

Major Training Challenges for Small Businesses in the Tshwane Area: Is there Hope?

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Abstract: The aim of the study was to examine and gain insight into the level of skills and training and subsequent needs among SMMEs in the township environment. Against the backdrop of investment support from government, the question is what is the current status of training and training needed among SMMEs in the South African township environment. An exploratory study was conducted by means of a survey questionnaire directed towards various SMMEs across South Africa. Questions were formulated to elicit information pertaining to training and qualifications of respondents in townships. Based on the findings, SMME owners in the township areas experienced a greater need for marketing, financial and management training, indicating that government should collaborate with other institutions to provide the required training. In particular, support is required from financial and training institutions in collaboration with government departments to provide the relevant resources that the SMMEs need in order to flourish. In addition, there are specific unique challenges that SMMEs experience in the township areas due to the unique setting of townships. *Provides key areas where government and organisations can contribute different, urgently needed resources to SMMEs.*

Keywords: business challenges; small business; South Africa

JEL Classification: E32

1. Introduction

The small business sector in most countries is a major contributor to the health of a country's economy as well as the diverse opportunities that are created in society (Onphanhdala & Suruga, 2010, p. 181; Smith & Beasley, 2011, p. 723). The small, medium and micro enterprise (SMME) sector has been identified in the National Development Plan of South Africa (NDP) as a major contributor to the growth of the South African economy by as much as 5.4% per year over the next 15 years. Furthermore, the NDP has identified goals for this sector to grow to 90% by 2030. Despite the South African government's commitment to the growth of the small

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business sector, this sector still experiences some hostile business environments, including challenges such as the “lack of skilled staff, burdensome regulations, tough local economic conditions, lack of finance and the high costs associated with employing staff” (Dong & Men, 2014, p. 120; SBP, 2014, p. 1). Business productivity is more pronounced when there is more investment in training as the emphasis of growth is linked to productivity (Coad, Frankish, Roberts & Storey, 2016, p. 735; Liu, Qiu & Yu, 2017, p. 191).

SMMEs are characterised as enterprises with fewer than 250 employees, although each industry has a differing definition of SMMEs, as in certain sectors a small business could mean up to 50 employees and a medium business could employ 51-200 employees (Goldstuck, 2012, p. 9). Although small businesses have fewer employees than larger organisations and thus less human capital, SMMEs can still maintain a competitive position through other means such as satisfying customer needs for features and quality products, responding quickly to the market and providing goods and services that are of a high standard (Ebrahim, Ahmed & Taha, 2010, p. 916). Small businesses generate more employment opportunities. As indicated by Business Environment Specialists (2014, p. 2), “South Africa’s SMMEs are estimated to account for over 60% of employment, according to a 2010 Abor and Quartey report, compared to a global average of 77%”.

Despite SMMEs’ contribution to employment percentages, small businesses still experience a deficiency in advice and informational needs and resources to meet these needs (Zulu, 2014). Small business deficiencies in South Africa are in contrast to European countries’ upsurge in national and local policies which foster enterprise awareness and business formation, to create environments conducive for employment, job creation, economic growth and sustainable entrepreneurial businesses (Fleck, Hegarty & Neergaard, 2011, p. 165).

Considering the importance of small businesses, the conditions that create an environment conducive for their successful operation are not in place in South Africa at all as there has been limited progress in the areas of innovation, entrepreneurship and small business development (Zulu, 2014). To make amends for the small business deficiencies, the South African government has established the Ministry for Small Business Development, which recognises the need to make the business environment conducive for small businesses. The establishment of this ministry has been part of the South African government’s commitment to unlock employment opportunities by implementing policies and strategies for the development of SMMEs. In addition, the ministry has recognised the importance of providing training, mentoring, counselling and advice for SMMEs (Zulu, 2014). A conducive business environment will, however, fail without the support of financial and training institutions that are also responsible for fostering an environment that makes small business operations easier (Zulu, 2014; Crammond, Omeihe, Murray & Ledger,

2018, p. 303). Against this backdrop of investment support from government, the question is what is the current status of training and training needed among SMMEs in the South African township environment.

2. Literature Review

Small businesses are a major contributor towards employment opportunities and poverty alleviation and as such are an important economic sector for countries all over the world. This makes it imperative to give attention to the challenges that threaten to weaken the potential that small businesses pose. In the subsequent section the challenges faced by SMMEs are identified by means of a discussion of the South African economy, small businesses in general and small businesses in the township.

