

# The Impact Of Training Courses On Financial Management Skills Of South African Small-Business Owners

Corinna Lina Kirsten, University of Stellenbosch, Republic of South Africa

## ABSTRACT

*Short-term financial management skills are regarded as critical for South African small business owners to effectively manage their businesses so they may survive and grow. These skills can be developed by attending training courses, preferably those specifically designed for the small business environment offered by private sector service providers with the necessary experience and expertise. Record keeping, determining future profitability, managing working capital, measuring past performance, and tax and legal entity compliance are identified as key aspects in which small business owners require training. This study investigates the extent to which a training course, developed and presented by academics from the accounting profession, improved the knowledge of a group of South African small business owners regarding aspects of short-term financial management. A pre-test and post-test single group experimental design was used. In addition, the participants' satisfaction with the training course and the trainers was assessed using a post-test design. The results show a significant increase in the participants' knowledge of aspects of short-term financial management, as well as overall positive feedback regarding the training course and trainers. Challenges relating to language and the duration of the training course were identified. Future research on how such a training course could be combined with other types of interventions to further develop financial management skills is suggested.*

**Keywords:** Accounting Profession; Financial Management Training; Small Business Development

## INTRODUCTION AND BACKGROUND

Small business development and entrepreneurship are recognised as key contributors to driving economic development and growth (Douhan, Eliasson & Henrekson, 2007; Kirzner, 2009). In South Africa, 90% of new jobs were created by small, medium and micro-enterprises (SMMEs) between 1985 and 2005 (Cohen, 2012). The 2011 Global Entrepreneurship Monitor (GEM) report states that in South Africa the total early-stage entrepreneurial activity rate (9.1%), nascent entrepreneurship rate (5.2%) and new-firm activity rate (4%) remained constant from 2010 to 2011. This indicates that entrepreneurial activity in South Africa has not progressed much during this period. The report further states that the low 2.3% prevalence rate in 2011 of established business owner-managers in South Africa is of great concern, especially when compared to similar economies (Simrie, Herrington, Kew & Turton, 2012:4).

The South African government's New Growth Path Framework (South Africa, 2010) and the more recent National Development Plan (South Africa, 2012) have re-emphasised the need of supporting small business as part of its development strategies, especially focusing more on small, black-owned enterprises. The National Development Plan recognises that government has not been successful, through its black economic empowerment (BEE) strategies, in helping small businesses to grow, and it identifies that support to business must be targeted as well as dependent on factors such as sector, geographical location and size and should not take a 'one size fits all' approach (South Africa, 2012:141).

Research indicates that small business growth rates in South Africa are low and that on average 50% of all small businesses fail to grow (Ladzani & Van Vuuren, 2002:155). Ihua (2009) identifies that the lack of management skills results in poor management decisions taken by small business owners, which in turn impacts on small business growth. Business failure rates are also high in South Africa and Lighthelm and, Cant (2002) state that this is mainly attributed to problems in the internal environment of a business, which includes poor management skills, limited financial knowledge and a lack of business management training.

Rajaram (2008) identifies that many small businesses are managed by their owners because such businesses usually do not have the resources to employ managers. As a result, the owner-managers of small businesses are required to multitask and perform all the management functions themselves, especially financial management. Furthermore, many small businesses do not have access to funding, owing to a lack of credentials, and are therefore not able to expand. Orford, Herrington and Wood (2004) affirm that it is imperative for owners of small businesses to possess financial management skills since this is an aspect of management that increases start-up and new-business survival rates.

### **Financial management and accounting-related skills required by small business owners**

Financial management functions such as investment, financing decisions and solvency (functions related to long-term goals), as well as ensuring profitability and positive cash flows (functions related to short-term goals) are required to manage small businesses (Marx, De Swardt, Beaumont-Smith, Naicker & Erasmus, 2004:7). Schwarze (2008:144) recommends that in order to survive, small business owners should first acquire financial management skills that assist in short-term decision making. She asserts that financial management skills for long-term decision making can be acquired at a later stage.

