomes and the preparation of citizens – by literacy, education of citizens, and information to participate broadly in national affairs (cited in Kasoma, 1994: 401).

According to Kasoma, this view tends to limit the understanding of the concept of development to mean only economic and social aspects of human environment. He argues that it excludes other aspects of life, such as psychological, cultural and religious.

Rodney (1976) considered development to be at two levels: personal and societal. At personal level, he states that development implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. At societal level, Rodney associated development with economic improvement (cited in Kasoma, 1994: 401).

He says that society develops economically as its members increase jointly their capacity for dealing with the environment. This capacity of dealing with the environment is, according to him, dependent on the extent to which they understand the laws of nature (science), on the extent to which they put that understanding into practice by devising tools (technology), and on the manner in which work is organised (cited in Kasoma, 1994: 402).

According to Kasoma, the main feature of Rodney's definition of development is economic. The expansion of the economy always leads to a qualitative change in the structure of society. The achievement of any personal development is tied with the state of the society and hence, the state of the economy (Kasoma, 1994: 402).

Wallman (1977), also split the definition of development into two; economic and philosophical. At economic level, she defines development as being an inevitable but unilineal movement towards a condition of maximum industrialisation, modern technology, high(est) GNP and high(est) material standards of living (cited in Kasoma, 1994: 402). This implies that new technology is needed to develop and that the higher

the GNP the more development and that standard of living is another indicator of development.

At philosophical level, she states that development refers to progress which itself implies evolution towards some ultimate good - the development of the mind.

Mwosa (1987), on the other hand, says that development becomes 'all things to all men and women.' He states that its definition depends on which society or community one belongs to. For example, an urban dweller may perceive development differently from a villager in a rural area. His definition implies that each community must determine what constitutes development to them depending on their needs since the needs of one community may not necessarily be the needs of another community.

Kasoma (1994) identifies the following as the common core of the above definitions:

1. Development is centred on people. They all refer to some improvement in the human life condition because whatever is improved helps him or her lead a better life.
2. There is an assumption that development is unilinearly progressive rather than retrogressive. However Kasoma thinks that human development, quite often stagnates, sidetracks and even retrogresses before any push forward is registered.
3. The concept of material economic improvement is dominant. Kasoma argues that improvement in human condition does not necessarily depend on material wealth.
4. All the definitions suggest that development cannot be precisely measured. What may be measured is partial development.
5. Whether it is individual or societal, development is intended to answer or satisfy human needs or wants. The assumption is that it should be the individual or society as a whole who will express the desire that development is meant to satisfy.

Kasoma argues that development forced on people is persecution and enslavement. He says that whenever there has been political or any other form of coercion for development, communities, or people other than the coerced have benefited. True sustainable development requires that the people for whom it is meant agree to the change and work toward that change (Kasoma, 1994: 403).

Arising from these observations, Kasoma (1994) defines development as:

the improvement in the human life condition at individual and societal levels which is achieved through desirable but fluctuating changes or adjustments in the environment. Environment by this definition means the sum total of all which goes into making the human life situation. It includes physical as well as psychological vicissitudes of the human condition (Ibid: 403).

This definition means that development is meant to:

1. improve the human life condition as determined by the individual;
2. development must be desired by the people;
3. development fluctuates - it is sometimes frustrating; and,
4. development could be an adjustment.

Finally, the United Nations Development Programme (UNDP) defines development as:

the process of enlarging the range of people's choices - increasing their opportunities for education, health care, income and employment, and covering the full range of human choices from a sound physical environment to economic and political freedom (UNDP, 1990: 1992).

According to UNDP, this basically depends on enjoying a long and healthy life, the acquisition of knowledge, having access to resources for a decent standard of living, and the freedom to exercise choice and participate in society.

Previous concepts of development, such as development as economic growth or modernization, have tended to view development itself as the objective and tried to fit people to the chosen ideal of development. As a result of this assumption, the countries of the South (in the 1950s and 1960s) were advised by development planners to follow the development path of countries of the North (economic growth through industrialisation- capital-intensive technology, economic growth, and quantification as a way of measuring development outcomes). This was because the dominant paradigm at that time stressed economic growth through industrialisation as the key to development.

However, this approach to development could not be applied to the countries of the South because what happened in the countries of the North regarding development was not an accurate predictor of the development process in non-western nations (Rogers, 1993: 36).

Scholars and development practitioners began to question the dominant paradigm in the early 1970s. This was particularly so because it was realized that in the countries of the south where the dominant paradigm was closely followed, development was not taking place as expected. This realization was followed by the conclusion that there should be several pathways to development. The exact combination of components for development might be different for every nation (Rogers, 1993: 39).

The new emphasis in development was that people must participate in development programmes. It was realized that the fundamental purpose of human development must be to improve the situation of the people and therefore, development itself must be human-centred.

In addition, UNDP states that sustainable human development also means development that is equitable in its short-term outcomes. For countries such as Zambia which are suffering from widespread poverty, development for the few will not be sustainable. Unless most people are involved in development both as participants and as beneficiaries, society will not be able to realize its potential for development (UNDP, 1993).

3.2 Participation in development

Ansah (1990) states that active participation of the people in the development process has attracted increasing attention in the countries of the South in recent years because of the failure of the top-down development methods to eradicate poverty and improve the living standards of the poor. The top-down approach has been characterized by the all-knowing designer and source of development messages educating or mobilizing the passive receiver. This has led people to recognize the need for active involvement and participation of the people at all stages of the development process (Ansah, 1990).

If development is as defined by Kasoma (1994), then the intended beneficiaries should actively participate in issues that affect them. Ramamamma (1996) also supports this view when he says that participation has emerged as a key concept in development.

White (1994) says that participation has become a part of development jargon. She says that no respectable development project can be proposed without using this 'in word.' A project proposal these days can rarely be funded without some provision for the participation of the people (White, 1994: 16).

This new approach has supported community involvement in the design, execution and management of development projects and resource mobilization. According to Oakley et al. 1991 and Hahman, 1992, this involvement has led to increased benefits and efficiency in the provision of social services, especially those related to health, nutrition, education and income generation (cited in Taal, 1993: 8).

The promotion of the participatory mode may require active collaboration between the state and NGOs to reach out to the poorer groups. However, this is not always the case. Sanyal (1991) has observed 'antagonistic cooperation' among about 700 NGOs, the Government of Bangladesh (GOB) and foreign donors in income generating (IG) projects:

NGO-administered IG projects have a consistently better record in reaching the rural poor than the few IG projects that the government started, primarily to absorb external funding for these projects. The NGOs argued that the GOB managed its projects poorly, and that these projects were used by GOB to please the rural elite, whose political support was crucial. That explained the embarrassingly low repayment rates in government projects, for which some beneficiaries simply refused to repay their loans. In contrast, NGOs achieved loan repayment rates as high as 90 percent. The NGOs attributed this high loan repayment rate to their hard work and argued that the (real) remuneration they receive for their work is no more than the salaries of bureaucrats (cited in Taal, 1993: 9).

There is growing evidence that NGOs are more effective than governments in reaching the poor. Central governments still tend to favour top-down and large-scale projects although these have little impact on poverty alleviation. However, while NGO projects have had more success, there is less evidence of spread of NGO projects to the district or national level. The Grameen Bank in Bangladesh is among the few examples where credit for the income-generating activities of poorer groups expanded rapidly to other areas (Ghai, 1988; Hulme 1990a, 1990b, 1991a, 1991b).

Therefore, better collaboration between NGOs and the government is needed if poverty alleviation is to be maximized. In most cases there are either top-down, or weak, or no linkages between the state and the NGOs.

Although it is generally agreed that participation is an important component of development and that involving the unempowered poor is fundamental to development, White (1994: 17) cautions that mobilizing people at grassroots to participate in development is not a simple task. This is because participation can either be genuine or pseudo. She explains:

people's participation in development in which the control of the project and decision-making power rests with planners, administrators, and the community's elite is pseudo-participation. Here, the level of participation of the people is that of being present to listen to what is being planned for them and what would be done for them. This is not genuine participation (White, 1994: 17).

However, when the development planners, local elite, and the people work together throughout the decision-making process and when the people are empowered to control the action to be taken, only then can there be genuine participation.

Deshler and Sock (1985) conclude that:

development planners and policy makers at international, national, and regional levels might do well to adopt policies and operations that encourage genuine dialogue and participation in the creation of development plans, if empowerment is to be more than rhetoric. Administrators and planners may need to examine their own attitudes, assumptions, and perspectives towards local participants, since it appears from this review that such views are related to assumptions regarding genuine or pseudo-participation (cited in White, 1994: 17).

For example, activities of the International Fund for Agricultural Development (IFAD) have outlined the advantages of the participatory development approach:

IFAD has found that the rural poor, when given the chance, are eager to participate in projects designed to benefit them... A development process which involves people provides a basis not only for improvement in their material well-being but also for progress in their social and cultural life (cited in White, 1994:17).

3.3 Communication defined

So far, we have stressed that human development can only be meaningful if the intended beneficiaries actively participate in the development decision-making process. Active or genuine participation entails exchange of information for the purpose of planning, implementation and evaluation of development projects. In the same manner, exchange of information refers to the process of communication. The discussion of communication starts with the definitions of key concepts:

3.3.1. Communication

There are several definitions of the term 'communication'. In this report our working definitions will be as follows:

1. the process of exchanging information, interpretations, ideas, opinions and decisions between human beings---the exchange of industrial understanding (Irvine, 1970: xi).
2. the sharing of human experiences and environment between persons (Kasoma, class notes).
3. the process of conveying messages (Littlefield et al. 1970: 281).

3.3.2 Types of communication

Communication is contextual. A communication context is the type of situation in which communication occurs and the communication context differs from another context (Infante, et al. 1997: 11-12). Generally, the contexts considered are:

1. intrapersonal communication – this is the communication that takes place within oneself, such as talking to oneself. It is key to all other forms of communication because if one’s ability to abstract is not high, it will affect one’s sharing of experiences with others;
2. interpersonal communication –this is communication that occurs between two or more people;
3. small group communication – communication involving several people;
4. public communication - in which a speaker addresses a large audience;
5. mass communication - which is mediated by electronic or print media; the communication is not between two people but between mass medium organisation and a scattered, undefined audience (heterogeneous and ubiquitous audience);
6. Organisational communication -which is communication within and between organisations; and,
7. Inter-cultural communication -which is the sharing of human experiences between people from cultures.

Organisational communication can be classified as vertical, horizontal, or diagonal depending on the flow of information within the organisation. Vertical communication refers to a two-way flow of information from the top to lower levels of the organisation and vice versa. Horizontal or lateral communication refers to the sharing of information among officers of the same ranks while diagonal communication is the sharing of information across lines of command.

3.3.3 Development communication

According to Moemeka (1996), development communication is the application of the process of communication to the development process. It is the use of the principles and practices of exchange of ideas to development objectives (Moemeka, 1996: 4). It is an element of the management process in the overall planning and implementation of development programmes.

The Food and Agricultural Organisation (FAO) says that development communication rests on the premise that:

successful rural development calls for the conscious and active participation of the intended beneficiaries at every stage of the development process; for in the final analysis, rural development cannot take place without changes in attitudes and behaviour among the people concerned (FAO, 1993: 3).

Furthermore, FAO states that development communication is the planned and systematic use of communication through interpersonal channels, audio-visual and mass media to:

1. collect and exchange information among all those concerned in planning a development initiative, with the aim of reaching a consensus on the development problems being faced and the options for their solution;
2. mobilize people for development action, and to assist in solving problems and misunderstandings that may arise during project implementation;
3. enhance the pedagogical (academic) and communication skills of development agents at all levels so that they may dialogue more effectively with their audiences; and,
4. apply communication technology to training and extension programmes in order to improve their quality and impact.

The main focus for discussion in this part of the chapter will be organisational communication as a form of development communication and examine the role played by communication in enhancing an organisation's cohesion and efficiency.

3.3.4 Organisational communication

Organisational communication involves exchanging messages to stimulate meaning within and between organisations and their environments. This exchange is primarily between the directors/management of the enterprise and their employees; secondly, with

those peripheral to the enterprise, such as suppliers, contractors, customers/clients, shareholders, and the general public (Infante et al. 1997: 8; Irvine, 1970: xi).

According to Infante et al (1997) organisational communication involves:

1. one-on-one communication (between superiors and subordinates);
2. small group communication (for example, briefings, discussions and meetings);
3. public communication such as public speeches by a chief executive, or trade union official; and,
4. mass communication such as press releases, company newsletters, marketing new products, promotions, or campaigns by using print or electronic media.

Each of these forms of communication may occur between members of the same enterprise or organisation or between organisations or with their clients, the general public and the government.

Much of the study of the process of communication in organisations has been influenced by scholars in fields such as management, sociology and social psychology.

Organisational communication is associated with discussions about organisation theories such as scientific management and human relations (Infante et al, 1997:322).

Organisational communication began to attract attention during the Industrial Revolution as businesses grew bigger. With this expansion of businesses from small family-managed enterprises to large ones, arose the need for managers who were hired by the owners to make the businesses run smoothly. According to Infante et al., theories were developed at the same time to explain how managers could perform their jobs efficiently and effectively.(Infante et al. 1997: 322).

In 1984, Tompkins identified the communication implications of these organisational communication theories. For example, the classical theory of organisation was developed based on the three important theorists outside the communication field (Ibid)

Weber (1909-1949) wrote about the benefits of bureaucracy. He believed that written messages created permanence for organisations. Fayol (1916-1949) identified key principles of management, such as specialization, centralisation of power and the hierarchical chain of command. Fayol also developed the idea of the horizontal chain of communication between employees on the hierarchical level but in different departments. He advocated for oral, face-to-face communication contacts (Infante et al. 1997: 322).