2.1. The South African Economy and Small Business

South Africa has experienced a technical recession, which means that there has been negative growth of the gross domestic product (GDP) for two consecutive quarters. The South African GDP declined by 0.3% in the last quarter of 2016 and by 0.7% in the first quarter of 2017. A technical recession occurs when economic activity is declining in a country. Due to this contraction of the economy, small and medium businesses in particular feel the pinch as they experience subdued demand for their products and services. In the first quarter of 2017, ratings agencies Fitch, Standard & Poors and Moody's downgraded the country's credit rating. This downgrade rested on the "weakening of South Africa's institutional framework, the reduced growth prospects reflecting policy uncertainty and slower progress with structural reforms and the continued erosion of fiscal strength due to rising public debt and contingent liabilities" (Moody's, 2017).

The downgrade in credit ratings has a negative effect on numerous economic factors, such as economic activity, investments and unemployment. Increased unemployment figures have also weighed down the economy, at 27.7% (Stats SA, 2017). The collaboration by large organisations to secure products and services by black-owned companies in addition to SMMEs can create employment, reduce poverty and positively influence the South African economy (Venktesh, 2017). From the larger companies' perspective, outsourcing to small businesses during the recession highlights the importance of small businesses as they contribute in terms of reducing costs (Edvardsson & Teitsdóttir, 2015, p. 30). Large organisations procuring products and services through SMMEs leads to job creation, workforce transformation and new services on offer, and ultimately contributes to GDP growth.

SMMEs include formally registered, informal and non-VAT-registered organisations. The broad definition of SMMEs ranges from survivalist enterprises to medium enterprises. Survivalists make up the hawkers and vendors, who form single micro enterprises with no more than 5 employees. Very small businesses have fewer

than 10 employees, and small enterprises have a limit of 50 employees. Medium enterprises have a maximum number of 200 employees (between 100 and 200 employees) (Le Fleur, Koor, Chetty, Ntshangase, Mackenzie & Rawoot, 2014, pp. 10-11). In South Africa, the majority of SMMEs are at the lower end of the scale, where economic activity leans more towards survivalists such as trading enterprises, backyard manufacturing and home-based evening jobs. The Department of Trade and Industry (DTI) also refers to SMMEs as the catalysts for economic growth and development. This department as well as other government departments therefore provide financial and non-financial support to the sector to secure the sector's long-term prosperity and the resulting growth for the country (DTI, 2017).

Governments have realised the GDP growth possibilities through supporting SMMEs and thus are attempting to make it easier for small businesses to operate (Cacciolatti & Fearn, 2013, p. 5). Although there are a range of definitions of small businesses globally, there is general consensus that small businesses are often the originators of innovation and growth (Anuar & Yusuff, 2011, p. 324; Bulla & Hormiga, 2011, p. 449). The small business sector in South Africa as a generator of employment contributes almost two-thirds to employment; the South African government has made moves to lessen obstacles for them to operate. In addition, with entrepreneurship at the centre of small businesses, it is recognised that they play an important role in supporting and generating economic development and welfare (Bulla & Hormiga, 2011, p. 449). Thus, governments have acknowledged policy making to accommodate entrepreneurial activities and provide supportive structures. As a result, with the support SMMEs receive and the recognition of their importance, market-conducive environments and support structures to stimulate growth have been established (Cacciolatti & Fearn, 2013, p. 5) in many countries. Despite the attempts to assist small businesses with successful operations, there are still identifiable challenges, such as advisor support, information sourcing and other resource deficiencies (Küster & Vila, 2011, p. 133; Muñoz-Bullón & Sanchez-Bueno, 2011, p. 64).

SMMEs are under pressure to create jobs and to survive in the long run. This can be achieved if they can overcome the challenges which they face in South Africa. In the subsequent sections, townships, SMMEs in townships and challenges experienced by small businesses in South Africa will be discussed.

2.2. SMMEs in Townships

Under the apartheid regime in South Africa, which was the name for segregation in the country, black South Africans were forced into dormitory-style communities far away from the economic centres (World Bank, 2017). The infrastructure in townships is dismal, with underserved, unsafe and overcrowded areas where potholed, dusty roads with rows of chemical toilets outside homes are found. In

addition, limited recreation centres in townships are difficult to develop considering the spatial issues and poor roads (Fakir & Nqapela, 2017).

To expand the housing, citizens living in the townships have built shacks, which are roughly built huts or cabins made mostly from corrugated iron sheets for walls and a roof. In post-apartheid South Africa, typical housing is influenced by the Reconstruction and Development Programme (RDP), which stemmed from a South African socioeconomic policy framework implemented by the African National Congress (ANC) led by Nelson Mandela after 1994 (Nelson Mandela Foundation, 2017). Informal settlements are expansions of townships or in isolated locations where land is available and, atypical to townships, have a greater influx of foreign nationals.