The literature suggests various short-term financial management skills required for managing small businesses. Gitman (2010:136) identifies two components of short-term planning for small businesses, namely profit planning and cash flow planning. Profit planning, according to Gitman, involves forecasting income and expenditure while cash flow planning involves forecasting cash flows. Nieman (2006:18) recommends the following three management focus areas for small business survival: top line (sales/turnover), bottom line (profitability) and cash. Monitoring cash flow is a key aspect of working capital management in order to manage short-term assets (stock and debtors) and short-term liabilities (creditors) (Nieman, 2006:118). Orford, Wood, Fischer, Herrington and Segal (2003) identify the following critical financial practices that should be in place in micro-businesses: keeping a cash book, keeping record of accounts receivable and inventory and managing debtors effectively. Mboniyane and Ladzani (2011:557) recommend that survivalists and micro-enterprises should keep weekly or monthly records and draw up a financial plan in order to grow their businesses. Phenya (2011:76) states that in order to compile a business plan, small business owners should be able to prepare and analyse financial statements, prepare cash budgets and perform a break-even analysis. A break-even analysis examines the relationship between volume, sales revenue and costs to determine sales revenue and volumes required in the short-term to cover costs and to achieve target profits (Drury, 2008). Olusola (2011:376) also recommends that small business owners should be able to do record keeping and prepare financial statements for monitoring business performance, regardless of tax compliance requirements. From the above, the following five important short-term financial management practices can be identified: record keeping, financial statement preparation and analysis, working capital management, profit planning and break-even analysis. Record keeping, as well as the preparation and analysis of financial statements, is backward-looking, since the information generated is used to assess past business performance on which to base future decisions. Profit planning and break-even analysis, are both future oriented, and are used to plan the short-term profitability of a business. Working capital management is also future-oriented, focusing on short-term liquidity.

In addition to the above financial management skills, small business owners are responsible for ensuring that the tax compliance requirements for their businesses are met. Abrie and Doussy (2006) found that tax requirements add to the administrative burden of small businesses and uses resources that could otherwise be used for managing such businesses more effectively. Although the National Development Plan (South Africa, 2012) has prioritised simplifying rules for running small businesses and reducing the administrative and regulatory burden of running them, the cost of compliance is still high. Smulders and Stiglingh (2008) found that the cost of tax

compliance for small businesses is inversely proportional to the size of the business: the smaller the business, the heavier the cost burden of having to comply with tax requirements. Their study also indicates that the main reasons why small businesses use the services of tax practitioners are that such businesses lack knowledge of tax. The study recommends that training programmes should be available for small businesses to gain knowledge of tax requirements.

Furthermore, administration and compliance requirements must also be met by small businesses, depending on the form of ownership of the business. For example, businesses that are registered as close corporations or companies in South Africa must adhere to specific legislation, as set out in the Close Corporations Act (Act 69 of 1984) and the new Companies Act (Act 71 of 2008); the new Companies Act also incorporating new rules relevant to businesses operating as close corporations. Failure to adhere to these legal requirements will result in the legal entity being deregistered or penalties being imposed. Chiloane-Tsoka and Rankhumise (2012) found that although the implementation of the new Companies Act is intended to reduce the regulatory requirements for companies in South Africa, very few participants understand the requirements of the new Act. They recommend that owners of SMMEs should be educated about the requirements of the Act in order to comply and benefit from the lightened burden.

In summary, the following five aspects of short-term financial management and its related administrative tasks are identified from the literature as what small business owners must be able to do:

1. Record keeping – the ability to keep record of business transactions
2. Planning for future profitability – the ability to forecast income and expenditure and to perform break-even analyses
3. Working capital management – the ability to manage cash flow, stock, and debtors and creditors
4. Measuring past performance – the ability to prepare and analyse financial statements
5. Compliance – the ability to adhere to tax and legal entity requirements.

### **Financial management training for small businesses**

In order to assist start-up and existing small businesses in developing their financial management skills, Maas and Herrington (2006) identify that education and training are key interventions. Radipere and Van Scheers (2005:410) recommend that education and training should be practical and not too formal, as well as classroom based. Orford et al. (2004) recommend that education and training should be provided by service providers from the private sector with the necessary ability and experience. Schwarze (2008) identifies that members of the accounting profession, and specifically accounting academics, could play a valuable role in financial management skills development through education and training, considering that they are experts in this field and have experience in teaching.

