The educational and training needs of small, medium and micro entrepreneurs (SMMEs) in Butterworth

by

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ABSTRACT

This study is a result of the commitment of the Eastern Cape Technikon to provide training, research and development in skills needed by the communities it serves. The Eastern Cape Technology and Entrepreneurship Centre (ECTEC) was established in association with the Enterprising Edge and Niagara College. Consequently, a curriculum was made available in order to support the small, medium, and micro entrepreneurs (SMMEs) in Butterworth by educating and training them so that they could run their businesses successfully. Some of the issues that have arisen concerning this intervention, included whether an investigation into the educational and training needs of SMMEs had been done, as well as whether the proposed education and training programme would meet the needs of the intended SMME adult learners. In light of this background, the research question was formulated as follows:

What are the educational and training needs of the small, medium and micro entrepreneurs (SMMEs) in Butterworth?

The aim of this research is to identify and describe the educational and training needs of SMMEs in Butterworth, by conducting a needs assessment. This needs assessment attempts to understand and explain what SMMEs perceive to be their educational and training needs. The sample was composed of SMMEs who are registered learners at the ECTEC. Questionnaires as well as semi-structured interviews were used for data collection. The questionnaire items were summarised and presented in the form of tables. The interview data was then analysed by means of a constant comparative method.

The findings of this study show that the educational and training needs of SMMEs are related to issues like accessing finance, keeping proper records of transactions and preparation of books of business, namely, the balance sheet, income as well as cash flow statements. SMMEs also need to know how to undertake the marketing function of their businesses so that they can identify and reach their customers. Finally, SMMEs need to know how to prepare and analyse business plans. These needs should, as far as possible, be considered when designing or modifying the education and training programmes of the SMMEs in order to ensure that training addresses these needs. It is hoped that this study will help to make the course relevant, useful and applicable to the SMMEs in Butterworth and those studying at the ECTEC.
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1. INTRODUCTION

The small medium and micro entrepreneurs (SMMEs) are an important part of the South African economy. This is evidenced by the fact that SMMEs contributed 41% of the Gross Domestic Product (GDP) and 50.3% of the total employment in South Africa during 1997 (Ntsika Enterprise Promotion Agency & the Department of Trade and Industry, 1998:45-46). Ntsika Enterprise Promotion Agency and the Department of Trade and Industry (1998:34) argue that the SMMEs have the potential to further stimulate job creation and contribute to economic growth. Evidence also suggests that SMMEs play a major role in people's efforts to secure basic needs and sustain their livelihoods. Thus, SMMEs could play a vital role in uplifting rural communities, such as those of Butterworth, which, like many other rural communities, experience unemployment problems. Although there are a number of SMMEs in this region, some exist for a very short time and fail to run their businesses profitably. This failure to operate successfully might be an indication that they need further education and training in entrepreneurship.

In this dissertation, I shall argue that education and training could help these SMMEs to run their businesses successfully. However, in order to provide meaningful, useful and relevant education programmes to SMMEs, an assessment of their needs is important. This study thus reports on an investigation into the educational and training needs of SMMEs in Butterworth, a town in the South Eastern Region of the Eastern Cape Province of South Africa. The first section discusses the orientation to the problem, which is followed by the statement of the problem, the aim of the research as well as the assumptions and presuppositions of the researcher. Thereafter, relevant literature is reviewed, followed by a discussion of the process of conducting the needs assessment. The next section deals with the presentation and analysis of data after which, I discuss the findings. Finally, I present a summary and conclusions followed by recommendations based on the findings.

2. ORIENTATION

The Eastern Cape Technikon serves the Butterworth region - a region, which is battling with high levels of unemployment. One of the ways the Eastern Cape Technikon intends to contribute towards revitalising the dying economy of this region is by creating opportunities for job creation and self-employment for many out-of-school youth and adults, through entrepreneurship education and training. This is in line with a strategy proposed by the government for increasing self-employment, by promoting SMMEs.
Amongst its mission and objectives, the Eastern Cape Technikon is committed to the provision of training, research and development in skills that are needed by the communities that it serves (Eastern Cape Technikon Prospectus, 2000:20-22). As a result, the Eastern Cape Technikon has established the Eastern Cape Technology and Entrepreneurship Centre (ECTEC) with funding from the Canadian International Development Agency (CIDA), through the Association of Canadian Community Colleges (ACCC). The main aim of the ECTEC project is to strengthen the capacity of South Africa's post-secondary, vocational institutions, as well as, technikons, as major resources for developing competitive and sustainable businesses. The centre will therefore provide resources for the development and delivery of curricula, related to entrepreneurship education and training, as well as, SMME support and private sector networking.

A curriculum developed and implemented by the Enterprising Edge and Niagara College in Canada was made available for delivery to the students and SMMEs by the ECTEC (Eastern Cape Technikon, In Touch Publication, November 1998:1). Through the ECTEC entrepreneurship curriculum, the Eastern Cape Technikon seeks to contribute to the alleviation of unemployment by providing its students, SMMEs and the community in Butterworth, with education and training in entrepreneurship. The purpose is to provide self-employment opportunities and business skills for those who cannot work in the formal sector due to limited formal labour absorption capacity.

3. STATEMENT OF THE PROBLEM
As a result of the intervention by the ECTEC, a number of issues have arisen. One such issue deals with concerns by members of the management board as to whether an investigation into educational and training needs of SMMEs, in Butterworth, has been done. A second important issue is whether the ECTEC intervention would meet the needs of the intended participants. In the light of the above, the question that guides this research, may be formulated as follows:

What are the educational and training needs of small, medium and micro entrepreneurs in Butterworth?
4. **AIM OF THE RESEARCH**
The aim of this research is thus to identify and describe the educational and training needs of SMMEs in Butterworth.

5. **ASSUMPTIONS AND PRESUPPOSITIONS**
Prior to conducting this research, I worked on the following assumptions: that the Butterworth community needs more effective entrepreneurs; that they lack basic knowledge and skills for operating successful businesses; that SMMEs are adults who would truthfully report their entrepreneurial experiences; and that the SMMEs are interested in improving their business operations through education and training programmes.

6. **REVIEW OF RELEVANT LITERATURE**
6.1 **Introduction**
This section informs the empirical research in that it presents the views of various notable authors concerning important concepts like the SMMEs, wants and needs, as well as education and training. This section further distinguishes between educational and training needs, and outlines the needs assessment process, its purposes, procedures, as well as methods. Conducting the needs assessment is essential since it ensures, as far as possible, that education and training programmes being offered, address the needs of the learners, and are relevant, useful and applicable to them and their situations. Thus, the literature reviewed assisted me in understanding the needs assessment and how this process is carried out, especially with the SMMEs in Butterworth.

6.2 **The concept of SMMEs**
Pakes (1995:15) points out that the standard definition of small, medium and micro enterprises is a contentious issue. This is to be expected, because these terms are relative, due to, *inter alia*, the overall size of the economy. A medium-sized enterprise in South Africa, for example, may be a very small enterprise in a developed economy such as that of the United Kingdom. Contention on the definition of SMMEs could be exacerbated by the adoption of different sets of policies or support structures for different sizes of businesses by the South African government (hereafter referred to as the government). Nonetheless, Lucas (as cited in Pakes, 1995:7) argues for a standard definition of small business, so that the size and the importance of this sector can be measured. A standard definition would enable
institutions and the government to identify SMMEs who are in need of assistance. The definition of small business is also essential for policy makers and researchers.

Ntsika Enterprise Promotion Agency and the Department of Trade and Industry (1998:39-40) provide a definition of small business in South Africa, which could be considered as both official and standard. This definition covers all sectors of the economy, as well as, all types of enterprises. It also comprises qualitative and quantitative criteria. The qualitative criteria relate to the ownership structure and require that the enterprise be a separate and distinct business entity and should not become part of a group of companies. If the company owns subsidiaries, or is a part of a group of companies, then all these must be included in the measurement of its size. Furthermore, an enterprise can either be a natural person, a sole proprietor, a partnership or a legal person, for example, a close corporation or a company. It may be managed by its owner or owners. The quantitative criteria, distinguish between micro, very small, small and medium enterprises. These criteria also relate to sectors and sub-sectors of the economy with limits for employment, turnover and asset value, that determines the size-classes of small businesses. These sectors are agriculture, mining, manufacturing, construction, wholesale trade, retail trade (including motor trade), transport, finance and business services as well as community, social and personal services. Small businesses are classified into micro, very small, small, and medium enterprise categories and these are described briefly below.

The micro enterprise category usually lacks 'formality' in many respects. Usually these SMMEs do not qualify for value added tax (VAT) registration. They adopt informal accounting and operating procedures and usually conduct business in more or less makeshift structures. The compliance of this category of entrepreneurs with labour legislation is weak. They are not likely to employ more than five employees, that is, the upper limit is four paid employees.

The very small category refers to self-employed persons and enterprises employing a limited number of employees. These SMMEs operate in the formal market and have access to modern technology. The number of paid employees ranges from zero to nine (except for mining, electricity, manufacturing and construction, where it is 19 employees).
The small category of enterprises has typically outgrown the simplest state, for example, that of direct supervision by the entrepreneur himself or herself and have resorted to a secondary co-ordinating mechanism. The process and the organisational structures of these enterprises are more complex. The upper limit of employment for this category of enterprises is 49.

In the medium enterprise category, the ownership and management structure is more complex. Power may be decentralised to an additional layer of management and division of labour. The number of paid employees on the upper limit, is 99, except mining, electricity, manufacturing and construction sectors where it is 199 (Ntsika Enterprise Promotion Agency & the Department of Trade and Industry, 1998:41-43).

In Butterworth, evidence would suggest that the micro to very small category of business is prevalent. As stated earlier, these SMMEs are struggling for survival. Before any form of assistance can be provided, it is imperative that the needs of these SMMEs are identified. Identifying needs requires a clear definition of the concept 'need'. The section that follows outlines the concepts of education and training. Thereafter, an explanation of the concepts, 'educational' and 'training' needs is given.

6.3 Education and training
Some authors make a clear distinction between the concepts of education and training, and consider these as polar extremes (de Moura Castro & de Oliveira, 1994:6412). Buckley and Caple (1995:14), for example, argue that education is a process and series of activities which aim at enabling an individual to assimilate and develop knowledge, skills, values and understanding that are not simply related to a narrow field of activity but allow a broad range of problems to be defined, analysed and solved. According to de Moura Castro and de Oliveira (1994:6413), education refers to the development of the mind and also in education, the teacher is concerned with fundamentals. Nadler and Wiggs (as cited in Robinson & Robinson, 1991:xiv) explain that training refers to techniques that focus on learning the skills, knowledge and attitudes required to initially perform a job or task, or to improve upon the performance of a current job or task. De Moura Castro and de Oliveira (1994:6413) argue that training refers to the mastery of manual endeavours and that during training, the instructor starts with the intention of offering useful skills. Buckley and Caple (1996:13-14) further state that training benefits the
individual personally, since everyone likes to feel that he or she is competent at his or her job. It seems that training impacts on one's competence and performance.

Other authors, however, do not clearly distinguish between education and training, as they see these terms as closely related. De Moura Castro and de Oliveira (1994:6412) argue, for example, that education and training overlap and help each other in the learning process. My view about education and training is that these terms cannot be separated because one cannot happen without the other; for example, training seems to be skills-based, but the acquisition of such skills requires theoretical knowledge, which some authors take to imply education. The view that I take in this study is that education and training happen together, that is, skills require knowledge and knowledge can be obtained in the acquisition of skills.

6.4 Educational and training needs

In order to understand educational and training needs, this section starts off by explaining the terms 'wants' and then 'needs'. Thereafter, the concepts of educational and training needs are outlined in detail.

The concepts of 'wants' and 'needs' are not clear-cut in the literature. Various authors view these concepts differently. Rogers (1992:150) for example, argues that a target group has many 'wants'. Some of these 'wants' are more strongly felt than others. He also points out that these 'wants' compete with each other within a person. A 'want' for survival, for instance for food, ought to rank higher and would have to be satisfied before a 'want' for a luxury such as a beer, which ought to rank lower. Contrary to this suggestion, one sometimes finds a person 'wanting' a beer more than food, this choice being influenced by the circumstances. From this, it can be deduced, that wants can be subjective to an individual, community, time or place. This subjectivity is probably characteristic of needs too, and may be the source of the overlap in meaning between 'wants' and 'needs'.

On the other hand, Boone (1985:114) suggests that there are several questions that arise in connection with the concept of 'need'. For example, what is meant by 'needs' and who determines 'needs'? Stufflebeam, McCormick and Brinkerhoff (as cited in Suarez, 1994:4057) refer to a 'need' as a change, desired by a majority of a specific group of people. Thus, Stufflebeam et al (in Suarez above) do not
refer to ‘needs’ as objective, scientific truths, but as outcomes of human judgements, values and interactions within a given context. In other words, like ‘wants’, ‘needs’ are relative to time, reference groups and contexts.

People rely on their judgement in different contexts for survival. McKillip (1987:10) and Rogers (1992:149) also argue that the concept of ‘needs’ involves judgement. They further state that ‘needs’ are value-loaded and are relative, that is, people with different values will recognise different needs. Witkin, Guba and Lincoln, as well as Stufflebeam et al (as cited in Suarez, 1994:4057-4058) also appear to support these views. On the other hand, Pennington (1980:2), Boyle (1981:144-145) as well as Witkin and Altschuld (1995:9), take the definition of a ‘need’ a step further when they define it as a gap between a current set of circumstances or present state (the what is), and some desirable set of circumstances or future state (the what should be).

According to Suarez (1994:4057), a more stringent and less used definition of ‘need’ is that it is a ‘deficit’. A deficit implies an absence of a minimum set of conditions. To Suarez above, a need exists if this absence or deficiency in the area of interest is harmful. Hence Scriven and Roth (as cited in Suarez, 1994:4057), refer to a ‘need’ as a state in which a minimum satisfactory level has not been reached or cannot be maintained. It seems that such a minimum set of conditions must be met if harm is to be avoided. Sredl and Rothwell (as cited in Sredl and Chesney, 1992:5-5), give yet another useful definition of a ‘need’. They state that a ‘need’ is something that motivates people to improve, to work toward becoming more of what they are capable of becoming and that it is an opportunity for achievement.

