The use of quality management training of workforce to improve the quality of Products in manufacturing sector in South Africa

Collins MBHOMBHI

2555983

A business venture proposal project submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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Supervisor: Dr McEdward Murimbika

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Abstract

The purpose of this research is to examine the planning and creation of a business venture aimed at providing quality management training in the manufacturing sector in South Africa, with a focus on SMMEs struggling to produce quality products.

This research investigates the impact of quality management training on workforce performance and product quality within the manufacturing sector in South Africa. The study aims to identify how structured training programs can enhance employees' skills and knowledge, thereby improving the overall quality of manufactured products. The research employ qualitative approach, in which document analysis is used to identify the impact of training employees.

Key findings indicate that comprehensive quality management training significantly boosts workforce efficiency, reduces error rates, and leads to higher customer satisfaction. The study concludes with recommendations for implementing effective training programs to foster continuous improvement and maintain competitive advantage in the manufacturing industry. The study does recommend the establishment of the training venture that focuses on quality management trainings in the manufacturing sector in South Africa as the market exists and this was done through a comprehensive business venture planning process which indicated positive feasibility of the establishment of the venture from operations, financial forecasts and marketing strategy.

DECLARATION

I, Collins Mbhombhi, hereby declare that this business venture report for the (MBA) in (Quality Management) submitted to the (Commerce, Law, and Management) at the University of Witwatersrand has not been submitted previously for any degree at this or another university. It is original in design and in execution, and all reference material contained therein has been duly acknowledged.

Student: **Collins Mbhombhi** **Date: 29 November 2024**

Acknowledgement

I want to take this opportunity to express my deepest appreciation and gratitude to my beautiful wife and children for their unwavering support during the MBA journey in general and Applied Research Project Business venture in particular. It has been a difficult period for my family as I was constantly away and they had to bear with my absence, I deeply appreciate them for this support.

I would like to thank my Supervisor Dr Murimbika for his guidance and support during this research journey. His rich and vast experience and his entrepreneurial acumen has made it possible for me to complete the research with meaning and purpose.

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- Cover page
- Abstract
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Chapter 1

1.1 Overview

According to (South African Government, 1998) training for skills development is regarded as a crucial foundation for economic growth, stability, and success in South Africa. Consequently, training legislation was established in the country to manage and coordinate the activities related to skills development training.

The quality of products and services offered by organizations is crucial for their survival in the market, as customers continuously seek high-quality offerings. The survival of businesses plays a vital role in the health of the economy.To be able to achieve right level of quality for product and services, quality management trainings plays an essential role in facilitating the knowledge and practical training of the work force to be able to produce product and services of high quality. The skills and development industry plays a crucial role in South Africa to facilitate the workforce training.

With the view of the above, the business venture was set up to respond to the gap that already exists in the market. The research had informed the creation of the business venture planning which in the main provides training in the quality management in the manufacturing sector.

1.2 Business Venture background

Training plays a crucial role in enhancing the quality of manufactured products. The introduction of training programs and educational initiatives can boost employees' motivation to enhance product quality. Lean Six Sigma methodology, encompassing training and standard operating procedures (SOPs), is effective in diminishing product defects and elevating quality standards. The intensity of company-sponsored training escalates when product demand becomes more sensitive to quality, underscoring the significance of training in meeting customer expectations. Quality improvement-centred training and educational schemes have demonstrated tangible and intangible benefits for manufacturing sectors, resulting in enhanced quality outcomes. Additionally, training positively impacts innovation performance, particularly within service firms, by bolstering both product/service and process innovation efforts. (Pubgenius Inc, 2024)

1.3 Purpose of the Study

The purpose of the business venture research was to examine the planning of a venture which informed the creation of the business venture which primarily aimed at providing quality management training in the manufacturing sector in South Africa where a gap existed with a key focus on the SMMEs which are struggling to produce quality products to the market.

1.4 Business Opportunity

The research sought to determine the business planning which was used to introduce the business venture in the market in order to provide quality management training to capture the business opportunity that already existed in the market particularly in Manufacturing sector in South Africa for large and small manufacturing companies with a sharp focus on SMMEs as there is high failure rate of SMMEs in South Africa (Mbohwa C. , 2016)

1.5 Objectives of the Business venture

The main objective of the business venture research was to examine the feasibility of creating a business venture through detailed business planning in order to provide quality management training in the manufacturing sector in South Africa with a sharp focus on SMMEs which struggles with producing quality products at infant stage.

1.6 Scope of the study for Business Venture

The research focused mainly on the feasibility of starting a business venture which focuses on training through the business planning and facilitating quality management trainings of the workforce in manufacturing sector in South Africa. This included reviewing of the secondary data and previous researches which talks to the successes and challenges companies had with poor quality. The study did not include service sector and the related impact that quality management trainings has on the quality of the services offered.

Chapter 2: Literature Review

2.1 Introduction

Previous literature suggests that learning and development are essential human resource management practices that enhance employees' knowledge, abilities, and skills within organizations. Skilled employees are crucial for effective task performance and productivity, directly impacting the organization's goals of maximizing production and profits. To achieve these objectives, organizations must provide relevant training tailored to meet employees' needs, ensuring tasks are completed efficiently within set timelines. Employees must also demonstrate a strong commitment to enhancing their knowledge and skills through effective learning programs. Embracing all opportunities for training and development is essential for improving daily task performance. Overall, prioritizing learning and development initiatives leads to the cultivation of high-quality, productive employees who contribute significantly to organizational success (Amin, 2022).

2.2 Feasibility Assessment – Literature Review

2.2.1 Act that Governs Training and Development in South Africa

In South Africa, government legislation mandates the training and development of the workforce. The scarcity of skilled personnel poses a significant challenge to our industry's competitiveness. The Skills Development Act is designed to enhance the knowledge and skills of the labour force, with the goal of boosting productivity and increasing employment opportunities. One of the primary objectives of this act is to enhance workplace productivity and the competitiveness of employers, among other aims (Compiled by the parliamentary information services: Research, 2000).