The conditions in townships have led to joblessness and overwhelming levels of crime and violence (World Bank, 2017) because of limited access to public services, electricity, proper sanitary conditions and spatial inequalities within these areas. Townships and informal settlements alike make up 38% of the working age citizens; however, 60% of the citizens living in the townships and informal settlements are unemployed. Therefore small businesses within the townships and informal settlements have to overcome already challenging living conditions, besides those challenges usually experienced by a small business that is starting up.

In developing countries, small businesses are growing at a steady pace despite the economic uncertainties. However, there are acknowledgments of challenges which force small businesses to continue to be innovative in a tough market environment. In South African townships small businesses experience problems with “red tape” which refers to the processes to register the business, tax registration and additional processes in place which take a long time to complete. In addition, there is competition from foreign nationals, who are accused by locals of undercutting their business – a constant conflicting issue in the townships. Access to the market is another challenge, as entrepreneurs cannot access the target markets they wish to serve. However, this has slowly improved through assistance in various forms, such as buses entering townships, helping small businesses to register and subsequently adding their names to a database of service providers (Strydom, 2017).

2.3. Business Challenges

There are a number of challenges small businesses experience. SMMEs in an emerging economy such as South Africa lack institutional resources and compete to gain access to a limited pool of resources (Batra, Sharma, Dixit & Vohra, 2018, p. 494).

Access to Capital

Successful companies have sufficient capital to execute their plans and support their operations, such as capital to purchase property, equipment, material or products.

Without access to funding, the continued success in operations of SMMEs cannot be fulfilled (Christy, Matolcsy, Wright & Wyatt, 2013, p. 163; Bureau of Market Research, 2014, p. 73). Small businesses lose their competitive advantage when they are unable to compete with similar, dynamic businesses serving the same target audience (Sandhu, Hussain & Matlay, 2012, p. 728). Inability to access capital and a guaranteed income are ongoing problems for SMMEs, especially within the informal settlements (Mboniyane & Ladzani, 2011, p. 553). A common challenge for small businesses is a lack of starting capital from external sources. Lack of income leads to poor credit records, which further leads to poor cash flow. In addition, small businesses need to take into consideration the bad debts which are a detrimental factor in loan applications to financial institutions (Mboniyane & Ladzani, 2011, p. 553). Loans are perceived as imperfect and restricted in scope in meeting all the financial needs of small businesses.

There are different types of financial sources of information that a small business can obtain. With the numerous small business structures in place, there is no way of standardising a capital structure for all small businesses. Also, the capital structure issues cannot be identified as the small businesses experience the external environment differently, due to the size and nature of the small business (Daskalakis, Jarvis & Schizas, 2013, p. 81).

Small businesses cannot grasp the full scope of their finance structure, as even they are unsure of their current debt to total asset ratios (Daskalakis et al., 2013, p. 88). They rely heavily on internal equity finance which small business perceives as trumping debt in the form of loans. There are numerous funding sources which are pertinent to small businesses, such as government funding, micro loans, family trade credit (Daskalakis et al., 2013, p. 88) and *stokvels*, which are specific to South Africa. *Stokvels* are an informal manner of saving, where *stokvel* members contribute an equal amount of money every month. The payout of the collective savings is distributed to one member at a time. Traditionally, the money is kept with the treasurer of the *stokvel*, but lately *stokvel* members are opting to rather make the monthly deposits into a group bank account (Ndalana, 2014).

To obtain the goods needed by a small business, trade credit can be utilised. Larger businesses obtain loans from banks for their operations, and then allow smaller businesses to purchase the goods needed on trade credit, which in turn allows the smaller business to operate. The smaller businesses in turn allow their own customers to purchase on credit (Han, Wang & Wang, 2013, p. 50). In addition, trade credit can improve scale efficiency by easing financing limitations, elevating the allocation of resources and reducing transaction costs. Large and small businesses that have a trade credit agreement will have established a relationship and an understanding that if one business fails, so does the other and therefore there is a sense of interdependency (Han et al., 2013, p. 51).

Poor Infrastructure

Lack of physical, commercial and professional infrastructure inhibits SMME development. Physical infrastructure includes access to communication, transportation and land or office space. Commercial infrastructure refers to accounting services and professional services refer to legal and other institutions (SEDA, 2016, pp. 7-8).

