The Impact of Training and Support Interventions on Small Businesses in the Expanded Public Works Programme – Pretoria Region

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Abstract: Small business sector around the world is regarded as a catalyst of employment for the largest number of people. To reduce massive unemployment and inequality in the country, the Government of South Africa introduced various initiatives to stimulate and support small businesses, the Expanded Public Works Programme (EPWP) is one of such initiatives. The enterprise development approach, is one of the delivery mechanisms of the EPWP, which seeks to transfer income to poor households in the short to medium-term. This study critically assess the impact and effectiveness of training and support interventions provided to small businesses through the EPWP. The study employs a quantitative research method and due to the size, availability and ease of access to the participants, the entire population of twenty (20) small businesses supported by the EPWP in Pretoria Region was sampled. A questionnaire-based survey was conducted. The study demonstrates that the training intervention provided through the EPWP is making positive impact and achieving its intended goals of enhancing business management skills to participants. It also reveals an interesting outcome that the majority of the participants are women. The study also identified some weaknesses in the programme which leads to the recommendation that long-term support mechanisms are essential to ensure sustainability of emerging enterprises.

Keywords: Expanded Public Works Programme; EPWP; SMMEs; Training; and Support

1. Introduction

Globally, post industrialisation has seen an increase in the role of small and medium enterprises (SMEs) and becoming lifeblood of economies and the best hope for employment generation for the labour surplus (Sippitt, 2014). Similarly, South Africa also relies on SMEs to generate sufficient employment to absorb the excess unemployed masses. As such, the Government of South Africa (GSA), recognising a decline by the traditional labour absorbing sectors such as mining, agriculture, and manufacturing, introduced a melange of programmes and initiatives intended to develop and support emerging small businesses (Caga, 2012). It is therefore important to assess and evaluate some of these interventions to determine their effectiveness in addressing their intended goals. The purpose of this article is to critically assess and evaluate the impact as well as the effectiveness of training and support interventions provided to small businesses in one of the GSA initiatives; the Expanded Public Works Programme (EPWP).

2. Background

Small businesses are considered by governments worldwide for their contribution to the economic stability and growth and new job creation, social cohesion and development (Hyder and Lussier, 2016). During challenging economic times, small businesses act as the “economic shock-absorbers” to cushion economies from total collapse. They enable wheels of economies to keep turn during difficult times. So, nurturing and developing small business is a priority for many countries, both developed and developing. According to Hande (2016) small and medium sized enterprises are
the drivers of socio-economic development due to their positive role they play in Growth Domestic Product (GDP) growth.

For this reason, in South Africa various programmes and initiatives have been put in place by the Government to develop and support small businesses, particularly those that are owned by previously disadvantaged individuals (PDIs) and designated groups such as, youth, women and persons with disabilities. These programmes are implemented by all spheres of government (national, provincial and local government). Amongst these array of initiatives is the EPWP which started in 2004 as a result of the 2003 Growth and Development Summit (GDS) that adopted the theme that gave birth to the EPWP. The objective of the Programme is to provide avenue “for labour absorption and income transfers to poor households in the short to medium-term” (EPWP, 2017). One of the delivery strategy for the EPWP is the enterprise development approach which focuses on supporting and developing emerging enterprises including co-operatives to leverage additional work opportunities. The small business support model for the EPWP Enterprise Development Programme (EPWP-EDP) comprises of interventions that facilitate access to markets, access to development finance, linkages to business development support services, and access to training/skills development related to business management. These are all in-house services provided through the EPWP-EDP).

3. Problem Statement

Government has initiated various SME development support interventions which include training, financial and non-financial support in order to contribute to job creation and economic growth. The enterprise development intervention is one of the delivery mechanism for the EPWP that is aimed at developing and supporting small businesses within the Programme.

The SME development and support intervention is provided for a particular fixed period and a phased-out approach (i.e. steady withdrawal towards the end of the period) is used. This is to allow small businesses to operate on their own. However small businesses continue to struggle with very few enterprises continue to thrive after the support has been phased-out hence the effectiveness of the support provided to the small business by the EPWP and its impact are investigated thorough this article.

4. Article Objectives

The purpose of this article is to critically assess the impact and effectiveness of training and support interventions provided by the EPWP to small businesses within the programme.

5. Literature Review

5.1 Introduction

The literature review forms a foundation of the study, as it provides critical and historic background and the theory on the subject under review from both international and local perspectives. In this case, the focus is on the role of training and support in developing small businesses. Webster et al. (2002) noted that a review of prior, relevant literature is an essential feature of any academic project.

