

THE DEVELOPMENT AND EVALUATION
OF AN
ANDRAGOGIC TRAINING PROGRAMME
FOR
CISKEIAN RETAILERS

THESIS

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ABSTRACT

One of the greatest challenges facing South Africa and the "independent states" of Transkei, Bophuthatswana, Venda and Ciskei over the next decade will be job creation and the development of the skills of the people. This is particularly true of Ciskei with its rapid population growth, unemployment, shortage of skilled manpower and over abundance of unskilled labour.

Small business and, in particular, retailing with its relatively low entry requirements, can play a significant role in the creation of jobs. Small business, and small business retailing in particular, suffers, however, from a high failure rate resulting in a waste of financial and human resources which a developing nation like Ciskei can ill afford.

The training of people involved in small business retailing is, therefore, of great importance. There is no unanimity of opinion, however, as to what training models or approaches are most appropriate.

The purpose of this study was, thus, to design a training model, develop an andragogic training programme for Ciskeian small retailers based upon the model and test it.

In accordance with the model developed, the nature of the retailers performance problem was established, the job of the small retailer was analysed, the training needs of retailers were identified, performance standards were set, the course curriculum was developed, training strategies and styles were selected, the necessary training resources were obtained and the training programme was implemented.

A pilot training programme was run in 1987 and then the amended programme was run for two years. The results of the training were measured in terms of:

- the delegates reaction to the training programme
- what the delegates learnt
- changes in the business as perceived by regular customers
- reaction of the delegates to the training programme one year later
- case studies and survival rates

Statistically significant positive results were obtained in all aspects evaluated. It can, therefore, be concluded that the andragogic training model for Ciskeian retailers resulted in a positive reaction of delegates to the training, an improvement in the retailer's knowledge of retailing, positive changes in the businesses as perceived by regular customer and improved survival rates of these small retail businesses.

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"The poor of the world cannot be helped by mass production, only by production by the masses."

M. Gandhi

FOREWORD

The building of a nation depends upon Land, Capital and Labour. Capital, natural resources, foreign and international trade play important roles in economic growth, but ultimately "the building of modern nations depends upon the development of people and the organisation of human activity." (Harbison and Myers, 1964 : V).

Adam Smith (1776), Marshall (1890) and, more recently, Samuelson (1990) stress the importance of investing in the development of the people of a nation. Raffaele (1971 : 4) supports this view by stating that "a rise in the quality of men is crucial to economic development."

In South Africa, the policy of Apartheid deprived Blacks of the right to participate fully in the economy resulting in economic, education and social imbalance. The abolition of Apartheid, however, and the changes that are taking place in political policies have now created conditions favourable for the growth of Black businesses. Thus, a great deal of effort now needs to be put into developing Black entrepreneurship (Abedian 1986 : 81).

In modern times, the phenomenal economic growth of countries such as Japan, South Africa and Taiwan has largely been attributed to the high standard of education and development of the people in these countries.

Harbison and Myers (1964 : 3 - 14) sum up the situation succinctly:

"Progress is basically the result of human effort. It takes human agents to mobilise capital, to exploit natural resources, to create markets, to build businesses and to carry on trade. Thus, in a very real sense the wealth of a nation and its potential for social, economic and political growth stem from the power to develop and effectively utilise the innate capabilities of people."

It is difficult, however, to attract large businesses to developing countries. Large businesses often need to be close to the main markets, want sophisticated and well established infrastructures to support them and require a substantial pool of industrial, skilled labour. There has, however, been a shift in emphasis. Wayne (1985 : 2 - 3) states that in the period between the two world wars industrial development was dominated by industrial giants. Since the 1970's, however, the high technology and services sectors have provided opportunities for entrepreneurs and small business. Drucker (1985 : 7), in similar vein, states:

"We are deinstitutionalising. You see it in hospitals ... in education and you see it in business, where the spotlight is shifting towards the smaller unit."

Small business can provide jobs at low cost, stimulate competition, create opportunities for the indigenous population to develop skills and provide vital services for the community. Baumbach (1983 : 14), therefore, concludes that small independent businesses are the traditional source of local and national economic growth which is so vital to a developing country.

In this respect, South Africa (including the "independent states" of Transkei, Bophuthatswana, Venda and Ciskei) is well placed for it has a "dual logic" economy. Sunter (1987 : 89) describes the "first logic" as being the giant organisations which use sophisticated machinery, technology and labour to compete on world markets. These giants are located in South Africa and not in the "independent states" of Transkei, Bophuthatswana, Venda and Ciskei. Sunter (1987 : 89) observes that they

are capital intensive and established and, therefore, do not provide many new job opportunities. He concludes that it is the "second logic" (i.e. the medium, small business and informal sector) from which the bulk of new jobs will have to come in the future.

Harper (1984) concludes that small business is a remarkable creator of jobs. In addition he points out that, especially in developing countries, local small scale traders play a vital role in development:

"they supply and market many of the raw materials and products of larger and small scale manufacturing enterprises, they supply inputs and market the products of agriculture, which is likely to remain the single most important sector of the economy for many years in most developing countries, and they provide basic necessities to the mass of the rural and urban poor in places, at times and in an environment which satisfies their needs." (Harper, 1984 : 8 - 10)

Steenekamp (1981) argues that the small business sector in Ciskei should be developed because it is a supportive structure for large businesses, it generates employment and, being undeveloped at present, it has great potential for further development. The retail sector, in particular, provides a relatively easy entry point for people wishing to enter the business world and establish small businesses. The entry threshold is relatively low because retailing requires less formal and technical education on the part of the participants, it is not capital intensive and provides many job opportunities at relatively low cost.

The failure rate of small business is, however, extremely high resulting in a waste of financial and human resources which a developing nation like Ciskei can ill afford. Small business retailing has one of the highest failure rates of all the small business sectors in most economies. (Baumback and Lawyer, 1979:20; Ganguly, 1985:31).

The training of business people involved in the running of small and medium sized businesses has, therefore, assumed great importance but there has been little research and there is no agreement on what training models or approaches are most appropriate in each environmental setting. (Paul, Ickis and Levitsky, 1989 : 1).

While there are many factors which can influence retail business performance it is contended that training will lead to improved performance in retailing in Ciskei. The purpose of this study was, therefore, to develop a retail training programme to meet the needs of small retailers in Ciskei. It was postulated that the small Ciskeian retailers, if subjected to an intensive retail training programme specifically designed to meet the social and environmental conditions prevailing in Ciskei, would improve their knowledge of retailing and improve their business performance. This would result in greater stability in the retail sector of the economy, better service to customers, greater profitability of retail businesses, expansion of businesses and consequently more job creation. The wealth of the nation would, thus, be retained within the boundaries of Ciskei which would ultimately lead to a better standard of living for all Ciskeians.

The study was, therefore, undertaken in the following way:

Chapter 1: An overview of the business environment

This chapter sets out the rationale behind the study. Firstly, the formation of South Africa and the "so-called" independent states of Transkei, Bophuthatswana, Venda and Ciskei is explained. Secondly, Ciskei as a country is described. Then Ciskei's socio-economic problems of:

- a rapidly growing, young and generally poorly educated population
- a relatively small economy which is not growing sufficiently fast to absorb the job seekers
- an abundance of unskilled labour and a dearth of skilled labour
- unemployment
- the difficulties in creating job opportunities

are highlighted.

Chapter 2: The nature and role of small business in Ciskei

Chapter 2 contends that the small business sector of Ciskei should be developed because it can generate job opportunities at relatively low cost. Small business is defined, the contribution of small business is explained, the problem of small business failure is discussed and remedies for arresting it are suggested. Small business retailing in Ciskei is then identified as a particular sector of small business which should be developed. Small business retailing is, however, very prone to failure and it is, therefore, suggested that small retailers should receive proper training to alleviate this high failure rate.

Chapter 3: The development of a training programme.

Having suggested that training could alleviate some of the problems of small business retailing, it is then necessary to develop such a programme.

The relevant training literature is reviewed, an andragogic training model is designed and used to develop a training programme for small Ciskeian retailers and the measures to be used for evaluation of the effectiveness of the programme are identified.

Chapter 4: Objectives, hypotheses and research methodology

The objectives of an empirical exercise to test the model are defined. The hypotheses of the study is stated. The steps in the empirical study conducted to test the model are then described.

Chapter 5: The empirical results of the study

The empirical results of the study are presented and discussed at the following critical levels at which the results are evaluated:

- reaction of delegates to the training programme
- what the delegates learnt
- changes in businesses as perceived by regular customers
- reaction of the delegates to the training programme, one year later.

The findings are backed by case studies, survival rates of the businesses and information supplied by the Ciskei People's Development Bank with regard to reduction in bad debt write-offs.

Chapter 6:

Conclusions and recommendations

In the last chapter the limitations of conducting research in a third world environment and wider application of the techniques used in the model are discussed. Finally, conclusions and recommendations for further research are suggested.

CHAPTER 1

AN OVERVIEW OF THE BUSINESS ENVIRONMENT

1. INTRODUCTION
2. POPULATION AND POPULATION GROWTH
3. THE ECONOMY OF CISKEI
 - 3.1 Gross Domestic Product
 - 3.2 Government Revenue and Expenditure
 - 3.3 Size, Income and Expenditure of Households
4. UNEMPLOYMENT AND JOB OPPORTUNITIES
5. CONCLUSION

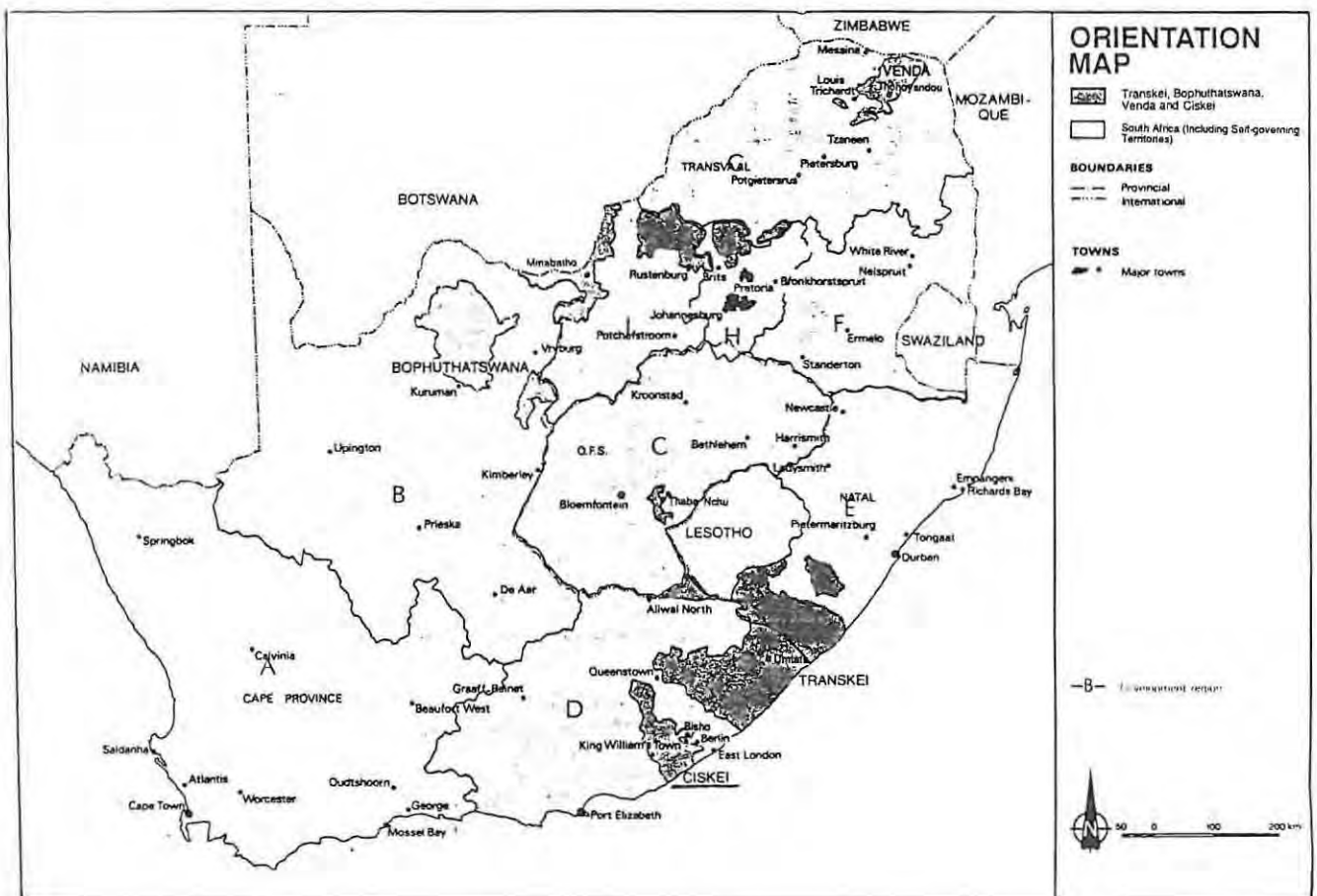
CHAPTER 1

AN OVERVIEW OF THE BUSINESS ENVIRONMENT

1. INTRODUCTION

South Africa, as a single entity, came into being as the Union of South Africa on 31 May 1910, when the Cape Colony, Natal Colony, the Transvaal Republic and the Orange Free State Republic were joined in a unitary state.

Figure 1.1: Map of South Africa, Transkei Bophuthatswana, Venda and Ciskei.



Source: Statistical Abstracts. SATBVC Countries 1989: iv

In 1948 the National Party came to power and pursued a policy based on the belief that all the inhabitants of South Africa (the Indians, coloureds, blacks and whites)

formed separate population groups. To ensure that each group retained its identity and national character they decided that each group should develop separately. This was the essence of the Nationalist Party's apartheid policy of separate development which swept them into power in 1948.

In the years which followed, the government implemented this apartheid policy by legislation which enforced separate residential and trading areas, voters rolls, amenities, schooling and Universities. It also enforced black resettlement and prohibited mixed marriages. (Lintvelt, Smit, Vlok, van Wyk and Smit, 1987 : 264 - 265).

Leon Louw and Frances Kendall Louw (1986 : 40) state that:

"legislation was therefore aimed at consolidating social, residential, cultural, economic and political apartheid with the ultimate goal of ending all interaction between racial groups except on a superficial level in the work place."

The National Party argued that Blacks*¹ would be "happier and better off governing themselves in their own areas and maintaining racial parity in their ethnic groups." (Louw and Louw, 1986 : 41). The National Party, therefore, separated ethnic groups and only gave them political rights in their own territories which were later called either "national states" or "homelands". Ten such states were created, namely, Transkei, Bophuthatswana, Venda, Ciskei, Gazankulu, Lebowa, Qua, KwaNdebele, Kangwane and KwaZulu. As Davenport (1987 : 454) states:

* ¹Footnote:

There is no recognised convention for racial terms in South Africa. On the advice of the English Department of Witwatersrand University and the University of South Africa the following practice has been used :

"Blacks" written with a capital "B" denotes all "Non-White" ethnic groups i.e. Zulus, Xhosas, Sothos, coloureds, Indians etc.

"Blacks" written with a small "b" denotes only black ethnic groups (i.e. Zulu, Xhosa, Sotho etc.) but excludes coloureds and Indians.

Indian has been written with a capital "I" due to their original geographic association with India.

Coloured has been written with a small "c" as there are different groups of coloured people (i.e. Muslim, Dutch Reformed etc.).

"The South African Government intended that, as each "homeland" acquired full sovereign status, so its citizens should lose their South African citizenship and retain that of the "homeland" alone, even if they continued to live and work in the Republic proper, as many thousands of them did. In such a way, South Africa could acquire an actual white majority to correspond with its political system which was in any case predicated on that assumption."

Control over the movement of Blacks was exercised by influx control laws which prohibited the free movement of black, coloured and Indian people within different areas of South Africa.

Thus, from this policy of "apartheid", which was later called "separate development", emerged the Nationalist Party viewpoint that the Republic of South Africa, with its people of diverse cultures and backgrounds, could not be regulated into a single integrated super state but should rather be developed on the basis of separate national states, i.e. a confederation of Southern African states, politically independent, but economically interdependent. Four of these black territories, Transkei, Bophuthatswana, Venda and Ciskei (collectively referred to as the T.B.V.C. States) became "independent states" while the remaining six "homelands" are semi autonomous with their own legislatures and civil services. (Lintvelt, et al., 1987 : 271 - 272). The four "independent" states are clearly identified in Figure 1.1.

South Africa, (excluding the T.B.V.C. States) therefore, consists of the four original provinces, namely, the Transvaal, Cape, Orange Free State and Natal, plus the homelands of Gazankulu, Lebowa, QuaQua, KwaNdebele, Kangwane and KwaZulu. The term South Africa, (including the T.B.V.C. States), however, embraces not only South Africa and the homelands, but also the "independent" states of Transkei, Bophuthatswana, Venda and Ciskei.

The Nationalist Party now accepts that their "grand plan" of apartheid or, as it was later known, separate development, has failed. The South African government is, therefore, in the process of abolishing all apartheid legislation (Wiechers, 1989 : 11). The failure occurred because the majority of the people in South Africa (including the T.B.V.C. States) rejected and resisted the policy. The "independent states," furthermore, did not receive international recognition and there was, thus,

a dearth of foreign aid and foreign investment. This placed a huge financial burden on South Africa which was then required to finance the development of these "independent states" alone. This exacerbated the financial difficulties of South Africa which was itself suffering from economic sanctions and disinvestment imposed on it by the rest of the world because of its apartheid policy (Davenport, 1987 : 490-491). In addition, the "independent states" were not economically viable and the rapidly expanding urban black population did not return to their "independent states" and "homelands", but continued to live and work in the "white cities" of South Africa. Nevertheless, despite the overall failure of this policy the "independent states" still exist today although it is likely that they will be reincorporated into South Africa in the future. (Race Relations Survey, 1989/90:435 and 437).

Manning (1988 : 1) concludes that South Africa (including the T.B.V.C. States) is a very complex society undergoing fundamental change with business at the very centre of the change process. It has both first world and third world cultures having highly advanced enterprises existing side by side with backward and basic enterprises. There are more than 25 different language groups and approximately 35 religions. There are close to 20 major political organisations. Twelve percent of the population make decisions for the other eighty eight percent (although only about 700 000 people actually vote.) More than fifty percent of the population lives in the homelands, "independent states" and rural areas which have poor access to technology and jobs.

Ciskei, one of these four "independent states," gained its independence from the Republic of South Africa on 4 December 1981. (Statistical Abstract of Ciskei No. 1, 1988 : vii). It can be described as a single geographical unit covering an area of 8 231 square kilometres situated far from the major African markets on the eastern seaboard of Southern Africa. It has a Xhosa speaking population of 803 000 people (excluding migrants who work in the Republic of South Africa under contract). (Statistical Abstracts. SATBVC Countries, 1989 : 109). Only 13% of the land in Ciskei is classified as arable and much of the land is overworked and badly eroded (Charton, 1980 : 9). This is not surprising as the population density

of 97,6 people per square kilometre is very high. (Statistical Abstracts. SATBVC Countries, 1989 : 109). The rainfall varies from 600 mm to 1 000 mm per annum, but in spite of this relatively high rainfall for Southern Africa, the area is subject to periodic droughts which makes agricultural development difficult. (Charton, 1980 : 9).

Ciskei has a number of socio-economic problems such as:

- a rapidly expanding population;
- a young and generally poorly educated population;
- an imbalance between the skills possessed by the people and those required by industry and commerce;
- a relatively small economy which is not growing sufficiently fast to absorb the job seekers entering the labour market each year;
- unemployment and difficulties in creating job opportunities.

These socio-economic problems in Ciskei have been exacerbated by the political uncertainty prevailing in South Africa (including T.B.V.C. States), resulting in a brain drain, disinvestment and sanctions. Large overseas companies have been discouraged from continuing business, investing, setting up or expanding major undertakings in Ciskei and other parts of South Africa (including the T.B.V.C. States).

Concerted efforts therefore, need to be made to address the associated problems of high population growth, low economic growth and growing unemployment. These issues will be explored in the following sections.

2. POPULATION AND POPULATION GROWTH

The population of South Africa is reflected in Table 1.1.

Table 1.1: Population of South Africa (including T.B.V.C. States).

	African	Asian	Coloured	White	Total
Numbers	26 974 284	928 000	3 127 000	4 949 000	35 978 284
Proportion	74,9%	2,6%	8,7%	13,8%	100,0%

Source: Central Statistical News Service P O 344 Sept. 1987.

The total population of the Republic of South Africa, Transkei, Bophuthatswana, Venda and Ciskei is nearly 36 million and it is predominantly black. The population of Ciskei (including migrant workers) was estimated to be 897 454 people in 1990, which is a relatively small segment of the population of South Africa (including T.B.V.C. States) as a whole. Approximately 61% of the Ciskeian population lives in the urban areas of Mdantsane/Bisho/Zwelitsha and approximately 39% in the rural areas of Dimbaza/Hewu/Peddie/Alice. (Statistical Abstract of Ciskei No 1, 1988 : 1).

The population density of Ciskei is given as 97,6 persons per square kilometre. (Statistical Abstracts. SATBVC Countries, 1989 - 109). This is extremely high. South Africa, (excluding the T.B.V.C. States), in comparison, has a population density of 27,5 persons per square kilometre, the Transkei has a population density of 71,1 persons per square kilometre, Bophuthatswana has a population density of 47,9 persons per square kilometre and Venda has a population density of 71,1 persons per square kilometre. (Statistical Abstracts. SATBVC Countries, 1989). The Ciskei's overpopulation and economic problems are further compounded by the fact that there is a lack of industry (196 large industries employing 29 333 people) (Statistical Abstracts. SATBVC Countries, 1989 : 124), that only 13% of the land is arable (Charton 1980 : 9) and that the rainfall is uncertain (Charton 1980 : 9).

While Schoeman, Cloete and Nicholson (1985) noted that the South African population (excluding the T.B.V.C. States) as a whole was increasing at an average rate of 2,3% per annum (blacks 2,8% per annum), the Swart Commission Report

(1983 : 37) computed a population growth rate of 3% per annum for Ciskei. This figure is supported by the data given by the Ciskei Central Statistical Service (1988 : 1). The Ciskeian population is, thus, increasing at an even faster rate than the overall South African population despite its already high population density. Using the 1990 Ciskeian population figure of 897 454 people as a base, the Ciskeian population will increase to approximately 1,2 million by the year 2000. In other words, the Ciskeian population will increase by approximately 34% in the next 10 years.

2.1 Composition of the Population of Ciskei

2.1.1 Sex Composition

The 1989 population statistics of Ciskei showed that males comprised 45% and females 55% of the population of Ciskei. (Statistical Abstracts. SATBVC Countries, 1989 : 110).

The Swart Commission Report, also found a preponderance of females. For example, their study showed that in the rural areas in the 20-50 year age group, 30% were males and 70% were females. This can be attributed to the fact that the males were unable to obtain work locally and so entered the migratory labour system, leaving their Ciskeian homes to find work in South Africa.

The migratory labour system has been severely criticised because it is uneconomic, unproductive and creates many social problems. The resultant maldistribution of sexes, particularly in rural areas, supports the social and economic argument for the creation of local employment opportunities and the training of the potentially active population. The Swart Commission Report summed up the problem of maldistribution of sexes in Ciskei caused by migratory labour as follows:

"There is overwhelming evidence of the devastating social evils attendant on contract labour: families are separated for very long periods, often permanently, leading to prostitution and double families, resulting in poverty and often starvation of the families who are abandoned at home... the

maldistribution of sexes in the rural areas is a forceful argument in favour of urbanisation and the attendant employment opportunities, or, conversely, the need for provision of acceptable living standards and incomes in the agricultural sector in the rural areas." (Swart Commission Report, 1983 : 31 and 35).

2.1.2 Age Composition

In 1980 the largest single percentage (51%) of the population of Ciskei was in the 15-64 year age group while 45% of the population was 14 years or younger and 4,4% was older than 64 years of age. (Ciskei Development Information, 1985 : Sec 3:3). These figures are corroborated by the Statistical Abstracts. SATBVC Countries, (1989 : 110). The young emergent population will become the work seekers of the future and jobs will have to be found for these young people.

2.1.3 Educational Composition

The Swart Commission Report (1983 : 33) found that 57,6% of the population of Ciskei were literate. This percentage is quite favourable when compared with other developing countries (eg Transkei 43,9%, Upper Volta 5%, India 36%, Zaire 15%, Tanzania 66%, Kenya 40%, Egypt 44%, Zambia 39%, Morocco 28%). (Morris, 1983 : 10).

The Statistical Abstracts. SATBVC Countries, (1989 : 109) reports that the literacy rate of the population of Ciskei (13 years and older with Standard 4 and higher level of education) as being 70,1%. The abstract gives the following breakdown of levels of education in Ciskei:

Table 1.2: Educational levels of population of Ciskei.

Level Of Education (1)	% Of Total Population
None and unspecified total (2)	41,7
None : 5 years and older	29,3
Primary School (3)	38,7
Secondary School (4)	19,1
Post School with Standard 10	0,5

Legend:

- (1) Level of education signifies highest level of education attained
- (2) Includes the age group <1-4 years
- (3) Sub A (Grade 1) to Standard 5
- (4) Standard 6 to Standard 10 and Diplomas with Standard 9 or lower

Source: Statistical Abstracts. SATBVC Countries, 1989 : 110.

During the 5 year period from 1985 to 1989, only 14 599 Ciskeian students matriculated, i.e. an average of 2 920 matriculants per year. (Statistical Abstracts. SATBVC Countries, 1989 : 126). This low level of education in Ciskei probably accounts for the fact that only 7,5% of the economically active population is in professional, semiprofessional, technical, managerial, executive or senior administrative positions. (Statistical Abstracts. SATBVC Countries, 1989 : 114). These levels of education must be taken into account when considering the content and methods of training which would be most appropriate when training Ciskeian businessmen.

The policy of apartheid is largely responsible for this situation. Black education throughout South Africa, the homelands and "independent states" (including Ciskei)

has been totally inadequate in all aspects - finance, facilities, teachers and scope of syllabi. For example, of the R8,1 billion budgeted for education (including the "independent" states and homelands) by the South African Government during the 1987/88 financial year, 42% was allocated to black education, 41% to white education, 12% to coloured education and 5% to Indian education. However, of the 8,2 million pupils attending schools at that time, 76% were black, 11% were white, 10% were coloured and 3% were Indian. (Race Relations Survey, 1987/1988 : L).

While there has been a significant increase in the number of black pupils at primary and secondary school level (i.e. 1 500 000 in 1960; 4 841 000 in 1980 and 6 645 000 in 1987) approximately 45% of black pupils drop out at or below Standard 4. In 1987 there were only 85 000 black students in Matric. Of particular concern is the low percentage of black matriculation students in South Africa (excluding T.B.V.C. States), who take mathematics (43% in 1985) and physical science (21% in 1985) (Dostal 1989 : ix, 7, 10, 12, 13).

This school situation has a direct impact on tertiary education in South Africa (including T.B.V.C. States). In 1985, of the total degrees and diplomas obtained at South African (including T.B.V.C. States) universities, 75% of them were obtained by whites, 4,3% by coloureds, 6% by asians (mainly Indians) and 14,7% by blacks. Of these 5 082 black graduates, 72% graduated in the Arts and Education, 14% in Commerce, Law and Computer Sciences, 12% in Natural and Health Sciences and 6% in Engineering and Architecture. Whereas in the same year 26 049 white students graduated in South Africa of whom 43% graduated in the Arts and Education, 25% in Commerce, Law and Computer Sciences, 18% in Natural and Health Sciences and 7% in Engineering and Architecture. (Dostal, 1989 : 15).

The above data indicates that almost half of the black population in Southern Africa is illiterate, that few black matriculants have mathematics and science as matriculation subjects and, that this, in turn, affects their tertiary level educational opportunities and ultimately their career opportunities. The end result is a

mismatch between educational output and manpower requirements throughout South Africa and the T.B.V.C. States. There is, thus, a huge surplus of unskilled, uneducated people throughout South Africa and the T.B.V.C. States who cannot find jobs, while at the same time there is a shortage of skilled workers.

Gerber, Nel and van Dyk (1987 : 35) support this view stating that the enormous difference in the educational levels of whites, coloureds, Indians and blacks has serious implications for the future economic growth of South Africa and is, at present, inhibiting the economic development of South Africa and the T.B.V.C. States because it creates an imbalance between the actual skills of the population and the skills required by industry and commerce. It is contended that this is a direct result of the restrictive labour legislation of the apartheid era which prohibited blacks from being trained and employed in skilled occupations.

3. THE ECONOMY OF CISKEI

3.1 Gross Domestic Product

The Gross Domestic Product figure is an important measure of a nation's progress. It may be defined as "the value of total output actually produced in the whole economy over some period, usually a year." (Lipsey, 1989 : 459). The Gross Domestic Product of Ciskei at constant 1985 prices was approximately R751 million in 1989 which indicates a very small economy. In comparison, the Gross Domestic Product of South Africa (excluding T.B.V.C. States) at constant 1985 prices was R116 362 million. (Statistical Abstracts. SATBVC Countries, 1989 : 115 and 10).

The average annual growth rate of the Gross Domestic Product at constant 1985 prices for Ciskei is reflected in Table 1.3 below:

Table 1.3: Average Annual Growth Rate of Gross Domestic Product at Constant 1985 Prices.

Period	Percent
1970 - 1975	11,3%
1975 - 1980	3,7%
1980 - 1986	15,5%
1985 - 1989	7,4%

Source: Statistical Abstracts. SATBVC Countries, 1989 : 115.

Table 1.3 shows that the economy grew at a fast pace (15,5%) immediately prior to and after independence, but has slowed down since 1985. This was largely because Ciskei, after independence, developed its own civil service which resulted in many new jobs being created. This is borne out by the fact that the community, social and personal services sector (which comprises mainly the Ciskeian Central Government) is the single most important contributor towards Gross Domestic Product (45%) followed by manufacturing (22%) and construction (8,7%). (Statistical Abstracts. SATBVC Countries, 1989 : 109). One is, thus, led to believe that Ciskeians tend to be wage earners rather than entrepreneurs.

The average annual growth rate of 7,4% for the period 1985-1989 appears to be very satisfactory. It should be borne in mind, however, that the economy of Ciskei is small (R751 million at constant 1985 prices) and the growth comes from a very low economic base. The growth rate of 7,4% is, therefore, not as satisfactory as might at first appear.

3.2 Government Revenue and Expenditure

The government revenue and expenditure is reflected in Table 1.4.

Table 1.4: Government Revenue and Expenditure of Ciskei.

Revenue and Grants	Years		
	1980/81	1985/86	1989/90
	(Rm)	(Rm)	(Rm)
Revenue:			
Tax	20,2	266,2	462,0
Non-Tax	8,2	192,3	332,5
Grants	92,5	201,2	400,0
Total Revenue and Grants	112,7	467,4	862,0
Expenditure			
Economic:			
Current	83,4	471,1	955,1
Capital and net Lending	41,5	116,5	330,1
Total	124,9	587,6	1 285,2

Source: Statistical Abstracts. SATBVC Countries, 1989 : 119. Table 5.11.

It should be noted that the major portion of Ciskeian revenue comes direct from the Republic of South Africa and the Customs Agreement with South Africa. A major portion of the grants also emulates from the South African Government or the Development Bank of Southern Africa. Thus, the contention that Ciskei is not a truly independent country may be well founded.

3.3 Size, Income and Expenditure of Households

3.3.1 Size of Households

The average Ciskeian household size, as calculated by the Development Bank of Southern Africa, was 6,2 persons in 1983. (Ciskei Development Information, 1985 Sec. : 6 : 5). This compares fairly accurately with the Swart Commission Report's estimate of 6,89 persons per household (Swart Commission Report, 1983 : 35) and

with Martins (1982) who found the average size of Ciskeian households in large urban areas to be 5,64 while in the rural areas the average size of Ciskeian households was larger, giving a modal value of 7.

3.3.2 Income of Households

The average income of households in Ciskei has risen from R2 560 in 1981 to R3 992 in 1983 to R5 930 in 1987. (Statistical Abstract of Ciskei, 1988 : 19).

The earlier statistics of the Development Bank stated that the average income in 1983 for large urban area households was R5 591,00 per annum as against R2 437,00 per annum in the smaller and more remote urban areas and R3 392,00 per annum in the rural areas. (Ciskei Development Information, 1985 : Sec 6 : 5). This differential of nearly 130% between large and small urban areas and 65% between large urban and rural areas is significant. This differential is causing a strong shift in the demographic pattern of Ciskei as more and more people move from the rural to the urban areas in search of employment and higher wages and, hopefully, a better standard of living. It is interesting to note that contributions from family members (i.e. mainly the migrant workers) were negligible in large urban areas but formed 17,7% of total income in small urban areas and 18,3% in rural areas in 1983. (Ciskei Development Information, 1985 : Sec 6 : 6).

It is significant that 60,7% of householders' incomes in 1987 came from salaries and wages whereas only 9,4% of householders' incomes came from "earnings derived from home production, running their own businesses and the collection of rent from properties owned." (Statistical Abstract of Ciskei, 1988 : 19). This, once again, indicates that Ciskeians tend to be wage and salary earners rather than entrepreneurs.

3.3.3 Expenditure of Households

Total cash expenditure in Ciskei by Ciskeians amounted to R547,8 million in 1983 compared with R338,3 million in 1981 which is an average annual increase of 27%.

According to the 1983 figures, the expenditure breakdown was as follows:-

Table 1.5: Breakdown of Household Expenditures in Ciskei : 1983

Expenditure Item	Percent Spent
Food	38,6%
Clothing	12,2%
Rent	13,3%
Fuel	11,0%
Household Operation	10,5%
Furniture	7,7%

Source: Ciskei Development Information, 1985 : Sec 6 : 6

In addition to the R 547,8 million total cash expenditure in 1983, Ciskeians also consumed goods and services to the value of R 50,2 million (this expenditure is defined as "goods and services received free from employers, non members of households and self produced goods and includes food, lodging, clothing, footwear, medicine as well as food produced for own consumption and imputed rent." (Ciskei Development Information, 1985 : Sec 6 : 6 and 48).

Of the total cash expenditure, approximately 52,3% was spent within the borders of Ciskei. (Ciskei Development Information, 1985 : Sec 6 : 6). By 1988, however, 68% of cash expenditure occurred within the borders of Ciskei. (The Statistical Abstract of Ciskei, 1988 : 19).

It is important to note that households in the smaller urban areas and the rural areas tend to spend a larger proportion of their cash within the borders of Ciskei, than do the large urban households (*viz*, small urban areas 73%; rural areas 57%; large urban areas 43%). (Ciskei Development Information, 1985 : Sec 6 : 6). This can be attributed to the fact that the large urban areas of Ciskei are in close

proximity to the modern retail organisations in South Africa where there is a wider range of products at lower prices.

Obviously, if the retailing sector within Ciskei was more competitive, it could be assumed that a greater percentage of cash expenditure would occur within Ciskei. An efficient retail trade providing the right products at the right place, at the right price, at the right time with the right promotional back-up and service would, thus, be beneficial to the entire nation.

Furthermore, the recent speculation about Ciskei being reincorporated into South Africa, as well as the change in the economic incentive and growth policy of South Africa and the continued low economic growth rate of South Africa, will impact adversely on Ciskei in the short-term. The South African government has stated in 1991 that it intends changing the emphasis of its concession and incentive policy for economic development. Money for future development will tend to be directed towards the major urban areas within South Africa rather than towards the "homelands" and "independent states." Future growth in Ciskei will, thus, be much slower and unemployment could increase. Every effort, therefore, should be made to develop small businesses and retain Ciskeian wealth within Ciskei.

4. UNEMPLOYMENT AND JOB OPPORTUNITIES

According to Ciskei Development Information (1985: Sec 3 : 3 and 17), almost 80% of the population of Ciskei was not economically active in 1980. The 20% which was classified as economically active included those who were unemployed but seeking employment. The Statistical Abstract of Ciskei (1988 :20) estimated that between 46% and 51% of Ciskeian males between the ages of 18 and 65 years were not working in 1988. The Statistic Abstracts. SATBVC Countries, (1989 : 111) estimated that in 1989, 19,9% of the population of Ciskei (including commuters to South Africa and migratory workers) was economically active and 80,1% was not economically active. This is a serious situation.

Of those in employment, 29,3% are employed in community, social and personal service (i.e. mainly Government civil servants) and 26,7% are in manufacturing. (Statistical Abstracts. SATBVC Countries, 1989 : 113). At face value, the manufacturing sector employing 26,7% of the economically active population, indicates a solid basis for the development of a vibrant manufacturing sector. It should be noted, however, that of the 196 medium to large manufacturing organisations in Ciskei, 44 are owned by overseas manufacturers, 149 are owned by South Africans and only 3 are owned by Ciskeians (information obtained from Ciskei People's Development Bank). This, once again, indicates that the majority of the economically active population are wage and salary earners.

The unemployment position in Ciskei is a microcosm of the serious unemployment problem facing the whole of South Africa (including T.B.V.C. States). Estimates of unemployment and under-employment are difficult to make because such estimates depend upon how one defines "unemployment" and whether one includes the 10 homelands and independent states and whether one includes the agricultural and informal sectors or not. Nevertheless, the following estimates of the number of unemployed people in South Africa (including T.B.V.C. States) have been made:

- i) The Bureau for Market Research at the University of South Africa estimated the number of unemployed and under-employed blacks in South Africa (including the T.B.V.C. States) to be 1,7 million (23% of the economically active population) (Race Relations Survey, 1987/88 : 294 ; also reported in Financial Mail, 25 September 1987 : 58).
- ii) In 1984 the then Director General of Manpower predicted that at an annual economic growth rate of 3,6%, unemployment would grow from 10,6% of the work force in 1977 to 21,9% by 1987. He, therefore, conservatively estimated that 2,4 million people would be unemployed by 1987. (Race Relations Survey 1984 : 244; also reported in The Star - 5 July 1984). As can be seen in Table 1.6, however, the Gross Domestic Product growth rate has been 1,7% for the period 1981-1989. (Trends : 1990 : 39).

The number of people unemployed must, thus, be even higher than the anticipated 2,4 million.

Table 1.6: Gross Domestic Product Growth of South Africa (excluding T.B.V.C. States) at 1985 Prices.

Year	%	
1981	+	5,3
1982	-	0,4
1983	-	1,8
1984	+	5,1
1985	-	1,12
1986	+	0,2
1987	+	2,1
1988	+	4,1
1989	+	2,1
Average	+	1,7

Source: Trends : December 1990 : 39

- iii) Dr. Bethlehem estimated on the basis of National Manpower Statistics that 4,5 million people were unemployed in 1985 in South Africa (including the T.B.V.C. States.) (Bethlehem, 1988)
- iv) Keenan and Sarakinsky (1986 : 18-22) estimated the total unemployment figure for Blacks in South Africa (including T.B.V.C. States) to be between 5,5 million and 6,1 million.

The conclusion to be drawn from the above unemployment estimates is that between 2 and 6 million people are currently unemployed in South Africa

(including T.B.V.C. States) and the future looks even bleaker if the population growth rates do not decline and/or the economic growth rate does not improve.

This contention is supported by Spencer (1986 : 309) who has stated that the annual population growth must be reduced to less than 2,1% otherwise South Africa, the homelands and independent T.B.V.C. States will experience widespread famine and poverty. In addition, the Committee for Economic Affairs of the President's Council has projected an increase in the surplus of labour in South Africa (excluding the T.B.V.C. States) of 7,9 million by the year 2000 at an economic growth rate of 3,1%. At an economic growth rate of 4,4% the number of unemployed people would reduce to 5,8 million (i.e. more than 30% of the potential work force would be unemployed). (Report of the Committee for Economic Affairs of the President's Council - April 1987). In support of this scenario, Dostal provides the following table:

Table 1.7: Comparison of Demand and Supply according to Skills and Educational level ('000)

Educa- tional Level	1980			2000					
	Demand	Supply	Surplus/ Shortage	Forecast 1			Forecast 2		
				Demand	Supply	Surplus/ Shortage	Demand	Supply	Surplus/ Shortage
Degree	242	178	-64	381	316	-65	381	387	+6
Diploma	624	425	-199	1,103	733	-370	1,103	869	-234
Std 8 - 10	1,674	1,964	+290	2,710	3,819	+1,109	2,710	6,126	+3,416
<Std 8	4,995	8,277	+3,232	5,789	13,051	+7,262	5,789	10,537	+4,748

Source: Dostal (1985 : 22)

Forecast 1 in Table 1.7 is based upon the assumption that the rate of education among blacks will remain slow resulting in no alleviation of the shortage of skilled

personnel.

Forecast 2 in Table 1.7 is based upon the assumption that black education will keep on growing resulting in a continued shortage of personnel with technical diplomas but no shortage of graduates or personnel with school education.

The alarming prediction according to both forecasts is the surplus of personnel in the group with an educational level lower than Standard 8 (i.e. 7,3 million in the case of Forecast 1 and 4,7 million in the case of Forecast 2). It is also significant that the surplus in the Standard 8 to Standard 10 group may reach 3,4 million (according to Forecast 2). Ciskei could be particularly badly affected because only 0,5% of the population of Ciskei is matriculated. (Statistical Abstracts. SATBVC Countries, 1989 : 110). Furthermore, these estimates were based on an economic growth rate of 3,1% per annum up to the year 2000 for South Africa (excluding T.B.V.C. States) which, as we have seen from the past trends, does not appear possible.

Gerber, Nel and van Dyk (1987 : 41) sum up the situation as follows:

"The biggest problem observed in the composition of South Africa's manpower is the fact that by the year 2000 South Africa will have a surplus of millions of unskilled and semi-skilled workers, many of whom will be unemployed."

It is clear, from the above, that approximately 7,9 million people could be unemployed in South Africa (including T.B.V.C. States) in the year 2000 and Ciskei, in particular, could suffer from an even greater unemployment problem than it is currently experiencing.

Spies, the Director of the Institute for Futures Research at the University of Stellenbosch, said that if the performance of the South African (excluding T.B.V.C. States) economy over the past 13 years was to be repeated over the next 13 years, only 45% of the economically active population would be able to find work by the year 2000. Spies continued:

"South Africa's future is threatened by the current levels of human development - not only in terms of technological and managerial capabilities, but also in terms of the quality of life of a large portion of its society, the world views of all of its peoples and the lack of constructive vision over a broad spectrum of its leadership. In my view the main focus of economic development programmes in South Africa over the next ten years should be on human development." (The Star - 22 June 1987).

In 1984, Bruce, a senior consultant at the University of Cape Town's Business School, calculated that about 1 200 new jobs would be needed every working day until 1990 (i.e. just under 300 000 jobs per annum at a cost of R66 million annually) to meet the growth in the labour force. He was of the opinion that as 80% of South African (including T.B.V.C. States) industries were small, the best way to create jobs would be to increase the number of small enterprises and reduce their failure rate. Research in America had shown that more than 90% of the 14 million businesses there were small and that they employed slightly more than half the work force. They had generated more than 3 million new jobs over the past 10 years compared with the zero growth rate in the country's largest corporations. (Rand Daily Mail - 9 July 1984 as quoted in Race Relations Survey 1984 : 246).

Dostal (1985 : 16) predicts that the supply of labour in South Africa is likely to increase from 10,8 million in 1980 to 17,9 million by the year 2000. "This increase in the labour supply would require the creation of about 970 jobs every single day during the next two decades, excluding the present number of jobs." Dostal (1985 : 28), therefore, supports the view of Bruce that the best way to create jobs and alleviate unemployment is to increase the number of small businesses. She concludes that 30% to 40% of the total economically active population will have to be employed in the informal sector of the economy by the year 2000.

Neuland (1981 : 7) predicts that by the year 2000 the South African labour market (including T.B.V.C. States) will be increasing by an estimated 430 000 people per annum. He states that it will be quite impossible to create sufficient jobs in the modern formal sector of the economy to accommodate all the people. Neuland quotes Le Riche (1980: 15) as having calculated that 1 600 jobs per working day will have to be created by the year 2000 to meet this influx of work seekers. He

is of the opinion that large formal businesses will not be able to meet this demand for jobs (particularly as the standard of education of these job seekers is likely to be low). He concludes that small business will have to be developed throughout South Africa (including T.B.V.C. States) to absorb the huge demand for jobs.

Van der Merwe, the former South African Director General of Manpower, said that the biggest economic problem facing South Africa (including T.B.V.C. States) for the rest of this century is job creation (Race Relations Survey 1987 / 88 : 303 ; also reported in *The Citizen* - 19 January 1987). He estimated that between 1985 and the year 2000 at least 3,5 million jobs have to be created to accommodate people entering the job market. (This is an absolute minimum since this figure does not take into account those who are currently unemployed).

It is clear, from the above, that the present unemployment situation and the future unemployment predictions are alarming. A total strategy on how South Africa (including T.B.V.C. States) intends to counter this critical situation needs to be developed and implemented. The small business sector - an effective and cheap job creator - must undoubtedly feature strongly in any job creation plan to alleviate the chronic unemployment situation in South Africa and the T.B.V.C. States.

As mentioned earlier, when one turns to Ciskei, one notes that the largest employer in Ciskei is the community and personal services sector of the economy which employs 29,3% of the total economically active population, followed by the manufacturing sector which employs 26,7% of the total economically active population. In addition migrant contract labour accounts for a further 73 000 workers (Statistical Abstracts. SATBVC Countries, 1929 : 112 - 113). The Swart Commission Report (1983 : 31) comments that upon their return to Ciskei these contract workers, with the experience gained in South Africa, start undertakings such as shopkeeping, cabinetmaking, backyard motor repairs and other similar small businesses in Ciskei. The Report, however, condemns the migratory labour system as it has led to devastating social evils such as the breaking up of families, poverty and starvation for abandoned families left at home, as well as violence and

prostitution. The Report advocates steady employment opportunities within Ciskei to alleviate this situation.

Great efforts were made after independence to develop industry in Ciskei. The 1985 Annual Report of the Ciskei People's Development Bank stated that 140 agreements had been concluded for the development of factories which would employ 35 916 people. The cost of creating an industrial job in the formal sector of the economy of Ciskei was R8 200 per job. (Ciskei People's Development Bank Annual Report 1985 : 10,12,15). The decision to permit foreign industrialists to purchase property in Ciskei on a freehold basis together with the package of industrial concessions and incentives to establish businesses in Ciskei (or the alternative incentive of no company tax) and low personal tax, played a major role in attracting business to Ciskei. By 1989 there were 196 industrial enterprises established in Ciskei with total capital investment exceeding R50 000 per enterprise. These industrial entrepreneurs employed 29 333 people (Statistical Abstracts. SATBVC Countries, 1989 : 124). The cost of this development, however, could not be sustained.

The Ciskei Small Business Corporation was also instrumental in assisting Ciskeians to establish small businesses. In 1985 it granted 839 small business loans to the value of R16,2 million and so helped to create approximately 3 700 new jobs at an average of R4 378 per job (i.e. half the cost of creating a job in the formal industrial sector). (Ciskei People's Development Bank, Annual Report, 1985 : 15).

The Fort Hare Institute of Management estimates that, in the retail sector, there are approximately 8 000 formal and informal retail businesses in Ciskei employing 40 000 people. Since independence in 1981, many white retailers (as distinct from traders) have entered the retail trade. These large aggressive and efficient retail groups with substantial financial backing and buying power have seriously affected the viability of the small traditional Ciskeian trader. Many of them are now struggling to compete with the big white retail companies. In February 1985, for example, there were 310 retailers, plus 22 bottle stores and hotels receiving direct financial assistance from the Ciskei People's Development Bank (Information

supplied by Ciskei People's Development Bank.) The remedy is not to legislate against the white retailers and so damage the concept of "free enterprise in Ciskei" but rather to train and develop Ciskeian retailers so that they can compete on an equal basis with the white retailers.

While the efforts of the Ciskeian Government to create job opportunities in the industrial sector are commendable, the Swart Commission Report (1983 : 53) pointed out the stark reality of the situation:

"The de facto resident population of Ciskei, including contract workers, is estimated at 1 million (1980 figure). Of these 40% are estimated to live in urban areas and 60% in rural and semi-rural areas. 50% of the population is under 17 years of age. This means 500 000 people will be seeking employment between now and the turn of the century - an average of 30 000 men and women per annum."

The Swart Commission Report (1983 : 35) considered the cost of providing jobs in the formal sector of the Ciskeian economy to be prohibitive. It gave the following practical example:

"Assume 70 000 industrial jobs need to be created in medium/large Ciskeian industries to solve existing unemployment problems. Assume further that the Ciskei Government has to provide half the capital costs per job and half the per annum incentives. The capital requirement from the Ciskei would be R350 million (70 000 x R5 000). The per annum incentives would be R61 million (70 000 x R875). This would have been more than the total Ciskei budget at that time."

In addition the Swart Commission Report (1983 : 56) estimated that the cost of providing jobs for 12 000 job entrants to the labour market each year would cost the Government approximately R130,5 million per annum leaving aside the requirements for financing incentives on jobs created in earlier years. This they said, would prove to be beyond the means of the Government of Ciskei.

The revised incentive scheme cost R59 million in the 1988/89 financial year and R67 million in the 1989/90 financial year. Even these amounts, about half of what the Swart Commission Report had estimated, have proved to be too expensive. (Statistical Abstracts. SATBVC Countries, 1989 : 125).

The only answer appears to lie in the creation of small and informal industries and commercial businesses.

5. CONCLUSION

From the foregoing discussion, it may be concluded that Ciskei is situated far from the big African markets, and has :

- high population growth;
- high population density;
- a maldistribution of sexes;
- a high percentage of young people;
- low education levels;
- a high percentage of wage earners who tend to spend a large proportion of their money beyond the borders of Ciskei;
- high expectations created through the granting of independence;
- high unemployment, and a lack of employment opportunities in spite of very costly industrial incentives.

Jobs need to be found for the people of this small nation. Small business can assist in alleviating this chronic position as it can provide relatively cheap job opportunities, and help to keep the wealth of the nation within the Ciskei. It is essential, however, that existing and potential entrepreneurs are well trained so as to avoid business failures which squander scarce wealth and create further unemployment.

CHAPTER 2

THE NATURE AND ROLE OF
SMALL BUSINESS IN CISKEI

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CHAPTER 2
THE NATURE AND ROLE OF
SMALL BUSINESS IN CISKEI

1. INTRODUCTION

Chapter 1 highlighted the fact that Ciskei, a developing nation, has an acute scarcity of arable land and capital, but abundant labour with few job opportunities.

In this context, it is contended that the small business sector of the economy should, therefore, be developed and encouraged because it can generate job opportunities at relatively low cost.