De Waal (as cited in Nieman, 2001:449) recommends that trainers should possess sufficient business experience, should support trainees, and preferably speak the home language of the trainees, and that training should be kept simple in order to be effective. Govender (1991) and Herrington, Kew and Kew (2009) recommend that the content and structure of training courses should not follow the standard training courses for large corporations, but should rather be specifically designed to address the requirements of small businesses. Walker, Redmond, Webster and Le Clus (2007:303) recommend that training venues should be near to where the businesses operate, in order to minimise travelling time and therefore time away from participants' businesses.

### **PROBLEM STATEMENT AND OBJECTIVES**

The literature shows that financial management skills are vital for South African small business owners to be able to effectively manage their businesses. Record keeping, planning for future profitability, managing working capital, measuring past performance, and tax and legal entity compliance are regarded as key aspects of short-term financial management for a business not to fail, and to grow. Education and training are regarded as key interventions in developing these skills. Members of the accounting profession have been identified as role-players to assist in training small business owners in developing these skills.

The purpose of this exploratory study was, in the first instance, to assess whether a financial management training course (specifically designed for small business owners and presented by accounting academics) improved the knowledge<sup>1</sup> of these aspects of short-term financial management for small business owners. Secondly, this study assessed the participants' satisfaction with the training course and trainers in order to identify any challenges faced by the participants. To address the first objective of the study, the following hypotheses were formulated:

- H<sub>1</sub>:** The training course improved the small business owners' knowledge of record keeping.
- H<sub>2</sub>:** The training course improved the small business owners' knowledge of planning for future profitability.
- H<sub>3</sub>:** The training course improved the small business owners' knowledge of managing working capital.
- H<sub>4</sub>:** The training course improved the small business owners' knowledge of measuring past performance.
- H<sub>5</sub>:** The training course improved the small business owners' knowledge of compliance with tax and legal entity requirements.

## **RESEARCH DESIGN AND METHODOLOGY**

### **Materials and method**

A quasi-experimental study was conducted by means of a pre-test and post-test single group design, in order to determine whether participants' knowledge of the aspects of short-term financial management and related administration improved as a result of a training course. Before the training course, and again directly after it, participants were asked to rate their knowledge of five aspects of short-term financial management. A post-test single group design was used to obtain feedback from the participants regarding their experience of the course and the trainers.

The training course covered the five aspects of short-term financial management identified from the literature, using mainly a case study to incorporate practical work during the course and requiring a high level of participation from the small business owners. The training course material was developed by an academic specialising in the field of financial management and accounting and with practical experience with small businesses in these fields. The duration of the training course was two full working days. It took place during the week and was presented by accounting academics (all of whom are also qualified chartered accountants). The course was taught in English and/or in Afrikaans, depending on the specific composition of the individual groups. The trainers were instructed to use basic terminology and language to accommodate the participants. Owing to the geographical spread of the participants' businesses, six training courses were concurrently presented, each in one of the main towns in the area. Each participant attended one of the training courses presented, dependent on where his or her business was located.

A brief overview of the content of the training course under the five identified aspects of short-term financial management is discussed below:

#### *Record keeping*

Using a case study, participants were taught the basics of keeping book of one month's business transactions for a fictitious business that provides services, namely sorting and organising business documents. They were also taught to identify which transactions were cash transactions and which were transactions that appeared on the bank statement, in order to compile a record of cash transactions. Furthermore they were taught how to separate business and personal transactions in order to accurately record business transactions.

---

<sup>1</sup> Bloom (1956) holds that skills cannot be developed before knowledge is first obtained. It was therefore deemed appropriate to assess participants' knowledge of financial management. However, it is acknowledged that the implementation of such knowledge is of cardinal importance for true skills development. Such implementation is further highlighted in the findings of the study.

*Planning for future profitability*

Using a case study, participants were taught how to calculate the cost and selling price of a product and service, how to determine monthly target sales (sales revenue required to break even and to cover the small business owner’s minimum required income), as well as how to budget for future income and expenses a few months in advance.

*Working capital management*

Participants were taught the principles and risks of managing short-term cash flow, stock, debtors and creditors, and differentiating between short-term (working) capital and long-term capital. A practical case study was used for participants to prepare a monthly cash budget for a business.