Similarly, Bosworth (1996:8), argues that, embedded in the definition of needs, is a twin concept of a lack or limitation of something required, and an action necessary, in order to supply something, in an attempt to fill the gap, or to correct the deficiency mentioned above. In this regard, Boyle (1981:144-145) states that a ‘need’ is a key instigator of behaviour. This behaviour or action is expected from both the person who has the ‘need’ as well as the one who addresses the ‘need’. It is therefore necessary to correct the state of disequilibrium between the present and the future so that a ‘normal’ situation may be achieved.
For some authors, the concepts of wants and needs are related, for example, Rogers (1992:150) who argues that 'wants' and 'needs' overlap. According to him, 'needs' perceived or felt by people develop from their 'wants'. This implies that 'needs' are more focussed, more strongly felt and more urgent than 'wants', and that 'wants' are broader than 'needs'. 'Wants', for example, would encompass what I would call 'luxuries' and not 'things relating to survival'. However, it should be noted that just as there could be subjectivity in classifying luxuries and necessities for survival, there is likely to be subjectivity in differentiating between a 'want' and a 'need', for example, a luxury may be perceived as a 'need' in one community and in another, as a 'want'.

Brookfield, (as cited in Gravett, 1997:40), takes the relationship of wants and needs even further, thus making the distinction between wants and needs in an educational sense easier to understand. He argues that wants, desires and wishes of the learner are 'felt needs' which are found in the conscious awareness of the learner, whereas 'prescribed needs' are based upon the beliefs of the educators concerning the knowledge, skills, behaviour and values that adults should acquire. From Brookfield's distinction, both the learner and the educator appear to feature when defining 'needs'.

Based on the foregoing discussion, I argue that 'needs' may be seen as knowledge or skills that are required by a person, in order to fulfil a particular objective in life. In order to fulfil such an objective, a need has to be met by for example, increasing knowledge or skills to appropriate levels if they are deficient and by as far as possible minimising the variance or gap between the present and desired states of knowledge or skills. Attempts at reducing these gaps require an action on the part of the person who experiences the need, as well as, the one whose intention it is to help with the meeting of that particular need.

Not all of the SMMEs in Butterworth may have the knowledge of their "deficiencies". SMMEs need to be assisted with identifying their deficiencies and, therefore, their needs, through interventions, such as this research. Although similar research projects may have been done on SMME needs elsewhere, the subjectivity of needs, highlighted above, requires a clear assessment of the needs of each community, such as the SMMEs in Butterworth. Prescribed needs, which are defined by educators, usually feature when designing a course. Even though this is usually the case, such needs will not be the focus of this study. In this specific study, I use Brookfield's views, in the sense that needs that will be identified, are
those that are felt by the SMMEs. They would, in other words, articulate what they perceive as knowledge and skills, which they need for education and training. At this juncture, I would like to take a closer look at these educational and training needs.

Similar to the lack of a clear distinction between education and training, the definitions of the concepts of ‘educational’ and ‘training’ needs are also not clear-cut. The concept ‘educational’ need is closely related to the concept ‘need’ as discussed above, in that, there are apparent similarities between the definitions of the concepts of ‘needs’ and ‘educational needs’. The conceptualisation of ‘educational needs’ by Peterson (1983:131), for example, as lacks or weaknesses in the knowledge, attitudes, skills and values that people have, has some similarity with the definition of a ‘need’ provided by Suarez (1994:4057) above. ‘Educational needs’, however, seem to specifically relate to learning, thus embracing some aspects of the definition of the concept of education. Thus, Knowles, (as cited in Boyle, 1981:145), defines the concept of ‘educational need’ as something a person ought to learn for his or her own good, for the good of an organisation or for the society.

Tyler, (as cited in Boone, 1985:113) gives a slightly different definition of ‘educational needs’ as gaps between desired and present competencies. Furthermore, Tyler is of the view that educational needs are gaps between where learners are, in relation to an identifiable social norm. His view implies that needs have to be identified and be compared to what is believed to be a ‘normal’ standard. The view removes the element of subjectivity from the definition of ‘educational needs’. In other words, ‘educational needs’ should probably be identified by clear objectives, agreed upon by a group of people. These social norms are for example, previous behaviours of similar groups and perceptions of what should be the status of performance (Suarez, 1994:4058).

‘Educational needs’ may result from various factors, for example, inadequate formal education, the passage of time since formal schooling was completed, social change, individual development or a lifelong desire for personal or psychological growth (Peterson, 1983:131). On the other hand, Davis (1974:35) believes that needs may be found in problems and opportunities. People experience certain problems with regard to certain competencies, knowledge or skills, which translate into ‘needs’ that require to be addressed, if those individuals are to improve on those specific competencies. Still on the question of needs arising from problems, Sredl and Chesney (1992:5-5) explain that problems refer to
deficiencies, incompetencies, crises, obstacles, as well as, dilemmas, whereas, needs arising from opportunities, are associated with improvements, progress and ambition.

Learning experiences are important for satisfying 'educational needs'. Thus, Monette, (as cited in Queeney, 1995:2), and Boyle (1981:56), state that an educational need may be satisfied by means of learning experiences that provide the desired knowledge, skills and attitude. A learning experience is therefore suggested as the means necessary for addressing educational and training needs in particular. Peterson (1983:132) supports this view and argues that educational needs offer good rationales for continuation and expansion of instructional programmes.

On the issue of a 'training need', Buckley and Caple (1996:57) explain that a 'training need' exists when there is a current or an anticipated shortfall in performance, or when performance could be improved, in order for it to result in increased productivity, or a higher quality of service. Thus, training needs represent mismatches between what the job demands (the desired) and what the prospective trainee possesses in terms of knowledge, skills, attitudes and experience (the current). It seems that the definition of 'training needs' above shares some similarity with that of 'educational needs'. For example, similar to training needs, educational needs are said to be satisfied by means of learning experiences that provide the desired knowledge, skills and attitudes. A 'training need', therefore, is defined in a similar fashion as 'educational need' in that it is seen as a shortfall in the performance of something. A similar overlap between education and training was noted in Section 6.3 above.

In the context of this research, I support the view that education and training should not be divorced from each other. I therefore do not draw a distinction between 'educational needs' and 'training needs', and consider both to refer to areas of knowledge and skills that the people involved consider as lacking or deficient. People experience problems in performance as a result of the deficiency or lack of specific competencies, knowledge and skills. These problems translate into their educational and training needs. Likewise, the educational and training needs of SMMEs are therefore the knowledge, skill or behaviour required to perform a particular task in the running of their businesses. In the next section, I discuss the concept of needs assessment in general.
6.5 Needs assessment

The concept 'needs assessment' seems to be used interchangeably with the concept 'needs analysis'. Sparhawk (1994:8) claims that 'needs assessment' and 'needs analysis' mean the same thing, while Witkin and Altschuld (1995:10) point out that some writers make a distinction between 'need identification', 'needs analysis' and 'needs assessment'. In this literature review and study, these terms are used interchangeably. The concept of needs assessment is discussed in the following section. Thereafter, the purposes and procedures thereof are also outlined.

6.5.1 A concept of needs assessment

Buckley and Caple (1996:57) explain that not everyone who has presented himself or herself for training is aware of his or her needs. It follows from this statement that learners have to be helped to identify their needs. In support of this idea, Robinson and Robinson (1991:5) argue that the training process begins with some symptom or request for training, while Buckley and Caple (1996:18-19) mention that those delivering the training, should ensure that they know precisely what the training needs are.

Focusing on education and training, Sparhawk (1994:8) advises that a 'needs assessment' process involves determining training needs and discovering what is needed to address those needs. For Sparhawk, for example, assessment enables one to identify where the learners are (the current status), how many they are, what kind of training they need (the desired), who should do the training and when the training should be done. From the above, it seems that a 'needs assessment' task is guided by definite questions. Examples of such questions are also given by Vella (1994:4) and include: how can we discover what the group really needs to learn, what learners already know, and what aspects of the course (that we have designed), really fit their situations? These questions would presumably highlight the needs of the learners and are aimed at making a course relevant to their needs. Asking such questions could help to ensure that a programme is designed in such a way that it has immediate usefulness to the participants. The question of relevance is further addressed by the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (hereafter referred to as The White Paper), March (1995:34) which specifies that all suppliers of training have to consider the nature, content and effectiveness of their programmes, and that training has to become more sector specific and focus on the particular needs and problems of small enterprises.
Vella (1994:4) further argues that conducting a needs assessment is a basic principle of teaching adults. It is important for educators to recognise the fact that while people may register for the same programme, they all come with different experiences and expectations. Hence, an educator is required to do a 'needs assessment' as a tool for making decisions when identifying the educational activities or programmes that should be offered (Queeney, 1995:1-2). Identifying the needs is also important, so that trainees do not become victims of either too much or too little training (Buckley & Caple, 1996:18-19).

Tyler, (as cited in Boone, 1985:12), identifies three sources of information that can elicit the educational needs of learners. According to him, learners themselves are regarded as primary sources of information of their needs and, according to Walkin (1990:109) this is a demand-led 'needs assessment'. Davis (1974:35) also supports the role of the learner in a needs assessment when he states that the participation of learners, in defining their needs, allows them to grow to new levels of self-direction. The belief held by Davis (1974:63), that the prospective learner is usually far better than anyone else at pinpointing exactly what he or she needs to learn, in order to raise his or her performance to expected levels, supports the role of learners in defining their needs. Similarly, Vella (1994:4-5) stresses the role of learners in her definition of 'needs assessment' as the participation of learners in naming what is to be learned. She further warns providers that if the course or programme does not meet the needs of learners, learners will vote with their feet and will simply walk out.

Another source of information about needs, as identified by Tyler above, is the suggestions from subject matter specialists. Needs may also be anticipated by a supplier of training or educator by referring, for example, to a syllabus, new legislation, market trends or otherwise predicting the likely demand for a particular learning service. This kind of provision is described as supply-led by Walkin (1990:109). In this case, the educator acts on behalf of his or her learners by giving them what they ought to know. The identification of needs by the educators is justified on the grounds that the participants are unavailable, too far away, unknown, or lacking the sufficient expertise to participate in the identification of their own needs. This is, however, criticised on the grounds that it creates needs in a vacuum and that it does not often serve everyone’s purposes (Davis, 1974:70-71).

In the middle position between the identification of needs by the learner and the educator, Davis argues that the educator should actively determine the needs in collaboration with the learners. The justification
for this collaborative process is based on the grounds that all those affected should have a say. This approach is preferred because it serves everyone involved when it is successfully implemented. It can also lead to a good learning climate. Furthermore, the process of need determination is viewed as an educational activity rather than as a precursor to an education programme (Apps, 1985:176). In other words, the involvement in need assessment for the purpose of identifying the most relevant needs and opportunities, is very important, because it is a learning experience in its own right (Boyle, 1981:96).

In support of the collaboration between educators and learners in needs assessment, Witkin and Altschuld (1995:xvi) explain that the process of needs assessment is not a top-down activity in which a few people decide the needs to be addressed, but one in which a wide cross-section of recipients and providers of services, engage actively. Sparhawk (1994:11) supports this active involvement by saying that it builds commitment and forms a cadre of support as one continues down the path to a solution.

Based on the foregoing, I argue that a needs assessment is the process of finding out the performance problems of prospective learners and how these should be addressed. The educator, as one of the stakeholders in education and training, should negotiate with the adult learners about what they believe to be the best method of meeting their needs. This view is held or supported by people who believe that the process of determining learning needs should take some form of 'negotiation' by adult learners and their educators. Vella (1994:13) is one of those proponents. She argues that learners at times offer a suggestion while at other times they can also make decisions. She calls the suggestion 'a consultative voice' and a decision 'a deliberate voice'.

Ford (1995:34) also supports the role of the educator in needs assessment when he points out that it is not always appreciated that many individuals require considerable help in articulating their requirements or needs and that this process normally requires the help of skilled and informed 'helpers' or 'counsellors'. If such help is absent, learners may be unaware of their under-utilised abilities, as well as suitable opportunities that are available to develop them. In summary, both Vella and Ford suggest that one way of getting to know what learners' suggestions and decisions are, is by conducting a needs assessment, in which the educator and the learners are actively involved. I fully agree that an educational process requires both the suggestions as well as the decisions of the learners, both of which have to be negotiated with and endorsed by the educator.
I am quite aware that a proper and comprehensive needs assessment involves different groups of people. It does not involve learners only because learners are not always best able to express or articulate their needs. An optimum approach to a needs assessment, therefore, includes needs, as perceived by the learners, as well as other stakeholders, for example, the key informants. In the case of the SMME sector the key informants could be business advisors, funding agencies, non-governmental organisations (NGOs) as well as academics or educators. Because this study is not a comprehensive needs assessment, only the SMMEs would be engaged in identifying what knowledge or skills they perceive to be lacking, in order for them to become successful in their businesses. In other words, they will identify their felt needs as proposed by Brookfield (as cited in Gravett, 1997:40). The next section focuses on the purposes of conducting a needs assessment in general.

6.5.2 Purposes of conducting a needs assessment
Broadly speaking, needs are assessed to solve problems, and according to Soriano (1995:5-6) such assessment serves the purpose of identifying the beneficiaries of the assessment, as well as, clarifying the information required. In this regard, Gupta (1999:115) identifies the purpose of needs assessment as that of identifying knowledge and skills, that people must possess, in order to perform effectively on the job. Gupta’s view assumes a deficiency in knowledge and skills and in this regard, Gupta agrees with Suarez (1994:4057). Such deficiencies are often solved through education and training programmes. In this section, the purposes of needs assessment are outlined in light of education and training programmes.