Regarding the two management theories referred to above, Taylor's (1911) scientific management theory was aimed at correcting the unsystematic ways in which organisations operated at that time. Taylor, among other things, emphasized the importance of upward and downward communication in the organisational hierarchy. He advocated upward communication, not only as a channel of getting feedback for managers, but also as a means for managers to learn the rules-of-thumb that employees had developed for performing their jobs (cited in Infante, et al. 1997: 323).

In addition, the Hawthorne studies (1925-1932) also contributed to the management theories. These studies resulted in theorists beginning to consider the effects of communication and human relations on the performance of employees. Managers were made aware of the importance of both informal and formal communication systems in an organisation. The Hawthorne studies showed that:

workers' social needs and desire for informal communication were important. Managers were taught to listen to their employees and to stimulate upward communication (Infante, et al. 1997: 323).

The human relations theory of leadership and supervision were developed further by Likert (1971). Likert, stressed open communication and participative decision-making as a means of increasing employee satisfaction and productivity (cited in Infante, et al. 1997: 323).

Another theorist who has contributed to management theories is McGregor (1960), whose Theory X and Theory Y summarized assumptions about people and work. According to Theory X, managers or supervisors (like scientific theorists) assume that:

workers would prefer to avoid work if possible and work only because they must earn money. Thus, workers must be directed, controlled, and even threatened with punishment if the organisation is to achieve its objectives (Infante, et al. 1997: 324).

Theory Y managers (like human relation theorists), on the other hand, believe that:

work is natural to human beings. Workers are self-directed and will be committed to organisational objectives if the organisation can connect its goals with the workers' needs for achievement and self-actualization. Workers want to be creative and responsible in performing their jobs (ibid).

Thayer (1968) identified three basic communication systems which fulfill an organisation's communication needs:

1. The operational communication system concerns task-related information;
2. The regulatory communication system fulfills members' needs for information about orders, rules, and instructions and regulates the organisation's information processing function;
3. The maintenance and development communication system provides feedback on people and communication networks related to the organisation's internal functioning or to the organisation's connections with its environment (public relations, employee relations, advertising, and training function, for). Thayer believes that this

communication system provides preventive maintenance for the organisation (Infante, et al. 1997: 325).

Another scholar who contributed to the field of organisational communication was Redding (1972). He identified the following components of the ideal management climate:

supportiveness; participative decision making; trust; confidence; and credibility; openness and sincerity; and emphasis on high performance goals. These are ideals which inspire members of an organisation to work as a team (Infante et al. 1997: 325).

The implication of the above values is that communication affects the performance of the members of an organisation. This is because the ability to get results from group efforts largely depends on having accurate and timely information, trust and honesty among members of the organisation.

Having given a brief account of some of theorists who have contributed to the field of organisational communication, the rest of this chapter will discuss factors that influence an organisation's efficiency and effectiveness.

3.4 An organisation as a system

This section will begin with the definition of an organisation before considering factors which affect its performance. According to Senger (1980), an organisation is "a group of groups consciously put together to carry out some well-defined tasks." For example, schools, political parties, business enterprises, are all organisations. These have been put together to coordinate the activities of a large group of people in pursuit of a goal. For example, for schools, the goal is education.

Rogers (1995) defines an organisation as

a stable system of individuals who work together to achieve common goals through a hierarchy of ranks and division of labour (Rogers, 1995: 375).

Hodge and Johnson (1970) also define an organisation as “a network of systems.” They define a system as a pattern of relationships within some relevant framework aimed at the attainment of some specific purpose (Hodge & Johnson, 1970: 6).

They further state that an organisation can be considered as a complex of relationships among people and physical resources and work, cemented together into a system. Whatever affects one of the subsystems or units or departments, will eventually affect the other units or departments positively or negatively.

The subsystems of an organisation are interdependent. In other words, an organisation is a dependent system. This implies that the organisation cannot function effectively if the units or departments that constitute the organisation do not support one another. These subsystems are tied together through linking systems of authority, communication, and organisational structure (Hodge & Johnson, 1970: 8).

Chruden and Sherman (1984) also regard an organisation as a system. They define a system as:

a network of interrelated components interacting within a particular environment... the interrelated and interacting components of an enterprise are the units into which it has been organized, including the employees and the job activities within units (Chruden & Sherman, 1984: 49).

The system through which the organisation functions is generally referred to as a management system. According to them, the management system provides the framework for coordinating and directing employees' performance toward the organisation's objectives. The other components of the management system are the processes, methods, techniques, and tools needed to manage all the resources of the organisation. The management information system is the tool used to link all the components of the organisation and functions as the organisation's nervous system (Chruden and Sherman, 1984: 49).

Effective management requires a management information system (MIS) to provide adequate, accurate and timely information for the purpose of control and decision-making.

Chruden and Sherman (1984) define MIS as:

a network of component parts developed to provide a flow of information to decision makers. It is composed of procedures, equipment, information, methods to compile and evaluate information, the people who use the information and information management (Chruden and Sherman, 1984: 49).

Management information systems have been enhanced by the use of computers.

Furthermore, Chruden and Sherman (1984) state that another important component of an organisation is the structure. It is through the structure that the activities of the organisation are directed toward desired goals. The structure helps to determine the duties of the employees assigned to each job. This formal structure is usually shown as an organisation chart (Chruden and Sherman., 1984: 53).

Chruden and Sherman state that according to traditional theory, a formal organisation chart establishes the channels through which authority is formally delegated and

performance controlled. It is also through these channels that formal relations between superiors and their subordinates are supposed to occur within the organisation. This is what is commonly called the chain of command and the management levels within the organisation, from the chief executive to the employee level through which this passes, is known as the organisation hierarchy (Chruden and Sherman 1984: 53).

Theoretically, managers are expected to communicate downward to their subordinates through the chain. Their subordinates are also expected to report upward through the chain without bypassing any link within it. However, in practice, some of the links are bypassed in order to speed up decision-making. The effectiveness of the chain of command is dependent:

on the number of management levels within the organisation. Each level down the line serves to remove top management further from employee level. This tends to lengthen the lines of communication. Fewer levels enable management to be closer to the employees and to realize cost benefits of this relationship (Chruden and Sherman, 1984: 53).

Chruden and Sherman (1984), further state that an organisation must develop an effective organisation structure for managing its employees in order to cope with the environmental changes and challenges. This is because the organisation structure reflects the type activities to be performed and it provides the basis for grouping the activities to be performed into jobs. It also determines the interpersonal relationships that should exist formally among the personnel who perform these jobs. Therefore, employees can be managed effectively only if the organisation is properly structured (Chruden and Sherman, 1984: 49).

The efficiency and effectiveness of an organisation depends on how well all its resources are managed. Out of all the resources, the human resources are the most important because all the other resources (land, buildings, equipment and finances) are managed by

people. Therefore, the effectiveness of the organisation depends on the quality of employees (including managers) on its payroll.

However, the organisation, can stick together if everyone knows his or her job and how, and when to do it as well as why that job should be done. If the employees know why the jobs are performed, they become committed to their jobs. But if a number of key people leave the organisation, a lot of crucial knowledge leaves with them and usually highly qualified personnel are not readily available on the market. New people who may enter the organisation usually take long to be socialized into the company.

Therefore, Senger (1980) suggests that an organisation needs to write down in standard instructions just how instructions are carried out and how one transaction flows into another. He (agrees with Chruden and Sherman) says that:

we define a chain of communication between officials so that we know who decides what about what, how orders come through the organisation, how information flows (Senger, 1980: 13).

He also supports the idea of having an organisation chart which defines who reports to who and who is responsible for what. He says that without the chart, there would be chaos and anarchy (Sender, 1980: 13).

Hodge and Johnson (1970) also suggest that adequate policies, procedures, authority, and lines of communication must be established and utilized if the organisation expects to attain its objectives. This is the responsibility of the management group.

They conclude that the essential components of an organisation seem to be:

its objectives, membership groups, proper work divisions, physical assets, policies, procedures, authority, and lines of communication.
The combination of these ingredients into a successful pattern of

operation should result in the attainment of the organisation's objectives (Hodge and Johnson, 1970: 5).

Chruden and Sherman (1984) state that an organisation requires cohesion in order for it to achieve its objectives. They state that cohesiveness is the most important factor in enhancing morale. The other factors which determine morale are:

1. existence of common goals which members strive to achieve;
2. observable progress toward reaching the goals; and,
3. a sense of participation among the members of the organisation or group in working toward the goals.

They also list three factors that influence cohesiveness as follows:

1. the degree of the individual's dependency on a group for need satisfaction;
2. size of the group since cohesiveness is reduced as the members in the group increase; and,
3. excessive competition among the members of the group reduces cohesiveness.

3.5 The role of communication

The primary responsibilities of management are to achieve objectives of the organisation and maintain and promote teamwork in the work groups in order to achieve the intended objectives and programmes. The success of the organisation is dependent on the ability of its managers to handle both types of activities simultaneously. The achievement of these management tasks requires cooperation between managers, supervisors, employees and their trade union representatives (if unionized). Since managers work with and through their subordinates to achieve their tasks, they need to know factors which promote cooperation from the employees.

Getting cooperation and teamwork from employees as individuals as well as members of work groups depends not only on formal authority, but also on satisfying employee and

group needs. When both individual and group needs are blocked, the individuals within the groups tend to be frustrated and frustration may lead, for example, to tension, indiscipline, conflicts, and high labour turnover (Chruden and Sherman, 1984: *passim*).

A manager who does not attend to needs of his or her team will find his or her group members less effective in carrying out the tasks and individuals in it more or less frustrated. Similarly, insensitivity to individual needs reduces the effectiveness of the individual.

As one observes the behaviour of people in organisations, the importance of communication becomes apparent. Communication is vital because it is the network that binds together all the members and activities in the organisation (Chruden and Sherman, 1984: 284). Through the exchange of information, ideas, suggestions, complaints, instructions and opinions, the personnel and their activities are coordinated in pursuit of organisation and individuals' goals.

Soliciting employee reactions, questions, and suggestions in virtually every situation where there is some latitude in decision-making is vital in management. The immediate supervisor plays a key role in both downward and upward communication. Littlefield et al. (1970) state that:

a skilled supervisor senses the desires of his or her employees to know about developments which may affect them – whether these are company-wide in scope, departmental, or individual. People seek such information, and if they do not get it through their supervisor or other formal channels (such as reports, memoranda, or general meetings), they will turn to the grapevine for answers to the questions or other information of interest (Littlefield, et al. 1970: 449).

The challenge to management is to provide a good formal communication network which supplies important and timely information, and minimizes dependence by employees

upon the grapevine or rumours for information vital to their interest and those of the organisation.

Equally, the efficiency and effectiveness of an organisation or group of people depends largely on how well the efforts of all its members can be coordinated. However, coordination and cooperation do not just happen. They are a result of the manager's efforts to channel the group's efforts for achieving objectives of the organisation and individuals within it. Without adequate flow of information, neither teamwork nor job satisfaction can be possible, nor can tasks be done properly.

According to Irvine (1970:) the objective of communication is to help management to conduct the affairs of the organisation with maximum effectiveness in the use of all resources. Communication enables management to see to it that the employees of the organisation are told and understand all that they need to know in order to perform their jobs better. It also promotes industrial peace and is an essential skill for all management ranks who are responsible of getting things done through other people (Irvine, 1970: xi).

Traditionally, it was assumed that the major factor in motivating people to perform could only be authority. It was assumed that managers should make all the important decisions as to what should be done and how. They should have authority to command action of others and administer rewards and punishment in relation to performance.

Slowly, a different philosophy of motivation has evolved. Employee resentment against authoritarian management or control has been observed to build up as individuals become less dependent on an employer for their subsistence.

Chruden and Sherman (1984) further state that in the past:

management has measured the effectiveness of communication primarily in terms of how well it was telling its story. However, management is becoming aware of the importance and value of obtaining feedback from employees. A climate with open, two-

way communication improves the opportunity for high productivity and job satisfaction (Chruden and Sherman, 1984: 283).

In modern organisations it is essential that management maintains effective communication with employees, union officials, community and government agencies. The nature and quality of communication with individuals and groups outside the organisation also affects its programmes. Littlefield et al. (1970: 450) emphasize the value of employee participation in the affairs of the organisation. This is because many sound ideas come to light which could otherwise be ignored.

Finally, today's organisation is the most effective means devised to pool members' efforts and channel them into productive means of need satisfaction. According to Hodge and Johnson (1970: 4), all members of society who are affected by a given organisation demand certain action and benefits, and support only the organisations that provide them with the means of satisfying these needs within a reasonable time. So, society sanctions the operations of an organisation only because it judges the organisation to be capable of satisfying the needs. Without effective external and internal communication, the organisation would not be able to perform to expectation and elicit support from those it is intended to serve.

Cushman & King (1992) state that the success of any organisation depends on the following conditions:

1. a need to participate effectively in a competitive environment;
2. a need to develop an effective management system and organisational communication network;

According to them, the management system must be innovative, adaptive, flexible, efficient and rapid in response. All these factors cannot be attained without unrestricted flow of information within the organisation. Since organisational communication is key

to the organisation's development, it can be regarded as a form of development communication.

Therefore, an organisation like SEDB whose objective is to promote development does not only require competent managers and skilled employees to achieve its objectives but also an effective communication network to enhance internal and external links for its efficiency and effectiveness. Without effective internal and external flow of useful information its performance is likely to be affected.