5.2 EPWP Background and Origins

According to the EPWP (2017), the programme is defined as the nationwide government-led initiative with the objective of providing work opportunities and income support to poor and unemployed people over a short to medium term. It was introduced as a result of (GDS) (2003), a conference representing labour, civil society, business and government led by National Economic Development and Labour Council (NEDLAC). During the Summit, a number of resolutions were taken and agreements reached including the implementation of the EPWP as poverty alleviation and
income relief programme that provides a temporary work to the unemployed and ensuring that they participated in socially useful activities (NEDLAC, 2003).

The EPWP comprises of four (4) sectors (EPWP 2015), viz.: i) Infrastructure Sector, led by the Department of Public Works (DPW) and advocates for the use of labour-intensive methods in delivering construction and maintenance services for public sector funded infrastructure projects; ii) Social Sector, led by the Department of Social Development (DSD) and provides work opportunities to unemployed and unskilled people through the delivery of social development and community protection services such as Early Childhood Development (ECD); Home Community Based Care (HCBC); School nutrition programme etc.; iii) Environment and Culture Sector, led by the Department of Environmental Affairs (DEA). It involves employing people to work on projects that improve their local environment spearheaded by various departments, such as Sustainable Land-based Livelihoods; Waste Management; etc.; iv) Non State Sector (NSS), led by both DPW and Department of Cooperative Governance (DCoG). The programme uses wage subsidies to support Non-Profit Organisations (NPOs) on their community development initiatives. The NSS comprises of two programmes, namely the Community Work Programme (CWP) and the Non-Profit Organisation. The CWP is area-based and is managed by the DCoG.

5.3 The EPWP Enterprise Development

According to the EPWP (2017), Enterprise Development (ED) is a delivery strategy of the EPWP which targets the development of emerging enterprises including co-operatives to leverage additional work opportunities. The EPWP ED support services/model to the sectors includes:

i. Facilitating access to training/skills development related to business management;
ii. Facilitating linkages to business development support services;
iii. Capacitating SMEs to comply with legislative requirements’
iv. Facilitating access to markets;
v. Facilitating access to development finance;
vi. Facilitating exit opportunities for the National Youth Service (NYS) and Vuk’uphile Programmes led by DPW; and
vii. Providing guidance to EPWP Sectors and public bodies on exit opportunities.

Through this support, the EDU aims to sustain the growth and development of SMEs, through identifying opportunities where individual businesses and co-operatives can be developed, thereby maximising the creation of work opportunities in line with EPWP objectives.

5.4 The Model of EPWP Enterprise Development Support

The EPWP enterprise development support includes amongst other things facilitating access to training/ skills development related to business management (EPWP, 2017). This is an in-house training provided by the officials within the EPWP EDU. To carry out this function, the model below is applied.
5.5 Theoretical Framework

Evaluating the impact of the training and support intervention to small businesses in the EPWP is carried out using “Theory of Change” framework. This theory is considered to be relevant because it is focused not just on generating knowledge about whether a programme is effective, but also in explaining whether methods used are effective, Allen et al., (2017) and Breuer et al. (2016).

The Theory of change is the new way of analysing the theories motivating programmes and initiatives working for social and political change. Using the theory of change approach, Robinson et al. (2004) argued that the guiding principle behind a successful entrepreneurship development programme is the notion that initiatives aimed at strengthening the performance of small-to medium-sized rural enterprises and this will ultimately change the way small businesses in rural areas performs thereby improve the socio-economic conditions of the rural people they serve. This is exactly the case being investigate by this article on whether the EPWP small business support initiative does improve the skills of entrepreneurs and change the way they run their businesses.

5.6 Small, Medium, and Micro Enterprise Description

According to Katua (2014), the small, medium, and micro enterprise (SMME) sector has widely been accepted as the engine of economic growth and poverty eradication around the world. The role of SMEs in economic development and employment creation has occupied most of the discussions among government, policy makers, academicians, researchers and scholars. However the meaning of an SME has remained different across countries and different sectors in the same country.
In South Africa the National Small Business Amendment Act, 2003 define small business as “… a separate and distinct business entity, including co-operative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in Column I of the Schedule 14…”. The Act further categorises small businesses in South Africa into distinct groups namely; survivalist, micro, very small, small and medium, hence the use of the term “SMME” for small, medium and micro-enterprises. However, the terms ‘SMME’ and ‘SME’ are used interchangeably in South Africa. (BASA Website).