6.5.2.1 Provision of information
Assessment of whatever kind provides information about something. Witkin and Altschuld (1995:5,7) state that a needs assessment is conducted to gather information and perceptions. The meaning, derived from this information, is used in making policy, setting priorities and making decisions on programmes, for the benefit of a specific or defined group of people. Thus, the information from a needs assessment, offers a useful and rational approach to identifying and describing specific areas of need, and can be used to discover factors that contribute to the perpetuation of needs, as well as devising criteria for plans to meet or ameliorate the need.
6.5.2.2 Acquisition of resources or funds

An amelioration of educational and training needs has to be funded. Needs assessments are conducted, inter alia, in order to acquire resources or funds. The provision of funds for the establishment of the ECTEC as an educational and training resource was, for example, based upon a belief that there was a need, among the Butterworth community, for such an intervention. This observation fits Soriano's (1995:5-6) advice that a needs assessment is conducted as a pre-requisite for receiving funding, and that it is strongly seen as an opportunity to prioritise services. This observation is also in agreement with Witkin and Altschuld's (1995:18) suggestion that data from a needs assessment are used to set criteria for allocating resources, and with Suarez's (1994:4058) view, who believes that data from needs assessments provide information for planning, for example, by specifying areas in which efforts and resources should be placed. Suarez's belief also appears to apply to cases where the resources are already in existence, but need to be used efficiently. Queeney (1995:63) also states that a needs assessment may be conducted in order to increase the use of available academic resources for example, an existing curriculum. Carrying out a needs assessment would therefore provide a starting point and even provide direction to the delivery of a curriculum. A needs assessment also authorises continuation, alteration, or stopping of a programme. This view is supported by Davis (1974:35), as well as Grabowski (as cited in Apps, 1985:176).

6.5.2.3 Service to a particular segment of the community

Queeney (1995:63), as well Witkin and Altschuld (1995:xvi), further state that a needs assessment is conducted in order to serve a particular segment of the community. In other words, a needs assessment is always specific to a particular group of people. An example of such a segment of a community could be the SMMEs in Butterworth, who are active in business, particularly those registered at the ECTEC.

6.5.2.4 Evaluation of the goals or mission statement of an institution

Grabowski (as cited in Apps, 1985:176), Queeney (1995:63), as well as Suarez (1994:4058), are of the opinion that a needs assessment is done in order to evaluate or further the goals and mission of an institution. It is conducted to hold, for example, educational institutions accountable for their actions. It is especially useful, for instance, when identifying subject areas or locations in which educational achievements are lower than desired. A needs assessment can also be conducted during the course of a programme to evaluate the progress of that programme, against the desired objectives or aims.
6.5.2.5 Levels of education
According to Queeney (1995:32), different people may need education at significantly different levels, for example, from basic to intermediate to advanced levels. Queeney further writes that the identification of potential learners' level of need is essential, so that educational activities are structured at a level that is appropriate to the learner, who will be participating in the programme. This will make the educational activities more effective.

6.5.2.6 Contents of a programme
Needs assessments can also be directed towards understanding needs pertaining to the contents of a programme. Thus, Queeney (1995:30-36) argues that it is undertaken in order to identify the discrepancies between existing and desired conditions, in preparation for translation of these discrepancies into learning programme content. This point is emphasised further by Queeney (1995:14), who states that the most fundamental value of a needs analysis is in determining which programme should be offered and what contents should be included. Therefore, a needs assessment, focusing on content, aims at identifying and examining, in some detail, the topics about which learners need better knowledge, skills or performance attributes.

Education and training programmes are developed as appropriate interventions that can close the identified gaps or discrepancies. Thus, Suarez (1994:4058) also states that a needs assessment is conducted to diagnose or identify problems or weaknesses, for example, areas in which the educational process or system is ineffective, so that remedial action may be taken. Remedy in education and training entails, among other things, specifying the content needed in a programme. To Witkin (1984:20), a specialised use of a needs assessment, at all educational levels, is to develop or modify a curriculum. This implies that it may be used to identify curriculum needs of a particular group. This is also the view of Grabowski (as cited in Apps, 1985:176), Witkin and Altschuld (1995:18) as well as Pennington (1980:4).

6.5.2.7 Delivery and marketing of a programme
Different types of programme delivery go down well with different participants. A needs analysis can be used to find out about the preferred delivery mode. Queeney (1995:34-37) states that a needs assessment can also be used to identify problems relating to the location, scheduling and costing. In other words, it can answer questions related to the delivery of the programme, such as the most
convenient time of the year, day and hour, session frequency and duration. In this regard, Queeney argues that understanding delivery preferences of participants is an important factor for the success of continuing education, as well as, in transforming potential clients into enrolled programme participants. Specifically stated, a needs assessment performs a marketing function as well.

Queeney (1995:30-36) is of the view that a needs assessment can also be used as a marketing strategy for a learning programme. For example, in the course of a needs assessment, potential learners could be shown programme features, which might be appealing to them. Potential learners often depend upon the relevance, as well as, the usefulness of a course, when they apply for enrolment into a programme of a particular institution. For this reason, Queeney (1995:14) argues that a programme that does not result in improved knowledge and skills disappoints both the learners who enrolled in a particular programme, as well as, those who might have supported their participation in such programmes. The disappointment can be avoided by, for example, linking the current knowledge with the perceived or felt needs of the learners (Gravett, 1997:40). A warning sounded by Ford (1995:34) deserves special attention. He states that a failure to identify needs and to adjust accordingly, may lead to mismatches between the needs and the provision thereof. Such a warning needs to be taken seriously by the planners and providers of education and training programmes. Thus, educators have to make accurate needs assessments, which, according to Witkin (1984:vi), could lead to successful enrolments into the programmes. Such relevance is largely determined by how one plans and implements the steps as well as the methods for conducting a needs assessment. The next section gives an outline on the procedures for a needs assessment.

6.5.3 Procedures for conducting a needs assessment

Heimlich and Norland (1994:192-195), as well as Sparhawk (1994:19-88), recommend more or less similar steps for conducting a needs assessment. Heimlich and Norland above argue that the steps for conducting a needs assessment include the following:

- identifying the desired state, which is the desired level of knowledge, skill or attitude;
- identifying the existing state, this is the current level of knowledge, skill or attitude possessed by the individuals;
- analysing the gaps, that is, the extent to which the existing situation matches the desired state- the gaps identified will serve as needs and would vary in size, importance and
immediacy - if, for example, there are no gaps, then there are no needs and therefore an educational activity is not required;

• prioritising the gaps - this implies sorting and arranging the gaps discovered in the above step into needs, that have to be addressed by means of, for example, providing a learning experience, when needs are educational in nature.

The following section deals with the methods that can be implemented when collecting data for a needs assessment.

6.6 Methods of needs assessment

Witkin, (as cited in Pennington, 1980:8), argues that needs assessments generally employ a systematic method of collecting data from persons who can affect or are affected by the problem being examined. Since people have different needs, methods of assessing these needs vary from one situation to another. In other words, it is impossible to identify a single needs assessment method that is uniformly appropriate (Gilmore, Campbell & Becker as cited in Queeney, 1995:107).

Before explaining the methods, it is important to know the various sources of data that can be utilized in a needs assessment. Witkin and Altschuld (1995:47-50) explain that the sources of data for a needs assessment can either be archival material, communicative processes or analytic techniques. Archival material is data that have already been gathered for other purposes and is useful in establishing the past and present conditions that are related to the 'what is' dimension of the need. Examples of these materials are social indicators, organisational records, demographic data, censuses, results of educational assessment and programme evaluation reports. The communicative processes seek information about need areas directly from people. These may be non-interactive, if the data from the respondents to the needs assessor is conveyed with little or no personal interaction, or they can be interactive, in which case the discussion is used to solicit viewpoints or consensus. Data gathered from both archives and through communicative processes, is analysed by analytic techniques, to explain factors that may have contributed to the presence of the need. In this section, some of the methods used in needs assessment, namely, records and social indicators, as well as, basic group processes are explained. Thereafter, surveys followed by interviews are also outlined.
6.6.1 Records and social indicators

Records provide information on the current status of groups targeted for a needs assessment, for instance, characteristics of people, resources and services provided. On the other hand, social indicators are variables that describe the conditions or states of a population that are helpful in assessing needs (Witkin & Altschuld, 1995:103-104). Social indicators are derived from records and represent important characteristics of a group or a social situation that can be used to base predictions about possible future needs and can help to understand the dimensions of a problem, as well as, required assistance. While social indicators are cost and time effective, their disadvantage is that the level of technical knowledge needed to access and analyse the data is high, and data collected seldom contain all the information required (Soriano, 1995:17-19). Examples of records and social indicators are unobtrusive measures and observations, existing agency or institution records, record-keeping systems, rates under treatment, as well as, existing databases (Witkin & Altschuld, 1995:107-109). Records and social indicators may be available from government agencies or industries. The Department of Trade and Industry can, for example, provide useful sources of databases for SMMEs.

6.6.2 Basic group processes

Queeney (1995), Witkin and Altschuld (1995), as well as, McKillip (1987), state that needs assessment methods can also be classified under basic group processes. According to Witkin and Altschuld (1995:153-154), the salient feature of basic group processes is that it provides an opportunity for face-to-face interaction among the people who have pertinent knowledge or stake in the assessment. Participants present and exchange their views in a more fluid and lively fashion than would be possible with questionnaires. These groups may also be valuable sources for historical or contextual information, regarding the area of need and the causes thereof. These may also provide input to priorities for action. Groups may include service receivers and providers, policy makers, community, as well as, experts in a field. The basic group processes may be used with other data gathering methods. Focus groups, nominal group processes, Delphi techniques, key informants and community forum, are examples of the basic group processes. These are outlined below.

6.6.2.1 Focus groups

According to Queeney (1995:124-129), focus groups bring together six to twelve participants with a facilitator, for a structured, yet informal discussion. The purpose of focus group discussions is, according
to Witkin and Altshuld (1995:171), to obtain in-depth views regarding the topic concerned. These discussions indicate how the participants feel about the topic and also help to identify a range of perspectives regarding it. They explain that focus groups are used to understand the potential needs of the groups, in a specified area, reasons for their existence, as well as, how the group might respond to a particular solution strategy. On the other hand, McKillip (1987:87) argues that grouping the participants, allows for quicker data collection than does an individual interview.

Queeney (1995:125) suggests that an outline, that includes a limited number of targeted topics, should be developed, in order to guide the discussion. Participants are selected as a result of their knowledge, understanding or interest in the topic discussed. Soriano (1995:23) explains that the participants selected, will determine the dissemination of the group’s responses to broader populations and, that they work best when views of homogeneous sub-populations are sought. Queeney further states that the facilitator, who is also the leader of the discussion, introduces all the participants so that they get acquainted with each other. The facilitator then explains the topic, guides the discussion and encourages interaction by the participants. The facilitator must also give general impressions on the viewpoints, suggestions and comments of the participants. Transcription, analysis and interpretation of audio taped discussions or written notes are done. These provide a detailed report of ideas that emerged from the discussion (Queeney, 1995: 124-129).

An advantage of using focus groups is that information derived can stand on its own, or be combined with the existing quantitative data on the same topics. Participants, in a focus group, can have an opportunity to express their views with no restrictions and can consequently discuss topics in depth. Another advantage is that a focus group can concentrate on the quality, rather than the quantity of information. However, the strict emphasis on the qualitative or descriptive data can be a disadvantage. In addition to this, information from focus groups cannot be numerically quantified or scaled in coding, proportions or numerical representations. The reliance on the facilitator to run the group appropriately is also another disadvantage (Soriano, 1995:23-28).

6.6.2.2 Nominal group processes
Moore, (as cited in Witkin & Altschuld, 1995:167), defines the nominal group technique or process as a method for structuring a meeting of a small group, that allows individual judgements to be pooled
effectively. It helps to identify problems and explore solutions, as well as, establish priorities. Nominal groups are a suitable needs assessment method for accessing a number of individuals who are well informed about the topic to be examined. In this case, a facilitator convenes a group of between five to nine knowledgeable participants, who respond to a specific question, by jotting down their answers, and vote to rank or rate all their responses. An opening statement to introduce the participants to the nominal group process and the specific issue sets the tone for what follows. All participants have equal opportunity for input. The posed questions need to be defined and the facilitator needs to guide the group without influencing the outcome. Votes, made by the participants, generate data with a quantitative component and their responses can be summed up into a single broad definition of a 'need.'

The nominal group technique requires time and commitment on the part of the participants.

6.6.2.3 Delphi technique

Witkin and Altschuld (1995:193) define a Delphi technique as a set of procedures that are characterised by the iterative use of a survey over time with the same panel of respondents. On the other hand, Queeney (1995:32) agrees that this method relies on a panel to identify and achieve consensus, on educational needs. Soliciting panel members' response to a series of questionnaires collects data, each derived from responses to the presiding questionnaire. The Delphi panel is selected from people with expertise on the target population, content area, or other factors pertinent to the needs assessment topic. This method relies on written communication, which means that the panel can be selected without the concern of a geographical location.

The educator should write a letter explaining the purpose of the Delphi project and then invite potential participants to serve on the panel. The time and number of questionnaires involved must be explained in order to ensure that the participants understand how much commitment is required of them. The first questionnaire presents broad areas. For example, questions could focus the panel's perceptions, regarding the target populations' educational needs, in a number of content areas. The second questionnaire is developed on the information obtained from the first and the third developed from the second. In all cases, panel members change their responses and are invited to provide additional information, where they explain their deviant responses.
Trends emerge from the responses. For example, some areas will be cited frequently as substantial needs, while others might receive fewer endorsements. Ranking of responses is also important in the Delphi technique. A Delphi panel is then used to get consensus among the panel of judges. The use of a Delphi panel is regarded as elitist because it depends on experts for identification and assessment of needs (McKillip, 1987:20-21). The reliance on experts for identification and assessment, defeats the value of learner participation in a needs assessment, as suggested by Vella (1994:4-6).