The objectives of the Act are to be realized through the establishment of an institutional and financial framework, which includes bodies such as the National Skills Authority (NSA), the National Skills Fund (NSF), the Sector Education and Training Authority (SETAs), and departments within the Department of Labour. The National Skills Authority was founded on 12 April 1999 by the Act. Its responsibilities encompass advising the Minister of Labour on national skills development policies and strategies, as well as providing guidance on implementing the national skills development strategy. Additionally, it advises the Minister on the allocation of subsidies from the NSF and submits progress reports on strategy implementation. The NSA is also tasked with conducting investigations into any matters arising from the Act's application (Parliament of South Africa, 2000)

The Skills Development Act mandates the Minister of Labour to establish and, where necessary, support a Sector Education and Training Authority (SETA) for each national economic sector. SETAs are required to devise and execute a sector skills plan aligned with the national skills development strategy. This involves crafting workplace skills plans through skills development grants and facilitating learnerships by identifying suitable workplaces for practical training experiences. SETAs are also responsible for overseeing the quality of education and training within their sectors and must collaborate with Employment Services, the NSA, and provincial bodies. Additionally, SETAs are obligated to report to the Director-General of the Department of Labour regarding the implementation of their sector skills plans, as well as their financial activities. They are funded through levies collected from their respective sectors and allocations from the National Skills Fund. (High Education and Training, 2010)

2.2.2 Importance of Training and Development in the Manufacturing Sector in South Africa

South Africa's economic prospects depend on the productivity of the country's labour force. Productivity accelerates economic development and this improves the standard of living and quality of life of people (World Bank, 2013) (GeorgeI, SurgeyI, & Gow, 2014). Productivity is increased by two key drivers, technological improvements and human capital. Productivity can be enhanced by improvements in one or both of these drivers. In this paper the focus is on human capital (GeorgeI, SurgeyI, & Gow, 2014)

The more productive the national economy becomes, the higher the personal income of employees and the lower the rate of inflation in the long run. When the economy increases its productivity levels it becomes more competitive and this tends to decrease the unemployment rate. The more productive an enterprise or organisation, the more income it generates. In this scenario, more jobs can be created. Since increased productivity results in the more efficient use of resources, it contributes positively to sustainable development. Productivity can only be maximised when the labour force possess the appropriate skills, hence the focus on addressing the level of skills within the country. (George, 2014)

2.2.3 Cost of Poor Quality

The Cost of Poor Quality (COPQ) refers to expenses linked to delivering subpar products or services to intended customers. These expenses encompass both direct and indirect costs, including repair, labour, warranty issues, and returns (Petropoulos2, 2008).

An organization encounters various types of quality-related costs, including Prevention Costs, which are aimed at averting issues before they arise. These expenses involve activities like staff training, certification, machine maintenance, quality assurance, quality planning, and effective management solutions. Appraisal Costs, on the other hand, are incurred to ensure that products meet required standards. This includes activities such as supplier rating, quality audits, and verifications. Internal Failure Costs refer to expenses incurred to address issues identified before delivery, such as waste, rectification, scrap, and failure analysis. External Failure Costs, meanwhile, encompass expenses related to resolving defects discovered by end-users post-delivery, such as service and repair, warranty claims, returns, and addressing complaints (Petropoulos2, 2008)

2.2.4 Consequences of producing poor quality Products on the organisation

Poor quality in products or services can have profound and multifaceted repercussions on an organization. Firstly, dissatisfied customers may cease patronizing the business, resulting in customer attrition and threatening its sustainability. Additionally, poor quality leads to reputational damage as negative feedback spreads swiftly through various media channels, eroding the organization's brand image and market share. Financially, the business faces setbacks due to the costs incurred in rectifying, replacing, or compensating for substandard offerings, directly impacting profit margins. Moreover, negligence in maintaining quality standards can result in legal ramifications, including fines and lawsuits, further damaging both finances and reputation. Operationally, inconsistencies in quality highlight deficiencies in processes and systems, leading to inefficiencies that hinder overall performance. Lastly, poor quality outcomes demotivate employees, causing disengagement and reduced productivity, thereby exacerbating organizational challenges (Pannell, 2022).

2.3 Business opportunity gaps

Companies in South Africa recognize the crucial role of quality management training companies for various reasons. Firstly, adherence to international standards like ISO 9001 and compliance with regulatory requirements are imperative for business operations. Secondly, enhancing product and service quality is vital to maintain customer satisfaction and uphold brand reputation. Thirdly, streamlining operations, reducing waste, and optimizing resources through effective quality management contribute to operational efficiency and cost reduction.

Many researchers in South Africa focused on the effects of Quality Management Systems or ISO9001: 2015 as a basic training to improve the quality of products that businesses produces for their customers and this kind of training presents a blanket approach to quality as an improvement mechanism. This study will seek to research the effectiveness of job specific quality management training as the foundation of quality improvement.

2.4 Review of Business Models

The training industry encompasses a wide range of businesses providing educational and skill development services to individuals, organizations, and institutions. Here's a review of some common business models observed in the training industry.

2.4.1 Traditional Classroom Training

In this model, training companies offer instructor-led courses conducted in physical classrooms or training centres. Revenue is typically generated through course fees paid by participants. Key activities include curriculum development, instructor hiring and training, and facility management. This model may face challenges with scalability and geographic reach due to the need for physical infrastructure (Jain, 2022).

2.4.2. Online Courses and E-Learning Platforms

E-learning platforms offer digital courses and training materials accessible over the internet. Revenue streams may include subscription fees, one-time course purchases, or freemium models. Key activities include course development, platform maintenance, content updates, and marketing. This model offers scalability and accessibility but requires significant investment in technology and content development (Jain, 2022).

2.4.2 Corporate Training Services

Companies specializing in corporate training provide customized learning solutions to businesses and organizations. Revenue is generated through contract agreements with corporate clients for training programs tailored to their specific needs. Key activities include needs assessment, curriculum customization, delivery of training programs, and performance evaluation. This model offers opportunities for high-value contracts but requires expertise in understanding corporate training needs and aligning offerings with business objectives (Jain, 2022).

2.4.4. Certification and Professional Development Programs

Training companies offer certification programs and professional development courses to individuals seeking to enhance their skills and credentials in specific fields. Revenue streams may include course fees, certification exam fees, and partnerships with professional associations. Key activities include curriculum design, exam development, accreditation, and marketing to target audiences. This model provides opportunities for specialization and differentiation but requires maintaining credibility and relevance in rapidly evolving industries (Jain, 2022).

2.4.5. Freelance Training and Consulting

Freelance trainers and consultants offer expertise in specific subject areas to deliver training workshops, seminars, or consulting services. Revenue is typically generated through consulting fees, speaking engagements, and workshop facilitation. Key activities include marketing personal brand, networking, client relationship management, and continuous professional development. This model offers flexibility and autonomy but requires strong networking skills and reputation building to attract clients (Jain, 2022).

2.5. Theories Supporting the Business Venture Research

There are many theories that supports the area of training and development of employees. However for the purpose of this research the human capital theory was explored. Human Capital Theory underscores the importance of investing in employees' education and training to enhance their productivity and performance. According to McConnell et al. (2009), individuals with higher levels of education and training can provide more valuable productive effort compared to those with less education and training. This theory is largely recognized for its contribution to enhancing organizational performance, emphasizing the importance of employees' skills, knowledge, and abilities as essential elements of value creation. Overall this theory was relevant for the study because it supports that training will improve organizational performance which includes quality performance (Research gate, 2020).