5.7 Training of Small Businesses Global and South African Perspectives

Mungai (2012) states that the success of entrepreneurs’ development and management in any enterprise depends on its capacity to develop human resources through training, ability to start a business, create jobs, products and services that can compete in the global market. This view is further echoed by Manimala and Kumar (2012), that strengthening the internal capabilities of SMEs has become a top priority nowadays and is positioned as an alternative or supplementary strategy for SMME development. Training is recognized as an important tool for developing the internal capabilities of SMEs. The study by Afolabi (2012) found a very strong relationship between training in business and entrepreneurial skills and the help it could have in the success of SMEs.

However, contrary to the general beliefs, some researchers have revealed that SMEs themselves don’t see the importance of training, and don’t put emphasises on training as it is general understood according to Ahmad et al. (2012). As such, they tend not to acknowledge training as something that adds value to them and their businesses. This view is also shared by Karmel et al. (2009) who found that, low level SMEs referred to by Sewgambar, R. (2015) as survivalists enterprises (micro-enterprises that depend solely on their daily income without external support) regard training as the waste of time in terms of their immediate needs.

Despite that, Ranyane (2014) in a study of a relationship between business performance and level of training in 70 micro-enterprises in Nigeria, revealed that 49% of the 51% of participants who had received training in their areas of business were doing well in business, while 60% of the participants who were not trained reported that their businesses were poorly performing. This study therefore highlighted the importance role played by training in business performance.

To develop and support small businesses, Ranyane (2014) developed a 5 phased training model:

![Figure 2: Phased training strategies model.](Source: Adapted from Ranyane (2014) training phases for the survivalist entrepreneurs to become viable in the business activities)

This model emphasizes the approach or intervention based on the phase/stage of the entrepreneur in the business. As studies reveals that supporting small businesses require a holistic approach as there is no “one-size fits all” in small business development, Munyanyiwa et al. (2016).

5.8 Effective Support to Small Businesses and Best Practices
Supporting small businesses has been identified by government both in developing and developed countries as an important intervention due to their contribution to the economy. Bouri (2011), regards the small businesses sector as the backbone of the economy in high-income and low-income countries. In order to improve support provided to small business, structured interventions are important. For example, Afolabi (2012) recommends that structured training intervention is very important and should be developed for all identified skills sets and that training plan for emerging entrepreneurs should focus largely on both soft skills, management skills and the technical skills of the proposed venture. Furthermore, Ntlamelle (2015) outlines 3 critical small businesses support models that can assist entrepreneurs to defy the market failures that threatens many in South African viz. mentorship, incubation and informal/ unstructured support model. These models play a key role in moulding small businesses.

6. Methodology

Since the aim of this article is to evaluate the impact of training and support interventions of EPWP to SMEs. To achieve this objective, a diagnostic research design is most appropriate, as defined by Kothari (2004) to measure the frequency with which something occurs or whether certain variables are associated. Here researcher wants to know about the root causes of the problem. According to van Wyk, B. (2014), it describes the factors responsible for the problematic or impact of the situation.

Quantitative method is utilised in this article as defined by Eriksson et al. (2016) as research strategy that emphasises quantification in the collection and analysing of data. WhileMuijs (2012) define it as the method that explains phenomena by collecting numerical data and analysed using mathematically based methods (in particular statistics). In line with the objectives of the study the positivism (positivist) paradigm is also adopted, because according to Heuschele (2014) it assumes that reality is objectively given and that it can be reflected and systematized by empirical methods. In this article a questionnaire is used as an instrument to collect data.

The entire population was sampled due to its small size i.e. twenty (20) small businesses in the Pretoria Region as well as due to ease of access to reach the entire population. The questionnaires were then distributed and 100% response was achieved. The primary quantitative date is first captured using the Microsoft Excel spread sheet for coding purposes. Hussain, Elyas and Nasseef (2013) states that the data obtained from the questionnaire need to be statistically coded in order to determine variation and this process involves assigning numbers to responses so that the data can be grouped into categories. The data is then transferred to the SPSS for Windows (software) to be analysed. SPSS is the most widely used computer software for the analysing quantitative date according to Bryman (2008). The study uses descriptive or inferential statistics to make the analysis of data. Dieronitou (2014) defines descriptive statistics as methods of organising, summarising, and presenting data in a convenient and informative way using graphical and numerical techniques. Inferential statistics is defined as methods used to draw conclusions or inferences about characteristics of a population based on sample data (Keller, 2012).