6.6.2.4 Key informants
The key informant method of needs assessment makes use of key informants, who have valuable perceptions regarding educational needs of a particular group. Usually, they are not members of the group they are discussing, but are knowledgeable about it, and also occupy an influential position in relation to it. Neuber, Atkins, Jacobson and Reuterman (1980:46) define 'key informants' as persons who have a direct contact with the individuals experiencing problems. According to Soriano (1995:22), the key informants are selected in accordance with their expertise and working relationship with the particular community, in order to describe, explicate and enumerate concerns regarding the relevant subject area. The use of the key informant method in a needs assessment, presupposes the existence of a selected group of people, who hold, or have access to, most, if not all of the information needed to evaluate the target population. Furthermore, they may also be helpful in marketing the programme.

A request for participation in the needs assessment must be made well in advance, because key informants are usually busy people. Broad or specific questions that key informants are asked may be related to content and the delivery of proposed educational activities. Questions should also focus on a specific issue that can be addressed by the educational intervention, for example, current concerns within a field, discrepancies, societal trends, community issues or application of new or reviewed theories, practices and technology (Queuey, 1995:135-139). The advantage of the key informant method is that it needs a limited number of participants. On the other hand, the disadvantage of this method is its reliance on a small number of participants who may be biased in their perception. Key informants are interviewed either individually or in groups (Soriano, 1995:22-23).
6.6.2.5 Community forum
In a needs assessment context, a community forum is used to gather stakeholder concerns or perceptions of need areas. These could include opinions about, for example, the quality or delivery of services, information on causes of present needs, and exploration of community values. An invitation to participate in such a forum is issued to the community. This method can be supplemented with key informant interviews or small group processes. It must have specific goals or purposes and encourage free expression of views. The whole forum engages in a brainstorming procedure. The advantage of a community forum is that it is a flexible technique tailored to local situations. The leadership of the forum is, however, very important to its success (Witkin & Altschuld, 1995:161).

6.6.3 Surveys
Mark (1996:238) describes the survey as the most rigorous method for conducting a needs assessment. According to McKillip (1987:70), surveys are regarded as popular methods of gathering information needs. The information gathered could include people's thoughts, attitudes, opinions, feelings and actions. Surveys seem to be generally suitable for needs assessment because they provide a flexible means of assessing the expectations of a target population, as well as, other audiences, to needs assessment. Thus, Schumacher and McMillan (1993:280) also suggest that surveys can be used to determine levels of knowledge and to ascertain needs, in order to plan programmes.

Queeney (1995:143-144) adds that in a needs assessment, surveys can directly involve those who are potential programme participants and build interest and a sense of ownership. Surveys can also serve as a marketing function since they increase the awareness of the services available. According to Witkin and Altschuld (1995:130-131), the most effective type of survey for needs assessment, asks the respondents for informed opinions on personal experience, background, expertise or knowledge, as well as, facts about themselves and others, about which they have direct knowledge.

However, Queeney (1995:143) warns that surveys must be well designed and carefully implemented. The format and length of the survey instruments must be tailored to the topic, quality and type of information needed and to the level of interest of the respondents. Surveys are, according to Soriano (1995:35) a quick way to gather data from a large group of geographically dispersed respondents. They are a cost-effective means of collecting information from a large group of respondents and are therefore
likely to provide results that are representative of the target population. Their disadvantage, however, is their limitation in identifying genuine, but unperceived needs, as well as, potential, but unknown interest.

Vella, (as cited in Gravett, 1997:62), suggests that conducting a needs assessment involves three actions, namely, studying, observing and asking. Questions can be asked by conducting interviews. The advantage of interviews is that it caters for respondents who cannot participate fully in a survey due to their inability to read and write. Interviews provide more information and understanding because they can reveal the thoughts, feelings and actions of participants. Surveys can use any of the different types of interview methods (Soriano, 1995:36). The interview method is explained in the following section.

6.6.4 Interviews
An interview is one of the methods of collecting information from respondents in a survey (Soriano, 1995:19). An interview involves a person-to-person encounter, by telephone or through face-to-face contact (Witkin & Altschuld, 1995:145; Soriano, 1995:19), in which the interviewer asks questions to an interviewee, and records the answers (Dexter as cited in Merriam, 1998:71). Telephone interviews can be useful where people cannot be easily accessed. They have proven to be less expensive than face-to-face interviews, and enable respondents to feel at ease and free to give candid responses, without being concerned about criticism (Soriano, 1995:19). Telephone interviews are also useful when respondents do not have time to meet in person (Gupta, 1999:16). However, unlike telephone interviews, face-to-face interviews facilitate the establishment of rapport between respondents and interviewers and provide more information than a telephone interview. Face-to-face encounters also provide an opportunity for observing and recording the non-verbal behaviours of participants. Therefore, face-to-face interviews are likely to be more interactive than telephone interviews. Interactive communication, which takes place via interviews, is an important element of a needs assessment.

Interviews may take highly structured, semi-structured or unstructured formats. Structured interviews utilise a set of specific and possibly closed questions with specific response choices that may be given in writing. Semi-structured interviews on the other hand, use questions that offer a fixed set of responses but leave one or more unrestricted responses open to respondents to complete in their own words (Soriano, 1995:20-21). According to Merriam (1998:74), the semi-structured format allows the researcher an opportunity to respond to the emerging worldview of the respondent, as well as, new
ideas on the topic. Soriano emphasises Merriam's point by stating that the main advantage of using semi-structured interviews, is that of providing respondents with response choices that they can select while at the same time allowing for unique responses to fall outside the fixed choices. This is especially valuable when a more accurate response does not fit the listed responses adequately. Unstructured interviews, on the other hand, comprise open-ended questions, which allow responses to be completed and qualified in the words of the respondent rather than those of the interviewer. Since each respondent can provide a unique response, unstructured interviews are likely to be subjective and qualitative. Thus, one of the disadvantages of unstructured interviews is that such subjective responses may require more time for coding and quantification.

6.7 Conclusion
In the literature review, important concepts that informed this study were explained. An official definition of SMMEs, covering all the sectors of the economy and specifying both the qualitative and quantitative criteria, was given. The overlapping relationship between the three sets of concepts, namely, wants and needs, education and training, and likewise, the educational and training needs, was also examined. This was followed by a discussion of the needs assessment process, its purposes and procedures. Finally, an exploration of methods of needs assessments was done which included, records and social indicators, basic group processes, surveys as well as interviews.

7. CONDUCTING A NEEDS ASSESSMENT

7.1 Introduction
According to Suarez (1994:4059), a good design begins with a clear specification of the area of focus of investigation, as well as, the type of needs to be identified. The educational and training needs of SMMEs in Butterworth is the area of focus of this investigation. The technical skills of production do not form part of this needs assessment. In this section, the context of data collection is first spelt out. Thereafter, the design of the assessment instrument is discussed.

7.2 The context of data collection
SMMEs have been neglected in the past, especially in previously disadvantaged communities. As a result, there was a total absence of entrepreneurship education and training, which is necessary to encourage the SMMEs to enter the business world, and acquire a culture of entrepreneurship (National Small Business Act, No.102 of 1996:12). Nevertheless, in spite of the fact that the SMMEs in Butterworth
were affected by the absence of education and training, many had the courage to start their own businesses.

Butterworth is situated in the poor and rural parts of the former Transkei where many factories closed, causing massive unemployment. Entrepreneurship was thus an alternative source of income for SMMEs in Butterworth. Some of the people, who were retrenched from the factories, had acquired certain technical skills related to production, which could be applied in a business. Therefore, evidence suggests that some of the SMMEs in Butterworth belong to the survivalist and micro entrepreneurs and are engaged in self-employment initiatives in order to make a living. This study focuses on both black male and female SMMEs, who are engaged in self-employment activities.

7.3 Situational analysis of the desired knowledge and skills SMMEs should possess

The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, (hereafter referred to as the White Paper, (1995:29), states that small entrepreneurs, particularly those from disadvantaged communities, experience problems with marketing. Their inability to sell their products and services is one of the most serious obstacles to both the starting and growth of businesses, beyond mere subsistence level. The White Paper (1995:30) further points out that access to finance emerges out as one of the SMME's most urgently felt needs, and that other problems like, technical skills, poor product quality, weak management, often aggravate their financial position and hamper their access to funds. From the problems outlined by the White Paper, it appears that SMMEs in Butterworth probably need knowledge and skills in accessing and controlling their finance and marketing, in addition to, business planning. These needs are explained in more detail below.

7.3.1 Required knowledge and skills

Starting and running a business requires special knowledge and skills, for example, identifying opportunities and formulating business ideas, goal setting, planning a marketing strategy, understanding financing of business, dealing with legal issues, managing sales efforts and developing business plans (Enterprising Edge, 1998:1,8). Personal financial planning is a pre-requisite for planning and controlling the finances of a business. In other words, the success of a business depends on sound financial management of an entrepreneur. Hence, techniques that help the entrepreneurs to record and analyse their personal financial information, are very important (Enterprising Edge, 1998:5,1). Financial records
must be filed regularly in order to ensure accurate budgeting and source documents (Enterprising Edge, 1998:5,17-18).

According to Smit (1997:14), an entrepreneur must depend on records and financial statements to understand the potential of his or her business. To comprehend fully the functioning of the business, he or she must have a basic understanding of accounting and finance. Knowledge of the financial statements, such as the projected cash flow, income statement, balance sheet, start-up costs and break-even analysis, are essential because these constitute important information for a business plan. A cash flow projects money flowing in (receipts) and out (expenditures) of the business, while an income statement forecasts sales (revenues) and expenses for a specific period. A balance sheet, on the other hand, is a snapshot of what the business both owns (assets) and owes (liabilities) at a given point in time (Enterprising Edge, 1998:5,17-18). These statements are reliable indicators of the health of the business and can be helpful in alerting the owner to potential problems (Smit, 1997:14).

The success of a business depends on a viable business idea that seeks to address a specific need or problem (Enterprising Edge, 1998:2,6-7). Marketing helps the entrepreneurs to identify unfilled needs or problems of customers. In other words, the entrepreneur has to design a product or service that meets those needs. Marketing helps the entrepreneur to find customers and to determine whether they are happy with the product or service being provided (Enterprising Edge, 1998:2,9-24). Furthermore, Smit (1997:95-96) advises that an entrepreneur has to work his or her marketing mix and vary it to suit the needs of his or her customers, as well as, the resources of the business. This marketing mix relates to the product or service, promotion, place (distribution) and the price (casually known as the “four P’s”). Smit goes further to explain the fact that there is a relationship between pricing and competition because, the nature of the competitor’s goods, influences the entrepreneur’s pricing policies. The entrepreneur must recognize substitutes of competitors and strive to keep his or her prices in line with those of competitors (Smit, 1997:101). Personal contact with suppliers, customers and competitors is one way to gain knowledge of a business. As an entrepreneur, one must recognize his or her personal limitations in addition to those of the business (Smit, 1997:14). Smit also explains that, sizing up the competition, gives the entrepreneur a more realistic view of the market, and his or her position in it (Smit, 1997:57).
Entrepreneurs often do not realize the importance of planning and that failure to plan the future of a business at the outset can have a devastating effect on its existence. Planning helps an entrepreneur to know how to compete in the market place and also helps the business to grow in a natural, healthy and desirable manner. A well-written business plan is a crucial ingredient in preparing for business success. Without a sound plan, a business merely drifts along without any real direction. It is important to plan in writing otherwise the planning function will either be ignored altogether, or be conducted too informally (Smit, 1997:13-14). On the other hand, a formally written business plan enables the entrepreneur to operate, manage and develop the business in an organised fashion. It clearly outlines the goals and expectations; evaluates risks associated with the business; aids in developing marketing strategies for a product or a service, and helps the entrepreneur to obtain finance (Enterprising Edge, 1998:8,4). It is a blueprint of a business and includes the company profile, objectives and achievement plans, human resources, products or services, supplier relationships, markets, territory (location) of conducting the business, potential strategic partners, competitors, methods of advertising and promotion, revenue forecasts and financial statements (Enterprising Edge, 1998:8,6). Thus, the entrepreneurs, who prepare and understand their business planning, will develop sound knowledge and skills in operating their businesses successfully.

7.4 **Design of a needs assessment instrument**

In this next section, I outline the purpose of this needs assessment on which I later formulated the questions put to the participants.

7.4.1 **The purpose of this needs assessment**

The primary purpose of this needs assessment was to identify and describe educational and training needs of SMMEs in Butterworth. This was done by finding out the current knowledge and skills that the SMMEs possess, with regards to running their businesses, and comparing these with the desired knowledge and skills that the entrepreneur should ideally possess, as highlighted in the situational analysis in section 7.3 above. Gaps were then identified between these two levels of knowledge and skills. These gaps would represent the educational and training needs for the SMMEs in Butterworth.
7.4.2 Categories of questions
Authors such as Sparhawk (1994:8) and Vella (1994:4) have shown that needs assessments are guided by questions. Questioning was therefore used in this needs assessment with a view to highlighting needs. A category of questions was formulated with the view to lead systematically to the identification and understanding of current knowledge and skills possessed by the SMME, thus highlighting needs. This study was a combination of both structured type questions, as in the questionnaire, and semi-structured questions, as in interviews. Questions were therefore partly based on writing, which the SMMEs answered on the questionnaire, and partly on interviews, which were audio taped (See sections 7.4.2.1 – 7.4.2.4 below). Questionnaire items were structured, because they required definitive and specific responses, based on the personal circumstances of the individual SMME. On the other hand, the interview questions were semi-structured and open-ended, in the sense that they required the participants to communicate freely their thoughts, feelings or actions. I prepared an interview schedule, consisting of a list of questions that the interviewer intends to ask during an interview (Merriam, 1998:81). It serves as a general guide that outlines issues that need to be addressed. Probing questions were to be asked in order to clarify the meaning, as recommended by Witkin and Altschuld (1995:146). Participants who were semi-literate were assisted in writing their responses.