CHAPTER 4

Personal experiences

4.0 Attachment setting

This chapter will attempt to discuss the student's personal experiences during his attachment to SEDB. The discussion will include the initial preparations for the attachment, reception, attitudes and interaction between the student and members of staff at SEDB. These are purely personal reflections and could be subjective. However, these experiences are important in this report because they put the readers of the report into context.

Initial contacts between the Department of Mass Communication and SEDB began in April 1999. A letter was written to the organisation requesting management to allow the student to be attached to SEDB for practicals. A month later, SEDB agreed to the suggestion and expected the student to report for attachment in the second week of June 1999. The organisation also made an offer to pay the student a pocket allowance of K200,000-00 per month (which was not honoured).

The attachment started on 1st July and ended on 31st October, 1999. The student was attached to the Projects Department because that is the line department which is responsible for programmes that promote and monitor the development of, and provides extension services to MSES in Zambia.

4.1 Orientation

As started above, the attachment was for four months, from 1st July to October 31st, 1999. The student reported to the Personnel Administration Manager, Mr. Fabian Kamfwa, on 1st July, 1999. He introduced the student to all members of staff at the Head Office and informed them about the purpose of the student's presence in the company. The student met the Director/Chief Executive, the Board Secretary, and the Director of



Projects. He was also introduced to accounts personnel, security personnel and rank and file employees.

After the initial introductions, the student was finally placed under the Projects Department. The Director of Projects then introduced the student to the Controller Monitoring and Extension services, Mrs. Kalobwe Chansa, who was the coordinator of the attachment.

As part of orientation, the coordinator provided company documents such as the SIDO and SEDB Acts, brochures, files and previous annual reports to the student. This was done in order for the student to familiarize himself with the objectives, and activities of the organisation. The student was also encouraged to request for any other documents that would assist him collect information he needed to know about the organisation.

4.2 Programme

The programme of activities for the student was made by the coordinator and the student. Since during the month of July, SEDB was preparing for the Agricultural and Commercial Show, the student was assigned to work under the Controller Marketing, Mrs. Catherine Katongo. She was mobilizing micro and small entrepreneurs to exhibit at the show and also prepare the SEDB stand at the show ground. This placement was from July to the first week of August 1999 when the show ended.

After the Show, the student was attached to the Lusaka regional office in Makeni area, South of Lusaka. The regional office is situated about six kilometres from town along the Lusaka-Kafue road. The student was at the regional office for three weeks. Although the Regional Manager, Mr. Collins Sakajila, was not in his office when the student reported, the student received a warm welcome from the Manager's secretary, Mrs. Edna Mwala. The Manager had informed her about the attachee's programme.

The three weeks at the regional office was one of the active periods of the whole attachment apart from the time the student was involved in the Agricultural and

Commercial Show. At the regional office the student worked with Mrs. Mwansa Mzece and Mr. Joe Muzyamba and accompanied the two officers on client-contacts within Lusaka urban townships.

4.3 Work environment and hours

As stated earlier, the SEDB Head office is located on Cairo road opposite the Ministry of Tourism. It is near the Kafue Round About and is situated between Barnetts Furnishers and CUSA House. The office accommodation at SEDB House is shared with SEDB and the Ministry of Environment. A visitor is not likely to know which of the offices belong to the two organisations. In addition, the offices for the Projects Department and those of the other departments are arranged in such a way that one would think that they were separate organisations

Apart from the arrangement of offices, the internal environment, especially the floors at the Head Office (Projects Department), require some attention. The toilets in the same department also give a wrong impression to visitors. The stench emanating from the toilets was sometimes unbearable especially in the student's office. The pipes in the toilets were also broken and that led to over flow of water in the verandah.

The student was first of all allocated office number 17 but when the owner returned from a short leave, he was moved to another office that is used by security personnel. This office, like the other offices on the same side of the block, is poorly ventilated. Most of the offices were extremely hot during the month of October. For example, the library becomes so hot that it is almost impossible to be there for a long time.

Office hours begin at 08:00 hours and end at 17:00 hours from Monday to Friday. There is a lunch break from 13:00 hours to 14:00 hours. Before lunch, members of staff are served with some tea. The student was also served with tea being part of the staff.

Usually the tea was provided whenever the organisation had some money. However, the employees had to provide their own snacks. For most employees, especially the rank and file, this provision of tea served as the main meal at work. This was because members of

staff had not received their salaries for four months. However, those in middle management could be seen having meals in their offices.

As a result of this situation, the attachee felt that it would be awkward to buy himself some snacks when others had almost nothing to eat. Sometimes, the attachee used to assist in raising bus fares for some of the workers. This was as a result of establishing close friendship with them. In the same manner, they also offered the student some snacks during tea time whenever possible.

At the Regional Office, on the other hand, the offices are well located. The Regional Manager is closer to his staff and relates to them better than those at the Head Office. For example, members of staff at the regional office have lunch together. They contribute money every week towards the cost of their meals. The Manager and his staff agreed to offer the student free meals as they considered him their guest.

As for office accommodation, the student shared an office with two other officers. Later, when the owner of the desk returned from leave, the student was allocated another office whose occupant was on leave. The general surroundings and condition of the offices at the Lusaka region were well maintained and conducive to work.

4.4 Relationship with staff

When a new person joins a group, there is usually some degree of uncertainty because the reaction of people to strangers is unpredictable. It takes time for trust to develop between the new recruit and the established members of that group. It is even more difficult when the new comer is perceived as a researcher from an institution like a university. In most cases the members of the organisation, especially management, may perceive the stranger as a “spy” who may reveal their misdeeds and this could lead to mistrust.

However, if the organisation is experiencing problems the employees may regard the stranger as a means for them to express themselves hoping that the new person would highlight these short comings to management.

In addition, each group, whether formal or informal, has norms and unless the new individual complies with the norms of the group, he or she may not receive any cooperation from the group members. In other words, unless the newcomer identifies himself or herself with the group and sympathizes with their situation, people may not open up to discuss their anxieties.

Arising from the above observations, it would be expected that when the student reported for the attachment, he was not certain about the type of reception he would receive from the members of staff at SEDB. However, since management had agreed to have the student attached to the organisation, the student was sure of management and staff support. What was not certain was whether the student would be considered as a researcher or as one who should participate in the activities of the organisation.

When the student reported at SEDB, he received a warm reception from members of management and the employees although most employees were generally not as open to him as they became later. This openness and acceptance became apparent as soon as the student got involved in the preparation of the 73rd Agricultural and Commercial Show. Most importantly, those in the Projects department became closer and the student felt accepted by them. At the Show the student was treated like any other member of staff because he was also paid lunch and other allowances for the period he was on duty.

After about two weeks most employees were able to share experiences with the student on various issues. These included the problems of SEDB, their possible causes, how they felt about the non payment of salaries and possible solutions to the problems.

The student reported for work at 08:00 hours and in most cases earlier than most of the permanent employees. He also followed the daily routine of the organisation. For example, the student had to get permission from the coordinator whenever he had to be out of the office for any reasons. Furthermore, since staff salaries were about four months behind, the student was also not paid the allowance management promised to pay him every month.

Unfortunately, even when management paid the members of staff half salaries, management seemed to have forgotten their obligation to pay the student the allowance. This made the student feel for the employees and sympathize with their problems. In this way the student experienced the agony of working with people who seemed committed to their work and their organisation but were not receiving meaningful support from their management. No one would be insensitive to the plight of such people. It was amazing to see people reporting for work daily but without resources to enable them perform their tasks and whose organisation was failing to meet their individual needs.

Although the financial problems at SEDB were as a result of lack of support from government, employees felt that management was equally insensitive to their needs. The blame was placed on the shoulders of both the previous and present managements who, they said, lacked vision.

4.5 Personal reflections

Apart from the first month of the attachment when the student participated in the preparations for the Agricultural and Commercial Show and when he was at the Lusaka Regional office, the remainder of the attachment was not exiting. There were no activities because SEDB had suspended services to MSEs and it was very frustrating to report for work early in the morning but stay in the office doing nothing at all. On most occasions the student spent more of his time conducting interviews instead of participating in actual work. However, this scenario was not peculiar to the student alone. The permanent employees usually reported late and left their offices before time.

However, by placing the student in the Projects Department, the organisation interpreted the role of a communication specialist in the development process well. Since the department was concerned with the development and promotion of MSEs in the country, the organisation assumed that it was the only department in the organisation that needed effective communication strategies. While this assumption is correct, it should be recognized that communication is necessary in the entire organisation. This is because

departments in organisations are people, not just boxes on the organisational chart. Therefore, the organisation cannot function without an effective internal and external communication network.

During the four months of attachment at the SEDB Head Office, the student only met the Chief Executive on the first day of his orientation. This was because the Chief Executive and other top managers were rarely seen visiting the Projects Department offices. It was only the Personnel and Administrative Manager who was constantly seen around both sections of office blocks. This could explain why there were marked differences between the two premises in terms of cleanliness.

Some of the above were personal perceptions that could be different from another person attached to the organisation at the same time. This is because people tend to select what they want to see and ignore what they may perceive to be irrelevant to them.

CHAPTER 5

Challenges and problems of SEDB

5.0 The role of SEDB in the Zambian economy

The role of SEDB in the Zambian economy cannot be overemphasized. The promotion and development of MSEs is central to the development of the country's economy because MSEs provide jobs and offer a base for the creation of wealth and incomes for the poor. The main challenge facing Zambia is to bring about sustained improvements in the welfare of Zambians in the wake of increased levels of poverty. This challenge has necessitated greater targeting of the poor and vulnerable groups. This entails redirecting development efforts to poverty alleviation activities, to promote certain safety nets for vulnerable groups and to generate sustainable employment opportunities.

In recognition of the poverty situation in Zambia, the government has made concerted efforts to promote social development and reduce poverty. The policy of privatisation and commercialisation of state-owned enterprises is aimed at encouraging SMEs. This entails that the government has recognized and acknowledged the importance of the role of SME sector in improving the Zambian economy. The creation of institutions such as SEDB was one of the strategies for promoting entrepreneurial culture in the country.

The other important factor which made it necessary for the creation of institutions like SEDB was that most SMEs face various problems. Therefore, the creation of such institutions, enables the government and donors to channel resources for the promotion and development of SMEs more efficiently.

Since its inception in 1982, SEDB has been providing both financial and non-financial services to promote and develop SMEs. This chapter will discuss some of its successes as well as problems in its efforts to develop and promote entrepreneurial culture in the country. The chapter will also state possible solutions to these problems as suggested by management and members of staff.

Some of the major services SEDB has been providing include the following:

1. registration of MSEs;
2. provision of various training courses;
3. provision of marketing information and services;
4. provision of industrial estates;
5. establishment of industrial and technical information system;
6. provision of monitoring and extension services; and,
7. provision of incentives to registered MSEs.

5.1 Financial services to MSEs by SEDB

Although SIDO funded MSE projects, the SIDO Act did not mandate it to do so.

However, the SED Act of 1997 has a provision for SEDB to provide financial services in addition to non-financial activities (Part iv, Section 18 of the Act: 754). For example, from records made available to the attachee, a total of 42 projects were financed by SIDO during the 1993/94 financial year. The total amount of money disbursed was K69 million (Tables 1 & 2). The financed projects were in the textile and garment sector (60%); food and processing sector (17%); and chemical sector (7%). These projects were mostly in Lusaka (31%); Southern (19%); and the Copperbelt and North Western regions (12% respectively).

Table 1: Number of Funded Projects by Province

Province	Funded Projects
1. Central	2
2. Copperbelt	5
3. Eastern	0
4. Lusaka	13
5. Luapula	3
6. Northern	4
7. North Western	5
8. Southern	8
9. Western	2
Total	42

Source: SIDO Twelfth Annual Report 1993/94

Table 2: Amount disbursed by Province

Province	Amount (in Kwacha)
1. Central	3 119 000
2. Copperbelt	3 417 000
3. Eastern	-
4. Luapula	2 685 000
5. Lusaka	27 146 000
6. Northern	25 560 000
7. North Western	2 275 000
8. Southern	2 911 000
9. Western	1 969 000
Total	69 082 000

Source: SIDO Twelfth Annual Report 1993/94

5.1.1 Hammermill distribution

This was a government funded programme in which about 2 000 hammermills were bought and sold on hire purchase by SEDB. The objective of the programme was to localize the processing of maize in order to cut down on transport costs of moving the cereal to milling centres which were several kilometres from the farmers. Hammermill technicians were employed for installation, maintenance and repair of equipment. In addition, courses for hammermill owners were conducted by SEDB. These courses were funded by USAID under their programme of Zambia Agriculture Marketing Services (ZAMS).

For instance, during the 1992/93 financial year, a total of 154 hammermills were distributed to the regions as follows:

Table 3: Number of hammermills distributed by region in 1992/93

<u>Region</u>	<u>Number of hammermills</u>
1. Central	59
2. Copperbelt	25
3. Eastern	60
4. North Western	17
5. Luapula	61
6. Western	14
7. Northern	42
8. Lusaka	11
9. Southern	48
Total	337

During the 1993/94 financial year a total of 154 hammermills were distributed to the regions as follows:

Table 4: *Number of hammermills distributed by region in 1993/94*

<u>Region</u>	<u>Number distributed</u>
1. Copperbelt	11
2. Central	25
3. Luapula	19
4. Eastern	10
5. Lusaka	25
6. Northern	30
7. North Western	11
8. Southern	13
9. Western	10
Total	154

Source: *SIDO Twelfth Annual Report 1993/94*

The total number of hammermills distributed throughout the country since the programme between in 1987 and 1997 was 1,560.