It is not sufficient, however, to simply develop small business in Ciskei. The owners and managers of small businesses need to be trained in order to avoid costly failure and to contribute to enhanced performance thereby resulting in benefits to the consumer, the business owner, the employees and the wealth of the nation as a whole.

This chapter, therefore, examines the nature of small business, the contribution small business can make, the problem of small business failure, the remedies which exist to prevent failure and Ciskeian retailing as a vehicle to develop businesses and create jobs in Ciskei. Finally, the objective of this study is then developed from the analysis of these factors.

2. SMALL BUSINESS DEFINED

The problem of defining small business is that "small" is a relative concept because of the diverse characteristics of the various sectors of any economy. What might be considered small in one economy might not be considered small in another economy. In addition, what might be considered small in one sector of any

economy, might not be considered small in another sector of the same economy. The problem of defining small business is, thus, a universal problem which many nations have grappled with.

In the United States of America the Small Business Administration (The State of Small Business : A report of the President, 1984 : 7 - 9) attempted to define small business in terms of employment, values and sales volumes. Baumbach (1983 : 4) prefers to describe small business and then gives a useful analysis of small businesses in the USA according to employment size. For example, 96,5% of the retail trade in the US employs fewer than 50 employees. The US retail trade can, thus, be said to be dominated by small businesses.

The Japanese policy towards small business is set out in their "Small and Medium Enterprises Basic Law" in which small businesses are defined according to sector, capital and number of employees. For example, a small retail business is defined as employing a maximum capital of 10 million yen and a maximum of 50 employees. (Shinohara, 1968 : 8).

In the United Kingdom, the Bolton Committee (1971 : 1) in defining small business, set a variety of upper limits either in terms of employment size (manufacturing, construction, mining and quarrying) or turnover level (retailing, wholesale trade, motor trade and miscellaneous services). (Ganguly, 1985 : 3). In the retailing sector, for example, "small" was defined as having a sales turnover of 500 000 pounds sterling or less.

In Australia, the Wiltshire Committee (1971 : 7) suggested a flexible interpretation of small business. They described a small business as:

"...a business in which one or two persons are required to make all of the critical management decisions ... without the aid of internal specialists and with specific knowledge in only one or two functional areas.

Harper (1984 : 2 - 3) sums up the work of Auciello et al, (1975) in which the criteria for determining size of enterprise was studied in 39 developing countries and 15 industrialised countries, by stating:

"... most people, however, would probably agree that the number of people employed is the most generally acceptable measure of the size of a business" (Harper, 1984 : 3).

Harper adds, however, that most countries have more than one definition. South African authorities also recognise the difficulty of defining small business as a result of the differences amongst the various sectors of the economy. The South African (including T.B.V.C. States) situation is further complicated by the different conceptions which the developed and the less developed areas and communities might have as to what constitutes large and small business.

The National Manpower Commission, (Report 1/1984 : 6 - 8) gives an economic criterion and/or a quantitative criterion for determining whether a business is large or small. The economic definition states :

"A small business firm can be regarded as an independent economic unit whose aim it is to account profitably for the capital and risk attached thereto and which manifests distinctive characteristics such as independent ownership, independent management, a simple organisational structure, and a relatively small influence on the market; and whose owners can be identified with the entrepreneurs, the part suppliers of capital, the management of the business, the decision makers and those who share in the profit."

The quantitative definition states:

"A small business is an independent enterprise having no more than 50 employees and an annual turnover of not more than R1 million."

The Small Business Advisory Bureau (1985 : 6 - 7) also defines small business according to both an economic definition and "statistical guidelines." The economic definition states:

"A small business is one that is privately and independently owned, individually and independently managed and of which the owners are the entrepreneurs, the operators, the decision makers and the profit sharers."

Their "statistical guideline" for the small retail sector is as follows :

Annual turnover:	R3 million
Number of employees:	Up to 100
Assets (excluding land and buildings):	R1 million

What can be concluded from the foregoing is that there is no internationally accepted definition as to what constitutes a small business, and even within South Africa (including T.B.V.C. States) there is no standard definition of a small business. What constitutes a small business will tend to depend upon the local business environment and the sector of the economy in which the business operates.

3. CISKEIAN SMALL BUSINESS DEFINED

Although no single definition of small business exists in Ciskei, attempts have been made to describe small business in the Ciskeian context. Steenekamp (1981 : 2) suggests that the attempts to define small business have perhaps been misguided since small businesses differ according to the nature of the business, the characteristics of the particular sector of the economy and the geographical region in which they operate. "Small" is a relative concept. He, like Baumbach (1983 : 4), is of the opinion that it is, perhaps, more appropriate to describe rather than define small business. He concludes that in the light of the present structure and scope of industry and commerce in the Ciskei, the following description is the most appropriate:

"A small business undertaking is one with a very simple organization structure and very closely linked with its owner. This implies that the ownership will be in the hands of one person or a small group of persons and it will certainly not be a public company. The owner will be directly involved in the

day to day management of the business and the functions of management will be vested in one person. The so-called informal sector should also be considered part of the small business sector and, a small business will seldom, if ever, have any substantial influence on or dominate a market." (Steenekamp 1981 : 2).

The above description is comprehensive although it might be possible to be more definitive in terms of employment characteristics which Baumbach (1983 :4) and Harper (1984 : 3) regard as the most relevant measure. In the Ciskeian economic context, any firm employing more than 50 people would be regarded as being a "medium size" business although their assets and turnover could vary a great deal depending upon the nature of the business. In the industrial sector, for example, there are 196 factories which are regarded locally as medium sized businesses. They employ 30 000 people which gives an average of 152 employees per factory (Ciskei People's Development Bank, Annual Report, 1988/89 : 8.).

For the purpose of this study, a small business in Ciskei will, therefore, be defined as:

"A business with a very simple organizational structure employing not more than 50 employees with ownership vested in one person or a small group of people. The owner will be directly involved in the day to day management of the business and the functions of management will be vested in one person."

In accordance with the views of Baumbach (1983 : 4), Harper (1984 : 3) and Steenekamp (1981 : 2) and taking into account the nature of the economy of Ciskei, the quantitative dimensions of turnover and assets have been excluded from the definition of Ciskeian small business, while the number of employees has been included.

This study focuses on the formal sector of the Ciskeian retail trade which conforms to this definition.

4. THE CONTRIBUTION OF SMALL BUSINESS

4.1 Introduction

There is still some debate as to whether small businesses are more labour intensive and efficient than their larger counterparts. Mead (1991 : 418), for example, concludes from his comprehensive review of small manufacturing enterprises in India and other economies that neither a positive nor a negative case can be made for small firms being economically more efficient. In African developing nations, however, small business has an economic, social and political role in the economies of nations. Small business generates wealth, provides jobs and skills and so helps to maintain political stability which, in turn, is required if foreign investment is to be attracted. Liedholm (1989) supports this view claiming that small business accounts for the bulk of employment in Africa; that small scale industries generate more employment per unit of capital than their larger counterparts and that the output per unit of capital among small producers exceeds that of large industry. Page and Steel (1984) reached similar conclusions.

Harper (1984 : 8 - 10) states that small business is a remarkable job creator, especially in developing countries. Harper has also found that small businesses provide basic necessities for the population of developing nations "at times and in an environment which satisfies their needs." He also states:

"comparative data as is available suggest that the return on capital employed in small business is significantly higher than that earned in larger ones the owners of small businesses are less likely to spend money on imported goods, and more likely to reinvest a high proportion of their profits in their enterprises themselves, than the owners of large businesses." (Harper, 1984 : 15).

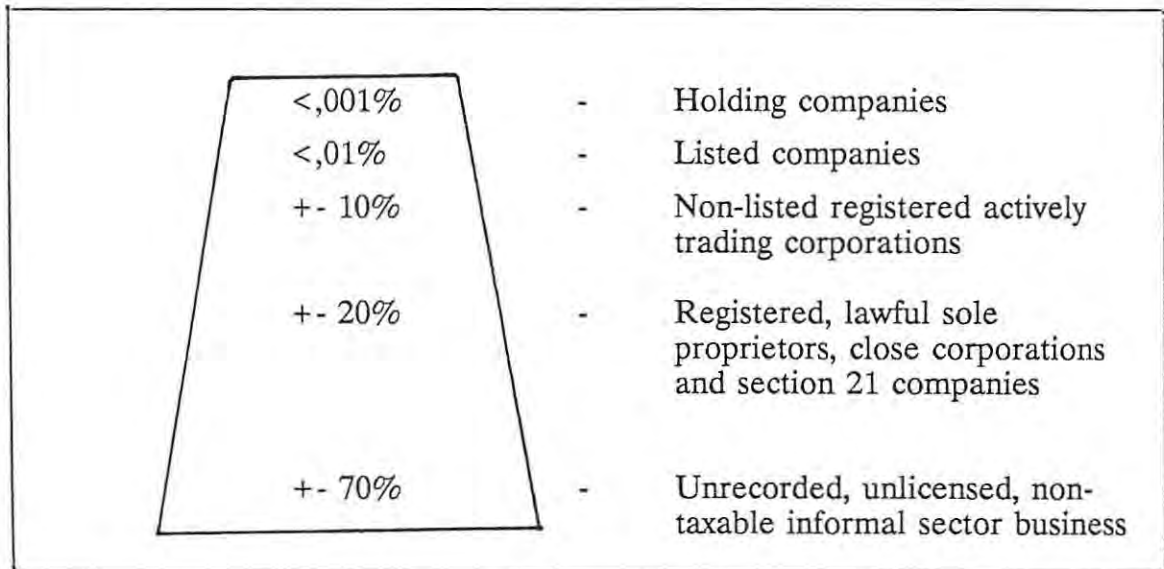
As both McCarthy (1982 : 4) and Kirby (1985/6 : 37) have stated, it is extremely difficult to accurately calculate the contribution which existing small business makes to the economy of South Africa (including T.B.V.C. States) because of the

problems associated with the lack of accurate, up to date statistics, the problem with the definition of small business and the fact that first and third world economies exist side by side in South Africa and the T.B.V.C. States.

The Small Business Development Corporation (1990) has, nevertheless, attempted to establish the role which small business plays in the economy of South Africa (excluding the T.B.V.C. States.) They estimate that:

- more than 85% of business enterprises in South Africa can be considered small (i.e. with assets of less than R2 million);
- the number of small businesses exceeds one million;
- approximately 40% of overall economic activity in South Africa can be accredited to small scale enterprises in both the formal and informal sectors;
- approximately 75% of new jobs in South Africa are generated by the small business sector at a fraction of the cost incurred by big business. These jobs have been created mainly in the informal sector as can be seen from the following pyramid of business enterprises in South Africa:

Figure 2.1: Importance of Small Business Sector to South Africa (excluding T.B.V.C. States).



Source: S.B.D.C. 1990 "Property Projects".

4.2 Contribution to Employment

Small firms employ more labour per unit of capital and require less capital per unit of output than do large ones. This has been confirmed by Harper (1984 : 16) in a number of comparative studies of large and small businesses carried out in countries at all stages of development.

In the USA, firms with less than 500 employees comprised 47,8% of the total work force in 1982. (The State of Small Business : A report of the President, 1984 : 9). In the United Kingdom small business contributes 36% of private sector employment (Meredith, 1988 : 14) and during the decade 1971 to 1981, 31% of the new jobs created came from the small business sector (Gallagher and Stewart, 1984 as amended May 1985.). In Taiwan small business provides 70% of the total employment.(Medium and Small Business Administration, 1984 : 12). In Japan

small and medium sized businesses employ approximately 65% of the total workforce (Kirby, 1984 : 45) and 81,4% of employment opportunities are provided by small and medium sized enterprises. (Japan Small Business Corporation, 1984 : 15-16). Small Japanese retail stores accounted for 85% of the total retail outlets in Japan in 1979, and 50% of the total people employed in retailing in Japan (Kirby, 1984 : 44.). In Canada small business is responsible for 42% of private sector employment (Bakr Ibrahim and Ellis, 1987 : 18). In Australia, small firms employing less than 100 persons represent approximately 98% of Australian private enterprises and account for about 55% of employment (2.8 million people) in the private sector (Meredith 1988 : 15 - 16). Meredith (1988 : 15) further states that 78% of Australian small business enterprises are to be found in agriculture, wholesale and retail, business services and construction enterprises. In retailing, over 98% of the Australian retail businesses, which employ some 700 000 people, are small businesses employing less than 100 people (Meredith : 1988 : 21). Although the informal small business sector in South Africa (including the T.B.V.C. States) has grown rapidly over the years due to the shortage of jobs in the formal sector of the economy (Small Business Development Corporation: 1990), the South African formal small business sector does not yet play as dominant a role as in other countries. (National Manpower Commission, Report 1/1984 : 45).

Kirby (1985/86 : 39) has calculated that between 25% and 37% of the total work force in South Africa (excluding T.B.V.C. States) is employed in small firms. Kirby, in the same article, also points out from the National Manpower Commission Statistics (1984) that an analysis over the period 1966/67 to 1976/77 reveals that the number of employment opportunities in the formal manufacturing, construction, wholesaling and retailing sectors increased by some 51% "though only 12% of these increases were accounted for by small business."

Thus, formal small business has the potential to create far more job opportunities in South Africa (including T.B.V.C. States) than has been the case in the past.

4.3 Contribution to Gross National Product

In many countries, the small business sector has made significant contributions to Gross National Product.

In 1982 approximately 38% of the gross national product of the United States of America was produced by small firms employing less than 500 people. (The state of Small Business : A report of the President, 1984 : 9). In Taiwan small business produced 55% of the gross national product. (Medium and Small Business Administration, 1984: 12). By 1980 Japanese small business had increased its share in total value added to 56,7%. (Japan Small Business Corporation, 1984 : 15-16). In Canada approximately 30% of the gross national product is credited to small business (Bakr Ibrahim and Ellis, 1987 ; 18). In Australia over 40% of factory turnover and value added production is attributable to small factories and in the retail field over 75% of total turnover is contributed by stores with annual turnovers of less than A\$ 500,000. (Meredith, 1985 : 11).

In South Africa and Ciskei the contribution of small business to South Africa's and Ciskei's gross national product is not known. In 1981, however, Smith (1981 : 111) calculated that approximately 90% of small business firms in South Africa (including T.B.V.C. States) in the retail sector was responsible for more than 60% of total retail turnover and that 20% of the gross manufacturing output of South Africa (including T.B.V.C. States) was produced by small firms.

4.4 Contribution to Services and Creating an Efficient Economy

Small business also makes a major contribution to an economy by providing personalized consumer service, specialist services and products, providing ancillary services to large businesses and handling the distribution of products for large businesses. In addition, small business provides a breeding ground for new business

ventures and often contributes to decentralization. Small business also plays a valuable role in the free enterprise system by providing competition and so ensuring business efficiency and more efficient use of resources. (Meredith, 1988 : 18).

Small business also provides a valuable training ground for people with entrepreneurial ambitions. Paul, Ickis and Levitsky (1989 : 1) state:

"In developing countries the future development of the indigenous business sector depends heavily on the emergence of small and medium sized entrepreneurs."

They go on to say that training of businessmen involved in the running of small and medium sized businesses has, therefore, assumed great importance although there is little agreement on how this training should be done. Paul et al., (1989 : 1) sum up the situation as follows:

"There is no unanimity of opinion, however, regarding what models or approaches to management education are most appropriate in each environmental setting."

4.5 Contribution to Developing a Balanced Economy.

When considering the role of small business in the developing economies of Africa, and Ciskei in particular, it is worthwhile stressing Myrdal's viewpoint. Myrdal (1957 : 168) observed that international inequalities between advanced and underdeveloped countries are widening. He was of the opinion that a country embedded in relative poverty will be unable to lift itself out of this position because its adjustment processes are weak. A vicious circle develops between ignorance, low incomes, low rates of savings and political dishonesty. These factors will cause domestic efforts to fail even if the economy is stimulated. He maintained that what is required is cumulative movements such as rises in income which permit increased expenditure on education which, in itself, affects income and so the process becomes one of a familiar economic multiplier. Myrdal maintained that there are

two ways of achieving this process. Firstly, one can provide shocks to the vulnerable parts of the economic and social structure (such as might occur with the ending of apartheid in South Africa, for example) and dramatic new social investments. Secondly, one can strengthen "the spread effect" through the economy which is usually weak in developing countries by, for instance, creating a class of entrepreneurs or a pool of skilled workers. He concluded that small business provided the arena for creating a class of entrepreneurs and trained workers who will stimulate and expand the developing country's economy. Meredith (1985 : 6) argues in similar vein when he says:

"... business enterprises with characteristics of independence, owner supplied capital, localised operations, relatively small share of the market, and the spirit of entrepreneurship are of prime importance. The group of businesses with these characteristics deserve special study and attention by any nation since they represent a significant proportion of total establishments in an economy and make a contribution to the economy."

A balanced view of both large and small business development is necessary. Both sectors need to be developed simultaneously, because the large formal businesses will not provide the majority of the new jobs required for the future. (Sunter, 1987 : 47 - 48). For example, in the 1990 annual survey of South Africa's Top Companies, the top one hundred industrial companies shed 10 975 jobs between 1989 and 1990. (Financial Mail Special Survey : Top Companies, 1991 : 135.) It is the medium to small business and informal sectors that will have to absorb the new work seekers of the future. (Sunter, 1987 : 89). South Africa (including the T.B.V.C. States), therefore, needs to develop a "dual logic" economy. The "first logic" businesses tend to be the giants of commerce and industry which use state-of-the-art technology and capital intensive processes to compete on national and international markets. They will not be the companies providing many job opportunities in the future. The "second logic" businesses are the small formal and informal businesses who use medium and low technology combined with labour intensive methods to produce goods and services for local use. It is in the second logic businesses (i.e. the small businesses and informal sector) that the bulk of the

new work seekers will have to be employed. The "dual logic" economic concept proposes a symbiotic relationship between the first logic and second logic economies where the simpler activities are subcontracted from big to small businesses. (Sunter, 1987 : 89.)

Staley and Morse (1965 : 140) support this view stating that "A combination of large undertakings with the cumulative force of many small manufacturers is most likely to achieve significant overall advances."

In the past, the emphasis in South Africa (including T.B.V.C. States) was placed upon the development of large modern industries. In an economy where there is a surplus of unskilled labour, low standards of education, a general shortage of entrepreneurial talent, technical skills and capital, it is, however, hardly conceivable that such a strategy can have a substantial impact on employment, productivity and income among the major portion of the population. This was a first world solution for a third world problem.

Industrialisation can no longer be associated with the development only of modern large scale industries that are technologically sophisticated, that use large imported technology and equipment, that are located mainly in urban enclaves, that create limited employment, produce items for the elite and thus benefit only a few. To be meaningful, an industrial strategy should provide for an industrial product mix that meets basic needs, production should be located in areas where most people live and it should be based upon national talent in terms of entrepreneurship and skills and it should provide employment commensurate with the resources of the country, i.e. have a low capital/high labour ratio.

The low capital/high labour ratio is important. In Ciskei, in 1985, the cost of creating a job in the formal industrial sector was approximately R8 200 per job as against approximately R4 378 per job in the formal small business sector. (Ciskei People's Development Bank, Annual Report, 1985 : 12-15).

From what has been said above, in any developing economy, it is essential that development takes place in a balanced manner. The agricultural, industrial, commercial and small business sectors must be developed together, for experience has shown that the overall rate of growth of a developing economy is limited to the expansion rate of its slowest moving sector, which is usually agriculture. (Myint, 1980 : 111). This viewpoint is supported by Gillis, Perkins, Roemer and Snodgrass (1983 : 552 - 563) who conclude that development flounders if unbalanced growth occurs.

Steenekamp (1981 : 2) sums up the required balance between small business and large business succinctly when he says that small business is not a substitute for large business but that "small and large" business must rather be seen as partners which depend on each other. He points out that very often the small firms sub-contract to the large firms to supply products and services and the large firms rely upon this support. To illustrate the point Steenekamp (1981 : 3) quotes two examples from the United states of America:

"General Motors in the US find that 64% of its 26 000 component suppliers are firms employing less than 100 employees, i.e. small firms"

and,

"it has been estimated that an average of 500 small suppliers and 3 000 retailers operate in the USA to support every major manufacturing firm in that country."

In similar vein, Iacocca and Novak (1984 : 223) point out that Chrysler corporation employs 600 000 people but they still rely upon 11 000 suppliers and 4 000 dealers. To quote Lee Iacocca, the President of Chrysler:

"we're really an amalgam of little guys . . . almost all of these people are small businessmen, not fat cats."

Steinhoff (1982 : 4) states that it is estimated that in the United States of America, an average of 500 small producers and 3 000 distribution centres are necessary to support every large producer in their production and distribution activities. It can, therefore, be concluded that:

"both the small and the large business enterprise have a specific role and function to fulfil and they are, in fact, dependent upon one another throughout their existence." (Cronje, Neuland, Hugo and Van Reenen, 1987 : 382.).

4.6 Conclusions Reached about the Contribution of Small Business

One is led to the conclusion that small business has a vital role to play in any economy because it can:

- promote the development of, and provide the support for, large scale enterprise;
- create job opportunities and create entrepreneurs at relatively low capital cost;
- serve as a barrier to the outflow of capital funds and so contribute to wealth creation within the country;
- meet the needs of the local population.

Cronje, et al., (1987 : 350) support this view by stating that in South Africa:

"the existence of a strong, healthy small business community has been found to be the best method to ensure competition in a capitalistic society. It is an antidote to monopolies and it indirectly assures the client of a better price and of better quality products."

Weston (1967 : 46) has suggested that small business enterprises predominate where :

- technological requirements are easily met;

- managerial experience requirements are not significant;
- funding or capital requirements are relatively low;
- the market for goods produced or resold is local.

Harper (1984 : 8) comments that local small scale traders in particular play a vital role in the development of the economies of developing nations:

"They supply and market many of the raw materials and products of larger and small scale manufacturing enterprises, they supply inputs and market the products of agriculture, which is likely to remain the single most important sector of the economy for many years in most developing countries, and they provide basic necessities to the mass of the rural and urban poor in places, at times and in an environment which satisfies their needs. Even if small scale traders did not in themselves play a vital role, most small scale manufacturing enterprises evolved from purely trading activities and they should be encouraged."

The above characteristics suggest that small businesses are compatible with, and feasible for the needs of developing countries and that retailing, in particular, is an excellent entry point for aspiring entrepreneurs. Hetherington, Vice Chairman, Council for the Promotion of Small Business, said:

"The key to economic development in the black community - homeland based and to a degree urban based also - is the development of small indigenous Black businesses." (Hetherington, 1983 : 26-27).

The continuation of the free enterprise system in the whole of Southern Africa might well depend upon the development of dynamic, successful small businesses.

5. SMALL BUSINESS FAILURE AND REMEDIES FOR ARRESTING IT IN CISKEI

A major problem facing small business development and entrepreneurial activity is the high failure rate, particularly in the first few years of operation. The cost of small business failure involves more than financial costs. It involves costs of a

psychological, social and economic nature as well. (Broom, Longenecker and Moore, 1983 : 576).

Scott and Ritchie (1984 : 29) caution that the data available on small business failure is not always reliable because of different definitions, data sources, methodologies and the misinterpretation of the available data. Nevertheless, it would appear as if the failure rate of small businesses is extremely high. In the United States statistics show that 2400 new businesses open each business day, but 2100 close each business day, in other words, the survival rate is only 12,5%. (Baumbach, et al., 1979 : 20). In the United States retail sector of the economy, 1 out of 3 stores do not survive the first year and 2 out of 3 stores close within six years. (Baumbach, 1983 : 83). In the United Kingdom only 40% to 45% of new businesses could be expected to be trading after 10 years and, of those failing, 60% would fail within the first 3 years. (Ganguly, 1985 : 146). Ganguly (1985 : 167) also found that the retail sector of the British economy had the highest failure rate (9,5% per annum) during the period 1971 to 1981 and the failure rate of the retail sector was again the highest (7,5% per annum) during the period 1981 - 1983. In Canada, during the period 1984 to 1986, 43% of new business ventures did not survive. One of the highest failure rates was in the retail sector of the economy where only approximately 55% of retail businesses started in 1984 were still in existence in 1987. (Small Business in Canada, 1990 : 7 - 8). This indicates that the retail sector tends to experience a higher failure rate than other sectors of the same economy.

The report of the Committee for Economic Affairs of the President's Council commenting on a strategy for small business development and for deregulation (1985 : 31), found that a national study on small business failure in South Africa had not yet been undertaken. Similarly, no comprehensive study of small business failure has been undertaken in Ciskei. There is, however, no reason to believe that the failure rates of small business in Ciskei are any better or worse than elsewhere. For example, in discussion with the Ciskei People's Development Bank, the

researcher established that in 1986 they had written off R 1,6 million and in 1988 they had written off R 0,9 million in small business bad debt loans.

In the United States, creditors cited ineffective management as the underlying cause in 98% of business fatalities as recorded by Dunn & Bradstreet in 1976. (Baumback and Lawyer, 1979 : 20). Incompetency, lack of experience in business, lack of "know how", lack of knowledge and lack of training were invariably given as the reasons for this ineffective management. In 1983 the same study was repeated with the same results. (Baumback, 1983 : 28-30).

In Australia, an analysis of the causes of small business failure over a 3 year period (1980 to 1983) showed that the major cause of business failure (29,6%) was:

"...lack of business ability, acumen, training or experience resulting in decisions which caused business failure." (Small Business Research Unit, Bureau for Industry Economics, 1985 : 50).

In Taiwan a study of small business failure reported:

"...it is obvious that the improper management of finance, production and marketing constituted the reasons for small and medium business failure in Taiwan." (Annual Report : Report on Financial and Management Services to Small/Medium Businesses, 1984 : 13).

Steinhoff (1982 : 23 - 24) comments:

"Respect for the responsibilities of ownership and management of a business is the first requirement for success. When this respect exists, the person contemplating setting up a new firm will recognise the need for education in management as the first step in planning. There is no better way to prepare for a successful business operation than by learning the ingredients of good planning, having some experience in a particular line and knowing the essentials of good management. This is aptly demonstrated by the fact that the most common causes of small firm failures are incompetence, improper experience and lack of management training."

Dunn & Bradstreet report that the number of business failures has been decreasing steadily since 1961 which indicates that management training in small business has been improving.

Drucker (1985 : 15) says the position of small businessmen like their counterparts in big business, is improving because they are improving their management skills by learning and implementing better managerial techniques.

Drucker (1985 : 1) points out that between 1965 and 1985 the number of people in paid jobs grew by only half compared with those who were self employed. He says, therefore, that since the mid 1970's, the United States economy has experienced a profound shift from a management to an entrepreneurial economy. Drucker relates the very surprising fact that only about 12,5% of the new businesses are in high technology fields. The majority of the new businesses are not in this category. He says new businesses have sprung up in many, many different areas such as chains of barber shops, restaurants, clothing manufacturers, health care and financial services. Municipal services have also been contracted out to small businesses (e.g. garbage collection, fire protection, hospitals, transportation). It is also surprising to find that only one third of these new firms are in service industries and more than half are in manufacturing.

The reason Drucker (1985 : 15) gives for the starting up of so many new businesses is the fact that the "practice of management is now a discipline." This discipline has enabled many people who, in the past, would not have known how to go about setting themselves up in business, to enter the small business field.

Similarly in Australia, Meredith (1985 : 25) reports:

"In the past formal courses on small business management did not exist, it was to be expected that failures due to poor management would continue. Given a change in the education and training process and increasing government awareness of the significance of this sector, small business should increase in numbers, importance and prosperity."

Houghton (1960) and Hart (1972) identified many problems which Ciskeian businessmen experience and which often lead to business failure in Ciskei (e.g. lack of capital, problems in obtaining business licences, inexperience in business, forced (poor) location of business, inadequate infrastructures - water, electricity, transport, telephone - lack of financial, marketing and retailing knowledge, lack of basic education and competition from "Specialist" white retailers).

Against the background of world-wide experience in the area of small business failure as outlined above, a questionnaire was developed to establish the major reasons for small business failure in Ciskei. (See Appendix I). The questionnaire was given to the Business Advisors of the Ciskei People's Development Bank who are responsible for monitoring the performance of small Ciskeian businesses which have loans with the bank. These Business Advisors had had, on average, 8.5 years service with the Ciskei People's Development Bank, of which more than 5.5 years had been spent as Business Advisors. To ensure the validity of the results of the questionnaire, follow up discussions were held with these Business Advisors and the results were discussed with them. The major causes of business failure in Ciskei, as perceived by the Business Advisors, were as follows:

- i) The greatest weakness and main cause of business failures in Ciskei was perceived as being **"poor Management"**.
- ii) The second most important cause of business failure was perceived as being **"poor Sales and Marketing"**.
- iii) The third most important cause of business failure was perceived as being **"poor Financial Management"**.
- iv) **"External factors"** beyond the control of the owners of businesses was seen as the least important reason for business failure.

A more specific analysis within each of these areas revealed the following priority rating of the factors causing business failure:

Table 2.1: Analysis of factors causing small business failure in Ciskei as perceived by Business Advisors of Ciskei People's Development Bank.

a)	<u>Finance</u>	Priority Rating	c)	<u>Management</u>	Priority Rating
	-Lack of proper financial controls	1		-Insufficient business understanding, knowledge and experience	1
	-Cash flow problems	2		-Lack of management skills	2
	-Insufficient capital	3		-Inefficient management (lacking in drive motivation etc.)	3
	-Operating expenses too high	3		-Theft	4
	-Poor investment decisions	5		-Lack of interest by owner in the community in which business operates	5
	-Poor asset management	6		-Poor quality and turnover of staff	5
b)	<u>Marketing and Sales</u>	Priority Rating	d)	<u>External Factors</u>	Priority Rating
	-Weak sales promotion	1		-Taxation (lack of provision or incorrect calculation of G.S.T.)	1
	-Pricing incorrectly	2		-Inappropriate type of business	2
	-Aggressive competition	3		-Business conditions depressed	3
	-Product problems (quality, supply etc.)	4		-Unfavourable changes in trading area	4
	-Poor salesmanship	4		-Legislation changes	5
	-Poor business location	6		-Calamity (fire, flood, boycott, riot, etc.)	5
<u>Legend:</u>					
1 = Main cause of failure					
2 = Second most important cause of failure					
3 = Third most important cause of failure etc.					

Source: Fort Hare Institute of Management Study conducted by C.J. Kotzé.

Abedian (1986 : 81) commenting on the South African economic obstacles to black advancement states :

"A prolonged period of discriminatory political practice has resulted in an economic pattern wherein the progress of one segment of the nation (Whites) has been facilitated while the advancement of the rest (Blacks, Coloureds and Asians) has been severely restrained."

Kirby (1985 / 86 : 40 - 41) also concludes that the variety of legal regulations, ordinances, bye laws and other factors have restricted and retarded small business development in South Africa. Many of these restrictive laws have not, however, been applicable in Ciskei since independence in 1981. On the contrary, local businessmen have been encouraged to establish businesses in Ciskei and the Ciskei People's Development Bank, the Ciskei Small Business Corporation and the Fort Hare Institute of Management have been set up to assist businessmen to start businesses in Ciskei. The reasons for small business failure in Ciskei, therefore, appear to lie more in the area of lack of business "know-how" and experience as revealed in the results of the questionnaire.

Commenting on the problems of small business failure the National Manpower Commission (1984 : 53) stated that many of the internal problems within small businesses are a manifestation of inadequate training, experience and managerial skills.

The Commission therefore recommended that:

"...the initiatives of the Council for the Promotion of Small Business with regard to training and guidance should receive greater emphasis."
(National Manpower Commission, Report 1/1984 : 53).

Phillips and Brice (1988 : 55) came to a similar conclusion. They interviewed one hundred Black owners of formal small businesses in the Cape Town region of South Africa and one of the major conclusions of their research was that there is "an urgent need for training and counselling" amongst those small formal business owners.

In Japan, the Japanese Government have made great efforts to create and develop an economically healthy sector of small and medium sized enterprise. Kirby (Kirby 1984 : 56) found that the Japanese Government placed great emphasis upon management training for the small independent retail trader and the number of small retailers attending these retail training programmes developed specifically for the small retail trader, increased annually.

From the foregoing discussion, it is reasonable to conclude that a comprehensive small business training programme in Ciskei would ameliorate the high failure rate amongst Ciskeian small businesses. Opportunities to obtain small business training in Ciskei, however, are limited.

An investigation conducted as part of this thesis revealed that only 8 schools in Ciskei offered commercial subjects up to matric level. The Ciskei Technikon, established in 1988, offers a one year full time Certificate in Business Education to matriculated school leavers and a three year Diploma in Marketing.. Fort Hare University offers full and part time commercial courses at degree level to potential entrepreneurs who hold University Matriculation level certificates with mathematics. The number of black matriculants who have matriculation level mathematics is, however, minimal. This is reflected in the fact that there were only 253 students enrolled in the Faculty of Economic Sciences at Fort Hare University in 1990. (Vice Chancellor's Annual Report, 1990 : 7).

The Economic Sciences Faculty of Fort Hare University has introduced an optional subject in Entrepreneurship and Small Business Management as from 1990 but this is only offered at the post graduate level. The Fort Hare Institute of Management is the only Institution which provides short business courses for businessmen in Ciskei. There are no educational entrance requirements for these courses and the course fees are extremely low. Approximately 800 delegates attend these course on various aspects of small business each year, which shows that there is a demand amongst Ciskeian businessmen for business training.

6. RETAILING IN CISKEI

6.1 Definition and Description

On the basis of the discussion in previous sections of this chapter, there is a strong argument for supporting the development of small retail businesses in Ciskei. This is because, in the case of retailing, technological requirements are

low, managerial experience is less important than in big, complex businesses, funding or capital requirements are relatively low when compared to the investment in physical resources needed to start most manufacturing enterprises, and there is a large local market. A strong and efficient retail sector will also contribute towards retaining the wealth of the nation within the boundaries of Ciskei, as discussed in Chapter 1.

Small business retailing in Ciskei can be defined for the purposes of this study as:

"the activities directly related to the sale of goods or services to the ultimate consumer for personal non-business use, where the business has a simple organisational structure, the owner is directly involved in the day to day management of the business, the functions of management are vested in one person and the business employs not more than 50 employees."

The Fort Hare Institute of Management conducted a training needs survey of Ciskeian retailers and, while conducting this survey, a profile of the typical Ciskeian retailer was developed. The profile which emerges is one of a retailer with a Standard 8 level of education, 35 years of age, married with two to three children, who probably owns or manages a general dealer or supermarket type business employing approximately five people, and with some previous business experience but no formal training in retailing.

This conforms closely to the profile of the typical Zulu small business retailer in Kwa-Zulu (Potgieter and Frank, 1988 : 6) and also to some extent with the characteristics of black retail businessmen surveyed by Phillips and Brice (1988 : 45-46) in the urban Cape Town region of South Africa.

Retailing in Ciskei cannot be seen in isolation. For historical and geographical reasons, retailing in Ciskei is inextricably bound up with retailing in South Africa. Major retailing stores are to be found in South African cities and towns (e.g. East London, Queenstown and King William's Town) which are within easy reach of a large proportion of Ciskeian consumers. These cities and towns lie within 30 kilometres of many Ciskeian shoppers and an inexpensive taxi service

is available. Retailers in Ciskei are, thus, in competition with retailers in South Africa. As has already been mentioned in Chapter 1, this causes money to flow out of Ciskei into South Africa to the detriment of the Ciskeian economy.

Within Ciskei the retail trade is dominated by a few large "white" owned retail companies which are really branches of major South African retail chains and so have considerable financial resources and buying power, e.g. OK Bazaars, Pick 'n Pay, Checkers, Frasers and Radue Weir Cash and Carry, to name but a few. These major retailers operate mainly in the bigger cities and towns of Ciskei such as Mdantsane, Bisho and Zwelitsha.

Ciskei also has several medium sized retailers mainly owned by local Ciskeians, white South Africans, Portuguese, Greeks and Taiwanese people. These businesses have individual sales turnovers of approximately R100 000 per month and employ over 50 people. They tend to operate mainly in the smaller Ciskeian towns such as Alice and Peddie. They have less financial muscle and less buying power than the major retailers but certainly more than the average small Ciskeian Retailer.

Unlike many other parts of Africa where supplies fluctuate sharply, in Ciskei, supplies are plentiful and shortages of products a rarity. The large white owned retailers described above operate their Ciskei branches in the same way as their other major branches in South Africa. They have a wide variety of merchandise (i.e. over 15 000 product lines in the food and general dealer sector) and rely on low profit margins and high sales turnover to generate profits. In the smaller towns the retail outlets are smaller, profit margins are bigger and the product range is more limited (i.e. 2 000 to 4 000 product lines if in the food and general dealer sector).

In addition to the large and medium sized retail businesses mentioned above, there are numerous small retail shops operated by, on average, small staff complements of about 5 people. Finally, there are "retailers" in the informal sector who either operate from "spaza" shops (i.e. informal, unlicensed backyard

shops), stalls, mobile packing case boxes (which improvise as counters) or sell their merchandise from the pavement.

The retail trade in Ciskei is in transition. In the past, the small local shops, vendors and hawkers tended to dominate the retail trade. Since the independence of Ciskei, however, efforts have been made to stimulate the economy and encourage new businesses to establish themselves within Ciskei. Trade regulations have been relaxed, a flat rate of 15% personal tax was introduced, company tax was abolished and various other incentives were also provided to stimulate the manufacturing sector of the economy.

As a result, a few large retailers moved into Ciskei and the small local shops, vendors and hawkers now tend to supplement rather than dominate the retail sector.

Like most black consumers in Southern Africa, price is the most important consideration of the Ciskeian consumers and is, therefore, a vital factor in most retailers' strategies. (Allen, 1990 : 13). This can be explained by the fact that the average per capita income in Ciskei is R996 per annum (Statistical Abstracts. SATBVC Countries, 1989 : 109), which is low compared to the per capita income of USA \pm R48 178 p.a.; UK \pm R27 092 p.a.; South Africa \pm R4 914 p.a., (Measure of Progress, 1989 : 22). With little disposable income, therefore, the marginal utility of money for the average Ciskeian consumer is relatively high. Time, however, is a more expendable commodity. Whereas the American, British, or "white" South African consumer substitutes "money to save time", the Ciskeian consumer substitutes "time to save money". For each of the two groups, a relatively plentiful resource is given up to obtain a scarce one and this influences the retailer's business strategy.

Quality and quantity (i.e. mass of products) is an important consideration to the Ciskeian consumer, but not at the expense of price. Ciskeian consumers are more price than quality responsive. (Ketani, 1987 :49). While product brand loyalty is, therefore, a consideration, it will be forfeited if the price of another

product brand is lower. This is similar to Munn's (1981 : 196-197) findings in Nigeria which showed that ". . . brand insistence, the hall-mark of speciality goods, is more identified with economies of abundance than those of scarcity."

Ciskeian consumers plan and take time to gain knowledge of prices and qualities before entering into "hard bargaining" in the informal sector, or going on a shopping expedition to a major retail store. Impulse buying is, however, not entirely foreign to Ciskeians, but tends to be limited to the middle and upper income groups. Advertising, merchandising and store layout, therefore, tends to play an important part in Ciskeian retail management.

The major retailers do not give credit and operate on a "cash only basis". Credit is, however, a consideration with many Ciskeian consumers, especially towards the end of the month. Vendors, hawkers and small shops who give credit, therefore, tend to do more business in the week immediately preceding month-end pay day or State pension pay days.

One may conclude that modern, western, retail marketing skills and techniques are transferrable and applicable in urban areas of Ciskei because all the same factors are present. There is consumer demand, product availability and competition. There is, however, a major category of consumers and small retailers who are poor. For them, money is the scarce resource and time is the plentiful resource. Here, the limited financial resources of the merchants combined with the poverty of their customers places formidable barriers in the path of improving retailing methods. For example, when selling cigarettes, sweets, soap, sugar, tea and bread, small retailers do not sell multiple or bulk packs or even one packet at a time, but one cigarette, one sweet, half a cake of soap, 1 kilogram of sugar, 1 teabag, one quarter loaf of bread. This is necessary because of the limited finance available to purchase stock, and the needs of the low income consumer.

Ciskei with its unemployment problem, low productivity, rapidly rising population, low educational levels, lack of job opportunities, lack of large scale

industry, difficulty in raising foreign capital and investment, dependence on South Africa for finance, - needs to develop a well trained and motivated small business sector. From what has been said above, the retail sector, in particular, should be developed as it is not capital intensive, provides many job opportunities, requires less formal education than other more technical industries and will assist in retaining the wealth of the nation within its boundaries.

6.2 The Contribution of Small Business Retailing in Ciskei

Tables obtained from the Data Bank of the Development Bank of Southern Africa (1985 : Sec 8 : 20) show that an additional 3 265 trade licences were issued in the Wholesale, Retail, Catering and Accommodation sector of the Ciskei economy from 1980 to 1982 and of these licences, 2 597 were issued specifically to the Retail and Allied Services sub sector.

It should be noted that the above figures are the number of business licences issued over the period 1980 - 1982. It is a cumulative figure and does not necessarily reflect the number of undertakings which actually started up or the undertakings which are still in operation.

As stated in Chapter 1, the Fort Hare Institute of Management estimates that there are approximately 8 000 small formal and informal retail businesses in Ciskei. It can, therefore, be concluded that, if each of these retail businesses employ 5 people, on average, then the small business retail sector in 1989 was providing jobs for approximately 40 000 Ciskeians.

Steenekamp (1981 : 5 - 6) points out that Ciskeian consumers spend large amounts of money outside their country in adjacent South African towns and cities. According to a study done by the Bureau of Market Research in Mdantsane in 1975 it was estimated that households in Mdantsane spend 54% of their consumption expenditure in East London. (Loubser, 1976 : Table B.84.). The reason given for this shopping pattern was that Ciskeian shoppers have a

wider selection of merchandise at cheaper prices in East London.

The Development Bank (1985 : Sec 6 : 6) in their study found that in 1981, 56,6% of total cash expenditure was spent within the borders of Ciskei. In 1983 this percentage dropped to 52,8%, i.e. 47,7% of cash expenditure, R 261,22 million, leaked out of the Ciskeian economy. This decline was ascribed mainly to changes in the buying patterns of households in the smaller urban and rural areas. Inhabitants in the large urban areas spent relatively more within Ciskei in 1983 (45,7%) than in 1981 (43,4%). Households in the smaller areas, however, spent 73% in 1983 within Ciskei whereas in 1981 they spent 78,9% within Ciskei. Similarly in the rural areas, 57,4% was spent within Ciskei in 1983 compared with 72,8% in 1981.

Cash expenditure (current prices) in 1987 of Ciskeians amounted to R 740,4 million of which 68% (R504 million) was spent within Ciskei and 32% (R237 million) was spent outside Ciskei. (Statistical Abstract of Ciskei, 1988 No. 1 :19). This is an improvement on the earlier figures and can be attributed to the fact that a modern shopping centre was opened in the new capital of Bisho and a moratorium was placed on sales tax for all the shops in Bisho which made it cheaper to shop in Bisho than elsewhere.

There is little doubt, however, that Ciskeians could spend a far larger portion of their cash expenditure within Ciskei. This underlines the need for the development of a competitive, modern, efficient retail sector in Ciskei so that the wealth of the nation is kept within its boundaries, as highlighted by Steenekamp (1981 : 6).

7. CONCLUSIONS AND OBJECTIVES OF THIS STUDY

Ciskei is beset with a massive problem of a rapidly rising population, a lack of job opportunities, rising unemployment, a large surplus of unskilled labour and

a shortage of skilled manpower coupled with a low economic growth rate and a lack of capital to create major new industries. These problems are compounded by the outflow of money from Ciskei because consumers tend to spend their money in the modern, efficient, retail outlets in South Africa.

Small business development, while not a panacea for all these problems, could alleviate the situation. (Vosloo, 1989 : 1). In particular, retailing has been historically shown to be particularly suitable for small business entrepreneurs in developing economies and has created many job opportunities for the economically active population of such nations.

Small business failure is, however, a problem. As already stated, small business loans to the value of R 1,6 million in 1986 and R 0,9 million in 1988 were written off by the Ciskei People's Development Bank. This is costly for the nation, compounds the problem of failed job opportunities and consequently compounds the unemployment problem. A major cause of the high failure rate is poor management. A proper analysis of the specific areas of weakness and proper training in these areas could reduce this high failure rate, reduce unemployment, stem the outflow of money from the Ciskei, provide the consumer with a greater variety of goods at more competitive prices and provide better customer service. Such a programme would contribute to promoting a free enterprise system in Ciskei and so create a better standard of living for all Ciskeians.

The objectives of this study are, therefore, to identify the training needs of Ciskeian retailers, to develop an appropriate retail training model, implement a training programme and measure the results of this training.

CHAPTER 3

THE DEVELOPMENT OF A TRAINING PROGRAMME

1. INTRODUCTION
2. TRAINING, EDUCATION AND DEVELOPMENT DEFINED
3. DEVELOPMENT OF A RETAIL TRAINING MODEL
 - 3.1 Introduction to Training Model Theory
 - 3.2 Identifying the nature of the Problem
 - 3.3 Analysis of Job Content
 - 3.4 Establishing the Macro Training Needs
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CHAPTER 3

THE DEVELOPMENT OF A TRAINING PROGRAMME

1. INTRODUCTION

It has been suggested in Chapter 2 that one way of preventing small business failure and improving small business effectiveness and efficiency is to ensure that the owners, managers and staff of small businesses are properly trained in their jobs.

Indeed, Grey-Johnson (1984 : 25.24) concludes that, while there are inadequate resources available for the development of people in most African countries, without this development socio-economic upliftment will not be possible. He, therefore, cautions that rational and judicious use must be made of the resources which are available to ensure that human resource development programmes do not turn out to be "wasteful exercises with little or no positive impact on the skills and needs of the economy."

Phillips and Brice (1988 : 55), in their study of small black businesses in the Cape Town area, concluded that there was an urgent need for training and counselling in the small businesses which they studied. Govender (1991 : 313) comments that many small business owners and managers in Transkei have had little or no training or management experience which has often led to tragic consequences of insolvencies and business closures. He, therefore, concludes that there is an urgent need for training "to improve the performance of existing small businesses and to promote the establishment of new commercial enterprises." Cronje, Neuland, Hugo and Van Reenen (1987 : 383), after surveying the small business sector in South Africa, state that "the small businessman as well as his staff must undergo management training so that both he and his personnel are better prepared for their management tasks."

It is evident that there is a need for training in small business. At the very outset, it is important to distinguish between training, development and education, because each of these processes requires a slightly different approach.

2. TRAINING, EDUCATION AND DEVELOPMENT DEFINED

Bass and Vaughan (1966 : 73), Davies (1971 : 48), Romiszowski (1981 : 244) and Beach (1985 : 244), define training as the process of acquiring a skill and education as the process of acquiring knowledge. This is a somewhat simplistic differentiation because every job has a "knowing" and a "doing" side to it.

Laird (1985 : 11), Nadler (1982 : 7) and Miller and Verduin (1979 : 2) distinguish between training, education and development in the following way:

Training: is the learning related to the present job of the individual. If training is, therefore, the focus, then the training model must be related to the job as it is actually being done by the individual.

Education: is learning related to a future but defined job for which the individual is being prepared. If the focus is on the future job, the education model should contain specific activities which reinforce the learning between the end of the programme and the placement of the learner in the new job.

Development: is learning for the general growth of the individual and/or organisation. As the focus is more general, the development model can be more general, for there is no intent for direct use on the present or future job.

It is, therefore, necessary to consider whether the aim of a programme is to train, educate or develop because this will influence the approach and the type of learning model which will be developed.

3. DEVELOPMENT OF A RETAIL TRAINING MODEL

3.1 Introduction to Training Model Theory

Lippitt (1973 : 2) describes a model as "a symbolic representation of the various aspects of a complex event or situation and their interrelationships." He also states that a model is by nature a simplification and, thus, may or may not include all the variables.

Models have been used throughout the ages in many disciplines to help thinking, conceptualising and problem solving. The value of a model is that it gives a better understanding of a complex process.

Numerous learning models have been developed over the years. The learning models of Bass and Vaughan (1966), Mager and Beach (1967), MacKenzie (1969), Davies (1971), Humble (1973), Gagne and Briggs (1979), Romizowski (1981), Nadler (1982), Ribler (1983), Knowles (1984), Abella (1986), Goldstein (1986) and Rogoff (1987) can all be used depending upon the specific learning situations. There is very little empirical evidence to support any one particular model. Learning situations such as the skill of the trainer, the type of learning technique selected, the intellectual capabilities and past experience of the trainees, the learning environment, the quality of the learning materials and many other variables that are difficult to measure, can influence the success or failure of a model. It is, therefore, very difficult to attribute the success or failure of training to any one aspect, such as for example, the training model used. (Goldstein, 1986 : 15 - 16).

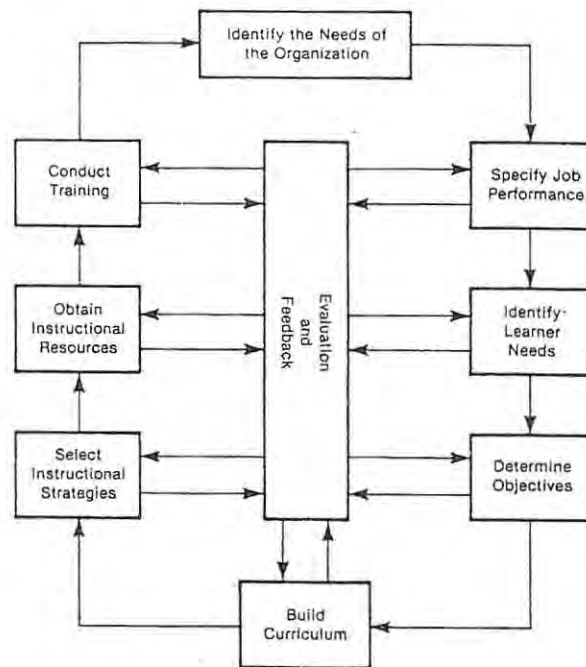
Silvern's (1971) "Model for producing a model" provides valuable guidance for the development of a training model for third world retail businesses. Silvern (1971 : 110) identifies four sub-systems which need to be considered when developing a model. Step one involves identifying the "real life environment." This includes the external business environment, performance criteria and typical problems. Step two involves "synthesizing a model." This includes analysing a typical problem, synthesizing a solution and then creating a model. Step three involves testing the model by applying the model to a specific problem, evaluating it and debugging the model (i.e. a pilot study). Step four involves obtaining new problems, putting them through the model and evaluating the solutions.