7.4.2.1 A biographical questionnaire
In order to build and understand a profile of the participating SMMEs, the questionnaire items in this category included the name, age, gender, proficiency in English and Xhosa or other language, the levels of numeracy, the highest educational qualification and the year in which it was achieved. As far as the business of the SMME is concerned, another category of questions aimed at revealing information regarding the geographical location, form of ownership, type of activity the business is engaged in, the number of employees, the age and annual turnover, the reasons for starting the business, the source of start-up capital as well as the type of work the SMME was engaged in before starting the business, was asked. All the questionnaire items appear in Addendum III.

7.4.2.2 A self-assessment questionnaire
There was also a self-assessment exercise on the knowledge and skills relating specifically to aspects of finance, marketing and business planning where SMMEs had to do ratings on their own. For each of these items, the SMME indicated the level of knowledge and skills possessed, in terms of zero, basic or
advanced levels. SMMEs were further requested to write down areas that they wanted to learn as part of identifying their educational and training needs. These items also appear in Addendum III.

7.4.2.3 A questionnaire based on the start-up of the business
Questions in this category formed part of the interviews and were captured on a tape recorder (See Addendum IV). The aim of these questions was to understand the problems encountered by SMMEs. Such an aim was fixed in my belief that needs originate from problems (Davis, 1974:35). The following questions were asked:

- What problems did you encounter when you started your business?
- How did you overcome these problems?

7.4.2.4 A questionnaire based on current knowledge and skills
In order to understand the current situation, the following questions were asked:

- What problems are you currently experiencing?
- What do you think are the causes of these problems?
- How do the problems affect your business?

8. RESEARCH ORIENTATION AND METHODS
8.1 Sampling
Maykut and Morehouse (1997:56) argue that the selection of a sampling strategy depends upon the focus of inquiry, as well as, the researcher's judgement as to which approach will yield the clearest understanding of the phenomenon under examination. The focus of this study was the educational and training needs of SMMEs in Butterworth. I used purposeful sampling, which, according to Patton, (as cited in Merriam, 1998:61-62), is based on the assumption that the investigator who wants to discover, understand and gain insight, must select a sample from which the most can be learned.

At the time of conducting this research, there were seventeen SMME adult learners registered at the ECTEC, two of whom, did not yet own businesses. It was important to identify and describe the educational and training needs of those who had experience in business. My sample was therefore composed of fifteen active SMMEs in Butterworth, registered for the entrepreneurship programme offered at the ECTEC. The choice of SMMEs that were registered at the ECTEC, was in line with the
desire of the management board of the ECTEC, to ensure that the entrepreneurship curriculum offered, meets the educational and training needs of the participants (See section 3 above).

8.2 Data collection methods
The survey method was employed for the collection of both the quantitative and qualitative data in the form of structured questionnaires as well as semi-structured interviews respectively. Information about the type of questions asked has already been explained in section 7.4.2 above. A pilot interview, conducted with a colleague, gave clarity on the questions, as well as, the amount of time needed for the questionnaire and the interview. Permission to conduct the research was granted by the manager of the ECTEC project, as per letter of application attached, in Addendum I.

Data collection in this needs assessment took place during the period of registration of SMME learners at the ECTEC. I introduced myself to the learners and I outlined the research and its importance to them, as well as, the ECTEC. I emphasized the fact, that in order for the ECTEC to offer a course that is relevant and applicable to their situations, their educational and training needs must first be identified. I requested the SMMEs to participate in the needs assessment by answering a questionnaire, to be followed by a recorded interview. I also explained why I had to record the interviews and urged them to give their permission to participate in the needs assessment and to record the interviews. I promised to treat their responses confidentially.

After securing their consent, (as per letter to the participant SMME in Addendum II), I started administering the questionnaires and assisted the respondents as much as possible with answering their questionnaires. When the respondents had completed the questionnaires, I then conducted the interviews. The first two interviews were conducted in English. The respondents appeared to be keen to co-operate and this helped me to gain confidence, as I proceeded with other interviews. Other interviews were conducted in Xhosa. I believe this helped the respondents who were uncomfortable with answering questions in English. When necessary, I asked probing questions in order to clarify the meaning.

8.3 Data analysis
The questionnaire items were summarised and are presented in Tables 1, 2, and 3. Interviews were audio taped and subsequently transcribed, typed, photocopied and coded according to pseudonyms allocated to the respondents in order to conceal their identities. Consequently, the transcripts were
analysed by means of the constant comparative method, as suggested by Maykut and Morehouse (1994:126-144), in order to determine recurring themes and patterns. This process is discussed in detail in section 9.

8.4 Provision for trustworthiness
In order to work towards trustworthiness, I aimed at building an audit trail. An audit trail is a detailed description of the process of research and outcomes (Maykut & Morehouse, 1994:145-147). My audit trail comprised interview transcripts, examples of units of meaning and tables containing the information that was collected. This audit trail provides readers with a basis for judging the trustworthiness of the study.

8.5 Ethical considerations
Merriam (1998:214) warns that the standard data collection techniques in interviews present their own ethical dilemmas. Thus, Stake, (as cited in Merriam, 1998:214), argues that researchers in qualitative studies are guests who invade the private world of respondents. They therefore need to have a strict code of ethics. Certain questions may embarrass the respondents and at the same time, respondents may find themselves confiding or disclosing personal details.

Before I could start with questionnaires and interviews, I secured permission (as per letter in Addendum I), to conduct an assessment of the educational and training needs of SMME learners from the ECTEC project manager, since the issue of a needs assessment was suggested in the management board meeting. Subsequently, I requested SMME learners for their written consent to participate in this research (as per Addendum II). I promised to treat their responses confidentially. I therefore used pseudonyms in this report, in order to protect their identities. I further agreed to share my findings with them. Furthermore, to ensure relevance and applicability, the educational and training needs identified would, as far as possible, be incorporated into the learning programme of the SMMEs. The report would also be made available to the ECTEC as a management resource since the manager had given me permission to conduct research with ECTEC learners.
9. DATA ANALYSIS AND PRESENTATION OF DATA

Data from the questionnaires were summarized and presented in the form of Tables 1, 2 and 3 (see Section 10). Table 1 presents the biographical information of the SMMEs and their businesses. Table 2 is a summary of the ratings in the self-assessment of knowledge and skills possessed by the SMMEs. Table 3 shows the areas SMMEs wanted to know more about.

I used the constant comparative method for analysing interview data, as explained in Maykut and Morehouse (1994: 134). According to this method, a comparison of data collected is made with a view to search for the recurring themes that are later used to form categories.

The process that I employed can be summarised as follows:

Transcripts of interviews were read thoroughly in order to identify salient themes and units of meaning. Each new unit of meaning identified, was then compared to other units of meaning, and similar units were subsequently grouped together. Each group of units was assigned to a provisional category and a rule for inclusion for that provisional category, was derived. This process was repeated until a refined category was formulated. I will now explain this process by means of an example.

My first interview was conducted with Ntombo. When I had completed the interview, I transcribed the recorded interview and then typed and coded the data. Coding was done in a way that enabled easy identification of the person with whom I had the interview. The code comprised of a symbol “T” which meant ‘transcribed interview data’, followed by the first three letters (in certain cases four) of the pseudonym given to the interviewee, for example, the code or notation T/NTO means transcribed interview data for Ntombo. This code was then placed at the right-hand top of every page and pages of the transcripts were numbered. For example, T/NTO - 1 means page 1 of the transcript of an interview held with the interviewee whose pseudonym starts with NTO as shown in Addendum IV.

Maykut and Morehouse (1994: 132) believe that the discovery process marks the beginning of a search for the important meanings in what people have said in interviews. I carefully read through the photocopied transcripts of the interview with Ntombo and drew a line across the page to separate one unit of meaning from the next one, and wrote the words or phrases that indicated the essence of the meaning beneath the notation in the left margin. The notation T/NTO-1 indicated where the unit was
located in the interview data set, as suggested by Maykut and Morehouse (1994:129). Consequently, I cut units of meaning identified in the data apart, taping each unit on an index card, and in this way I generated a number of unitised cards.

An example of the process of unitising data collected from Ntombo is given below. Ntombo gave the following response to the question asked about problems encountered when starting a business:

"We were not having money – we were not having not even a 10 cents at the time of starting the business, just because I know how to negotiate I had to negotiate with the people who were selling cleaning materials and they had to loan us about R 85,000 in order to start the business. We were not having even a blue cent that time."

The unit of meaning identified from above was "lack of start-up capital". Guided by my focus of inquiry, namely the educational and training needs of SMMEs in Butterworth, I transferred the units of meaning to a discovery sheet and then looked for recurring themes that formed provisional categories. Examples of provisional categories were:

- Finance
- Business planning
- Marketing
- Books of accounts
- Knowledge of business
- Time management
- Tenders
- Registration of business

Cards were fitted into a particular category by means of a 'look-alike' or 'feel-alike' basis. A unit card that did not fit in any provisional category formed a new provisional category. This process was repeated for all interviewees. I continued categorizing cards to see if cards fitted the 'look-alike and feel-alike' criteria. A provisional category that contained about four to six cards was re-read in order to establish properties or characteristics of that particular group of cards. Consequently, I identified and described the characteristics of each group of cards, and then derived reasons for putting those cards into a group. For this purpose, rules for inclusion were used to describe why similar cards were put under the same category, as suggested by Guba and Lincoln (as cited in Maykut and Morehouse, 1994: 139-140). They recommend writing rules for inclusion as propositional statements, which could be restatements of cards,
under a category name. A propositional statement conveys the meaning contained in the data cards, gathered together under a category name.

I checked the categories, in order to identify overlaps as well as ambiguities. This resulted in refining the rules for inclusion, by comparing them, in order to establish whether or not they were forming connections. All other data cards were examined using the same process. Propositional statements were subsequently written down as outcome propositions, which formed the framework of the findings. The outcome propositions were further prioritised, in terms of their importance in contributing to the focus of enquiry. Prominence revealed in the data, was also used in the process of prioritising the outcome propositions, as suggested by Maykut and Morehouse (1994:158). Table 4 is an excerpt from a provisional category "Finance" with units of meaning, the rule for inclusion, as well as, responses given by SMMEs.
Table: 4  Excerpts from a provisional category 'Finance' with units of meaning, the rule for inclusion, as well as the corresponding responses from different interviewees.

<table>
<thead>
<tr>
<th></th>
<th>Rule for inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>SMMEs perceive access to capital as a problem. This is compounded by their inability to keep proper books of the business. They also lack proper methods of recording and controlling financial resources.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>T/NTO-1</td>
<td>We were not having money – we were not having not even a 10 cents at the time of starting the business, just because I know how to negotiate, I had to negotiate with the people who were selling cleaning materials and they had to loan us about R 85, 000 in order to start the business. Yes, finance was the main problem. Yes because we were looking for machines and consumables and we needed to start.</td>
</tr>
<tr>
<td>T/NTS-1</td>
<td>I problem yokulqala ibe yimali. Andikwazanga ukuba nayomali yokuzifuna zonke ezimachines sizisebenzisayo. (My first problem was money to buy machines).</td>
</tr>
<tr>
<td>T/LUN-1</td>
<td>I have to find customers and money to buy the things I was going to use things like big catering pots, dishes .... Another important thing is to know how to get loans.</td>
</tr>
<tr>
<td>T/SIS-1</td>
<td>...enye ke into yimali yokuthenga iproducts ngeproducts nezinto ezizokwenza like iidryer. (Another thing was money to buy products and things like dryers).</td>
</tr>
<tr>
<td>T/AND-1</td>
<td>Bendingazi ukuba ndizakuqala ndithini kuba bendingenayo imali kunye nomatshini Ndinengxaki yemali andiyazi ukuba ndingayifumana phi nakarjanina inkxaso okanye imboleko yemali (I did not know how to start without money to buy machines, don't know where to get loans and also how to get loans).</td>
</tr>
<tr>
<td>T/NTSH-1</td>
<td>Ibeyimali (It was money).</td>
</tr>
<tr>
<td>T/NOR-1</td>
<td>Ndaye ndingenazo izinto zokubenda nditho ke oomatshini bokukungisa amatayara. (I did not have things to work with. No machinery to repair tyres).</td>
</tr>
<tr>
<td>T/BEA-1</td>
<td>MMnh ... my problems were banking and finance. First of all I did not have money to start the business.</td>
</tr>
<tr>
<td>T/DYU-1</td>
<td>Ibhzinese yonke ifuna imali xa uqala, ndandinayo ke naleyo ngxaki. (All businesses require funds, I had that problem).</td>
</tr>
<tr>
<td>T/JOE-1</td>
<td>The biggest problem is to get a loan.</td>
</tr>
</tbody>
</table>
10. FINDINGS

10.1 Educational and training needs based on the questionnaire

Table 1 below shows the biographical information of SMMEs who participated, as well as, the information about their businesses. The sample comprised fifteen of SMMEs active in business, six from the manufacturing sector, which included walling, burglar proofing and sewing clothing. Three were from the agricultural sector, namely, farming. Five came from the service sector, for example, catering and hairdressing. One SMME was involved in both the retail and service sectors as he was involved with selling and repairing of tyres. Nine of the respondents were female and six were males. Fourteen of them were owner managers of their sole trading businesses, with the exception of one participant who was a co-owner of a public company involved with cleaning. They were adults who were proficient mainly in Xhosa and were numerate as well. Their educational qualifications ranged from standard six to a national technikon diploma. They operated their businesses in the urban area, with the exception of three participants who were in rural agricultural related businesses. The number of their employees was less than nine, except for the public company, where there were forty-five employees. The ages of their businesses ranged from one to thirteen years, with the turnover per annum ranging from zero to about R 79,000. On the basis of the information that they gave, these SMMEs were classified as belonging either to micro or very small categories, as put forward by Ntsika Enterprise Promotion Agency and the Department of Trade and Industry (1998:41-43).