5.1.2 Projects development

In addition to the hammermills project, SEDB has, over its period of operation, developed other projects which were funded by the government. For example, during the 1992/93 financial year, 41 non-hammermill projects were formed. The breakdown of the projects by province and by product line were as follows:

Table 5: Distribution of SEDB projects by province and product line

1. Copperbelt Region

<u>Product line</u>	<u>No. of Units</u>	<u>Location</u>
i) Garments	2	Ndola
ii) Chemicals	1	Kitwe
iii) Construction	1	Kitwe
iv) Leather products	1	Ndola

2. Central Region

i) Sawmilling	1	Kabwe Rural
ii) Bakery	1	Kabwe Rural
ii) Garments	1	Kabwe Urban

3. Luapula Region

i) Garments	1	Mansa
ii) Garments	1	Samfya
iii) Carpentry	1	Mansa

4. Eastern Region

i) Garments	1	Chipata
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5. Lusaka Region

i) Carpentry	2	Lusaka
ii) Shoe Manufacturing	1	Lusaka
iii) Leather Goods	1	Lusaka
iv) Book Binding	1	Lusaka
v) Garments	5	Lusaka
vi) Knitting	1	Lusaka

Table 5 continued...

vii) Block Making	1	Lusaka
viii) Metal fabrication	1	Lusaka
ix) Stock Feeds	1	Lusaka
x) Oil Extraction	1	Lusaka
xi) Food Processing	1	Lusaka
6. <u>North-Western Region</u>		
i) Garments	1	Zambezi
ii) Garments	1	Solwezi
iii) Oil Extraction	1	Solwezi
iv) Baking Products	1	Kasempa
v) Carpentry	1	Zambezi
vi) Transport	1	Mufumbwe
7. <u>Northern Region</u>		
i) Garments	1	Kasama
8. <u>Southern Region</u>		
i) Garments	3	Choma
ii) Garments	1	Namwala
9. <u>Western Region</u>		
i) Garments	1	Mongu

Source: SIDO Eleventh Annual Report 1993/1994)

5.1.3 Sericulture programme

In 1987, the organisation started a pilot project in raw silk and cocoon production to determine whether the industry could be viable. After several years, it was established that sericulture can be run profitably in the country. As a result, three centres have been opened in the Southern, Central and Northern parts of the country.

According to the Director of projects, the next stage will be the commercialisation of sericulture among small-scale farmers in the country. It was expected that over a period of three years most parts of the country would have units operating with 600 farmers participating and creating employment for about 3000 people.

5.1.4 Sorghum dehuller programme

SEDB in conjunction with the Technology Development and Advisory Unit (TDAU) at the University of Zambia and Kaleya Small Holders Company brought prototypes of Sorghum Dehullers in the country in order to localize their production. A draft report for the sorghum dehulling research project was completed during the 1993/94 financial year and the research findings established the commercial viability of using sorghum dehulling machines in drought prone-areas of the country.

5.1.5 Machinery and equipment

SEDB has also over the past year supplied machinery and equipment to MSE operators on hire purchase basis. These have included:-

1. bakery units;
2. sewing machines; and,
3. pit saws.

For example, during the 1992/93 financial year 10 bakery units, 210 sewing machines and 470 pot saws were distributed throughout the country.

5.1.6 Industrial and Technological Information System (ITIS)

The Projects Department has a reference library unit whose services are as follows:

1. to disseminate information on any aspect of the small business sector;
2. to provide information on the available investment opportunities within the small business sector;
3. to provide project and business profile to clients;
4. to provide information on the performance of the small business sector; and,
5. to provide information on sources of machinery and equipment.

According to the librarian, in addition to the above services, SEDB (SIDO then) with the assistance of the IDRC of Canada, embarked on the establishment of the industrial and technical information system (ITIS) in 1990. The main objective of ITIS were to:

1. collect and create a comprehensive data base on the small scale and manufacturing industries in Zambia;
2. collect and create an inventory of all research and development institutions, their resources and specialization in Zambia;
3. collect and create an inventory of small scale technologies in the region and the continent;
4. create system of retrieval, up dating and analysis; and,
5. link the Zambian system to other existing technological and industrial system in SADC and UNIDO and related organisations.

To initiate the establishment of this information system, the IDRC provided a computer, a laser printer, a fax machine, a television set and a video recorder. However, the project was abandoned because SEDB did not fulfill its part of the agreement.

The library also had three databases on computer. The databases were as follows:

1. the Industrial Database which was an index of all small industries registered with SEDB;
2. the Information Sources Database which was an index of all the monographs and journals in stock; and ,
3. the technology Sources Database which listed other sources of technological information.

The library has been facing many problems due to lack of funds. At the time of writing this report, the databases were non-existent because the computer was still under going repairs.

5.2 Entrepreneurial training programme

SEDB has been offering entrepreneurial training throughout the country in order to improve managerial and technical skills of small scale entrepreneurs. According to the Director of Projects, a total of 8 497 courses have been offered from 1992 to 1997 (Table 6)

Table 6: Entrepreneurial training courses offered for the period 1992-1997

Type of course	1992	1993	1994	1995	1996	1997	Total
1. Business awareness	2040	1900	900	1502	501	-	6843
2. Basic business mgt.	106	451	202	445	112	84	1400
3. Skills training	46	44	28	42	37	57	254
Total	2192	2395	1130	1989	650	141	8497

Source: Director of Projects' Office, SEDB

In addition to the above courses, SEDB also conducted hammermill-client training, monitoring and evaluation programmes. These were funded by USAID. For example, during the 1992/93 financial year, a total of 234 hammermill operators were trained in all the regions of Zambia. In addition, 100 clients were trained in sericulture. Other courses included leather craft skills in which eight clients were trained during the same period.

The organisation, through its regional office network undertook project supervision and monitoring services of MSEs. This was done through client visits. For example, during the 1992/93 financial year, a total of 850 clients were reached. Some of the services rendered included:

1. repair and maintenance of hammermills;
2. Business Advisory and Counselling Services;
3. debt collection; and,
4. maintenance of books of accounts.

5.3 Industrial estates development programme

Another service provided by SEDB has been the establishment of industrial estates to provide factory space to SMEs. These estates are in various towns and are at various stages of completion (Table 7).

Table 7: Status of industrial estates

Region	Status of estate	Number of clients	Amount required for completion
1. LUSAKA			
i) Makeni phase 1	completed	18	-
ii) Makeni phase 2	Incomplete	-	K15 million
2. COPPERBELT			
• Kitwe			
i) Industrial area	closed by Indo-Zambia Bank	12	K600 million
ii) Ex-ZCCM youth centre	3 completed	18	-
• Luanshya	completed	10	-
i) Ex-Roan market			
ii) Ex-ZCCM youth centre	partly completed	08	K400 million
iii) Baluba workshop	partly completed	04	K300 million
• Chingola			
i) Lulamba workshop	partly developed	01	K400 million
ii) Ex-commet workshops	phase 1 completed	08	-
iii) Ex-ZCCM youth centre	phase 2 undeveloped	08	K300 million
	completed	04	-
• Mufulira			
i) Bwana club workshops	partly completed	05	-
ii) Ex-ZCCM youth centre	partly completed	08	-
3. NORTH-WESTERN			
i) Solwezi plot of land	undeveloped		K500 million
4. NORTHERN			
i) Kasama plot of land	undeveloped	-	K500 million

Table 7 continued...

5. LUAPULA i) Mansa plot of land	undeveloped	-	K500 million
6. EASTERN i) Chipata plot of land	undeveloped	-	K500 million
7. SOUTHERN i) Choma plot of land	undeveloped	-	K500 million
8. WESTERN i) Mongu plot of land	open sides shades need to be completed	04	K250 million
9. CENTRAL i) Kabwe-Kasanda workshop ii) Main workshop	partly completed completed	01 26	K150 million -

5.4 Problems faced by SEDB

Although SEDB has had some successes in its efforts to empower individuals to run successful businesses, it has been experiencing many problems which have affected its performance. Interviews with members of staff during the attachment revealed the following major problems:

5.4.1 Mismanagement

One of the major problems SEDB has faced is the organisation inability to manage its resources well. The organisation has been experiencing critical financial problems and this led to the idea of restructuring it in order to streamline its operations. The mismanagement of funds by the previous management led to the huge debt of K17 billion and loss of its professional staff. This has been the main source of all the other problems in the organisation. The severe shortage of finances has been due to Irregular transactions.

According to a *Sunday Times of Zambia* article of September 19, 1999, SEDB lost billions of Kwacha through dubious and irregular transactions. Quoting the latest

Auditor -General's report, the newspaper article revealed that there were anomalies in the operations at SEDB where tender procedures had been disregarded. The report revealed that SEDB had no written accounting procedures to regulate its accounting activities and precautionary measures were not put in place to safeguard government assets in that the hire purchase agreements did not include clauses for legal action against debtors after the repossessing of hire purchase assets. For example, out of loans amounting to K1 383 195 815 which were outstanding as at 31st March, 1996, K688 805 055 of that amount overrun the repayment period contrary to the arrangements and was unlikely to be recovered.

The *Sunday Times of Zambia* report also stated that the Auditor-General's report revealed that procedures for purchasing vehicles and other equipment for the organisation were not followed by SEDB resulting in loss of huge amounts of money (19th September, 1999: 7). For example, the newspaper article stated that SEDB placed an order for the purchase of 300 hammermills and spares at a cost of K385 560 000 from a local company in November 1994. This order was not approved by the Board nor authorized by Zambia Tender Board (ZNTB). According to the report, records revealed that a total of K214 378 065 was paid to the company by management between May 1995 and September 1997 towards the order. Records on the same order revealed that as at April 1998, only hammermills and spares worth K10 363 800 had been supplied, leaving a balance of K204 014 265 unaccounted for.

These and many other incidences of lack of accountability and transparency in financial management procedures led to loss of credibility and confidence in SEDB by government and other supporting institutions such as donors and local financial institutions.

5.4.2 Lack of government and donor support

Although the government has been the main source of funds to SEDB through monthly grants, there has been a substantial reduction of such support. The grants have been inadequate to meet all operational demands even at SEDB Head office. The debt burden

and SEDB's lack of capacity to generate its own funds have contributed to reduced financial and technical support from government.

Furthermore, SEDB's high indebtedness, low capacity and poor image have greatly affected support the institution used to get from donors in spite of the availability of resources for activities such as those of SEDB. For example, an article in the *Times of Zambia* by a business reporter on 24th August, 1999, reported that five donor countries had withheld technical and financial assistance to SEDB because of government's delay in restructuring the institution. The paper stated that Italy, Japan and two Scandinavian countries were waiting for government to restructure SEDB to improve efficiency.

5.4.3 Delay in restructuring SEDB

Since the repeal of the SIDO Act and the appointment of a new Chief Executive in 1996, SEDB has had no Board constituted by government. The new Chief Executive and management have not received any support in order for them and the employees to improve the performance of the organisation. The delay has affected the organisation in the following ways:

1. Service delivery

As a result of the financial problems and lack of support from Government and other stakeholders, the delivery of services to MSEs has been suspended. The only activities being performed are marketing services such as organizing MSEs for exhibitions at agricultural and commercial shows as well as registration of new SMEs. Regional offices did not even submit quarterly reports. This has resulted in loss of confidence in the organisation by clients.

2 Low management and staff morale

The critical shortage of resources and loss of assets to creditors have affected both management and staff morale. For example, as at the end of October 1999, only employees in lower scales had just been paid half of their August 1999 salaries.

The situation was worse in regions since they do not receive any financial assistance from head office.

In addition, conditions of service of the employees and salaries were last adjusted in 1994. This situation has led to poor work culture such as late coming, idling, indiscipline (thefts) and loss of qualified staff through resignations. For example, during the attachment, the organisation had only three top managers namely: the Chief Executive, Board Secretary, and the Director of Projects. The other top management positions of Director of Finance, Extensions Services Manager, Research and Planning Manager, and Projects Development Manager were vacant. The Extension Services Manager resigned in July 1999

The Projects Department had no senior projects officers, controllers, project officers, and only one technologist. The regional offices were being manned by regional accountants since most of the qualified managers had either resigned or were on disciplinary charges (Chipata). The Lusaka Regional Manager resigned in October 1999.

5.4.4 Lack of communication links

There is generally lack of effective exchange of information in the organisation. Employees felt that management was insensitive to their problems. This was because management rarely holds meetings with the employees to explain the future of the organisation. Interviews conducted by the attachee revealed that the Chief Executive last had a meeting with the employees in 1996 when he was appointed as the Director. It appeared as though top managers isolate themselves from close contacts with their subordinates.

For example, during the four months the student was attached to the organisation, he met the Chief Executive at the beginning of the attachment (July 1, 1999) and as stated earlier, it was rare to see top managers at the Projects Department (except the Director of projects). The only means of communication between management and employees is

through memoranda. It was also found out that even at the time of the changes from SIDO to SEDB employees were not briefed on the implications of these changes.

Furthermore, the trade union officials felt that the relationship between management and the union were poor because management seemed to be suspicious of the union. The role of the union is confused with politics resulting in mistrust. The union does not participate in decision-making on matters that affect employee welfare. For example, the union is not represented on the budget committee which decides how the grant from government should be used. Thus, management makes all the decisions without consulting the union. As a result, employees felt that management had something to hide and ignored their plight. For example, in October 1999, management decided to pay half salaries (August) to few employees without consulting the union leaders. This situation has led to rumour mongering since employees do not receive information through the formal channels.

In addition, telephone lines are usually disconnected by Zamtel leaving the organisation with no links with its regional offices, existing and potential clients.