*Measuring past performance*

Participants were taught the difference between income, expenses, assets and liabilities. They were taught how to compile and interpret financial statements in order to determine past business performance, how to measure business growth and how to illustrate the difference between cash flow and profit. A case study was used for participants to practice preparing and interpreting a basic set of monthly and annual financial statements.

*Compliance*

The tax requirements of the different forms of ownership were taught, including how the various business taxes are calculated, the types of taxes, the dates by which these taxes should be paid and the consequential returns that must be submitted to the South African Revenue Service. The main requirements that are applicable to the various forms of legal entities were covered, including the requirements of the Close Corporation Act and the new Companies Act.

**Measures**

*Knowledge of financial management*

Before commencement of the training course and again directly after completion of the course, the participants rated their knowledge of aspects of short-term financial management. The aspects of short-term financial management used in the pre-test and post-test were identical, and were all covered in the training course as discussed above. All aspects were measured on a five-point Likert scale, ranging from 1 = ‘no knowledge’ to 5 = ‘excellent knowledge’. Cronbach’s alphas were calculated from the results of the study for each of the five identified aspects of short-term financial management, indicating relatively high reliability (Nunnally, 1978). These are provided in Table 1 below:

**Table 1**  
**Cronbach’s alphas per aspect of short-term financial management.**

<b>Short-term financial management aspects:</b>	<b>Before (<math>\alpha</math>)</b>	<b>After (<math>\alpha</math>)</b>
Record keeping	0.962	0.741
Planning for future profitability	0.935	0.800
Working capital management	0.971	0.794
Measuring past performance	0.978	0.906
Compliance	0.987	0.942

Source: Own calculations using IBM SPSS Statistics 20

*Participants’ satisfaction*

After completion of the training course, the participants were also asked to answer closed-ended and open-ended questions in order to provide feedback on the course and the trainers. A five-point Likert scale, ranging from 1 = ‘strongly disagree’ to 5 = ‘strongly agree’ were used for the closed-ended questions.

## **Sampling**

Purposive (judgmental) sampling was used in this study. The participants who attended the financial management training course were beneficiaries of an entrepreneurial development programme initiated by a municipality in the Western Cape province of South Africa. All the small business owners who were beneficiaries of the programme were from previously disadvantaged communities and are defined as ‘black people’ in accordance with the Broad-based Black Economic Empowerment (BBBEE) Act (Act 53 of 2003). This is a generic term which refers to black Africans, so-called coloureds, and Indians (South Africa, 2003). There were 46 participants who attended on both days of the training course. A full set of data for only 43 of the 46 participants could be used for analysis.

## **Research limitations**

Since a pre-test and post-test single group design was used for this study, there may be certain threats to the internal validity of the study. Maturation, which is the growth, change or development in participants unrelated to the training course (Robson, 2002:105) and a function of time and events that occur naturally and coincide with growth and experience (Zikmund, Babin, Carr & Griffin, 2010:276), may have influenced the participants’ rating of their knowledge before and after the training course. The participants, however, did not receive any training or mentoring in the programme between the pre-test and commencement of the training course. The participants were pre-tested one month before the course and post-tested directly after course completion. The threat of maturation on internal validity is thus regarded as low. The testing effect may also threaten internal validity – participants may be alerted in the pre-test, which may affect their responses after the experimental treatment (or training course) (Zikmund et al., 2010:276). Owing to the time lag of one month between the pre-test and the post-test, participants are likely to have forgotten their pre-test ratings and to have provided reliable ratings in the post-test. Thus the threat of testing effects on internal validity may also be regarded as low. External validity is high in field experiments (Zikmund et al., 2010:278) and thus also high in this exploratory study. Further limitations of this study are that a small sample size was used and that only the participants’ rating of their knowledge (of short-term financial management before and after the training course) was used as a measure for determining whether their knowledge had improved as a result of the training course.