Based upon step one of Silvern's "model for producing a model" and the distinction between training, education and development, a fundamental decision had to be made as to whether to use an "open learning model" or a "closed learning model." A closed model attempts to incorporate all the possible variables that could occur (e.g. in a skills training programme there might be only one acceptable way for the job to be done and so a closed training model will be used). An open model, on the other hand, accepts that not all the external factors are known before the training commences. The open model is, therefore, more flexible and allows for changes such as the changing of sequence or a change in content as the training progresses. (Nadler, 1982 : 6).

Training models tend to be closed models while educational and development models tend to be open models. In the case of the development of a learning programme for small retail businesses, the programme aims at training them to improve their performance in their present jobs. (i.e. a training model). Although the emphasis is on training, an open model was considered to be more appropriate because it would have been impossible to build in all the variables that could occur as is required using a closed model. The background, experience, education, training and business of the trainees would differ. The open learning model as designed by Nadler (1982) and known as the "Critical Events Model" was, therefore, used as a basis for the design and development

of the retail training programme for Ciskeian business people. This open learning model provides a logical, flexible and broad step by step approach with constant feedback stages. It, therefore, served as a useful guide for the design and development of the Ciskei Retailer's Training Programme. Nadler's model is shown in Figure 3.1.

Figure 3.1: The Critical Events Model



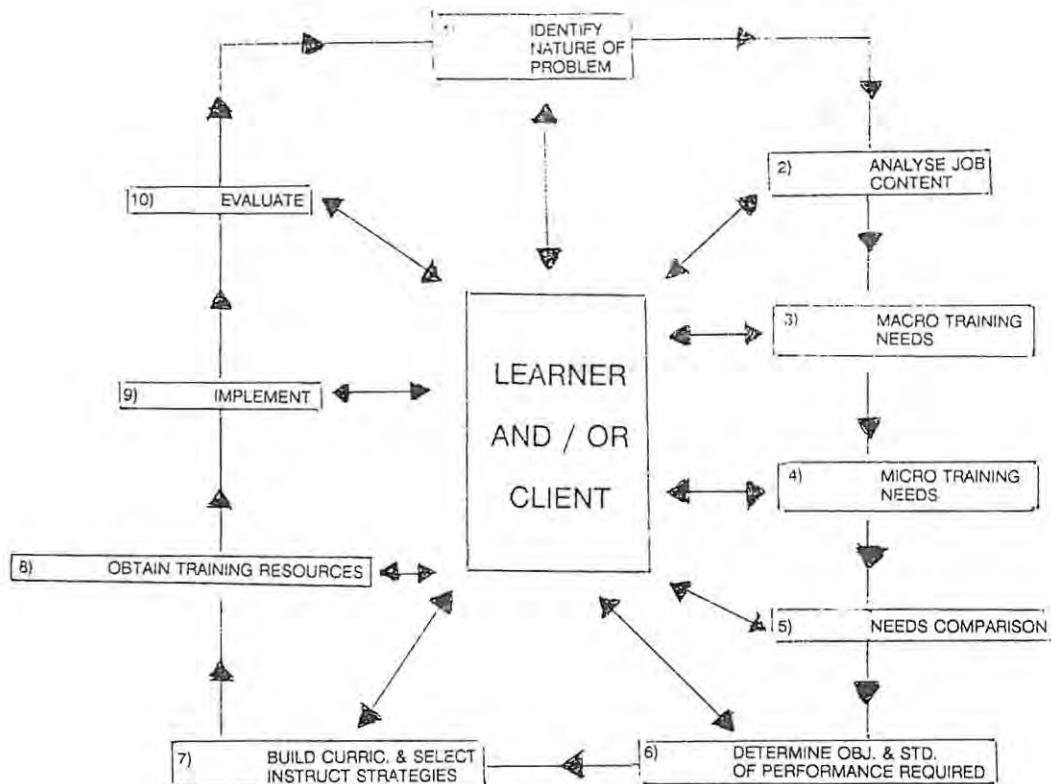
Source: Nadler, 1982 : 12

Nadler's Critical Events Model was designed for "in company" use and had to be modified by the researcher to meet the needs of a public programme. For example, the Critical Events Model allows for an evaluation exercise to be conducted after each stage. While this is not possible in the case of a public programme, it is recognised that it is necessary to give the client (sponsor) of the programme feedback at each stage. It was also necessary to include a step where the training needs as perceived by outsider bodies such as Development Agencies and Chambers of Commerce, could be compared with the training needs as perceived by the learners (i.e. retailers) themselves so as

to ensure that the real needs were addressed in the training programme. A separate step concerning the evaluation of results was also included to ensure that the training programme, as a whole, was bringing about the desired results.

Figure 2 shows the training model developed by the researcher as a basis for the design and development of a public retail training programme for Ciskei business people.

Figure 3.2: An Andragogic Training Model for Small Retailers in Ciskei.



Each of the stages in the model will be discussed in the following sub-sections.

3.2 Identify the nature of the Problem

Training is not a panacea for all performance problems. It is necessary, therefore, to clearly identify the exact nature of the problem, need or deficiency before developing a training programme. Supporting the importance of establishing the nature of the problem Watson (1979 : 47) states:

"accurate identification of the most important needs is of great value because it pinpoints those particular areas where improvement is most needed."

McGehee and Thayer (1961), Moore and Dutton (1978), Romiszowski (1981), Boyle (1981), Goldstein (1986), are all of the opinion that it is essential to identify the nature of the problem and to distinguish between problems which can be solved through training and those which require other solutions.

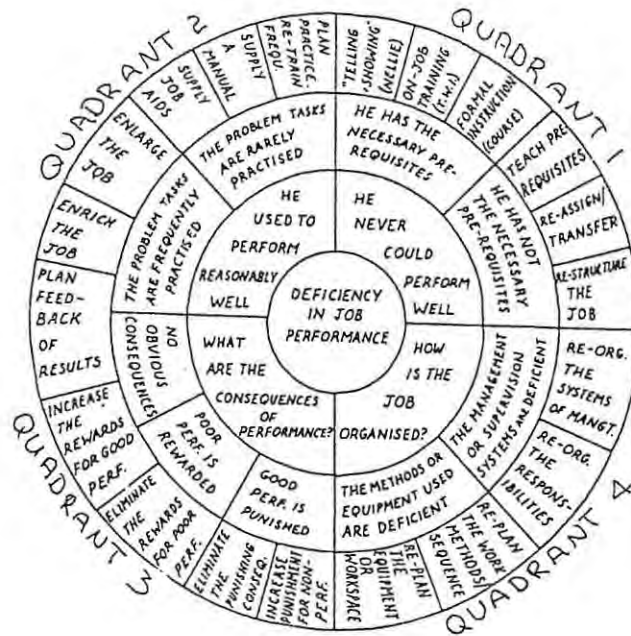
Nadler (1982 : 20) cautions that identifying the nature of the problem might suggest better (and maybe cheaper) alternatives than training to solve performance problems. Such alternatives could be:

- changing the people doing the work (they may not be capable of doing the job or the job might have changed considerably)
- changing the people who are connected to those doing the work
- changing the workplace
- changing the benefits and rewards
- changing the equipment
- restructuring the job.

Mager and Pipe (1970 : 2) devote an entire book to the question of analysing performance problems. Their performance problem analysis model is a "step by step" process but in reality this does not happen. They, in fact, caution that the steps in their model for analysing performance problems do not always happen in sequence.

Romiszowski (1981 : 97) raises a valid criticism of Mager’s Model. He points out that there can be a multitude of alternatives and the limited choice presented in the semi - algorithmic model of Mager and Pipe is too limiting. Instead, Romiszowski presents an "analysis schema for performance problems." He calls it a schema because there is an inter-relation between many aspects that might contribute to a given performance problem. (Romiszowski, 1981 : 108 -109). This schema is preferred because it emphasises the flexibility and the overlap that often exists when analysing a problem. Even this schema is not complete for it will change as new information or new phenomena come to light.

Figure 3.3: Romiszowski’s Model: "An Analysis Schema for Performance Problems."



Source: Romiszowski : 1981 : 108

The analysis schema starts at the centre when a deficiency in job performance has been identified. One then considers the four statements in the next circle and whichever statement best fits the situation, this direction is followed through

to the next two sets of statements and whichever of these statements fits, the situation directs one to the choices of action offered in the outer circle.

Once the nature of the problem has been identified and if training has been identified as the solution to the problem, one can then move onto the next stage of the model.

3.3 Analysis of Job Content

McCord (1987 : 375) states that analysing the job under consideration is a critical step in any training programme because it gets agreement and clarity on the responsibilities of the job and the required performance standards.

Odiorne (1970), Mager (1972), Romiszowski (1981), and Zemke and Kramlinger (1982) all recommend that a job analysis exercise should be done. They stress that the closer the training comes to the real work situation, the more likely it is to succeed.

Before any training programme is, therefore, embarked upon, the following steps should be taken:

- i) **KEY AREAS** of the job should be listed and logically sequenced.
- ii) **TASKS** that are required to be done in each key area should then be listed in a logical sequence.
- iii) **STEPS** that are involved in the performance of each task can then be listed in a logical sequence. (This identification of steps applies more specifically to closed models where skills training is required.)

Having established the key areas and the key tasks, Odiorne (1970 : 149 - 150) suggests that it is then necessary to establish what the current level of performance is and what the required standard of performance should be. The deviation from standard is the problem area which needs to be corrected.

Kubr and Prokopenko (1989 : 20) recognise the difficulty of defining standards of competence and setting performance standards. They accept that in many situations no appropriate standard will be readily available and, even if there is a technical standard, they caution that there will certainly be differences in the environmental factors and conditions of operation. They, therefore, conclude that, "the definition and proper use of the standard, thus, becomes essentially a matter of expert judgement."

Nadler (1982 : 77) advises that it is important to get agreement with management on job analysis and performance standards when designing "in company" training programmes. This is not possible with public courses although it might be possible to get some form of agreement from local or national trade associations, chambers of commerce or development agencies.

Once the job content has been analysed and some measure of consensus has been obtained on current performance standards and required performance standards, one can then investigate the training needs.

3.4 Establishing the Macro Training Needs

In order to determine whether a genuine training need exists and to establish the nature and extent of the training need, a training analysis should be conducted. (Gropper and Ross, 1987 : 201).

The macro training needs analysis identifies the training needs as perceived by a sector of the economy, an organisation, the management of an enterprise, a development agency, a chamber of commerce or industry or any other similar body.

In order to establish these macro training needs Kubr and Prokopenko (1989 : 165 - 166) suggest the use of sector surveys, self diagnosis, study of available reports, observation, group discussions, interviews and questionnaires. Nadler (1982 : 65 -77) also supports this approach but adds critical incidents and

literature searches as additional sources and methods which can be used. Some of the sources and methods for gathering such data as suggested by Laird (1985 : 22) and Goldstein (1986 : 54 - 55) are not possible in a third world environment (e.g. analysing management reports, changes in standards, examining policies and examining long and short term goals, print media etc.) because this data does not usually exist. It can be concluded that in such circumstances the establishment of the macro training needs is best done through observation, questionnaires, interviews and meetings with such bodies as, local Chambers of Commerce and Industry, the management of development organisations or banks and also by analysing survey and statistical data if it is available.

Rummler (1987 : 217) considers the gathering of data through these various methods and the analysis of the data to be central to the issue of determining needs.

Kubr and Prokopenko (1989 : 266) suggest that:

"small business extension officers or small business advisors may be useful in assessing training needs and creating an awareness amongst small businessmen of their needs for training."

From what has been said above, in order to establish the macro training needs it is necessary to :

- interview representatives of local bodies to establish trends and perceptions
- conduct surveys to establish needs at the macro level
- analyse relevant statistical data and reports, if available
- physically observe the job situation and the business environment
- discuss the macro findings with those concerned

Having established the macro training needs, it then becomes important to identify the training needs as perceived by the job incumbents themselves.

3.5 Establishing the Micro Training Needs

The micro training needs analysis identifies the training needs as perceived by the job incumbents. While the macro training needs may have been established, it is also necessary to consider the viewpoint of the job incumbents as to how they perceive their training needs (Mager, 1975; Nadler, 1982; Laird, 1985; Rummler, 1987). This step is necessary because, if the values and needs of the job incumbents are not taken into account, the motivation to learn and the relevance of the training will be dissipated. (Mager, 1975; Nadler, 1982; Laird, 1985).

If the individual learners' values are in conflict with the requirements of the job, training will not improve performance as the individual is not motivated to learn. For example, if the retailer does not like retailing or sees retailing only as an intermediate step in his/her long term career goal he/she may not be motivated to attend a retail programme aimed at improving his/her retail skills. Similarly, if the individual does not have an implied or felt need to learn, then the training will in all probability be ineffective (Nadler, 1982 : 86).

Moore and Dutton (1978 : 532 - 545); Watson (1979 : 57 - 103); Laird (1985 : 50 - 52), suggest several sources and methods of identifying training needs such as organisational and job analysis, job descriptions, career path plans, performance appraisals, quality control records, promotional records, accident records, behaviour recording, critical incidents, interviews, manager watching, assessment centres, human analyses methods such as behaviour, observation, opinion surveys and psychological measures. Most of these sources and methods are more appropriate for "in company" use rather than for use in small businesses which operate in a third world environment, where sources of information such as job descriptions, performance appraisals, career path plans, assessment centre data and psychological measures do not exist.

Nadler (1982 : 87) suggests that the most appropriate sources and methods of gathering the required data on the current performance levels of potential

trainees are similar to those used for gathering data at the macro level. In other words, methods such as questionnaires, interviews and observation of the actual job tend to be the most appropriate ways of gathering the required data. (Nadler, 1982 : 94 - 96). It is important to remember, however, that the focus is no longer on the job, but on the learners themselves.

Nadler (1982 : 96) holds the view that tests are not helpful when trying to establish learning needs in training situations because they create an artificial standard. He is of the opinion that interviews, questionnaires, observation and records yield more realistic results. When the purpose is education and not training, however, then a test is helpful to identify learning needs because there is no previous job performance to help the analyst.

Goss (1989 : 101) warns against simply accepting the conventional image of the small business manager or owner since not all small business managers or owners will necessarily fit into a stereotyped description. Supporting this view, Kubr and Prokopenko (1989 : 268) advise that when conducting a training needs analysis it is necessary to assess the entrepreneurs personal history and background and there is also a need for the analyst to be sensitive to environmental factors. This is particularly valuable advice when working in a third world environment as the trainee's personal history, background and the environment in which they carry out their business can have an influence on their particular training needs.

From the data gathered, the training needs of the learners can be identified, analysed and documented.

Once the macro and micro training needs have been established, they should be compared.

3.6 Needs comparison

The macro and micro training needs analysis will highlight the areas where there is a need for training.

The data gathered and the conclusions reached from both the macro and the micro training needs analyses should, therefore, be compared. Such a comparison will identify the main areas where training is needed and where there is consensus on the need for training. At this point Nadler (1982 : 100) advises standing back from the data and asking the following five questions:

- If the needs are met, will job performance become acceptable?
- If the needs are met, will the problem be solved?
- How important are the needs? The list may not be significant enough to warrant further action or alternatively the benefits derived from the training may not be worth the cost.
- Would it be more beneficial to redesign the job rather than to provide training?
- Is there a need for the tasks to be re-allocated rather than providing training?

Finally, Kubr and Prokopenko (1989 : 295) caution that a great deal of time, effort and money can be spent in assessing training needs. It is, therefore, important to bear in mind when conducting a training needs analysis that it must be "cost effective" i.e. that the cost of the training needs analysis should not be greater than the benefit obtained from conducting the analysis. Mitchell (1987 : 103) supports this viewpoint. He states, "needs analysis is a vital step towards establishing a training programme, but unfortunately it is a step that is frequently overemphasized . . . needs analysis is an aid to training, but not a substitute for it."

If the training needs have been identified and substantiated, it then becomes necessary to set objectives and standards of performance for the proposed training programme.

3.7 Determining Objectives and Standards of Performance

Miller and Verduin (1979 : 66 - 67) suggest that the development of programme objectives should be based on the collected data from the needs assessment

since the writing of objectives based upon identified needs gives direction and highlights the areas where changes are necessary. Miller and Verduin (1979 - 68) also state that the writing of objectives becomes much easier once a task analysis has been done.

The job analysis and the training needs analysis provide the information necessary for determining the objectives and standards of performance (Goldstein, 1986 : 59).

Nadler (1982 : 105) defines an objective as, "the statement of what is to be accomplished by an activity." Similarly, Mager (1975 : 13) defines an objective as, "a description of intended outcomes." Mager (1975 : 5) explains that objectives describe:

- the standards trainees need to achieve (not to process)
- the results trainees need to achieve

The learning objectives must, therefore, indicate the required performance of the learner at the end of the learning experience, but should not describe the content or practice as this will lead to confusion.

Objectives give instructors, learners and the organisation a clear understanding of what is to be taught, under what conditions and how well the learner must be able to perform thereafter.

Mager (1975 : 6) and Laird (1985 : 102) state that objectives are important because:

- they provide direction for the selection or design of instructional content and procedures
- trainees know what is expected of them
- management knows what it is getting for its investment in training

- trainees know what learning they are supposed to apply on the job after the training
- the training can be evaluated because there is a clear statement as to what the training was supposed to accomplish
- written objectives make a documented statement to all "that training means work and achieving objectives" just like any other work.

It can be added that objectives also help the programme designer to limit the tasks to what is relevant and also provides a complete and concise summary of the lesson.

There is now acceptance that there is no one form or method of writing objectives which satisfies the requirements of all people and all programmes. (Nadler 1982 : 103).

Knowles (1987 : 175) writing in the Training and Development Handbook, advises that:

"some kinds of learning (such as machine operation) lend themselves to objectives stated as terminal behaviour that can be observed and measured (as described by Mager)."

He cautions, however, that:

"other kinds of learning (such as decision making ability) are so complex that they are better stated in terms of direction of improvement."

To ensure clarity when writing objectives Mager (1975 : 47 - 48) suggests the inclusion of three characteristics:

- a) **Performance:** an objective always states what a learner is expected to do. (Both overt and covert performance is included).

- b) **Condition:** an objective always describes the important conditions (if any) under which the performance is to occur e.g. "given a list of possibles, choose the correct answer."
- c) **Criterion:** the objective should state how well the learner must perform. Criteria that can be used are: speed; accuracy; quality or quantity.

It is useful to identify the learning domain in which the learning objectives are being set because this assists when deciding upon the method of teaching / training and the structure of the lesson. Bloom (1956) identified three dimensions:

- Cognitive:** this includes objectives which deal with recall or recognition of knowledge and development of intellectual abilities and skills.
- Affective:** this includes objectives which describe changes in interest and values and the development of appreciation.
- Psychomotor:** this includes objectives related to changes in manipulative and motor skills

In practice, in many instances, all three domains will be required to be developed in order to achieve the required standard of performance.

Nadler (1982 : 115) advises that it is important to focus on the end results of the learning and provides us with a useful way of focusing on the end results. He suggests a preamble which states:

"By the end of this learning experience, the learner will be able to . . ."

This preamble emphasises that the focus is on the learner, not the instructor and "it also underscores the requirement to look at the completion of the

learning experience and the performance that is expected at that time." (Nadler, 1982 : 115).

Mager (1975 : 2) recommends that objectives should avoid "fuzzy" words that can be misinterpreted. He, therefore, suggests: "an objective that communicates best will be one that describes the students intended performance clearly enough to preclude misinterpretation". (Mager, 1975 : 21).

Based upon the work of Mager, Romiszowski (1981 : 45 -46) says instructional objectives must specify :

- necessary external conditions
- desired performance (or behaviour)
- standard or criterion
- method of evaluation

He provides a useful four column format for writing instructional objectives i.e.

Given the following external conditions	This student will	To the following standard	As measured by the following method
--	--------------------------	----------------------------------	--

To sum up, when formulating instructional objectives for a training programme one should ensure that the objectives:

- indicate what is to be accomplished;
- describe the required result or terminal behaviour (note, however, that the form of the objective can vary according to the kind of learning);
- describe the required performance, conditions under which the objectives are to be achieved and the criterion (the level of acceptable performance).

In addition, one should ensure that the methods and content of the evaluation (e.g. competency tests) relate directly to the set objectives.

Once the problem has been defined, the job content analysed, the training needs identified and the objectives and standard of performance established, the curriculum and instructional strategies can be developed.

3.8 Building the Curriculum and selecting Instruction Strategies

Before building the curriculum of a programme, certain aspects of the theory of teaching and learning need to be discussed.

3.8.1 Teaching and Learning:

Skinner (1968 : 5) maintains that, "teaching is the expediting of learning; a person who is taught, learns more quickly than one who is not." Davies (1971 : 21) sums up the relationship between teaching and learning in the following way "the teacher is a guide and director who steers the boat but the energy that propels it must come from those who are learning."

Mager (1975 : 5) states that, "teaching is what we do to others." In a similar vein Nadler (1982 : 3) says, "teaching is the general process of enabling the learner to acquire the learning." Nadler adds that for good teaching to take place the teacher must have the benefit of prior preparation and the learning programme must be properly designed. If the teaching is done in the context of a training programme, it can be called training or teaching.

Learning, on the other hand, has been defined by Morgan, King, Weiss and Schopler (1986 : 140) as "any relatively permanent change in behaviour that occurs as a result of practice or experience." This is a somewhat broad definition which presupposes that a change in behaviour will result from the learning experiences. Nadler (1982 : 110) defines learning as "the process of

acquiring some new skill, attitude or knowledge." This is in contrast to performance which is the usage of the skill, attitude or knowledge acquired. There is, therefore, a difference between acquisition and utilization.

This distinction, which Nadler draws, is an important one because not all learning is acquired with a use in mind. In training situations, however, we are concerned with the direct linkage between learning and performance.

Knowles (1980 : 48), Davies (1971 : 153 - 154) and Laird (1985 : 179) stress that learning requires teacher / learner co-operation. Gibb (1983 : 13) suggests that the ideal teacher for a small business training programme should have "sound analytical skill; good interpersonal skills and a wide framework of reference." Eurich (1962 : 15 - 16) points out that researchers agree that whatever a student learns, he must learn for himself, no one can learn for him. Each student learns at his own rate and, for any age group, the variations in rates of learning are considerable. These factors should be borne in mind when building a curriculum.

3.8.2 Learning theories

Thorndike (1931) in his early research on learning concluded that there are three laws which govern how we learn:

- The law of readiness (i.e. we only learn what we are ready to learn)
- The law of effect (i.e. nothing succeeds like success)
- The law of exercise (i.e. practice makes perfect)

There is no general agreement on how people learn. Lippitt (1973 : 109 - 115) categorises the various learning theories according to the way in which each school of learning developed its model of the way people learn. Odiorne (1970 : 219) attempts to clarify the various theories according to "hard criteria" and "soft criteria." Odiorne (1970 : 248), however, concludes:

"No matter how much theoretical knowledge we develop, we will still have the problem of knowing how and where to apply this knowledge to concrete situations and of discerning and explaining differences in the situations."

There is, however, general agreement on the following basic principles of learning which should be taken into account when building a training programme:

- Motivation:** The learner must have a need to learn and, therefore, be motivated to learn (Beach, 1985 : 247) and (Davies, 1971 : 154).
- Reinforcement:** Bass and Vaughan (1966 : 11); Thorndike (1928 : 124); Beach (1985 : 247) and Laird (1985 :89) all suggest that positive reinforcement aids the learning process.
- Feedback:** Laird (1985 : 25) and Morgan, et al. (1975 : 16) stress the importance of feedback since research shows that learning is aided by knowledge of results.
- Theoretical Understanding:** Beach (1985 : 248) states: "it has been shown that learning is faster and better applied to new situations if the trainees understand the principles involved."
- Learning Psychomotor Skills:** Davies (1971 : 198) states that the T.W.I. method (breaking down the job into its natural stages, telling and showing the trainees, allowing the trainees to practise, "chaining" together the steps and giving encouragement) is still possibly the best method of training psychomotor skills.

Learning by Doing: Laird (1985 : 29); Skinner (1968 : 5); Rogers (1969 : 162); Beach (1985 : 248) and Knowles (1980 : 58) all agree that learning is improved and becomes more significant if the learner participates in the learning process.

Gibb (1987 : 17 - 19) explains that the world of the entrepreneur is one in which he is concerned with the present and the future as well as finding ways of creatively avoiding problems or anticipating them. Understanding is, thus, derived through "doing". He, therefore, advocates that small business training should emphasize "learning by doing."

Davies (1971 : 202); Morgan, et. al. (1975 : 167) and Beach (1985 : 248) state that research shows that spaced practice tends to be superior to massed practice as it leads to more rapid learning of the skill required. It is, therefore, advisable when designing a training programme to allow specific periods when the trainees can practise implementing and using the techniques which they have acquired on the training programme (Govender 1991 : 326).

While accepting that nobody knows for certain how people learn, Laird (1985 : 113 - 127) explores four main groups of learning theories:

- i) **The Sensory Stimulation Theory:** which holds that learning happens when instruction stimulates the senses of the learner.
- ii) **The Reinforcement Theory:** Skinner, (1968 : 19 - 22 and 145 - 168) the major exponent of this theory, maintains that people learn best when the correct behaviour is reinforced.
- iii) **The Facilitation Approach:** Rogers, (1969 : 95 - 96) the major exponent of this theory, maintains that the learner must be involved in the learning process and the learner / instructor relationship is of prime importance.
- iv) **The Andragogic Approach:** which holds that adult learning requires a different approach to the traditional pedagogic approach.

As this thesis is concerned with an andragogic training programme for Ciskeian retailers, it is necessary to explore the andragogic approach in greater detail.

3.8.3 Andragogical Principles of Learning

In this modern, fast changing world, training and re-training is constantly necessary if the worker is to avoid becoming obsolete. Training is, thus, not only for the young but it is necessary for the old as well. Older people, however, are often less flexible and less mobile and training has, therefore, to be designed to cater for these different needs and circumstances.

Davies (1971 : 184 - 185) states:

"as people mature through the exercise of independence and self-reliance, and as the so called ageing process takes its toll, so forms of learning based upon imitation and memorization become less and less important. Older people learn more by synthesis and evaluation, more by independent methods of study and discovery. Teaching methods that are optimal with younger people, therefore, are not necessarily optimal with older people. Out of this very simple statement has largely arisen the mythology that older people are more difficult to train and retrain. It would be more accurate to say that it is not age that causes the difficulties, but inappropriate teaching strategies and teacher credibility."

The learning difficulties of older people can be summarized as follows :

- Motivational problems
- Problems of unlearning
- Problems associated with forgetting
- Resistance to change and innovation
- Problems of adjustment

One of the leading exponents of the andragogic school of thought, Malcolm Knowles (1984 : 51 - 63), identifies several differences between child learning (pedagogics) and adult learning (andragogics). For example, children are dependent but adults see themselves as self-directing. In other words, the children expect to "receive" answers to their questions whereas adults expect to be able to answer part of their questions from their own experience. Adults

rely a great deal on their past experiences.

Knowles, (1984 : 56 - 57) therefore, advocates that in the teaching of adults the instructor needs to encourage the active participation of the adult learner, encourage the adult learner to introduce and discuss past experiences as part of the learning process, encourage a co-operative relationship between learner and instructor, allow a great deal of two way communication, encourage mutual evaluation of performance and plan future learning projects in a participative manner.

Laird (1985 : 125) comments that Knowles' andragogic concepts are extremely important:

"Early activities need to allow maximum participation by learners, so they can invest their experience and values in the learning process."

Belbin (1965) provides a concise summary of how the learning difficulties of older people can be overcome. The summary was developed by the staff of the Industrial Training Research Unit of University College, London. The summary contains some useful suggestions for adapting training programmes to suit older learners such as:

- i) where there is a need to "unlearn" something for which the older person has a predilection, ensure "correct" learning in the first place by using automatic feedback systems which will quickly show and convince the older learner of his errors.
- ii) when the older learner lacks confidence, provide longer induction periods and employ longer learning sessions than is customary for younger trainees. Davies (1971 : 191) suggests the optimum training time for younger people appears to be about 45 to 60 minutes whereas older students tend to prefer longer training sessions of about 90 minutes.

- iii) Older learners like to proceed at their own pace and prefer to beat their own targets rather than those of other trainees.
- iv) Older learners show a preference for the "cumulative part learning method" whereby each link in the chain is continuously rehearsed as the next link is added. It is, therefore, important to allow for revision sessions on any adult learning programme.

Litwin (1985 : 16) has aptly summarised the important principles of the adult learning process as follows:

- i) When learners believe they can, will, or should change, learning is more likely to lead to measurable behavioural change.
- ii) Learning is more likely to improve performance when the learning experience is based upon skills and practices that are known to lead to high performance.
- iii) Learning is more likely to occur when there is unfreezing of prior attitudes, thoughts and behaviour patterns.
- iv) Learning will be enhanced if learners can observe and study examples of the desired behaviour.
- v) When learners identify, describe and discuss the desired behaviour in relation to job demands, corporate policies, and informal norms of the organisation, learning is more likely to lead to measurable change back on the job.
- vi) The learning experience is more likely to influence behaviour when learners perceive that the desired behaviour is consistent with their ideal self image.

- vii) The more frequently individuals practice the desired behaviour, the more likely it is that new behaviour patterns will be demonstrated back on the job.
- viii) When learners get feedback on how well they are doing, learning is more likely to lead to behavioural change.
- ix) Learning will be more effective in changing behaviour when learners set concrete goals and develop written action plans as part of the learning process.
- x) The learning experience will be enhanced if all parts of the whole person (cognitive, affective, and behavioural) are activated and integrated.
- xi) Learning is more likely to lead to behavioural change when the physical and social environment encourages and supports the emergence of new behaviour patterns.
- xii) The creation of an on-the-job support system maximizes the application of new learning and behavioural change.

Each principle has its own unique impact on the overall learning experience. Some of the principles overlap, others build upon one another, still others complement one another when introduced into the learning process. These principles are, nevertheless, important to bear in mind when developing a training programme for adults.

Laird (1985 : 128) anticipates that the practical trainer will ask the question, "which of the above learning theories will get us farthest?" Laird (1985 : 138) and Knowles (1984 : 115) conclude that, "one should take the best from each theory." This viewpoint is supported by Hilgard and Bower (1966 : 565) who advise:

"the option is still open of attempting to guide practical developments by way of one or another of the prevailing theories, or by developing some new model which has more unity than a set of eclectic principles."

Odiorne (1970 : 249) also supports this viewpoint. He states, "the choice of training mode and the judgement of effort cannot be readily resolved by resorting to theory alone." He believes that hard economic factors and specific training objectives dictate which learning theory one must apply at any particular time in any given situation.

3.8.4 Transfer of Training

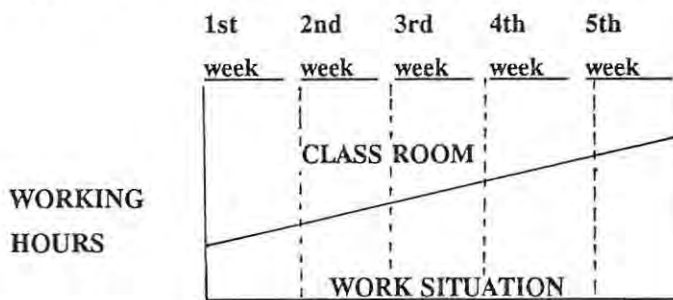
The problem of transferring knowledge, skills and attitudes from the classroom to the work situation has been a major problem for decades.

Bass and Vaughan (1966 : 38 - 40) explain the two dominant psychological theories on the transfer of training. The "Identical Elements Theory" propounds that the greater the similarity in the learning situation and the job situation, the greater will be the success of the transfer of the training. This explains why "on the job training" is often so popular. (Bass and Vaughan, 1966 : 39). The "Transfer through Principles Theory" holds that positive transfer will result if the learner applies those principles learned to cover a group of similar situations. The advantage of this theory is that the primary focus is the creation of circumstances that best helps trainees to learn appropriate principles and be able to apply them to different or new situations. (Bass and Vaughan, 1966 : 39).

It is possible to use a combination of the above two theories for the transfer of learning from the classroom to the work situation. The principles and techniques are first learnt in the classroom, the learner then practices these principles and techniques in the classroom environment before gradually transferring the principles and techniques into the work situation.

The transfer of the training from the classroom (training room) environment to the work situation can, thus be done as illustrated in figure 3.4 below.

Figure 3.4: Transfer of Training from Classroom to Work situation.



In this way the trainee spends less and less time in the classroom environment and more and more time in the work environment until by the last week the trainee only returns to the classroom for corrective lessons, tests, discussions etc.

Pepper (1984 : 95) states that the importance of follow-up in all learning has been stressed by educational psychologists during the past 25 years as, "learning to any level of proficiency is dependent on the repetition of what has to be mastered." Paul, Ickis and Levitsky (1989 : 5) support this theory:

"Entrepreneurship development programmes have been most successful in actually creating enterprises, which survive and are profitable, when combined with active counselling and guidance in securing finance and technical and marketing assistance."

They maintain the evidence they have collected tends to support the theory that the development of business skills is most effective when integrated with direct advice and assistance in the actual individual businesses. They state:

"new participatory teaching approaches have been tried with some success in sessions devoted to problem solving and decision making within the firms of those participating in the training activity." (Paul, et al., 1989 : 5).

Govender (1991 : 326 - 327) also supports this approach stating "the business itself should serve as a training ground." He recommends that training, to be

effective and meaningful, should be followed by extension services or consulting at the place of business.

Other ways of maximising retention and transfer of learning in training programmes suggested by Baumgartel and Jeanpierre, (1972); Ellis, (1965) and Mosel, (1957) can be summarised as follows:

- maximise the similarity between the training situation and the job situation;
- provide as much experience (practice) as possible with the task being taught;
- provide a variety of examples when teaching concepts or skills;
- label or identify important features of a task;
- ensure the general principles are understood before expecting much transfer;
- make certain that the trained behaviours and ideas are rewarded in the job situation;
- design the training content so that the trainees can see its applicability;
- use adjunct questions to guide the trainees and focus their attention on the issue.

3.8.5 Steps to follow in building a curriculum

Building a curriculum involves focussing on what is to be learned and the sequence of the learning. The curriculum must relate to the learning objectives and be logically organised because learning material which is well organised is easier to learn. (Skinner 1968 : 107).

The term syllabus is sometimes used and generally means listing the content which is to be learnt.

The lesson plans set forth, in detail, how the instructor will guide the learning. Nadler (1982 : 126) describes it as "the actual road map" to help the instructor and learner reach the determined objectives.

It should be noted that it is not appropriate to describe at this stage "instructional strategies" - one must first decide what has to be learnt before deciding on how the learning is to take place. In order to do this Nadler (1982 : 128 - 157) describes 7 steps which should be followed when building a curriculum:

Step 1 "Consider variables that impact on learning"

These variables are:

- the learner (his past experience, education, culture, age and motivation need to be taken into account);
- the instructor (his background and experience is relevant);
- the geographical location of both learners and the instructors (if the learners are geographically spread out a "packaged" training programme might be most useful).

Step 2 Develop content of training programme

Nadler (1982 : 134) recommends that the content should be categorised as follows:-

- essential content;
- helpful content (supplements the essential content);
- peripheral content (only include if there is time);
- unrelated content (which should not be included).

Step 3 Check the relevance of the content

Nadler (1982 : 136 - 137) suggests that at this point the training course designer should check that the content is in line with the objectives, and that the identified training needs which, if learnt, will lead to the specified performance standard.

Step 4 Sequence the content

Nadler (1982 : 136-137) comments that, "no one particular way of sequencing is best for all content and for all learners."

There are many ways of sequencing. (For example: general to specific; specific to general; known to unknown; concrete to abstract; observation to reasoning; or to build up the content in a logical step by step approach according to the way in which the job is structured in the actual working environment).

The sequencing can also be affected by the type of delivery system to be used. The sequencing will be different for a "full time" course over a set period as compared to a "spaced learning" course spread out over a period of time. (In the latter case, more time needs to be allowed for revision and refresher periods and for "report back" sessions if field work is given between stages of the training programme).

Step 5 Plan the lessons

Research has shown that effective lessons have certain characteristics, are well designed and have a clear format. Davies (1981) gives four basic characteristics of a lesson. He states a lesson should:

- be a self contained unit of work
- be tied to a particular standard of performance
- be adapted to the needs of the learner
- have a definite structure

Gagne and Briggs (1979) suggest four steps that should be followed when designing an individual lesson. Researchers have, however, found that there is no "one best format" for a lesson (Nadler, 1982 : 145). The lesson format should set out the objective of the lesson, the preparation required, the timing, the main topics to be covered, the instructor activity, the learner activity and teaching strategies. The lessons, themselves, should contain:

- an introduction (to gain the attention of the learners and prepare them for what is expected).
- a body (to present the learners with new knowledge, skills or attitudes which they should learn).
- a close (to consolidate what has been learned and to assist the learners in applying what they have learned).

Step 6 Construct measurement of the learning

It is most important to construct some form of measurement before the learning takes place, otherwise one does not have a measure of the effectiveness of the lessons.

Nadler (1982: 152) recommends that one should construct pre- and post-tests. This gives a measure of the learning that has taken place but it is not a measure of performance on the job.

As has been stated under "principles of learning", feedback of results is vital to both the teacher and the learner. Results, therefore, should be immediately available, easily understood and usable. (Nadler, 1982 : 151-153).

The tests should relate directly to the objectives of the lesson and they should be given regularly. Tests can take many forms such as written

tests, oral tests, case studies, role play, in-basket exercises and practical exercises.

3.8.6 Training Styles

The teaching style (or training style, in the case of a training programme) can have a profound impact upon the training model one develops. It can affect the curriculum, sequencing of lessons, methods of instruction, motivation of the learners and evaluation of the programme.

There is a parallel between leadership styles in management and leadership styles in training for, in the teaching/learning situation, the trainer is, in fact, the leader. (Davies 1971 : 158).

A great deal of research has been done on the most effective style of leadership. The results indicate that there is no single all purpose effective leadership style. (Hersey and Blanchard, 1982; Fiedler, 1967; Korman, 1966). Successful leaders are those who can adapt their behaviour to meet the demands of their own unique situation.

The style of a leader, in a managerial context, is defined as:

"the consistent behaviour patterns that leaders use when working with and through the people as perceived by those people." (Hersey & Blanchard, 1982 : 126).

The style of the trainer can, thus, be defined as:

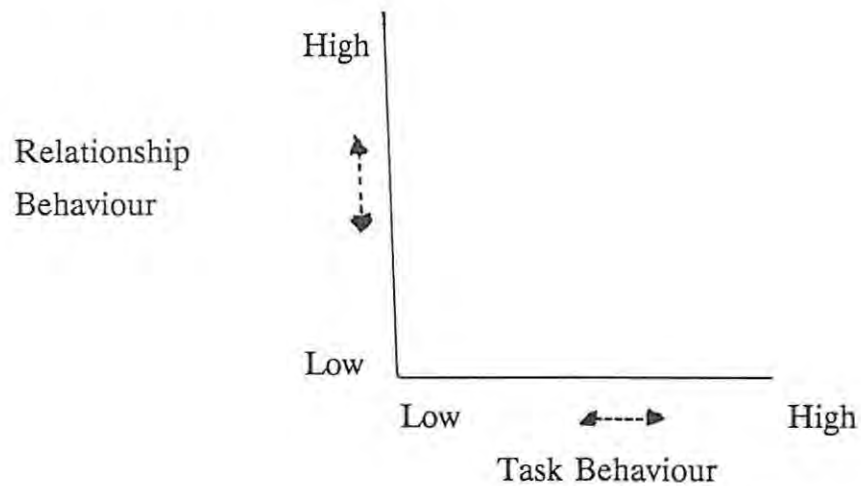
"the consistent behaviour patterns that trainers use when working with learners as perceived by those learners."

The "Situational Leadership Model" of Hersey and Blanchard (1982) is based upon an interplay of the style of the leader, (i.e. the amount of task behaviour and relationship behaviour a leader provides) and the "readiness" level that followers exhibit with regard to a specific function or task.

Task behaviour is defined as the extent to which the leader engages in role defining, telling what has to be done, where, when, how and who is to do it. Relationship behaviour is defined as the extent to which the leader engages in providing support by two way communication, listening, encouraging, facilitating, stroking, and creating mutual trust. (Hersey and Blanchard, 1982 : 96).

Task and relationship behaviour are two separate axes of a two dimensional graph. Task behaviour is plotted from low to high on the horizontal axis and relationship behaviour is plotted from low to high on the vertical axis as shown in Figure 3.5. (Hersey 1984 : 32).

Figure 3.5: Task and Relationship Behaviour.



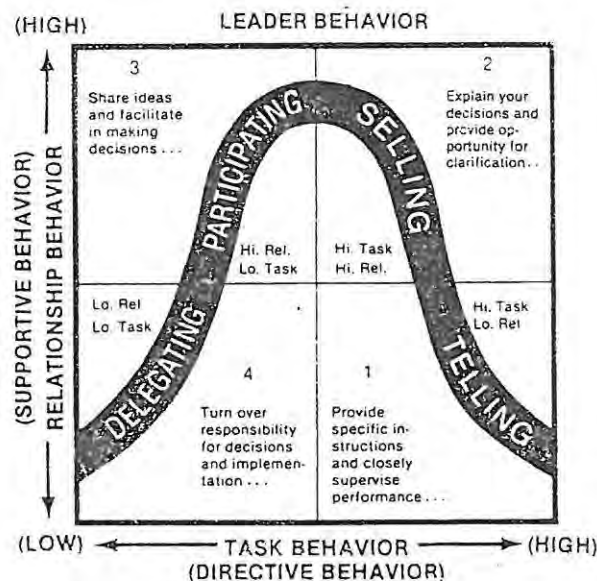
Leadership behaviour can thus be plotted on two separate axes rather than on a single continuum. In other words, the amount of task behaviour and the amount of relationship behaviour displayed by a Leader are separate and distinct dimensions. Leaders use both task behaviour and relationship behaviour in different combinations. For example, leaders can use:

- i) high amounts of task behaviour and low amounts of relationship behaviour
or

- ii) high amounts of task behaviour and high amounts of relationship behaviour
or
- iii) low amounts of task behaviour and high amounts of relationship behaviour
or
- iv) low amounts of both task and relationship behaviour
(Hersey, 1984 : 32).

Four quadrants can now be constructed from the above graph. This makes it possible to describe leadership behaviour in four ways. i.e. it is now possible to identify four basic leadership styles as shown in Figure 3.6.

Figure 3.6: Styles of Leadership



Source: Hersey (1984 : 61)

In the training situation, like the leadership situation, it is suggested that no single training style is effective in all situations. The trainer needs to be flexible and vary his/her style according to the situation. The Situational Leadership Model developed by Hersey and Blanchard (1982) can, thus, be adapted to assist in the decision of the appropriate style to be used by the trainer. The term "leader" has, therefore, been substituted with the word "trainer" and the term "follower" has been substituted with the word "learner" in the explanation which follows.

Using the Situational Leadership Model, the four styles which a trainer can adopt are:-

(i) **Telling Style:**

The trainer displays high task and low relationship behaviour. This style is characterised by mainly one way communication in which the trainer defines the roles of learners and tells them what, how, when and where to do various tasks.

(ii) **Selling Style:**

The trainer displays high task and high relationship behaviour. This style is characterised by most of the direction being provided by the trainer but there is more two-way communication and support to get the learners to "buy into" decisions which the trainer has made.

(iii) **Participative Style:**

The trainer displays high relationship and low task behaviour. This style is characterised by shared decision-making, two-way communication and much facilitating behaviour from the trainer.

(iv) **Delegating Style:**

The trainer displays low relationship and low task behaviour. This style is characterised by the trainer allowing the learners to "run their own show."

In order to determine which style would be most appropriate in a given situation, Hersey and Blanchard contend that, it is necessary to establish the "readiness" level of the follower in relation to the specific task or function which the leader is attempting to accomplish through the follower's efforts. "Readiness" is defined in Situation Leadership Theory as how willing (the amount of willingness, commitment, which the individual or group has) and

able (the amount of knowledge, experience and ability which the individual or group has) is the individual or group in relation to undertaking a specific task. It is important to note that people tend to have varying degrees of "readiness" depending upon the specific task or function that the leader is attempting to accomplish through the learner's own efforts.

Hersey and Blanchard (1982 : 153) then developed a "readiness" continuum and "bench marks of readiness." The continuum is depicted as follows :

Figure 3.7: Learner's Readiness

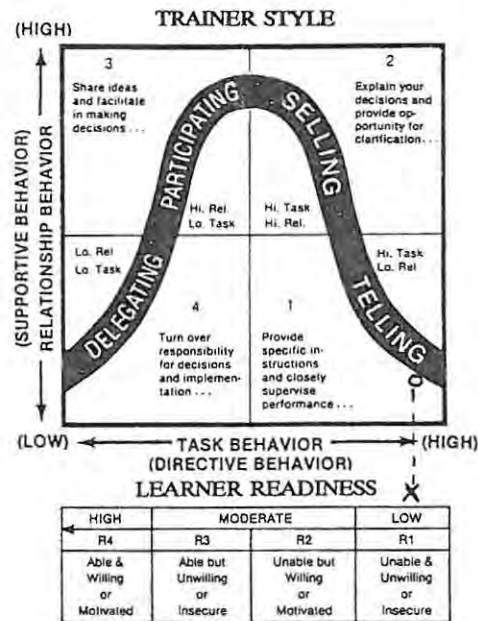
HIGH	MODERATE		LOW
R4	R3	R2	R1
Able & Willing or Motivated	Able but Unwilling or Insecure	Unable but Willing or Motivated	Unable & Unwilling or Insecure

Source: Hersey (1984 : 61)

It is contended that these readiness levels also exist amongst learners in the training situation.

Once the readiness (willingness and ableness) of the learner or group of learners is identified, then the appropriate training style can be determined by constructing a right angle from the point on the readiness continuum that identifies the readiness level of the learner or group of learners, to a point where it intersects the curvilinear function in the trainer's style section of the model. The quadrant in which the intersection takes place suggests the appropriate style which should be used by the trainer in that particular situation with a learner or group of learners at that readiness level.

Figure 3.8: Styles of Trainer and Readiness of Learner Model.



Source: Hersey (1984 : 61)

The Situational Leadership Theory of Hersey and Blanchard (1982: 153-154) concludes that:

- i) when working with people whose readiness level is low in terms of accomplishing a specific task, (See R1 in figure 3.8), a high task/low relationship style (i.e. a "telling" style) will have the highest probability of success.
- ii) when working with people whose readiness level is low to moderate (See R2 in figure 3.8), in terms of accomplishing a specific task, a high task/high relationship style (i.e. a "selling" style) will have the highest probability of success.
- iii) when working with people whose readiness level is moderate to high (R3 in figure 3.8) in terms of accomplishing a specific task, a low task/high relationship (i.e. a "participative" style) will have the highest probability of

success.

- iv) when working with people whose readiness level is high (R4 in figure 3.8) in terms of accomplishing a specific task, a low task/low relationship style (i.e. a "delegating" style) will have the highest probability of success.

For example, suppose a trainer has determined that a learner's readiness level in terms of financial skills is low. Using Situational Leadership Theory he would place an X above R1 on the readiness continuum as shown in Figure 3.8. Once the trainer has decided that he wants to influence the learner's behaviour in this area, the trainer could determine the appropriate initial style to use by constructing a right angle from the X drawn on the readiness continuum to a point where it intersects the bell-shaped curve (designated in Figure 3.8 by O). Since the intersection occurs in the "telling" quadrant it is suggested that when working with this learner who demonstrates R1 readiness on this particular task, the trainer should use a telling style (high task-low relationship behaviour). If one follows this technique for determining the appropriate training style for all four of the readiness levels, it will become clear that the four readiness designations (R1, R2, R3, R4) correspond to the four trainer behaviour designations (telling, selling, participating, delegating); that is, R1 readiness needs telling style, R2 readiness needs a selling style, etc.

The "telling" style is often seen in a negative light. This is an incorrect perception because telling someone how to do something when he or she really does not know how to do it is a positive response, not a negative response. The learner would see the "telling" as helpful if the style is used appropriately.

In the above example, when low relationship behaviour is advocated, it does not mean that the trainer is not friendly or impersonable to the learner. It merely suggests that the trainer, in supervising the learner's handling of financial work, should spend more time directing the learner in what to do and how, when, and where to do it, rather than providing socio-emotional support (relationship behaviour) and reinforcement. Increased relationship behaviour

should occur when the learner begins to demonstrate the ability to handle the financial work. At that point, a movement from the telling style to the selling style would be appropriate. (Hersey and Blanchard, 1982 : 201).

Developing learners and handling performance regression in terms of the Situational Leadership Model.

Rogers (1969 : 134) found in his research that not all people wish to be taught or to learn in the same way. He identifies, however, a "high level of readiness" as the ultimate objective of a learning system (Rogers, 1969 : 162). In other words, the learner should develop along the readiness continuum from R1 to R2 to R3 to R4. Hersey and Blanchard (1982 : 197 - 210) caution, however, that development takes time and should be done in small steps.

The method of developing learners at the R1 and R2 levels of readiness is for the trainer to first reduce the amount of task behaviour (direction) he is giving the learner and when the learner responds appropriately, to then increase the amount of relationship behaviour. The learner will see the increase in relationship as a reward for showing initiative. This two step process should continue until the learner develops a moderate to high level of readiness (i.e. R3 level on the readiness continuum).

The method of developing learners from the R3 to the R4 level of readiness is slightly different. For the trainer to develop learners from the R3 to the R4 level of readiness, the trainer should continue to reduce the amount of task behaviour (direction) he is giving to the learner but, when the learner responds appropriately, he should also decrease the amount of relationship behaviour. The reason for this is that, the learner who is able and willing will tend to see being left alone as a reward. The learner who is willing and able does not want the trainer "looking over his shoulder" but appreciates the trust and confidence being placed in him by the trainer using a delegating style (i.e. providing only small amounts of direction and support).

Although this theory seems to suggest a basic style for different levels of readiness it is not quite that simple. When learners begin to slip, for whatever reason, i.e. crisis at home, change in work, technology, etc., it becomes appropriate and necessary for trainers to adjust their behaviour backwards through the bell shaped curve to meet the present level of readiness of the learners. For example, take a learner who is presently working well without much supervision. Suppose, suddenly, a family crisis begins to affect this person's performance in the classroom. In this situation, it might very well be appropriate for the trainer to increase moderately both direction and support until the learner gains composure.

Take another example of a school teacher who has been highly motivated and competent (R4) and, therefore, could be left on his own. Suppose he is promoted to principal. While it may have been appropriate to leave him alone (delegate) as a teacher, now that he is a principal, a task for which he has little experience, it may be appropriate for his supervisor to change styles by first providing more relationship behaviour and then increasing the task behaviour and supervision of his activities (Delegating to Participative style). This high task-high relationship style should continue until the person is able to grasp the new responsibilities. At that time, a movement back from the selling style through the participative style to the delegating style would be appropriate. Using the same leadership style that was successful while he was a teacher would prove ineffective because that style would be inappropriate for the needs of this situation. (Hersey and Blanchard, 1982 : 212-219).