With regard to the ratings in the self-assessment category, it was evident from Table 2 that fourteen SMMEs viewed themselves as having no knowledge of preparing and analysing business plans. Only one participant had some basic knowledge and skills in this area. With regard to issues relating to finance, I noticed that those who did not have the required knowledge and skills in areas like balance sheets, calculating costs of starting a business, recording and keeping of financial statements, preparing cash flows and income statements, were in the majority. The majority of SMMEs did not have the required knowledge and skills in issues related to finance. Very few participants claimed to have advanced knowledge and skills of running a business enterprise in the aspects in question. On the question of marketing, there were fewer SMMEs who claimed to have no knowledge and skills in the various aspects of marketing, than was the case with finance and business planning. The self-assessment questionnaire revealed the fact that most SMMEs do not have the knowledge and skills, with regard to business plans and finance and to a lesser extent, the marketing of their products or services.
| Language          | Number | Age  | Gender | Owner/Manager | Number  | Working hours
|------------------|--------|------|--------|---------------|---------|------------------
| Xhosa & English | 39     | 39   | Female | Owner/Manager | 52      | 12/And
| Xhosa & English | 39     | 52   | Female | Owner/Manager | 47      | 12/And
| Xhosa & English | 42     | 49   | Female | Owner/Manager | 39      | 1
| Xhosa & English | 42     | 43   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 21     | 21   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 49     | 49   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 43     | 43   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 38     | 38   | Female | Manager       | 11      | 1
| Xhosa & English | 52     | 52   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 47     | 47   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 40     | 40   | Female | Owner/Manager | 11      | 1
| Xhosa & English | 25     | 25   | Female | Owner/Manager | 11      | 1

<table>
<thead>
<tr>
<th>Highest Qualification</th>
<th>Number</th>
<th>Year in Business</th>
<th>Number</th>
<th>Years in Business</th>
<th>Number</th>
<th>Employers</th>
<th>Retirement</th>
<th>Number</th>
<th>Per Annum</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (cleaning)</td>
<td>45</td>
<td>ND - 1999</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>21/000</td>
<td>60/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
<tr>
<td>Manufacturing (sewing)</td>
<td>45</td>
<td>ND - 1999</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>21/000</td>
<td>70/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
<tr>
<td>Agriculture (cropping)</td>
<td>45</td>
<td>ND - 1999</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>21/000</td>
<td>29/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
<tr>
<td>Agriculture (chicken farming)</td>
<td>45</td>
<td>ND - 1999</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>21/000</td>
<td>70/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
<tr>
<td>Agriculture (wailing labs)</td>
<td>45</td>
<td>ND - 1999</td>
<td>4</td>
<td>13</td>
<td>13</td>
<td>60/000</td>
<td>70/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
<tr>
<td>Agriculture (cutting)</td>
<td>45</td>
<td>ND - 1999</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>21/000</td>
<td>0/000</td>
<td>1</td>
<td>&lt;20,000</td>
<td>&lt;20,000</td>
</tr>
</tbody>
</table>

| Total | 177 | 76 |

Table 1: Biographical information of SMMEs and their businesses
### Table 1: Biographical information of SMMEs and their businesses (continued)

<table>
<thead>
<tr>
<th>Interviewee Gender</th>
<th>Ownership</th>
<th>Age</th>
<th>Language</th>
<th>Working with number</th>
<th>Highest Qualification &amp; Year</th>
<th>Location</th>
<th>Form of ownership</th>
<th>Manufacturing activity</th>
<th>Number of employees</th>
<th>Age of business in years</th>
<th>Turnover per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/Mzi female</td>
<td>Owner</td>
<td>25</td>
<td>Xhosa &amp; English</td>
<td>Well</td>
<td>Std 8 – 1988</td>
<td>Urban</td>
<td>Sole-trader</td>
<td>Manufacturing (burglar proofing)</td>
<td>4</td>
<td>7</td>
<td>60 000 – 79 000</td>
</tr>
<tr>
<td>14/Sis female</td>
<td>Owner</td>
<td>32</td>
<td>Xhosa &amp; English</td>
<td>Well</td>
<td>Std 10 – 1993</td>
<td>Urban</td>
<td>Sole-trader</td>
<td>Services (hairdressing)</td>
<td>1</td>
<td>4</td>
<td>21 000 – 29 000</td>
</tr>
<tr>
<td>15/Luni female</td>
<td>Owner</td>
<td>45</td>
<td>Xhosa &amp; English</td>
<td>Well</td>
<td>Std 9 – 1973</td>
<td>Urban</td>
<td>Sole-trader</td>
<td>Services (catering)</td>
<td>1</td>
<td>1</td>
<td>&lt; 20 000</td>
</tr>
</tbody>
</table>

### Table 2: Summary of the ratings of the self-assessment of knowledge and skills of running a business possessed by the SMMEs

<table>
<thead>
<tr>
<th>Topic</th>
<th>No knowledge and skills at all</th>
<th>Basic knowledge and skills</th>
<th>Advanced knowledge and skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculating costs of starting a business</td>
<td>9</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Recording and keeping financial transactions</td>
<td>9</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Preparing a cash flow statement</td>
<td>9</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Preparing an income statement</td>
<td>9</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Preparing a balance sheet</td>
<td>11</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Identifying your customers</td>
<td>6</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Selling your product or service</td>
<td>5</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Pricing your product or service</td>
<td>7</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Improving your sales or service</td>
<td>9</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Preparing business plans /Analysing and interpreting a business plan</td>
<td>14</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
Table: 3 Areas that SMMEs want to learn

<table>
<thead>
<tr>
<th>Interviewee number / code</th>
<th>Finance</th>
<th>Marketing</th>
<th>Business Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/ Nto</td>
<td>Cash flows</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td></td>
<td>Income statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance statements, tenders</td>
<td>Market research, Pricing</td>
<td></td>
</tr>
<tr>
<td>2/ Bea</td>
<td>Banking</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td></td>
<td>Record keeping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/ Nora</td>
<td>Income statement</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td></td>
<td>Balance sheet</td>
<td>Market research</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4/ Nolu</td>
<td>Dealing with debtors</td>
<td>Marketing, Customer care</td>
<td>Business plan</td>
</tr>
<tr>
<td></td>
<td>Saving</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5/ Ntsu</td>
<td>Financial statements, Accessing finance</td>
<td>Marketing</td>
<td>Business plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/ Ntshu</td>
<td>Accessing finance</td>
<td>Market research</td>
<td>Business plan</td>
</tr>
<tr>
<td>7/ Mona</td>
<td>Budgeting, Balance sheet</td>
<td>Marketing</td>
<td>Business plan</td>
</tr>
<tr>
<td>8/ Dyu</td>
<td>Accessing finance</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td>9/ Dudu</td>
<td>Financial statements</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td>10/ Joe</td>
<td>Accessing finance</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td>11/ Noro</td>
<td>Accessing finance</td>
<td>Pricing</td>
<td>Business plan</td>
</tr>
<tr>
<td>12/ And</td>
<td>Accessing finance</td>
<td>Customers</td>
<td>Business plan</td>
</tr>
<tr>
<td>13/ Mzi</td>
<td>Accessing finance</td>
<td></td>
<td>Business plan</td>
</tr>
<tr>
<td>14/ Sis</td>
<td>Keep accounts</td>
<td>More customers</td>
<td>Business plan</td>
</tr>
<tr>
<td>15/ Luni</td>
<td>Recording money</td>
<td>Getting more customers</td>
<td>Business plan</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>10</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>
When it came to listing of areas that SMMEs wanted to learn (See Table 3), all fifteen indicated that they would like to learn the different aspects of finance, for example, accessing of finance, the financial books of business, banking, record keeping and credit control. All the participants also felt the need to learn about business plans, whereas only ten of them wanted to learn aspects of marketing, for example, market research, customer care and pricing. Self-assessment ratings were in agreement with the learning needs listed by the SMMEs, which, indicated that SMMEs mentioned the need for knowledge and skills in finance and business planning, more than they have in marketing. In this respect, I concluded that SMMEs did not regard marketing as an important function of their businesses, even though marketing is identified as an obstacle facing the SMMEs by the White Paper (1995:30). The findings related to the educational and training needs gained from interviews are presented in the next section and are simultaneously compared with those from the questionnaire.

10.2 Educational and training needs based on interviews

Findings from the interviews confirmed those from the questionnaire. As with the findings of the questionnaire, the SMMEs indicated, in the interviews, that they needed knowledge and skills in issues related to finance, marketing and business planning. Gaps were found to exist in these areas between what they did not know and what they should know or what should be the desirable situation as discussed in section 7.3 above. These gaps represented the educational and training needs of SMMEs in Butterworth. In this section, I discuss these three categories by making use of Table 5, which was an outcome of an analysis of a data interview. The table shows the three categories, their corresponding subcategories, as well as, the relevant outcome statements. I used the responses of SMMEs and relevant literature to enhance and support the argumentation.
Table: 5 Categories and sub-categories and outcome statements as derived from the process of data analysis.

<table>
<thead>
<tr>
<th>Categories and sub-categories</th>
<th>Outcome statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs relating to Finance</td>
<td><strong>SMMEs need to have knowledge, skills and competence to prepare the financial books for their businesses. They also need to have a sound understanding of financial statements, such as, the income statement, balance sheet, cash flows, as well as, start-up costs. These are essential in assisting them with acquisition, recording and controlling of the financial resources of their businesses.</strong></td>
</tr>
<tr>
<td>• Lack of money to buy materials and machines, lack of money to start the business, getting a loan</td>
<td></td>
</tr>
<tr>
<td>• Costing</td>
<td></td>
</tr>
<tr>
<td>• Credit control, debt recovery</td>
<td></td>
</tr>
<tr>
<td>• Tenders</td>
<td></td>
</tr>
<tr>
<td>• Banking, handling money</td>
<td></td>
</tr>
<tr>
<td>• Books of the business namely, financial statements - income statement, balance sheet and cash flow and start-up costs</td>
<td></td>
</tr>
<tr>
<td>Needs relating to Marketing</td>
<td><strong>SMMEs need to have knowledge, skills and competence to prepare marketing plans that would enable them to know their customers' needs. This would also help them increase and maintain their market share while facing competition from other entrepreneurs.</strong></td>
</tr>
<tr>
<td>• Finding customers</td>
<td></td>
</tr>
<tr>
<td>• Marketing tools</td>
<td></td>
</tr>
<tr>
<td>• Pricing</td>
<td></td>
</tr>
<tr>
<td>• Competition</td>
<td></td>
</tr>
<tr>
<td>Needs relating to Business planning</td>
<td><strong>SMMEs need to have knowledge, skills and competence to do proper planning of the various aspects of their businesses, for example, location of the business, human resources and management, prior to starting and during the course of running or operating their businesses.</strong></td>
</tr>
<tr>
<td>• Locating a business</td>
<td></td>
</tr>
<tr>
<td>• Human resources</td>
<td></td>
</tr>
<tr>
<td>• Registration of a business</td>
<td></td>
</tr>
<tr>
<td>• Time management</td>
<td></td>
</tr>
</tbody>
</table>

10.3 **Discussion of findings**

10.3.1 **Needs relating to finance**

Findings from the questionnaire indicated that SMMEs who did not have the required knowledge and skills in areas like balance sheet, calculating costs of starting a business, recording and keeping of
financial statements, preparing cash flows and income statements were in the majority. Very few participants claimed to have advanced knowledge and skills in financial matters. When it came to listing of areas that SMMEs wanted to learn, all fifteen indicated that they would like to learn the different aspects of finance, for example, accessing of finance, books of business, banking, record keeping and credit control. I noted that the findings from the questionnaire with regards to issues of finance are in line with the findings from the interviews. Most of the SMMEs interviewed, indicated first and foremost the problem of finance. The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995:29) states that access to finance comes out as one of the most urgently felt needs by the SMMEs. This problem surfaced right from the start of their businesses and continued till sometime afterwards.

Smit (1997:12) warns that many entrepreneurs make the mistake of beginning their businesses with too little money. The truth of this statement was evidenced by the problem of accessing start-up capital or money that was mentioned by for example, Ntombo who stated that “We were not having money – we were not having not even a 10 cents at the time of starting the business, just because I know how negotiate I had to negotiate with the people who were selling cleaning materials and they had to loan us about R 85,000 in order to start the business. Yes, finance was the main problem. Yes because we were looking for machines and consumables and we needed to start”.

The start-up capital seemed to be inclusive of all the equipment or consumable stock or material necessary to start a business. Thus Ntsubane said “I problem yokuqala ibe yimali. Andikwazanga ukuba nayo imali yokuzifuna zonke ezi machines sizisebenzisayo.” (My problem was money ... I could not buy machines to work with). Luniwe also had this to say about the problem “I have to find money to buy the things I was going to use...things like big catering pot, dishes. Another important thing is to know how to get loan”. Sister also experienced the same problem “... enye ke into yimali yokuthenga iiproducts ngeproducts nezinto ezi zokwenza like iidryer” (no money to buy products and dryers). Andy agreed with their statements, “Bendingazi ukuba ndizakuqala ndithini kuba bendingenayo imali kunye nomatshini” (I did not know how to start without money and machines). Even Ntshuntshu said he experienced a financial problem “ibeyimali” (it was money) and Norongo also complained “Ndaye ndingenazo izinto zokusebenza nditsho ke oomatshini bokulungisa amatayara” (I had no equipment to use for repairing tyres). Beauty also mentioned the same problem “MMhh ... my problems were banking and finance.
First of all I did not have money to start the business”. Dyudyu also did not have money “Ibhizinesi yonke ifuna imali xa uqala, ndandinayo ke naleyo ngxaki” (starting a business requires money – that was my problem). And finally, Joel also had the same financial difficulties “The biggest problem is to get a loan”.