Low Levels of Research and Development (R&D)

The importance of R&D lies in the ability to transform ideas into actionable business that provides solutions for business processes. R&D provides the possibility to grow faster, cultivate innovation and reinforce lasting relationships with knowledge-intensive businesses. With a lack of R&D, traditional start-up businesses grow slower and create business solutions at a slower rate. R&D could be improved in the small business sector by building relationships with larger businesses, particularly knowledge-intensive businesses (SEDA, 2016, p. 8). Not only is product or service knowledge important, but also human resource management in SMMEs as owners tend to have a personalised management style which is adaptive to the limited resources (Qiao, Wang & Wei, 2015, p. 186).

Arduous Labour Laws

Particularly with labour-intensive businesses such as the manufacturing industry, there is a financial burden on small businesses to hire both unskilled and semi-skilled workers based on the minimum wage as set by the labour laws. In addition, with the labour laws benefiting employees, small businesses are limited in terms of laying off staff in times of financial difficulties or even when employees are unproductive and no longer serve the small business well (SEDA, 2016, pp. 8-9). SMMEs also spend a large amount of time in court cases with the CCMA (for up to eleven days) which could take place twice a year, further wasting SMMEs' time and resources (SBP, 2014, p. 2).

Inefficient Government Bureaucracy

Government policies curtail entrepreneurial and business activity in South Africa due to time delays in terms of obtaining permits and licences to operate. The DTI has identified a lack of governmental interdepartmental cooperation regarding programme planning and implementation, creating overlaps in SMME programmes and thus confusion for small business owners (SEDA, 2016, p. 9). An SBP Growth Index survey conducted multiple times a year regarding understanding SMMEs' experiences in South Africa has revealed that major challenges for small businesses are the regulations that overlap, frequent changes, conflicting regulatory requirements across multiple departments, poor communication, lack of access to

information and government departments' administrative inadequacies (SBP, 2014, p. 2).

High Levels of Crime

As a result of the increased crime experienced by large and small businesses alike, there has been a subsequent increase in security measures spend. This translates to an increase in overall business operating costs (SEDA, 2016, p. 10).

Availability of Training

Small businesses lose their competitive advantage when they have no training to operate the small business compared to their counterparts that are able to serve the target audience (Sandhu et al., 2012, p. 728). Lack of management experience and training in the necessary skills for operating a small business, in addition to the lack of ability and strategic planning, hamper growth of a small business (Mbonyane & Ladzani, 2011, p. 553; Weber, Geneste & Connell, 2015, p. 30). In a previous study conducted by Mbonyane and Ladzani (2011, p. 556), it was suggested that small businesses did not provide training for staff members because the owners themselves lacked experience and expertise. In addition, for small businesses training limitations include the desire for inexpensive training, which usually involves the owner or manager being away from the business for a period. This type of training is often also limited to orientating new employees, in-house and on-the-job training which is only for the immediate job role (Lyons & Mattare, 2009, p. 15).

To determine the entrepreneurial skills gaps, researchers need an understanding of the quality and quantity of performance, the learning of employees, current job skills, being informed about operations and the perceptions of improved competencies and self-image (Lyons & Mattare, 2009, p. 17). Training needs can be indicated by the gaps in small business owners' knowledge or managerial skills. In numerous countries in Africa, the range of gaps covers a number of managerial aspects from financial management to human resource management. Specific matters include lack of technical knowledge, inability to hire good employees, inadequate managerial skills, lack of planning and inability to conduct market research.

Allowing employees to contribute to creating training material greatly assists in closing gaps that management may not necessarily be aware of. The accumulation of deficiencies in the factors necessary to operate a business results in the poor management of the business, thus making funding from financial institutions unattainable. Small businesses with entrepreneurship education and training have a better chance of obtaining funds from financial institutions (Sandhu et al., 2012, p. 731).

3. Research Objectives

3.1. Aim and Methodology

The aim of the study was to examine and gain insight into the level of skills and training and subsequent needs among SMMEs in the township environment.

The study adopted an exploratory approach with data being collected from various SMMEs across South Africa using a survey questionnaire. The questionnaire contained several questions related to the qualifications of respondents as well as the training needed by SMMEs in the township environment. Data was collected from townships located in the provincial capital cities in South Africa by well-trained fieldworkers. SPSS was used to analyse the data after it was verified by means of check-backs, captured and cleaned.

3.2. Sample

The overall sample for the study consisted of 498 respondents (N = 498), with the majority being African (n = 377, 75.7%). 299 respondents were male (60%) and 185 female (37.1%). Table 1 below provides a detailed demographic breakdown of the sample.