In summary, effective trainers must know their learners well enough to meet their ever-changing abilities and the demands made upon them. It should be remembered that over time, learners as individuals and as groups develop their own patterns of behaviour and ways of operating, i.e. norms, customs and mores. While a trainer may use a specific style for the trainees as a group, that trainer may quite often have to behave differently with individual learners because they are at different levels of readiness. In either case, whether working with a group or an individual, changes in teaching style from the telling, to the selling,

to the participative, to the delegating style, must be gradual. This process by its very nature cannot be revolutionary but must be evolutionary. Gradual developmental changes should be a result of planned growth and the creation of mutual trust and respect.

3.8.7 Methods of Instruction

Many writers, (e.g. Davies, 1971; Belbin, 1965; Nadler, 1982) give comprehensive reviews of the different methods of instruction which can be used. Lectures, demonstrations, group discussion, tutorials, role playing, case studies, games, programmed learning, leaderless groups and sensitivity training are some of the methods available to trainers. Davies (1971 : 175) mentions three criteria which need to be considered when selecting a method of training:

- the nature of the learning objectives;
- the need to enrich the learning experience by having well motivated learners;
- the ability of the learners.

These criteria are remarkably similar to the criteria which Hersey and Blanchard (1982) consider to be vital in deciding upon which style of leadership one should use, i.e. "the situation" (or, in the case of training, the nature of the learning) and the "readiness" of the followers (or in the training situation, the motivation and ability of the learners).

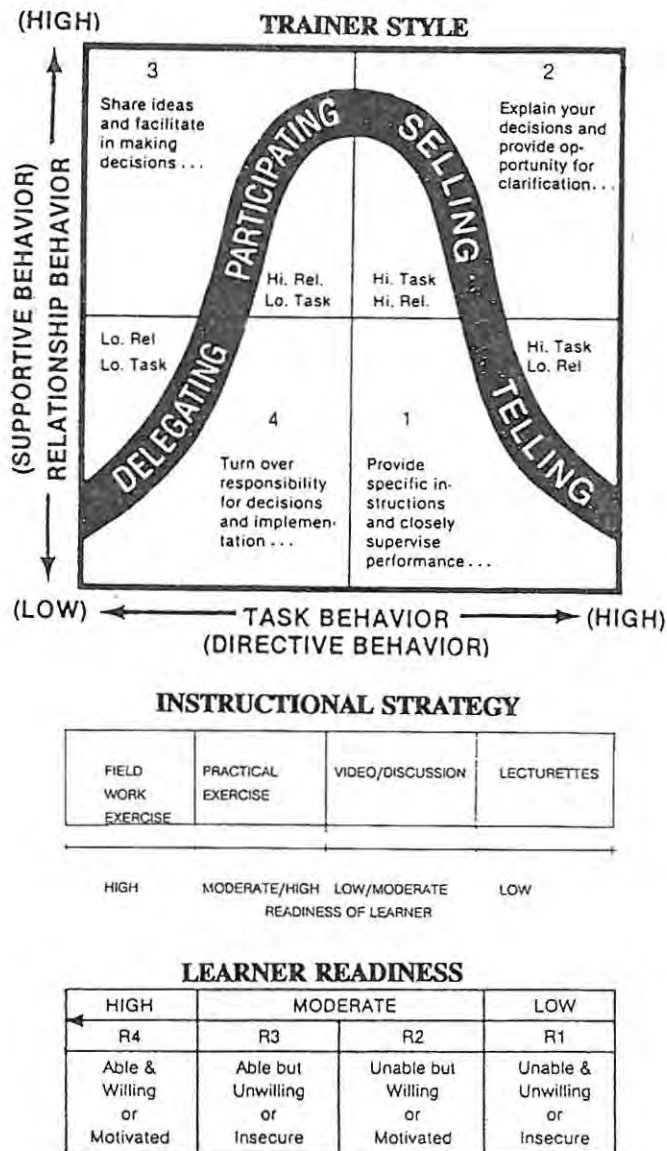
The experts agree that there is no one overall training method which is applicable to all learning situations. (Mager and Beach Jnr., 1967 : 52; Nadler, 1982 : 170). They also agree that there is no infallible technique that can be used to ensure that the correct training method is used. (Laird, 1985 :129). Different lessons call for different methods and techniques. The method to be used will depend upon many variables such as the content of the lesson, the learning objective to be realised and the ability, aptitude, pre-knowledge, level of education, motivation, experience and age of the trainees. The fundamental

question that designers of training programmes end up asking is, "is this the best instructional method to use to put across a certain lesson?"

The leadership research work of Hersey and Blanchard (1982 : 155) shows that it may not always be possible (for a variety of reasons) to use the correct style of leadership, in which case, they suggest that the next closest style to the appropriate one should be used. It is suggested that this principle should also be applied in trainer / learner situations.

It is important, that the methods of instruction are compatible with the appropriate styles. The training strategy model shown in Figure 3.9 has been constructed to serve as a guide for selecting the instructional method appropriate to the teaching situation.

Figure 3.9: Learners Readiness, Instructional Strategy and Training Style Combined



The above model can be explained as follows:

The learners readiness level in relation to a specific task should first be assessed. The most appropriate instructional strategy can then be determined by constructing a right angle from the point on the "Readiness Continuum" that identifies the readiness level (e.g. R1, R2, R3 or R4) to a point where it intersects the "Instructional Strategy" diagram. The most appropriate trainer style can thereafter be determined by continuing the right angle to a point where it intersects the curvilinear function in the "Trainers Style" section of the model. For example, if the learner's readiness level is low i.e. R1, the lecture / instructional strategy would, in all probability, be most effective in which case the trainer would use a telling style to get the lesson across to the learners.

3.9 Obtaining Training Resources

It is necessary to obtain all the required training resources prior to the implementation of a training programme. The resources required fall into three categories - physical, human and financial. (Nadler 1982 : 186).

The physical resources include:

- i) Equipment (e.g. audio visual equipment, films, overhead projector, transparencies, flip chart, easel, blackboard etc.)
- ii) Materials (e.g. training manuals, workbooks, pens, chalk, masking tape, note paper etc.)
- iii) Facilities (e.g. training venue, tables, chairs etc.)

The human resources include:

- Training programme designer
- Instructors
- Participants to the training programme

The financial resources include:

- The cost of capital equipment (e.g. audio visual equipment, furniture, lecture rooms etc.)
- The operating costs (e.g. salaries, course advertising, rentals, stationery, printing, transport, refreshments, maintenance etc.)

Note: In the interests of good planning and control, it is advisable to draw up and document a proper Training Programme Budget covering both capital expenditure and operating expenditure.

3.10 Implementation

The training programme should have a formal opening aimed at creating a climate conducive to learning. (Nadler, 1982 : 214). The opening address should be brief, but should cover:

- a welcome to the delegates
- the overall aims of the training programme
- an outline of the content of the training programme
- an explanation of the mutual expectations (i.e. what the delegates can expect from the trainer and what the trainer expects from the delegates.)

In addition, the opening address should attempt to put the delegates at ease.

The opening address should be followed by a statement of the requirements of the training programme. This sets the ground rules for the programme and should cover such issues as attendance, participation, assignments, tests etc. In addition, logistical details such as starting times, tea breaks, lunch breaks, punctuality, duplicating facilities, cloak rooms etc. should be dealt with. This is usually done by the course designer or the training manager.

The instructor should then introduce himself and give the delegates some information about his training and experience. The training programme can then commence with the trainer going through the time table, the learning objectives and the introduction to the first lesson.

3.11 Evaluation of the Training

Evaluation and feedback ensures that the learner, the trainer, the designer of the training programme and other related decision makers (e.g. sponsors) do not work in isolation. All these parties will want to know whether the training has been effective.

According to Hamblin (1974 : 7) evaluation is "the assessment of value or worth." He defines the evaluation of training as "any attempt to obtain information (feedback) on the effects of a training programme and to assess the value of the training in the light of that information." (Hamblin, 1974 : 8).

Hesseling (1966 : 44) states that:

"evaluation research refers to the procedures to determine the degree to which a training programme achieves specific results, both intended and unintended, and to determine what elements in the situation or in the methods used hamper or foster the process of training."

Hesseling (1966), Hamblin (1974) and Nadler (1982) all agree that there is no one best way to evaluate training. It depends upon many variables. Evaluation methods must be tailor-made to meet the needs of the particular circumstances.

Hamblin (1974 : 68) states:

"the view is often expressed that evaluation data presented in numerical form is in some way more real (more objective, more precise, more truthful) than data presented in descriptive or unqualified form. Unfortunately this is not always true, since many of the most important effects of training cannot be exactly measured in terms of numbers. The only way to describe the whole truth is to describe it in words."

Hamblin (1974 : 69) concludes that "quantified and nonquantified methods have complementary advantages and disadvantages, and they should be employed together whenever possible."

Bass and Vaughan (1966 : 144) recommend that the evaluation "should constitute an integral part of the total programme from beginning to end."

Nadler (1982 : 223) recommends that evaluation and feedback should be involved at each stage or step in the training process.

McDonald (1987 : 20) states that primary evaluation criteria usually involve assessing "the immediate effectiveness of the training programme." By this he means the amount of learning and the satisfaction of the participants at the end of the training. McDonald, however, also mentions other criteria, namely, "the participants intention to use the training, whether the participants actually use the training, and how useful they find the training once they have tried to use what they have learned." This part of the evaluation of the training can be assessed by measuring the results of the training.

Korb (1956 : 378 - 391) expresses the view that the results of training should be measured in the following three ways: "in course evaluation of participants progress; impact on the participants after training; impact on the organisation." This is similar to the views of Hamblin.

Hamblin (1974 : 14) suggests that training evaluation should take place at five levels. That is, level 1: reaction; level 2: learning; level 3: change in job behaviour; level 4: changes in the organisation; level 5: changes in the achievement of ultimate goals. While in his earlier work (1970) Hamblin does not separate the final two levels, he does caution that there are many occasions when it is impossible to evaluate training at levels 4 and 5. This is because it can become difficult to follow through all the links in the chain and see the interconnections. In addition, evaluation at levels 4 and 5 (and to some extent at level 3 as well) is, in effect, evaluation of management as a whole and many

other variable factors then come in to play. (Hamblin, 1974 : 24). He concludes that "the number of possible evaluation strategies is legion: in fact, each evaluation strategy should be tailor made to suit the particular case." (Hamblin, 1974 : 29). He also advocates that whatever strategy of evaluation one adopts, it should be relevant and acceptable to everyone concerned with the training programme (Hamblin, 1974 : 33).

In similar vein, Kirkpatrick (1959 : 1) suggests that the evaluation of training should be conducted at four levels:

i) **Reaction:**

Trainee reaction to the training programme should be determined by using anonymous quantifiable questionnaires (do not rely upon verbal comments).

ii) **Learning:**

Trainees like to know how they are progressing. Trainers also find evaluation invaluable because they can then improve their performance and the content of the training if they are able to evaluate trainees' learning performance. The second step in the evaluation process should, therefore, be to measure what trainees have learnt.

Since reaction to training does not ensure that learning has taken place, Kirkpatrick (1975 : 6) recommends the following guidelines:

- the learning of each trainee should be measured so that quantitative results can be determined
- trainees performance should be measured before and after training. If "paper and pencil" tests are given, the same or very similar tests should be given otherwise results will not be comparable
- the training should be measured on an objective basis. The tests must cover the material presented otherwise it will not be an

accurate measure of what has been learnt

-where possible, a control group should be used to compare with the experimental group

Nadler (1982 : 152) and Mager and Beach (1967 : 39) also suggest that pre-and post-tests should be given to trainees. They explain that pre-testing ensures that the instructor quickly learns what the trainee's level of knowledge and/or skill are in the subject to be taught. The post test, on the other hand, is valuable since it establishes whether the trainee can perform in accordance with the training objectives and standards set.

iii) **Behaviour:**

This means that an attempt is made to evaluate the changes in the behaviour of the trainees on the job after they have undergone training. Measuring changes in behaviour "involves a systematic appraisal of 'on-the-job' performance on a 'before' and 'after' basis being done by the person receiving the training, his superior, his subordinates and his peers" (Kirkpatrick, 1975 : 11). This is extremely difficult to do on any public training programme.

Katz (1956 : 71 - 72) and Kirkpatrick (1975 : 10) believe that five basic requirements must exist if a trainee is going to change his job behaviour after training. These requirements are:

- He must want to improve
- He must recognise his own weaknesses
- He must work in a permissive climate
- He must have some help from someone who is interested and skilled
- He must have an opportunity to try out the new ideas

iv) **Results:**

Kirkpatrick (1975 : 14) states that a prime objective of training programmes is to obtain some form of desired results, such as, for example, reduction in costs, reduction in staff turnover or absenteeism, increase in quality or quantity of production or increase in sales turnovers. He also warns that the measurement of results is not always that easy.

One of the key reasons for this difficulty is that improved results can often be attributable to many variable factors and it is difficult to explain that the improved results are purely the result of training. Rae (1984 : 136) states that, "the longer the interval between the training and the measurement of results, the greater the likelihood of contamination through non attributable factors."

Hamblin (1974 : 64) concludes that while in-company training evaluation can be difficult, external training programmes are even more difficult since it requires the co-operation of the training organisation, the client organisation and the trainees. Nevertheless, Nadler (1982); Laird (1985); Davies (1971); Odiorne (1970); Mager (1967 : 1968); Kirkpatrick (1975); Bass and Vaughan (1966) all agree that unless some attempt is made to evaluate an external training programme, the training becomes meaningless.

4. **SOME GENERAL CONCLUSIONS ON THE TRAINING LITERATURE REVIEWED**

There is much which is still unknown about learning and there is little agreement amongst researchers on any particular learning theory. Nevertheless, certain fundamental factors should be taken into account when developing a training model and a training programme. These factors can be broadly summarised as follows:

- i) It is important to distinguish between training, education and development as this can affect whether one should develop and use an open or a closed learning model.
- ii) It is necessary to identify the exact nature of the problem and to decide whether there is a training deficiency or a problem of some other nature.
- iii) Jobs should be analysed in terms of key areas and the tasks involved in each key area.
- iv) Training needs as perceived by the organisation, and the training needs as perceived by the learners, should be taken into account. Deficiencies in performance should then be identified so that corrective action can be taken.
- v) Objectives and, where possible, required standards of performance should be clearly defined.
- vi) It is necessary to take into account the difference between teaching and learning and the skills, experience, education and abilities of both the instructors and the trainees.
- vii) Consideration must be given to some of the basic principles of learning such as motivation of trainees, reinforcement, feedback, learning by doing and the transfer of training into the work place, when developing a training programme.
- viii) While there is no consensus on exactly how people learn, the andragogic principles are particularly helpful when developing a training programme for adults. In particular, the factors highlighted by Knowles (1984), Davies (1971 : 187) and Litwin (1985 : 16) about adult learning need to be taken into account when developing a training programme for adults.

- ix) The six steps in building a curriculum, as put forward by Nadler (1982), provide a useful guide when developing the content of a training programme.
- x) Training style is an integral part of any training programme. The training style should be congruent with the readiness level of the trainees and the training methods. The "Situational Leadership Model" of Hersey and Blanchard (1982) provides a useful guide to ensuring compatibility of the readiness of learners and trainer's respective styles.
- xi) The choice of appropriate training methods is crucial to any training programme, especially when training older people. There are many theories on how to choose the best method of instruction, but there is no consensus on which theory is correct. Most writers agree that there are too many variables to consider and, therefore, there is no scientific technique which will ensure that the correct method is chosen. The adaptation of the Hersey and Blanchard (1982) "Situational Leadership Model" to the teaching/learning situation provides a useful guide to ensure compatibility between the readiness of the learners, the method of instruction and the trainer's style.
- xii) Evaluation of training at different levels (reaction, learning, behaviour and results) is essential.

An andragogic training model has been developed and the literature applicable to each step in the model has been reviewed. The next stage involved conducting an empirical study so that the model could be tested and the results of the study could be evaluated.

CHAPTER 4

OBJECTIVES, HYPOTHESES AND
RESEARCH METHODOLOGY

1. INTRODUCTION
2. OBJECTIVES OF THE STUDY
3. HYPOTHESES OF THE STUDY
4. METHODOLOGY FOR THE DEVELOPMENT OF A RETAIL TRAINING PROGRAMME
 - 4.1 Identifying the Nature of the Problem
 - 4.2 Analysis of Job Content
 - 4.3 Establishing Macro Training Needs
 - 4.4 Establishing Micro Training Needs
 - 4.5 Needs Comparison
 - 4.6 Determining Objectives and setting Standards of Performance
 - 4.7 Building the Curriculum and selecting Instructional Strategies
 - 4.8 Obtaining Training Resources
 - 4.9 Implementation
 - 4.10 Evaluation

CHAPTER 4**OBJECTIVES, HYPOTHESES AND RESEARCH METHODOLOGY****1. INTRODUCTION**

The overall problems facing South Africa and Ciskei were discussed in Chapter 1. The need to create jobs and improve skills to overcome these problems was emphasised in Chapter 2. In particular, the need to develop successful small retail businesses run by properly trained entrepreneurs within Ciskei was identified as a priority since this could make a major contribution to overcoming these problems and lead to a better standard of living. An andragogic training model was, therefore, developed in Chapter 3 and the theory supporting each step in the model was discussed.

This chapter addresses the defining of the objectives and the hypotheses of the study and then describes the development, implementation and evaluation of an effective public retail training programme for Ciskei business people.

2. OBJECTIVES OF THE STUDY

The objectives of the study were, to:

- 1) Identify whether a performance problem existed amongst small Ciskei retailers and, if so,
- 2) To establish the nature of the problem.
- 3) Establish the key areas and tasks of the typical small retailers job in Ciskei.

- 4) Establish whether there was a training need amongst small retailers in Ciskei and, if so,
- 5) To identify the key areas where training was needed.

If training needs existed, then to also:

- 6) Develop an andragogic training programme to address the deficiency in skills of the small business retailer in Ciskei.
- 7) Obtain the resources and implement the required training.
- 8) Evaluate the results of the training by measuring:
 - the reaction of delegates to the training
 - the improvement in the knowledge and skills of the delegates
 - any changes in the businesses of delegates as perceived by regular customers
 - any changes in business performance

3. HYPOTHESES OF STUDY

Webster's New World Dictionary (1968) defines an hypothesis as "a tentative assumption made in order to draw out and test its logical or empirical consequences." Bailey (1978 : 35) defines an hypothesis as "a proposition that is stated in testable form and that predicts a particular relationship between two (or more) variables." In other words, if we think that a relationship exists, we first state it as an hypothesis and then test the hypothesis in the field. To be tested, the hypothesis must be stated as precisely as possible so that "the analysis of data can clearly either support or refute the hypothesis." (Bailey 1978 : 36). Hypotheses are important in that they "give direction to your thinking with respect to the problem and thus aid in solving it." (Leedy, 1985 : 5). It is, however, "often more difficult to develop good hypotheses (alternatives) than it is to test them (choose among them.)" (Tull and Albaum, 1973 : 15).

The decision was made in the present study to formally test hypotheses for the following reasons :

- The opinion is often expressed that small business people need training.
- The results of much of the training given to small business people is never evaluated.
- Hypotheses are powerful tools for the advancement of knowledge as they help the researcher to confirm or disconfirm a given theory (Kerlinger, 1973 : 20 - 21)

It was intended, therefore, that statements of hypotheses in this study would contribute to understanding and knowledge about retail training and its effectiveness in small business retailing. The researcher wanted to establish whether the delegates on the training programme improved their knowledge of retailing and whether any improvements resulted in the businesses of trainees as perceived by regular customers.

It was not possible to develop a composite score of "training effectiveness" because "training effectiveness" is a multi-dimensional concept which can be influenced by many external variables (such as changes in economic conditions, new business developments, shifts in population etc.) and internal variables (such as changes in staff, changes in worker motivation, financial fluctuations in the business etc.). Consequently, the decision was made to test the results of the training at four critical levels:

- i) the immediate reaction of the owners and managers of small retail business to the training, on completion of the training programme
- ii) whether there was an improvement in the retail knowledge of the owners and managers of small retail businesses who attended the training programme

- iii) whether regular customers of small retail businesses whose owners / managers attended the retail training programme perceived a positive change in these businesses compared with the regular customers of small retail businesses whose owners and managers did not attend the training programme.
- iv) whether owners and managers of small retail businesses who attended the retail training programme still felt positive about the training programme one year after the programme had been completed.

Before stating the hypotheses it is important to note that hypotheses were developed only in relation to two of the critical levels mentioned above.

The first critical level (i.e. the immediate reaction of the owners and managers of small retail businesses to the training on completion of the training programme) and the fourth level (i.e. the reaction of the owners and managers of small retail businesses to the retail training programme one year after the training) were assessed by means of favourable and unfavourable responses to questions posed in a questionnaire. No hypotheses were, therefore, necessary for levels one and four, as the percentages of the favourable and unfavourable responses were self explanatory.

The following hypotheses were developed for critical levels (ii) and (iii) described above:

Hypotheses Set 1: The first set of hypotheses relate to whether there was an improvement in the retail knowledge of the owners and managers of small retail businesses who attended the training programme (i.e. critical level ii)

Primary Hypotheses:

- H1a The training programme will improve the overall retail knowledge of the small business retailers who attend the training programme
- H1b There will be a significant difference in the mean scores of the delegates obtained in the Marketing, Finance and Management modules of the training programme

Secondary Hypotheses:

- H1c Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail marketing by attending the training programme.
- H1d Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail financial management by attending the training programme
- H1e Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail management by attending the training programme.

Hypotheses Set 2: The second set of hypotheses relate to whether regular customers of the owners and managers of small retail businesses who attended the retail training programme will perceive a positive change in these businesses compared with the regular customers of small retail businesses whose owners and managers did not attend the training programme (i.e. critical level iii)

Primary Hypothesis:

H2a A greater number of regular customers of small Ciskeian retail businesses whose owners/managers undergo training will perceive changes to a greater extent in these businesses over the following 3 years than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Secondary Hypotheses:

H2b A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will perceive that changes in these businesses over the following 3 years have been for the better, than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

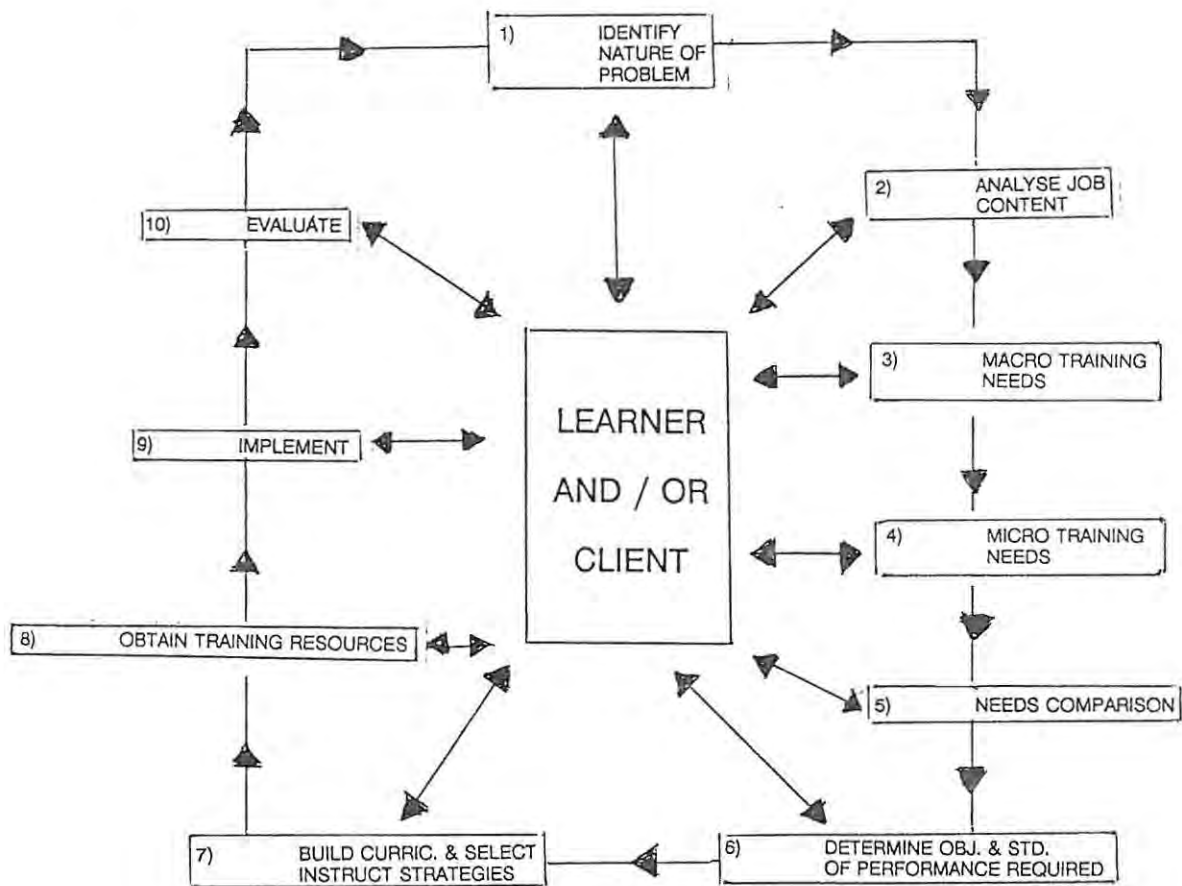
H2c Fewer customers of small Ciskeian retail businesses whose owners / managers undergo training will perceive that changes in these businesses over the following 3 years have been for the worse, than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

- H2d A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will now buy more goods from these businesses than the number of regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.
- H2e Regular customers of small Ciskeian retail businesses whose owners / managers undergo training will now spend more in these businesses than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.
- H2f A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will do the bulk of their shopping locally within the Ciskei compared with the number of regular customers of small Ciskeian retail businesses whose owners/managers have not undergone such training.

4. METHODOLOGY FOR THE DEVELOPMENT OF A RETAIL TRAINING PROGRAMME

Posavac and Carey (1985 : 38) state that the methodology will largely be determined by the type and design of study and evaluation being undertaken. The assumptions and hypotheses were, therefore, tested by developing a training model as discussed in Chapter 3. The model developed in Chapter 3 served as a basis for developing an andragogic training programme for small retailers in Ciskei. The model is reproduced in Figure 4.1.

Figure 4.1: An Andragogic Training Model for Ciskeian Retailers



A step by step explanation of the methodology used to implement the retail training programme follows in sections 5 to 12.

4.1 Step 1 : Identifying the Nature of the Problem

The Romiszowski Schema (1981 : 108) was used to identify the nature of performance problems amongst small retailers in Ciskei. To achieve this, interviews were held with Ciskei People's Development Bank officials which indicated that:

- the failure rate of small retail businesses was high (no official figures were available)
- the number of bad debts was high (The Ciskei People's Development Bank stated that in the 1985/86 financial year loans to the value of R1,6 million had to be written off as bad debts due to the failure of many small businesses who had loans with the Ciskei People's Development Bank)
- the number of retail businesses who were in arrears with their loan repayments was extremely high
- small retailers were not managing the marketing, financial and people aspects of their businesses very well
- there appeared to be a great need for small retailers to receive training in all aspects of retailing

To verify this perception one hundred small businesses were visited over a 4 month period in 1986. Physical inspections revealed an apparent lack of marketing, merchandising, financial and management expertise in the majority of businesses visited. It was, therefore, concluded that although there were deficiencies in the small retailers businesses in all four quadrants of Romiszowski's schema, the lack of proper training was a major deficiency. As suggested by Kubr and Prokopenko (1989 : 286), these initial visits also enabled the researcher to become familiar with the background, experience and business environment of the small retailers in Ciskei.

4.2 Step 2 : Analysis of Job Content

Six typical small retailers in Ciskei were selected and visited in order to observe and analyse the job of the small retailer.

The key areas of the retailer's job and the tasks involved in each key area were identified and documented. (See Appendix II).

Discussions were then held with the Ciskei People's Development Bank to ensure that there was agreement on what constituted the key areas and tasks of the job of the small retailer in Ciskei.

4.3 Step 3 : Establishing Macro Training Needs

Based upon the literary review discussed in Chapter 3, it was considered necessary to conduct a training needs analysis. Kubr and Prokopenko (1989:266) suggest that "small business extension officers or small business advisors may be useful in assessing training needs and creating an awareness amongst small businessmen of the need for training". Following the initial investigation, the Business Advisors of the Ciskei People's Development Bank, were, therefore, asked to formally assess the training needs of Ciskeian retailers using the training needs analysis questionnaire (as developed for assessing retailers training needs). (Appendix III).

The results of the questionnaire showed that training was needed in all the key areas of retailing. (Appendix IV). Discussions were then held with the Business Advisors who confirmed that the results of the questionnaires reflected their experiences with their small business clients. They stated, without exception, that their clients needed training in all aspects of retailing.

4.4 Step 4 : Establishing Micro Training Needs

If the stated needs, implied needs and felt needs are not taken into account, the motivation to learn and the relevance of the training could be dissipated. (Nadler : 1982; Mager : 1975; Laird : 1985; Kirby 1990: 85). It was, therefore, vital to consider the viewpoint of the job incumbents as to how they perceived their training needs. A training needs analysis was, thus, conducted to establish the training needs of Ciskeian retailers. Initially a training needs questionnaire was distributed to 800 Ciskeian retailers, but only 13 completed questionnaires were returned. An attempt was then made to physically call on retailers, leave the questionnaire with them, and then call back a week later to collect them.

More completed questionnaires were obtained in this way, but the questionnaire responses indicated that either the respondents did not understand the questions or that they did not really appreciate the standard required of an effective retailer. For example, "Do you know how to work out Gross Profit?" - response "No"; but a later question would ask "Do you know how to work out Net Profit?" - response "Yes". It was, therefore, decided to interview 200 retailers in Ciskei using a revised questionnaire. (See Appendix III). In order to ensure proportionate stratified sampling, business registers of the 5 official regions of Ciskei were obtained. (See appendix Va). Proportionate stratified sampling was then done i.e. the number of businesses in each area to be included in the sample was determined according to the proportion of businesses in each area relative to the total number of registered businesses. Having stratified the sample, the next step should have been to select respondent businesses by random sampling using the table of random numbers. As the official business registers did not show whether registered businesses were big or small, it would have distorted the survey results if large businesses were included in the sample (i.e. the size of the business could have an influence on the training needs of the owners - big businesses would tend to be more successful and, therefore, their training needs would be different from the needs of the small business). It would also have been too time consuming to amend the lists of businesses for random sampling purposes. Any business employing 50 people or less in the designated areas was, therefore, visited.

The results showed that training was needed in all of the Key Areas of the small retailer's job. (Appendix Vb).

This exercise also confirmed Nadler's viewpoint (Nadler, 1982 : 82-86) that interviews, observations and records tend to yield more accurate information on learning needs than do other methods (e.g. questionnaires).

4.5 Step 5 : Needs Comparison

The results of the training needs analysis of Ciskeian retailers was then compared with the results of the training needs analysis of the Business Advisors of Ciskei People's Development Bank. (Appendix VI).

The congruency of the results of these two exercises confirmed beyond all doubt that there was a need for training small retailers in Ciskei in all the key areas of their jobs. (Appendix VI).

The questions posed by Nadler (1982 : 100) as to whether jobs could be redesigned or tasks reallocated was then considered. It was agreed with the Ciskei People's Development Bank Business Advisors that the job of the Ciskeian retailer could not be redesigned and tasks could not be reallocated as these were private, independent businesses, but that the training needs identified were very real and needed to be addressed. It was also agreed between the researcher and the Ciskei People's Development Bank that effective training, while not a panacea for all of the Ciskeian retailers performance problems, would certainly lead to improved performance.

4.6 Step 6 : Determining Objectives and setting Standards of Performance

As recommended by many training authorities such as Davies (1971); Mager (1975); Nadler (1982); and Laird (1985), overall learning objectives were set for each Key Area of the training programme and specific learning objectives were set for each Task.

This was done so that:

- trainees would know exactly what was expected of them
- the training could be objectively evaluated

The setting of performance standards was very difficult because the required standard tended to vary from business to business (there are also differences between rural and urban standards).

It was, therefore, decided to set pre-tests and post-tests for each lesson. In the pilot study this proved to be too time consuming and the tests tended to be "memory" tests. The testing was, thus, modified. Pre-tests and post-tests were set for each of the three main parts of the training programme i.e. Marketing, Finance and Management. The test content was also modified so that the tests were not "memory tests", but were, as far as possible, practical exercises which would test the learners understanding of principles and techniques specifically related to the learning objectives. (See Appendix VII for examples of pre-tests and post-tests).

4.7 Step 7 : Building the Curriculum and selecting Instructional Strategies

After a thorough study of the views of Thorndike (1928); Bass & Vaughan (1966); Skinner (1968); Rogers (1969); Knowles (1984); Beach (1985); and Laird (1985), on learning theory and basic principles of learning with particular reference to adult education, the curriculum and instructional strategies were developed. In building the curriculum and selecting the instructional strategies, account was taken of the type of trainer, the business environment of Ciskei and the type of learner who would be attending such a training programme. In the selection of the trainer, care was taken to ensure that the trainer would have the correct skills, knowledge and attitude towards small business in Ciskei. Both the trainer and the researcher had obtained considerable insight into the retail business environment in Ciskei through the initial visits to one hundred small retailers when analysing the nature of the performance problem. The profile of the typical small retailer in Ciskei was obtained from the face sheet of the micro training needs analysis questionnaire. (See Appendix III).

The curriculum needed to be structured in such a way that it would cater for the typical Ciskeian small business retailer (i.e. ±Std 8 level of education, 35

years of age, married with 2/3 children, 53% of whom own or manage general dealer/supermarket type businesses employing ± 5 people, with some business experience but no formal training in retailing). Bearing in mind the low "readiness level" of the learners and their difficulty in getting away from their businesses to attend the courses, it was decided to develop a "spaced" learning programme, that is, the delegates to the retail training programme would attend for one week per month for 8 months. The spaced learning would also allow the learners to be visited in their retail businesses and so facilitate the transfer of knowledge from the classroom to the business.

The modules and structure of the programme were as follows:

Table 4.1: Modules and Structure of the Andragogic Training Programme for Small Retailers in Ciskei.

Module	Subject	Duration	1st Course	2nd Course
1	Intro to Retailing	5 Days	February	June
2	Purchasing, Pricing & Stock	5 Days	March	July
3	The Marketing Mix	5 Days	April	August
4	Merchandising/Selling/Cashier	4 Days	May	Sept.
	Marketing Examination	1 Day		
5	Bookkeeping & Record Keeping	5 Days	June	October
6	Financial Control & Analysis	5 Days	July	October
7	Financial Planning & Budgets	4 Days	Aug.	Nov.
	Financial Examination	1 Day		
8	General Management	4 Days	Sept.	Nov.
	Management Examination	1 Day		

The 8 modules were logically sequenced from the setting up of a retailing business through to the overall management of the business. (See Appendix VIII for outline of the training programme.)

The programme also needed to be structured in such a way as to build up the knowledge and skills of the learner from a basic level. The instructional strategy

adopted was, therefore, to start the training in each key area with lecturettes followed by videos, discussions and then, either practical classroom exercises or field work exercises. (The situational leadership model of P. Hersey and K. Blanchard, as modified to suit the training situation, provided a useful guide for the selecting of instructional strategies and teaching styles).

Once the programme had been developed it was given to the Ciskei People's Development Bank officials for their comments and consideration. It was also given to several successful small retailers for their comments and suggestions. As a result, minor alterations were made to the programme and it was then developed into a comprehensive training manual.

4.8 Step 8 : Obtaining Training Resources

Financial, human and physical resources were acquired to enable the training programme to be implemented.

4.9 Step 9 : Implementation

a) 1987 Courses

The researcher decided to run a "pilot" programme starting in February 1987.

It was felt that the ideal class size would be twenty four (Graicunas :1937 and Davies : 1971), but the response to the initial course advertisements exceeded expectations. Fifty six People registered for the first course. This included Ciskei People's Development Bank Business Advisors, Managers and owners of retail businesses and retail assistants. It was, therefore, decided to break the delegates into two groups with each module being presented twice

each month.

Of the fifty six people who started the course, forty eight completed the entire programme (i.e. only eight delegates dropped out). Of the forty eight who completed the programme, eight passed with distinctions, thirty four passed and six received certificates of attendance. These 6 were given extra coaching and all of them passed a supplementary examination.

Certain modifications were made to the programme based upon the experience gained from this 1987 pilot programme.

b) **1988 Courses**

A total of forty four people registered for the 1988 Retail Programme of whom twenty two were managers or owners of retail businesses. Thirty two delegates passed, eight received certificates of attendance and four dropped out.

c) **1989 Courses**

A total of forty four people registered for the 1989 Retail Programme of whom twenty one were managers or owners of retail businesses. Four delegates passed with distinction, twenty seven passed and thirteen received certificates of attendance.

The profile of owners, managers and assistant managers of small businesses who attended the 1988 and 1989 training was as follows:

Table 4.2: Profile of Owners, Managers and Assistant Managers who attended the Andradogic Training Programme for Small Retailers in Ciskei 1988 and 1989.

The socio-demographic data of the delegates who attended the training programme for small retailers in the Ciskei in 1988 and 1989 can be summarised as follows:		
SEX :	Male:	47%
	Female :	53%
AVERAGE AGE:		37 years
AVERAGE STANDARD OF EDUCATION:		Std 8
	(Note: 50% of delegates were matriculated)	
TYPE OF BUSINESS :		
	Small Retailers and General Dealers	53%
	Supermarkets	20%
	Fast Foods, Restaurants and Hotels	13%
	Other	14%
INCOME :	Nil to R500 p.m.	60%
	R501 p.m. and above	40%
POSITION IN BUSINESS :	Owners	47%
	Managers	23%
	Assistant Managers	30%
LOCATION OF BUSINESS:	Zwelitsha and King William's Town	27%
	Dimbaza, Keiskammahoek, Middledrift	20%
	Peddie	7%
	Mdantsane	27%
	Bisho	4%
	Whittlesea/Sada	5%

It is interesting to note that the profile of the owners, managers and assistant managers who attended the retail training programme is very similar to the profile of the typical Ciskeian retailer which emerged from the training needs analysis. (See Chapter 3.). This indicates that the delegates on the training programme were "typical Ciskeian small business retailers."

4.10 Step 10 : Evaluation

4.10.1 Overview

Most writers agree that, although extremely difficult, unless some attempt is made to evaluate an external training programme, the training becomes meaningless. { Bass & Vaughan (1966.); Mager (1968; 1972; 1973 and 1975); Odiorne (1970); Davis (1971); Kirkpatrick (1975); Nadler (1982); and Laird (1985).}

The instrumental approach to training supports the view that evaluation data should be expressed in numerical form because it is in some way more real (more objective, more precise, more truthful) than data presented in descriptive or unquantified form. Unfortunately, this is not always true since many of the efforts of training cannot be exactly measured in terms of numbers. An heuristic approach to the evaluation of the training was therefore adopted i.e. "Quantified and non-quantified methods should be employed together whenever possible". (Hamblin 1974:69)

The evaluation of the programme was therefore addressed from several angles:

- i.e.
- reaction of delegates
 - measurement of what delegates had learnt
 - measurement of changes in the business as perceived by regular customers
 - reaction of delegates one year after the course
 - evaluation of the results of the training via case studies

4.10.2 Reaction of Delegates

A course appraisal questionnaire was developed and given to all the delegates who attended the programme in 1988 and 1989. (See Appendix IX).

4.10.3 Measurement of What Delegates Learnt

As already stated, pre and post tests were developed and implemented for each section of the programme, that is, the Marketing, Finance and Management, modules (See Appendix VII).

4.10.4 Measurement of changes in the business as perceived by regular customers

The evaluation of changes in behaviour of trainees as advocated by Kirkpatrick (1959 :1) and Hamblin (1974 : 14) and discussed in greater detail in Chapter 3 proved to be problematic. Changes in behaviour are usually monitored by personal observation over a period of time to determine whether trainees are putting into practice what they have learnt on a training programme. This is possible with "in company" courses but is extremely difficult to implement with external public courses. (Hamblin 1974 : 64). Personal observation of behavioural changes would have been impossible in the case of the retail training programme delegates as these small retailers have businesses scattered throughout Ciskei.

It was decided, therefore, to adopt the approach used by Kirby (1981) in "Training for the small retail business : The results of a British experiment", where the results of a training programme for retailers in mid-Wales were measured. A study was conducted to measure changes in businesses as perceived by regular customers where the owner/manager had attended the retail training programme as compared with similar businesses where the owner/manager had not attended such training.

A questionnaire was developed and three Ciskei Technikon business studies students were trained as interviewers. Before the questionnaire surveys were carried out, the local businesses were surveyed. Two types of businesses were identified :

- i) those businesses whose owner/manager had attended the retail diploma course (Experimental Group)
- ii) those local opposition businesses whose owner/manager had NOT attended the retail diploma course (Control Group).

The course participant businesses (Experimental Group) and the comparable opposition businesses (Control Group) were visited to gain the permission of the owners/managers to conduct the survey amongst their customers. To ensure that all types of consumers were surveyed (including those at work during the day) interviews were conducted at different times of the day and evening.

Ten regular customers were interviewed at each business. In this way 583 customer opinions were obtained. Regular customers were defined as those customers who had been shopping at that particular shop for at least three years. (See Appendix X for questionnaire used to obtain customer opinions).

4.10.5 Reaction of Delegates 1 year after course (i.e. Measurement of Behavioural Changes)

Behavioural changes are extremely difficult to measure on a "Public Course" because it requires direct observation in the work situation or the completion of questionnaires by trainees and this is not always very accurate. The method adopted was therefore, to visit the businesses regularly while the training was taking place to encourage implementation and to evaluate the reaction of the trainees. It often happens that the initial reaction of delegates to a course is very favourable, but this initial enthusiasm fades when the delegates return to their working environment. Twenty seven owners or managers were, therefore, visited in their businesses one year after attending the course by an independent Xhosa speaking assessor. They were asked, with the benefit of hindsight, to give their opinions of the programme. (See Appendix XI for the follow-up questionnaire.)

4.10.6 Survival Rates

A tour was made of all the businesses of the retailers who had attended the training programme with the objective of seeing whether they were still in business or not one year after completing the training programme. The results showed that 3 of these businesses had closed (i.e. 6% had not survived). This is an extremely low percentage if one considers that, for example, in the United States of America, 33% of new stores do not survive the first year and 66% of new stores close within six years. (Baumback, 1983 : 83).

4.10.7 Case Studies

A number of individual in-depth case studies (as recommended by Harper : 1979 and 1984) were also conducted and these have supported the supposition that if small retailers are effectively trained, their knowledge and skills in retailing will improve and their businesses will be more likely to survive and grow.

The results of the evaluation of the retail training programme over the two year period under review are set out in Chapter 5.

CHAPTER 5

THE EMPIRICAL RESULTS OF THE STUDY

1. INTRODUCTION
2. REACTION OF DELEGATES TO THE TRAINING PROGRAMME
3. MEASUREMENT OF WHAT THE DELEGATES LEARNT ON THE TRAINING PROGRAMME
4. MEASUREMENT OF CHANGE IN BUSINESSES AS PERCEIVED BY CUSTOMERS
5. REACTION OF DELEGATES TO THE TRAINING PROGRAMME ONE YEAR LATER
6. CASE STUDIES
7. SUMMARY OF RESULTS OF THE STUDY

THE EMPIRICAL RESULTS OF THE STUDY

1. INTRODUCTION

Goldstein (1986 : 141) explains that:

"evaluation is the systematic collection of descriptive decisions related to the selection, adoption, value and modification of various instructional activities."

As stated in Chapter 3, Hamblin (1974), Hessling (1966), and Nadler (1982) all agree that there is no one best way to evaluate training. A heuristic approach is necessary since the evaluation methods will depend upon many variables such as the nature of the training, the student population, the environment in which the training takes place, the course instructor etc. Evaluation methods must, therefore, be tailor made to meet the needs of the particular training programme.

There is general agreement, however, that the evaluation of training should be conducted at certain critical levels. (Hamblin, 1974; Laird, 1985; Kirkpatrick, 1959 and 1976). As stated in Chapter 3 of this study these key levels are:

- reaction of delegates to the training programme
- what delegates learnt
- change in behaviour
- results of the training

In accordance with this view, the evaluation of the andragogic training programme was tested at similar critical levels and the results are presented and interpreted in this Chapter.

2. REACTION OF DELEGATES TO THE RETAIL TRAINING PROGRAMME

A course appraisal questionnaire was developed by the researcher and given to all the delegates immediately upon completion of the training programme.

The reaction of both the 1988 and 1989 training programme delegates was very positive. Differences between the evaluation reaction of the 1988 and 1989 delegates can be ascribed to variables such as:

- different experiences of delegates with regard to courses they had attended in the past
- different individual experiences while attending the retail training programme
- different perceptions of the ratings (for example, what one delegate might call "good" another delegate might call "very good")
- different levels of knowledge and experience of delegates
- different expectations of delegates
- different personal preferences of delegates

Thus, the measures were somewhat subjective and delegates might have had difficulty distinguishing between the different ratings. Nevertheless, it is clear that the reaction of the delegates to the training programme was very favourable. This can be supported by the frequency analyses given below.

Table 5.1: Reaction of delegates to the retail training programme

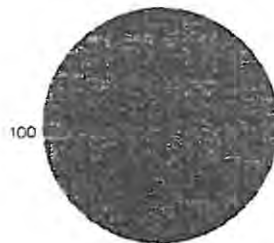
A)		<u>OVERALL ASSESSMENT</u>	
i)		<u>What was your overall impression of the course?</u>	
		<u>1988</u>	<u>1989</u>
a)	Poor	0%	0%
b)	Adequate	0%	0%
c)	Good	50%	12,5%
d)	Very good / excellent	50%	87,5%

Responses - 1988 and 1980 combined

100% positive response.

ii) How does this course compare with other courses you've attended?

		<u>1988</u>	<u>1989</u>
a)	Poor	0%	0%
b)	Average	25%	0%
c)	Above average	25%	14,3%
d)	The Best	50%	85,7%

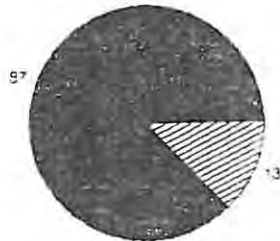
Responses 1988 and 1989 Combined

100% Positive Response

B) CONTENT

iii) How much did you gain from the course?

		<u>1988</u>	<u>1989</u>
a)	Little	0%	0%
b)	As much as expected	8%	18,75%
c)	More than expected	75%	31,25%
d)	Much more than expected	17%	50%

Responses - 1988 and 1989 Combined

87% Positive Response.

iv) To what extent was the course content applicable to your work?

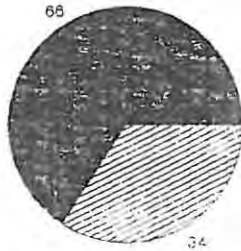
		<u>1988</u>	<u>1989</u>
a)	Not really applicable	60%	6,6%
b)	About 50% was applicable	17%	13,3%
c)	Between 50 - 75% was applicable	25%	26,6%
d)	More than 75% was applicable	58%	53,5%

Responses 1988 and 1989 Combined

82% Positive results.

v) Was the course long enough?

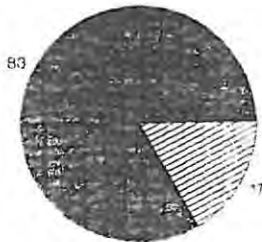
		<u>1988</u>	<u>1989</u>
a)	The length of the course was too short	42%	18,75%
b)	The length of the course was just right	50%	81,25%
c)	The length of the course was too long	8%	0%

Responses 1988 and 1989 Combined

66% Positive response.

vi) What was the balance of lectures and practical work like?

	<u>1988</u>	<u>1989</u>
a) Too much lecturing	0%	6,6%
b) Adequate Balance	92%	73,4%
c) Too much practical work	8%	20%

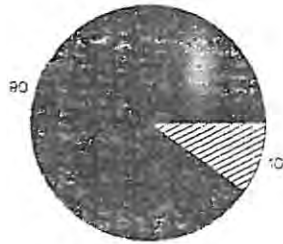
Responses - 1988 and 1989

83% Positive response.

vii) What did you feel about the level of the course?

	<u>1988</u>	<u>1989</u>
a) Too easy or basic	0%	6,25%
b) Just right	92%	87,50%
c) A bit too difficult	8%	6,25%
d) Too advanced and difficult	0%	0%

Responses - 1988 and 1989 Combined.

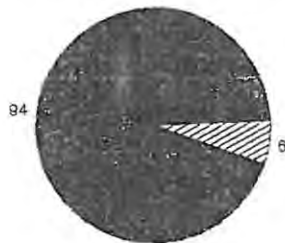


90% Positive Response

C. TRAINING METHODS

		<u>1988</u>	<u>1989</u>
a)	Below average	0	0
b)	Average	0	12,5%
c)	Above average	83%	31,25%
d)	Excellent	17%	56,25%

Responses - 1988 and 1989 Combined

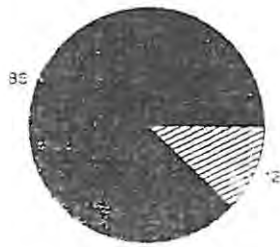


94% Positive responses.

D. TUTOR RATING

How well did your tutors compare with others you have had.

	<u>Q.B.M. Lyle</u>		<u>C. J. Kotzé</u>	
	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>
a)	0	0	0	0
b)	0	12,50%	17%	18,75%
c)	42%	25%	17%	18,75%
d)	58%	62,5%	66%	62,5%

Responses - 1988 and 1989 Combined

88% Positive responses.

In summary, the results indicate that the reaction of the delegates to the training programme was very positive with regard to :

- their overall assessment
- the content of the training programme
- the training methods employed
- the tutor rating

3. MEASUREMENT OF WHAT DELEGATES LEARNT

As stated in Chapter 3, Nadler (1982 : 152) and Mager and Beach (1967 : 39) recommend that pre and post tests should be given as this gives a measure of the learning that has taken place. Both Nadler (1982 : 151 - 153) and Kirkpatrick (1975 : 6) also stress that the tests must cover the material presented otherwise it will not be an accurate measure of what has been learnt. Kirkpatrick (1975 : 6) also emphasises the need for the pre and post tests to be the same or very similar otherwise results will not be comparable.

As already explained in Chapter 4, the testing frequency and the question content had to be modified after the pilot study in 1987.

In summary it can be said that there was a marked improvement from the pre test to the post test situation as shown below.

