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DETERMINING THE MANAGERIAL SKILLS' TRAINING NEEDS OF RETAIL AND WHOLESALE INDUSTRY IN TSHWANE AREA OF GAUTENG

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ABSTRACT

The paper determines the managerial skills training needs of Retail and Wholesale industry in Tshwane area of Gauteng. Several researches identified range of problem with retail and wholesale businesses emanating from lack of managerial skills without identifying the lacking skills. Survey research method was adopted. The population of study was the retail and wholesale businesses in Tshwane area of Gauteng from which sample were selected using multistage and convenience sampling technique. Questionnaire was used as research instrument, validated through content validity while reliability was done through test-re test method. The Cronbach alpha value was 0.836. Descriptive analysis was employed to analyze data and make decisions. The paper identified business management, financial management, marketing and sales management together with access to funds and adequate financial record keeping as the major challenge as well as the managerial training needs of the retail and wholesale. In effect the big challenge is the conceptual skills that is lacking. The paper concluded that management effectiveness of the retail and wholesale industry will strongly depend on adequate managerial skill in the business. By implication, business operators are exposed to

relevant managerial training required of them while the various support services to small and medium scale enterprises are to focus on the conceptual needs of the retail and wholesale industry for ultimate effective performance and contribution to economic development.

Keywords: *managerial Skill; Training needs; Retail and Wholesale industry;Tshwane SMEs*

1. INTRODUCTION

The retail and wholesale industry, an integral part of the small and medium scale enterprises, has contributed to the economic growth of the nation. They formed 98.8% of all companies in European Union and are considered to be the engine for society's development. This is because they play significant part in employment and professional training of young people. Compared to big companies, they employ more women, young people and part-time employees. SMEs are closely connected with the region than large employers and therefore have significant influence on the region's development.

Several researches conducted identified range of problems with small and medium enterprises. According to Gerber, (2001) "Within any given year, close to one million small enterprises are founded. Sadly, at least 40% of those businesses fail within the first year. The failure rate over time is nothing short of staggering. Of the one million started the given year, more than 800,000 (80%) of them will be out of business within 5 years and 96% will have closed their doors before their 10th birthday". The result of empirical studies of small enterprises (Newton, 2001) show that failure and bankruptcy of enterprise is caused more by internal problems rather than external forces.

Gerber (2001) further opined that small enterprises are mostly founded by technicians, specialists or professional in certain field. For example, an accountant or a carpenter "know their onions" but have little information and experience in the field of management. They can perform their work on professional level, but seldom do they entrust their enterprise in the hands of manager, or try to acquire this knowledge by themselves. They run into problems with management of their enterprise because they concentrate all attention just to their specialized field of expertise. The management and managerial skills are neglected. More complications develop when the enterprise is successfully expanding and the entrepreneur is not capable of running the enterprise due to lack of needed knowledge and managerial skills. The inadequate level of management coupled with other related issues accounted for the failure of enterprise.

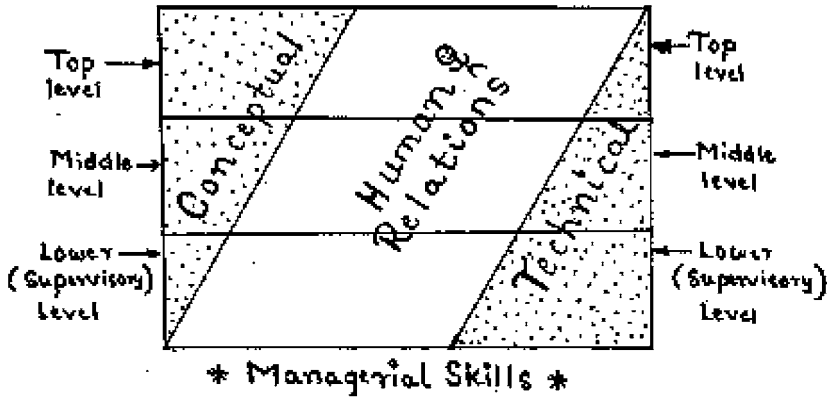
Determining the managerial skills training needs of the retail and wholesale industry in Tshwane area of Gauteng is a positive intervention in arresting failure and equally to ensure sustenance of retail and wholesale industry through the process of identifying the areas of training needs that will foster managerial development of the entrepreneurs and managers.