2.6. Rationale for Selected Business Model

Choosing a business model depends on a number of factors which are target market, industry trends, scalability, revenue potential, and the organization's capabilities and for this business venture the suitable and selected business venture is the corporate training services because the demand for the services are stable even during economic tough times. corporate training services carries high value contracts which most are long term and this will bring about stable revenue in the business venture. The last and crucial rationale for this business model is that corporate training services can still be scaled effectively by leveraging technology, standardized training materials, and efficient delivery methods. Below is the business model canvas of Quality School of Excellence.

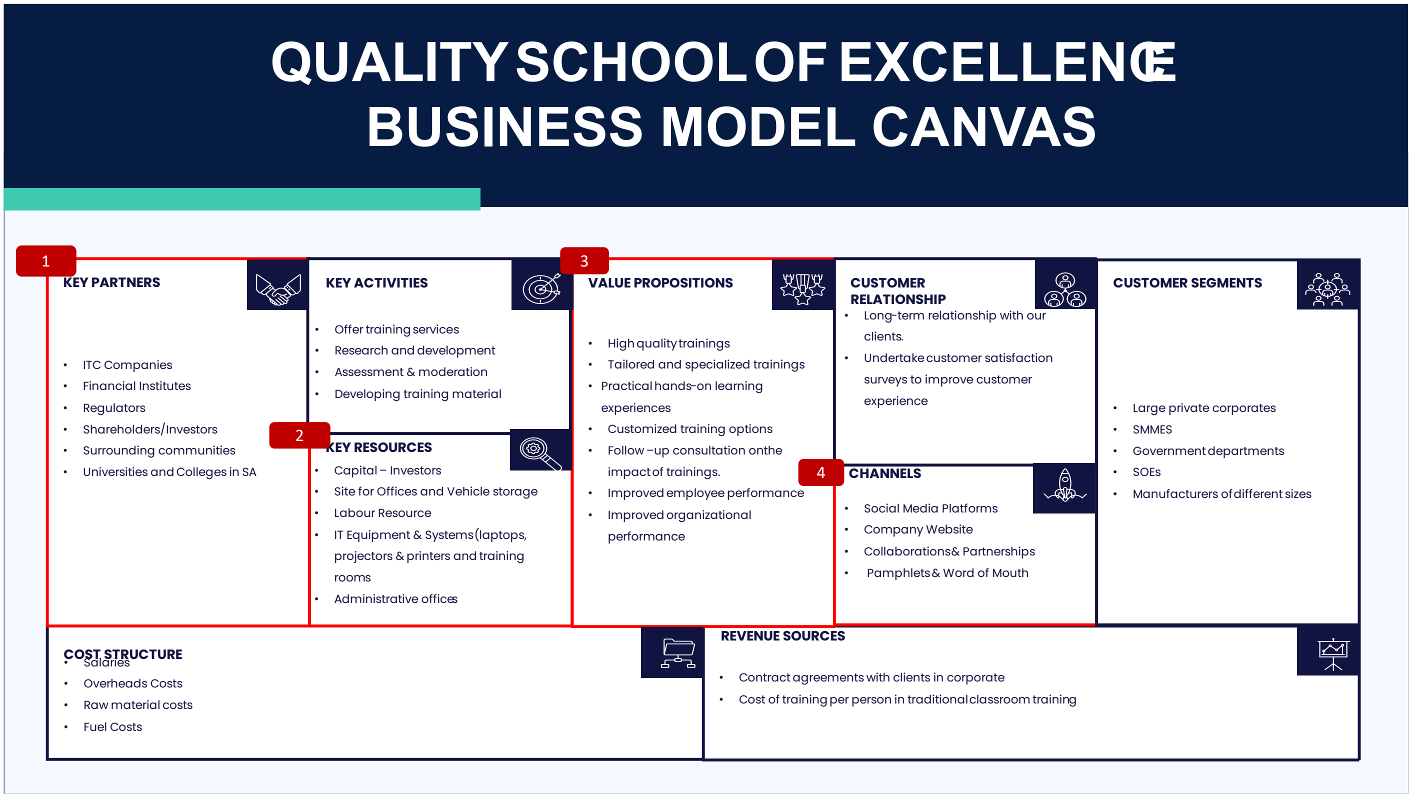


Figure 2.5.1: Business Canvass Model for Quality School of Excellence

2.7 Summary of the Literature

The literature review offers an overview of management theories and models relevant to the proposed business venture focusing on training and developing the workforce within South Africa's manufacturing sector. Through an examination of the literature, it becomes apparent that investing in the training and development of the workforce brings about organizational change and enhances the quality of the products offered to consumers. To make it easy to study the training for manufacturing, the following propositions that have been developed for this study:

Proposition 1: The return on investment of quality training investments for organizations in terms of improved productivity, cost savings, and customer satisfaction

Proposition 2: The alignment of quality training programs with relevant quality management standards to ensure compliance and promote organizational excellence.