5.4.5 Accommodation and equipment

As a result of financial problems, the regional offices are operational just in principle. Most of the regional offices operate from rented premises and some of them have been evicted due to non payment of bills.

The organisation does not have enough vehicles for field operations. For instance, the head office has only one vehicle used for field officers. Most of the vehicles have been grabbed by bailiffs acting on behalf of creditors.

The organisation has failed to provide resources for the library at head office. Most of the books and documents are outdated. The computer for the three databases referred to earlier in this chapter, was taken for repair in 1997 but was still held up because of non-payment of the bill.

SEDB has also been unable to complete or develop many of the planned industrial estates throughout the country due to lack of funds (Table 7).

5.5 Suggested solutions to SEDB's problems

Although the role of SEDB acknowledged by all members of staff, the organisation has been unable to perform to its expectations in its present state because of the many problems discussed above. However, both the management and employees had suggestions about how the organisation could overcome its problems. Some of their suggested solutions were:

1. appoint a new Board to restore confidence in the organisation;
2. restructure the organisation so that it can meet the demands and expectations of the government, donors, clients and members of staff. This restructuring should not just be a change of name from SIDO to SEDB but should include changes in management. Thus, all members of staff (including all managers) should re-apply for positions in the organisation;
3. government as the owners of the organisation should settle the huge debt accumulated by the previous management;
4. turn SEDB into a self-sustaining organisation to reduce dependence on government grants;
5. SEDB should put in place policies and procedures for its operations;
6. improve internal communication links between management and employees and the union in order to encourage employee participation in decision-making;
7. acquire communication technologies such as computers, printers etc to facilitate information exchange within and outside the organisation;
8. mount awareness campaigns to sensitize MSEs on the role and activities of SEDB in order to increase areas of fund generation; and,
9. improve conditions of service and salaries to attract professionally qualified personnel.

SEDB has not been able to implement any of the above suggested solutions to its current constraints because of the delay in the appointment of the board. It is hoped that as soon as Board members are appointed, the organisation would regain its credibility and attract both financial and technical assistance from the government and other institutions.

SEDB has an important role to play in the development of Zambia. This is because MSEs are the only means of ensuring that local people get involved in the running of the economy. Unless SEDB is managed efficiently and there is coordination and full cooperation from all those concerned, it will fail to meet its objectives.

CHAPTER 6

Attachee's contributions

6.0 Introduction

As stated earlier in this report, the main purpose of the attachment was to enable the attachee to participate in the activities of SEDB in order to provide him with an opportunity to assess the role of internal communication in the organisation's efficiency. The assumption was that effective internal communication links were necessary in enhancing the organisation's service delivery to its clients.

In order to assess the role of communication in the organisation's efficiency, the attachee expected to actively participate in the day-to-day activities of the Projects Department. He expected to attend meetings, be involved in marketing, monitoring and extension services activities and also observe SEDB's staff relationships. He also expected to conduct in-depth interviews with both members of management and rank and file employees trade union officials and SEDB's clients.

Active participation in the organisation's activities and observation of both internal and external relationships rather than merely being told what the organisation does, was meant to give the attachee an insight and understanding of the dynamics of communication at organisational level and the importance of internal cohesion in effective service delivery.

This chapter, therefore, will highlight the activities in which the attachee was involved and his findings from observations and interviews conducted during his attachment at SEDB head office and Lusaka regional office. The chapter will also include suggestions offered by the attachee in an effort to provide some solutions to some of the numerous problems faced by SEDB or its clients.

6.1 Involvement in the Zambia Agricultural and Commercial Show

Since the attachment started at the time SEDB was preparing for the 73rd Zambia Agricultural and Commercial Show (ZACS), the attachee was assigned to work under the Controller Marketing, Mrs. Catherine Katongo. The attachee's participation in the preparations for the Show started on July 21, 1999 when he and three other members of staff (Mrs. Katongo, Mrs. Florence Chipasha and Mr. Amos Kasongo), visited the Taipa Theatre Group in Chipata township north of Lusaka town centre. This theatre group is a community-based group that aims at taking theatre for development programmes and educates community members through drama, songs and discussions. The purpose of the visit was to monitor the group's preparation of sketches that were to be performed at the SEDB stand. The sketches were meant to sensitize SME exhibitors on the need for quality products in order to attract customers.

After the group's performance that attracted about 50 residents, the attachee and the other three members of the visiting team had a discussion with the performers to evaluate the sketches. It was generally observed that the group's sketches were appropriate to the theme of the message to be communicated. However, it was agreed that the group should have all the necessary materials such as the mechanize needed to make their sketches more practical.

In addition, the attachee suggested that such sketches should be recorded on video tapes and then shown on Zambia National Broadcasting Corporation (ZNBC) television or broadcast on radio in order to catch a wider audience. The recorded programmes could also be used during entrepreneurship training sessions by SEDB staff.

Although the Controller Marketing agreed with the suggestion in principle, she observed that it would not be possible to implement it because of the financial problems SEDB was experiencing at that time she said that SEDB did not have video cameras and other equipment needed for such an exercise.

The attachee was part of the members of staff who were preparing the SEDB stand at the Show Ground. These members of staff drawn were from head office and Lusaka regional office and were supervised by Mr. Collins Sakajila, the Senior Regional Manager (Lusaka). He ensured that all the stands were decorated and products displayed by each exhibitor a day before the Show was officially opened.

The attachee also attended a meeting that was convened by the Controller Marketing on July 27, 1999. The purpose of the meeting was to brief all the small scale exhibitors (only 16 out of 45 exhibitors attended) about the objectives of the exhibitions by SMEs. They were informed that the major purposes of their participation in the Show were:

1. to market their products and services to potential customers;
2. to provide them with opportunities to sell their products during the Show; and,
3. to provide them with an opportunity to meet potential suppliers.

In addition, they were also informed that each exhibitor was responsible for the security of his or her goods on display during the Show. They were also briefed on awards on offer for those exhibitors who wished to enter the small-scale exhibitors' competition at the SEDB stand. The three categories of prizes were:

1. The best small scale exhibitors (first, second, and third prizes);
2. The most improved exhibitors (first, second and third prizes); and,
3. The most promising exhibitor (one prize).

Furthermore, the attachee was appointed by SEDB as one of the three judges at the SEDB stand. The other judges were Mr. Fabian Shipola Kamfwa and Ms. Joyce Nonde.

Although the appointment of the judges was made about three days before the Show was officially opened, there was no prior meeting of the judges so that they could be briefed on the criteria for judging the exhibits.

As a result, the exercise started three hours late because the judges had to work out the modalities to be used in awarding points for each category. It was also not appropriate for three judges to visit all the 45 Stands (three times) within a day for the three categories in which they were competing.

The activities at the Show enabled the attachee to interact with SEDB's clients. This was because the exhibitors were drawn from the informal, small and medium scale entrepreneurs. For example, the appointment as a judge at the SEDB pavilion provided an excellent opportunity for the attachee to interview all the 45 SME exhibitors. The interviews revealed that the small business operators were experiencing very stiff competition from large companies. This was mostly in terms of the quality of their finished products and services.

For instance, those in the home furniture production category found it very difficult to compete with furnishers such as Supreme and Barnetts because these large companies have better machinery and were able to offer better services although customers paid more money. Those in tailoring were facing competition not only from established shops like Smart Centre and PEP stores but also from second-hand dealers.

The other problem being faced by SME operators was lack of working capital. They were unable to source funds from formal financial institutions such as commercial banks. Discussions with the exhibitors revealed that financial institutions were not interested in assisting SMEs financially (loans) because of lack of security or collateral.

Moreover, the majority of them lacked marketing information and management skills. These small-scale entrepreneurs did not have enough financial resources to enable them to advertise their goods and services. Out of the 45 exhibitors only Sylva Professional Catering Services had used mass media to advertise its services.

When asked whether SEDB was assisting them, the exhibitors said that although SEDB was interested in helping them grow, the organisation was unable to give them loans.

Apart from facilitating their participation in commercial and agricultural shows and trade fairs, they were not receiving any help from SEDB at that moment.

The other benefit they received from SEDB was exemption from paying taxes in the initial stages of establishing their enterprises. However, 60 percent of the exhibitors were of the opinion that the period of years in which they should be exempted from paying tax should be increased from the present three years to ten years considering the state of the economy. This would give them enough time to organize their businesses before they could be able to sustain them.

6.2 Client contacts at the regional office

At the Lusaka regional office, the attachee was given an opportunity to accompany project officers on client contacts. Since the Makeni Unique Collection has a showroom facility for the informal sector operators (ISOs), the officers visit these micro entrepreneurs to collect products which are then sold by SEDB on behalf of these clients (Figure 4). During the period of attachment, the attachee visited Buseko, Mandevu, Soweto, Kalingalinga, and Chawama markets.

The four ISOs who were visited at the Buseko market were those who make home furniture. Out of the four furnishers, only one of them had necessary machinery in his workshop. Although they all made furniture of acceptable standard, they did not have showrooms which were accessible to potential customers. Discussion with them revealed that it was very difficult to market their products. Some potential customers often shun buying local products in preference to imported ones.

When asked whether they could consider partnership with other ISOs doing the same business, they said although that would enable them to pool their resources together, they felt that it was not easy to find people they could trust. They felt that partnership would lead to internal conflicts over asset ownership.

The clients visited at Soweto and City markets were involved in the production of folders and purses. The three clients visited did not have sufficient machinery to do their businesses. They had one hand machine each and that made it difficult to perform to their expectations. In addition, these clients did not have appropriate working places and it was not easy for them to procure materials for the products.

The other clients who were visited in Chawama, Kalingalinga and Mandevu faced the same problems. As a result of the various problems they were experiencing, they were not willing to surrender their few products to the officers because it often took a long time before they could receive their money from SEDB. This was mainly because sometimes there were no readily available customers to buy the products except during shows and fairs.

Apart from the visits to ISOs, the attachee had an opportunity to interact with clients accommodated by SEDB at the Makeni industrial estate. As stated earlier, there are 18 completed business spaces available to SMEs. At the time of the attachment they were all occupied. Interviews conducted with eight of them revealed that their major problems were lack of sufficient capital and market for their products. They did not have outlets in town where their goods could be sold. Since the estate was located away from the commercial centre, the entrepreneurs did not attract as many customers as they expected. The other problem they faced was that they did not have sufficient money to buy equipment.

6.3 Attendance of trade union meetings

The attachee had an opportunity to interact with trade union officials in order to find out their perceived relations with management and their members. They revealed that there was general apathy from members because of the many unresolved employee problems. Although the union and management have a recognition agreement, they have not had a collective agreement since 1996.

The attachee attended a meeting called by the union on October 18, 1999 to brief members on the decision by management to pay half salaries for the month of August 1999. The union officials informed their members that management was not being sincere by insisting that employees should be paid half salaries since the salaries were very low. They also claimed that management did not disclose the amount of money received from the government (grant). As a result, the union and its members felt that management was not being honest and was insensitive to their plight.

They also felt that salaries should have been considered as a priority by management since the employees had not been paid for three months (August, September and October). In addition employees were informed that management was not willing to meet them to explain the situation. The union officials were not satisfied with the explanation given by management on how the grant for that month had been spent. The union officials had therefore, invited the national executive of the union to meet management so that an acceptable agreement could be made.

On 20th October, 1999, the attachee attended a meeting which was addressed by the vice president of ZUFIAW, Mr. John Keyala. The meeting was attended by unionised employees from the Lusaka regional office and the Head Office. The vice president informed the employees that union officials had met management on October 19, 1999 to find out from management the problems that were leading to failure by SEDB to pay its employees. He had, therefore, requested management to provide the union with the budget to show how the grant was used.

The union and the employees claimed that management kept financial information to itself and that led to suspicions and mistrust between management and the union. He further stated that a salary was a basic right of every employee and keeping employees unpaid for a long time was a form of slavery. He also said that management at SEDB should start showing interest in the affairs of its employees because a frustrated employee was a liability to the company.

Although Mr Keyala had promised to give feedback after consulting management over the half salaries, the situation did not change as only half salaries were paid out and there was no feedback from the union. Furthermore, interviews with the union officials and members of management revealed that all the major decisions were made by management without consulting the union. For example, the union is not represented on the budget committee and sometimes changes to conditions of service were made without the union participation. In October 1999, for instance, management adjusted transport allowances without consulting the union. As a result, management increased fuel allowances for those in management scales (even for those who had no cars or entitled to personal to holder cars). This increase was implemented at the time employees were being paid half salaries.

As stated earlier, SEDB had suspended almost all its activities and services to SMEs due to the persistent financial problems. The Director of Projects, the attachment coordinator, and members of staff regretted that the attachment was at a period when the organisation was trying to overcome its problems. The department would have facilitated the attachee's visits to the other eight regional offices in order to expose him to the activities of the organisation.

As a result, apart from the visits made, the attachee spent most of the time interacting with members of staff and observing internal relationships between management, employees and the union officials. This exposure enabled the attachee to have an insight into the organisation.

CHAPTER 7

Discussion of findings and experiences

7.0 Purpose of the attachment

As stated in previous chapters, the main purpose of the attachment to SEDB was to assess the role of internal communication in enhancing an organisation's efficiency and development efforts. All the activities the author was involved in were meant to enable him to observe and assess communication links within SEDB, management-employee relationship, the level of employee participation in decision-making and type of technology utilized by the organisation for internal communication and promotion and development of SMEs in Zambia.

This chapter will discuss the major findings, experiences and observations of the attachment in order to draw valid conclusions on the strengths and weaknesses of the communication network and relationships within SEDB and how these have affected its performance positively or negatively. The discussion will be an attempt to examine the implications of the theories presented in Chapter 3 and link them to the challenges of SEDB and the observations in order to assess the role of communication in an organisation.