Table 1. Demographic breakdown of sample

Race	n	Percentage
African	377	75.7
White	15	3.0
Coloured	39	7.8
Indian	30	6.0
Other	21	4.2
Missing	16	3.2
Gender		
Male	299	60.0
Female	185	37.1
Missing	14	2.9
Age		
18 – 25	45	9.0
26 – 30	93	18.7
31 – 35	116	23.3
36 – 40	94	18.9
41 – 50	91	18.3
51 – 60	40	8.0
Older than 60	6	1.2
Missing	13	2.6

Table 2 below provides a breakdown of the types of SMMEs respondents were involved in.

Table 2. Type of business

Type of Business	n	Percentage
Service providers/stores	113	22.7
Food	78	15.7
Retail/goods stores	42	8.4
Salon/beauty	41	8.2
Tuckshop/spaza shops	39	7.8
Internet/electronic stores	20	4.0
Day care	16	3.2
Funeral parlour/services	16	3.2
Construction	14	2.8
Manufacturing	13	2.6
Clothing	13	2.6
Medical	9	1.8
Entertainment	8	1.6
Accommodation	8	1.6
Security	3	0.6
Other	22	4.4
Missing	43	8.6

The majority of respondents (n = 113, 22.7%) were involved in businesses which provided services. These included mechanical, garden, carwash, repair, welding, upholstery, transport and dry cleaning services, as well as various business services such as bookkeeping, printing and communications. The other major types of businesses included the food industry (n = 78, 15.7%), such as restaurants, catering, taverns and liquor stores, various retail stores (n = 42, 8.4%), hair and beauty salons (n = 41, 8.2%) and tuckshops or spaza shops (n = 39, 7.8%).

Table 3 below shows the number and types of employees.

Table 3. Number and types of employees

Number of Employees	n	Min	Max	Mean
Number of employees of SMMEs	421	1	103	5.5
Missing	71			
Types of Employees	n	Percentage		
Family	92	18.5		
Friends	96	19.3		
Combination	100	20.1		
Other	176	35.3		
Missing	34	6.8		

The mean number of employees per SMME in the study was 5.5, with the lowest number of employees being 1 (no employees, only the owner). The SMME with the highest number of employees had 103 personnel (see Table 3). 19.3% (96) and 18.5% (n = 92) of respondents indicated that they employed friends and family, respectively. In terms of 'Other' (35.3%, n = 176), respondents indicated that they employed qualified staff, members from the community (including neighbours), people who applied for the job/work (applicants) and whoever they could get. 20.1% (100) of respondents employed a combination of friends and family (see Table 3).

4. Findings and Results

Thematic analyses were utilised to identify the main training needs stemming from the data. In conjunction with this, basic descriptive statistics were utilised to calculate frequencies and percentages to provide a graphic presentation of the data. This merely gives a robust indication of the relevance or importance of the extracted training needs.

The results will be presented by firstly considering the qualifications of respondents and further examining the formal training that they had completed. Following this, the training needed by SMMEs in order to improve their business will be examined as well as the parties responsible for providing this training.

4.1. Qualifications and Formal Business Training

Respondents were required to indicate their highest qualification. The results are shown in Figure 1 below.

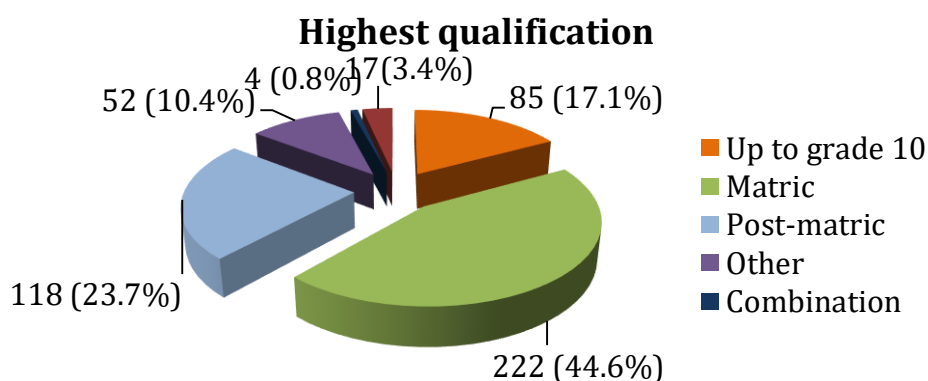


Figure 1. Highest qualification achieved

The majority of respondents had completed matric ($n = 222$, 44.6%), with 23.7% ($n = 118$) having obtained a post-matric qualification. 10.4% ($n = 52$) had received an “other” qualification/certificate such as in-house training offered by businesses. Respondents within the “combination” category were those who had obtained more than one post-matric qualification (see Figure 1).