Some of the studies conducted on managerial skills focused on its importance for small entrepreneurs and how prioritizing managerial skills are effective in developing organization as well as in relations to other variables. There was a lack of study on determining the managerial skills training needs of retail and wholesale industry as a focused study to guide policy direction in empowering the retail and wholesale entrepreneurs and ultimately reduce the high incidence of small and medium scale mortality before their tenth anniversary. The objective of the paper therefore is to determine the managerial skills training needs of the retail and wholesale entrepreneurs in Tshwane area of Gauteng. Following this introduction, section two of the paper considered the review of Literature, section three discussed the methodology of the paper, and section four presented the analysis, results and discussion while the last section dwelled on the conclusion and recommendations.

2. LITERATURE REVIEW

2.1 MANAGERIAL SKILLS

Efficient and effective management assures achievement of organizational strategy and goals, Managerial skills are one of the reasons in consecutive organisational successes as well as forestalling the premature death of retail and wholesale entrepreneurs. Management effectiveness therefore requires managerial skills. Managerial skills are essential skills which every manager needs for doing a better management. According to Katz's theory(1991), a successful manager has triplet managerial skills. These are **Conceptual Skills**, **Human Relations Skills**, and **Technical Skills**. Managers require the three managerial skills but the degree of these skills varies from levels of management and from organization to organization. The diagram below shows the managerial skills required by managers working at different levels of management. The top-level managers require more conceptual skills and less technical skills. The lower-level managers require more technical skills and fewer conceptual skills. Human relations skills are required equally by all three levels of management.



Source; 2015 Kalyan City life blog.

The conceptual skill is the ability to visualize (see) the organization as a whole. It includes Analytical, Creative and Initiative skills. It helps the manager to identify the causes of the problems and not the symptoms. It helps him to solve the problems for the benefit of the entire organization. It helps the manager to fix goals for the whole organization and to plan for every situation.

The human relations skill is the ability to work with people. It helps the managers to understand, communicate and work with others. It also helps the managers to lead, motivate and develop team spirit. Human relations skills are required by all managers at all levels of management. This is so, since all managers have to interact and work with people. The technical skill is the ability to perform the given job. Technical skills help the managers to use different machines and tools. It also helps them to use various procedures and techniques. The low-level managers require more technical skills. This is because they are in-charge of the actual operations.

Scholars have further identified additional managerial skills to the work of Katz (1974). These other skills identified includes communication skill, administrative skill, institutionalized skill, leadership skill, problem solving skill, team making, compatibility, specialization, designing and decision making skill. Notable authors who identified additional managerial skills are Yukl (2010), Koontz and Wehrich(1988) Montel, Meredith Shafer and Sutton(2004). Yukl 2010 adopted two-factor taxonomy to classify managerial skills. According to Yukl (2010), the skills profile of owners/managers is broadly classified into two main categories, namely technical and conceptual skills.

Aminian (2004) related managerial performance to managerial skills in the work that examined the relationship between managerial skills and mana-

gerial performance in female management. The study concluded that managerial effectiveness was positively related to managerial skill. In the study of prioritization of managerial skill in organization, Bigedi (2001) and Seid Shoja (2006) identified that managerial skill follows the respective order of technical skill, conceptual skill and human skill in management. However the study by Fartash Esfahlan (2004) reordered the priority of managerial skills in management as conceptual skill, human skill and technical skill.

2.2 RETAIL AND WHOLESALE BUSINESS

This sector includes entities engaged in trade in agricultural raw material, livestock, food, beverages and tobacco, household goods, waste and scrap, machinery and equipment, motor vehicles, automobile fuel, hotels and restaurants. Given its extremely low entry barriers, wholesale and retail trade has the highest concentration of small businesses. The sector is recognised by many people as a safety net, due to shrinking formal job opportunities, lack of skills, demographic pressures and retrenchments. It also serves as an incubator for entrepreneurship, poverty alleviation and job creation. SMEs in this sector typically have a key person who takes control of the entire value chain activities.