7.1 SEDB's challenges and constraints

In Chapter 5, the major successes and problems of SEDB were discussed. These successes as well as problems and failures were attributed to the previous management of SIDO, the predecessor of SEDB. It was pointed out that since the repeal of the SIDO Act of 1981, and its subsequent replacement with the SED Act of 1996, the organisation has not performed to its expectations. Apart from the change of name from SIDO to SEDB and the appointment of a new Chief Executive in 1996, the organisation has not been able to deliver services to its clients.

As a result of various problems the previous management created due to financial mismanagement, it was envisaged that under the new Act and management, the organisation would be restructured to improve its image and performance. However, findings have revealed that that has not happened because of the government's delay

in appointing a new Board of Directors (as at 30th November 1999). It was the view of members of staff interviewed (both managers and employees) that while the main source of SEDB's problems were as a result of mismanagement of the previous management, its present problems have partly been attributed to the delay in appointing the Board of Directors. These and other related problems will be discussed below.

7.1.1 Financial mismanagement

As was pointed out earlier, the present problems SEDB has been experiencing have been attributed to financial mismanagement by the previous management. These include irregular and unauthorized transactions, lack of financial and procurement procedures, accountability and transparency. These financial irregularities have led to loss of credibility and reduced technical and financial support from the government and donors.

From these findings, it would appear as though the organisation did not have a Board of Directors to guide and monitor the smooth running of the organisation and utilisation of resources. While the day-to-day management of SEDB (SIDO then) is the responsibility of the managers, the Board of Directors is the policy maker. So if the organisation had no procedures of operations, this could presuppose that the Board members were not performing their role efficiently.

There may be many factors that could be advanced for this situation at SEDB. One of the factors could be attributed to the composition of the Board. Since under the SIDO Act the majority of the members of the Board were from government ministries, it may be suggested that they brought with them civil service work culture in which employees are not concerned with efficient performance.

In most cases only those individuals who enjoyed good favour from top government officials or political party members were appointed to sit on the Boards. This has been one of the reasons why even under the new Act the Board has not yet been appointed because the government did not approve some of the individuals who were proposed by the appropriate institutions as provided for by the SED Act of 1996.

In addition, the Chief Executive of the organisation was also appointed by the Head of State instead of the Board. These political appointees were generally more loyal to the appointing authorities (the government) than to the organisations they were supposed to supervise or manage. It was usually not easy to remove such people from office in spite of their performance due to the political support and favour they enjoyed.

This view is supported by Saasa (1992) who points out that Zambian public enterprises have been abused by politicians for the purpose of realizing their political ends. As a result of this political factor, loyalists have often been appointed to senior management positions at the expense of deserving individuals and often disregarding their performance. Sanyal (1991) also observed that the Government of Bangladesh managed its projects poorly because such projects were used by the government to please the rural elite whose political support was crucial (cited in Taal, 1993: 9)

Rogers (1995: 379) also says that an organisation's innovativeness depends (among other things) upon the nature of its leadership. This includes the leaders' attitude toward change and their openness to new ideas from members of the organisation. It, therefore, follows that if an organisation's leaders, directors and managers have civil service mentality, and are self-centred and not open to new ideas, opinions as well as suggestions from their employees and trade union officials and client needs, such leaders or managers would not be expected to perform efficiently. This has been evident in most Zambian parastatal organisations and other societies such as cooperatives that were run by political appointees and which have since collapsed. Arising from the above observations, it can be argued that the financial problems at SEDB cannot only be blamed on the previous management but also on the Board of Directors at that time. If the SIDO Board members had played their expected role efficiently, they would have been able to identify the irregular financial practices at SIDO Head Office before the organisation accrued the huge debt of K17 billion referred to earlier.

Furthermore, if the Board members were accessible to both management and employees (formally and informally), they would have exchanged accurate, adequate

and timely information from all the interest groups within the organisation to assist them guide the management operations.

However, it is common for important organs such as Boards to over-rely on information and reports from management only. Usually such one-sided information does not reflect the true picture of affairs in the organisation since it is often doctored and tailored by managers to suit their positions. It would be vital for the Board of Directors to have formal communication links with both the management, employees and trade union officials in order to receive accurate information about the organisation.

According to Irvine (1970: 3) the board of directors is that part of management that is concerned with determining objectives and policy, and with checking overall progress towards their fulfillment. The tasks involved in achieving these objectives are left to the managers, who may or may not be members of the board of directors. He further states that the directors of an enterprise are responsible for the proper conduct of their enterprise to their own professional associations and to six groups in the community namely:

1. the shareholders, who appoint the directors to use the shareholders' capital to the best advantage of the enterprise in which they have put their money;
2. the employees, on whom the profitability of the enterprise depends;
3. the clients, whose needs the enterprise should satisfy at prices profitable to its clients and the enterprise otherwise, it will be priced out and fail;
4. the suppliers, who expect a fair return for their services;
5. the local community, who expect the enterprise to contribute to the overall improvement of community's environment; and,
6. the nation, which possesses limited resources and requires that these resources be used to the best advantage of the public. (Irvine, 1970: 5)

This requires Board members who are genuinely committed to their duties and responsibilities to ensure that their organisations are managed efficiently. The Board should also be sensitive to both management and employee contributions in the running of the organisation.

However, if the Board members' loyalty is to the appointing authorities and not to the organisation, then their role would be irrelevant. That is, if the Board, as the top echelon of the organisation's operative structure, is not responsible and responsive to the organisation's needs then lower echelons, such as internal auditors, placed in the establishment to offer the checks and balances of financial resources would not be able to conduct their duties effectively.

7.1.2 Poor management-staff interaction

As a direct consequence of political and economic liberalisation discussed in the first chapter, information and communication have become resources of primary importance within the economic sector and essential elements of any business enterprise. Every manager should be aware of the overwhelming influence and impact of communication and information on the smooth running of business.

Without information, business enterprises cease to exist because information is an important management tool.

Moreover, in a free economy, the existence of an enterprise relies, among other things, upon the initiative of its promoters and their ability to adapt to market conditions. This is because in a competitive market, there are only the 'quick' and the 'dead'.

Policy makers have a similar need for information in order for them to define more clear policies upon which the future of their organisations and society would largely be determined. The flow of essential information grows increasingly more complex in response to the changing needs of the time.

Furthermore, the structural adjustment is also resulting in rapid changes in management responsibility. The changes are affecting every one from the

government to the private sector. In this type of environment, economic growth becomes the responsibility of individual and group efforts. In such a situation, access to information is vital to management decision-making and, therefore, information becomes a driving force for development. In order to ensure effective production and delivery of this information, all participants in the development process, whether at organisational or national level must be involved and must be supported by political commitment at national level.

The attachment findings revealed that formal meetings and briefings are rarely held at SEDB. These included management, departmental, management-employee or management-union meetings. As stated earlier, the Chief Executive has not had any formal meetings with his employees for the past three years (since 1996). It was found out that the union compelled management for meetings only when there were pressing issues, such as salaries, that needed explanation from management. The only formal communication between management and employees was through memoranda.

It was further revealed that this lack of formal meetings has led to anxiety among all levels of staff. The members of staff were not sure of the future of their jobs and of the organisation because neither the government nor management was able to inform them about possible solutions to SEDB's problems. This uncertainty about the future of the organisation has led to the resignation of professional staff. For example, the Projects Department has lost all its senior managers (except for the Director of Projects) and project officers as stated earlier.

Various scholars cited in this report emphasized stability in the work group. For example, Chruden and Sherman (1984: 49) state that the efficiency and effectiveness of an organisation depends largely on the quality of both managers and employees on its payroll. So, if a number of skilled people leave the organisation, they take with them crucial knowledge and skill. These skilled personnel are not readily available on the labour market when you need them because of the long process of recruiting them.

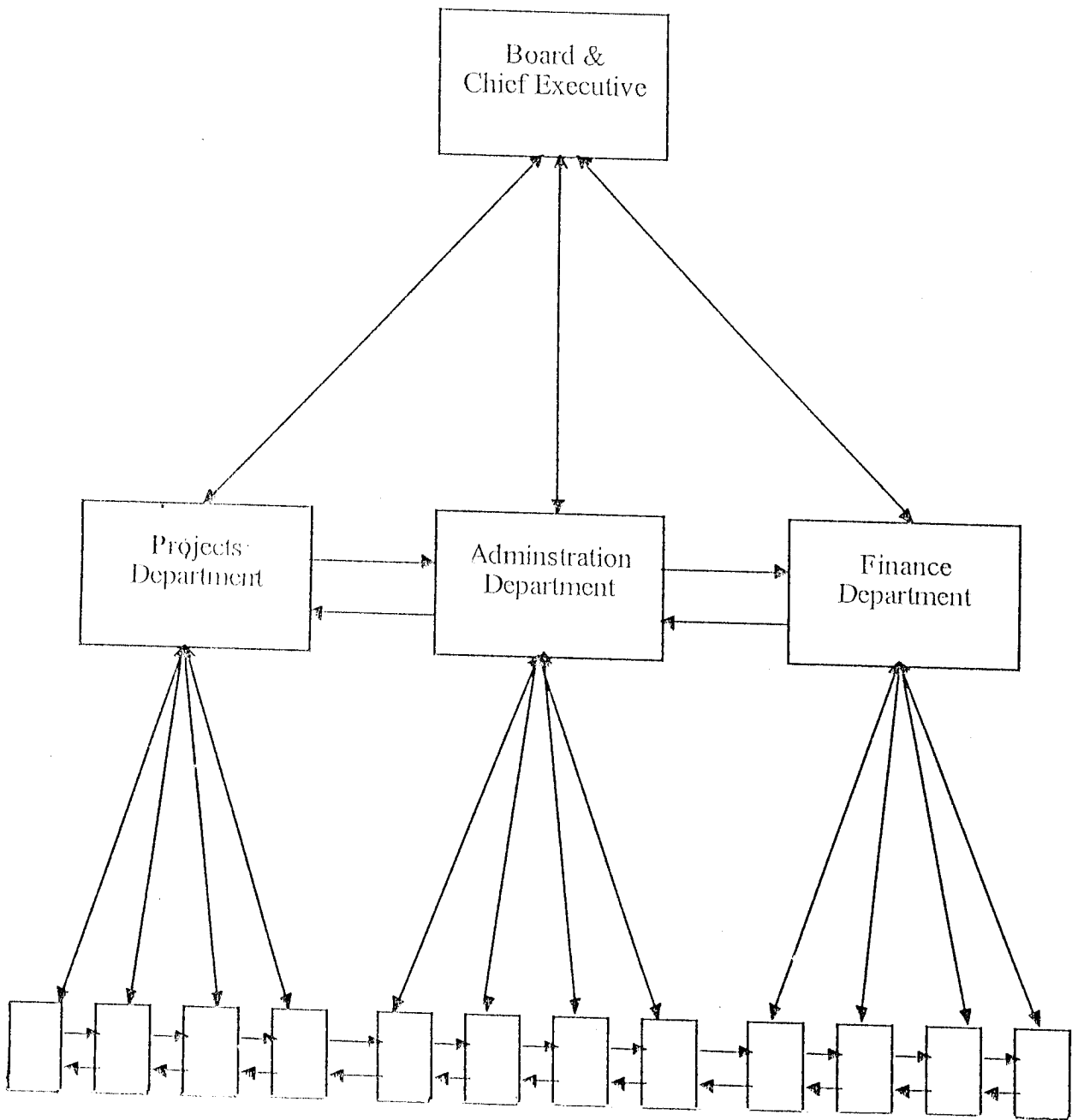
It was also established that even departmental meetings in the Projects Department were not often held. When they were held, such meetings were not fruitful because staff used such meetings to out do one another. In other words, such meetings did not produce any results because of negative competition among members of staff.

As stated earlier, Chruden and Sherman (1984: 283) have stressed the need for group cohesion if objectives are to be achieved. They state that excessive competition among the members of a group can reduce cohesiveness. They also state that cohesion is increased if there is a sense of participation among the group members toward working together in achieving their objectives.

Furthermore, Hodge and Johnson (1970: 5) as well as Serge (1970: 13), emphasize the necessity of communication in enhancing cohesion in a work group. Since an organisation is a system of sub-systems, communication links are very vital for the existence and efficiency of the organisation. The flow of information and participation of members in the affairs of the organisation is the tool used to link all the components of the organisation. Chruden and Sherman (1984: 284) argue that communication is vital because it is the network that binds together all the members and activities in the group. Therefore, the exchange of ideas, opinions, suggestions, complaints, and participation in decision making are very important in an organisation or any work group (Figure: 3)

It was also established that even the local trade union officials rarely met their members. There was general apathy by unionized employees toward union meetings because the members have not benefited from their union membership since the union signed a recognition agreement with management in 1994. The union and management have not entered into any new conditions of service and salaries' negotiations that could have led into a collective agreement to improve workers' earnings. This has been attributed to the delay in appointing the Board of Directors by the government discussed earlier.

Fig. 3 : Proposed SEDB internal communication links



Source: Adapted from Burton S.H (1983: 18) Group communication.

According to Hodge and Johnson (1970: 4), all members of a group who are affected by a given organisation expect certain benefits from it, and only support the organisation that provides them with the means to satisfy their needs within a reasonable time.

In addition, many considerations affect the degree of cohesion among members of an organisation or group. According to Kinard (1984: 299), individuals feel strongly attached to a group if they feel that it satisfies their needs, or, if they can see an economic advantage to the functioning of the group. They are likely to feel a strong affinity to that group.