Respondents with a post-matric or other qualification were further required to specify what qualification they had obtained. Figure 2 below provides a robust breakdown of the various post-school qualifications obtained by respondents in terms of the level (type) of the qualification.

Type of further qualification

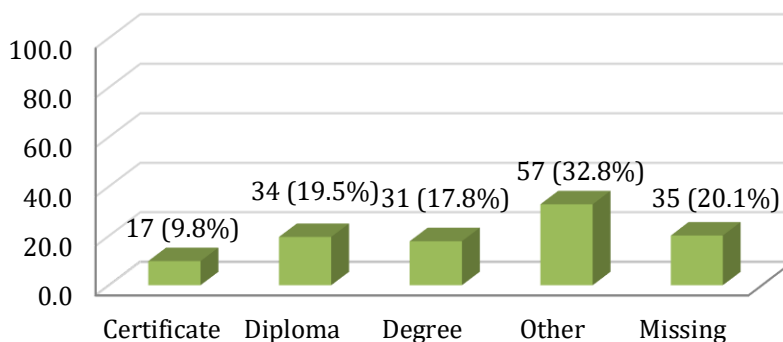


Figure 2. Type of further qualification

19.5% (n = 34) of respondents had a diploma and 17.8% (n = 31) had a degree. Furthermore, 9.8% (n = 17) had a certificate-level qualification. 32.8% (n = 57) indicated that they had obtained a qualification but did not indicate the level of the qualification specifically (see Figure 2).

In line with the above, Table 4 below contains a further breakdown of the various qualifications reported by respondents in line with the type of qualification.

Table 4. Breakdown of various qualifications reported

Certificate	
• Business Management	• Electrical
• Project Management	• Plumbing
• Events Management	• Engineering-related Design
• Information Technology (IT)	
Diploma	
• Business Management	• Tourism Management
• Business Administration	• Textile Technology
• Financial Management	• Engineering
• Events Management	• Health & Safety
• Advertising	• Hairdressing
• Marketing Management	• Speech & Drama
• Hospitality Management	
Degree	
• BCom Business Management	• BSc Computer Science
• BCom Business Administration	• BSc Food Science
• BCom Marketing Management	• Optometry
• BCom Accounting	• Pharmacy
• BCom Honours Economics	• Social Services
• BSc Economics	• Environmental Management

Other	
• Photography	• Boiler Making
• Hairdressing	• Spray Painting
• Diesel Mechanic	• Educare
• Chef	• Visual Arts
• Office Administration	• Graphic Design

In examining the data, it is clear that qualifications in business-related management and management in a variety of fields and at different levels emerge as a recurring theme. Respondents also reported further qualifications in a myriad of diverse fields (see Table 4).

To further examine and gain insight into the level of training and skills within SMMEs in the township environment, respondents were required to indicate whether or not they had received any formal business training. Figure 3 below shows the results.

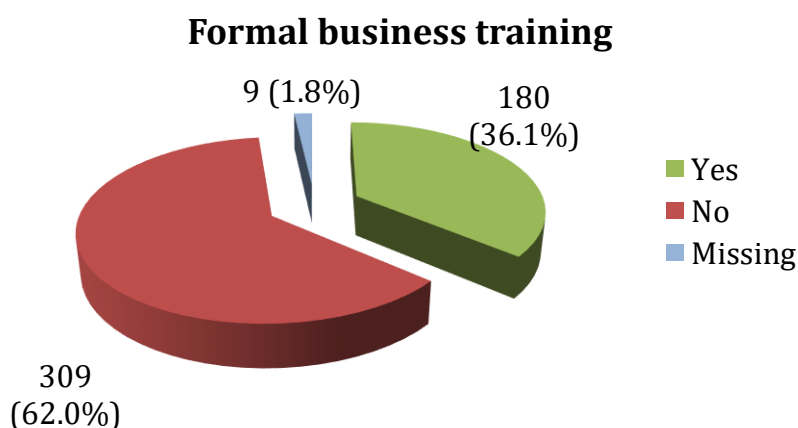


Figure 3. Formal business training

The majority of participants ($n = 309$, 62%) had not received any formal business training and 36.1% ($n = 180$) had received some form of formal business training (see Figure 3).

Respondents who had received formal business training were further required to specify what type of formal business training they had received. In the interest of clarity, the responses were first analysed in terms of the source of the training identified by the respondents before examining the specific type of training received. Table 5 below shows the sources of formal training specified which could be extracted from the data.