However, recent years has seen South Africa moving increasingly towards mall-based retailing. There is an increasing level of competition with a number of giant retail groups and mushrooming shopping centres in remote areas of the country. There is also a decline in the role of wholesalers who traditionally acted as intermediaries between manufacturers and retailers. Today retailers source goods directly from manufacturers, thus reducing the function of wholesalers in the value chain. These bring goods from other areas at reduced prices thereby making it difficult for small businesses. Wholesalers are now mainly transacting with small businesses and informal traders, who buy directly from them.

The wholesale and retail sector is also characterised by high levels of informalisation (casualization, outsourcing, labour-broking and subcontracting) aimed at reducing operating costs. Casualization implies that casual workers receive little if any skills development (W&R SETA 2012).

3 METHODOLOGY

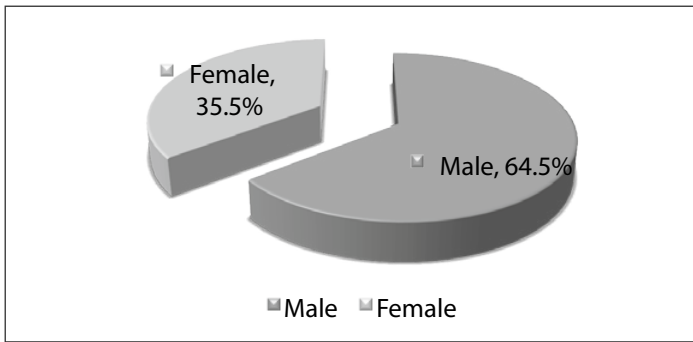
To establish the managerial skills training needs of the retail and wholesale entrepreneurs, a survey research was designed. Primary data were collected from wholesale and retail traders in the Tshwane area. The population of study was 430 SMEs. Convenience sampling techniques was used. The industrial classification codes of agriculture, hunting and fishing; mining and quarrying;

manufacturing; electricity, gas and water supply; construction; wholesale and retail trade; transport, storage and communication; financial intermediation, insurance, real estate and business services; and community, social and personal services and 61 participants were selected on convenience basis from each category. To assess the internal consistency of the instrument, Cronbach's alpha was run and a reliability coefficient of 0.836 resulted. The instrument was validated through content validity. Descriptive statistical analysis was employed to determine managerial training needs of the retail and wholesale entrepreneurs. The outcome of the determination was used to make decision.

4. RESULTS, ANALYSIS AND DISCUSSION

4.1 CHARACTERISTICS OF RESPONDENTS

Figure 4.1: Respondents by Gender

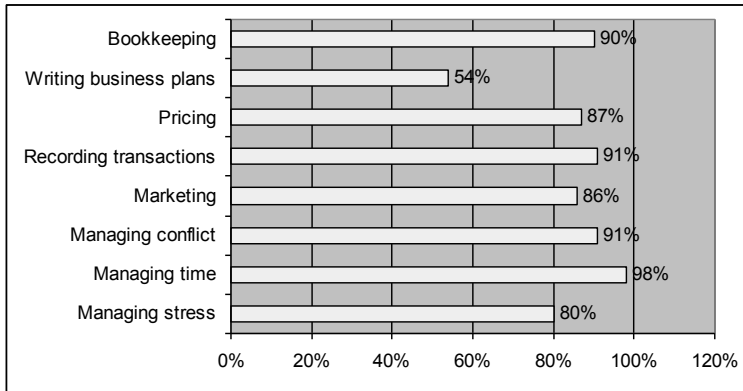


Source: 2014 Field Report

As Figure 4.1 confirms, almost two-thirds (64,5%) of the respondents were male. Only 35,5% of the respondents were women, which validates the secondary research conducted.

The figure presents the distribution of respondents by position held in businesses. It is evident from this figure that only the owners and managers of selected businesses provided information about their businesses during the interviews. The number of owners is slightly higher (50.4%) than that of managers. This is not surprising as the majority of small business owners are involved in the day-to-day management of their businesses.