On the other hand, if members feel that the group does not serve their interest, or if they are frustrated by belonging to it, they will show little loyalty toward the group. These views seem to confirm the attitude of the unionized employees toward union meetings.

It was also established that management did not consult union officials in affairs that affect the employees directly or indirectly before making decisions. This situation has led to mistrust and suspicion between the trade union and management officials. This implies that management does not usually involve union officials in decision-making.

For example, when management decided to pay employees half salaries (August, 1999) in November, 1999, management did not hold a meeting with union officials before that decision was made. As stated earlier, management only met the union officials when the union disputed the decision. This is because union officials were not represented on the budget committee (the union had representatives on the disciplinary committee and this committee met often because of the number of cases against employees).

The absence of formal communication to encourage exchange of information, ideas and suggestions between management and the union officials has created an atmosphere of 'cold war' between the two interrelated groups. This situation has, sometimes, led to mistrust, suspicion and victimization.

For example, when the union disputed the payment of half salaries referred to earlier, one of the union officials was victimized. Management did not pay house rent for that union official and as a result that employee was evicted from the house. Management claimed that there was no money to cater for the rent even though other

employees had their house rents paid by the management during that same period. Although this action was temporal, it was an act of intimidation.

This general lack of formal communication links between management and the employees and the union is not beneficial to the organisation. This is because in our discussion about formal organisation, scholars such as Kinard (1984), Rogers (1995), and others, defined an organisation as a group of people who work together to achieve common goals. Consequently, it is very important to keep everyone informed of happenings in the work group.

Furthermore, employee participation in the affairs of the organisation ensures employee commitment to the organisation. The information from management is the basis for employee performance while information from employees acts as feedback upon which management can base their decisions as it deals with employees' actions and feelings.

As stated earlier, the primary responsibilities of managers are to achieve organisational goals through group efforts and to maintain teamwork. These management tasks cannot be attained without constant exchange of information and ideas in order to create a conducive environment for cooperation. Any management that distances itself from its employees is likely to be isolated and be unable to know the workers' feelings as well as the needs of its clients.

From the above discussion, lack of formal meetings at SEDB rob management, employees and the union officials opportunities to build close relationships that would promote cooperation and lessen conflicts and mistrust at the Head Office. Without genuine communication, both written and face-to-face, neither the tasks nor teamwork would be possible.

Although there has never been any strikes or serious industrial disputes in SEDB, this should not be an indication that the inter-group relationships were sound. The fact that seven employees were disciplined for issuing unauthorized statements between August and September 1999, is indicative of their frustration for not being offered an opportunity to air their views within the organisation.

7.1.3 Poor internal communication links

As stated earlier, SEDB has offices in all the nine regions (provinces) of Zambia. In order to be able to coordinate the activities of the regions, there is need to have information technology such as telephones, fax machines, and links on the internet. There is also need to have vehicles as well as reports, either quarterly or annually.

The findings revealed that SEDB has poor communication links. The organisation has no fax machines and telephone lines are usually disconnected by the Zambia Telecommunication Company (ZAMTEL) due failure to pay the bills.

The organisation does not have vehicles that could be used by field workers to monitor the development of SMEs and visit provincial centres. SEDB has lost most of its vehicles to creditors who have grabbed them because of the organisation's failure to settle debts.

In addition, regions no longer submit reports as they used to do; neither does SEDB produce annual reports as before. Although Head Office is on Internet, the regional offices are not. As a result, this facility is not useful as a communication tool within the organisation.

It was also established that potential clients got information about SEDB from other SME operators who were already dealing with the organisation. This was revealed from interviews with potential clients who made contacts and inquiries during the attachment period.

It was further established that SEDB has been unable to use the media, both print and broadcast, to advertise its activities and create public awareness of the importance of SMEs. Apart from the opportunity the SEDB provides for SME operators to exhibit at commercial and agricultural shows, the organisation has not marketed itself as it is supposed to do.

7.2 The SEDB network and existing communication gaps

From the above discussion, it can be observed that SEDB has a vital role to play in the promotion of development in the country. Although there are many other

institutions which are involved in the same activities as SEDB, the other organisations such as Young Women's Christian Association (YWCA), the Village Industry Service (VIS), the Copper Mines Enterprise Trust (COMET), and others are not spread throughout the country. Therefore, SEDB, already has an established network of regional offices but its communication links are poor.

However, the organisation has been facing financial problems because it has not been supported by the government. This has been worsened by the delay in appointing a Board of Directors and restructuring of the organisation. This has affected the structure of SEDB and its ability to perform efficiently. The absence of a board has had negative effects on the organisation because it cannot access any technical and financial assistance from the government and donors.

Since repeal of the old Act, SEDB has been experiencing financial problems carried over from SIDO and does not have financial and political support. This has led to the failure by the organisation to improve employees' conditions of service and to suspend service delivery to its clients. The findings revealed that SEDB had the following problems:

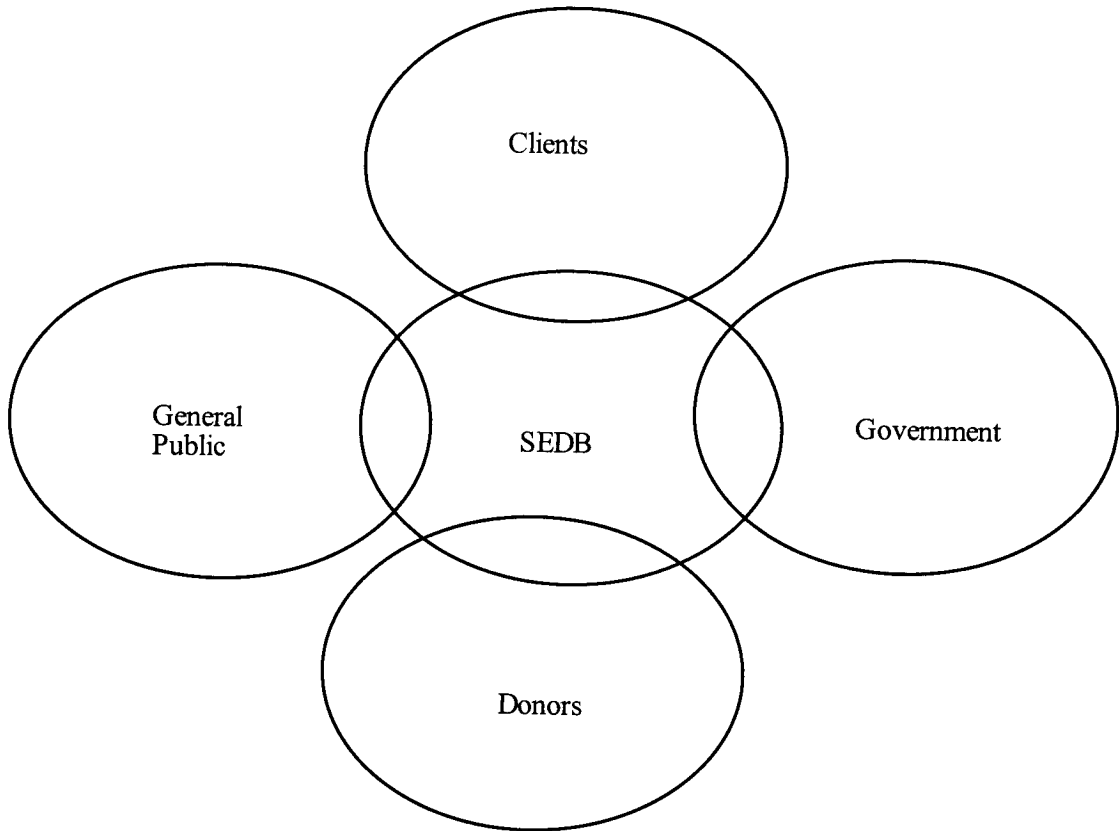
1. lack of government financial and technical support which has resulted in problems at SEDB;
2. lack of enough resources to run the organisation efficiently which has resulted in the employees accusing management of being insensitive to their affairs;
3. lack of communication technology which has led to poor links within the organisation and with its clients;
4. lack of employee participation in the affairs that affect them which has led to unnecessary conflicts, suspicions, and dependence on rumours for information; and,

5. lack of an efficient information base and the organisation's inability to use mass media for creating entrepreneurship awareness due to lack of financial support from government.

Scholars quoted in this report have stressed that unless the internal communication network is efficient, an organisation would not be able to coordinate its activities. It has also been emphasized that unless there is internal cohesion and active participation by all the interest groups in the affairs of an organisation, mismanagement, conflicts, and inefficiency are likely to clip in and affect an organisation's service delivery. This is because the various interest groups offer checks and balances needed to ensure efficiency and accountability.

From this point of view, it can be concluded that most of the problems that SEDB was experiencing could be as a result of ineffective information sharing among all the groups such as the government, the board, management, trade union officials, employees, donors and clients. As a result of poor communication links, problems could not be identified in time to ensure that management was running the affairs of the organisation efficiently. SEDB's network with its collaborating partners should be illustrated below (Figure 4)

Fig. 4: SEDB's system interlocks with other systems



Source: Burton H. S. (1983: 11) A system's interlocks with other systems.

SEDB ought to establish information centres in its regional offices to serve the interests of its clients. As stated earlier, MSE operators often face difficulties and do not find solutions to their problems partly due to their ignorance. They may not be aware of the assistance and services available to them. These could be special financial or other assistance schemes for SMEs, government regulations or tax policies which may have an affect on SMEs.

Therefore, some kind of information centre may be established to collect and disseminate information of interest to the government, donors, SMEs and the general public (Figure 4). Although the various groups illustrated in figure 4 can interact directly with one another, it is suggested that SEDB's information centres should act as the focal points for easy access to information.

According to Harper and Soon (1979: 112), this information must be presented in a way that can be easily understood by, and readily available to them. This type of information should include, among other things, government policy, rules and regulations concerning MSEs, training programmes offered by various institutions, alternative technology and business profiles, and market information.

Harper and Soon (1979: 112) recommend that the information centres can publish monthly newsletters carrying news about the latest legislation, policy changes, innovations and technology related to SMEs. The information can be disseminated through mass media such as newspapers, radio or television, an in-house magazine, and through training courses and extension officers. The centres can also serve as meeting places for producers and buyers.

In order for these centres to operate effectively, they need professionally qualified communication specialists and should be adequately equipped with an efficient management information system.

Therefore, unless there is free flow of accurate, adequate and timely information and efficient networks within the organisation, with clients and collaborating institutions, SEDB would not be able to fulfill its obligations to the government, the board, employees, clients, donors and the general public.

CHAPTER 8

Conclusions and recommendations

8.0 Conclusions

Recognizing the important role to be played by the small scale sector in the industrialization of Zambia, employment creation and alleviation of poverty, the government established a number of institutions such as SEDB and VIS in order to support the promotion and development of SSEs in the country. SEDB is the apex government institution which was created by an Act of Parliament and relies heavily on government funding. SEDB approaches issues of SME promotion from a developmental angle with a regional network.

The government's strategy in creating institutions such as SEDB was to establish an industrial structure and culture that would be favourable to the generation of self-sustaining development. It also sought to promote the SME programme to compliment large-scale industries. The government also recognized that economic growth and efficiency would require active private-sector participation. To achieve that, the government aimed at capacity building in the Ministry of Commerce, Trade and Industry and selected organisations such as SEDB and VIS to formulate and coordinate private sector policy and through its agencies to deliver private sector services. It also wished to address development issues of SMMEs such as promotion of entrepreneurship culture, skills training, new business development, provision of industrial estates and advisory services.

Arising from this, SEDB's functions have included:

1. provision of industrial estates to SME operators;
2. provision of industrial and technological information;
3. provision of technical and management consultancy;
4. provision of advisory and skills training services;
5. undertaking project extension services and project identification;
6. preparation of feasibility studies and business plans; and,
7. facilitating the flow of financial resources to the sector and monitoring their effective use.

These and many other functions of SEDB that have been discussed in this report are carried out through a regional network coordinated at the Head Office in Lusaka. All these activities require an effective and efficient communication network if the organisation has to achieve its objectives. This is because in order for SEDB to promote the development of SMEs, it does not only need human, financial and technical resources but also an effective two-way information exchange necessary to:

1. create awareness of the importance of SMEs in overcoming poverty;
2. promote coordination necessary for rapid responses to internal and external changes;
3. identify attitudes, felt needs, and constraints to the adaptation of change; and,
4. elicit active participation of its employees, government agencies, donors, intended clients and potential beneficiaries of its development efforts through dialogue.

Despite the advocacy for the development of the SMMEs and the creation of supportive institutions such as SEDB to facilitate the development of the sector, it has not made any significant developments toward industrial development. This has been due to the following constraints:

1. uncoordinated institutional support;
2. inadequate institutional credit;
3. inadequate technical and managerial skills;
4. inaccessibility to market and other related information and outlets;
5. inaccessibility to technology; and,
6. inadequate industrial linkages.

The reason why the SME sector has not developed to significant levels could also be attributed to weaknesses in the supportive institutional framework and the type of assistance provided to the sector. Most of the institutions, including SEDB, have not performed to their expectations because of inadequate funding from government and poor management practices.

As stated earlier in this report, although SEDB has scored many successes in its efforts to promote and develop SMEs, it has been operating under difficult conditions. In its present condition, SEDB has been unable to serve its clients well. Its failures have largely been attributed to poor management practices and delays in appointing a Board of Directors. These have led to loss of credibility as the organisation has been associated with poor financial management practices. The loss of credibility has resulted in reduced financial and technical support from government and the donor community. Consequently, the organisation has experienced high labour turnover, inability to pay salaries, suspension of services to SMEs, and loss of property through court bailiffs due to huge debt accumulated by previous management. All these problems could be attributed to poor the communication network within the organisation and interest groups.