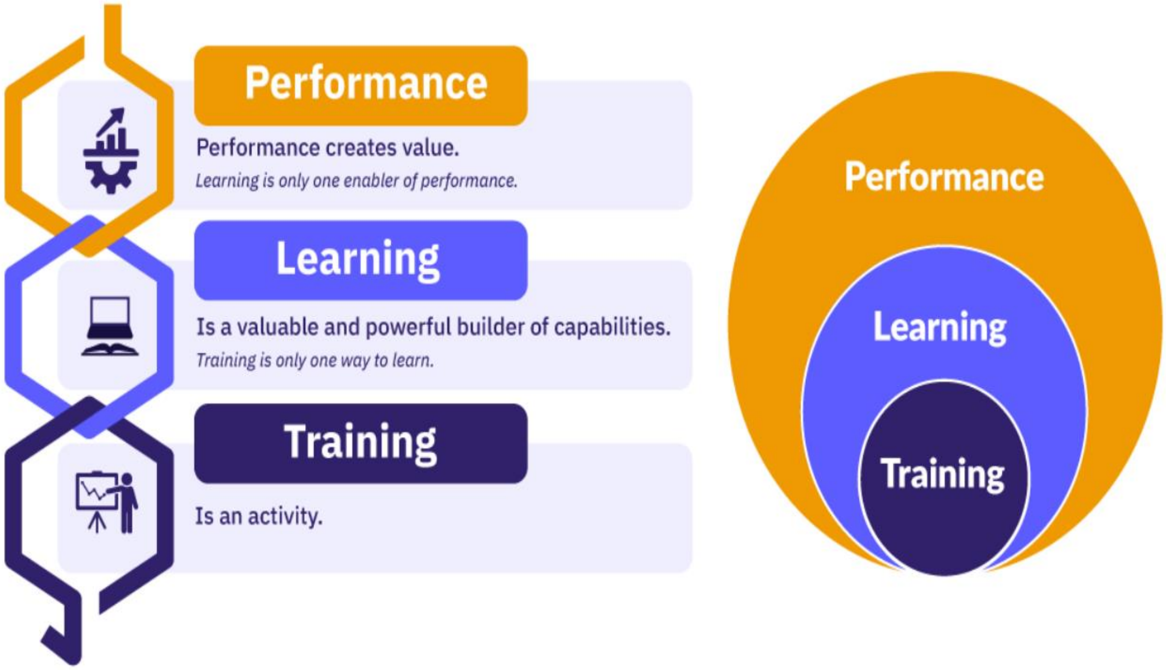


Figure 2.6.1: Proposition 1

Figure 2.6.2: Proposition 2

Chapter 3: Research Methodology

3.1 Introduction

This chapter focused on the research methodology of the business venture proposal and delved into the research design which included data collection methods, sampling and population and the methodology which was followed to collect data. In order to study the viability of the business venture proposal, the literature review and secondary data collection was crucial in order to highlight areas of opportunity and the actual need in the market. The research design focused on how the feasibility study will be conducted.

3.2 Research Design

The research design for this proposal aimed to evaluate the establishment of a business plan of a training business specializing in quality training within South Africa's manufacturing sector. Additionally, it intended to identify the market gap and demand for the proposed services. The primary approach adopted was qualitative research, which involved collecting and analysing non-numerical data such as video, audio, or text. Qualitative research was utilized to comprehend intricate concepts, experiences, and opinions, as well as to develop new insights or research ideas. The study utilized secondary data review, which involved analysing existing data to enhance research effectiveness. This approach offered the advantage of saving time and resources while leveraging existing knowledge and expertise to draw insights and conclusions (Bhandari, 2023).

3.3 Data Collection Methods

Various techniques are employed to gather qualitative data, such as interviews, surveys, focus groups, document analysis and observations. Proficiency in comprehending the diverse methods utilized for qualitative data collection is imperative for achieving success in qualitative research (Austin, 2015). For the purpose of this research document analysis was used as an instrument to collect and collate data.

3.3.1 Population

The research population comprised of academic reports, conferences and journal articles which were used to collect data from. These sources discussed quality management training and development within manufacturing sector and its associated effects. The main rationale for selecting secondary data population in this research study was utilize the findings for application upon analysis. Population refers to the process of gathering and analysing existing data that has been collected by someone else or for another purpose (Thomas, 2023).

3.3.2 Sampling

The sample for this business proposal included academic reports from various university at masters level which reflects on the importance of quality management trainings . The sampling method used in this study was purposive sampling. An total 11 documents were sampled and reviewed as part of this research to collect data.

3.4 Research Instruments

Document analysis was used as an instrument for the purpose of this research. A document analysis guide is an instrument or resource that provides structured guidance on how to conduct document analysis as part of a research study. It typically outlines the steps, procedures, and considerations involved in analysing documents, such as texts, reports, records, or other written materials. Overall, a document analysis guide will help the research to conduct thorough, systematic, and reliable document analysis, leading to more robust research outcomes. The shortcomings of document analysis guides include potential subjectivity in interpretation, limited scope and applicability to diverse contexts, complexity that may hinder comprehension, time and resource intensiveness, rigidity that restricts flexibility, and insufficient coverage of ethical considerations.

3.5 Data Analysis strategies and interpretation

The data collection used the document analysis in which 11 relevant documents were selected and the following steps were followed to analyse the data using thematic analysis:

- Define the research questions i.e. importance of quality management trainings of the workforce to inform a business planning
- Choose the relevant documents linked to quality management training
- Prepared and organized the documents
- Began initial review and codes
- Analyse and interpret the data
- Present findings and drew conclusion

A total of 4 codes/themes namely 1) Productivity 2) Customer satisfaction 3) Employee satisfaction 4) product quality were created and assigned to the 11 documents selected for the analysis.

Thematic analysis is a qualitative research approach employed by researchers to methodically arrange and examine intricate datasets. It entails the exploration of themes that encapsulate the narratives within the dataset, achieved through meticulous reading and re-reading of transcribed data. (Lorelli S. Nowell, 2017).

3.6 Limitations

The limitation anticipated in this research was the fact that there might be no or little prior research on the subject which means that this study should be an exhaustive as possible to bring relevancy of the study to the fore. The availability of relevant documents to review might be a risk

3.7 Quality Assurance

3.7.1 Transferability

The aim was to ensure that this business venture proposal research within manufacturing sector is transferable to other countries and also transferable to other sectors such as service. Transferability was attainable through the provision of a comprehensive depiction of the findings derived from multiple data collection methods (Applied Doctoral Centre, 2024).

3.7.2 Credibility

The credibility of qualitative data was upheld by incorporating diverse perspectives throughout the data collection process to ensure its relevance and accuracy. This was achieved through various means such as data, theoretical triangulation and the rigorous methodologies employed during data gathering (Applied Doctoral Centre, 2024).

3.7.3 Dependability

Dependability of the research was guaranteed by employing meticulous data collection techniques and procedures, as well as well-documented analysis methods. Inquiry audit was conducted by an external reviewer to verify dependability.

3.8 Ethical Considerations

To ensure that the research for the business venture was ethical and beyond reproach, I followed the guidelines as stipulated in the ethics forms regarding researching and producing an ethical report, this was done through creation of a summarized checklist which constantly guided me of key ethical issues. The second part of ethical considerations was to go through the Wits ethics certificate process and lastly the review of peer review articles.

Chapter 4: Results Analysis and Interpretation

4.1 Introduction

The analysis and interpretation of data are crucial to determine the feasibility and need for establishing a quality management training business venture in South Africa. This venture aims to serve the underserved training market and improve the quality of products and services offered by companies, especially SMMEs. Product quality is a key competitive advantage for organizations. The data collected and analysed using the document analysis and thematic analysis respectively to identify positive contributions that quality management training has on organizations. The key purpose for the research was to establish the importance of workforce training in quality management and its effects on the business's performance which must inform the creation of a business venture planning. The research have indicated that there is a positive relationship between quality management training and the productivity, customer satisfaction, employee satisfaction and product quality in an organization.