## **RESULTS AND DISCUSSION**

The sample of 43 small business owners for whom a full set of data was available consisted of 56% male and 44% female small business owners operating their businesses in the Boland region of the Western Cape province of South Africa. The home language of the majority of participants was Afrikaans (56%), followed by Xhosa (35%) and a few whose home language was English or Sotho. All participants indicated that they understood Afrikaans and/or English. The mean age of the participants was 43.21 (SD=10.93). The highest level of education for most participants was Grade 10 (35%), followed by Grade 12 (33%) and a BTech degree (16%). The remainder either had Grade 7 or lower (12%) or had obtained a bachelors and/or honours degree (4%).

The majority of participants (77%) indicated that their businesses were service businesses, with only 16% in the manufacturing and 7% in the retail business. Most small business owners (60%) indicated that they operated their businesses as sole proprietors, 30% of the businesses were registered as close corporations, 5% as private companies and 5% as co-operatives. The small business owners were asked to indicate in which predetermined bracket the monthly turnover of their businesses fell. Most indicated a monthly turnover of R1–R5,000 (42%) or R5,001–R15,000 (37%). Only 12% of the businesses were generating a monthly turnover of between R15,001 and R50,000 and 9% of the participants’ businesses were start-ups and had not yet commenced trading at the time of the training course.

### **Improvement in knowledge of aspects of short-term financial management**

A one-tailed paired-samples t-test was conducted to assess whether or not the stated hypotheses that the small business owners’ knowledge of the five short-term aspects of financial management had improved as a result of the training course held true. The results of the t-test are presented in Table 2 below:

**Table 2**  
Improvement in knowledge per aspect of short-term financial management,  
measured before and after the training course.

	Before training course		After training course		t(42)	Eta-squared	p
	Mean (M)	Standard deviation (SD)	Mean (M)	Standard deviation (SD)			
<b>Record keeping</b>	2.56	1.10	3.87	0.59	-7.41	0.57	.000
<b>Planning for future profitability</b>	2.80	0.90	3.69	0.68	-6.34	0.49	.000
<b>Working capital management</b>	2.64	1.17	3.69	0.65	-6.22	0.48	.000
<b>Measuring past performance</b>	2.15	1.00	3.62	0.69	-8.94	0.66	.000
<b>Compliance</b>	2.01	1.12	3.38	1.06	-6.34	0.49	.000

Source: Own calculations using IBM SPSS Statistics 20

The participants' rating of their knowledge of record keeping improved from before the training course (M = 2.56, SD = 1.10) to after the training course (M = 3.87, SD = 0.59,  $t(42) = -7.41$ ,  $p < 0.05$ ). Similarly, the participants' rating of their knowledge of the other aspects of financial management also improved: knowledge of planning for future profitability improved from before the training course (M = 2.80, SD = 0.90) to after the training course (M = 3.69, SD = 0.68,  $t(42) = -6.34$ ,  $p < 0.05$ ); knowledge of working capital management improved from before the training course (M = 2.64, SD = 1.17) to after the training course (M = 3.69, SD = 0.65,  $t(42) = -6.22$ ,  $p < 0.05$ ); knowledge of measuring past performance improved from before the training courses (M = 2.15, SD = 1.00) to after the training course (M = 3.62, SD = 0.69,  $t(42) = -8.94$ ,  $p < 0.05$ ); and knowledge of compliance improved from before the training courses (M = 2.01, SD = 1.12) to after the training course (M = 3.38, SD = 1.06,  $t(42) = -6.34$ ,  $p < 0.05$ ).

The null hypothesis, namely that the training course did not improve the participants' knowledge of the five aspects of short-term financial management must be rejected. In other words, it would seem from the data above that there is a certainty of more than 95% that the course improved the participants' knowledge of all five aspects of short-term financial management. There was thus a statistically significant increase in the participants' knowledge of all five the short-term aspects of financial management from before the training course to after it.

The eta-squared statistics indicate a large size effect for all five aspects of short-term financial management (Cohen, 1988). The short-term financial management aspect of measuring past performance showed the largest size effect (0.66), followed by record keeping (0.57), planning for future profitability and compliance, each indicating the same size effect of 0.49. Last was working capital management (0.48).