Table 5.2: Pre and Post Test Results of Delegates on Retail Training Programme

SUBJECT	TEST	RESULTS 1988	RESULTS 1989
MARKETING	AVE. PRE TEST %	58	52
	AVE. POST TEST %	63	66
FINANCE	AVE. PRE TEST %	29	27
	AVE. POST TEST %	50	65
MANAGEMENT	AVE. PRE TEST %	27	22
	AVE. POST TEST %	43	53
OVERALL AVERAGES	AVE. PRE TEST %	38	34
	AVE. POST TEST %	52	62

Whilst the research has revealed that Financial Management appears to be the area where the respondents benefited the most, follow-up visits to the delegates' businesses have indicated that finance is still the area where further training is needed. The majority of the consultations conducted by the Fort Hare Institute of Management over the past 3 years have also shown that further training in finance is required.

To verify the general conclusion that there was an improvement in the retail knowledge of delegates who attended the retail training programme, the pre and post test data was statistically analysed in the following way:

- i) A 2-way analysis of variance was performed to test for significant differences in pre and post test data and between the type of exam written.

As these tests showed the presence of interaction between the type of exams written and the pre and post test results it was decided to conduct student "t" tests as well.

- ii) Student "t" tests were, therefore, conducted on:
- a) Marketing pre test and post test data
 - b) Finance pre test and post test data
 - c) Management pre test and post test data

The results were as follows :

H1a The training programme will improve the overall retail knowledge of the small business retailers who attend the training programme.

Two - Way Analysis of Variance Test

A two-way ANOVA was performed on the marks with pre/post tests and type of tests (marketing/finance/management) as the two factors.

Table 5.3: ANOVA TABLE : Analysis of Variance for Retail Exam

Source of Variation	Sum of Squares	d.f.	Mean Square	F - Ratio	Sig. level
Type (Mkt, Fin. & Mngmt)	26783,023	2	13391,512	50,306	,0000
Test (Pre & Post Test)	27276,542	1	27276,542	102,466	,0000
Type x Test	4315,3410	2	2157,6705	8,105	,0004
Residual	67082,726	252	266,20129		
TOTAL (CORR)	125457,63	257			

0 missing values have been excluded.

Table 5.3 shows that the difference in the mean mark between pre and post

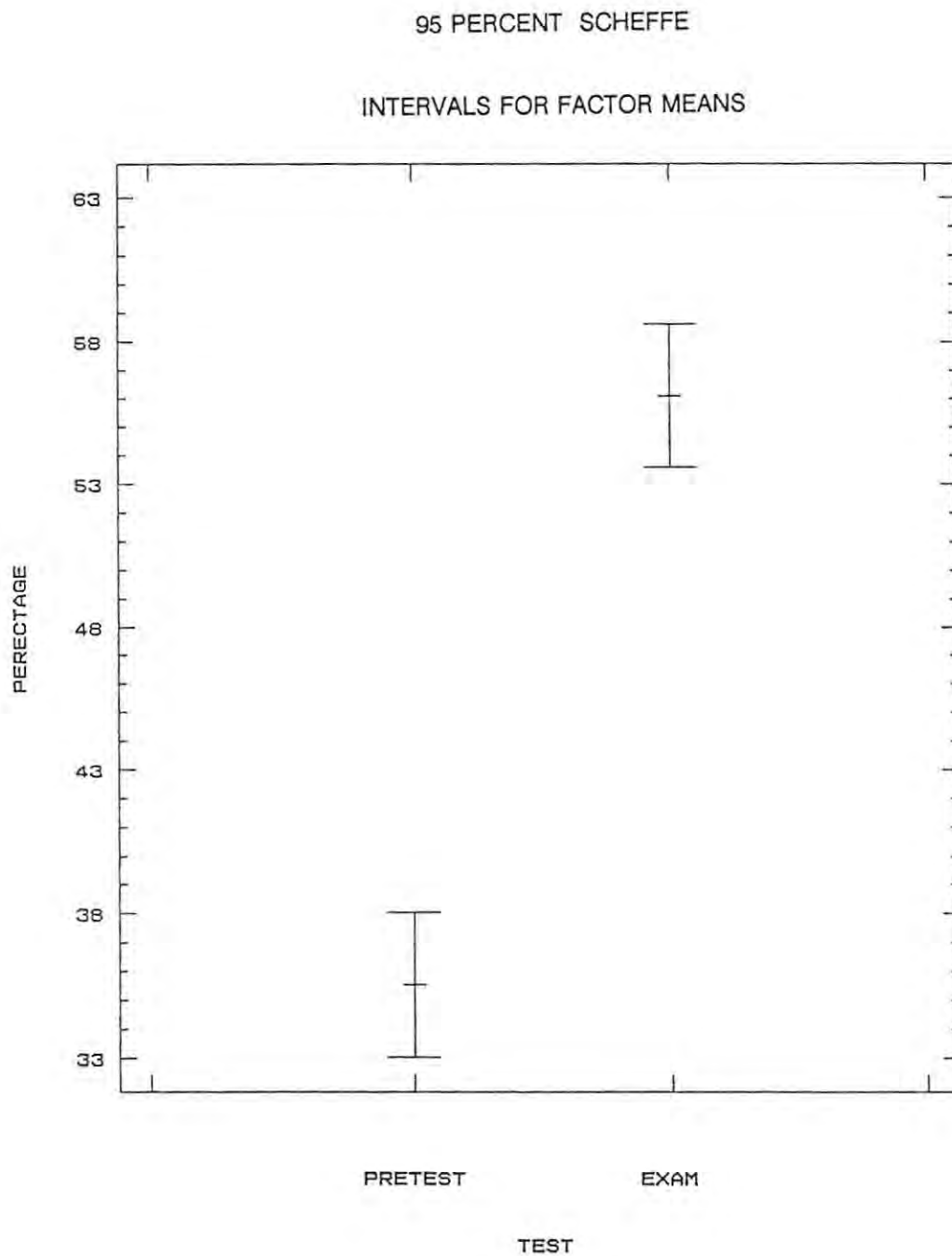
tests is highly significant. (F statistic = 102,46) (p value <0 ,0001). This is also depicted in Fig. 5.1.

H1a can, therefore, be accepted. The retail training programme will improve the overall knowledge of small business retailers who attend the training programme.

Figure 5.1:

GRAPH DEPICTING THE HIGHLY SIGNIFICANT DIFFERENCE
BETWEEN PRE AND POST TEST MEAN MARKS

(THE 95% SCHEFFE CONFIDENCE INTERVALS ARE SHOWN)



H1b There will be a significant difference in the mean scores of the delegates obtained in the Marketing, Finance and Management modules of the training programme.

Two-way analysis of variance test.

A two way ANOVA was performed on the marks with pre/post test and type of tests (marketing / finance / management) as the two factors.

Table 5.4: ANOVA TABLE : Analysis of Variance for Retail Exam

Source of Variation	Sum of Squares	d.f.	Mean Square	F - Ratio	Sig. level
Type (Mkt, Fin. & Mngmt)	26783,023	2	13391,512	50,306	,0000
Test (Pre & Post Test)	27276,542	1	27276,542	102,466	,0000
Type x Test	4315,3410	2	2157,6705	8,105	,0004
Residual	67082,726	252	266,20129		
TOTAL (CORR)	125457,63	257			

0 missing values have been excluded.

The analysis shows that there is a significant difference in the mean marks of the marketing, finance and management tests (F statistic = 50,306) (p value <,0001). Table 5.4 also shows the presence of interaction between type of exam and pre and post test scores. The type of exam written influences the mean scores. (The Marketing mean score, in particular, is higher than the mean scores of Financial Management and Management.)

H1b can, therefore, be accepted. There is a significant difference in the mean scores of the Marketing, Finance and Management modules of the training programme. The type of exam written influences the mean scores. (The Marketing mean score, in particular, is higher than the mean scores of Financial Management and Management).

H1c Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail marketing by attending the training programme.

Table 5.5:

STUDENT "t" test
On Marketing pre-test and post-test data
Two-Sample Analysis Results

	Post test (Sample 1)	Pre Test (Sample 2)	Pooled
Sample Statistics: Number of Obs.	42	42	84
Average	64.4405	54.6905	59.5655
Variance	200.185	295.318	247.752
Std. Deviation	14.1487	17.1848	25.7401
Median	65	55.95	62.9
Difference between Means = 9.75			
Conf. Interval For Diff. in Means :			
(Equal Vars.)	Sample 1 - Sample 2	2,91559	16.5844 82 D.F.
(Unequal Vars.)	Sample 1 - Sample 2	2.91182	16.5882 79.1 D.F.
Hypothesis Test for HO : Diff = 0		Computed "t" statistics = 2.83861	
vs Alt : NE		Sig. Level = 5.71E-3	
at Alpha = 0.05		so reject HO.	

The data shows that of the 42 results obtained in the marketing pre-test, the average mark obtained was 54,69% and the median was 55,95%.

On the other hand, of the 42 results obtained in the marketing post test, the average mark obtained was 64,44% and the median was 65%.

This shows that the 95% confidence interval for the difference between the mean of the pre-test scores and the mean of the post test scores in marketing is from 2,92% to 16,58%. The difference between the pre test mean score and the post test mean score was 9,75%.

To establish whether this difference between the means was statistically significant or not a student "t" test was used.

Ho : marketing pre and post test results are not significantly different.

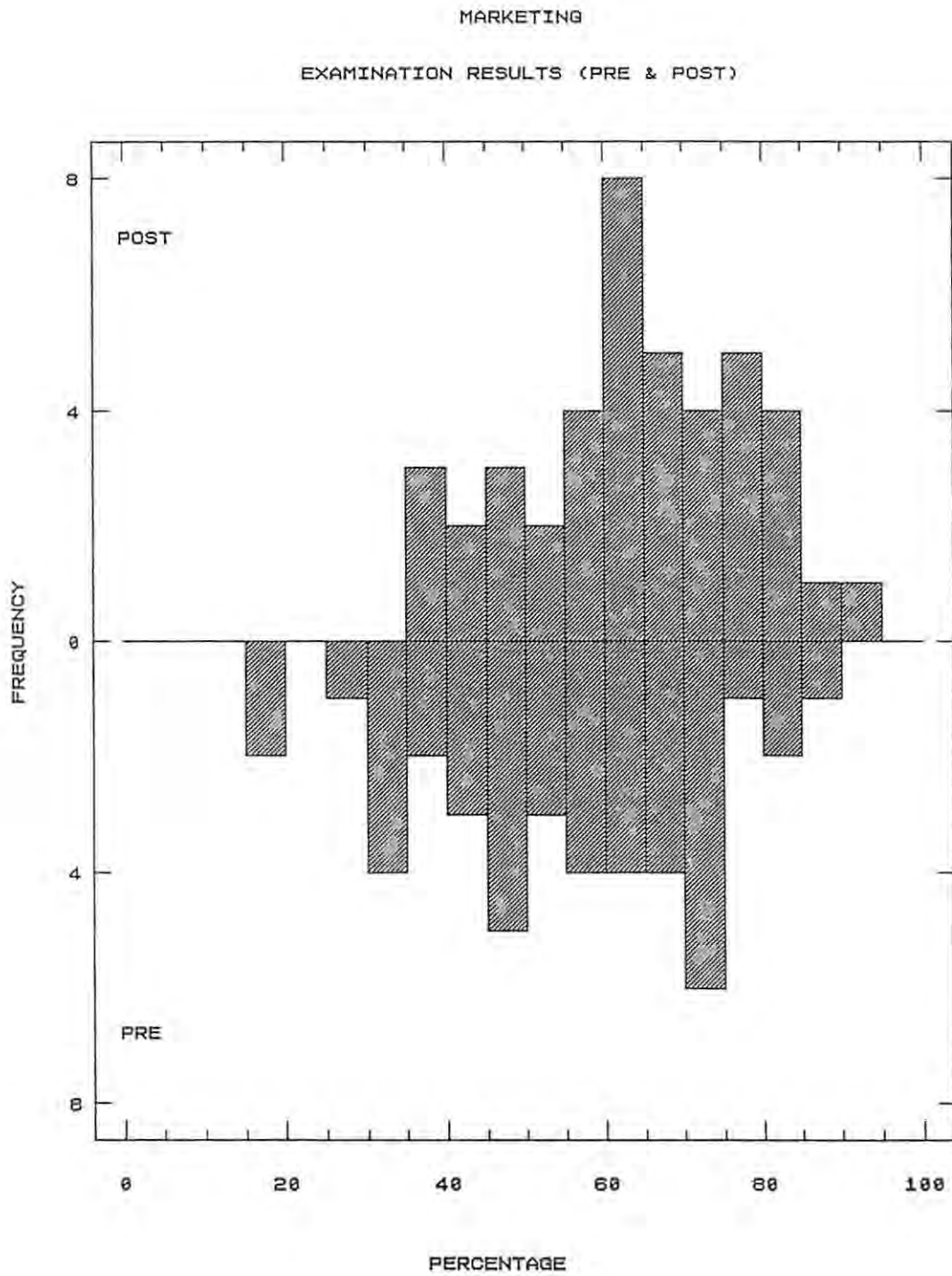
Ha : marketing pre and post test results are significantly different.

The results gave a computed "t" - statistic of 2,83861 (p - value = 5,71 E-3). Since p-value is $<0,05$ at 5% significance level the difference was highly significant between the marketing pre test and post test results so we can reject the null hypothesis.

H1c can, therefore, be accepted. Ciskeian businesspeople in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei, will improve their knowledge of retail marketing by attending the training programme.

Figure 5.2:

HISTOGRAMS DEPICTING THE DISTRIBUTION OF RESULTS
IN BOTH PRE AND POST TESTS



H1d Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail financial management by attending the training programme.

Table 5.6:

STUDENT "t" test
On Finance pre-test and post-test data
Two-Sample Analysis Results

	Post test (Sample 1)	Pre Test (Sample 2)	Pooled
Sample Statistics: Number of Obs.	41	37	78
Average	56.922	27.7378	43.7825
Variance	411.672	113.247	277.313
Std. Deviation	20.2897	10.6418	16.4412
Median	57	27.1	37.5
Difference between Means = 29.1841			
Conf. Interval For Diff. in Means :			
(Equal Vars.)	Sample 1 - Sample 2	21,7573 36.611	76 D.F.
(Unequal Vars.)	Sample 1 - Sample 2	21,9464 36.4219	61.7 D.F.
Hypothesis Test for HO : Diff = 0		Computed "t" statistics = 7.82814	
vs Alt : NE		Sig. Level = 2.3463E-11	
at Alpha = 0.05		so reject HO.	

The data shows that of the 37 results obtained in the finance pre-tests, the average mark obtained was 27.74% and the median was 27%.

On the other hand, of the 41 results obtained in the finance post test, the average mark obtained was 56.92% and the median was 57%.

This shows that the 95% confidence interval for the difference between the mean of the pre-test scores and the mean of the post test scores rose from 21,76% to 36,61%. The difference between the pre test mean score and the post test mean score was 29,18%.

To establish whether this difference between the means was statistically significant or not a student "t" test was used.

Ho : Financial Management pre and post test results are not significantly different.

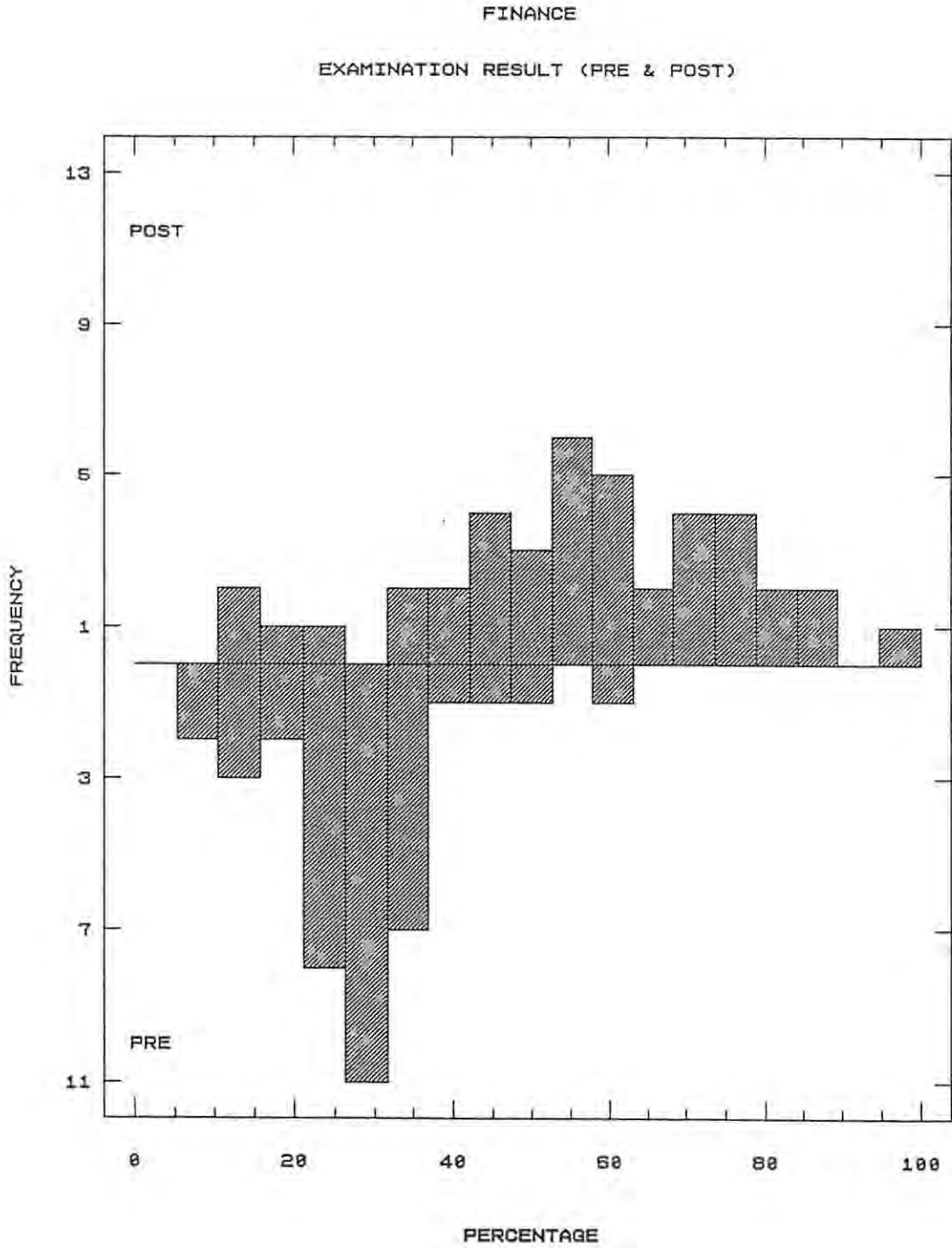
Ha : Financial Management pre and post test results are significantly different.

The results gave a computed "t" - statistic of 7,82814 (p - value = 2,3463E-11). Since p-value is <0,05 at 5% significance level the difference was highly significant between the finance pre test and post test results so we can reject the null hypothesis.

H1d can, therefore, be accepted. Ciskeian businesspeople in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail financial management by attending the training programme.

Figure 5.3:

HISTOGRAMS DEPICTING THE DISTRIBUTION OF RESULTS IN BOTH PRE AND POST TESTS



H1e Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail management by attending the training programme.

Table 5.7:

STUDENT "t" test
On Management pre-test and post-test data
Two-Sample Analysis Results

	Post test (Sample 1)	Pre Test (Sample 2)	Pooled
Sample Statistics: Number of Obs.	42	39	81
Average	46.45	24.0538	35.6667
Variance	517.56	126.197	329.306
Std. Deviation	22.7499	11.2334	18.1468
Median	50	23.0	31.0
Difference between Means = 22.3962			
Conf. Interval For Diff. in Means :			
(Equal Vars.)	Sample 1 - Sample 2	14,3621 30.4302	79 D.F.
(Unequal Vars.)	Sample 1 - Sample 2	14,5066 30.2857	60.8 D.F.
Hypothesis Test for HO : Diff = 0		Computed "t" statistics = 5.54994	
vs Alt : NE		Sig. Level = 4.15815E-7	
at Alpha = 0.05		so reject HO.	

The data shows that of the 39 results obtained in the management pre-test, the average mark obtained was 24,05% and the median was 23%.

On the other hand, of the 42 results obtained in the management post test, the average mark obtained was 46,45% and the median was 50%.

This shows that the 95% confidence interval for the difference between the mean of the pre-test scores and the mean of the post test, score is 14,36% to 30,43%. The difference between the pre test mean score and the post test mean score was 22,40%.

To establish whether this difference between the means was statistically significant or not a student "t" test was used.

Ho : Management pre and post test results are not significantly different.

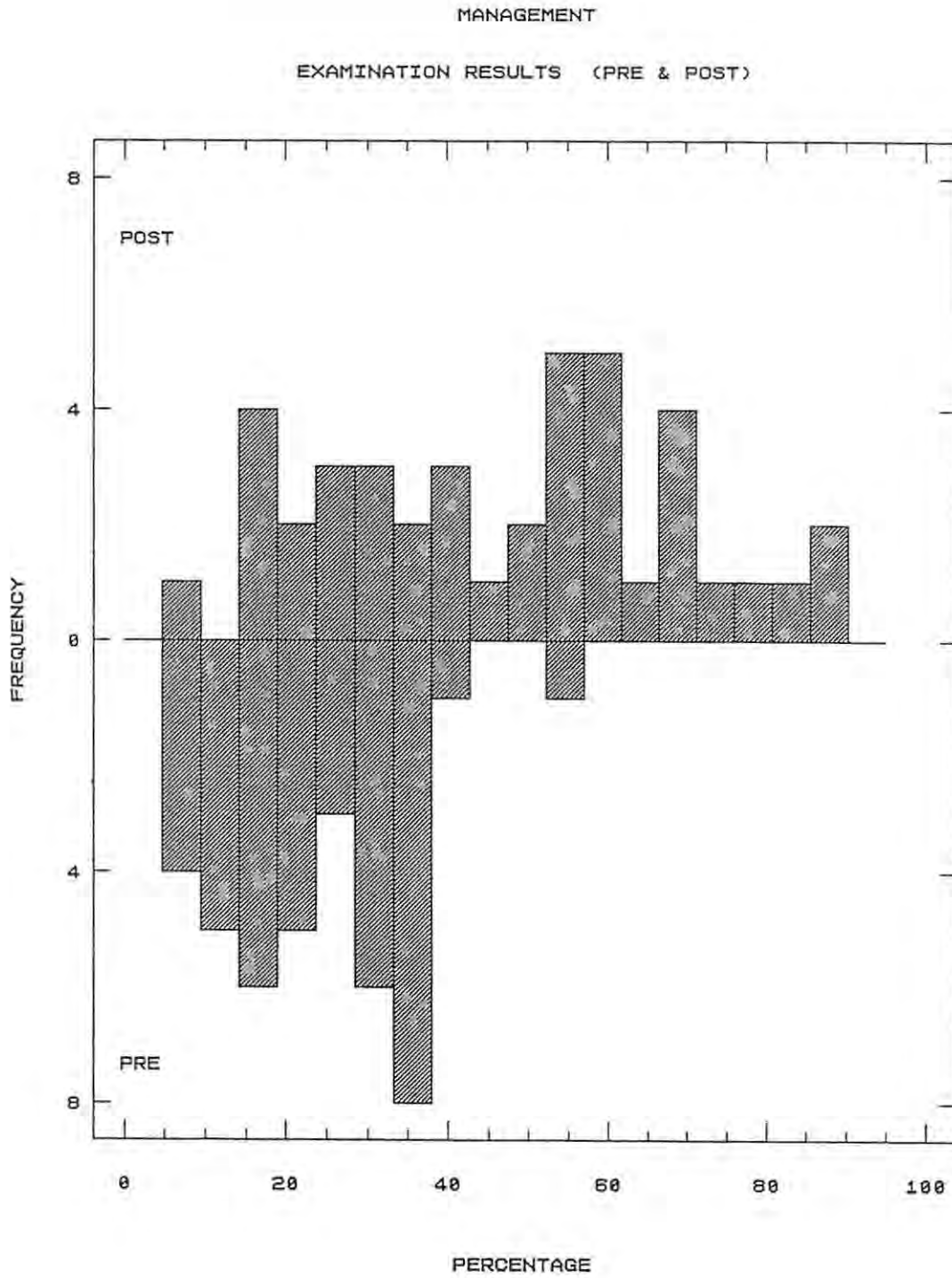
Ha : Management pre and post test results are significantly different.

The results gave a computed "t" - statistic of 5,54994 (p - value = 4,15815E-7). Since p-value is <0,05 at 5% significance level the difference was highly significant between the management pre test and post test results so we can reject the null hypothesis.

H1e can, therefore, be accepted. Ciskeian business people in the small retail sector, if put through an intensive retail training programme specifically designed to meet the social, political and economic conditions prevailing in Ciskei will improve their knowledge of retail management by attending the training programme.

Figure 5.4:

HISTOGRAMS DEPICTING THE DISTRIBUTION OF RESULTS IN BOTH PRE AND POST TESTS



4. MEASUREMENT OF CHANGE IN BUSINESSES AS PERCEIVED BY CUSTOMERS

As stated in Chapter 4, hypotheses were developed and a study was conducted to measure changes in small retail businesses as perceived by regular customers. In total 583 regular customer opinions were obtained. The type of businesses and number surveyed, profile of respondents interviewed and gender of respondents is given in Table 5.8.

In order to test the hypotheses (H2a to H2i) developed in Chapter 4, the experimental and control group's responses to the questionnaire were analysed by using the (Pearson) chi-square test. "The most familiar test for the independence of the rows and columns in a two-way table is the (Pearson) chi-square test." (Dixon, 1985 : 153). In general,

"the chi-square test involves a comparison between an observed number of cases falling into each category and an expected number of cases on the basis of a theoretical distribution or a hypothesis to be tested." (Startup and Whittaker, 1982 : 132).

In so doing, the researcher was able to ascertain whether there was statistical difference between the way in which the Experimental Group's customers and the Control Group's customers responded to the questions.

Table 5.8: Description of Sample Surveyed

1. TYPES OF BUSINESS AND NUMBER SURVEYED

Type of Business	Experimental Group	Control Group
Supermarket	3	3
Bottle store	1	1
Restaurant	4	3
General Dealer	13	19
Butchery	1	2
Garage	1	-
Shoe Shop	1	-
Hotel	2	1
Fast Food/Take Away	1	1
Milk Distributors	1	-
Fresh Produce and Cafe	1	-
Miscellaneous	1	-
TOTAL	29	30

2. PROFILE OF RESPONDENTS INTERVIEWED

GROUP/ AGE DISTR.	0 - 10	11 - 20	21 - 30	31 - 40	41 - 50	51 - 60	60+	Total
Experi- menta Group	0%	19,1% (54)	31.1% (88)	23,3% (66)	8,5% (24)	6,0% (17)	12,0% (36)	100%
Control Group	0%	12,5% (37)	31,4% (93)	22,3% (66)	14,9% (44)	5,7% (17)	13,2% (39)	100%

GROUP/SEX	MALE	FEMALE
EXPERIMENTAL GROUP	49,8% (141)	50,2% (142)
CONTROL GROUP	40,55% (120)	59,45% (176)

NOTE: NUMBERS IN BRACKETS ARE THE NUMBER OF RESPONDENTS

The main findings of the survey were as follows :

- a) 88% of the experiment group customers felt that the businesses of those who had attended the retailer's programme had improved. Whereas only 57% of the control group customers felt that the businesses they supported had improved. (See Table 5.10 on Page 161 for detailed analysis.)
- b) Only 11% of the experimental group customers felt that the businesses of those who had attended the retailers training programme had deteriorated. Whereas 42% of the control group customers felt that the businesses they supported had deteriorated. (See Table 5.12 on Page 164 for detailed analysis.)
- c) 66% of the experimental group customers now bought more goods than they did in the past. Whereas only 35% of the control group customers now bought more (quantity) than they used to in the past. (See Table 5.14 on Page 167 for detailed analysis).
- d) 10% of the experimental group customers now bought fewer goods than they did in the past. Whereas 35% of the control group customers now bought fewer goods than they used to in the past. (See Table 5.14 on Page 167 for detailed analysis).
- e) The majority of customers used the local shops because of the convenience factor. Those customers who do their shopping in East London, King William's Town do so because of 3 main factors - better prices, better product mix/availability and, for those working in East London and King William's Town, convenience. (See Table 5.20 on Page 176 for detailed analysis).
- f) The only reason given for shopping in Bisho was price (very limited G.S.T. on selected items only).

The frequency tables and percentages of the data gathered in the study were analysed and produced the following significant results :

H2a A greater number of regular customers of small Ciskeian retail businesses whose owners/managers undergo training will perceive changes to a greater extent in these businesses over the following 3 years than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Table 5.9: QUESTION 2: HAS THE BUSINESS CHANGED AT ALL OVER THE PAST 3 YEARS?

	Yes	No	Don't Know	Total
	%	%	%	%
Experimental Group	93,3	6,4	0,4	100
Control Group	93,0	6,0	1,0	100
Total	93,1	6,2	0,7	100

93% of the regular customers of both the Experimental Group and Control Group had seen changes in the irrespective businesses over the past 3 years.

The Pearson Chi-square test was administered to test whether there was a difference in the responses of the experimental and control groups to Question 2.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 0,919$ (p value ,6315). Since p value is $>0,05$ at 5% significance level we cannot reject the null hypothesis. The Experimental and Control Groups responses are, therefore not significantly different.

H2a cannot be accepted. The regular customers of small retail businesses whose owners/managers had undergone training, therefore, did not perceive changes in these businesses to a greater extent compared with the regular customers of small retail businesses whose owners / managers had not undergone such training.

H2b A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will perceive that changes in these businesses over the following 3 years have been for the better, than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Table 5.10: QUESTION 3: IF THE BUSINESS HAS CHANGED, HAS THE CHANGE BEEN FOR THE BETTER?

	Yes	No	Don't Know	Total
	%	%	%	%
Experimental Group	88,0	10,9	1,1	100
Control Group	57,2	41,3	1,4	100
Total	72,1	26,6	1,3	100

72% of regular customers had seen improvements in the businesses of both the experimental and control groups over the past 3 years. A significantly larger proportion, 88% of the experimental group regular customers had, however, seen changes for the better in the shops where the owners'/managers had undergone retail training whereas only 57% of the control group regular customers had seen changes for the better in the shops where the owners / managers had not undergone training.

The Pearson Chi-square test was administered to test whether there was a difference in the responses of the experimental and control groups to Question 3.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 65,812$ (p value 0,0000). Since p value is $<0,05$ at 5% significance level we can reject the null hypothesis. There is, therefore, a significant difference in the responses to question 3 between the experimental group and the control group.

H2b can be accepted. A greater number of regular customers of small retail businesses whose owner / managers had undergone training, therefore, perceived that changes in these businesses had been for the better compared with the number of regular customers of small retail businesses whose owners / managers had not undergone such training.

As a follow up to question 3, question 4 was asked to establish whether there was a difference in the ways in which regular customers of small Ciskeian retail businesses whose owners / managers had undergone training perceived improvements in these businesses compared with the ways in which regular customers of small Ciskeian retail businesses whose owners managers had not undergone such training perceived improvements in these businesses.

Table 5.11: QUESTION 4: IF THE BUSINESS CHANGED FOR THE BETTER, IN WHAT WAY IS IT NOW BETTER?

	Customer Service	Delivery Service	Price	Product Mix Avail.	Quality of Merch.	Merchandising	H/Keep	Credit Facil.	Other	Total
	%	%	%	%	%	%	%	%	%	%
Experimental Group	26,4	2,9	15,5	30,5	11,7	1,3	4,2	6,3	1,3	100
Control Group	32,9	6,7	7,3	31,7	7,9	0,0	3,7	6,7	3,0	100
Total	29,0	4,5	12,2	31,0	10,2	0,7	4,0	6,5	2,0	100

31% of regular customers of both groups felt that Product mix/availability had improved significantly. 29% felt that customer service had improved significantly. There was little difference in the way the experimental group customers and control group customers perceived the ways in which businesses had improved over the past 3 years.

H2c Fewer customers of small Ciskeian retail businesses whose owners / managers undergo training will perceive that changes in these businesses over the following 3 years have been for the worse, than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Table 5.12: QUESTION 5: IF THE BUSINESS HAS CHANGED, HAS IT BEEN FOR THE WORSE?

	Yes	No	Total
	%	%	%
Experimental Group	11,1	88,9	100
Control Group	42,2	57,8	100
Total	27,1	72,9	100

Only 11% of regular customers felt that the shops where the owners/managers had undergone retail training had deteriorated over the past 3 years. Whereas 42% of regular customers felt that the shops where the owners/managers had not undergone retail training had deteriorated.

The Pearson Chi-square test was administered to test whether there was a difference in the responses of the experimental and control groups to Question 5.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 66,235$ (p value ,0000). Since p value is $<0,05$ at 5% significance level we can reject the null hypothesis. There is, therefore, a significant difference in the responses to question 5 of regular customers of the Experimental group businesses and regular customers of the Control group businesses.

H2c can be accepted. Fewer regular customers of small retail businesses whose owners / managers had undergone training, therefore, perceived that changes in these businesses had been for the worse compared with the number of regular customers of small retail businesses whose owners/managers had not undergone such training.

As a follow up to question 5, question 6 was asked to establish whether there were differences in the ways in which regular customers of small Ciskeian retail businesses whose owners / managers had undergone training perceived deterioration in these businesses compared with the ways in which regular customers of small Ciskeian retail businesses whose owners / managers had not undergone such training perceived deterioration in these businesses.

Table 5.13: QUESTION 6: IF THE CHANGE WAS FOR THE WORSE, IN WHAT WAY IS IT NOW WORSE ?

	Customer Service	Delivery Service	Price	Product Mix Avail.	Quality of Merch.	Merchandising	H/Keep	Credit Facil.	Other	Total
	%	%	%	%	%	%	%	%	%	%
Experimental Group	4,2	0,0	58,3	8,3	4,2	0,0	20,8	4,2	0,0	100
Control Group	13,2	1,8	42,1	27,2	9,8	0,0	1,8	0,0	4,4	100
Total	11,6	1,4	44,9	23,9	8,7	0,0	5,1	0,7	3,6	100

44,9% of regular customers of both groups felt that prices were too high while 23,9% felt that the product mix/availability had deteriorated. It is perhaps predictable that regular customers would highlight price as the most significant factor in these inflationary times. It should be noted that regular customers of the control group felt that the product mix/availability and customer service had deteriorated whereas this was not seen as a major reason for the deterioration of the experimental group businesses. Housekeeping of the experimental group businesses is a problem and greater emphasis will have to be placed on this aspect in future retail training programmes.

H2d A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will now buy more goods from these businesses than the number of regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Table 5 14: QUESTION 7 : DO YOU BUY MORE GOODS FROM THIS SHOP THAN YOU DID 3 YEARS AGO ?

	Yes	No	Same	Total
	%	%	%	%
Experimental Group	66,1	10,2	23,7	100
Control Group	35,0	35,4	29,6	100
Total	50,2	23,1	26,7	100

66% of the regular customers of the experimental group said that they now buy more goods from these businesses whereas only 35% of the regular customers said that they buy more from the control group businesses. It is also significant that only 10% of the regular customers of the experimental group businesses said that they did not buy more than they did in the past whereas 35% of the control group said that they did not buy more from these businesses. This may indicate that the retail training programme has led to increased sales in the businesses of those retailers who underwent training.

The Pearson Chi-square test was administered to test whether there was a significant difference in the responses of the experimental and control groups to Question 7.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 69,326$ (p value ,0000). Since p value is $<0,05$ at 5% significance level we reject the null hypothesis. There is, therefore, a significant difference in the responses to Question 7 between the Experimental Group and the Control Group.

H2d can be accepted. A greater number of regular customers of small retail businesses whose owners / managers had undergone training now buy more goods from these businesses compared with the number of regular customers of the small retail businesses whose owners / managers had not undergone such training.

As a follow up to question 7, question 8 was asked to establish whether there were particular reasons as to why regular customers of Experimental Group businesses and regular customers of Control Group businesses now buy more goods from these respective businesses than they did in the past.

Table 5.15: QUESTION 8 : WHY DO YOU BUY MORE GOODS FROM THIS SHOP THAT YOU DID 3 YEARS AGO ?

	Customer Service	Delivery Service	Price	Product Mix/ Avail.	Quality of Merch.	Merchandising	House-keeping	Credit Facil.	Convenience	More Disp. Income	Other	Total
	%	%	%	%	%	%	%	%	%	%	%	%
Experimental Group	20,7	1,1	15,4	36,2	15,4	0,5	1,1	3,7	2,7	0,5	2,7	100
Control Group	20,0	2,0	8,0	48,0	7,0	0,0	0,0	1,0	11,0	0,0	3,0	100
Total	20,5	1,4	12,8	40,3	12,5	0,3	0,7	2,8	5,6	0,3	2,8	100

The main reason why regular customers of both the experimental group businesses and the control group businesses now buy more goods from these businesses than they did in the past is because of better product mix/availability (40%) and better customer service (20,5%).

Table 5.16: QUESTION 9: WHY DO YOU BUY FEWER GOODS FROM THIS SHOP THAN YOU DID 3 YEARS AGO ?

	Customer Service	Delivery Service	Price	Product. Mix/ Avail.	Quality of Merch.	Merch.	House-keeping	Credit Facil.	Convenience	Less Disp. Income	Competition	Other	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%
Experimental Group	7,1	0,0	32,1	7,1	0,0	3,6	7,1	7,1	3,6	21,4	7,1	3,6	100
Control Group	8,7	0,9	34,8	32,2	8,7	0,0	1,7	0,0	0,0	12,2	0,9	0,0	100
Total	8,4	0,7	34,3	27,3	7,0	0,7	2,8	1,4	0,7	14,0	2,1	0,7	100

The main reason why regular customers of both the experimental group businesses and the control group businesses buy fewer goods from these businesses than they used to is because of price (34%). It is, however, noteworthy that 32% of regular customers of the control group businesses also stated that the deterioration of the product mix/availability of these businesses was also a major reason why they now bought fewer goods from these businesses. This was not a major cause for fewer goods in the case of the regular customers of the experimental group. Less disposable income was also given as a major reason by regular customers for buying less in both the experimental and the control group businesses. This is indicative of the difficult economic conditions in this area.

In order to establish whether the spending patterns of regular customers of Experimental Group businesses and regular customers of Control Group businesses had altered, the following question was asked:

Table 5.17: QUESTION 12 : HOW MUCH DID THE REGULAR CUSTOMERS SPEND IN THE PAST IN THESE BUSINESSES PER MONTH?

RANDS	0-50	51-100	101-150	151-200	201-250	251-300	301-350	351-400	401-500	500 +	Total
	%	%	%	%	%	%	%	%	%	%	%
Experimental Group	47,1	39,6	7,1	3,2	1,1	1,1	0,0	0,0	0,7	0,0	100
Control Group	44,8	41,4	6,1	3,4	1,3	2,4	0,3	0,0	0,0	0,3	100
Total	45,9	40,6	6,6	3,3	1,2	1,7	0,2	0,0	0,3	0,2	100

The above table shows that 86,5% of the regular customers of both the experimental group businesses and the control group businesses spent less than R100 per month in these businesses, while question 14 shows that the amount spent has increased, nevertheless, such small expenditure has been a restricting factor on the growth of these small businesses.

H2e Regular customers of small Ciskeian retail businesses whose owners / managers undergo training will now spend more in these businesses than regular customers of small Ciskeian retail businesses whose owners / managers have not undergone such training.

Table 5.18: QUESTION 14 : HOW MUCH DO REGULAR CUSTOMERS NOW SPEND IN THESE BUSINESSES ?

RANDS	0-50	51-100	101-150	151-200	201-250	251-300	301-350	351-400	401-500	500 +	Total
	%	%	%	%	%	%	%	%	%	%	%
Experimental Group	32,0	26,7	22,1	12,1	3,9	2,1	0,0	0,0	0,7	0,4	100
Control Group	32,0	37,0	15,2	6,4	4,0	1,7	1,3	1,0	0,7	0,7	100
Total	32,0	32,0	18,5	9,2	4,0	1,9	0,7	0,5	0,7	0,5	100

The above table shows that 82,5% of regular customers of both the experimental group businesses and the control group businesses spend less than R150 per month in these businesses. There is a decrease in the number of customers who spend less than R 100 per month compared with the number who spent less than R 100 in the past, (see Table 5.17), although it is most probably caused by inflation and there is little change in real terms. Such small expenditure will always be a restricting factor in the growth of these small businesses unless there is a material change in the economic well being of the local population. This is unlikely.

The Pearson Chi-square test was administered to test whether there was a significant difference in the responses of the experimental and control groups to Question 14.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 20,744$ (p value ,0138). Since p value is $<0,05$ at 5% significance level we can reject the null hypothesis. There is a significant difference in the responses to Question 14 between the Experimental Group and Control Group.

H2e can be accepted. The regular customers of small retail businesses whose owners / managers had undergone training now spend more in these businesses compared with the amount spent by regular customers of small retail businesses whose owners / managers had not undergone such training.

H2f A greater number of regular customers of small Ciskeian retail businesses whose owners / managers undergo training will do the bulk of their shopping locally within the Ciskei compared with the number of regular customers of small Ciskeian retail businesses whose owners/managers have not undergone such training.

Table 5.19: QUESTION 15 : WHERE DO YOU DO THE BULK OF YOUR SHOPPING ?

	KING WILLIAM'S TOWN	EAST LONDON	LOCALLY	TOTAL
	%	%	%	%
Experimental Group	13,8	13,8	72,3	100
Control Group	13,1	14,8	72,1	100
TOTALS	13,4	14,3	72,3	100

It is significant that 72% of the regular customers of both the experimental group businesses and the control group businesses shopped locally in Ciskei. There was no great difference in the shopping patterns of the regular customers of the experimental and control group businesses.

The Pearson Chi-square test was administered to test whether there was a significant difference in the responses of the experimental and control groups to Question 15.

Ho : Experimental and control group regular customer responses are not significantly different.

Ha : Experimental and control group regular customer responses are significantly different.

This resulted in $\chi^2 = 0,1487$ (p value ,9283). Since p value is $>0,05$ at 5% significance level we cannot reject the null hypothesis. There is, therefore, no significant difference in the responses to Question 15 between the experimental group and the control group.

H2f cannot, therefore, be accepted. There was no significant difference in the number of regular customers of small Ciskeian retail businesses whose owners / managers had undergone training who did the bulk of their shopping locally compared with the number of regular customers of small Ciskeian retail businesses whose owners / managers had not undergone such training.

Question 16 was asked as a follow up to Question 15 to establish whether there were particular reasons as to why Experimental Group regular customers and Control Group regular customers did the bulk of their shopping in a particular locality.

Table 5.20: QUESTION 16 : WHY DO YOU DO THE BULK OF YOUR SHOPPING THERE ? (REFER TO QUESTION 15)

	Customer Service	Delivery Service	Price	Product Mix/ Avail.	Quality of Merch.	Merchandising	House-keeping	Credit Facil.	Convenience	Other	Total
	%	%	%	%	%	%	%	%	%	%	%
Experimental Group	2,5	0,4	14,5	11,7	1,8	0,4	0,4	2,5	62,4	3,5	100
Control Group	1,0	0,7	25,1	9,7	1,0	0,3	0,0	4,0	56,5	1,7	100
Total	1,7	0,5	20,0	10,7	1,4	0,3	0,2	3,3	59,4	2,5	100

By far the most significant reason which regular customers of both experimental and control group businesses gave for shopping locally in Ciskei was "convenience" (59,4%). The second most important reason was "price" (20%) followed by produce mix/availability (10,7%). It is interesting to note that those customers who gave Bisho as the place where they do the bulk of their shopping gave the only reason for doing so as "price". In other words, Bisho holds little attraction for shoppers other than the fact that there is very limited G.S.T. in Bisho.

Table 5.21: QUESTION 17: WHAT PROPORTION OF THEIR MONEY DO REGULAR CUSTOMERS SPEND IN THEIR LOCAL TOWN/VILLAGE ?

	NONE	0-25	26-50	51-75	76-100	ALL	TOTALS
	%	%	%	%	%	%	%
Experimental Group	0,0	32,2	31,8	15,5	1,4	19,1	100
Control Group	0,3	37,9	27,9	25,5	0,3	8,1	100
TOTALS	0,2	35,1	29,8	20,7	0,9	13,4	100

This table indicates that 86% of regular customers of both the experimental group and control group businesses spend between 0% and 75% of their salaries locally in Ciskei. This is in sharp contrast to the generally held belief that the local population tends to spend their incomes in the major towns in the Republic of South Africa (i.e. King William's Town, East London).

Table 5.22: QUESTION 18 : HOW OLD WERE THE REGULAR CUSTOMERS WHO WERE INTERVIEWED ?

Age (yrs.)	0-10	11-20	21-30	31-40	41-50	51-60	+60	TOTALS
	%	%	%	%	%	%	%	%
Experimental Group	0,4	19,1	31,1	23,3	8,5	6,0	11,7	100
Control Group	0,0	12,5	31,0	27,6	15,2	5,7	13,1	100
TOTALS	0,2	15,7	31,0	22,9	11,9	5,9	12,4	100

The above table shows that the age distribution of both the experimental group and control group businesses regular customers interviewed was relatively uniform. ($\chi^2 = 10,832$ and p value = ,0937.)

Table 5.23: QUESTION 19 : WHAT PROPORTION OF THE REGULAR CUSTOMERS INTERVIEWED WERE MALES AND WHAT PROPORTION WERE FEMALE ?

	MALE	FEMALE	TOTAL
Experimental Group	49,8	50,2	100
Control Group	40,4	59,6	100
Total	45,0	55,0	100

The above table shows that the sex distribution of regular customers interviewed in the case of both the experimental group businesses and the control group businesses was relatively uniform.

5. REACTION OF DELEGATES TO THE PROGRAMME 1 YEAR AFTER TRAINING.

Behavioural changes are extremely difficult to measure on a "Public Course" because it requires direct observation in the work situation or the completion of questionnaires by trainees and this is not always very accurate. The method adopted, therefore, was to visit the businesses regularly while the training was taking place to encourage implementation and to evaluate the reaction of trainees. It often happens that the initial reaction of delegates to a course is very favourable but this initial enthusiasm fades when the delegates return to their working environment. Twenty seven owners or managers were, therefore, visited in their businesses one year after attending the course by an independent Xhosa speaking assessor. They were asked, in hindsight, to give their opinion of the programme. Their overall assessment was:

- 96% said they had benefited from the course
- 88% said their business had benefited from the course
- 100% said they would recommend the course to other businessmen
- 27% said they had started other businesses since attending the course (i.e. they were able to expand their businesses)
- 55% said they needed more training in "Finance"

In other words, the course was still seen as having been beneficial 12 months after the delegates had attended the course. The detailed analysis of the data gathered is given in Appendix XII.

6. SUPPORTING CASE STUDIES

Harper (1979 : ix) states that "very little information has been published on the ways in which the various methods of assistance actually impinge on the "target", the small business which they are designed to help." While quantitative analysis of facts and figures are essential Harper concludes that case studies provide "an invaluable background of reality" against which methods of assistance can be considered. The following supporting case studies were, therefore, recorded:

Case Study No. 1: "Starting from Scratch"

Mr. M was a school teacher like his father. He, however, became frustrated with the job and wanted to enter the commercial world but had no finance to do so.

He and his brother, therefore, borrowed their father's tractor and hired out their services to plough rural farmer's small holdings in Ciskei.

Their ploughing services were in demand and they accumulated enough money to make their own bricks and build their first general dealer trading store near their home. They were in direct competition with the local mission trading store but were, nevertheless, able to make a small profit. They continued to run their ploughing business and from the profits of their trading store and the ploughing business they built two further stores in the same district.

Mr. M then decided to marry and start another business in another district leaving his brother behind to manage the original businesses with a further two younger brothers. Mr. M and his young wife rented business premises in the new district. With the money he had accumulated from the original business he started a small general dealer business. He and his wife found the going tough. They were new people in the district and the local population were cautious preferring to go to the established retail store in the district.

Mr. M and his wife (who had some commercial training having completed two years of study in Business Economics and Economics) decided that, if they were to survive, they would have to improve their retail knowledge and skills. They, therefore, enrolled for the retail training programme in February 1988. At that time the new business was doing a sales turnover of between R 18 000 and R 20 000 p.m.

During the course, the Fort Hare Institute of Management assisted them to work out a sales and an expenditure budget for 1989. The sales target was set at R 32 000 per month. Mr. M and his wife were confident that they could achieve this because they felt that they now understood the importance of establishing customer needs, stocking the right products, developing good customer relations, providing good service (including a delivery service) and buying at the best prices available from the local suppliers and wholesalers in King William's Town.

After the course, they implemented their "1989" plan and this resulted in annual sales for 1989 averaging R 40 000 p.m. (i.e. 25% above budget and 100% above their original sales figures when they first enrolled for the course.)

Follow up visits to the business showed that sales were accurately recorded as were purchases and expenditure. Stock taking, however, was a problem and was not done. When we discussed this with Mr. M. he said that, while he and his wife fully appreciated the importance of taking stock, they simply did not have time to complete the stock taking exercise.

It is, thus difficult to assess the profitability of the business, but the business has survived and grown. Mr. & Mrs. M now employ 8 people in the business and they are currently considering buying a much larger supermarket.

Commentary:

This case demonstrates that aspirant businessmen who show initiative, tenacity and drive can succeed if these innate characteristics are coupled with sound, practical business training and guidance. Harper (1984 : 22 - 23) describes a similar case in Bangladesh where a certain Mrs. Hirje "had the necessary initiative and skill and the agency provided the means whereby she was able to use her resources to start a successful business."

Case Study No. 2: "Mr. B. and the Rapidly growing business"

Mr. B. is a 53 year old, married Ciskeian with two children. He and his wife own a large supermarket in an urban black township.

After passing Std. 6, Mr. B. was forced to leave school as his family could not afford to support him any longer. He worked as a delivery-man for 18 years for a national chain of news / periodical / stationery retailers.

During this time he tried to learn as much as he could from his employers about modern retailing. He also started a small "skottle" shop with R 160 in his backyard which his wife ran. Later he rented retail premises and his wife ran the retail business. Once the business became successful, however, the landlord took the business over and Mr. B and his wife had to leave. This happened on 3 occasions to Mr. B. and his wife. Each time they had to restart from scratch.

By 1985 Mr. B. and his wife had saved enough money to actually buy a trading store where they traded successfully for three years.

An opportunity then arose to buy a supermarket in the township. Mr. B. successfully negotiated a R 370 000 loan from the Ciskei People's Development Bank, and together with their life savings, they managed to purchase the business. Mr. B. relates that there were 3 other shops in close proximity and so he was initially very concerned about the tough competition these shops would give him.