4.2 Findings and Analysis

Themes and Codes

The study underscored the significance of training in enhancing employee productivity, with a clear plan for both on-the-job and off-the-job training being essential for predicting productivity outcomes. It highlighted that quality management training helps employees understand their roles in delivering customer quality, thus improving customer satisfaction through feedback and continuous quality improvement initiatives. While no direct relationship was found between quality management training and product quality, the research suggested that an effective training strategy, which includes quality awareness and process control training, is crucial for aligning employee efforts with customer satisfaction goals. Moreover, employee training not only improves decision-making in quality matters but also increases job satisfaction, which helps retain critical skills necessary for producing quality products and services. This was achieved by developing a total of 4 codes/themes namely 1) Productivity 2) Customer satisfaction 3) Employee satisfaction 4) product quality were created and assigned to the 11 documents selected for the analysis and below is a graphical representation of the importance of training management using the themes to represent the order of importance.

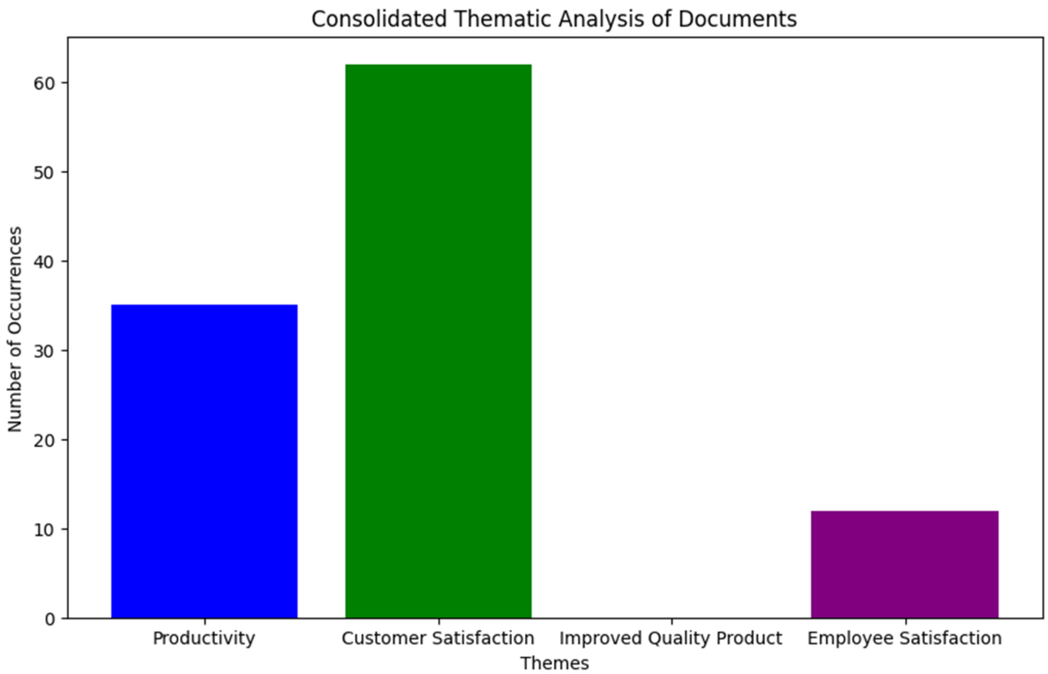


Figure 4.2.1: Consolidated Thematic Analysis of Documents

Business Venture Creation

The outcome of the study and analysis highlighted that training significantly boosts productivity. Organizations are constantly seeking ways to enhance their efficiency and effectiveness as discussed in (ASP Journals, 2021). A training venture can capitalize on this demand by offering specialized programs that focus on productivity improvement through quality management practices. Quality management is essential for producing high-quality products (Zinzi, 2011). The study underscored the importance of training in quality control, inspection, and continuous improvement. A training company can offer certifications and workshops on quality management tools and techniques, helping organizations maintain high product standards and reduce defects (Ngambi, 2015). The study concludes that training is a strategic investment with substantial returns. Organizations that invest in training see improvements in productivity, customer satisfaction, product quality, and employee satisfaction. A training company can position itself as a strategic partner, helping businesses achieve their goals through effective quality management training (Ngambi, 2015).

The types of organizations analysed through the documents are manufacturing organizations in which the focus of the study was on. The type of reports that were analysed during the analysis were productivity reports, customer satisfaction reports, quality management reports, employee satisfaction reports and general organizational reports such as Enterprise and Supplier Development and annual reports which highlighted different organization's productivity, customer satisfaction, product quality and employee satisfaction. The documents analysed were common documents from public sources.

The study has shown that workforce training enhancing employee productivity, performance, motivation, and innovation. Both on-the-job and off-the-job training play significant roles in predicting productivity. Quality management training helps employees understand their roles in creating customer satisfaction, which is measured through feedback and continuous quality improvement initiatives. Although no direct link was found between quality management training and product quality, effective training programs, including quality awareness and statistical process control, support ongoing improvements in product quality and customer service (A.Y Magodi, A Cross-Sectional Pilot Study on Quality Management System in the Small and Medium Enterprise (SME) in South Africa, 2020).

Additionally, training enhances employees' decision-making abilities in quality matters, leading to higher job satisfaction. This increased satisfaction reduces turnover and helps retain critical skills necessary for producing quality products and services. By equipping employees with quality management skills and knowledge, organizations can ensure that their workforce is aligned with achieving customer satisfaction a (Mbohwa L. S., 2016) and maintaining high standards of quality (A.Y Magodi, A Cross-Sectional Pilot Study on Quality Management System in the Small and Medium Enterprise (SME) in South Africa, 2020).

In the study that was conducted by it has indicated that of the 90 specimen sampled for the study in terms of SMMEs which have a quality department, 49% of the respondents have indicated that they do not have quality department. This phenomenon creates a concerning trend that these SMMEs are not appreciating the importance of quality management and this is golden opportunity for the business venture to serve this underserved market by providing quality management trainings which serves as a foundation to establish a quality department. Below pie chart indicates the spread of the study in terms of the study as conducted by (Mbohwa L. S., 2016).