### Participants' satisfaction

The feedback from the participants is summarised in Table 3 below:

**Table 3**  
Feedback from participants

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total (N)	Mean (M)	Standard deviation (SD)
The topics covered in the course were relevant to my business.	-	-	2%	49%	49%	43	4.47	0.55
I would like to implement what I learnt at this course in my business.	-	-	-	33%	67%	43	4.67	0.47
The training course was easy to understand.	-	-	7%	65%	28%	43	4.21	0.56
The duration of the course was enough time to cover the work properly.	2%	14%	7%	61%	16%	43	3.74	0.98
The trainer presented the course in a way that was easy for me to understand.	-	-	5%	37%	58%	43	4.53	0.59
The trainer presented the course at a pace that was easy for me to follow.	-	-	5%	51%	44%	43	4.40	0.58
I had more confidence in the trainer presenting financial management related topics as he/she is a qualified accountant.	-	-	-	35%	65%	43	4.65	0.48

Source: Own calculations using IBM SPSS Statistics 20

From the above table, it can be seen that all but one agreed or strongly agreed that the topics covered in the course had been relevant to their business ( $M = 4.47$ ,  $SD = 0.55$ ,  $N = 43$ ), and all indicated that they would like to implement what they had learnt during the training course ( $M = 4.67$ ,  $SD = 0.47$ ,  $N = 43$ ). When asked whether they needed assistance in implementing aspects of financial management in their businesses, all but one of the participants indicated a need for this. All but three of the participants agreed that the course had been easy to understand ( $M = 4.21$ ,  $SD = 0.56$ ,  $N = 43$ ) and the majority of participants (77%) agreed or strongly agreed that the duration of the course had been sufficient to cover the work properly ( $M = 3.74$ ,  $SD = 0.98$ ,  $N = 43$ ) although 23% of the participants were neutral or did not agree that the two-day duration had been sufficient. One participant recommended at least one additional training day in order to better understand the work. Another one also indicated they needed more training time. One participant stated that the course should cover more days but end at lunch time so that persons could attend to their work commitments in the afternoons. Another participant recommended that this course should be presented a few times during the year because it covers aspects that are essential to business management.

The majority (95%) of participants agreed that the trainers had presented the course in a manner that was easy for them to understand ( $M = 4.53$ ,  $SD = 0.59$ ,  $N = 43$ ) and at a pace that was easy to follow ( $M = 4.40$ ,  $SD = 0.58$ ,  $N = 43$ ). All participants indicated having confidence in the trainer because he or she was a qualified accountant ( $M = 4.65$ ,  $SD = 0.48$ ,  $N = 43$ ). The reasons provided by the 5% of participants who indicated a 'neutral' rating for 'easy to understand' and 'at a pace that was easy to follow', were challenges relating to the language in which the training course was presented. As previously indicated, the trainers in some regions switched between teaching in English and Afrikaans in order to accommodate all the participants in the group. One participant stated that he would have preferred it if only one language had been used during the course. Another participant appreciated the fact that the trainer had spoken in both languages, but as the participant is not fluent in Afrikaans, he had been unable to properly follow all of the coursework.

Overall, it appears that the participants were satisfied with the financial management training course, with challenges relating to the duration of the course and the language in which it was taught. Although the duration of the course had been too short for a few of the participants, 14 beneficiaries of the greater entrepreneurial development programme had been unable to attend it at all, due to urgent work commitments; even though they had confirmed attendance beforehand. There were four other beneficiaries who had been able to attend only one of the two days, also due to urgent work commitments. This indicates the challenges these small business owners face in attending training. Had the training course been longer than two days, many more participants may either not have attended or not have completed the course. Although trainers attempted to accommodate all participants, language appears to have posed a challenge for a few participants. Owing to budget constraints, it was not feasible to present the training course separately in each language at each training centre, and owing to the large distances between the towns where the training took place it was not possible to transport participants to a training course where their language of choice was spoken.

## **CONCLUSION**

Based on the above results, it can be concluded that a financial management training course specifically designed for small businesses and presented by accounting academics significantly improved small business owners' knowledge of the five identified aspects of short-term financial management. Although the participants were satisfied with the training course and the trainers, a few participants indicated a need for extending the duration of the course and identified challenges relating to the language in which it was presented. The expression of a need for assistance in implementing what they had learnt during the training course indicates that additional support is required to assist small business owners in their financial management skills development.