Table 5. Sources of formal training

Source of formal training (n = 180)	n	Percentage
Work-related experience	23	12.8
Workshop/short course/programme	13	7.2
Training from specific business	9	5.0
Training from organisation	7	3.9
Tertiary institution	5	2.8
Family/friends	4	2.2
Other training	7	3.9
Unspecified	55	30.6
Missing	57	31.7

The majority of participants indicated that the primary source of their formal business training was previous work experience/work-related experience (n = 23, 12.8%), followed by training received through the attendance of workshops, short courses or programmes (n = 13, 7.2%). Training received from specific businesses (n = 9, 5%), organisations/institutions such as SEDA (n = 7, 3.9%), tertiary institutions (n = 5, 2.8%) and family/friends (n = 4, 2.2%) were further sources of training which emerged from the data. 'Other' sources of training (n = 7, 3.9%) included training received from previous owners, school and books. 30.6% (n = 55) of respondents specified the type of training they received but did not specify the source of their training (see Table 5).

Table 6 below provides a breakdown of the specific types of training received as reported by respondents.

Table 6. Specific types of training

Type of formal training (n = 180)	n	Percentage
Business management/admin/planning	27	15.0
Internship/practical training	9	5.0
Financial management/admin/planning	6	3.3
Computer/IT training	6	3.3
HIV training	5	2.8
Customer service training	4	2.2
Sales	4	2.2
Marketing	2	1.1
Entrepreneurship	2	1.1
Child care/development	2	1.1
Electrical	2	1.1
Other	7	3.9
Missing	104	57.8

Training related to business management, business administration and planning emerged as the main theme in terms of the type of training received (n = 27, 15%). Further types of training included completing formal internships and practical training (n = 9, 5%), financial management, administration and planning (n = 6,

3.3%), computer/IT training (n = 6, 3.3%) and HIV training (n = 5, 2.8%) (see Table 6).

Minor training which emerged included customer services training (n = 4, 2.2%), training in sales (n = 4, 2.2%), marketing training (n = 2, 1.1%), entrepreneurship training (n = 2, 1.1%), child care and development training (n = 2, 1.1%) and electrical training (n = 2, 1.1%). In terms of training categorised as 'Other', respondents mentioned publishing, counselling, security, tourism, dispensary medicine, arts training and social enterprise training (see Table 6).

Interestingly, the vast majority of respondents (n = 104, 57.8%) did not indicate or did not specify the type of training they had completed or received.

4.2. Training Required by SMMEs and Responsible Parties Regarding Training

In order to gain further insight into the level of skills and training among SMMEs in the township environment, respondents were required to indicate what training they felt was needed to improve their business. Figure 4 below shows the results.

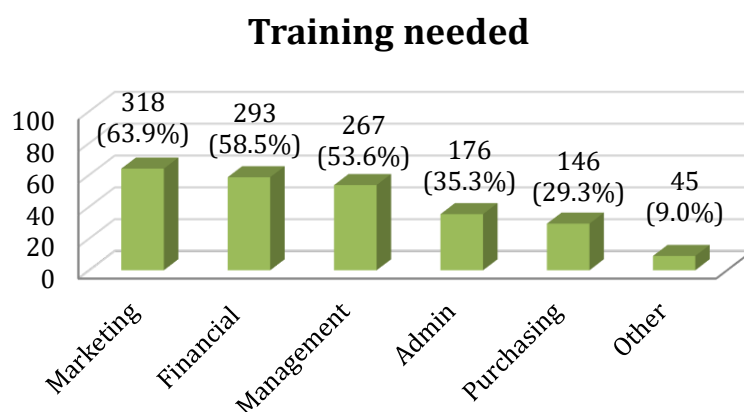


Figure 4. Training needed by SMMEs

The majority of respondents indicated that marketing training (n = 318, 63.9%), financial training (n = 293, 58.8%) and management training (n = 267, 53.6%) were the main forms of training needed within the township to improve their business. Training in administration (n = 176, 35.3%) and training related to purchasing (n = 146, 29.3%) were also indicated by a substantial percentage of respondents (see Figure 4).

Following from the above, respondents were required to indicate who should be responsible for providing the identified training. The results can be seen in Figure 5.