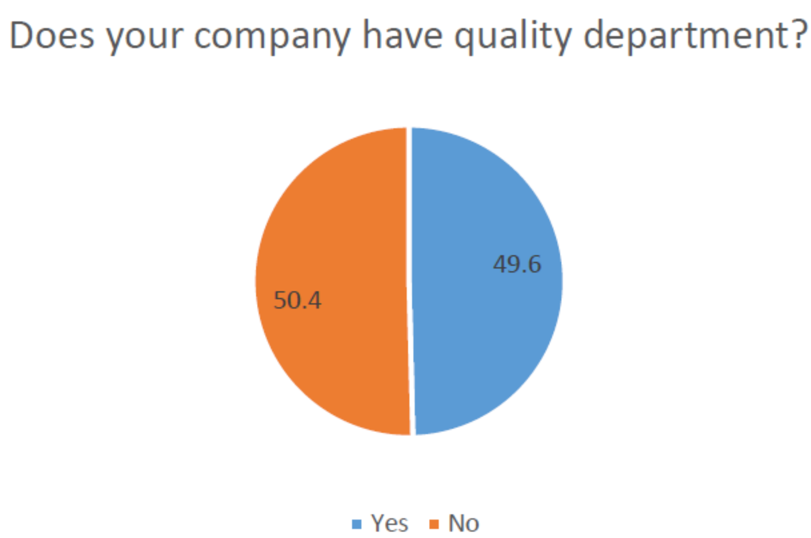


Figure 4.2.2.Quality Questionnaire Response

The study have also shown that many SMMEs in South Africa in the manufacturing sector does not have quality management systems and this often leads to these SMMEs struggling to survive in the market, this assertion have been confirmed by the research conducted by (A.Y Magodi, A Cross-Sectional Pilot Study on Quality Management System in the Small and Medium Enterprise (SME) in South Africa, 2020) whereby a total of 50 SMEs were sampled and only 62% of the participants implemented Quality Management Systems and the remain 38 % did not. This phenomenon further supports the planning to create a business venture that will provide training in Quality Management in the manufacturing sector in South Africa and also provides education on the need and importance of quality management system. Below is graphical representation of the SMMEs that implemented QMS and not.

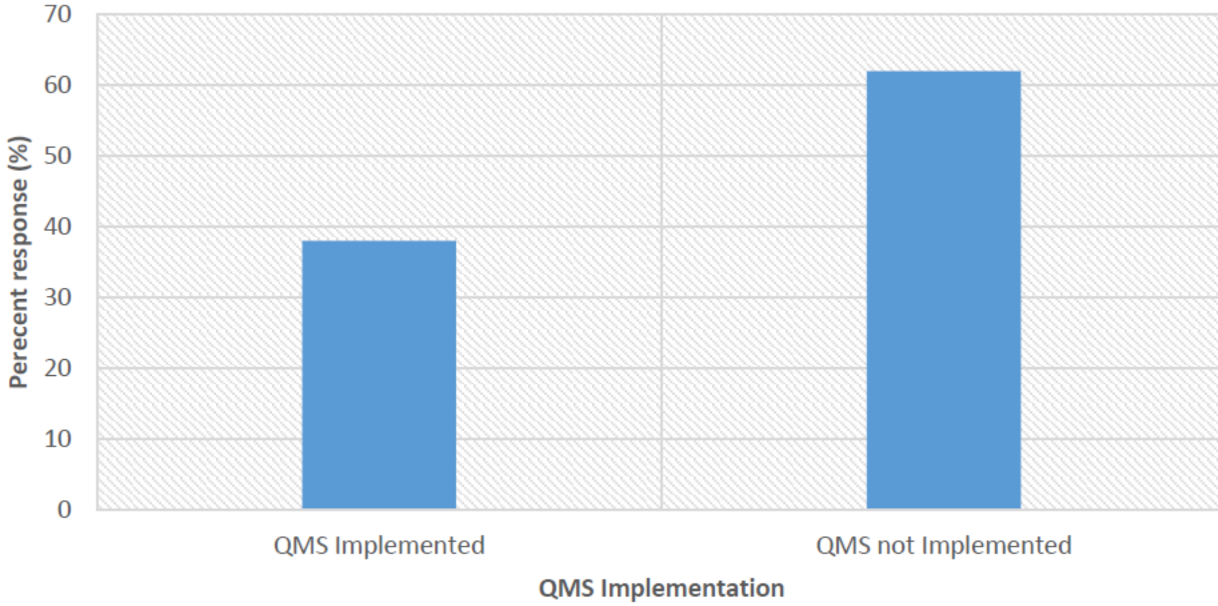


Figure 4.2.3: Implementation of QMS by SMMEs

4.3 Conclusion

The analysis and interpretation of the results of the study focused on evaluating the feasibility and need of creating a business venture planning which will provide quality management training in the manufacturing sector in South Africa. The study have underscored the significance need for venture creation to address existing market gaps, the significance business venture creation was highlighted by the existing market gaps, The specific areas where current offerings are insufficient, driven by economic and industry trends, target market demands, and competitive shortcomings. The analysis emphasized the importance of feasibility, sustainability, innovation, and differentiation for new ventures to succeed. By addressing these gaps and leveraging emerging trends, new ventures can achieve competitive advantage and contribute to economic growth and development and success of the manufacturing sector. The study have shown that launching a new venture to provide training in quality management is not only a response to the growing demand for skilled professionals but also a proactive approach to enhancing organizational efficiency, compliance, and sustainability. By bridging the skills gap and fostering a culture of excellence, such a venture can significantly contribute to the success and competitiveness of organizations across various industries.

Chapter 5: Business Venture Proposal

5.1 Executive Summary

The venture aims to establish a quality management training business to serve the manufacturing sector in South Africa, with a specific focus on SMMEs in both rural and urban areas. With manufacturing sector contributing 13% to the GDP of South Africa and with the sector forecasted to grow with an average of 5.7% per year over the next decade (PWC South Africa, 2024). This presents a significant opportunity for the business venture to services the manufacturing sector related to quality management.

The primary objective of the venture is to partner and collaborate with manufacturing companies to improve the quality of the products that are served to the market which is a strategic move to gain competitive advantage by serving customers with quality products.

The affordability and discounts of the services offered by the venture will ensure that the manufacturing companies do not burden themselves financially to allow cash flow and sustainability. The business venture will primarily target SMMEs in the province of Gauteng and this approach will provide the business venture with an opportunity to serve the SMMEs with quality management training and consulting which will in turn enhance the quality of the produced products to the market.

The target market for the SMMEs will serve as an entry strategy and with time the venture will expand to large manufacturers in South Africa and Africa at large. The venture expands, the targeted customers will be the entire manufacturing sector including SOEs.

5.1.1 Vision, Mission and Objectives

Mission

To deliver quality management trainings that are innovative, value-driven and drives operational excellence.