During the first year of trading (1988) the sales turnover averaged about R 20 000 p.m. Mr. B. said, however, that he could see that the business had greater potential. He, therefore, decided to attend the retail training programme "in order to learn more about modern retailing techniques and management control of a business." He, thus, attended the 1988 course.

Early in 1989 the business really started to take off. Mr. B. does not attribute this to any one particular factor, but rather believes that it was really the culmination of many factors. The factors he mentioned were:

- he and his wife's previous retail experience;
- astute buying from "Lucky 7";
- giving customers what they wanted at fair prices;
- maintaining tight control of finances and good customer relations.

He stated that while he had already worked many of these things out for himself, through his experiences in retailing, nevertheless, the retail training programme showed him "how" to put these concepts into practice in his business.

By the end of 1989 Mr. B. stated that he was doing a sales turnover of what he "conservatively estimated" as R 60 000 p.m. (The Fort Hare Institute of Management and Ciskei People's Development Bank, however, estimated that the true figure was closer to R 100 000 per month.) He had also paid off 30% of his loan and he had a staff of 21 people working in the supermarket. Competition was no longer a problem and he had also started a taxi business employing 3 taxi drivers.

On 5th March 1990, one day after the Ciskei coup, disaster struck. Rampant mobs swept through the townships in Ciskei looting and setting fire to businesses. Unfortunately, Mr. B.'s business was in the path of the mobs who ransacked the shop and storerooms and then set fire to the building. The entire business was destroyed. His competitor's businesses were also destroyed. Fortunately, Mr. B. was insured and so he was able to rebuild and, in August 1990, he and his wife started trading again. He reported in early 1991 that the business is now almost back to its previous level of activity. He and his wife are also about to open a hairdressing salon which will employ 4 additional people and he plans to open a bakery in an adjacent building during 1991.

Commentary:

As stated above, many factors influenced the success achieved by Mr. B. He stated, however, that a vital factor was the opportunity which he had to attend the retail training programme. He felt that this had enabled him to personally develop his knowledge and skills in retailing and so keep pace with the rapid development of his business. He was able to grow with the business and this prevented the business from running away with him. It also gave him the strength and confidence to start all over again after the business had been burnt down.

Case Study No. 3: "The importance of having the will to win and good financial record keeping"

Mr. L.M. is a married Ciskeian of 51 years of age with grown up children. Mr. L.M. started working at a very early age. Due to family circumstances he had to leave school after Std. 4 and his mother found him a job with a local fish monger in East London. He had to deliver fish by bicycle to customers. After 9 years of service, he saw no prospects of improving his position and so he left and became a "delivery boy" for a local florist/grocery business. He then upgraded himself by securing a job as a delivery man at a "pharmacy" and so became the first Black "scooter driver" in East London. In his spare time he took driving lessons and obtained his truck driver's licence.

As a lorry driver for a big wholesaler, he gained experience in the grocery/retail trade. After 7 years with this wholesaler he secured a better paying job as a driver for a large milling company delivering maize, flour etc. to retailers. During this time he got to know and understand retailers and their problems. This gave him the idea of opening his own business one day.

In 1974 he obtained an agency to deliver paraffin in Mdantsane. With his life savings of R 5 000 he bought a second hand truck and approximately R 3 000 worth of paraffin. Between 1974 and 1990 he gradually built up the business until he had 3 trucks delivering paraffin throughout the Ciskei and Border from his small Mdantsane Depot. Mr. M relates "it was extremely hard work. I often started out on my first delivery at 3 a.m. because I never wanted to let any of my customers down by delivering late or failing to deliver." Eventually he bought a business site for R 6 000 and started planning to build a supermarket. In 1987 Mr. L.M. visited the Fort Hare Institute of Management and asked us to do a feasibility study on the establishment of a Supermarket. While the study was in progress he attended several short business courses at the Institute. The results of the feasibility study were positive and the Ciskei People's Development Bank granted Mr. L.M. a loan for R 264 000. He also invested R 20 000 of his own money in this venture.

The Supermarket was duly built and Mr. L.M. started trading in March 1988. He also registered his daughter and one of his shop assistants on the retail training programme. The main benefit gained from the course was that his daughter was now able to keep the books of the business and helped with the correct pricing of goods.

During 1988 the business had an average sales turnover of R 2 000 per day. By 1989 the business was doing an average sales turnover of R 3 500 per day (75% increase in turnover.) He said "Thanks to the efforts and expertise of my daughter, expenses were kept in control and regular loan repayments were made to the Ciskei People's Development Bank." In fact, by the end of 1989 Mr. L.M.'s loan repayments were in advance as he wanted to pay off the loan as quickly as possible. In the beginning he said he was not making much profit. He related : "this puzzled me, but the Fort Hare Institute of Management retail training programme Trainer, Mr. Lyle, and my daughter found that my formula for calculating G.S.T. was incorrect. Once this was corrected the business began to make a meaningful profit."

On 5th March, the day after the Ciskei coup, uncontrollable mobs looted and burnt down his supermarket. Unfortunately, he was underinsured. He had enough personal savings, however, to supplement the insurance pay out and rebuilt and re-opened his supermarket in December 1990.

Commentary:

Mr. L.M.'s tenacity and will to succeed is obvious. It is interesting to also note that Mr. L.M. gradually built up his retail knowledge and business experience while developing his paraffin delivery service.

The main point of this case study, however, is the way in which it illustrates the importance of good recordkeeping and follow-up by the Course instructor after training. While Mr. L.M. did not feel that he had sufficient education to attend the retail training programme, he made sure that someone in his business gained the necessary skills - especially in the area of financial record keeping.

This enabled him to price correctly and ensure that the business was profitable. He was also able to call in the course instructor to assist him transfer the "classroom" knowledge into his business. It also enabled him to retain control of the business as it expanded rapidly. Later, after the business had been destroyed, he was able to rebuild it because, through careful financial control, he had established a reliable loan repayments history with the Ciskei People's Development Bank and he had personally saved enough money to supplement the cost of rebuilding the business when he found that he was underinsured.

7. SUMMARY OF RESULTS OF THE STUDY

To conclude this Chapter, the results of the training programme can be summarized as follows :

1. Reaction of the delegates to the retail training programme.

The overall assessment of the programme was favourable. Course content, length of the course, level of the course, training methods and training were all rated extremely favourably.

2. Measurement of what the delegates learnt.

The student "t" tests on all pre test and post test data and the individual Marketing, Financial and Management modules showed that the improvement was statistically highly significant. For example, the average mark obtained in the pre test scores was 35,55% and the median was 30% whereas the average mark obtained in the post test scores was 56,12% and the median was 59,3%. This shows a marked improvement in what the delegates had learnt about retailing on the training programme.

3. Measurement of changes as perceived by customers.

A far greater number of regular customers of the Experimental Group businesses (i.e. those businesses where the owners or managers had attended the retail training programme) were of the opinion that the Experimental Group businesses had improved compared to the number of regular customers of the Control Group businesses (i.e. those businesses where the owners or managers had NOT attended the retail training programme) who were of the opinion that the Control Group businesses had improved. A far larger number of regular customers of the Experimental Group businesses also said that they now bought more from the Experimental Group businesses compared to the number of regular customers of the Control Group businesses who now bought more from the Control Group businesses. This could be inferred as indicating that the retail training programme had a direct, positive effect on the Experimental Group businesses.

4. Reaction of the delegates to the programme 1 year after the training.

The survey revealed that, even after a one year time lag, the delegates still felt very positive about the training they had received.

5. Case Studies

The case studies supported the survey results conducted one year after the delegates had completed the training.

6. Ciskei Peoples Development Bank (Client)

Bad debts written off averaged 38% p.a. of loans granted to small Ciskeian retailers prior to the introduction of the training programme. Since the introduction of the retail training programme, however, the average bad debts written off dropped to an average of 21% p.a.

This reduction in bad debts cannot be attributed to the training programme alone. The Ciskei People's Development Bank also introduced a more selective policy with regard to the granting of loans at the same time as the retail training programme was introduced. It would, therefore, be more accurate to conclude that the more selective loan policy combined with the retail training programme has led to a 55% reduction in bad debts written off.

Only 3 of the retail businesses of the owners or managers who attended the retail training programme have failed. This represents a failure rate of approximately 7,5% over a 2 year period compared with the failure rate in the retail sector of the United States economy of 33% in the first year of trading (Baumback 1983 : 83).

The success of the retail training programme can also be gauged by the fact that the Ciskei People's Development Bank agreed to sponsor the programme for a further two years.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

1. INTRODUCTION
2. LIMITATIONS AND DIFFICULTIES OF CONDUCTING RESEARCH IN A THIRD WORLD ENVIRONMENT
3. WIDER APPLICATION OF THE TECHNIQUES USED IN THE MODEL
4. CONCLUSIONS
5. RECOMMENDATIONS FOR FURTHER RESEARCH

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

1. INTRODUCTION

This study has sought to develop an andragogic training model which would be effective in the training of small retailers in Ciskei which is, by and large, a third world environment. The problems facing South Africa and, in particular Ciskei, were analysed. The analysis focussed attention on the rapid population growth resulting in unemployment and an ever increasing number of unskilled work seekers. This situation highlighted the need for a job creation programme and properly trained businessmen. Small business and small retail businesses in particular, were identified as areas with the potential to relieve high unemployment, provided that the high rate of small business failure could be reduced. The failure of small business is a drain on financial resources and causes hardship for those who lose their jobs as a result of such failure. The training of small business people was seen by the Ciskei People's Development Bank, the small business retailer and, after investigation, by the researcher as an antidote for the high rate of small business failure. The literature on training was, therefore, reviewed with the specific intention of developing a training model for small retail businesses in Ciskei. Based upon this review, an andragogic training model was then designed to meet the training needs of small retail businesses in Ciskei. A retail training programme based upon the model was designed, implemented and evaluated.

This chapter will address the limitations and difficulties of conducting research in a third world environment, wider application of the techniques used in the model, the general conclusions that can be drawn from this study and recommendations will then be made on areas where further research would prove beneficial.

2. LIMITATIONS AND DIFFICULTIES OF CONDUCTING RESEARCH IN THIRD WORLD ENVIRONMENTS

Curran and Stanworth (1989 : 18 - 20) conclude that "research on small business education remains under-developed." They state that research into other aspects of small business has developed enormously over the past decade in Europe and the United States of America. Research into small business education has, however, shown no comparable expansion over the same period. This is also true of research into small business education in developing, third world countries where small business plays such a vital economic role. In Ciskei, for example, no previous research has been conducted into small business education.

The dearth of research work in developing countries is undoubtedly linked to the difficulties involved in conducting research in third world environments. The Concise Dictionary of Business (1990:113) defines developing countries as "countries that often have abundant natural resources but lack the capital and entrepreneurial and technical skills required to develop them ... they are often known as third world countries."

The Concise Dictionary of Business (1990 : 113); Ghatak (1986 : 1-20) Bulmer and Warwick (1983:3) and Ranis (1968 : 15) concur that these developing countries are characterised by, inter alia, backward technology, low incomes, unemployment, political instability, poor transport, inadequate educational facilities, poor postal systems, high population growth, illiteracy and low productivity.

Green and Lascaris (1990 : 10 - 12) have attempted to describe third world environments. Their description is highlighted below and an example of each characteristic, which conforms with the situation encountered in Ciskei, is given to illustrate the point being made:

- i) Authoritarian forms of government. The President of Ciskei, shortly after independence, made himself "President for life", ruled by decree, banned opposition parties and was finally overthrown by the military in a coup in 1990 and replaced by a "Military Council" which governs by decree.
- ii) Volatile politics. Following the military coup in 1990 in Ciskei, mobs went on the rampage, looting and destroying hundreds of businesses before the army was able to restore order. A second coup attempt to overthrow the "Military Council" later in 1990 failed.
- iii) High rates of inflation and a reputation for lack of financial discipline. The economy of Ciskei is closely linked to the economy of South Africa where the inflation rate fluctuates, on average, between 12% and 16% per annum. The financial discipline of the Ciskei Government was woeful during the period 1984 to 1989 when money was squandered on many grandiose projects such as two palaces for the President, an international airport which is now closed down and numerous ambitious industrial projects which never materialised.
- iv) A high birth rate. Ciskei population growth rate is estimated to be 3% per annum, which is one of the highest birth rates in Africa (see Page 8).
- v) Education and housing crises and high crime rates. 30% of Ciskei's population is illiterate (see Page 9) and the crime rate and violence in South Africa, including Ciskei, has soared since the recent change in political policies of South Africa.

- vi) New nation status. Ciskei gained its independence from South Africa on 4 December 1981 and can, therefore, be called a "new nation" although it has not received international recognition.
- vii) A high level of foreign debt. Ciskei is economically dependent upon South Africa for financial support to balance the budget (see Page 14).
- viii) An informal, free and easy code of business conduct where it is often necessary to bribe officials to get things done. During the period 1984 to 1989 numerous corruption scandals were uncovered in Ciskei, special financial loans were granted to businesses close to the Ciskeian President and liquor licences were only granted personally by the Ciskeian President, usually in return for political favours.

These factors do not create a favourable environment in which to conduct independent research.

Kearl (1976 : xx) points out that basic conditions taken for granted in standard western textbooks on research methods (Babbie, 1973; Backstrom and Hursh-Cesar, 1981; Moser and Kalton, 1971) are lacking in third world environments. He states:

"To begin with, the available statistical description of the economic and physical and human setting of the research is often defective. Census figures are usually out of date and frequently unreliable, if indeed they are available at all. Aggregate estimates give little guidance as to the questions it is important to ask in particular local settings. No list of potential interviewees is available from which to draw a sample. The research worker may speak a different language than his respondents ... often the respondents (and the communities in which they live) have never encountered the idea of social science field data; surveys arouse both

curiosity and suspicion. At the same time, rural studies usually involve scattered and remote settings; provision of transport and food and lodging for interviewers may require some inventiveness. The choice of enumerators will be both crucial and limited. Supervision of field staff and checks on the reliability of their work offer special problems". (Kearl, 1976 : p.xx).

These unfavourable basic conditions cannot be ignored at any stage in the research process. Most research workers (Bailey, 1978; Shavelson, 1981; Babbie, 1983; Bulmer, 1983; Chadwick, Bahr and Albrecht, 1984; Stanton and Futrell, 1987) agree that the normal process of conducting research involves the following broad procedural steps:

- identifying and defining the research problem
- designing the research model
- conducting the research
- analysing and interpreting the results
- reporting and following up the study.

Conducting research in a third world environment is fraught with difficulties at each of these stages. The inherent problems at each stage will now be elucidated:

1. Identifying and defining the research problems.

Identifying the exact nature of a problem in a third world environment can be difficult because of the lack of statistical data, the lack of previous research information and divergence of opinions based upon supposition rather than factual data. A lack of understanding of the local language and a lack of knowledge of the local culture is also a distinct disadvantage when attempting to identify and define the research problem in a third world context. This problem was overcome in this study by using local

Ciskei People's Development Bank officials and local Fort Hare Institute of Management Staff to establish the exact nature of the problem to be researched. The researcher has also lived and worked in the area for the past decade.

The "political acceptability" of a research project is also of considerable importance. For example, an in depth investigation into the liquor industry in Ciskei (especially the aspect of the granting of liquor licences) was considered to be politically unacceptable when a student wished to undertake this research for her Masters Degree thesis in 1987. In addition, due to political insecurity, it is doubtful whether information on the subject would be readily forthcoming from people subjected to such an investigation because several houses and businesses were known to have been bombed and razed to the ground when the occupants had earlier had disagreements with leading politicians. (The President's own son was jailed for 12 years for this type of thuggery after the coup in 1990). The nature of the present study was non-controversial and so it did not meet with any political resistance but was encouraged because it would be of material benefit to Ciskei.

Longitudinal studies which require stable economic, social and political conditions can be problematic because of the lack of political stability. An example of this was the original "Free Market Policy" of the Ciskei Government which was drastically amended in 1986. Another example was the change in concession benefits for new businesses setting up in Ciskei. The 1990 coup also had a devastating effect on big and small businesses (many of which were destroyed in the coup) and foreign investment in Ciskei. Longitudinal studies are also costly and, because of the critical lack of finance in most third world countries, it is difficult to get local support and finance to conduct research. Very often the money which third world governments do have, has to be spent on more basic economic needs (Bulmer and Warwick, 1983 : 4). The researcher was fortunate in having the financial support of the Ciskei People's

Development Bank and the fieldwork was completed during a stable political period, prior to the Ciskei coup.

2. Designing the Research Model

When planning the design of a research model in a third world environment, account should be taken of the paucity of available secondary data. Data banks of research information simply do not exist. Marketing and financial data on individual businesses have, in most instances, never been recorded and even development agencies like Development Banks or Development Corporations often do not have accurate data on their clients. Registers of local businesses are sometimes available at local municipal offices, but they must be treated with caution as they are often out of date and incomplete. In the case of the present study, some secondary data on Ciskei was available from the Development Bank of Southern Africa.

Great difficulty was, however, experienced trying to gather financial and marketing data on individual businesses and after trying for six months to obtain this data from the individual businesses and from the Ciskei People's Development Bank, part of the evaluation process had to be changed. Case studies and survival rates had to be used instead. Van Daalen (1989 : 144 - 145) experienced similar difficulties with his research work in Ciskei. The registers of local businesses at the majority of local Municipalities were obtained only with great difficulty, some of them had to be updated first and others had to be amended. This made random sampling, quota sampling or area sampling techniques very difficult. A different method of selecting businesses for the study had, therefore, to be developed. (See Appendix Va, Page 236).

Defining the sample to be researched can be confusing in third world situations. For example, the research may indicate that shop owners

should be interviewed but upon calling at the business it becomes apparent that it is not the shop owner who really knows and runs the business, but his wife or another member of the extended and complicated family system. This resulted in the researcher having to broaden the sample to include not only small business owners but small business managers as well.

Methods of gathering data should be approached with care. Miles (1989 : 854) states:

"By its very nature, the third world is a more problematic region to conduct certain kinds of research than is North America or Western Europe. In the U.S. most surveys are not even conducted in person, the telephone having become the mode of preference for data collection."

He states, however, that from personal experiences this is not possible in a third world situation. Telephonic interviews are unlikely to be a successful method of gathering data because few people in third world settings have telephones and, many of those who do, are on "party lines" where others could be listening in. Furthermore, suspicion as to the motive of the interviewer will not be overcome on the telephone. Mailed questionnaires will invariably illicit a very poor response rate because of illiteracy problems, unreliable post and suspicion of the recipients. For example, 800 training needs analysis questionnaires were mailed to the owners of small businesses for this study, but only 13 replies were received and several of the questionnaires received were incomplete or the responses showed that the recipient did not really understand the questions being asked. (See Ch.4, Page 122). Observation methods are difficult because the research is likely to be in remote rural localities necessitating considerable travelling on very poor roads. Furthermore, in such cases the local people are usually highly suspicious of strangers, especially if they are of a different race or ethnic group and cannot speak the local language.

Personal interviews, while time consuming and limiting in that the sample size will often have to be small due to time and financial constraints, is perhaps the most effective way of gathering research data in third world environments. Characteristics of interviewers are important. Aspects such as race, ethnicity, social status, sex (for example, the traditional Xhosa society is a patriarchal society), age, clothing and background are extremely important. (Pheil, 1983 : 84). The approach of the interviewer and establishing of rapport is important. Sufficient time must be budgeted for such interviews as it takes time to gain the interviewee's confidence. (Sometimes several visits are necessary.) For example, Xhosa custom dictates that one does not come to the point of the exercise immediately, but one must rather talk around the subject and gradually arrive at the purpose of the business in hand. Ethnomethodolgy in third world research is of significance. For example, in the Xhosa culture certain things are implied and the conversation will indicate that certain things are understood without being said and certain social interactions (e.g. their way of shaking hands) have certain meanings. In order to overcome these problems the researcher used either mature, trained local business school students or local Fort Hare Institute of Management staff, depending upon the situation and the nature of the fieldwork.

The gathering of research data can be very frustrating in a third world setting. A long journey over very rough roads can end with the interviewee not being there despite a prior appointment having been made. The keeping of appointments is very much a "hit and miss" affair. Sometimes interviewers will have to wait an hour or two for the interviewee and sometimes the interviewee will not keep the appointment at all. Attendance at research programmes is equally erratic. For example, it was common practice for delegates to arrive an hour or two late for modules of the retail courses despite being asked on numerous occasions to be punctual. These motivational and attitudinal problems were not overcome in the study and are commented upon under "recommendations for further research."

Violence and crime in the streets of local towns (mainly the major towns) can make the collection of research data a hazardous exercise especially if the researchers are of another race or ethnic group. Having established a sound relationship with the shop owners and managers on the training programme, the researcher and field workers usually received warning if it was not safe to visit a particular area. This caused delays which had to be made up later when the situation returned to normal.

3. Analysing, and interpreting the results.

Bulmer and Warwick (1983 : 38) caution that social scientists doing research cross-culturally need to have a proper understanding of the socio-cultural context in which they are working.

For example, many African cultures, the Xhosa culture included, place emphasis on telling researchers what they think the researcher wants to hear. This is something the researcher has to continually guard against. Getting the respondent's true feelings or getting his or her honest opinion often takes considerable time and effort. Local interviewers who understand the culture, language and ethnomethodology will often be far more successful at getting the respondents true viewpoint than "foreign" researchers. (Bulmer and Warwick, 1983 : 12 ; Pheil, 1983 : 85-86).

4. Reporting and following up the study.

Unfavourable reporting in unstable, nervous third world environments as described by Green and Lascaris (1990 : 10 - 12) can result in researchers being summarily dismissed from their jobs or being asked to leave the country immediately. On the other hand, if the research leads to favourable results for the community then it is almost inevitable that the politicians will attempt to "ride in on the wave of success."

Implementation of research findings can be severely hampered by a lack of financial resources. Implementation can also be hampered by bureaucracy, paperwork, laws, customs, inefficiency, buck passing or no one possessing sufficient authority to implement the recommendations due to highly centralised and autocratic governments of many third world countries.

Notwithstanding all the difficulties associated with conducting small business research in third world environments, far greater efforts need to be made to conduct such research. Bulmer and Warwick, (1983 : 3) emphasize that the conducting of social research in developing countries is an important issue. "The results of social inquiry are not just fed back to fellow academics, but are used to influence the life chances of millions upon millions of people." (Bulmer and Warwick, 1983 : 3). Without research, policy making and resource allocation to small business and the utilisation of these resources will remain largely guesswork, and at the mercy of politicians. This will leave small business owners (potential and actual) unsupported and only able to struggle on as best they can, which would be retrogressive. Social investigation may require innovation and standard methods may have to be adapted for third world conditions. (Bulmer and Warwick, 1983 : 27). In the present study, for example, acceptable methods and procedures were found around such difficulties. The issues at stake are vital and, therefore, research must continue despite the pitfalls and problems described.

3. WIDER APPLICATION OF THE MODEL

Third world research is problematic and has limitations as set out above, but the concepts developed and tested in this study in Ciskei hold considerable promise for andragogic training programmes in third world environments.

Concepts of the Andragogic Training Model developed which could have wider application, particularly for developing countries, include:

- the method used to define the nature of the problem
- the use of key areas and tasks when analysing job content
- the training needs analysis questionnaires used to establish macro as well as micro training needs and the training needs comparison
- the application of andragogic training principles such as spaced learning
- the methods used for transferring the training knowledge and skills into the work place
- the model used to obtain congruency between the "readiness" level of the trainees, the instructional methods and the appropriate teaching styles.
- the methods used in this study to evaluate the training (i.e. reaction of delegates, measurement of what delegates learnt, measurement of changes in the business as perceived by regular customers, reaction of delegates one year after the course) could serve as a useful basis for the measurement of small business training programmes in many situations and environments.

4. CONCLUSIONS

The following conclusions can be drawn from this study:

- 1) Certain key points, so aptly defined by Gibb (1983 : 11); Belbin (1965); Knowles (1984) and Litwin (1985), need to be observed if a small business androgic training programme is to be effective. These key points can be summarised as follows:

- be as specific as possible to the needs of the small businessman
 - avoid introducing techniques which are not relevant
 - maximise the opportunities for the owner or manager to take away and implement the training programme in his business
 - present in down to earth language and avoid jargon
 - provide training in small stages (people do not grow in leaps and bounds) and allow time for practice and implementation
 - do a thorough needs analysis so that the programme is relevant to the learner's needs
 - provide opportunities for people to articulate their own needs and experiences
 - give feedback and allow older learners to proceed at their own pace and beat their own targets rather than those of the other trainees
 - allow sufficient time for liaison, review and rehearsal before breaking new ground (a "spaced" learning programme provides for this revision, review and rehearsal)
 - allow for longer training sessions with plenty of practical exercises
 - provide plenty of encouragement
 - create "on the job" support systems which maximize the application of the new learning and behavioural changes
2. An andragogic learning programme for small business retailers which observes the above principles should also:
- establish the nature of the performance deficiency
 - be designed around the actual job being performed by small retailers
 - establish the real training need of small retailers
 - have job relevant subject content
 - take account of andragogic teaching and learning principles
 - ensure flexibility and compatibility of methods of instruction, teaching styles and readiness of learners

- evaluate the results of the training.

The development of such a small business andragogic training model will be well accepted by small business retailers, will result in an improvement of their knowledge of retailing, will result in improved business performance and will contribute to small retail business stability and lessen the risk of small retail business failure with its concomitant negative consequences.

5. RECOMMENDATIONS FOR FURTHER RESEARCH

This study has demonstrated that positive results can be achieved through the development and implementation of an effective andragogic training programme for Ciskeian retailers, but more attention needs to be paid to the motivational, attitudinal and selection aspects of small business retailers in Ciskei. For example, many Ciskeian small retailers knew about the retail training programme but made "excuses" for not attending. Many of those who did attend were tardy timekeepers, often arriving hours late for the start of a module or making feeble excuses as to why they had missed parts of a module. Failure to complete practical assignments was also common place.

A business person may possess the necessary skills, knowledge, experience and financial resources but unless he or she is willing to expend effort, the business may still fail.

There are many definitions of motivation. Luthans (1989 : 231) defines motivation as "a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive." Glueck (1978 : 38) defines motivation as "a set of attitudes making a person likely to act in a specific, goal directed way." In other words, motivation is an intrinsic state, stimulating, channelling and maintaining human behaviour in order to achieve goals.

A scientific study of the motivational factors required or displayed by successful small business persons was beyond the scope of this study but it may be useful for future research to report on some factors which became evident to the researcher during this study since these factors merit further research.

The motivational factors which merit further research are:

- i) Many of the small retailers showed feelings of insecurity and a lack of confidence causing them to doubt whether they could expand their marginal businesses and become successful medium or large business owners. This "self fulfilling prophecy" often prevents these small retailers from developing themselves and their businesses. Since confidence is a by-product of competence (Hofmeyr, 1982 : 249), the training of small retailers should bring about greater ability and greater motivation to succeed. Research into factors which encourage small Ciskeian retailers to expand and grow and factors which restrict expansion and growth would be valuable. Research into the influence of the environment on Ciskeian business persons would also be valuable.
- ii) The expectancy theory stresses the need for direct, clear and explicit links between performance and rewards if people are to be well motivated (Lawler, 1975). Many Ciskeian small retailers appear to make a mental assessment as to whether their efforts to improve their businesses will lead to better performance of their businesses and so lead to greater benefits for them. It appears as if, very often, they do not believe that they have the necessary ability and know-how to improve their businesses or that the improvements and additional effort will only result in marginal improvements in the profitability of the business and they then appear to be less motivated to put in the necessary effort. The Ciskei Government and the Ciskei People's Development Bank need to play a far

greater role in small business by creating a supportive small business climate and encouraging the development of small business. Research into motivational barriers of Ciskeian small business persons, as well as research into the perceptions of Ciskeian small business persons regarding the relationship between reward and effort, would be valuable.

- iii) The Ciskeian owners and managers of small retail businesses are not clear as to what their goals are, what kind of performance is required and how to measure their performance. A study by Armstrong, Baker and Johnson (1987 : 59) conducted in the London Borough of Ealing reported a similar finding:

"the data derived from this exploratory investigation suggest that small retail proprietors may enter the field with vague and limited objectives and that their measures of success are more often expressed in terms of personal satisfaction and security than growth and development."

Without goals and performance measures, motivation becomes difficult. Training programmes can help Ciskeian owners and managers to define their jobs, identify key result areas of their businesses, set objectives and measure performance. Before such training is undertaken, however, research should be conducted into small business persons goals, perceptions of their roles and what they consider to be acceptable performance standards.

- iv) Harper (1984 : 5) observes that, "it has become clear that finance, raw materials, markets and buildings are not enough, business success requires the intangible quality of entrepreneurship." He believes that entrepreneurship and achievement motivation go hand in hand and that more research should be conducted into the development of entrepreneurship and achievement motivation. (Harper 1984 : 1 - 3).

McClelland and Winter (1969) provided the seminal work in this field describing and critically evaluating the first entrepreneurship development programmes held in India. Harper (1984 : 20) comments that "it is disappointing that there have since then been few if any imitations of this publication."

Small retailers in Ciskei tend to manifest more affiliation than achievement behaviour. Social activities and relationship behaviour tend to be far more important than work activities and task behaviour. This view has also been identified in studies of black managers by Manganyi (1969), Thabane (1979) and Nasser (1980). It is also prevalent in small indigenous businesses in the Pacific where Hailey (1986 : 35) comments:

"successful Pacific entrepreneurs appear to respect social dictates, meet community obligations and family commitments. Although these are an obvious drain on time and resources, any failure to respect these can jeopardise commercial survival."

This appears to be a cultural dimension which needs to be addressed by the Ciskeian people themselves. Perhaps the starting point would be to measure affiliation and achievement needs of a sample of small business persons, to then subject the sample to assertiveness training and to measure the change brought about by the training.

It also appears as if there are certain attitudinal aspects which Ciskeian small business retailers displayed during the study which hinder performance and, therefore, require further investigation. An attitude can be defined as "a persistent tendency to feel and behave in a particular way toward some object". (Luthans, 1989 : 170). In other words, an attitude can be seen as a predisposition to respond in a favourable or unfavourable way to objects, persons or concepts. Attitudes are acquired through experience and

interaction with people (in particular parents, teachers, bosses) who play an important part in a person's life (Robbins, 1979). Attitudes are, thus, learnt.

Ciskeian small business retailers have been influenced by the "apartheid era" where they have suffered due to the repressive legal, social and political environment in which they have had to live and work. Black businessmen are uncertain about the so-called "free enterprise system" for they have never experienced it. They have not been free to live and work where they please, to establish businesses where they see opportunities or to have the same opportunities and access to finance as white businessmen. The current changes taking place in South Africa (including the T.B.V.C. States) will require changes to take place with regard to the attitudes of small retailers in Ciskei if they are to survive in this changing environment.

Attitudinal aspects that need to be considered are:

- i) The tendency to blame lack of success or achievement on external factors (i.e. the government, apartheid, whites, competition etc.) rather than to analyse their own performance. Alternatively, the attitude that many events in the environment are out of their control and, therefore, good performance and the "work ethic" are not essential - "chance" and "lucky breaks" are more important. (Rotter, 1966, refers to this effect as internal and external "locus of control"). In the research conducted by Van Daalen (1989 : 198) entrepreneurs obtained a significantly higher score on an economic locus of control scale than a group of University students. Van Daalen, therefore, concluded that the entrepreneurs had significantly more internal locus of control than the group of students. No direct relationship between economic locus of control scores and the criterion of business success could, however, be established.

Research into the Ciskeian small business person's perception of internal and external locus of control is, therefore, worthwhile. Depending upon the outcome of such research suitable developmental programmes could be implemented. Research into the effects of entrepreneurial programmes for Ciskeian youth could also bring about considerable benefit in the long term for Ciskei and its youth.

- ii) Ciskeian owners and managers of small retail businesses often displayed confused role perception. Very often, they saw themselves as being "above" their customers, not dependent upon them. This could be a cultural dimension because, for example, when this issue was discussed with delegates on the training programme it was explained that, in the Xhosa culture, the visitor should greet first when entering the host's house. This created confusion in the business situation where according to Western culture, the owner or manager should welcome the customer to his business. Delegates to the training programme, however, agreed that there was a need for the small retailer in Ciskei to improve his customer relations and that in the business environment the owner or manager should adopt the Western manner of initiating the greeting and welcome the customer to his business. It was interesting to note in the follow-up survey one year after the training programme had been completed that one of the benefits of the training programme which was consistently given was "the course helped me to improve my customer relations."

Research needs to be conducted into the areas where Ciskeian custom conflicts with western "capitalistic" custom. Recommendations as to how these differences could be resolved would be of great assistance to small and big businesses alike in the fast changing Southern African scene.

Finally, Van Daalen (1989) has done some research into the personal characteristics of successful Ciskeian small business persons. This research should be expanded upon as it could lead to the development of critical selection criteria for potentially successful small business persons.

This study has stressed that far greater emphasis will have to be placed on small business development in South Africa (including the T.B.V.C. States) if the escalating unemployment situation is to be alleviated. Small business retailing provides a relatively easy entry point for those attempting to start their own businesses and can also provide a means of livelihood for redundant wage earners who are unable to find alternative work. Small business failure is, however, a problem as it squanders scarce financial resources and creates further unemployment when businesses fail. Owners and managers of small businesses, therefore, need to be properly trained to prevent such failure.

In conclusion, if Ciskeian small business retailers are to succeed in the "new South Africa" which is emerging, they need to improve their knowledge and skills and to close the gaps between their current performance and the performance of their competitors in South Africa, otherwise consumers will not support them. This demands a supportive infrastructure enveloping suitable mechanisms for training and research and ongoing development of the small business practitioner.

APPENDIX I

REASONS FOR SMALL BUSINESS FAILURE IN CISKEI.

QUESTIONNAIRE ON WHY SMALL BUSINESSES FAIL IN CISKEI

Below is a list of possible reasons why small businesses fail. The reasons have been grouped into categories: (Finance; Marketing and Sales; Management; External Factors). From your experience, as a Business Advisor, could you please rank the given reasons in each category in order of priority. (For example: if you think "lack of capital" is a major cause of business failure in the Finance category, rank 1. If you think "poor asset management" is the 2nd major cause rank this 2.) Please rank all the reasons given from 1 to 6 in each category.

Please do not fill in anything under the CODE BLOCKS ON THE QUESTIONNAIRE as these will be used by a computer to analyse the answers given.

I will call on you to collect your questionnaire and have a short discussion with you when you have completed this questionnaire.

Thank you for your assistance and co-operation.



C.J. KOTZÉ

QUESTIONNAIRE NO.

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 CODE
01 02 03

CODE

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04 05 06 07 08 09

1. FINANCIAL

(Please rank these 6 factors in order of priority)

1.1 Insufficient capital (e.g. start up capital, working capital etc.)

1.2 Cash flow problems (e.g. bad debt losses, credit out of control etc.)

1.3 Poor asset management (e.g. decline in value of assets, excessived fixed assets etc.)

1.4 Operating expenses too high (e.g. interest, salaries, rent, etc.)

1.5 Lack of adequate financial controls (e.g. records, budgets, stock etc.)

1.6 Poor investment decisions (e.g. investment of surplus funds etc.)

1.7 Any further comments on financial aspects contributing to business failure

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.....
.....

CODE

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10 11 12 13

CODE				
14	15	16	17	18 19

2. MARKETING AND SALES

(Please rank these 6 factors in order of priority)

2.1 Aggressive competition

2.2 Poor business location
(e.g. premises unsuitable, premises
badly located etc.)

2.3 Product problems (e.g. quality, buying,
demand, range, knowledge)

2.4 Pricing incorrectly (e.g. prices too high,
inconsistent, margins incorrect etc.)

2.5 Weak sales promotions (e.g. merchandising,
advertising, specials etc.)

2.6 Poor salesmanship and customer relations
(e.g. rude to customers, disinterested
in customers etc.)

2.7 Any further comments on Marketing and Sales
Contributing to Business Failure

.....
.....
.....
.....

CODE			
20	21	22	23

CODE

24	25	26	27	28	29

3. MANAGEMENT

(Please rank these 6 factors in order of priority)

3.1 Inefficient management
 (e.g. lack of drive, effort, responsibility, commitment)

3.2 Insufficient business understanding, knowledge and experience
 (i.e. owner and /or staff)

3.3 Poor quality and turnover of staff

3.4 Theft

3.5 Lack of management skills
 (e.g. plan, organise, lead, control, decision making, solving problems)

3.6 Lack of interest by owner in community in which business operates

3.7 Any further comments on management contributing to business failure

.....

CODE

30	31	32	33

CODE					
34	35	36	37	38	39

4. EXTERNAL FACTORS

(Please rank these 6 factors in order of priority)

4.1 Business depression
 (e.g. economy depressed, inflation etc.)

4.2 Unfavourable changes in trading area
 (e.g. road diverted, population shift etc.)

4.3 Legislation changes
 (e.g. withdrawal of Deregulation Act, Health Regulations etc.)

4.4 Taxation (e.g. sales tax incorrectly calculated,
 lack of provision for tax etc.)

4.5 Calamity
 (e.g. fire, flood, boycott, riot)

4.6 Inappropriate type of business
 (e.g. luxury goods business in poor community)

4.7 Any further comments :

CODE			
40	41	42	43

CODE

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 44 45 46 47

5. Of the four categories below which category do you think contributes most to small business failure?

Could you please rank these four categories in order of priority (e.g. if you think "Finance" is the major cause, rank this 1. If you think "Management" is the second major cause, rank this 2.) Please rank all four categories.

<u>CATEGORY</u>	<u>RANK FROM 1 TO 4</u>	
EXTERNAL FACTORS	<table border="1" style="width: 30px; height: 30px;"> <tr><td> </td></tr> </table>	
SALES AND MARKETING	<table border="1" style="width: 30px; height: 30px;"> <tr><td> </td></tr> </table>	
FINANCE	<table border="1" style="width: 30px; height: 30px;"> <tr><td> </td></tr> </table>	
MANAGEMENT	<table border="1" style="width: 30px; height: 30px;"> <tr><td> </td></tr> </table>	

Add any other important factors you consider as contributing to small business failure in Ciskei.

.....

CODE

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 48 49 50 51

THANK YOU !

C.J. KOTZÉ

PROFILE OF "AFTER CARE OFFICER" RESPONDENT

CODE			
52	53	54	55

- 1. DESIGNATION :

56
- 2. AGE :

57
- 3. SEX :

58
- 4. EDUCATION :

59
- 5. DATE JOINED C.P.D.B.

60

6. EXPERIENCE :

- (i) OUTSIDE C.P.D.B.
.....
.....
- (ii) WITHIN C.P.D.B.
.....
.....
- (iii) SERVICE AS "AFTER CARE OFFICER"
.....
.....

CODE									
60	61	62	63	64	65	66	67	68	69

APPENDIX II

KEY AREAS OF SMALL RETAILERS JOB IN CISKEI.

KEY AREAS OF SMALL RETAILERS JOB IN CISKEI1. KEY AREA : GENERAL BACKGROUNDTASK 1.1 USING A CALCULATOR

- Decimal places and round up
- Addition, subtraction, multiplication, division
- Mixed calculations
- Memory
- Percentages
- Discounts, mark-ups, mark-downs
- Profit percentages

TASK 1.2 TYPE, LOCATION, EXTERIOR OF BUSINESS (i.e. The place)

- Type of outlet
- Physical location of business
- Premises
- Form of ownership

2. KEY AREA : PURCHASING PRICING & STOCK HANDLINGTASK 2.1 WHAT TO BUY

- The Consumer needs
- The Product

TASK 2.2 WHEN TO BUY

- Introduction
- Anticipating Product Demand
- Transport
- Buying Schedule
 - Understock
 - Overstock
 - Cash Flow

TASK 2.3 (a) WHERE TO BUY

- Selecting The Supplier(s)

TASK 2.3 (b) HOW TO BUY

- Suppliers
- Buying Power

TASK 2.4 (a) HOW TO RECEIVE STOCK

- Physical Check
- Counting Of Items
- Opening Of Cartons
- Checking Delivery Note And Invoice
- Other Pointers

TASK 2.4 (b) PAYING FOR STOCKS AND PURCHASING BUDGET MIX

- Cash Payment
- Credit Payment
- Consignment
- Bartering
- Purchasing Budget

TASK 2.5 WHAT TO CHARGE

- Pricing
- Factors Influencing Mark-Up
- Methods To Calculate Mark-Up
- Best Method For Outlet Selling
- One Line Of Product
- More Than One Line Of Product

3. KEY AREA : PROMOTING FOR PROFITTASK 3.1 SHOP LAYOUT

- Variables
- Selling Area / Non Selling Area Allocation
- Selling Area:
 - Allocation
 - Traffic Flow
 - Isles and Shelves
- Security

TASK 3.2 ADVERTISING

- Aim
- External Advertising
- Internal Advertising
- Other Promotional Aids

TASK 3.3 MERCHANDISING

- Self Service Merchandising or over the counter merchandising
- Basic Steps of Merchandising
- Specific Rules of Merchandising

TASK 3.4 SELLING

- The approach
- Identifying the customer's needs
- Creating a Desire to purchase
- Making a sales presentation
- Increasing the sale
- Overcoming objectives
- Closing the sale
- Handling the payment
- Further points for self service or discount stores with checkouts

TASK 4. CONSUMER ORIENTATION

- Consumer Behaviour
- Marketing Mix

4. KEY AREA : FINANCIAL RECORD KEEPINGTASK 4.1 CASH RECORDS

- Separating Cash Transactions
- Daily Summaries
- Cash Receipts
- Cash Payments
- Cash Banked

TASK 4.2 BANKING RECORDS

- Relationship between Cash and Banking
- Types of Banking Accounts
- Current Account
- Savings Accounts
- Bank Overdrafts
- Cash banked
- Cheque payments
- Stop Orders / Debit Orders
- A T M Transactions
- Bank Charges
- Daily Balancing

TASK 4.3 EXPENSES

- Types of Expenses
- Drawings as an Expense
- Capital Expenditure
- Normal Operating Expenses
- Daily Summaries
- Ledgers

TASK 4.4 SALES RECORDS

- Cash Sales
- Till Records
- Credit Sales
- Invoices
- Lay By's
- Sales Summary (Journal)

TASK 4.5 DEBTORS RECORDS

- Individual Debtor Records
- Debtors Control Account

TASK 4.6 PURCHASES RECORDS

- Cash Purchases Through the Till
- Cash Purchases from Petty Cash
- Credit Purchases
- Purchases Summary (Journal)

TASK 4.7 CREDITORS RECORDS

- Individual Creditors accounts
- Creditors Control Accounts

TASK 4.8 STOCK RECORDS

- Stock Record Cards / Sheets
- Stock Grouping
- Stock Valuation
- Cost Price
- Selling Price
- Purchases Valuation
 - Cost Price
 - Selling Price

TASK 4.9 FINANCIAL STATEMENTS4.9.1. INCOME STATEMENTS

(Trading and Profit & Loss Accounts)

- Sales Turnover (Income)
- Cost of Sales
- Gross Profit
- Operating Expenses
- Drawings as an expense
- Net profit

4.9.2. BALANCE SHEET

- Capital
- Owner's
- Loan
- Fixed Assets
- Depreciation and Inflation
- Retained Earnings
- Reserves
- Working Capital
 - Current Assets
 - Current Liabilities
- Investments

5. KEY AREA : FINANCIAL CONTROLS

TASK 5.1 SUPPLIER CONTROLS

- Receiving Controls
 - Quantity
 - Quality
- Cost Controls
 - Correct/Best Prices
 - Discounts

TASK 5.2 STOCK CONTROLS

- Stock levels (Minimum/Maximum/Re-Order)
- Unprofitable Lines
 - Dead stock
 - Excess Stocks

TASK 5.3 DEBTORS CONTROLS

- Credit Limits
- Follow up
- Penalty interest

TASK 5.4 CASH CONTROLS

- Tills
- I.O.U.'s
- Cash Up Procedures
- R/D Cheques

TASK 5.5 BANKING CONTROLS

- Bank Charges
- Security (Cheque Books/Signatories etc.)

TASK 5.6 PREMISES

- Insurance
- Security
 - Alarms
 - Night Watch
 - Staff

6. KEY AREA : FINANCIAL PLANNING : BUDGETS & CASH FLOW FORECASTING

TASKS:

- Operating expenditure budgets
- Cash Flow Forecasts
- Capital Expenditure Budgets
- Comparing Actual to Budget

7. KEY AREA : MANAGEMENT

TASK 7.1 SETTING OBJECTIVES

TASK 7.2 PLANNING

TASK 7.3 ORGANISING

TASK 7.4 LEADING

TASK 7.5 CONTROLLING

APPENDIX III
RETAIL TRAINING NEEDS QUESTIONNAIRE.

FORT HARE INSTITUTE OF MANAGEMENT

RETAIL TRAINING NEEDS QUESTIONNAIRE

SECTION I

"INTRO TO RETAILING"

QUESTIONS	PERFORMANCE STANDARDS	SCORING
1. Using a calculator, could you tell me what is the amount of G.S.T. which must be added onto an item costing R 12,41 ?	-Correct first time -Correct second time -Cannot do the sum	3 2 1
	<u>3 2 1</u>	
2. Could you define what business you are in?	-Retail - General dealer -General dealer/shop -No idea how to answer question	3 2 1
	<u>3 2 1</u>	
3. How would you describe the present business environment?	-Fairly good -Booming / Quiet -No idea	3 2 1
	<u>3 2 1</u>	
4. How many local competitors have you got and how competitive are they?	-If knows exactly and describes them -If has vague idea -No idea	3 2 1
	<u>3 2 1</u>	
5. How would you describe your customers?	-If mentions their age group, sex group, backgrounds, occupations, income group etc. -If vaguely mentions above points -No idea	3 2 1
	<u>3 2 1</u>	
6. Do you know how to segment your market?	-If mentions sector of market (e.g. speciality toys), income group and products (e.g. high class dresses) etc. -If vaguely mentions above points -No idea	3 2 1
	<u>3 2 1</u>	

QUESTIONS	PERFORMANCE STANDARDS	SCORING
7. How would you describe the local customers buying behaviour	-If mentions such factors as preferred shopping hours, methods of payment (cash/ credit) types of products they prefer, sensitivity to pricing and quality and brand loyalty etc. -If only vaguely refers to above -No idea	3 2 1
<u>3 2 1</u>		
8. What factors would you consider if you decided to relocate (move) your business (exclude price and rent)	-If mentions such factors as visibility from road, proximity to public transport, parking facilities, pedestrian traffic etc. -If only vaguely refers to above -No idea	3 2 1
<u>3 2 1</u>		
9. Do you understand the different legal forms of business?	-If mentions such forms as partnerships, companies, closed corporations, sole proprietor etc. -If only vaguely refers to above -No idea	3 2 1
<u>3 2 1</u>		
10. Do you set goals and objectives for your business and could you tell me about them	-If goals are clearly defined and written down -If only has some vague ideas on what he's trying to achieve -None	3 2 1
<u>3 2 1</u>		

SECTION 2

PURCHASING, PRICING & STOCK HANDLING

QUESTIONS	PERFORMANCE STANDARDS	SCORING
11. How do you decide what to buy for your shop?	-If mentions factors such as consumer needs, buy products demanded by customers, study sales records, watch what customers stock, watch for new products etc. -If vaguely mentions above -No idea	3 2 1
	<u>3 2 1</u>	
12. How do you decide when to buy and how often do you buy	-If mentions studies, stock and sales records, watches out for special events, public holidays, month ends etc. and only buys once a month -If vaguely mentions above and buys about 3 / 4 times a month -If has no idea and buys more than once a week	3 2 1
	<u>3 2 1</u>	
13. How do you decide where to buy?	-If selects suppliers according to prices and service -If nearly always uses same suppliers -No idea or always uses same suppliers	3 2 1
	<u>3 2 1</u>	
14. How do you decide how to buy?	-Belongs to buying group and credit or cash -Buys individually and pays credit -No idea	3 2 1
	<u>3 2 1</u>	

QUESTIONS	PERFORMANCE STANDARDS	SCORING
15. What basic procedures do you follow when you receive stock?	-If mentions physically checks products, counts each item, opens each carton to check contents, checks delivery note etc. -If he only mentions one or two of above points -If does not mention any of above points	3 2 1
<u>3 2 1</u>		
16. How do you pay for your stocks?	-If says "I try to buy by consignment or credit first before agreeing to pay cash" -If says he usually pays cash -If he says he always pays cash	3 2 1
<u>3 2 1</u>		
17. How do you decide what to charge?	-If mentions that he considers his gross profit and operating expenses and then works out purchase cost and mark-up = selling price. -If only mentions that he works out purchase cost and mark-up = selling price -If he has no idea or simply states that he adds on a fixed percentage to the cost price	3 2 1
<u>3 2 1</u>		

SECTION III

"PROMOTING FOR PROFIT"

QUESTIONS	PERFORMANCE STANDARDS	SCORING
18. How would you allocate space and layout for your shop?	-If mention is made of some of factors such as size, shape, entrances, selling area, non selling area, customer traffic flow, demand goods, impulse goods, convenience goods, cashiers, security etc.	3
	-If only a few of the above factors are mentioned	2
	-No idea	1
<u>3 2 1</u>		
19. Do you advertise in your business and if so what media do you use?	-If mentions newspaper, pamphlets, black board, outside shop, special promotions, demonstrations etc. once a month	3
	-If vaguely mentions above factors	2
	-No advertising	1
<u>3 2 1</u>		
20. How do you go about merchandising in you shop?	-If he mentions such factors as clean shelves, group products, well stock shelves, use of colour facings, clear price marking, etc.	3
	-If vaguely mentions above factors	2
	-No idea	1
<u>3 2 1</u>		
21. What are the things you must do if you want to make a successful sale to a customer?	-If mentions such factors as greet customer properly, find out customers needs, create a desire to purchase, present the article for sale, sell benefits, overcome objections, close the sale, sell benefits, overcome objectives, close the sale	3
	-If vaguely mentions above factors	2
	-No idea	1
<u>3 2 1</u>		

QUESTIONS	PERFORMANCE STANDARDS	SCORING
25. If you keep a record of sales transactions can you tell me what you record in the sales journal	-If mentions: *Details of sales *Invoice number, account reference No. *Amounts *Total credit and total cash sales -If vaguely mentions above -No idea	3 2 1
<u>3 2 1</u>		
26. Do you know how to balance your books? i.e. do you close off your books at the end of each month	-If he says "I would close my books of account e.g. Cash book, Sales, Debtors, Purchases, Creditors, expenses etc. and then draw up a Trial Balance" -If vaguely mentions above -No idea	3 2 1
<u>3 2 1</u>		

SECTION V

"FINANCIAL CONTROL AND ANALYSIS"

QUESTIONS	PERFORMANCE STANDARDS	SCORING
27. How could you make more profit from the same amount of sales?	-If mentions:	3
	Reduce expenses and/or stock levels and/or theft	
	-If vaguely mentions a few of the above	2
	-No idea	1
<u>3 2 1</u>		
28. When comparing your Bank Statement with your cash book which items would normally cause the difference between the two?	-If mentions :	3
	*Deposits not yet credited	
	*Cheques not yet presented	
	*Bank charges	
	-If some of the above	2
	-No idea	1
<u>3 2 1</u>		
29. If you do a daily cash summary of the money in the till, could you describe the type of summary you make?	-If he mentions :	3
	*Amount of cash in till at end of day minus opening float plus the cash vouchers in the till will give you the total cash sales for the day	
	-If vaguely mentions above points	2
	-No idea / Doesn't do it	1
<u>3 2 1</u>		

QUESTIONS	PERFORMANCE STANDARDS	SCORING
30. How do you go about deciding upon what levels of stock to keep in your business?	-If he says he looks at past sales, special events, public holidays, pay day, inflation, advertising, seasons, etc. -Some idea -No idea	3 2 1
<u>3 2 1</u>		
31. How would you control payments to your creditors ?	-If he says "File all creditors invoices and statement, do periodic comparisons of the two, mark off those that have been paid and list those due for payment" -If some idea -No idea	3 2 1
<u>3 2 1</u>		
32. How would you work out your working capital ?	-Current assets less current liabilities -Some idea -No idea	3 2 1
<u>3 2 1</u>		
33. What is the difference between the Balance Sheet and Income statement?	-If he says one is information regarding the financial position of business while the other tells you the financial results of the business (e.g. gross and nett profit etc.) -If he vaguely describes the above -No idea	3 2 1
<u>3 2 1</u>		

SECTION VII

"GENERAL RETAIL MANAGEMENT"

QUESTIONS	PERFORMANCE STANDARDS	SCORING
39. If you draw up plans for your business could you describe the plans?	-If he mentions :	3
	has specific goals for the business and mentions specific sales finance, personnel objectives	2
	-If he has some vague goals and objectives	1
	-No idea / Or no goals and objectives	
	<u>3 2 1</u>	
40. Do you divide your business into departments and have supervisors in charge of each department?	-If answers "yes"	3
	-If answers vaguely that he has some sort of organisational structure with one or two more senior staff	2
	-If answers "no"	1
	<u>3 2 1</u>	
41. How do you motivate and lead your staff?	-If mentions trains, develops, rewards, encourages, treats staff fairly etc.	3
	-If vaguely mentions above factors	2
	-No idea	1
	<u>3 2 1</u>	
42. How do you control your business?	-If mentions sets standards, (budgets etc.), measures and corrects immediately things that get out of control	3
	-If vaguely mentions above	2
	-No idea or no real controls	1
	<u>3 2 1</u>	
43. Do you complete monthly Unemployment Insurance Forms, G.S.T. Returns	Yes	3
	Sometimes	2
	No	1
	<u>3 2 1</u>	

APPENDIX IV

CISKEI RETAILER'S TRAINING NEEDS
(AS PERCEIVED BY
CISKEI PEOPLE'S DEVELOPMENT BANK BUSINESS ADVISORS).