## **FUTURE RESEARCH**

The finding that most of the participants felt a need for assistance to implement what they had learnt during the training course indicates a need for additional support after the course. The literature proposes that in addition to training, interventions such as accounting clinics (Maas and Herrington, 2006) and mentoring (Orford et al., 2004) could assist in small business development. It is recommended that the role of training courses in conjunction with



these other interventions should be researched further to determine the most effective combination for assisting small business owners in developing their financial management skills. The involvement of members of the accounting profession in this process could also be further investigated.

Also, in light of the identified limitations of this exploratory study, a study using a greater sample size could be performed to assess whether the impact of such a financial management training course on a larger scale would provide similar results. If budgets and logistics allow, research on how to balance the level of attendance of participants and the duration of the training course can also be further investigated, as well as finding ways to bridge the language gap between participants and qualified trainers. Furthermore, instruments in addition to assessing the participants' own rating of their knowledge could be developed to determine improvement in knowledge of financial management due to a financial management training course.

#### **AUTHOR INFORMATION**

**Corinna Lina Kirsten**, MAcc, CA (SA) is a senior lecturer in management accounting at the Department of Accounting, Faculty of Economic and Management Sciences, Stellenbosch University (South Africa). She is currently teaching honours students in the chartered accountancy and chartered management accounting programmes. Her current research focuses on the development of the financial management skills of small business owners in South Africa and the accounting profession's role in this process. E-mail: [corinnakirsten@sun.ac.za](mailto:corinnakirsten@sun.ac.za)

#### **REFERENCES**

1. Abrie, W. & Doussy, E. (2006). Tax Compliance Obstacles Encountered by Small and Medium Enterprises in South Africa. *Meditari Accounting Research*, 14(1) 1-13.
2. Bloom, B.S. (1956). *Taxonomy of educational objectives. Handbook 1: cognitive domain*. New York: David McKay.
3. Chiloane-Tsoka, G.E. & Rankhumise, E.M. (2012). Small, Medium and Micro Enterprise Owners' Perceptions Regarding the Implementation of the New Companies Act: A South African Perspective. *African Journal of Business Management*, 6(51) 12095-12100.
4. Cohen, J. (1988). *Statistical power analysis for the behavioural sciences*. Hillsdale: Erlaun.
5. Cohen, T. (2012). Small Business Is Where the Jobs Will Be Created. *Business Day Live*. Retrieved from: <http://www.bdlive.co.za/opinion/columnists/2012/08/27/Small-business-is-where-the-jobs-will-be-created>
6. Douhan, R., Eliasson, G. & Henrekson, M. (2007). Israel M. Kirzner: *An Outstanding Austrian Contributor to the Economics of Entrepreneurship*. *Small Business Economics*, 29(1) 213-223.
7. Drury, C. (2008). *Management and cost accounting*. Seventh edition. London: South-Western Cengage Learning.
8. Gitman, L. (2010). *Principles of managerial finance*. Twelfth edition. New York: Pearson.
9. Govender, K. (1991). Small Business Education and Training in the Transkei. *Development Southern Africa*, 8(3) 313-328.
10. Ihua, U.B. (2009). SMEs Key Failure-factors: A Comparison between the United Kingdom and Nigeria. *Journal of Social Science*, 18(3) 199-207.
11. Herrington, M., Kew, J. & Kew, P. (2009). Tracking entrepreneurship in South Africa: a GEM perspective. Cape Town: The Centre for Innovation and Entrepreneurship, Graduate School of Business.
12. Kirzner, I.M. (2009). The Alert and Creative Entrepreneur: A Clarification. *Small Business Economics*, 32(2) 145-152.
13. Ladzani, W.M. & Van Vuuren, J.J. (2002). Entrepreneurship Training for Emerging SMEs in South Africa. *Journal of Small Business Management*, 40(2) 154-161.
14. Lighthelm, A.A. & Cant, M.C. (2002). Business success factors of SMEs in Gauteng. Pretoria: University of South Africa.
15. Maas, G. & Herrington, M. (2006). Global Entrepreneurship Monitor: South African executive report 2006. The Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town. Retrieved from: <http://www.gemconsortium.org/docs/602/gem-south-africa-2006-report>
16. Marx, J., De Swardt, C., Beaumont-Smith, M., Naicker, B. & Erasmus, P. (2004). *Financial management in Southern Africa*. Cape Town: Pearson.