7. Data Presentation, Analysis, and Interpretation

As the literature review above noted that the small, medium, and micro enterprise sector has widely been accepted as the engine of economic growth and poverty eradication around the world Katua (2014). Supporting small businesses has been identified by government both in developing and developed countries as an important intervention due to their contribution to the economy (Bouri, 2011). This section presents, analyse and discuss research findings on the impact of training and support interventions on small businesses in the EPWP as part of Government initiative to develop and support small businesses, in order to contribute to job creation and economic growth. The following are the highlights of the research findings:

- With regards to participants’ socio-demographic variables, the study found that most of the participants were female (80%). These are positive results, as they reflect that the programme surpassed the EPWP targets of 55% women on all its initiatives.
• The study further revealed that more than half (55%) of the participants mentioned that they had been in business for a period of between 2 and 3 years, which means the support intervention targeted the right people to address phenomena of small businesses failing within their first few years of existing and less than half of newly established businesses survive beyond five years according to Brink et al. (2013).

• The study results indicate the positive impact and high level of effectiveness of the EPWP as a government training support intervention in assisting and developing small businesses to strive in future. Nodada (2011) found that amongst the reasons for the failure of small business is lack of funding and capital; insufficient support from government and lack of business and financial management skills. This view is further supported by Smith and Perks, (2006) cited by Afolabi (2012) who states that business skills are very important in keeping the business afloat. In addition, the study by Afolabi (2012) further found a very strong relationship between training in business and entrepreneurial skills and the benefit it could have in the success of SMEs.

• When asked about their business management skills before they participated in this programme, the majority (80%) of the participants had their business management skills low before they participated in the EPWP Support Programme. However when asked about their skills levels after taking part in the programme the majority of the participants (85%) indicated that their business management skills were high (improved) after the EPWP training support programme.

• When asked about whether they apply the skills and knowledge gained from the EPWP Training Programme, the majority of the participants (95%) responded positively to the question. This gives an indication that the training provided by the EPWP to small businesses is appropriate and relevant to their day-to-day operations as they are able to use the skills and knowledge gained. Niazi (2011) points out that training plays a crucial role towards the growth and success of a business.

• With regards to whether the EPWP Training Programme assisted in addressing the financial management and record management skills gaps, 85% and 65% of participants respectively strongly agreed with this statement. This intervention has instil a permanent change in the participants skills, knowledge, which according to Smith et al. (2006) is the core of training and experiential learning.

• The study further revealed that 100% of the participants are fully compliant with the South African Revenue Services (SARS) and Companies and Intellectual Property Commission (CIPC) requirements. This is very important as Somers et al. (2014) argued that SME owners need to make sure that they abide by the regulations and laws of a country they operate.

• However, the same cannot be said when it comes to the Department of Labour (DoL) related legislations such as Compensation for Occupational Injuries and Diseases Act (COIDA) and Occupational Health and Safety Act (OHS), where the level of compliance was registered on only 40% and 0% of participants respectively. Scott (2015) cautions that when a business fails to meet the government guidelines and policies may results into consequences such as lawsuits with government itself or with the affected stakeholders (other businesses or consumers/clients, workers), immense fines may be imposed or worst case scenario can lead to the dissolution of the entire business.

• To evaluate the user-friendliness of the training material and to whether the support provided by EPWP Small Business Development Programme was in in line with the needs of entrepreneurs as raised by Egelser et al. (2013) that training should be specifically packaged and designed to address the specific needs of trainees, the training material must be in a language that is easy and well understood by entrepreneurs including the use of relevant and practical examples by trainers. 100% of participants felt that the training material was user-friendly and the training programme addressed their needs.

• As with any intervention according to Maluleka (2013) who found that most of the government SMME training and intervention initiatives are not designed and packaged for
any targeted specific groups or sector and trainers fail to take into consideration the diverse needs and education levels of SMEs. The participants were asked whether need assessments were conducted prior the training in order to identify skills gaps and package the intervention to address the specific needs rather than a generic approach. 100% of participants agreed that indeed need assessment were conducted prior the training intervention, which means the training was customised to address those specific gaps identified.

- When asked whether the time dedicated by EPWP officials in supporting small businesses was sufficient, there was a mixed bag of responses, where 15% strongly agreed with the statement, 45% agreed, 15% disagree, 20% strongly disagreed and only 5% was neutral. These results are in contrary with the founding principles of the EPWP in terms of the EPWP Policy on Small, Medium and Micro Enterprises (2013), where the policy emphasises on coaching and dedicated support provided to small businesses and monitoring of their growth. Despite having the majority (60%) of participants generally agreed with the statement, more attention should be paid to the remaining 40% who did not agreed with the statement to ensure that this intervention programme achieve its objectives.