**CISKEIAN RETAILER'S TRAINING NEEDS
(AS PERCEIVED BY CISKEI PEOPLE'S DEVELOPMENT BANK
BUSINESS ADVISORS/COUNSELLORS)**

An attempt was made to assess the training needs of small retailers in Ciskei as perceived by the Ciskei People's Development Bank Business Counsellors.

The questionnaire completed by 21 C.P.D.B. Business Counsellors were designed to identify the key areas in which they, through their experience in working with Ciskeian small retailers, believe their clients need training. The questionnaire was also designed in such a way as to show the degree of training required in each area. The analysis of the responses revealed the following results :

KEY AREA: INTRO TO RETAILING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
23%	51%	26%

In the opinion of the C.P.D.B. Business Counsellors 74% of small retailers in Ciskei need training in this key area of their businesses. Aspects which need to be covered in such training include :

the use of calculators, defining what businesses they are in, analysing the external and internal business environment, analysing buying behaviour, understanding the different legal forms of business and setting goals for their businesses.

KEY AREA: PURCHASING, PRICING AND STOCK HANDLING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
10%	57%	33%

In the opinion of the C.P.D.B. Business Counsellors 67% of small retailers in Ciskei need training in this key area of their businesses. 33% do not require training in this key area. Aspects which need to be covered in such training include :

deciding what to buy, when to buy, how to buy, how to receive stock correctly, how to pay for stock and what to charge.

KEY AREA: PROMOTING FOR PROFIT

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
32%	57%	11%

In the opinion of the C.P.D.B. Business Counsellors 89% of small retailers in Ciskei need training in this key area of their businesses. Aspects which need to be covered in such training include :

how to layout and allocate floor / shelf space, advertising, merchandising and selling techniques.

KEY AREA: BOOKKEEPING AND RECORD KEEPING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
29%	58%	13%

In the opinion of the C.P.D.B. Business Counsellors 87% of small retailers in Ciskei need training in this key area of their business. Aspects which need to be covered in such training include :

retail bookkeeping and recordkeeping, what sort of financial records to keep, how to keep a cash book, records of debtors, sales recording, balancing books etc.

KEY AREA: FINANCIAL CONTROLS AND ANALYSIS

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
44%	42%	14%

In the opinion of the C.P.D.C. Business Counsellors 86% of small retailers in Ciskei need training in this key area of their business. Aspects which needed to be covered in such training include :

control of operating expenses, banking and bank reconciliations, daily cash summaries, stock levels, control of payments to creditors, control of working capital and understanding a balance sheet and an income statement.

KEY AREA: FINANCIAL PLANNING AND BUDGETS

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
71%	26%	3%

In the opinion of the C.P.D.C. Business Counsellors 97% of small retailers in Ciskei need training in this key area of their business. Aspects which need to be covered in such training included :

cash flow forecasting, sales forecasting, planning purchases, expense budgets and sales budgets.

KEY AREA: GENERAL PRINCIPLES OF RETAIL MANAGEMENT

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
44%	31%	25%

In the opinion of the C.P.D.C. Business Counsellors 84% of small retailers in Ciskei need training in this key area of their business. Aspects which needed to be covered in such training included :

business planning, organising, motivating, training leading staff, controlling the business and monthly administrative duties.

The broad conclusion to be drawn from the above study is that, in the opinion of C.P.D.B. Business Counsellors, there was an overwhelming need for retail training in the Ciskei. The need exists in all of the key areas of retailing. The greatest need is in the area of financial planning and budgeting. The least need is in the area Purchasing, Pricing and Stock Handling, but even in these key areas there is a substantial need for training.



C.J. KOTZE
DIRECTOR
FORT HARE INSTITUTE OF MANAGEMENT

APPENDIX Va

TRAINING NEEDS QUESTIONNAIRE: SURVEY SAMPLE

TRAINING NEEDS QUESTIONNAIRE : SURVEY SAMPLE

The first step was to try to establish how many registered businesses there were in the 5 official Regions of Ciskei. With a great deal of difficulty this information was obtained from the Municipal and Government offices in each magisterial district. Proportionate stratified sampling was then done i.e. the number of businesses in each area to be included in the sample was determined according to the proportion of business in each area relative to the total number of businesses. Having stratified the sample the next step should have been to select respondent businesses by random sampling using the table of random numbers. However, as the official registers did not show whether registered businesses were big or small, it would have distorted the survey results if large businesses were included in the sample (i.e. the size of the business could have an influence on the training needs of the owners - big businesses would tend to be more successful and therefore their training needs would be different to the small businessman's needs.) It would also have been too time consuming and costly to have attempted to amend the lists of businesses for random sampling purposes. Therefore, any businesses employing 50 people or less in the designated areas were visited. A breakdown of the numbers employed in the businesses surveyed is given below. (Table 1)

Table 1: Number Employed in Businesses Surveyed

Number employed	% of Sample
20 to 5 employees	73%
6 to 10 employees	18,2%
11 to 15 employees	6,2%
15 to 30 employees	<u>2,6%</u>
	<u>100%</u>

REGIONS & TOWNS	NO. OF REGISTERED FORMAL BUSINESSES			PROPORTION OF BUSINESSES IN EACH AREA	TOTAL NUMBER OF BUSINESSES SELECTED PER AREA	NUMBER OF QUESTIONNAIRES COMPLETED
	GOV. REG.	MUN. REG.	TOTAL			
<u>REGION 1</u>						
ZWELITSHA/ BISHO AREA	350	113	463	29,3	59	4,4
MDANTSANE AREA	234	-	-	234	14,8	30
<u>REGION 2</u>						
MIDDLEDRIFT AREA	96	15	111	7,0	14	14
KEISKAMMAOEK AREA	85	33	118	7,5	15	15
DIMBAZA AREA	57	-	57	3,6	7	2
<u>REGION 3</u>						
HEWU/WHITLESEA AREA	220	8	228	14,4	29	29
<u>REGION 4</u>						
PEDDIE AREA	144	26	170	10,8	21	21
<u>REGION 5</u>						
VICTORIA EAST AREA	25	-	25	1,6	3	3
SEYMOUR AREA)	25	-	25	1,6	3	3
ALICE AREA)	91	84	175	11,0	22	22
	1327	279	1606	100	203	198

APPENDIX Vb

CISKEI RETAILER'S TRAINING NEEDS
(AS PERCEIVED BY RETAILERS).

**CISKEI RETAILER'S TRAINING NEEDS
(AS PERCEIVED BY RETAILERS)**

An attempt was made to assess the training needs of small retailers in Ciskei as perceived by the retailers themselves. Two hundred Ciskeian retailers were interviewed using a training needs questionnaire which was designed in such a way as to show the degree of training required in each area. An analysis of the responses revealed the following results :

KEY AREA: INTRO TO RETAILING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
35%	48%	17%

In the opinion of the Ciskeian retailers, 83% of them said that they needed training in this key area of their business. Aspects which needed to be covered in such training included :

the use of calculators, defining what businesses they are in, analysing the external and internal business environment, analysing buying behaviour, understanding the different legal forms of business and setting goals for their businesses.

KEY AREA: PURCHASING, PRICING AND STOCK HANDLING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
32%	46%	22%

In the opinion of the Ciskeian retailers, 78% of them said that they needed training in this key area of their business, 22% do not require training in this key area. Aspects which need to be covered in such training included :

deciding what to buy, when to buy, how to buy, how to receive stock correctly, how to pay for stock and what to charge.

KEY AREA: PROMOTING FOR PROFIT

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
35%	53%	12%

In the opinion of the Ciskeian retailers, 88% of them said that they needed training in this key area of their business. Aspects which needed to be covered in such training included :

how to layout and allocate floor / shelf space, advertising, merchandising and selling techniques.

KEY AREA: BOOKKEEPING AND RECORD KEEPING

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
75%	20%	5%

In the opinion of the Ciskeian retailers, 95% of them said that they needed training in this key area of their business. Aspects which needed to be covered in such training included :

retail bookkeeping and recordkeeping, what sort of financial records to keep, how to keep a cash book, records of debtors, sales recording, balancing books etc.

KEY AREA: FINANCIAL CONTROLS AND ANALYSIS

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
68%	26%	6%

In the opinion of the Ciskeian retailers, 94% of them said that they needed training in this key area of their business. Aspects which needed to be covered in such training included :

control of operating expenses, banking and bank reconciliations, daily cash summaries, stock levels, control of payments to creditors, control of working capital and understanding a balance sheet and an income statement.

KEY AREA: FINANCIAL PLANNING AND BUDGETS

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
65%	33%	2%

In the opinion of the Ciskeian retailers, 98% of them said that they needed training in this key area of their businesses. Aspects which need to be covered in such training included :

cash flow forecasting, sales forecasting, planning purchases, expense budgets and sales budgets.

KEY AREA: GENERAL PRINCIPLES OF RETAIL MANAGEMENT

INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
44%	31%	25%

In the opinion of the Ciskeian retailers, 75% of them said that they needed training in this key area of their business. Aspects which needed to be covered in such training included :

business planning, organising, motivating, training leading staff, controlling the business and monthly administrative duties.

The broad conclusion to be drawn from the above study is that, in the opinion of Ciskeian retailers themselves, they have an overwhelming need for retail training in all aspects of retailing. The greatest need appears to be in the area of financial planning, budgeting, bookkeeping, record keeping and financial controls and analysis. The least need is in the areas of Management and Purchasing, Pricing and Stock Handling, but even in these key areas there is a substantial need for training.



C.J. KOTZE

APPENDIX VI
TRAINING NEEDS COMPARISON.

NEEDS COMPARISON
(CISKEI PEOPLE'S DEVELOPMENT BANK BUSINESS
ADVISORS/COUNSELLORS AND CISKEIAN RETAILERS)

KEY AREA: INTRO TO RETAILING (1 - 10)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	23%	51%	26%
CISKEI RETAILERS	35%	48%	17%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

KEY AREA: PURCHASING, PRICING AND STOCK HANDLING (11 - 17)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	10%	57%	33%
CISKEI RETAILERS	32%	46%	22%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

KEY AREA: PROMOTING FOR PROFIT (18 - 21)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	32%	57%	11%
CISKEI RETAILERS	35%	53%	12%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

KEY AREA: BOOKKEEPING AND RECORD KEEPING (22 - 26)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	29%	58%	13%
CISKEI RETAILERS	75%	20%	5%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

KEY AREA: FINANCIAL CONTROLS & ANALYSIS (27 - 33)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	44%	42%	14%
CISKEI RETAILERS	68%	26%	6%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

KEY AREA: FINANCIAL PLANNING & BUDGETS (34 - 38)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	71%	26%	3%
CISKEI RETAILERS	65%	33%	2%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

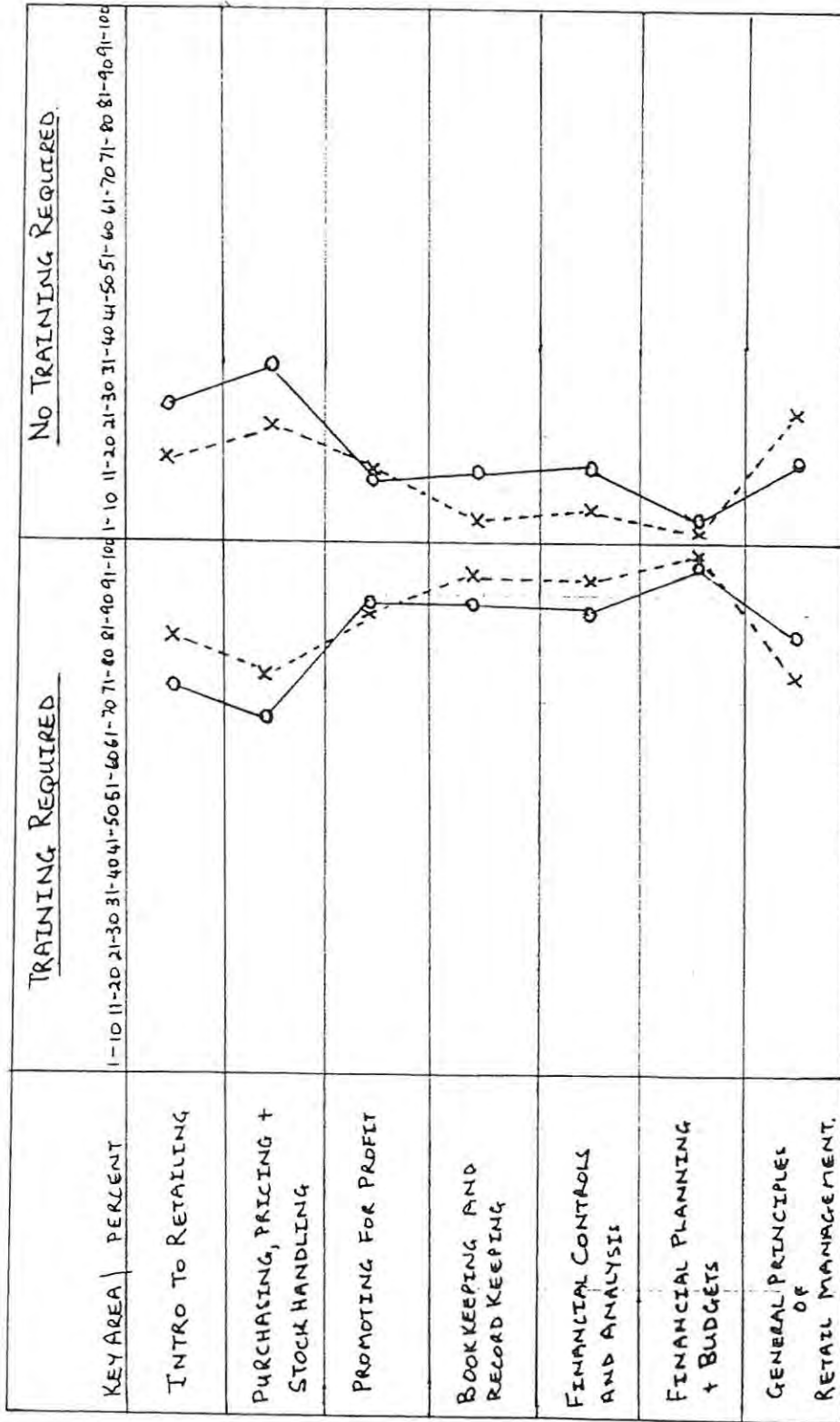
KEY AREA: GENERAL PRINCIPLES OF RETAIL MANAGEMENT (39 - 43)

	INTENSIVE TRAINING REQUIRED	SOME TRAINING REQUIRED	NO TRAINING REQUIRED
C.P.D.B.	40%	44%	16%
CISKEI RETAILERS	44%	31%	25%

Both C.P.D.B. Business Counsellors and Ciskei Retailers Needs Analysis responses show that there is congruency in the need for training in this key area of retailing.

TRAINING NEEDS COMPARISON (GRAPH)

TRAINING NEEDS COMPARISON.



KEY

○ — C.P.D.B. BUSINESS COUNSELLORS.

X - - - - X CISKEIAN RETAILERS.

APPENDIX VII

RETAIL TRAINING PROGRAMME PRE AND POST TESTS.

FORT HARE INSTITUTE OF MANAGEMENT

RETAIL DIPLOMA COURSE

MARKETING PRE TEST

STUDENT NAME: _____

DATE: _____

INTAKE: _____

TIME ALLOWED: _____

TOTAL MARKS: 100

Quest. No.	Question	Mark Allocation.
------------	----------	------------------

1 BACKGROUND TO RETAILING

1.1 Could you complete the diagram by naming the sectors in the Distribution Chain given below.

THE DISTRIBUTION CHAIN

Write
in
Answers

MINING
FARMING
FISHING
FORESTRY } ----- [SECTOR]

CO-OPS
ABATTOIR } ----- [SECTOR]

MAKERS OF:
FURNITURE
FOOD
MOTORS
HOSES } ----- [SECTOR]

GENERAL WHOLESALERS }
SPECIAL WHOLESALERS } ----- [SECTOR]

GENERAL DEALERS
GROCERS
SPECIALITY STORES
SELF SERVICE STORES
MAIL ORDER BUSINESSES } ----- [SECTOR]

THE END USER OF
FINISHED PRODUCTS ----- [SECTOR]

1.2 There are a number of advantages for a retailer to buy his goods as near as possible to the beginning of the distribution chain. Name two of these advantages :

a)

b) (2)

1.3 There are some disadvantages for the retailer to buy his goods as near as possible to the beginning of the distribution chain. Name two of these disadvantages:

a)

b)

(2)

2. USING A CALCULATOR

Could you round off the following numbers to two decimal places:

a) 106.656 answer is

b) 11.944 answer is

c) 136.999 answer is (3)

2.2 Could you work out the following sums on your calculator :

a) $45 \times 19 \times 4 \div 3 + 14 - 3$

Answer = (1)

2.3 The selling price of an article is R 135. You wish to give a customer a 12.1/2% discount. How much must you charge him for the article?

Answer (1)

2.4 The cost of an article is R 5,78. The mark up is 50%. What will the selling price be?

Answer

(1)

2.5 Goods cost R 10,43 and you sell them for R 15,29 :

- i) What is your profit
- ii) What is your mark up percentage?
- iii) What is your profit percentage?

Answer i)

Answer ii)

Answer iii)

(6)

3. BEFORE YOU START

3.1 Before you start a business there are several things you should do before you start. Could you arrange these things in the right order.

Place a 1 next to the thing you would do first.

Place a 2 next to the thing you would do second and so on.

Rank Order 1 to 5

-Work out how much money you will need to start

-Define what type of business it will be

-Define your target market

-Find a suitable business site or shop

-Plan the exterior and interior of the shop

(10)

4. WHEN TO BUY

4.1 You estimate that sales will increase by 20% next month on the items listed. Please complete the buying schedule below.

BUYING SCHEDULE

PRODUCT	LAST MONTHS SALES	ESTIMATED SALES	LESS STOCK ON HAND	PURCHASE
Soft drink cans	300		100	
Soft drink 250 ml bottles	450		150	
Soft drink 1 Ltr	200		50	
Bread - White	1320		20	
Bread - Brown	1475		75	
Milk 1 Ltr	510		30	
Milk 500 ml	725		25	

14

4.2 What sort of problems can arise from not having a proper plan for buying your stocks?

.....

12

5. WHERE TO BUY ?

5.1 Name three types of possible suppliers of goods for your business :

- a)
- b)
- c) (3)

6. HOW TO RECEIVE STOCK

6.1 Name three things you need to do when you receive stock from a supplier :

- a)
- b)
- c) (3)

7. WHAT TO CHARGE

7.1 Work out the selling prices of the following three products, given the following information :

Product	Cost Price	Mark Up %	Selling Price
a) Sugar 2.5 kg. packet	R 2,85	25%	
b) Mealie Meal 12.5 kg. bag	R 8,45 each	20%	
c) Plastic Bucket	R 8,45 each	50%	

NOTE: You must include G.S.T. for the Sugar and Plastic Bucket but exclude G.S.T. on the mealie meal.

Marks (6)

8. SHOP LAYOUT

8.1 On the attached diagram of a Shop Layout show where you would place the following goods :

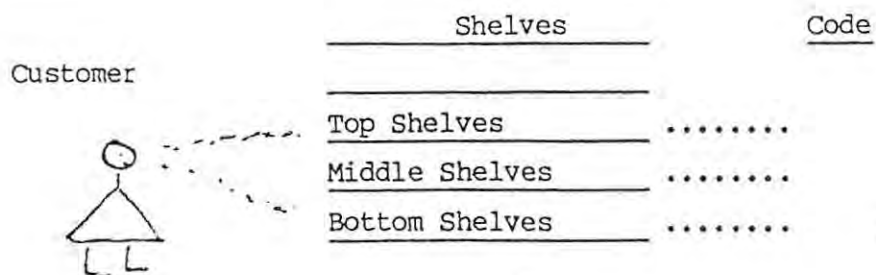
i) <u>Demand Lines</u>	<u>Code to use on diagram</u>
-Bread	1
-Milk	2
-Sugar	3
-Margarine	4
-Cooldrinks	5
-Coffee	6
-Meat	7
-Vegetables	8
-Soap	9
-Mealie Meal	10
-Polish	11
-Cold Meats	12
-Tea	13
ii) <u>Impulse Lines</u>	
-Cigarettes	14
-Sweets	15
-Newspapers	16
-Biscuits	17

.07

9. Merchandising

9.1 On the diagram below show where you would pack :

	<u>Code</u>
i) Fast Sellers	1
ii) Slower Sellers	2
iii) Bulky Goods	3



3

9.2 Before you start merchandising you should "Group" your products. Please divide the following products into 3 groups :

10

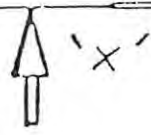
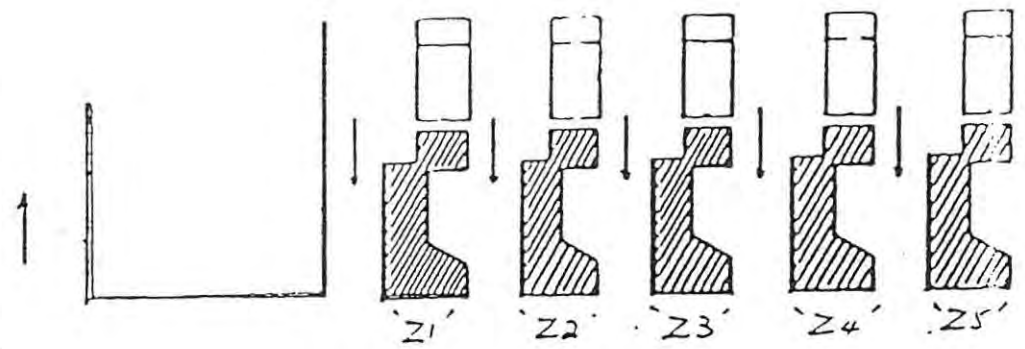
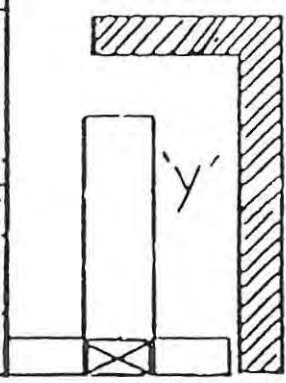
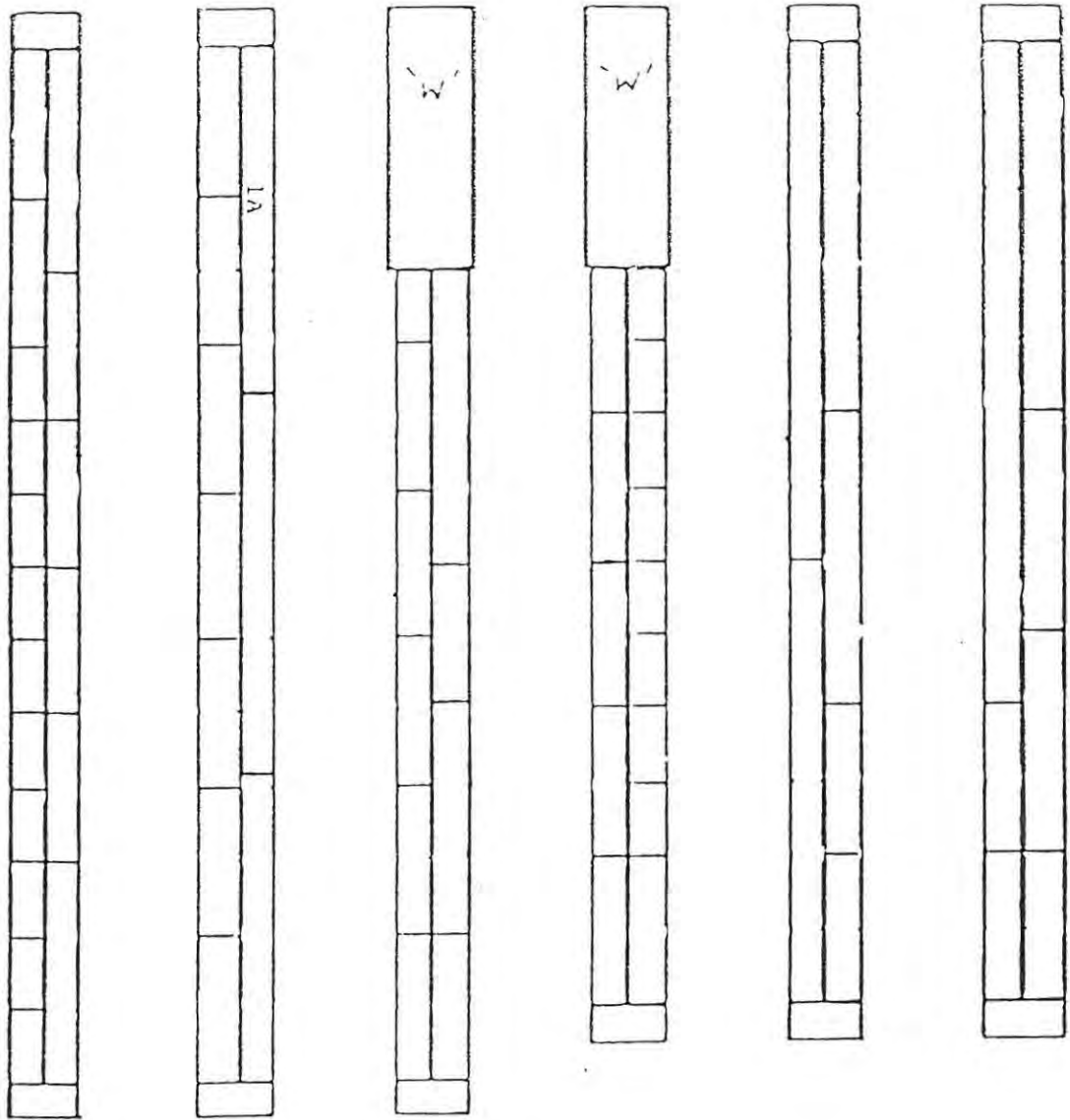
Soap
Mealie Meal
Tea
Sugar
Polish
Samp

Group 1

Coffee
Cleaning Materials
Milo
Rice

Group 2

Group 3



FORT HARE INSTITUTE OF MANAGMENT

RETAIL DIPLOMA COURSE

MARKETING POST TEST

STUDENT NAME: _____

DATE: _____

INTAKE: _____

TIME ALLOWED: _____

TOTAL MARKS: 100

1.1 SHORT QUESTIONS

- A. MARKETING IS NORMALLY DESCRIBED AS "MAKING SURE
- THAT YOU HAVE THE RIGHT
- AVAILABLE TO THE RIGHT
- AT THE RIGHT
- IN THE RIGHT
- WITH THE RIGHT

FILL IN THE BLANKS

[5]

- B. ALL BUSINESSES ARE INFLUENCED BY WHAT IS KNOWN AS
- THE "BUSINESS ENVIRONMENT" AROUND THEM, LIST
- THE FIVE MAIN FACTORS IN THIS ENVIRONMENT...
- NOTE THIS IS REFERRING TO EXTERNAL FACTORS.

.....

.....

.....

.....

.....

[5]

MARKETING PAGE 2.

C. WHEN YOU LOOK AT YOUR TARGET MARKET (THE PEOPLE WHO YOU WISH TO ATTRACT INTO YOUR BUSINESS) YOU HAVE TO CONSIDER VARIOUS THINGS SUCH AS THEIR AGE-GROUP, LIST ANOTHER FIVE THINGS WHICH HAVE TO BE CONSIDERED

.....
.....
.....
.....
.....

[5]

D. ONCE YOU HAVE SUITABLE PREMISES, YOU THEN HAVE TO MAKE VARIOUS DECISIONS REGARDING YOUR PRODUCTS, SUCH AS WHO YOU WILL PURCHASE THEM FROM NAME AT LEAST FIVE OF THE THINGS WHICH YOU HAVE TO CONSIDER

.....
.....
.....
.....
.....

[5]

MARKETING PAGE 3.

E. WHEN PLANNING A BUYING SCHEDULE, THERE ARE EIGHT OUTSIDE FACTORS WHICH INFLUENCE YOUR DECISION TO BUY STOCKS NAME AT LEAST FIVE OF THESE.

.....

.....

.....

.....

.....

[5]

F. IF THE MARKETING CHANNEL IN YOUR PARTICULAR BUSINESS IS AS FOLLOWS :-

PRIMARY SECTOR (egg farmer)



MANUFACTURER



WHOLESALER



RETAILER

MARKETING PAGE 4.

THERE ARE THREE ADVANTAGES AND TWO DISADVANTAGES OF BUYING YOUR PRODUCTS CLOSER TO THE BEGINNING OF THIS CHANNEL..... YOU HAVE THE CHOICE OF THE FOLLOWING FIVE SUBJECTS..... PLEASE INDICATE WHETHER YOU CONSIDER THEM TO BE AN "ADVANTAGE" OR A "DISADVANTAGE"

SUBJECT

- PRICES
- DAMAGE BECAUSE OF HANDLING
- SUPPLY (QUANTITY AVAILABLE)
- QUANTITY WHICH MUST BE BOUGHT
- TRANSPORTATION REQUIREMENTS

[5]

G. CONSIDER THE FOLLOWING IN YOUR BUSINESS AND THEN STATE NEXT TO EACH WHETHER YOU CONSIDER THEM AN "ADVANTAGE" OR A "DISADVANTAGE" OF BUYING YOUR STOCK ON CREDIT.

- i. AFTER SALES SERVICE.
- ii. IMMEDIATE OUTLAY OF WORKING CAPITAL
- iii. BANK OVERDRAFT INTEREST OR INTEREST ON BANK BALANCE
- iv. RETURNING GOODS FOR CREDIT
- v. CASH DISCOUNT

[5]

TOTAL MARKS THIS SECTION [35]

MARKETING PAGE 8.

1.2 MULTIPLE CHOICE QUESTIONSDELETE THE ANSWER/ANSWERS WHICH ARE NOT CORRECTEACH QUESTION IS WORTH ONE MARK UNLESS OTHERWISE STATED

- i. IT IS / IS NOT NECESSARY FOR A BUSINESSMAN TO WASTE HIS TIME ON FINDING OUT WHO HIS NEAREST COMPETITOR IS, AND WHAT THE COMPETITORS ACTIVITIES ARE.
- ii. MOST CONSUMERS HAVE / HAVE NOT GOT THE SAME TASTES, NEEDS OR WANTS.
- iii.
 - a. CUSTOMERS WHO BUY AT THE NEAREST STORE TO THEM ARE KNOWN AS CONVENIENCE / DISCERNING CUSTOMERS
 - b. THOSE WHO TAKE THE TROUBLE TO SHOP AROUND FOR THE BEST PRICE AND PRODUCTS ARE KNOWN AS SHOPPERS / SPECIALITY / DISCERNING CUSTOMERS.
 - c. SPECIALITY SHOPPERS ARE THOSE WHO MAKE UP THEIR MINDS AS TO EXACTLY WHAT PRODUCT THEY WANT, AND HAVE A PRETTY GOOD IDEA OF WHAT THEY WISH TO PAY FOR THE PRODUCT. THIS TYPE OF CONSUMER WILL USUALLY BE BUYING FOR CONVENIENCE / LUXURY GOODS
- iv. HAVING TOO MUCH STOCK (BEING OVERSTOCKED) IS AN INDICATION THAT YOU PLANNED / DID NOT PLAN YOUR BUYING CORRECTLY, BECAUSE YOU AT LEAST HAD ENOUGH OF THE PRODUCTS TO MEET YOUR CUSTOMERS NEEDS.
- v. SMALL RETAIL OUTLETS SHOULD / SHOULD NOT ATTEMPT TO 'JOIN HANDS' WITH OTHER SIMILAR BUSINESSES, AND FORM BUYING GROUPS / INDEPENDENTS IN ORDER TO INCREASE THEIR CAPITAL / BUYING POWER.

MARKS [3]
- vi. NEGOTIATING TO HOLD GOODS ON CONSIGNMENT FOR A SUPPLIER MEANS THAT YOU WILL HAVE MUCH / NO IMMEDIATE CAPITAL OUTLAY.

TOTAL MARKS THIS SECTION [10]

MARKETING PAGE 6.

11.3 MARKETING TRUE / FALSE QUESTIONS.

ANSWER THE FOLLOWING BY CIRCLING "T" OR "F" INDICATING THAT YOU THINK THE STATEMENT IS TRUE OR FALSE .

- i. BESIDES ASSISTING YOU TO HAVE THE RIGHT PRODUCTS AVAILABLE A BUYING PLAN HELPS YOU TO PLAN YOUR CASH FLOW.
- ii. A SHOP OWNER WILL ALWAYS GET THE BEST PRICES FROM THE WHOLESALE CLOSEST TO HIS SHOP.
- iii. BEING UNDERSTOCKED ON ONE PRODUCT IS NOT A BAD THING, PROVIDED YOU HAVE OTHER PRODUCTS FOR THE CUSTOMER TO CHOOSE FROM.
- iv. WHEN YOU, AS A BUSINESSMAN GO TO A SUPPLIER TO DO YOUR BUYING, YOU ARE *NOT* A CUSTOMER AND ARE FORCED TO ACCEPT THEIR PRICES AND SERVICE.
- v. IT IS SOMETIMES AN ADVANTAGE TO PLACE A BIG ORDER WITH THE SUPPLIER IN ORDER TO GET A QUANTITY DISCOUNT, THIS SHOULD BE DONE OFTEN IRRESPECTIVE OF CASH FLOW WHICH IS A FINANCIAL FUNCTION AND HAS NOTHING TO DO WITH MARKETING.
- vi. THE MARK UP POLICY WHICH A SPECIALITY STORE, SUCH AS A JEWELER, WOULD USE IS KNOWN AS THE "OVERALL AVERAGE" MARK UP POLICY.
- vii. IN MODERN TIMES, PRICE IS THE ONLY THING THAT CONSUMERS LOOK FOR WHEN THEY ENTER A SUPERMARKET.
- viii. WHEN PRICING YOUR GOODS, YOU CANNOT HAVE YOUR OWN WAY, BECAUSE YOU ARE LIMITED BY WHAT THE CUSTOMER IS GOING TO BE WILLING TO PAY FOR THE GOODS.
- ix. IN ORDER TO MAKE A REASONABLE PROFIT, THE PRICING POLICY WHICH A SHOP OWNER SETS SHOULD BE SET AND INFLEXIBLE NO MATTER WHAT THE CUSTOMER FEELS.
- x. MERCHANDISING IS THE MOST IMPORTANT ASPECT OF PROMOTION IN A SUPERMARKET, AND CUSTOMER RELATIONS IS THE MOST IMPORTANT ASPECT IN AN OVER-THE-COUNTER STORE, AND IT IS NOT NECESSARY TO HAVE A COMBINATION OF BOTH IN A SUPERMARKET.

TOTAL MARKS THIS SECTION [10]

3.4 MARKETING SUNDRY QUESTIONS

READ THE FOLLOWING QUESTIONS CAREFULLY AND ANSWER THEM AS PER INSTRUCTIONS.

i. STATE BRIEFLY THE MAIN PURPOSES FOR SETTING A PURCHASES OR BUYING BUDGET.

.....
.....
.....
.....

[5]

ii. YOUR PURCHASES SHOULD BE LIMITED BY TWO VERY IMPORTANT FACTORS, NAME THEM

.....
.....

[4]

iii. LIST AT LEAST THREE IMPORTANT CHECKS WHICH YOU SHOULD CARRY OUT WHEN YOU RECEIVE GOODS.

.....
.....
.....

[6]

MARKETING PAGE 8.

iv. NAME FOUR METHODS OF CONTROLLING STOCK LOSSES ONCE YOU HAVE RECEIVED YOUR STOCK INTO YOUR MAIN STOREROOM.

.....
.....
.....
.....

[4]

v. WHEN YOU ARE PRICING, (MARKING UP), YOUR STOCKS, THERE ARE FOUR FACTORS WHICH INFLUENCE THE PRICES WHICH YOU WILL BE ABLE TO CHARGE YOUR CUSTOMERS. NAME THEM.....

.....
.....
.....
.....

[4]

vi. THE DIFFERENT CATEGORIES, OR TYPES, OF CUSTOMERS, NAMELY, CONVENIENCE ; SPECIALITY AND DISCERNING.. THERE ARE ALSO FOUR DIFFERENT CATEGORIES OF GOODS TO SUIT THESE CUSTOMERS.....NAME THEM.

.....
.....
.....
.....

[4]

MARKETING PAGE 8.

vii. NAME THREE METHODS OF EXTERNAL ADVERTISING.

.....
.....
.....

[3]

viii. FILL IN THE MISSING WORDS WHICH ARE THE FOUR RULES FOR CORRECT PRODUCT PRESENTATION.....

"YOUR CUSTOMER MUST BE ABLE TO S.....
THE GOODS, THEY MUST BE ABLE TO I.....
THE PRODUCT, THE PRODUCT MUST BE WITHIN EASY
R.....OF THE CUSTOMER AND THEY MUST
BE ABLE TO SEE THE P.....OF THE PRODUCT
CLEARLY.

[4]

ix. NAME ONE OF THE THREE THINGS WHICH YOU CAN DO IN YOUR SHOP TO INFLUENCE THE BUYING MOOD OF YOUR CUSTOMERS.

.....

[1]

TOTAL THIS SECTION

[35]

MARKETING PAGE 10.

1.5 MARKETING PRACTICAL EXERCISE

ON THE ATTACHED DRAWING YOU WILL SEE THE FOLLOWING.....

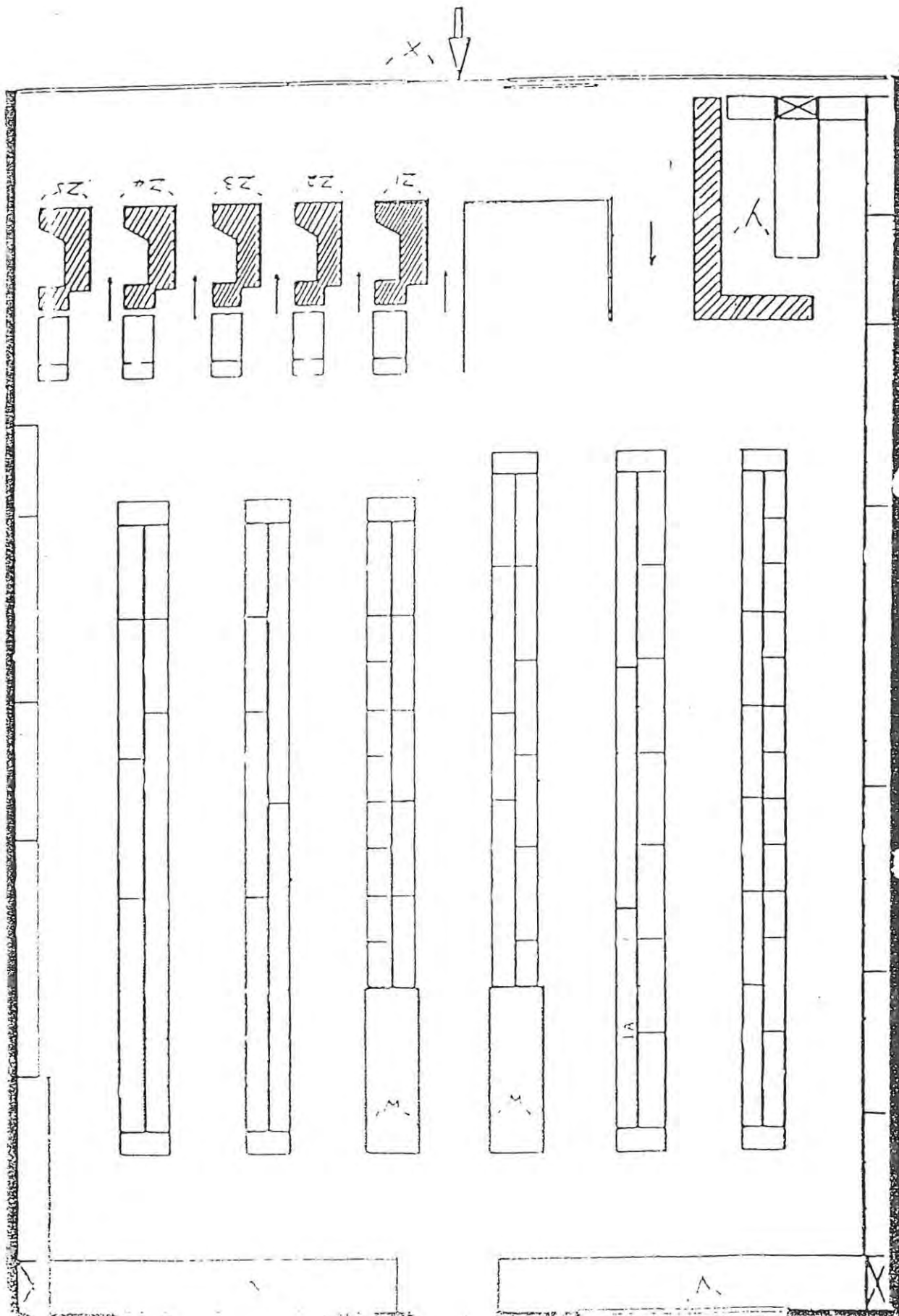
1. 'X' IS THE STORE ENTRANCE.
2. 'Y' IS THE "KIOSK" AREA.
3. 'Z1' TO 'Z5' ARE YOUR TILLS.
4. 'W' ARE "ISLAND TYPE DEEP FREEZERS"
5. 'V' ARE DISPLAY FRIDGES.

YOU ARE REQUIRED TO SHOW WHERE YOU WOULD DISPLAY THE FOLLOWING PRODUCTS (DON'T WRITE THE NAME OF THE PRODUCT, BUT USE THE NUMBER), IF TEA IS 1a.

- 1a. TEA AND TEA BAGS. ALREADY SHOWN ON DRAWING
- 1b. COFFEE.
- 1c. COLD DRINKS.
- 2a. CIGARETTES.
- 3a. FROZEN CHICKENS.
- 4a. TEA SETS AND DINNER SERVICES.
- 4b. TORCH BATTERIES.
- 5a. LOOSE SWEETS AND CRISPS.
- 5b. BISCUITS AND PARTY SNACKS.
- 5c. BREAKFAST CEREALS.
- 6a. DUSTERS, BRUSHES AND BROOMS.
- 6b. FACE CLOTHS AND HAND TOWELS.
- 6c. DISH CLOTHS AND POT SCOURERS.
- 7a. FRESH DAIRY PRODUCTS.
- 7b. FRESH BREAD.
- 9a. FLOOR POLISH.
- 10a. FACE SOAP.
- 10b. TOOTH PASTE.
- 11a. WASHING POWDER.
- 11b. FABRIC SOFTENERS.
- 12a. INSECTICIDE SPRAYS.

TOTAL THIS SECTION

[10]



PORT HARE INSTITUTE OF MANAGMENT

RETAIL DIPLOMA COURSE

FINANCIAL MANAGEMENT PRE TEST

STUDENT NAME: _____ DATE: _____

INTAKE: _____

TIME ALLOWED: _____

TOTAL MARKS: 120

1 SHORT QUESTIONS

FILL IN THE MISSING WORDS, OR GIVE YOUR ANSWER IN THE SPACE PROVIDED, AS THE CASE MAY BE.

A. THE MAIN PURPOSE FOR A SHOP OWNER TO KEEP UP TO DATE AND ACCURATE RECORDS IS FOR HIM TO HAVE A GOOD MANAGEMENT TOOL WHICH WILL ASSIST HIM TO (THREE WORDS).

P.....

O.....

AND C..... HIS BUSINESS.

[3]

B. THERE ARE AT LEAST FOUR MAIN AREAS, OR BUSINESS ACTIVITIES WHICH NEED TO BE RECORDED AND CONTROLLED.. THESE MAKE UP THE WORKING CAPITAL OF THE BUSINESS..NAME THEM.

.....

.....

.....

.....

[4]

FINANCE PAGE 2.

C. A BALANCE SHEET CAN BE EXPLAINED IN SIMPLE TERMS..
 FILL IN THE 'BLANKS' IN THE FOLLOWING EXPLANATION :- YOU HAVE BEEN GIVEN A LIST OF POSSIBLE ANSWERS WITH EACH QUESTION
 - CHOOSE ONE AND WRITE IT IN THE SPACE PROVIDED.

"THE BALANCE SHEET CAN BE TERMED A "....."
 (RECORD / BOOK / SNAPSHOT) OF THE BUSINESS BECAUSE IT SHOWS A PICTURE OF THE FIRM AT A PARTICULAR POINT IN TIME.---

IT SHOWS THAT MONEY COMES IN FROM THE FOLLOWING SOURCES.--

(I). WHAT THE OWNER ORIGINALLY PUTS INTO THE BUSINESS,

WHICH IS KNOWN AS "....."
 (OWNERS CAPITAL / OWNERS EQUITY / OWNERS SHARE).

(II).WHAT HE GETS FROM OTHER SOURCES AND WHICH MUST BE PAID BACK,

KNOWN AS "....."
 (BORROWINGS / LOAN CAPITAL / FINANCED CAPITAL)

(III).THAT WHICH SHOWS WHAT HAS BEEN KEPT BACK (OR LOST) DURING THE PERIOD THAT THE BUSINESS HAS BEEN TRADING,

THIS IS KNOWN AS "....."
 (RETAINED EARNINGS / DISTRIBUTIONS / NET PROFIT BEFORE TAXATION)

THE MONEY THAT COMES INTO THE IS FIRM USUALLY ONLY USED IN THREE WAYS.--

(I).THINGS YOU WANT TO KEEP AND NOT SELL WHICH ARE

KNOWN AS "....." (CURRENT ASSETS / MOVABLE ASSETS / FIXED ASSETS).

(II). THERE MIGHT BE SOME SPARE MONEY WHICH YOU WOULD PUT ASIDE

FOR 'A RAINY DAY', "....."
 (PERSONAL SAVINGS / ANNUITIES / INVESTMENTS).

FINANCE PAGE 3.

(111). WHERE YOUR MONEY IS PUT TO USE TO WORK FOR THE BUSINESS, THIS IS KNOWN AS YOUR --

".....", (INVENTORY / WORKING CAPITAL / SHARE CAPITAL OWNERS EQUITY).

THIS IS GENERALLY MADE UP OF "CURRENT"
(ASSETS / BALANCES / LIABILITIES)

LESS "....."
(ASSETS / LIABILITIES / BALANCES).

[10]

D. THE INCOME STATEMENT, OR TRADING PROFIT AND LOSS ACCOUNT SHOWS THE "HISTORY" OF THE BUSINESS OVER A SPECIFIED TRADING PERIOD. FILL IN THE BLANK SPACES TO SHOW THE INFORMATION THAT GOES INTO THIS DOCUMENT.

"....."		10000	
"....."	6500		
"PLUS....."	4800		
"LESS....."	6300	5000	
"....."			-----
			5000
"LESS....." (TOTAL)			5000
"....."			-----
			5000
			=====

[6]

E. THERE IS ONE FIGURE ON AN INCOME STATEMENT (OR TRADING PROFIT AND LOSS ACCOUNT) WHICH IS KNOWN AS "THE LINK BETWEEN THE INCOME STATEMENT AND THE BALANCE SHEET".

WHICH FIGURE IS THIS ? "....."
(SALES TURNOVER / GROSS PROFIT / NET PROFIT).

[11]

FINARCE PAGE 4.