Figure 4.2: Respondents by Skill



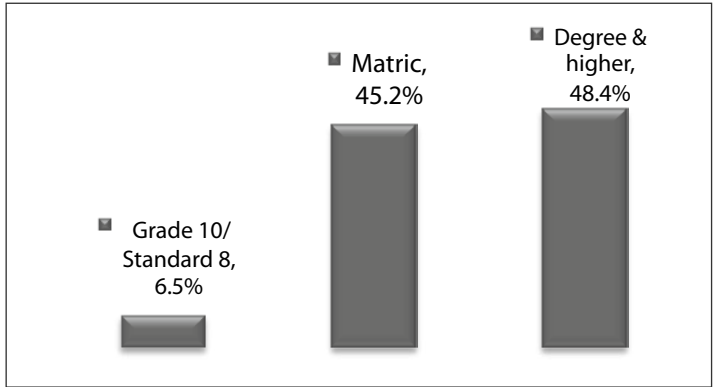
Source: 2014 Field Report

Figure 4.2 indicates that motivating workers occupies most (98 percent) of an owner's time. Besides this function, managing time and solving problems are more frequently attended to when compared to the other business functional area? Nearly 86 percent of the respondents are constantly involved in marketing activities. The rest of the respondents never or hardly ever market their business, or do not know what marketing is. These business owners should be assisted in acquiring knowledge about marketing.

90 percent of the respondents are constantly involved in bookkeeping activities and 91 percent of daily record their business transactions. A disturbing 54 percent of the respondents never wrote a business plan, or does not know how. Verbally, most of these respondents indicated that they did not really know how. However, this is an important activity since without this it is hardly possible to obtain finance from the banks. About 87 percent of the entrepreneurs constantly devote time to the pricing of products and services. The rest of these small business owners never do pricing themselves, but indicated verbally that they invite outside help with this function.

From the generally positive results expressed by the respondents that are reflected in figure 4.2, one can safely conclude that most business owners have a high regard for managerial skills and what they mean for the success of their businesses, although some are unfamiliar with the demands of these skills for a lack of training. Although the respondents find all the managerial skills listed in the table as important in their day-to-day work, it is obvious that writing business plans is the least favourite activity, most likely because of unfamiliarity. All the managerial skills mentioned in figure 4.2 are important and should be attended to if a business were to succeed.

Figure 4.3: Respondents by Qualifications

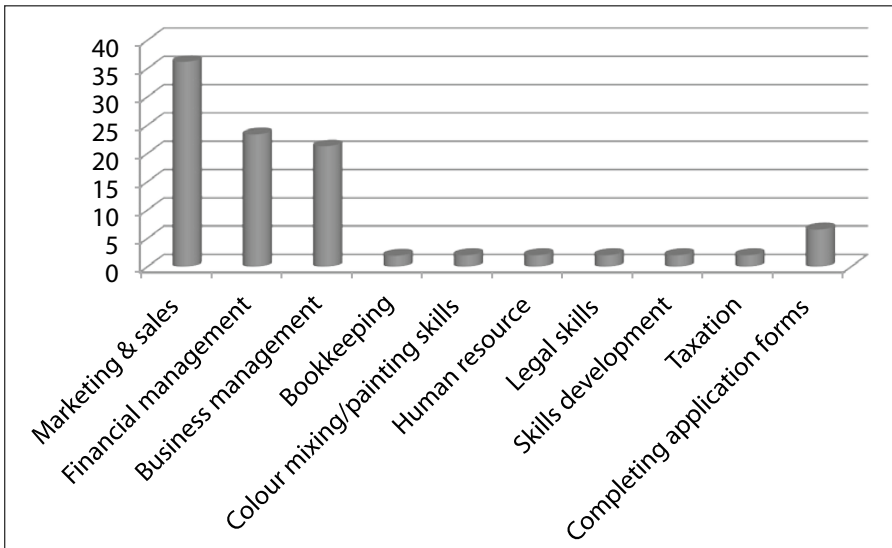


Source: 2014 Field Report

Figure 4.3 substantiates that most SME owners in Tshwane received good education as only 6,5% of the respondents had an educational level of less than grade 12. The proportion of respondents with a graduate education and higher (48,4%, n=15) was only slightly larger than those with grade 12 (45,2%, n=14).