- In the same breath, 60% of participants indicated that the aftercare support was not provided. This is not with small business development principles. When government invests in small business support programme, dedicated after-care support and monitoring mechanism must be in place to sustain initial achievements. Czemiel-Grzybowska (2013) argues that a dedicated and structured support systems, policies and programmes be in place before any intervention in order to develop, nurture and grow small businesses.

- When asked whether the EPWP support has assisted the participant to tender and market his/ her business independently, 90% agreed with the statement. While 95% of participants believed that this intervention improved their understanding of running and managing their business. As argued by McKenzie et al. (2014) that that training and support interventions is one of the most common form of active support provided to SMES around the world. These results suggest that there is a positive role and contribution by the Expanded Public Works Programme to small businesses.

These findings indicate and highlight the important role played by the EPWP small business support intervention in improving the skills of entrepreneurs and the development of the SMEs in general, as Afolabi (2012) argued that business management skills are very important in keeping the business afloat. This view is further supported by Cassim et al. (2014), who found that education and training is one of the most important factors hampering entrepreneurial activity in South Africa. Therefore in order to develop and support small, medium, and micro enterprise sector a concerted effort by government must be put in place. This is evident from the South African Government’s Integrated Strategy on the Promotion of Entrepreneurship and Small Business (2005), which emphasised Government’s commitment to support SMEs for their role in the contribution to growth and performance of the economy.

The findings further revealed that this intervention directly benefited one of the key demographic groups in the EPWP, which is women, whereby the programme surpassed the EPWP targets of 55% women on all its initiatives. (EPWP, 2015).

Despite the numerous positive achievements of the programme, the study also revealed areas of weakness which requires improvement, such as compliance to labour legislations where the study revealed that only 40% and 0% of participants recorded compliance to COIDA and OHS respectively. Furthermore the study also revealed the lack of after-service support by EPWP officials which means post training support is not provided to the SMEs. This is inconsistence with the Myrick (2009) argument that post-training support programmes and after-care programmes are important in developing and sustaining SMEs.

8. Conclusion and Recommendations
8.1 Conclusion

The overall purpose of the article was to critically assess and evaluate the impact and effectiveness of training and support interventions provided by EPWP to small businesses within the programme. The article looked at both global and South African perspectives on small business support, starting with how small business are defined in South Africa and other countries.

The article revealed that:

- The programme benefited the intended recipients, which are women in terms of the EPWP Demographic targets.
- Cooperatives are also the segment of the SME that directly benefited from this programme as the majority of the participants were members of the cooperative. Again this is also consistent with the objectives of EPWP and government in general to support cooperatives predominantly owned by women.
- When it comes to the effectiveness and impact of the programme, the overwhelming majority of participants (95%) responded that the training provided by the EPWP assisted their businesses.
- Also in terms managerial skills, most of the participants joined the programme with very low managerial skill, but when their leave the programme their managerial skills were improved and the majority of them are applying these skills that they acquired from the training programme.
- Compliance with legislative requirements is a critical area that was assessed by this article. There was high compliance levels when it comes to CIPC and SARS legislations, but it was not the case when it comes to DoL legislations particularly OHS and COIDA.
- The design of the training material and training approach (its flexibility) was found to be user-friendly and accommodate the needs of participants.
- One hundred percent (100%) of the participants responded positively on the design of training material and it was found to be user-friendly and responded to the needs of entrepreneurs/ business owners.

8.2 Recommendation

The findings of the article revealed that the training and support interventions provided by the Expanded Public Works Programme (EPWP) to small businesses within the programme has a positive impact and it is effective. The study further revealed certain areas that need attention in order to improve the programme such as “after-service” support i.e. follow-ups to the supported small businesses. Based on the study findings, it is recommended that an all-inclusive small business support be implemented. The EPWP small business support programme suffers what I refer to as “piecemeal and referral syndrome”. The Programme does not implement support initiatives from start to exit due to the challenge of always receiving small businesses recruited externally by other sub-programmes without a rigorous process to test the entrepreneurial ability or potential of an individual. It seems as if the tough economic conditions have become a motivation for unemployed persons to consider opening a small business, without the right appetite or attitude for it. This becomes difficult in moulding them when they are already in the programme with wrong motives.

Another challenge, the Small Business support model does not have a dedicated funding and therefore cannot provide what I refer to as “end-to-end small business supports solution”. It is against this backdrop that a holistic and all-inclusive small business support programme is proposed for implementation by EPWP coupled with the provision of funding, access to market in the form of projects or contracts and a dedicated support to ensure a healthy and comprehensive enterprise development programme. The focus must never be on chasing number of SMEs supported, like many other programmes but the quality of the support provided and the outcomes of the support that should be cornerstone of the intervention.
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