Poor financial management by SMMEs was revealed by their lack of recording and banking practices. The following responses point to mishandling of finances, for instance, Beauty had this to say about her inability to bank the money “I don’t know how to bank. I just eat the money for the business, which is a big problem. Mh. These problems affect me because during month end when I count my money, I find that I have this lot of money … may be R 2, 000 then I go to them, they tell me stories. I don’t have that power for banking because of that problem,” while Sister explained “andikwazi ukuyigcina kakuhle imali ndibalele neencwadi…. kufuneka ndiyazi umzekelo ukuba imali iphathwa kanjani kanti ke nebanking” (I do not know how to keep money and do the books. I need to know how to handle money and do banking). Norongo stressed “Eyona nto eyingxaki andikwazi kakuhle ukuyiphatha imali” (handling money is a problem).

On the question of the lack of knowledge on how to access money, Luniwe expressed herself as follows “Another important thing is to know how to get loans” whereas Andy was of the same view “Ndinengxaki yemali andiyazi ukuba ndingayitumana phi nakanjanina inkxaso okanye imboleko yemali kuba.” (I do not know where and how to find money). What I could gather was that in some cases the problem of SMMEs, concerning finance, was not only the source of capital per se but also the “how” of accessing it. The “how much” was compounded by the “how”, in that access to finance was inhibited by the lack of information on how to access the funds.

Both private and governmental sources of funding require that certain requirements be met before funding can be given to the SMMEs. My belief is that the problem of not knowing ‘how’ to get money is experienced by the SMMEs because they do not have the necessary financial documentation required by the financiers, regarding the acquisition of loans. These documents are, for example, a balance sheet, income and cash flow statements. The compilation of these documents is a cumbersome process, which starts with proper recording of transactions and requires people who are very skilled, in order to know how to prepare them. Their inability to prepare their own books was expressed by SMMEs like Monabisi who said “Eyona nto inzima zinwadi xa zifuneka eburhulumenteni ndibamatasatasa.
The life of a business depends to a great extent on the availability and control of finance. A business that is not making money is bound to fail. Even if it is making a reasonable profit, if that profit is not managed well, the SMME will still fail. The importance of keeping proper financial statements in order for the entrepreneurs to assess how their businesses are performing over time cannot be overemphasised. Such statements also help to access loans or funds because every financier will be keen to know how the business is doing before any monies are invested. Even if the money was to be granted free of interest, without proper recording, accountability of that money would not be possible. Accountability is very important in business, and every transaction made, must be accounted for. Proper recording of transactions can be done by means of a balance sheet, income statement, as well as cash flow statements. The importance of compiling these statements was highlighted by the Enterprising Edge (1998:5,1, 5,17-5,18). Smit (1997:14) also stresses the importance of understanding or having knowledge and skills of financial statements. He claims that having knowledge and skill of record keeping and financial statements is important because these statements are reliable indicators of the health of the business, and can help to alert the SMMEs to their potential problems.

Some SMMEs constantly do their business on credit. The financial problem is aggravated by the fact that SMMEs claim to have difficulty recovering monies owed to them due to non-paying customers. For instance, Norah says “Yayi kukunga bhataleki, umntu athi uba uthe ndiye kumkoleka athi umntu mandize next week” (no payment, customers always asked me to come next week) and Nolulu expressed it in the same way “Ndikwazi ukubona ukwenza incwadi ezi zam” (my problem is that I can't do my books) and Mzimkulu also stated “kwafunwa izinto ezinje ngee incwadi ezi zeshishini. Mna andikwazi ukubala incwadi.” (They always want books I don't have an idea about how to do them).
The problem of credit sales is highlighted by Smit as being a complicating factor that deceives entrepreneurs who think that when selling on credit, they are being competitive (Smit, 1997:12). I, however, commend those entrepreneurs who tried to overcome their financial difficulties by, for example, demanding that their customers pay at least a deposit. Nolulu expressed this clearly “Ndingathi umtu xa ezokuthunga makashiye ideposit aze ayazi ke ukuba xa ezokuyithatha into yakhe uza nayo imali” (a person should leave a deposit), and Ntshuntshu agreed “Ndaye ndaphuma ndisiya ezilalini nasezikolweni ndibathengisele bandibhatale ideposit, then ndibathungele” (I insisted on them paying a deposit).

SMMEs expressed the opinion that they would be able to raise some more capital if they could successfully secure tenders. Tendering is a competitive process and a business opportunity for emerging entrepreneurs that have the necessary ability to provide the required services. SMMEs believed that winning government tender contracts is a very good and profitable way of making money. Thus Dydyu stated that “Enye ingxaki ndingathi kukungakwazi utenderisha umzekelo ukubiya izikolo okanye izibhedlela kundenza ndiphoswe yibhizinisi” (do not know how to do tenders for hospitals and schools, for example). On the other hand, Luniwe wanted “also to try and get tenders from the government to do catering for their functions.” In an effort to promote the SMME sector, SMMEs are encouraged and empowered by being awarded tender contracts. However, in order to do so, they need to understand how the process of writing and presenting tenders should be carried out. They also need to understand the fact that tenders are legally binding documents.
10.3.2 Needs relating to marketing

The findings from the questionnaire indicated that there were about nine SMMEs who did not have any knowledge and skills of marketing, whereas about six of the participants had some knowledge as well as skills. The listing of areas that SMMEs wanted to learn about, on the other hand, showed that ten of them wanted to learn about aspects of marketing, such as, market research, customer care and pricing. When it came to interviews, SMMEs articulated problems with their customer base. In other words, they were not undertaking the marketing function, although they claimed to have some knowledge about it in the questionnaire. Knowing about marketing is one thing, but implementing it, is more complex. Clearly there is a problem when SMMEs claim that they know about marketing but cannot identify either their customers or their needs. The reason for this is simply the fact that they do not reach out to their customers to find out what kind of products or services they need. This marketing problem demonstrates a lack of knowledge and skill on how to perform the marketing function, a fact that is pointed out by The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995:29). The White Paper states that small entrepreneurs, particularly those from disadvantaged communities, experience problems with marketing, and that their inability to sell their products and services, is one of the most serious obstacles to both the starting and growth of businesses, beyond mere subsistence level.

Some SMMEs did not display evidence of the fact that they are able to identify their customers or do market research. For them, it is sufficient to start a business and just hope that customers will come to the business – which is certainly not the case in practice. Ntombo maintained that, “Now I am doing the marketing mostly… the problem is that eh we are looking for other businesses, and the people do not know us because we are new in this business”. Luniwe expressed her need “I have to find customers”. Mzimkulu mentioned that “Kaloku waye engumhlali nomsebenzi waseRhawutini ngoko ke engazi mntu kweli cala” (don’t know anybody this end, as I used to live in Johannesburg). Monabisi also mentioned that “Kodwa ke ndizama ukuproduca, kodwa abantu balapha abakandazi. Kufuneka ndiye kuthengisa phaya elalini yam apho ndaziwa khona” (people in this area do not know me) and Andy stated “Abantu ke babengandazi ukuba ndiya thunga apha endlini” (they don’t know I am doing sewing at home).

Evidence suggests that some SMMEs found themselves in business without knowing exactly how they landed there, because they seemed to lack a general understanding of the basic principles of business.
The Enterprising Edge (1998:2,9–2,24) outlines the importance of entrepreneurs doing marketing if they want to find their customers and keep them happy. Without first establishing who one's customers are, what their needs are, there is no viable reason why a business should exist. There were, however, exceptions like, Beauty and Ntombo who seemed to know how to get to customers. For example, Beauty wished "I want to go to Willowvale to do market research" and Ntombo said, "Another thing I think we are having is that we are not having funds so that we can do marketing properly. We need to go to the media, to write pamphlets ... because of all these things we are short of funds." These SMMEs might have studied marketing at the technikon at some stage.

The importance of having knowledge and skills in marketing was also evidenced by the lack of understanding competition among SMMEs. Competition also featured as an area in which SMMEs had concerns, in fact there was a degree of discomfort when it came to talking about their competitors. For instance, Ntombo mentioned, "The problem is that there are big businesses who are doing this cleaning business and we are a new company, people don't know us." The same was true for SMMEs like Ntsubane who said "Akukho lula ukungena kule business noba sele ufuna ukuthenga unayo imali ukuba awunazo icontacts ezithile bayakwazi ukukuvalela phandle" (entry into this business is difficult, one needs contacts) and Sister complained that "yicompetition, baninzi gqitha abantu abanesalon apha elokishini" (there are many salons in the location). For Dyudyu it was the same, "Enye into ebalulekileyo kukuzicosta xa sele ndithengisa kufuneka ndizifake zonke inkcitho" (costing is important when I am selling). Norah also stated "abantu baske bakhale bathi siyadura kanti nathi siyazithenga ezi zinto duru siphetha ke siprica phantsi" (people complain that we are expensive) and Mzimkulu agreed "kodwa andikwazi kakuhle ukuzicosta ezi jobs zinkulu" (I do not know how to do costing).
The reason for being in business is to make a profit and to grow. The entrepreneur has to employ good pricing policies that will keep customers satisfied that they are getting value for their money, while at the same time enabling the entrepreneur to recover costs incurred. The entrepreneur has to implement a pricing policy, but while doing so, he or she should also be mindful of the prices of his or her competitors (Smit, 1997:101).

10.3.3 Needs relating to business planning

Data from the questionnaire showed that fourteen SMMEs rated themselves in the self-assessment category as having no knowledge of preparing and analysing business plans. Only one of the participants had basic knowledge and skills in this area. All SMMEs felt the need to learn about business plans when they did the listing of areas that they wanted to learn. There was clearly a need to know how to do business plans, which also came up in interviews. It appeared that SMMEs did not have a sound knowledge of business. It was noticed that many of the SMMEs found themselves in business because of the fact that they were retrenched when industries in Butterworth disinvested. Those SMMEs, who had acquired certain technical skills of production, were using them in their own businesses. Despite this, starting a business was not carefully planned. Evidence of lack of planning is the fact that fourteen SMMEs mentioned that they did not have knowledge and skills of preparing business plans. It is questionable how one can start a business without proper planning. Issues like the location, human resources, the registration of the business and time management skills, are components of a business plan, that were not carefully looked into. Ntsubane was moaning about the location of his business in an area that was not secured at all. He complained thus “indawo yase Gcuwa icrime yayo iphezulu gqitha xa ufuna indawo yokusebenza kufuneka uyazi ukuba kuyaqhekezwa” (crime rate is very high in Butterworth). The same applied to Ntshutshu “Ndaye ndafumanisa ukuba ngoku iright qha ke ngoku kuyaqhekezwa, kumane kugqhekezwa qho” (the problem was now crime they were breaking in).

The other issue that surfaced was that of time management skills, which were deficient for SMMEs like Ntshuntshu who said “Okokuqala ndandingenayo lento kuthiwa yi time frame xa ndizenza into.” (I had no time frame). Monabisi too suffered from time management problems. He confessed “Enye into endibethayo ngoku lxesha xa kufuneka ndithumele amaphepha. Enye ingxaki ziiodolo, kuba ndindedwa lxesha liyinxaki xa kufuneka ndenze zonke ezizinto” (I can’t manage my orders and paper work, I am alone, time becomes a problem) and Joel also said “Its because I don’t have time”
Another aspect of planning was the registration of a business. SMMEs stated that their businesses were not registered and that this created problems for them, especially when they needed to access money. This was true of Ntsubane who said, “Le business kusafuneka ndiyi registerishe kuqala.” (I have to register my business) and Norongo too stated that “Enye into yimali xa siyekufuna imali kufunwa ukuba ibusiness ibe ibhalisiwe kufunwe nencwadi zebusiness andinazo ke mna ezonto zinzalo zokumisa xa ndiboleka imali” (to get money the business must be registered). Andy also acknowledged that “andikalibhalisi neli shishini lam” (my business is not registered).

Most SMMEs did not have human resources with necessary technical and production skills, when they started their businesses. This shows that there was no planning before engaging in the business. Mzimkulu mentioned that “enye ingxaki yayikufumana abantu abakwaziyo ukuwelda awayezakusebenza nabo” (another problem was that I did not have people to do welding) and Dyudyu felt “kwafuneka ke ndifune andifundise abanye abantu abakhutheleyo ukuze baqhubeke ukuzenza islabs nokuba andikho” (I needed to teach people to make the slabs).

It seems that some SMMEs were mindful of the importance of business plans because they wished to know how to write their plans. Dyudyu said that “Ukufumana imali-mboleko, ukuyiphatha kakuhle imali kanti nokuyincwangcisa xa uboleka imali kufuneka incwadi zebhizinesi kunye ne business plan, ibayingxaki keleyo kum” (business plan was required for accessing loans). Ntsubane considered that “Ewe andikabinayo ne business plan ebhaliweno, iselapha entloko, kufuneka ndiqale phantsi kwi plani yebizinisi ukufunda”. (I still need to put my business plan down on paper at the moment I have only a mental picture). Duduzile realised “kanti nalapha kwi bizisi kufuneka ucwangcwise izinto ozakuzenza” (business needs planning) and Andy also said “Xa ndandisiva kuthiwa kufuneka umntu abene business plan xa eza kuboleka imali” (business plan is required for loans). Joel stated that, “when one is doing business because I started on nothing I did not know what it means to run my own business, things like writing down my business plan are important”. Luniwe agreed “Another important thing is to know how to get loans by preparing a business plan.”

The importance of a business plan is emphasized by Smit who believes that a well-written business plan is a crucial ingredient in preparing for the success of a business (Smit, 1997:14). Without a sound plan on which a business is based, SMMEs may not be able to predict which direction their businesses are
taking. It is therefore important to put the plan in writing, otherwise planning will be ignored or forgotten altogether, or the business will be conducted in an informal fashion. This is the danger that faced Ntsubane who claimed that at the moment he only had a mental picture of his business plan.