4.2 MANAGERIAL SKILL TRAINING NEED

Figure 4.4: Respondents by Managerial Skill Training Needed



Source:2014 Field report

Figure 4.4 presents the types of training needed by owners/managers in the wholesale and retail industry. It is evident from this table that there is an overwhelming need for conceptual skills, especially in the area of marketing and sales (36.2%), financial management (23.4%) and business management (21.3%).

4.3 DISCUSSION

Retail and wholesale industry in Tshwane area of Gauteng largely wanted managerial skill training intervention in the area of marketing and sales, financial management and business management. This is because 80.9% of the survey participants indicated their desire to be trained in these three critical areas of their business concern. This has clearly reveal a policy direction to the government and NGO's to know the areas intervention is required by the retail and wholesale business. The various consulting firms should equally note the areas of needs by the retail and wholesale businesses.

The participants further indicated managerial skill training need in the area of accessing funds. 73 % of the respondents desired to be motivated on how well to access funds for their businesses. The issue of records keeping was also a challenge to the retail and wholesale. In effect, 73.3% of the respondents desired to be motivated on how well to keep financial records of their businesses. The findings revealed that retail and wholesale businesses are seriously constraint with the conceptual skill. In effect they are rich in technical and interpersonal skills but are limited with the conceptual skill. This view was supported by the study carried out by Bigedi (2001) and Shoja (2006) indicating that managerial skills follows the order of technical, conceptual and interpersonal skill in management. The managerial effectiveness of the retail and wholesale businesses is related to their managerial skill. This view was corroborated by Aminian (2004) who posited that managerial effectiveness was positively related to managerial skill.

5. CONCLUSION AND RECOMMENDATIONS

Based on the analysis and the findings thereof, this paper concludes that owners and managers of small businesses are predominantly technically skilled and less skilled in the area of business management, marketing and financial management. This is as a result of their limited academic qualifications. Specific managerial skill training needs required by managers include marketing, financial management (including business financing) and business management.

Therefore, managerial skill training in the areas identified by the study is a critical success factor for achieving optimum organization's performance by the retail and wholesale businesses.

Consequently, the paper recommends that retail and wholesale businesses should avail themselves of any training in the areas of the managerial skills training needs identified to boost their operations. Entrepreneurship Centre should equally focus their training on the areas the retail and wholesale businesses are limited. Government support to the retail and wholesale business in terms of empowerment should be targeted at the areas the retail and wholesale businesses are lacking. It has been revealed by the study that technical and interpersonal skills are not a critical challenge as the conceptual skill is to the retail and wholesale businesses.

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POTREBA USAVRŠAVANJA MENADŽERSKIH VJEŠTINA U MALOPRODAJI I VELEPRODAJI U PODRUČJU TSHWANE GAUTENGA

SAŽETAK RADA:

U radu se utvrđuje potreba za usavršavanjem menadžerskih vještina u maloprodaji i veleprodaji u području Tswane Gautenga. Nekoliko istraživanja identificiralo je da niz problema u maloprodaji i veleprodaji tvrtki proizlazi iz nedostatka menadžerskih vještina no bez identifikacije vještina koje nedostaju. U ovom radu je korištena istraživačka metoda ankete, upitnik kao istraživački instrument.

Uzorak istraživanja bile su maloprodajne i veleprodajne tvrtke u području Tshwane Gautenga. Opisna analiza korištena je za analizu podataka i donošenje odluka.

Rad je identificirao poslovno upravljanje, financijsko upravljanje, marketing i menadžment prodaje, zajedno s pristupom financijskim fondovima i odgovarajuće financijske evidencije kao izazov u radu no naglašena je i potreba za usavršavanjem menadžerskih vještina u maloprodaji i veleprodaji.

U radu se zaključuje da je učinkovitost u maloprodaji i veleprodaji u međuo-
nosu sa odgovarajućim menadžerskim vještinama u poslovanju.

Ključne riječi: menadžerska vještina; usavršavanje menadžerskih vještina; maloprodaja, veleprodaja, industrija; Tshwane MSP