Vision

Provide world class quality management trainings for our clients today to meet evolving industry needs tomorrow

Organisational Objectives

The following objectives direct the business venture’s priorities:

- Delivering demand-driven training through various training solutions by employing qualified and experienced facilitators and trainers.
- Deliver training content that is aligned to current global best practices and addresses key industry challenges and in sync with global quality organisations like ISO 9001
- Offering cost-effective training solutions which will drive continuous improvement, empower workforce development and enhance customer satisfaction.
- Deliver flexible and tailored affordable training solutions to enhance access to our training services for all businesses regardless of their financial muscles.

5.1.2 Current state of the business

The venture intends to establish a quality management training company to address and serve the currently underserved market of quality management training and implementation in South Africa. The business venture seeks to improve the knowledge of the workforce in quality management and ultimately improving the quality of the products and services served to the market.

5.1.3 Products and Services

The business venture offers training and consulting services in quality management within manufacturing and services to meet the skills deficit amongst the workforce. The services offered by the venture are organized to be accessible, affordable and high quality to address quality challenges in the manufacturing and service sectors in South Africa.

5.1.4 Strategy and Sources of sustainable competitive advantage

The business venture's strategy seeks to take advantage of its first-mover advantage in introducing new training courses and new consulting avenues in quality management in the market. With the introduction of new offerings different from what current competitors offers, which underpins our differentiation strategy, the venture aims to capture a sizeable market-size. This will be realized by ensuring that the venture makes its offerings accessible, affordable and high quality.

5.1.5 Customer Acceptance

The venture foresees a high customer acceptance and response to its offerings largely because of the quality challenges that customers experiences and the associated costs resulting from poor quality of products and services from SMMEs in particular and large corporates in general. The accessibility, affordability and high quality services offered by the ventured will be at centre of the customer acceptance.

5.1.6 Summary of Financial Forecasts

The financial forecast includes projections for revenue growth, cost management, and profitability over five years. Based on assumptions such as market demand, pricing strategy, and operational efficiency, the forecast predicts steady revenue growth, positive cash flow, and increasing profitability over time. Below tables summarises forecasts:

Projected Revenues Yearly	Revenues in Rands (R)
Year 1	R6480 000
Year 2	R6868800
Year 3	R 9707904
Year 4	R12005441,28
Year 5	R14498751,17

Table 5.1.6.1: Summary of Projected revenues

Projected Costs	Revenues in Rands (R)

Year 1	R6480 000
Year 2	R6868800
Year 3	R 9707904
Year 4	R12005441,28
Year 5	R14498751,17

Table 5.1.6.2: Summary of Projected Costs

Projected Profits	Revenues in Rands (R)
Year 1	R2855400
Year 2	R3101824
Year 3	R5070525,92
Year 4	R6629553,494
Year 5	R8316754,594

Table 5.1.6.3: Summary of Projected Profits

5.1.7 Money required, timing and deal on offer

The venture needs R2000 000 to establish a training and consulting business in Quality Management in South Africa within 12 months. The money will be primarily needed to developing training material and purchase inspection tools required for consulting arm of the venture. Investors can invest in the venture which seeks to improve the quality of products and services offered by industries in South Africa which has a social impact on the customers purchasing these products and services. Investors will receive equity stakes in leu of their investment.

5.2 Basic Business Information

The table below summarizes the basic venture information

Name	Quality School of Excellence Pty Ltd
Business Contact	Cell: 076 390 5439
Sector	Skills development
Industry	Education, training and Skills development
Ownership	100%
Number of staff	5
Age of business	0 Years
Target Market	SMMEs and Large corporates in manufacturing and services
Capital structure	Hybrid capital
Suppliers	Opaleng Business Institute & Inspection tools specialists

Table 5.2.1: Basic Business Information

5.4 Market Analysis

Market analysis was used as a detailed assessment of the venture's target market and the competitive landscape within a specific industry.

Target Market and Segmentation

The primary target market for the training and consulting in quality management is the neglected and underserved population of Small Medium and Micro enterprises within the manufacturing sector in South Africa. Amongst the reasons for SMMEs failure rate in South Africa, poor product quality plays a prominent role and the offerings by the venture will seek to embed quality from inception of these SMMEs in order to produce and serve quality products right first time. The primary customers of the business venture will be the SMMEs which seek to train their workforce in quality management and consulting on the implementation of quality management systems.

Market Size

The underserved SMMEs, large corporations and government entities within manufacturing sector in South Africa represents the untapped market which presents an opportunity for the business venture to introduce trainings and consulting services within the quality management. The market size in the quality management training and consulting space within manufacturing can be represented by the GDP contributed by the manufacturing industry and number of employees in the sector. According (PWC, 2023) in 2022 manufacturing sector contributed 11.4 % towards overall GDP (R 3 trillion) and around 1.5 million people are employed in the industry. According to the (Republic of South Africa - Presidency, 2022) there are about 2.4 and 3.5 SMMEs in South Africa and employs about 30000+ people. The ongoing effort by the government of South Africa to support SMMEs through funding and supplier development efforts, could potentially be viewed as an expansion opportunity and market for the venture.

Market Trends

With the increasing awareness of the importance of quality products in the market and the cost of producing poor quality products, many companies are increasingly aware of their quality obligations and this will drive the demand for quality management trainings and consulting up and the business venture will capitalize on this inevitable awareness. Moreover the government of South Africa is pumping billions in support SMMEs and particularly the reindustrialization of the South Africa economy to create more jobs is a potential market for the venture.

Market Needs

Accessible, affordable and world-class quality management trainings and consulting services to ensure that companies are able to produce good quality right first time without incurring a cost of poor quality.

Competitive Landscape

There are about six or seven major training companies in South Africa. The competition in the training industry is very stiff.

5.5 Marketing Mix

The marketing mix details the collection of variables or controllable elements that a business employs to effectively and efficiently influence and meet the needs of its target customers. The elements includes the 4Ps of marketing:

Product

The core product and services offered by the business venture are the trainings and consulting services in quality management which are affordable, accessible and high quality. The venture will focus on offering a diverse range of trainings and consulting services to SMMEs, government entities and large corporates.

Price

Based on the research conducted, there are various pricing strategies which should be balanced and consider the affordability of the customers especially SMMEs with poor financial muscles. As an entrant in the market the venture preferred pricing model will include competitive pricing strategy in which the prices of the highest and lowest competitors will be averaged to formulate a prices for the products and services. To ensure affordability to the customers, specials and discounts will be made available to customers especially SMMEs. The competitive price list of the quality management training and consulting services is in appendix 1 as deduced from the price market analysis of training companies like BSi group, DQS and TIQMS.

Place

By locating the venture in the heart of the economic activities is a strategic decision to cater and serve the underserved customers. Majority of the SMMEs, large manufacturing companies and government entities are based in Gauteng province, South Africa. To ensure the accessibility of the venture's offerings Gauteng province was the best and strategic placement. as part of expansion strategy, the venture will have presence in the Western Cape, city of Cape Town and KZN, Durban and Eastern Cape, Port Elizabeth.