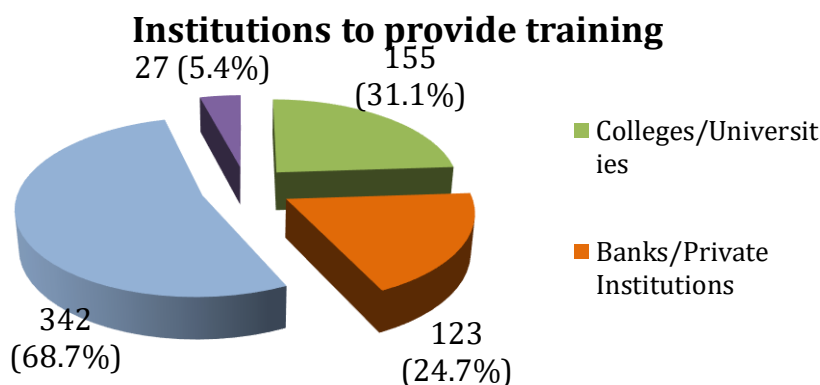


Figure 5. Institutions to provide training

The majority of respondents felt that the government, through government institutions such as SEDA, should be responsible for the identified training (n = 342, 68.7%). This was followed by colleges/universities (n = 155, 31.1%) and banks and private institutions (n = 123, 24.7%) (see Figure 5).

Respondents who selected the “other” category noted high schools, workshops by qualified individuals or experts, trade institutions, other government departments as well as self-study as further providers of the identified training (see Figure 5).

5. Discussion

From the data it is clear that there is a distinct lack of formal training, skills and further qualifications in SMMEs in the township environment.

Although there are individuals within the township environment who have further qualifications at a higher or advanced level and have completed or received formal business training, the majority of participants had only a matric qualification. This supports the research by Mboniyane and Ladzani (2011) and Lyons and Mattare (2009) that SMMEs lack formal business training. The finding that the majority of respondents who had received formal business training could not specify the training or the sources of the formal business training further alludes to the fact that formal business training may be lacking within the township SMME environment. It can thus be inferred that the respondents who had formal training received it from a less expensive provider and it appears that the training took place over a short period of time. This supports the research done by Lyons and Mattare (2009).

Since small businesses struggle to obtain the financial support from financial institutions, Mboniyane and Ladzani (2011, p. 557) suggest that in particular micro

enterprise owners that run their own business and do its administration should keep weekly and monthly records in order to adhere to correct budgeting. Micro enterprises should draw up financial plans which can be monitored by local business chambers. Recording, keeping and drawing up financial plans will create a measure of trust with financial institutions as these aspects provide evidence of financial management. Furthermore, SMMEs should reach consensus on the types of products on offer and diversification in their product and service offerings. Mbonyane and Ladzani (2011, p. 557) have also made recommendations in terms of customers purchasing goods on credit and not repaying the SMME on time or at all, leading to a loss in profits. Therefore it is crucial when offering a credit facility that customers be limited to a certain amount and a repayment period be put in place.

Marketing, management and financial training were the main types of training identified. Training in terms of administration and purchasing was also highlighted by a substantial number of respondents. This may point to the fact that training across a myriad of fields may be needed in order to improve businesses within the township environment and that the training cannot be simplistically delineated to a single field.

Finally, the majority of respondents put the responsibility for training at the feet of the government and government institutions such as SEDA. Colleges/universities as well as banks and private institutions were further identified as training providers by a fair number of respondents. Taking this into account, in the light of the broad spectrum of training needs identified by SMMEs, a collaborative approach could be considered to ensure effective, formal and specialised training in each respective area/field. Business owners can make use of free seminars arranged by large corporations to provide the training in a range of fields in order to be geared for the management and operation of small businesses (Mbonyane & Ladzani, 2011, p. 557). Furthermore, a recommendation to small business owners is to create business groups where formal and informal ties are formed for coordinated action in relation to resource exchange between small businesses (Chen & Jaw, 2014, pp. 1019-1044).

6. Conclusion

The majority of township SMMEs distinctly lack qualifications beyond matric and also formal business training. Although there are some individuals within the township SMME environment who possess further qualifications and have received formal business training, the majority remain without. The training needed to improve businesses within the township SMME environment cannot be easily delineated as it spans across numerous fields/areas.

From the perspective of township SMMEs, the responsibility for the delivery of the identified training lies predominantly with government and government institutions. Considering the pervasiveness of a lack of formal business training or further

qualifications and the breadth of the training needed within the township SMME environment, a collaborative approach should possibly be adopted to ensure that the training needs of businesses in townships are met and the necessary skills and qualifications achieved in order to ensure the prosperity and success of SMMEs in this environment. Further research is recommended to determine the specific training needs in an African context in the disciplines of marketing, finance and management.

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