F. THERE ARE MANY DIFFERENT METHODS OF WORKING OUT A BUDGET, "LIMITING FACTORS" ARE SUCH FACTORS AS SIZE OF POPULATION, DISPOSABLE INCOME OF TARGET MARKET etc. TO START A BUDGET FROM THESE LIMITING FACTORS IS KNOWN AS.....

THIS IS KNOWN AS "....."
(HISTORICAL / CONSTRUCTION / ZERO-BASED) BUDGETING.

AFTER SETTING THIS TYPE OF BUDGET, ALL OF THE FACTS SHOULD BE CHECKED WITH EACH OPERATING DEPARTMENT IN ORDER TO CHECK THAT THE PROPER RESOURCES ARE AVAILABLE TO MEET THE BUDGET --

THIS IS KNOWN AS "....."
(CONTROLLING / SETTING / COORDINATING) THE BUDGET. [6]

G. ANSWER THE FOLLOWING IN YOUR OWN WORDS :-

G.1. ARE TILLS NECESSARY TO A SMALL A BUSINESS ?

YES / NO. CIRCLE YOUR CHOICE

WHY ?

.....

..... [5]

G.11. OWNERS DRAWINGS SHOULD ALWAYS BE SHOWN AS SEPARATE TRANSACTIONS IN A BUSINESS ----

TRUE / FALSE CIRCLE YOUR CHOICE

WHY ?

..... [3]

G111. YOUR TOTAL SALES IN 1988 WERE R 120 000 , AND PRESS REPORTS INDICATE AN INFLATION RATE OF 15 % FOR 1989. WOULD YOU FIND THAT YOUR BUSINESS REMAINS AS STRONG AS IT IS, IF YOUR EXPECTED SALES FOR 1989 ARE ALSO R 120 000 ?

YES / NO CIRCLE YOUR CHOICE

[1]

WHY ?

..... [3]

FINANCE PAGE 5.

IF YOUR EXPECTED SALES ARE R 132 000, WOULD THERE BE GROWTH IN YOUR BUSINESS, - (same inflation as above.) ?

YES / NO CIRCLE YOUR CHOICE

[1]

WHAT WOULD YOUR EXPECTED SALES FIGURE BE IN ORDER TO OVERCOME THE ABOVE INFLATION AND ALLOW FOR A FURTHER TEN PERCENT GROWTH ?

.....

[5]

H. MULTIPLE CHOICE

WHICH OF THE FOLLOWING IS / ARE CORRECT ?
CIRCLE THE LETTER IN FRONT OF THE ANSWER(S) WHICH YOU THINK IS/ARE CORRECT.....:-

NOTE BE CAREFUL, SOME OF THESE QUESTIONS MIGHT NEED TWO, OR MORE LETTERS TO BE CIRCLED.....MARKS WILL BE DEDUCTED FOR INCORRECT CHOICES.

Hi. KEEPING A DAILY CASH SUMMARY....[ONLY ONE IS CORRECT]

a.IS A GOOD POLICY IN LARGER STORES BUT NOT IN SMALLER STORES BECAUSE IT IS TOO TIME CONSUMING.

b.HELPS TO KEEP TRACK OF THE OWNERS CAPITAL AND SEPARATES WORKING CAPITAL FROM OTHER BUSINESS OPERATIONS.

c.HELPS TO KEEP A HISTORY OF DIFFERENT TRANSACTION AND IS IMPORTANT FOR CASH CONTROL. [3]

Hii. COUNTING STOCK REGULARLY AND CALCULATING THE VALUE AT COST PRICE[ONLY ONE STATEMENT IS CORRECT]

a.IS THE BEST MEANS OF IDENTIFYING STOCKS WHICH HAVE BEEN SOLD BY THE STAFF OF THE BUSINESS.

b.IS ONLY MEANINGFUL IF YOU HAVE ACCURATE AND UP-TO-DATE RECORDS OF ALL SALES AT SELLING PRICES.

c.WILL ONLY BE MEANINGFUL IF YOU CAN COMPARE THE RESULTS TO YOUR SALES RECORDS AT COST PRICES. [3]

FINANCE PAGE 6.

Hiii. BUDGETING IN A BUSINESS ASSISTS THE OWNER.....
(ONLY ONE STATEMENT IS CORRECT)

a.TO COMPARE HOW WELL HIS BUSINESS IS DOING
 COMPARED TO HIS COMPETITION.

b.COMPARE HOW WELL HIS BUSINESS HAS DONE
 ONCE HIS BOOKS ARE DONE AT THE END OF THE FINANCIAL YEAR.

c. TO MEASURE HOW WELL HIS BUSINESS IS DOING, COM-
 PARED TO HIS EXPECTATIONS, AND TO TAKE IMMEDIATE ACTION TO CORRECT
 ANY DEVIATION FROM EXPECTATIONS. [3]

Hiv. ONCE YOU HAVE DONE AN INCOME STATEMENT (OR TRADING AND
 PROFIT & LOSS ACCOUNT) YOU CAN COMPARE YOUR ACTUAL GROSS PROFIT
 PERCENTAGE TO THE GROSS PROFIT PERCENTAGE WHICH YOU EXPECTED TO
 MAKE ---- IF YOUR ACTUAL PERCENT IS LOWER THAN EXPECTED THEN ONE,
 OR A COMBINATION OF, SOME OF THE FOLLOWING COULD BE HAPPENING.....
(MORE THAN ONE OF THESE STATEMENTS IS CORRECT)

a. ALL SALES ARE NOT BEING PROPERLY RECORDED.

b. GOODS ARE NOT BEING "MARKED UP" PROPERLY.

c. STOCK IS BEING STOLEN OR LOST THROUGH DAMAGE.

d. THE OWNER MIGHT BE REMOVING EXCESSIVE AMOUNTS OF
 STOCK FOR PRIVATE USE AND NOT RECORDING THIS.

e. THE SHOP RENTAL MIGHT BE TOO HIGH.

f. TOTAL OPERATING EXPENSES MIGHT BE TOO HIGH.

g. THE OWNER MIGHT BE TAKING HIS DRAWINGS OUT OF
 CASH SALES AND NOT RECORDING THE SALES.

h. WAGES PAID TO SHOP ASSISTANTS MIGHT BE TOO HIGH.

i. ALL OF THE ABOVE ARE CORRECT.

j. a : c : d & f. ARE CORRECT.

k. a : b : c & d. ARE CORRECT.

l. a : b : c : d & g. ARE CORRECT.

m. NONE OF THE ABOVE ARE CORRECT.

[13]

TOTAL THIS SECTION

[70]

FINANCE PAGE 7.

2. FINANCIAL PRACTICAL EXERCISE CASH AND BANKING

NOTE A CASH BOOK FORM IS ATTACHED, AS WELL AS BLANK ANALYSIS PAPER... YOU MAY USE THIS CASH BOOK FORM, OR DESIGN YOUR OWN CASH AND BANKING BOOK.

THE FOLLOWING ARE THE TRANSACTIONS WHICH OCCURRED IN ONE DAYS TRADING :-....

1. DO A SUMMARY OF THE CASH TAKINGS FROM THE TILL READING AND RECEIPT BOOKS, LESS ALL OF THE CASH SLIPS AND PETTY CASH VOUCHERS FOR CASH PAID OUT.

2. 'POST' THE RESULTANT FIGURES TO THE CASH AND BANKING RECORD : SHOWING ANY FURTHER CASH TRANSACTIONS, INCLUDING THE BANKING OF CASH AS INSTRUCTED : RECORD CHEQUE PAYMENTS AS SHOWN, AND SHOW THE CASH AND BANK BALANCES.

2.2.1 PRACTICAL EXERCISE TRANSACTIONS

28/04/89. OPENING BALANCES : BANK R 5 200-00 CASH R 250-00

DAYS TRANSACTIONS

CASH SALES PER TILL READING	R	650-00	
DEBTORS RECEIPT BOOK :			
B LYLE	R	50-00	
D KETANI	R	120-00	
LAY BY			
JOSEPH	R	<u>40-00</u>	R 210-00
C O D INVOICES FOR PURCHASES			
BAKERY (BREAD)	R	70-00	
DAIRY (MILK)	R	<u>80-00</u>	R 150-00
PETTY CASH VOUCHERS			
OWNER DRAWINGS	R	30-00	
PETROL	R	<u>20-00</u>	R 50-00

1. WHAT CASH SHOULD THE CASHIER HAVE ON HAND ? R.....

11. DO YOUR DAILY CASH SUMMARY OF THE ABOVE TRANSACTIONS.

FURTHER TRANSACTIONS

TOOK FURTHER DRAWINGS FROM THE CASH	R	50-00	
BANKED THE REST OF THE CASH.	R	??-??	
MADE OUT CHEQUE TO CPDB LOAN REPAYMENT	R	1 000-00	
BISHOCORP. ELECTRICITY	R	120-00	
WEIRS PURCHASES	R	2 300-00	

TOTAL THIS SECTION

[50]

FORT HARE INSTITUTE OF MANAGEMENT

RETAIL DIPLOMA COURSE

FINANCIAL MANAGEMENT POST TEST

STUDENT NAME: _____ DATE: _____

INTAKE: _____ TIME ALLOWED: _____

TOTAL MARKS: 150 _____

1 SHORT QUESTIONS

FILL IN THE MISSING WORDS, OR GIVE YOUR ANSWER IN THE SPACE PROVIDED, AS THE CASE MAY BE.

A. TO KEEP UP TO DATE AND ACCURATE RECORDS IN A BUSINESS IS AN IMPORTANT MANAGEMENT TOOL WHICH ASSISTS THE OWNER TO (THREE WORDS).

.....

.....

AND THE FINANCES OF HIS BUSINESS.

[3]

B. WORKING CAPITAL HAS AT LEAST FOUR MAIN BUSINESS ACTIVITIES WHICH NEED TO BE STRICTLY CONTROLLED.....NAME THEM.

.....

.....

.....

.....

[4]

FINANCE PAGE 2.

- C. A BALANCE SHEET CAN BE EXPLAINED AS A "SNAPSHOT" OF A BUSINESS AT A PARTICULAR POINT IN TIME.....:- YOU HAVE BEEN GIVEN A LIST OF POSSIBLE ANSWERS WITH EACH QUESTION - CHOOSE ONE AND WRITE IT IN THE SPACE PROVIDED.

FILL IN THE FOLLOWING BLANKS WHICH EXPLAIN WHAT THE VARIOUS FIGURES ARE :-

(i).WHAT THE OWNER ORIGINALLY PUTS INTO THE BUSINESS,

WHICH IS KNOWN AS "....."
(OWNERS CAPITAL / OWNERS EQUITY / OWNERS SHARE).

(ii).WHAT HE OBTAINS FROM OTHER SOURCES AND WHICH MUST

BE PAID BACK, KNOWN AS "....."
(BORROWINGS / LOAN CAPITAL / FINANCED CAPITAL)

AND (iii).THAT WHICH SHOWS WHAT HAS BEEN KEPT BACK (OR LOST) DURING THE PERIOD THAT THE BUSINESS HAS BEEN

TRADING, THIS IS KNOWN AS "....."
(RETAINED EARNINGS / DISTRIBUTIONS / NET PROFIT BEFORE TAXATION)

THE MONEY THAT COMES INTO THE IS FIRM USUALLY ONLY USED IN THREE WAYS.--

(i).THINGS YOU WANT TO KEEP AND NOT SELL WHICH ARE

KNOWN AS "....." (CURRENT ASSETS / MOVABLE ASSETS / FIXED ASSETS).

(ii). THERE MIGHT BE SOME SPARE MONEY WHICH YOU WOULD

PUT ASIDE FOR 'A RAINY DAY', "....."
(PERSONAL SAVINGS / ANNUITIES / INVESTMENTS).

FINANCE PAGE 3.

AND (iii). WHERE YOUR MONEY IS PUT TO USE TO WORK FOR THE BUSINESS, THIS IS KNOWN AS YOUR --

".....". (INVENTORY / WORKING CAPITAL / SHARE CAPITAL / OWNERS EQUITY).

THIS IS GENERALLY MADE UP OF "CURRENT" (ASSETS / BALANCES / LIABILITIES)

LESS ".....". (ASSETS / LIABILITIES / BALANCES).

[1 0]

D. THE INCOME STATEMENT, OR TRADING PROFIT AND LOSS ACCOUNT SHOWS THE "HISTORY" OF THE BUSINESS OVER A SPECIFIED TRADING PERIOD..... SHOW THE INFORMATION THAT GOES INTO THIS DOCUMENT...just an outline is required no figures.

[1 1]

FINANCE PAGE 4.

F. STATE YOUR ANSWERS TO THE FOLLOWING QUESTIONS IN YOUR OWN WORDS AS BRIEFLY AS POSSIBLE :-

F.i. DO YOU THINK THAT IT IS ALWAYS NECESSARY TO HAVE A TILL OR TILLS IN A BUSINESS ?

YES / NO. CIRCLE YOUR CHOICE

WHY ?

.....
.....

[5]

F.ii. OWNERS DRAWINGS SHOULD ALWAYS BE SHOWN AS SEPARATE TRANSACTIONS IN A BUSINESS ----

TRUE / FALSE CIRCLE YOUR CHOICE

WHY ?

..... [3]

F.iii. IF YOU HAVE TOTAL SALES OF R 120 000 IN THE YEAR 1988, AND PRESS REPORTS INDICATE AN INFLATION RATE OF 15 %. WHAT MINIMUM SALES SHOULD YOU BUDGET FOR IN 1989 IF YOU WISH YOUR BUSINESS TO REMAIN AS STRONG IN 1989 AS IT WAS IN 1988 ?

..... [1]

WHY ?

.....

[3]

FINANCE PAGE 5.

IF YOUR EXPECTED SALES ARE R 132 000. WOULD THERE BE GROWTH IN YOUR BUSINESS, - (same inflation as above.) ?

YES / NO CIRCLE YOUR CHOICE

[1]

WHAT WOULD YOUR EXPECTED SALES FIGURE BE IN ORDER TO OVERCOME THE ABOVE INFLATION AND ALLOW FOR A FURTHER TEN PERCENT GROWTH ?

.....

[5]

1. MULTIPLE CHOICE QUESTIONS

WHICH OF THE FOLLOWING STATEMENTS IS / ARE CORRECT ?

WRITE TRUE NEXT TO YOUR CHOICE OF ANSWER(S) .

- a. BUSINESSMEN NEED NOT RECORD THE STOCKS WHICH THEY TAKE FOR THEIR OWN USE.
- b. A BUSINESSMAN SHOULD AT LEAST RECORD SOME OF THE GOODS WHICH HE TAKES FOR HIS OWN USE.
- c. IN ORDER TO KNOW EXACTLY HOW HIS BUSINESS IS DOING A BUSINESSMAN SHOULD KEEP A CAREFUL RECORD OF ALL OF HIS DRAWINGS INCLUDING THE STOCK WHICH HE TAKES.

[2]

FINANCE PAGE 21

NOTE BE CAREFUL BECAUSE SOME OF THESE QUESTIONS MIGHT NEED TWO, OR MORE "TRUE" ANSWERS, MARKS WILL BE DEDUCTED FOR INCORRECT CHOICES.

ii. KEEPING A DAILY CASH SUMMARY....

ONLY ONE STATEMENT IS CORRECT

- a. IS A GOOD POLICY IN LARGER STORES BUT NOT IN SMALLER STORES BECAUSE IT IS TOO TIME CONSUMING.
- b. HELPS TO KEEP TRACK OF THE OWNERS CAPITAL AND SEPARATES WORKING CAPITAL FROM OTHER BUSINESS OPERATIONS.
- c. HELPS TO KEEP A HISTORY OF DIFFERENT TRANSACTION AND IS IMPORTANT FOR CASH CONTROL.

[4]

iii. COUNTING STOCK REGULARLY AND CALCULATING THE VALUE AT COST PRICE

ONLY ONE STATEMENT IS CORRECT

- a. IS THE BEST MEANS OF IDENTIFYING STOCKS WHICH HAVE BEEN SOLD BY THE STAFF OF THE BUSINESS.
- b. IS ONLY MEANINGFUL IF YOU HAVE ACCURATE AND UP-TO-DATE RECORDS OF ALL SALES AT SELLING PRICES.
- c. WILL ONLY BE MEANINGFUL IF YOU CAN COMPARE THE RESULTS TO YOUR SALES RECORDS AT COST PRICES.

[2]

FINANCE PAGE 7.

1111. BUDGETING AND VARIANCE ANALYSIS IN A BUSINESS ASSISTS THE OWNER.

ONLY ONE STATEMENT IS CORRECT

- a. TO COMPARE HOW WELL HIS BUSINESS IS DOING COMPARED TO HIS COMPETITION.
- b. COMPARE HOW WELL HIS BUSINESS HAS DONE AFTER HE GETS HIS BOOKS BACK FROM HIS BOOK KEEPER AT THE END OF THE FINANCIAL YEAR.
- c. TO MEASURE HOW WELL HIS BUSINESS IS DOING, COMPARED TO HIS EXPECTATIONS, AND TO TAKE IMMEDIATE ACTION TO CORRECT ANY DEVIATION FROM EXPECTATIONS.

[3]

- iiv. ONCE YOU HAVE DONE AN INCOME STATEMENT (OR TRADING AND PROFIT & LOSS ACCOUNT) YOU CAN COMPARE YOUR ACTUAL GROSS PROFIT PERCENTAGE TO THE GROSS PROFIT PERCENTAGE WHICH YOU EXPECTED TO MAKE ---- IF YOUR ACTUAL PERCENT IS LOWER THAN EXPECTED THEN ONE, OR A COMBINATION OF SOME OF THE FOLLOWING COULD BE HAPPENING.....

MORE THAN ONE OF THESE STATEMENTS IS CORRECT

- a. FOR SOME REASON ALL SALES ARE NOT BEING PROPERLY RECORDED.
- b. GOODS ARE NOT BEING "MARKED UP" PROPERLY.
- c. STOCK IS POSSIBLY BEING STOLEN OR LOST THROUGH DAMAGE.
- d. THE OWNER MIGHT BE REMOVING EXCESSIVE AMOUNTS OF STOCK FOR PRIVATE USE AND NOT RECORDING THIS.
- e. THE SHOP RENTAL MIGHT BE COSTING TOO MUCH.

FINANCE PAGE 0

- f. TOTAL OPERATING EXPENSES MIGHT BE TOO HIGH FOR THE TYPE OF BUSINESS.
- g. THE OWNER MIGHT BE TAKING HIS DRAWINGS OUT OF CASH SALES AND NOT RECORDING THE SALES.
- h. WAGES PAID TO SHOP ASSISTANTS MIGHT BE TOO HIGH.
- i. ALL OF THE ABOVE.
- j. NONE OF THE ABOVE ARE CORRECT.

[13]

TOTAL THIS SECTION

[70]

FINANCE PAGE 10.

FURTHER (OFFICE) TRANSACTIONS 28/06/89.

TOOK FURTHER DRAWINGS FROM THE CASH	R	50-00
-------------------------------------	---	-------

KEPT A FLOAT OF R 200-00 AND BANKED THE REST OF THE CASH.	R	???-??
--	---	--------

MADE OUT CHEQUE TO :-

CPDB LOAN REPAYMENT	R	1 000-00
BISHOCORP. ELECTRICITY	R	120-00
WEIRS(CASH PURCHASES)	R	2 300-00

i. SHOW YOUR BANK BALANCE FOR THE DAY.

DAYS CASHIERS TRANSACTIONS 29/06/89.

TOTAL CASH SALES PER TILL READING	R	1 350-00
-----------------------------------	---	----------

DEBTORS RECEIPT BOOK :	R	550-00
------------------------	---	--------

C O D INVOICES IN TILL FOR PURCHASES

BAKERY (BREAD)	R	60-00	
DAIRY (MILK)	R	50-00	
FRESH VEGETABLES	R	<u>120-00</u>	R 230-00

PETTY CASH VOUCHERS

OWNER DRAWINGS	R	80-00	
PETROL	R	40-00	
CASUAL WAGES	R	<u>30-00</u>	R 150-00

FURTHER (OFFICE) TRANSACTIONS 29/06/89.

TOOK FURTHER DRAWINGS FROM THE CASH	R	80-00
-------------------------------------	---	-------

BANKED CASH	R	1000-00
-------------	---	---------

i. SHOW YOUR CASH BALANCE ?	R	???-??
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MADE OUT CHEQUE TO :-

LIONELS MOTORS FOR TRUCK REPAIR	R	850-00
------------------------------------	---	--------

TIMCRAFT PURCHASES	R	1120-00
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FINANCE PAGE 11.

11. SHOW YOUR BANK BALANCE FOR THE DAY.

DAYS CASHIERS TRANSACTIONS 30/09/88.

TOTAL CASH SALES PER TILL 1150-00

DEBTORS RECEIPT BOOK :

R 440-00

C O D INVOICES IN TILL FOR PURCHASES

BAKERY (BREAD) R 90-00

DAIRY (MILK) R 60-00

FRESH VEGETABLES R 20-00 R 170-00

PETTY CASH VOUCHERS

OWNER DRAWINGS R 40-00

PETROL R 10-00

CASUAL WAGES R 80-00 R 130-00FURTHER (OFFICE) TRANSACTIONS 29/09/88.

TOOK FURTHER DRAWINGS FROM THE CASH R 20-00

TOOK CAS FOR PURCHASES AT METRO R 520-00

BANKED ALL CASH EXCEPT R200-00 R 1000-00

i. SHOW YOUR CASH BALANCE ? R ???-??

MADE OUT CHEQUE TO :-

SUCCESS WHOLESALE

FOR PURCHASES

R 850-00

ENTER STOP ORDERS :-

OLD MUTUAL (INSURANCE) R 190-00

STANNIC (HP VEHICLE) R 650-00

SHOW YOUR FINAL BANK BALANCE & CASH BALANCE.

TOTAL THIS SECTION [80]

RETAIL DIPLOMA COURSE

GENERAL PRINCIPLES OF MANAGEMENT PRE TEST

STUDENT NAME: _____ DATE: _____

INTAKE: _____ TIME ALLOWED: _____

TOTAL MARKS: 80 _____

Question I

Desmond Ketani has bought a retail business supplying casual clothes to male and female teenagers. He wants to make an honest and fair profit. The image of the shop should be modern, casual but high quality. He wants to give customers value for money, treat and reward his employees fairly and honour his agreements with his suppliers and creditors. Mr. Ketani also wants to contribute to the community in which it does business.

His goals are :

- i) To obtain a 12% share of teenage casual wear market within 1 year (i.e. Sales of R 200 000 for the first year)
- ii) Make a gross profit of 30% p.a.
- iii) Develop a proper organisational structure for the business

The Municipality is building a new car park opposite the premises Mr. Ketani has bought and the new bus stop is planned right outside the door of Mr. Ketani's premises.

Some useful information about the business Mr. Ketani has bought is as follows :

- Sales last year were R 180 000
- Gross profit last year was 23%
- There is no bookkeeping system in the business
- There is no organisational structure in the business
- There is no stock control system
- Customer relations are good
- The physical and general facilities of the premises are good.

Could you draw up an outline of a strategic plan for this business based upon the above information? (24)

Question 3:

You have just built a new shop and employed 12 shop assistants. Three of the shop assistants have previous experience as Shop Supervisors and one is a bookkeeper. You plan to have the following departments in your shop :

- Goods receiving department
- Stock Room Department
- Sales Department
- Accounts Department

Draw up an organisational chart for your new shop.

(12)

Answer:

Question 4:

- (a) Joseph is a new employee in your shop. He has never worked in a shop before and he feels very unsure of himself. What style of Management should you use with Joseph :

STYLE	PLACE A TICK NEXT TO THE STYLE YOU WOULD USE
TELLING	
SELLING	
PARTICIPATIVE	
DELEGATING	

- 4(b) Peter has been working for you for about 3 months and he has learnt his job quickly. Up until now you have exercised close supervision over Peter and you have told him exactly what you want him to do. You have check his work twice a day, but now feel that such close supervision is not necessary. What style of management do you think you should now use?

STYLE	PLACE A TICK NEXT TO THE STYLE YOU WOULD USE
TELLING	
SELLING	
PARTICIPATIVE	
DELEGATING	

- 4(c) Jackson has been working for you for about 5 years as a Store Room Controller. He knows his job, he is confident and well motivated. What style of Management should you use to manage Jackson ?

STYLE	PLACE A TICK NEXT TO THE STYLE YOU WOULD USE
TELLING	
SELLING	
PARTICIPATIVE	
DELEGATING	

- 4(d) Jackson has been working for you for about 5 years as a Store Room Controller. He knows his job, he is confident and well motivated. You now want to move him over to Sales Controller in your shop. What style of Management should you use to manage Jackson in his job ?

STYLE	PLACE A TICK NEXT TO THE STYLE YOU WOULD USE
TELLING	
SELLING	
PARTICIPATIVE	
DELEGATING	

- 4(e) Michael has worked for you for 5 years as a Salesman. Up until very recently Michael has worked well and done his job thoroughly. You have tended to leave him alone and let him get on with this job. However, lately he has not been performing well and has made several costly mistakes. He is also not meeting his sales targets. What style of management should you now use with Michael?

STYLE	PLACE A TICK NEXT TO THE STYLE YOU WOULD USE
TELLING	
SELLING	
PARTICIPATIVE	
DELEGATING	

(10)

Question 6:

What steps would you take if you wanted to control the monthly sales in your retail business?

(10)

Write your answer below :

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FORT HARE INSTITUTE OF MANAGEMENTRETAIL DIPLOMA COURSEGENERAL PRINCIPLES OF MANAGEMENT POST TEST

STUDENT NAME: _____ DATE: _____

INTAKE: _____ TIME ALLOWED: _____

TOTAL MARKS: 80Question I

Desmond Ketani has bought a mens outfitting shop which will stock high quality boys and mens clothing. He wants to make an honest and fair profit. The image of the shop should be modern, and high quality. His customers will be paying high prices so he plans to give his customers excellent personal service, treat and reward his employees fairly and honour his agreements with his suppliers and creditors. Mr. Ketani also wants to contribute to the community in which he does business.

His goals are :

- i) To obtain a 30% share of local mens wear market within 1 year (i.e. Sales of R 150 000 for the first year)
- ii) Make a gross profit of 50% p.a.
- iii) Develop an organisational structure for the business by March 1989
- iv) Introduce a bookkeeping system by May 1989
- v) Introduce a stock control system by July 1989

A new shopping complex is being built right next door to his premises and Pick 'n Pay will be an "anchor client" in this new complex.

Some useful information about the business Mr. Ketani has bought is as follows:

- Sales last year were R 130 000
- Gross profit last year was 23%
- There is no bookkeeping system in the business
- There is no organisational structure in the business
- There is no stock control system
- Customer relations are good
- The physical and general facilities of the premises are good.

Could you draw up an outline of a strategic plan for this business based upon the above information? Write your answer on the next page. (24)

Question 2:

You are the owner of a shoe shop. You plan to have a sale in your shop in 10 days time. Can you draw up a short plan setting out the steps you would follow to ensure that the sale was well planned and went off without any problems.

(14)

Write your answer below :

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Question 3:

You have just built a new bottlestore and estimate that you will need a staff of 14 people including a manager to run the business. You plan to have the following departments in your shop :

- Goods receiving department
- Stock Room Department
- Empties Department
- Merchandising and Sales Department (including cashiers)
- Accounts Department

Draw up an organisational chart for your new shop.

(12)

Question 4:

If you wish to be an effective leader what style of management should you use in the following cases :

- a) Mary has been working for you for 4 years as a saleslady. She knows her job, she is confident and well motivated and shows good leadership qualities. You now want to promote her to Sales Supervisor and she is willing to take on the new job. What style of management should you use with Mary in her new job?

Answer:

- b) Jackson has been working for you for about 3 months and he has learnt his job quickly. Up until now you have exercised close supervision over Jackson and you have told him exactly what you want him to do. You have checked his work twice a day, but now feel that such close supervision is not necessary. What style of management do you think you should now use?

Answer:

- c) Sarah has been working for you for 6 years as a Store Room Controller. He knows his job, he is confident and well motivated. What style of Management should you use with Sarah?

Answer:

- d) Fred has been working for you for 6 years as a Store Room Controller. Up until recently Fred has worked well and done his job thoroughly. You have tended to leave him alone and let him get on with his job. However, lately he has not been performing well and there have been two recent occasions where there have been stock losses and yesterday you ran out of stocks of "Surf" because Fred had failed to report the need to order more of the product. What style of management should you now use with Fred?

Answer:

- e) If a subordinate has a maturity level of M2/M3 and is developing, what style of management should you use?

Answer:

(10 Marks)

APPENDIX VIII
RETAIL TRAINING PROGRAMME CURRICULUM.

APPENDIX VIII

RETAIL TRAINING PROGRAMME CURRICULUM

MODULE 1 : INTRODUCTION TO RETAILINGKEY AREAS1.1 BACKGROUND TO RETAILING

- Distribution chain
- Role of retailer
- Development of retailing
- Factors which have influenced retail development

1.2 HOW TO USE A CALCULATOR

- Decimal places and round up
- Addition, subtraction, multiplication, division
- Mixed calculations
- Memory
- Percentages
- Discounts, mark-ups, mark-downs
- Profit percentages

1.3 BEFORE YOU START

- Defining the business you are in
- Examining the business environment
- Assessing competition

1.4 TARGET MARKET

- Analysing potential customers
- Market segmentation
- Consumer behaviour
- Redefining your business

1.5 TYPE, LOCATION, EXTERIOR OF BUSINESS (i.e. The place)

- Type of outlet
- Physical location
- Exterior appearance
- Lease or purchase

1.6 LEGAL FORMS OF BUSINESSES AND ASSISTANCE

- Sole proprietor, partnership, co-operative, company (private and public)
- Where to get assistance when setting up business

1.7 SETTING GOALS AND OBJECTIVES

- Self motivation
- Business goals
- Objectives
- Getting commitment
- Action plans
- Standards
- Measuring and evaluating
- Flow charts

1.8 CONCLUSION

MODULE 2PURCHASING PRICING & STOCK HANDLING : KEY AREAS2.1 WHAT TO BUY

- Introduction
- The Consumer
- The Product

2.2 WHEN TO BUY

- Introduction
- Anticipating Product Demand
- Transport
- Buying Schedule
 - Understock
 - Overstock
 - Cash Flow
 - Case Study

2.3 (a) WHERE TO BUY

- Introduction
- Selecting The Supplier(s)

2.3 (b) HOW TO BUY

- Introduction
- Suppliers
- Buying Power

2.4 (a) HOW TO RECEIVE STOCK

- Physical Check
- Counting Of Items
- Opening Of Cartons
- Checking Delivery Note And Invoice
- Other Pointers
- Case Study

2.4 (b) PAYING FOR STOCKS AND PURCHASING BUDGET MIX

- Introduction
- Cash Payment
- Credit Payment
- Consignment
- Bartering
- Purchasing Budget

2.5 WHAT TO CHARGE

- The Pricing Objective
- Factors Influencing Mark-Up
- Methods To Calculate Mark-Up
- Best Method For Outlet Selling
- One Line Of Product
 - More Than One Line Of Product

MODULE 3 AND 4PROMOTING FOR PROFIT - KEY AREAS3.1 SHOP LAYOUT

- Variables
- Selling Area / Non Selling Area Allocation
- Selling Area:
 - Allocation
 - Traffic Flow
 - Isles and Shelves
- Security

3.2 ADVERTISING

- Aim
- External Advertising
- Internal Advertising
- Other Promotional Aids

3.3 MERCHANDISING

- Introduction
- Overall Self Service Merchandising Principles
 - Slide Presentation and Discussion
- Basic Steps of Merchandising
- Specific Rules of Merchandising

3.4 SELLING

- The approach
- Identifying the customer's needs
- Creating a Desire to purchase
- Making a sales presentation
- Increasing the sale
- Overcoming objections
- Closing the sale
- Handling the payment
- Further points for self service or discount stores with checkouts

4. CONSUMER ORIENTATION

- Consumer Behaviour
- Marketing Mix

MODULE 5FINANCIAL RECORD KEEPING1. INTRODUCTION2. IMPORTANT CONCEPTS

- Money Measurement
- Separate Entity
- Double Entry
- Exercises.

3. THE BUSINESS "CASH TANK"

- Money in Business
- Why keep records ?

4. CASH RECORDS

- Separating Cash Transactions
- Daily Summaries
- Cash Receipts
- Cash Payments
- Cash Banked
- Exercises

5. BANKING RECORDS

- Relationship between Cash and Banking
- Types of Banking Accounts
- Current Account
- Savings Accounts
- Bank Overdrafts
- Cash banked
- Cheque payments
- Stop Orders / Debit Orders
- A T M Transactions
- Bank Charges
- Daily Balancing
- Exercises

6. EXPENSES

- Types of Expenses
- Drawings as an Expense
- Capital Expenditure
- Normal Operating Expenses
- Daily Summaries
- Ledgers
- Exercises

7. SALES RECORDS

- Cash Sales
- Till Records
- Credit Sales
- Invoices
- Lay By's
- Sales Summary (Journal)
- Exercises

8. DEBTORS RECORDS

- Individual Debtor Records
- Debtors Control Account
- Exercises

9. PURCHASES RECORDS

- Cash Purchases Through the Till
- Cash Purchases from Petty Cash
- Credit Purchases
- Purchases Summary (Journal)
- Exercises

10. CREDITORS RECORDS

- Individual Creditors accounts
- Creditors Control Accounts
- Exercises

11. STOCK RECORDS

- Stock Record Cards / Sheets
- Stock Grouping
- Stock Valuation
- Cost Price
- Selling Price
- Purchases Valuation
 - Cost Price
 - Selling Price
- Exercises

12. FINANCIAL STATEMENTSA. INCOME STATEMENTS

(Trading and Profit & Loss Accounts)

- Sales Turnover (Income)
- Cost of Sales
- Gross Profit
- Operating Expenses
- Drawings as an expense
- Net profit
- Exercises

B. BALANCE SHEET

- CAPITAL
- Owner's
- Loan
- Fixed Assets
- Depreciation and Inflation
- Retained Earnings
- Reserves
- Working Capital
 - Current Assets
 - Current Liabilities
- Investments
- Exercises

MODULE 6FINANCIAL CONTROLSKEY AREAS

- Supplier Controls
 - Receiving Controls
 - Quantity
 - Quality
 - Cost Controls
 - Correct/Best Prices
 - Discounts

- Stock Controls
 - Stock levels (Minimum/Maximum/Re-Order)
 - Unprofitable Lines
 - Dead stock
 - Excess Stocks

- Debtors Controls
 - Credit Limits
 - Follow up
 - Penalty interest

- Cash Controls
 - Tills
 - I.O.U.'s
 - Cash Up Procedures
 - R/D Cheques

- Banking Controls
 - Bank Charges
 - Security (Cheque Books/Signatories etc.)

- Premises
 - Insurance
 - Security
 - Alarms
 - Night Watch
 - Staff

MODULE 7FINANCIAL PLANNING : BUDGETS & CASH FLOW FORECASTINGKEY AREAS

- The Benefits of Budgeting
- What are Budgets
- "Nil" or "Zero"
- "Historically" Based budgets
- Cash Flow Forecasts
- Capital Expenditure Budgets
- Comparing Actual to Budget

MODULE 8MANAGEMENT - KEY AREAS8.1 INTRODUCTION TO MANAGEMENT

- What Is Management
- What Do Managers Do
- Skills Of A Manager

8.2 PLANNING

- Introduction
- What Is Planning
- Levels Of Planning
- Types Of Planning :

- i) Strategic Planning
- ii) Operational Planning
- iii) Example of Strategic and Operational Plans
- iv) Day to Day Planning and Estimates

- Group Exercises

8.3 ORGANISING

- Introduction
- What Is Organising
- What Does Good Organising Do
- Steps To Follow When Organising
- Group Exercise

8.4 LEADING

- Introduction
- Successful/Effective Leadership
- Leadership Style
- Development And Training
- Performance Slippage And Discipline
- Positive Leadership Behaviour

8.5 CONTROLLING

- What Is Controlling
- Steps In Controlling

- Set standards
- Measure

APPENDIX IX

RETAIL TRAINING PROGRAMME COURSE APPRAISAL.

RETAIL DIPLOMA COURSE

COURSE APPRAISAL

The purpose of conducting this evaluation is aimed at :

- 1) Ensuring that the training is meeting the needs of the retailers
- 2) Improving the course where necessary
- 3) Evaluating whether the training is bringing about the desired results.

Therefore by answering the questions as honestly as possible everyone stands to benefit.

PERSONAL PROFILE

- a) SEX

Male	Female
------	--------

1 2
- b) AGE

0 - 20 yrs	21 - 30 yrs	31 - 40 yrs	41 - 50 yrs	51 - 60 yrs	over 60 yrs
------------	-------------	-------------	-------------	-------------	-------------

1 2 3 4 5 6
- c) EDUCATION

0 - Std 5	6 - Std 7	Std 8	Std 9	Std 10	10 + 1	10 + 2	10 + 3	10 + 4
-----------	-----------	-------	-------	--------	--------	--------	--------	--------

1 2 3 4 5 6 7 8 9
- d) TYPE OF BUSINESS

Gen Dir	S/Mkt.	Bot Store	Hair Sal.	Shoe Shp	Fast Fds	Cafe	Dry Cln	Other (Specify)
---------	--------	-----------	-----------	----------	----------	------	---------	-----------------

1 2 3 4 5 6 7 8 9
- e) INCOME

0 - 200	201 - 300	301 - 400	401 - 500	501 - 600	601 - 700	701 - 800	801 - 900
---------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

1 2 3 4 5 6 7 8
- f) POSITION IN BUS.

Owner	Manager	Asst. Mngr.	Partner	Father/Mth's Bus.	Other (Spec.)
-------	---------	-------------	---------	-------------------	---------------

1 2 3 4 5 6
- g) LOCATION OF BUS.

Zwel.	KWT.	Zwel. Rural	Dimbaza	Peddie	Alice	M/Drift	KKHoek	Whit	Queens
-------	------	-------------	---------	--------	-------	---------	--------	------	--------

1 2 3 4 5 6 7 8 9 10 11
- | | | | |
|-----------|--------|-------|---------------|
| Mdantsane | Wesley | T/Kei | Other (Spec.) |
|-----------|--------|-------|---------------|
- 12 13 14 15

RETAIL DIPLOMA COURSE
COURSE APPRAISAL

DATE:

We would value your honest opinion about the course. Please tick the appropriate block and add any additional comments you would like to make in the space provided for comments.

A. OVERALL ASSESSMENT

i) What was your overall assessment of the course?

Poor	Adequate	Good	Very Good/Excellent
1	2	3	4

Comments:

.....

.....

.....

.....

ii) How does the course compare with other courses you have attended?

Poor	Average	Above average	The Best
1	2	3	4

Comments:

.....

.....

.....

.....

B. CONTENT

i) How much did you gain from the course?

Little	As much as expected	More than expected	Much more than expected
1	2	3	4

Comments:

.....

.....

.....

.....

ii) To what extent was the course content applicable to your work?

Not really Applicable	About 50% was applicable	Between 50 - 75% was applicable	More than 75% was applicable
1	2	3	4

Comments:

.....

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.....

iii) How did you feel about the duration of the course?

Course was too short	Course was too long	The length of the course was just right
1	2	3

Comments:

.....

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.....

.....

iv) What was the balance between lectures and practical work like?

Too much lecture	Too much practical work	Adequate Balance
1	2	3

Comments:

.....

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.....

v) What did you feel about the level of the course ?

Too easy or basic	Just Right	A bit too difficult	Too advanced and too difficult
1	2	3	4

Comments:

.....
.....
.....

C. TRAINING METHODS

- viii) How did you feel about the training methods used?
(Training methods include : Lecturing, videos, practical exercises, Business Games etc.)

Below Average	Average	Above Average	Excellent
1	2	3	4

Comments:

.....
.....
.....
.....

C. TUTOR RATING

- ix) How well did your Tutor compare with others you have had?

- a) Tutor's Name:

Below Average	Average	Above Average	As good as the best
1	2	3	4

Comments about the Tutor:

.....
.....
.....
.....

b) Tutor's Name:

Below Average	Average	Above Average	As good as the best
1	2	3	4

Comments about the Tutor:

.....

.....

.....

.....

c) Tutor's Name:

Below Average	Average	Above Average	As good as the best
1	2	3	4

Comments about the Tutor:

.....

.....

.....

.....

d) Tutor's Name:

Below Average	Average	Above Average	As good as the best
1	2	3	4

Comments about the Tutor:

.....

.....

.....

.....

E. THE VENUE

i) How would you rate the venue in terms of convenience?

Poor	Adequate	Good	Excellent
1	2	3	4

ii) How would you rate the venue in terms of comfort?

Poor	Adequate	Good	Excellent
1	2	3	4

iii) How would you rate the venue in tea / coffee arrangements?

Poor	Adequate	Good	Excellent
1	2	3	4

Any comments about the venue:

.....

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APPENDIX X

EFFECTS OF RETAIL TRAINING ON CONSUMERS.



FORT HARE INSTITUTE OF MANAGEMENT

Training • Institutions • Development • Research

PHONE (0431) 24578458

BERM BUILDING

120 W. ADELAID STREET

NOTE NEW ADDRESS AND PHONE NUMBER Fort Hare Campus Bisho :: Phone (0401) 952225

TO WHOM IT MAY CONCERN

This letter serves to introduce XOLANI MSUTU who is a student studying Business.

We are doing some research into small business training and would be most grateful if you could help us by answering some questions.

Your individual answers will be confidential - in fact we won't even ask you your name!

The shop owner/manager is quite happy about us doing this research. In fact he welcomes it as it can eventually help him.

Please answer the questions as truthfully as possible as this will also be of great help to us all.

Thank you for your time and your co-operation.

C.J. KOTZE
DIRECTOR

QUESTIONNAIRE

MEASUREMENT OF CHANGES AS PERCEIVED BY REGULAR CUSTOMERS

PROFILE OF OWNER/MANAGER

NAME:

HOME ADDRESS:

.....

DATE OF BIRTH

PLACE OF BIRTH

MARITAL STATUS

HIGHEST STANDARD PASSED AT SCHOOL

ANY POST SCHOOL QUALIFICATIONS

.....

.....

POSITION IN THE BUSINESS

BUSINESS NAME AND ADDRESS

.....

.....

TYPE OF BUSINESS:

NUMBER OF EMPLOYEES IN BUSINESS

HOW LONG HAS THE OWNER/MANAGER BEEN IN THIS BUSINESS

EFFECTS OF RETAIL TRAINING ON CONSUMERSQUESTIONS TO ASK CUSTOMERS

1. How long have you shopped at this shop?
N.B. If less than 3 years - Do not continue interview.

2. Has the business changed at all over the past three years?

Yes	No.	Don't Know
1	2	3

3. Has the change been for the better?

Yes	No.	Don't Know
1	2	3

4. If yes, in what way has it become better?

Customer Service	1
Delivery Service	2
Price	3
Product Mix/Availability	4
Quality of Merchandise	5
Merchandising	6
Housekeeping	7
Credit Facilities	8
Other	9

5. Has the change been for the worse?

Yes	No.
1	2

6. If yes, in what way has it become worse?

Customer Service		1
Delivery Service		2
Price		3
Product Mix/Availability		4
Quality of Merchandise		5
Merchandising		6
Housekeeping		7
Credit Facilities		8
Other		9

7. Do you buy more goods from this shop than you did 3 years ago?

Yes	No.	Same
1	2	3

8. Why do you buy more goods?

Customer Service		1
Delivery Service		2
Price		3
Product Mix Availability		4
Quality of Merchandise		5
Merchandising		6
Housekeeping		7
Credit Facilities		8
Convenience		9
More disposable income		10
Other		11

9. Why do you buy less goods?

Customer Service		1
Delivery Service		2
Price		3
Product Mix Availabiliy		4
Quality of Merchandise		5
Merchandising		6
Housekeeping		7
Credit Facilities		8
Convenience		9
Less disposable income		10
More competition		11
Other		12

10. Why do you buy the same amount of goods?

Customer Service		1
Delivery Service		2
Price		3
Product Mix / Availability		4
Quality of Merchandise		5
Merchandising		6
Housekeeping		7
Credit Facilities		8
Convenience		9
Same disposable income		10
No real reason to buy more		11
More competition		12
Other		13

11. How much did you spend per month in this shop in the past? R _____

12. How much did interviewee spend in the past? (Interviewee to tick correct bracket)

R 0 - 51	R 51 - 100	R 101 - 150	R 151 - 200	R 201 - 250	R 251 - 300	R 301 - 350	R 351 - 400	R 401 - 500	R 500 +
1	2	3	4	5	6	7	8	9	10

13. How much do you now spend per month in this shop? R _____

14. Amount interviewee now spends? (Interviewee to tick correct bracket)

R 0 - 51	R 51 - 100	R 101 - 150	R 151 - 200	R 201 - 250	R 251 - 300	R 301 - 350	R 351 - 400	R 401 - 500	R 500 +
1	2	3	4	5	6	7	8	9	10

15. Where do you do your main shopping?

K.W.T.	E.L.	BISHO	MDANTSANE	ZWELITSHA	LOCALLY
1	2	3	4	5	6

16. Why do you do your main shopping there? (Relates to Question 15)

Customer Service		1
Delivery Service		2
Price		3
Product Mix Availability		4
Quality of Merchandise		5
Merchandising		6
Housekeeping		7
Credit Facilities		8
Convenience		9
Other		10

17. Proportion of money spent in Local Town (i.e. Mdantsane, Zwelitsha, Frankfort etc.)

None		1
1/4 or Less		2
1/4 to 1/2		3
1/2 to 3/4		4
3/4 to 4/4		5
All		6

18. Age of Interviewee?

0 - 10	11 - 20	21 - 30	31 - 40	41 - 50	51 - 60	Over 60
1	2	3	4	5	6	7

19. Sex of Interviewee ?

Male	Female
1	2

APPENDIX XI

RETAIL TRAINING PROGRAMME COURSE DELEGATES
FOLLOW UP QUESTIONNAIRE.

RETAIL DIPLOMA COURSE

FOLLOW UP QUESTIONNAIRE

The purpose of conducting this evaluation is aimed at :

- 1) Ensuring that the training is meeting the needs of the retailers
- 2) Improving the course where necessary
- 3) Evaluating whether the training is bringing about the desired results.

Therefore by answering the questions as honestly as possible everyone stands to benefit.

- 1) Looking back do you feel that you have benefited from attending the course. Yes | No

If "yes", what areas of the course have been most helpful to you?

.....

- 2) Has your business improved as a result of the knowledge you acquired from the course. Yes | No

If "yes", please specify in what way.

.....

3) Do you think any changes should be made to the course?

Yes | No

If "yes", how could the course be improved.

.....

4) Do you keep proper financial records?

Yes | No

If "yes", do you keep :

i) Cash book (Sales Purchases Expenses)..... Yes | No

ii) Creditors Record Yes | No

iii) Debtors Record Yes | No

5) Do you employ more, less or the same number of people in your business since attending the course?

More | Less | Same

If "more", how many more?

.....

6) Have you any further training needs?

Yes | No

If "Yes", please list them:

.....

.....

7) Are you experiencing business problems in any of the areas covered in the course.

Yes | No

If "Yes", please specify the nature of the problem in the space provided ;

Subject

Problem

Marketing / sales management

Stock control and purchasing management

Record Keeping and Cashflow management

General management skills

8) Based on your experience of the course would you recommend it to other businessmen? Yes | No

Give your reasons why you answered "Yes" or "No"

.....
.....

9) Have you started any other businesses since attending the Retail Course? Yes | No

If yes, specify type and number of additional people now employed in the new business.

.....

10) Do you know how to calculate your gross and net profit? Yes | No

11) Do you need further training? Yes | No

In what areas?

.....

12) Any other comments? Yes | No

THANK YOU FOR YOUR PARTICIPATION.

APPENDIX XII

DETAILED ANALYSIS OF REACTION OF DELEGATES
TO THE PROGRAMME
1 YEAR AFTER TRAINING.

ANALYSIS OF REACTION OF DELEGATES TO THE
RETAIL TRAINING PROGRAMME 1 YEAR AFTER TRAINING

		<u>Yes</u>	<u>No</u>
1.	Have you benefited from attending the course?	96%	4%
2.	Has your business improved as a result of the knowledge you acquired from the course?	88%	12%
3.	Do you think any changes or modifications should be made to the course?	50%	50%
4.	Do you keep proper financial records?	81%	19%
5.	Do you employ more, less or the same number of people in your business since attending the course?	20%	-
6.	Have you any further training needs?	See general comments	
7.	Are you experiencing business problems in any of the areas covered in the course?	50%	50%
8.	Based on your experience of the course would you recommend it to other businesspeople?	100%	0%
9.	Have you started any other businesses since attending the course?	27%	-
10.	Do you know how to calculate your gross and net profit?	77%	13%
11.	Do you need further training?	77%	13%

12. General Responses and Comments:

Areas of the course which have been most helpful to respondents:

Marketing	27%
Finance	58%
Management	15%

Further Training Needs

77% of respondents said they needed further training for themselves and for their staff.

Main areas in which further training requested was as follows:

Financial Management	55%
General Retail Training for Staff Assistants	20%

Favourable Statements:

- There has been improved customer relations
- I have cut down on debtors and this has proved fruitful
- This course gives you know how and confidence, you cease to fear competition
- I know how to value my profits and how to attract customers
- I feel that I can now control the money in the business better
- People would gain better insight into business if they attend
- There has been 39% growth (1988 vs 1989)
- Course would give good background to people who want to start their own business
- I now advertise and merchandise more in my shop
- The course teaches you a lot about business management
- I was very impressed by the way Barry ran the course
- I am getting more sales
- I personally benefitted a lot from the course
- The recordkeeping was a real eye opener for me
- I have been able to start a second business
- I have managed to achieve cost reductions for my business
- People who own retail businesses can have super shops if they attend the course
- Course helped us discover our mistakes in financial management and gave us an idea on how to improve the situation
- I have eliminated stock losses

Unfavourable comments

- Course was too long
- Exam time was too short
- It does not cater for all types of businesses

Comments and ways in which the course could be improved

- Do it over six months
- Finance section is very difficult we should spend more time on it
- Management section should be more practical
- Would be a good idea to run it in Xhosa for people with low level of education
- Time inbetween lectures needs to be shortened
- A refresher course would be a good idea

Conclusion

Clearly the benefits flowing from having attended the course and the respondents perceptions of the course have been overwhelmingly positive. This is mostly evidenced in the fact that all respondents, including the very few (only 12%) who said that their business did not improve as a result of the knowledge acquired from the course, however, said they would recommend the course to other businessmen.

The survey revealed that Financial Management is the area where the respondents have benefitted most, it has also been shown to be the area where further training is needed. The majority of the business problems experienced by the respondents also relate to financial management.

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