17. Mbonyane, B. & Ladzani, W. (2010). Factors that Hinder the Growth of Small Businesses in South African Townships. *European Business Review*, 23(6) 550-560.
18. Nieman, G. (2001). Training Entrepreneurs and Small Business Enterprises in South Africa: A Situational Analysis. *Education and Training*, 43(8/9) 445-450.
19. Nieman, G. (2006). *Small business management: a South African approach*. Pretoria: Van Schaik.
20. Nunnally, J.C. (1978). *Psychometric theory*. Second edition. New York: McGraw-Hill.
21. Olusola, O. (2011). Accounting Skill as a Performance Factor for Small Businesses in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 2(5) 372-378.
22. Orford, J., Wood, E., Fischer, C., Herrington, M. & Segal, N. (2003). Global Entrepreneurship Monitor: South African executive report 2003 update. The Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town. Retrieved from: <http://www.gemconsortium.org/docs/599/gem-South-Africa-2003-report>
23. Orford, J., Herrington, M. & Wood, E. (2004). *Global Entrepreneurship Monitor: 2004 South African report*. The Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town. Retrieved from: <http://www.gemconsortium.org/docs/600/gem-south-africa-2004-report>
24. Phenya, A. (2011). An assessment of the financial management skills of small retail business owners/managers in Dr JS Moroka Municipality. Unpublished thesis, University of South Africa.
25. Radipere, S. & Van Scheers, L. (2005). Investigating whether a Lack of Marketing and Managerial Skills is the Main Cause of Business Failure in South Africa. *South African Journal of Economic and Management Sciences*, 8(4) 402-411.
26. Rajaram, R. (2008). *A needs analysis of financial management and accounting skills in the SME sector in KwaZulu-Natal*. Unpublished thesis, University of KwaZulu Natal.
27. Robson, C. (2002). *Real World Research*. Second edition. Oxford: Blackwell Publishers.
28. Schwarze, C.L. (2008). Involving the Accounting Profession in the Development of Financial Management Skills of Micro-enterprise Owners in South Africa. *Meditari Accounting Research*, 16(2) 39-151.
29. Simrie, M., Herrington, M., Kew, J. & Turton, N. (2012). *Global Entrepreneurship Monitor: South Africa 2011 report*. The Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town. Retrieved from: <http://www.gemconsortium.org/docs/2313/gem-south-africa-2011-report>
30. Smulders, S. & Stiglingh, M. (2008). Annual Tax Compliance Costs for Small Businesses: A Survey of Tax Practitioners on South Africa. *South African Journal of Economic and Management Sciences*, 11(3) 354-371.
31. South Africa (1984). Close Corporations Act, Act 69 of 1984. Retrieved from: <http://www.justice.gov.za/legislation/acts/1984-069-CCorp.pdf>
32. South Africa (2003). The Broad-based Black Economic Empowerment Act, Act 53 of 2003. Retrieved from: [http://www.thedti.gov.za/business\\_regulation/acts/bee\\_act.pdf](http://www.thedti.gov.za/business_regulation/acts/bee_act.pdf)
33. South Africa (2008). Companies Act, Act 71 of 2008. Retrieved from: <http://www.info.gov.za/view/DownloadFileAction?id=98894>
34. South Africa (2010). The New Growth Path: the framework. Retrieved from: <http://www.info.gov.za/view/DownloadFileAction?id=135748>
35. South Africa (2012). National Development Plan 2030: our future – make it work. Retrieved from: <http://www.npconline.co.za/MediaLib/Downloads/Downloads/Executive%20Summary-NDP%202030%20-%20Our%20future%20-%20make%20it%20work.pdf>
36. Walker, E., Redmond, J., Webster, B. & Le Clus, M. (2007). Small Business Owners too Busy to Train? *Journal of Small Business and Enterprise Development*, 14(2) 294-306.
37. Zikmund, W.G., Babin, B.J., Carr, J.C. & Griffin, M. (2010). *Business Research Methods*. Eighth edition. Mason: South-Western Cengage Learning.