It has been argued in this report that without accurate, adequate and timely exchange of useful information, an organisation is likely to experience some degree of inefficiency, as a result of lack of co-ordination of activities. It is effective exchange of information that ensures that all members of an organisation not only know what to do but also ensure that the resources are being utilized efficiently.

It has also been argued that unless there is active participation of all the interest groups in the affairs of the organisation through an effective communication network, cohesion and co-ordination of activities would be almost impossible. This is because free flow of information offers the checks and balances needed to manage an organisation. It has been further stressed that employee-participation in decision-making is vital to an organisation's enhancement of internal cohesion. This is because employees are members of the organisation and must be treated as such. This sense of belonging can only be encouraged by ensuring that the employees participate in the decision-making process either as individuals or through their union officials. However, if the employees are treated like outsiders, they may not develop an attitude of performing beyond their call of duty.

Usually, job related problems are not as a result of lack of skills and experience, but rather, they are a result of poor attitudes and interpersonal and inter-group

relationships especially between management and employees or their representatives (the trade union officials). It has been emphasized throughout this report that if employees are to give of their best to their work they must know not only what they have to do but also why they have to do it.

There does not seem to be a problem in getting messages down to the employees, the mistake that many managers make is to think that that was all they need to do. They overlook the essential nature of feedback that is needed in the proper exchange of understanding. This may end up in managers transmitting the message but failing to communicate. From the above, it can be argued that communication links are very important in all organisations and must take much of the manager's time. They communicate in order to exchange information between themselves and their subordinates, promote understanding and industrial relations, influence others and inspire them, express feeling and opinions and suggestions, as well as carry out managerial and operative functions.

In organisations, communication is a tool for managing the organisation. Without an effective communication network, the manager would not be able to make intelligent decisions. Poor communication usually leads to inefficiency, confusion, disorders and costly errors which may eventually lead to a total breakdown of the organisation which would be unable to deliver services to its customers or clients.

Communication is important in an organisation because it links all the units of the organisation in order to co-ordinate and control the efforts of all its members. It is through communication that members of an organisation can be motivated. Communication is also a means through which oneness and a sense of belonging can be promoted.

From the above, it can be argued that the main source of SEDB's problems could be attributed to the lack of effective communication links within the organisation. This led to a situation where neither the Board nor the government was able to know what was happening in the organisation. This is because mismanagement of resources in an organisation could be as a result of the 'the left hand' not being able to know what

the 'the right hand' is doing'. The information gaps created as a result of ineffective information exchange between the Board and management on one hand and between the Board and the employees on the other hand, have led to mismanagement in the organisation. If this is left to continue even after the restructuring exercise, the conditions within the organisation and its efforts to deliver services to SMEs may not improve.

The findings from interviews, experiences and observations discussed in this report have revealed that information gaps still exist in SEDB. This is because, apart from the delay in appointing the Board which acts as a link between the organisation and the government through the Ministry of Commerce Trade and Industry, there are also no inter-group communication links within the organisation. For example, there is a situation where management, departmental, management-union meetings are rare. Furthermore, regional offices no longer submit reports to the head office. All these information gaps have rendered the internal communication network ineffective. The situation has also been worsened by lack of communication technology. The databases which were supposed to facilitate information to SMEs are not operational. Without resources SEDB will not be able to invest in communication technology to make networking effective and meaningful.

In addition, SEDB has suspended most services to existing and potential clients. This implies that even external communication links are almost non-existent. Apart from occasional contacts with potential clients who seek registration, SEDB has no planned communication strategies for the promotion and development of SMEs in the country. Monitoring and extension services have also been handicapped since the Projects Department has lost most of its qualified field officers such as senior project officers, project officers and controllers, thus hampering service delivery.

As a result of financial problems and lack of qualified communication staff, the organisation is unable to establish a multi-media approach that is needed to create awareness about the importance of SMEs, as well as to motivate individuals already engaged in small business.

From the above, it can be concluded that in its present condition, SEDB is unable to function to its expectations nor is it able to be innovative. The major challenge to the Government, Board, management, and the union is to create an environment which is conducive to teamwork, and cooperation. Cooperation and internal cohesion can only be possible where there is effective communication and where employees are treated as members of the organisation by being involved in the decision-making process. What is needed is an integration of interests and leadership capable of meeting the needs of the organisation, its owners, its employees, clients, and the general public.

That also requires an effective communication network. This is because the ability to get results from group efforts largely depends on having accurate, adequate, and timely information, trust and honesty among members of an organisation.

In conclusion, SEDB as a government institution that was set up mainly to support the development of SMMEs, needs restructuring and strengthening if it has to achieve its objectives. This is necessary if it is to regain its credibility. Once SEDB's credibility has been restored, both the government and the donor community or cooperating partners would be in a better position to increase substantially, technical and financial support to the institution for its operations. It also requires an effective internal and external communication network supported by an efficient management information system to ensure cohesion and coordination of development and management activities. Effective communication seems to be the cure to all the major obstacles to SEDB's future performance.

8.1 Recommendations

From the above conclusions, the author recommends the following:

1. the government as the owners of SEDB should seriously consider settling the K17 billion debt owed by SEDB to various organisations in order to make the proposed restructuring meaningful;
2. the appointment of Board members should be ratified by Parliament rather than by the government to avoid unnecessary delays in constituting it through party politics;

3. the government should support SEDB technically and financially through Parliament rather than through the Ministry of Commerce, Trade and Industry. This will make it accountable to parliament and receive its support directly from the Ministry of Finance. This would reduce delays in receiving its grants;
4. the Board and management should encourage genuine information exchange within the organisation through constant meetings, joint committees and industrial relations seminars and workshops. These would provide opportunities for development of close relations, trust and cooperation among all the groups in the organisation. Management, departmental, inter-departmental and management-union meetings should be held at least once every month or as agreed by the parties concerned. Joint management-union industrial relations seminars or workshops should be held whenever there is a new union committee elected and before any collective agreement negotiations take place. Top managers should show genuine concern in their subordinates' affairs by consulting and seeking their opinions on matters that affect them;
5. SEDB should be more aggressive in public awareness communication in order to promote entrepreneurship culture and influence clients' attitudes toward self-employment. This should be done through a multi-media approach -- the use of both interpersonal and group communication, and mass media communication such as in-house monthly or quarterly magazines, national newspapers, radio drama (such as Ifyabukaya), television documentaries, drama and discussions;
6. SEDB should establish information centres and a development magazine which would disseminate and publish developmental issues and events within the organisation and those of successful SMEs to act as models for other SME operators. The magazine would also include sections on business profiles, and any other development-related issues;
7. SEDB should consider recruiting a development communication specialist(s) who would not only be responsible for the production of communication materials but

also carry out regular communication needs assessment, develop appropriate messages, select the appropriate media, develop pre-test communication materials and implement communication interventions in the development programmes. The specialist (s) would also coordinate all the communication activities in the organisation so that communication becomes an integral part of the entire decision-making process in the organisation; and,

8. it is also recommended that this report should be made available to Board members, management, union officials and rank and file employees to elicit their reactions to its major arguments, conclusions and recommendations.

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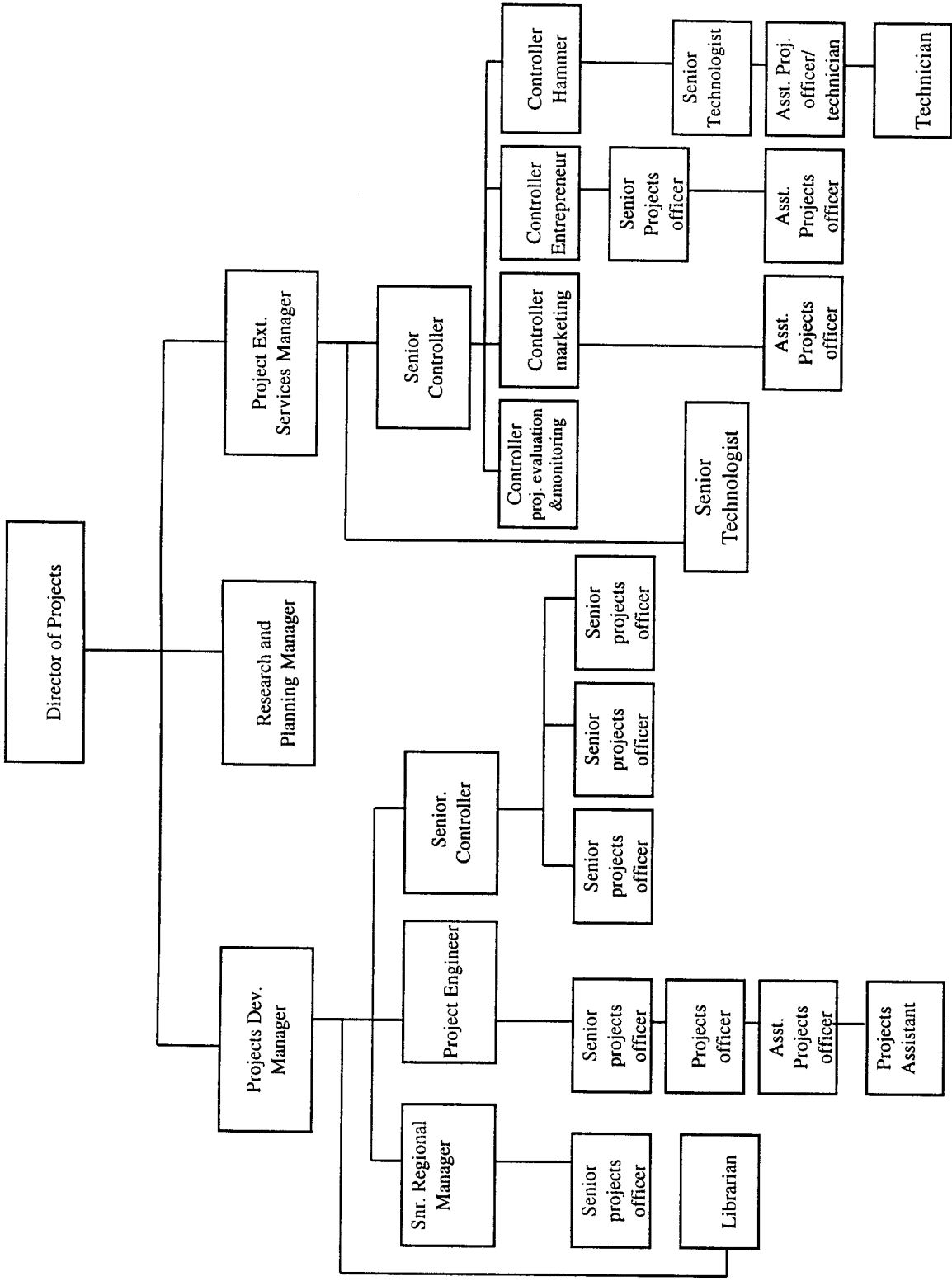
Appendices

Appendix 1

Staff strength as at 19 October, 1999

Headquarters	57	(a) 9 retrenched but still on payroll waiting for benefits at home. (b) 13 retrenched but still working. (c) 4 on temporary appointments
Kabwe	6	(a) 1 retrenched and is at home awaiting terminal benefits
Kitwe	12	(a) 4 retrenched but still working.
Chipata	8	
Choma	13	(a) 1 dead but still on payroll for 6 months only.
Lusaka	16	(a) 2 retrenched but still working. (b) 4 on temporary appointments.
Mansa	8	(a) 1 retrenched but still working.
Solwezi	6	
Kasama	8	
Mongu	6	(a) 1 retrenched but still on payroll waiting for terminal benefits at home.

Appendix 2



Appendix 2: *Projects Department Structure*

Appendix 3

List of persons talked or introduced to

Mr. M.C. Mongo	Director/Chief Executive (SEDB)
Mr.D. Chewe	Director of Projects
Mr.G.G.X Lukwanda	Board Secretary
Mr. F.S. Kamfwa	Personnel and Administration Manager
Mr. C. Sakajila	Senior Regional Manager- Lusaka
Mrs. K. Chansa	
Mrs. C. Katongo	
Mr. N. Bweupe	
Ms. M. Kombe	
Mrs. E. Mwala	
Mrs. M. Mzyece	
Mr. W. Matoka	
Ms. R. Kalebaila	
Mr. A. Lwali	
Mr. I. Zulu	
Mr. J. Muzyamba	
Mr. A L.Kasongo	
Mrs. F. M. Chipasha	
Mr. P. Lubambe	
Mrs. A.C. Musenge	
Mr. H. Banda	
Mrs. S. Banda	
Ms. C. Kasonde	
Ms. J. Mwambazi	
Mrs. W. M. Phiri	

Appendix 3 continued

SMEs Visited

Sylva Professional Catering Services
Cross-Boarder Association
Dollar-Wise Enterprise
Marbow General Dealers
Pombana confectionary and Catering
Purity Agro-Forestry Ltd
Carol Executive Fashions Ltd
Patichi Patichi Enterprises
Nangaunozye Enterprise
Salo Enterprise
Perfect Secretarial Services
G & W Computer Academy
Scaro Fashions
Kizi Internal Decorators
Hexagon Engeneering
STEMIS Furniture- Kalingalinga
Kachabe leather Youth Project - Soweto Market
B.U. Enterprise- Buseko Market
Katungu Enterprise - Buseko Market
Taipa Theatre Group- Chipata Township
Small Scale Industries Association of Zambia
Ministry of Trade, Commerce and Industry