11. SUMMARY

This section dealt with findings that resulted from the data collected by using questionnaires and interviews. There was agreement in the findings from the questionnaires and interviews regarding the areas of educational and training needs. I made use of the excerpts from the interview data to discuss the three categories and their corresponding sub-categories. These were regarded as the educational and training needs of SMMEs, which related to finance, marketing, as well as, business planning. Reference was also made to the relevant literature that I reviewed, in order to support the discussion and the findings.

12. OVERVIEW AND CONCLUSION

12.1 Overview

This study dealt with the identification and description of the educational and training needs of SMMEs in Butterworth. As suggested by Witkin and Altschuld (1995:xvi), this needs assessment was aimed at servicing a particular segment of the community, that is, it was specific to those SMMEs who are registered learners at the ECTEC. My sample consisted of fifteen adult male and female SMMEs who operated sole trading businesses, with the exception of only one SMME who was in a co-owned public company. They came from sectors such as manufacturing, agricultural and the service sectors. The study first examined the research problem and stated the background to the problem. This was followed by the review of the literature, which informed the research question. The research question that guided me was “What are the educational and training needs of SMMEs in Butterworth?”

Literature reviewed demonstrated that a needs assessment is essential, because not everyone who presents himself or herself for training, is aware of his or her needs (Buckley & Caple, 1996:57). Facilitators at the ECTEC could therefore not assume that SMME learners knew what they wanted to learn, and consequently a needs assessment had to be conducted. This needs assessment was guided by a questionnaire and an interview, which were used to arrive at the needs. Such a needs assessment was conducted because it is a useful principle when teaching adults (Vella, 1994:4), and because
SMMEs come from various backgrounds while having different expectations. SMMEs expressed their felt needs, which is in line with the suggestion given by Brookfield (as cited in Gravett, 1997:40).

12.2 Conclusion
The findings of this study revealed that SMMEs needed to learn about issues related to finance, marketing and business planning, as these functions are vital for the existence, success and health of a business. SMMEs needed finance for starting their businesses, but apart from this obvious problem, SMMEs needed to know how to access this finance. Accessing finance required SMMEs to prepare and keep proper books or financial statements of their businesses. This implies that they should have knowledge and skills of practising good financial management and proper recording mechanisms. Without evidence of this knowledge and skill, accessing finance is difficult. Another aspect of good financial management, important for the SMMEs, was their ability to curtail excessive credit sales as it proved to be difficult to recover monies owed. SMMEs also needed to have knowledge of the tendering process.

Another important educational and training need was related to issues of marketing. There was a lack of knowledge and skills in performing the marketing function by the SMMEs. They therefore needed to know who their customers are, their needs, and how to satisfy these needs. Otherwise they face the risk of losing their share in the market. Marketing function demands knowledge of aspects of the product, pricing, distribution (price) and promotion.

Finally, my findings revealed that SMMEs needed education and training in preparing and analysing business plans. Business plans should be prepared at the outset and failure to do so, resulted in SMMEs not knowing in which direction their businesses were going. A business plan outlines the important aspects of a business, and knowledge of this helps the SMMEs to operate the business in an orderly manner.

13. Recommendations
The establishment of the ECTEC was a commendable initiative on the part of the ECT, in that it demonstrated the commitment of the ECT to the development of the people in its surrounding areas. The identification of the educational and training needs could help to give the ECTEC direction as to the
kind of services it should offer to the public, particularly the SMMEs. It is important to note that a learning experience, in the area of entrepreneurship, was identified as a means of satisfying or addressing the educational and training needs of SMMEs thus providing them with the desired knowledge and skills. In the light of this, I would like to suggest the following recommendations, based on the findings.

13.1 Modification of the curriculum taught at the ECTEC
My recommendations seek to provide answers to the concerns raised by the management board of ECTEC as to whether a needs assessment was conducted and whether the curriculum developed in Canada would meet the needs of the SMMEs. These two issues complement each other. Now that the educational and training needs have been identified and described in this study, attempts should be made to ensure that the curriculum addresses these needs.

I therefore recommend that the curriculum in entrepreneurship, developed in Canada, should be modified so that it corresponds with the findings. The contents of this programme should as far as possible include issues related to finance, marketing and business planning. In other words, these topics should be examined in detail, as SMMEs identified these as problematic areas. More time should therefore be devoted to dealing with these educational and training needs, taking into consideration, also, the level of financial, marketing and business planning knowledge and skills, existing among the SMMEs.

13.2 Flexibility of the programme
More flexibility should be built into the training programme in terms of the varied and specific educational and training needs of the SMMEs. Reference should be made to the specific situations of the SMMEs when teaching aspects of finance, marketing and business planning, in order to ensure that their learning experience is as far as possible relevant, useful and applicable to them. This practice is in line with the principles of adult learning.

The programme should be flexible, offering SMMEs opportunities to study units that they want without being forced to study the whole curriculum. Simply put, education and training should be related to the needs of a specific sector to which the SMMEs belong, for example, manufacturing, service, agriculture and the retail trade. In line with meeting the needs of the SMMEs, flexibility should also be built in terms
of the preferences SMME learners might have with regards to the delivery mode of the programme, regarding the time, frequency and duration of the learning sessions. For example, the SMME might prefer to be taught how to do something at his or her physical place of business. This means that if the project allows it, the SMMEs should be permitted to negotiate when, how, what and where to learn.

13.3 Provision of non-financial support services
The ECTEC should establish links with relevant external bodies for example, the Chamber of Business or Commerce, the DTI, non-governmental organizations (NGOs), the banking sector and all those involved in the education and training of SMMEs regionally, nationally and internationally, so that people are exposed to the developments in the education and training of SMMEs. Most of these organisations offer a range of financial and non-financial support services for SMMEs some of which are not readily available in the locality of Butterworth. As an example, the ECTEC can act as a tender advice centre (TAC), a business referral and information centre (BRAIN), as well as, local business service centre (LBSC). I recommend these centres because they play a significant role in providing the SMME sector with information, advice and counselling in matters that are essential for the survival of their businesses. Most of services offered by these centres are in line with the identified educational and training needs of finance, marketing and business planning. Because the ECTEC is on-line and physically accessible during the normal business hours, SMMEs are encouraged to utilise these services in order to access information that is available, via the internet. By being able to make informed decisions about their financial, marketing and business planning strategies, entrepreneurs will have a much better chance of operating their businesses successfully.
14. REFERENCES

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ADDENDUMS

ADDENDUM: I
A LETTER REQUESTING TO CONDUCT A NEEDS ASSESSSMENT WITH THE SMME LEARNERS AT THE ECTEC

MR E. SARPONG
MANAGER: CANADIAN PROJECT

Dear Mr Sarpong

I request for your permission to conduct a needs assessment to a group of SMME learners who are registered for a Certificate in Entrepreneurship at this centre. You will recall that some concerns in relation to this training by the ECTEC were raised in the management board meeting that we held. Such concerns dealt with whether an investigation into the educational and training needs of SMMEs in Butterworth had been done and whether the intervention would meet the needs of the intended participants.

It is on this basis that I am conducting a research titled: The educational and training needs of small micro and medium entrepreneurs (SMMEs) in Butterworth. This research is conducted in order to satisfy a requirement in partial fulfilment of my Masters in Education degree in Adult Education and Training with the Rand Afrikaans University.

Results of this research would be tabled to the management board of the project.

Thank you

Luyanda Ghana Matolengwe
ADDENDUM II
LETTER TO THE PARTICIPANT SMME

Dear Participant,

I am a student at the Rand Afrikaans University and a co-ordinator of the Certificate in Entrepreneurship programme. I am conducting a research titled "Educational and training needs of small, medium and micro entrepreneurs (SMMEs) in Butterworth". This study is important for the ECTEC project in its attempt to offer training to SMMEs. In order to offer a course that is relevant to you as a SMME, your educational and training needs must first be identified.

As a result of the interest you have shown in the course, I request you to participate in this needs assessment by answering a questionnaire as well as a recorded interview that will be conducted with you. I further request you to indicate your willingness to participate by signing your name in the space provided below. Your responses will be treated strictly confidential.

The results of this study will be discussed with you and will as far as possible be incorporated in your learning programme to ensure that the course is relevant, useful and interesting to you.

Thank you very much

L. G. Matolengwe (Ms)

I am willing to participate in the above-mentioned research and give consent that my responses may be recorded.
ADDENDUM III
QUESTIONNAIRE FOR THE PARTICIPANT SMME

INTRODUCTION
This research is an attempt to assess the educational and training needs of SMMEs in Butterworth. In order to assess these needs, I would like to collect some information from you regarding the running of your business.

Kindly respond to the items in this questionnaire as best as you can. I would like to assure you that all your responses would be treated strictly confidential.

A. PERSONAL INFORMATION ABOUT THE SMME

A.1 Are you the owner or manager of this business?
Please tick (✓) the appropriate answer: Owner Manager

A.2 What is your age? _____________________________

A.3 What is your gender? ____________________________

A.4 What is your proficiency in the following languages?
Please tick (✓) the appropriate box below:

<table>
<thead>
<tr>
<th>Language</th>
<th>Speak</th>
<th>Read</th>
<th>Write</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xhosa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>English</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>Speak</td>
<td>Read</td>
<td>Write</td>
</tr>
</tbody>
</table>

A.5 How well can you work with numbers?
Please tick (✓) the appropriate answer below:

<table>
<thead>
<tr>
<th>Not able</th>
<th>Well</th>
<th>Not sure</th>
</tr>
</thead>
</table>

A.6 What is your highest educational qualification? _________________________

A.7 In which year did you obtain your highest educational qualification? ____________
B. INFORMATION ABOUT THE BUSINESS OF THE SMME

B.1 Where is your business located? ____________________________

Please tick (✓) the appropriate answer below:

<table>
<thead>
<tr>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
</table>

B.2 What form of ownership is your business?

Please tick (✓) the appropriate answer below:

- Sole-Trader
- Partnership
- Private Company
- Public Company
- Close Corporation

B.3 What type of activity is your business engaged in?

Please tick (✓) the appropriate answer below, and also specify the product or service you are producing next to the activity you have ticked.

- Agriculture
- Mining
- Manufacturing
- Wholesale Trade
- Retail Trade
- Catering
- Accommodation
- Transport
- Finance and Business Service
- Community, Social and Personal Service

B.4 How many employees work under you? ________________________

B.5 How long has your business been operating? ________________

B.6 What is the estimated turnover of your business per annum?

Please tick (✓) the appropriate answer below:

- Below R20000.00
- R21000.00 - R29000.00
- R30000.00 - R59000.00
- R60000.00 - R79000.00
- R80000.00 - R99000.00
- R100000.00 and over
B.7 Why did you start your business?
Please tick (✓) the appropriate answer below:
- I was retrenched
- My employer closed down
- Other

B.8 Where did you get money to start your business?
Please tick (✓) the appropriate answer below:
- Retrenchment package
- Retirement package
- Got a loan
- Other

B.9 What work were you doing before you started your business?
Specify: ________________________

C. A SELF-ASSESSMENT OF KNOWLEDGE AND SKILLS OF RUNNING BUSINESS
BY THE SMME

Please tick (✓) the letter after each item below, that represent your level of knowledge or skill in relation to the topic. The letters stand for the following responses:

N = No knowledge/No skill
B = Basic knowledge/Basic skill
A = Advanced knowledge/Advanced skill

C.1 FINANCE

Please do your rating

<table>
<thead>
<tr>
<th>Calculating costs of starting a business</th>
<th>N</th>
<th>B</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recording and keeping financial transactions</td>
<td>N</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Preparing a cash flow statement</td>
<td>N</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Preparing an income statement</td>
<td>N</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Preparing a balance sheet</td>
<td>N</td>
<td>B</td>
<td>A</td>
</tr>
</tbody>
</table>
C.2 MARKETING

Please do your rating

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>B</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying your customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling your product or service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pricing your product or service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving your sales or service</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C.3 BUSINESS PLAN

Please do your rating

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>B</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing a business plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysing and interpreting a business plan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Adapted from Gravett (1997)]

D. Write down topics you want to learn in the space provided below:
ADDENDUM: IV

INTERVIEW 1

D. INFORMATION ABOUT STARTING YOUR BUSINESS

D.1 What problems did you encounter when you started your business?
Response: We were not having money – we were not having not even a 10 cents at the time of starting the business, just because I know how to negotiate, I had to negotiate with the people who were selling cleaning materials and they had to loan us about R 85,000 in order to start the business. We were not having even a blue cent that time.

OK. Right was this the only problem that is, finance?
Response: Yes, finance was the main problem.

You had no other problems?
Response: Yes because we were looking for machines and consumables and we needed to start. We signed the contract on the 30th October. By the 1st November we should have been started. We were having nothing that was our own finance.

D.2 So how did you overcome this problem?
Response: By negotiating with companies that sell supplies...

Oh did they give you credit?
Response: Yes

Did they not want security?
Response: They said we must come with the tender. We showed them that we have tender from TELKOM. It was fine.

E. INFORMATION ABOUT CURRENT KNOWLEDGE AND SKILLS OF OPERATING YOUR BUSINESS

E.1 Now that you are already in the business, what kind of problems do you encounter?
Response: Now I am doing the marketing mostly ... the problem is that eh we are looking for other cleaning jobs and the people do not know us because we are new in this business.

E.2 So the problem you are experiencing currently is that one of marketing. What do you think is the cause of this problem of marketing?
Response: The problem is that there are big businesses who are doing this cleaning business and we are a new company, people don't know us ... Yes. Another thing I think we are having is that we are not having funds so that we can do marketing properly. We need to go to the media, to write pamphlets ... because of all these things we are short of funds.

E.3 How does this problem affect the business?
Response: I think it is going to affect the business because I am worried about the contract. It is a two-year contract with TELKOM. If they cannot give us this tender, it will be a problem if we don't get another business; this problem is going to affect our business badly.
Let me hope that you won't loose this contract
Response: I just try to contact the big bosses like I did once had a meeting with the Minister of Health Mr Goqwana trying to tell him who am I, what are we doing – may be he can give us jobs.

Thanks ke sisi good luck
End of interview