Promotion

Product and services promotion will be done through different platforms which exists such as LinkedIn, seminars and conferences to meet potential customers. Data base of different customers will be built with emails in which emailing marketing will be used as part of promotion strategy. Search engines like google will be used as pop up when people are searching and the venture will set up a website which communicate and promote the products and services for the venture. Word of mouth will be crucial in promoting the product and services of the business venture.

The ventures seeks to partner with Universities and Colleges that offer qualifications in quality management like University of Johannesburg in order to reach the greater population of clients who are representing their organizations in the university.

5.5 Situational Analysis (Environmental, Industry and Competitor Analysis)

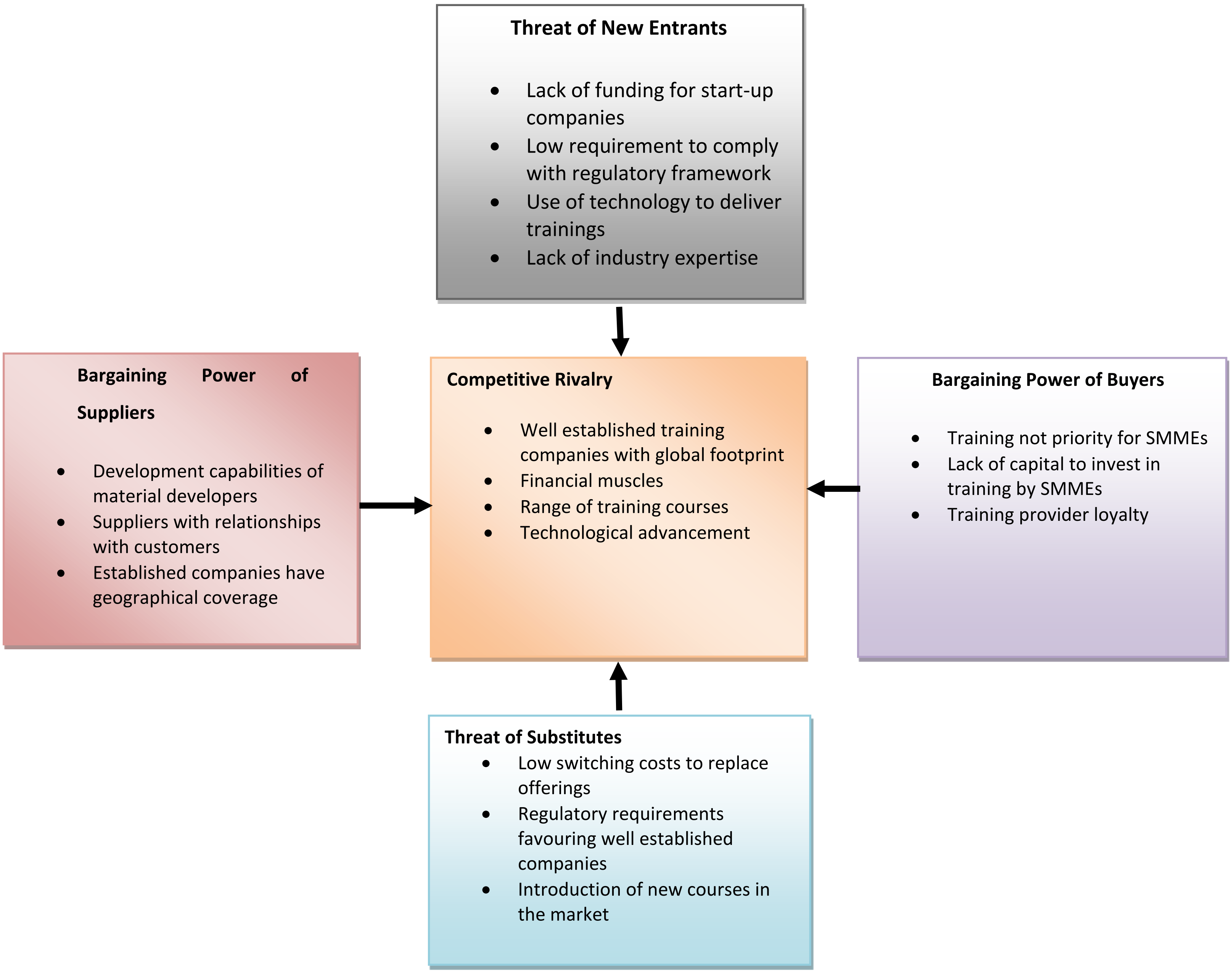
5.5.1 Macro Environmental Analysis

Political Factors		Economic Factors	
Issue	**Business Impact**	**Issue**	**Business Impact**
Government policy for skills devlopment through SETAs	Opportunity for the venture to fill the gap	Economic growth and stability - Opposite of that is economic downturns	Companies continue to growth and new companies are created, need for training increases in the sector. Companies scales or closes down and reduce training demand
Training and development skills 1% levy from all employees	Increase spending on training and development - opportunity for the venture	Workforce development initiatives	Government funded workforce projects drives corporate training services up
Government of national unity stability	Impact the stability of the training sector due lack of economic stability	Cost of training and expected ROI	Employers may evaluate the cost of training versus the expected returns in terms of productivity, overall performance and withdraw
Social Factors		**Technological Factors**	
Issue	**Business Impact**	**Issue**	**Business Impact**
Changing worforce demographics	Changing demographics such ageing population influence the types of training or skills required	Digital and online learning and teaching	Training market shifted towards digital platforms, courses offered online and virtual trainings. Venture to catch up with technology
Workplace culture and employee engagement	Companies continually seek to foster good culture and employee engagement, creates oppoerunity for the indystry	Learning Management System	Learning management systems (LMS) have become essential tools for delivering, tracking, and assessing corporate training programs, enabling organizations to streamline their training operations and monitor employee progress
Corporate social Responsibility	Providing training and development oppoertunities to underserved communities	Emerging technologies	By integrating emerging technologies such as virtual reality (VR), expanded reality (AR), and artificial intelligence (AI), we convert business training status and provide immersive and personalized learning experiences.
Enviromental Factors		**Legal Factors**	
Issue	**Business Impact**	**Issue**	**Business Impact**
Sustainability and Enviromental regulations	With organizations increasingly adhering to sustainability including carbon footprint and enviormental awareness - Demand for training increases	Intellectual Property rights	Corporate training providers must consider intellectual property rights and ensure compliance with copyright laws when developing and delivering training materials and content.
Remote and Virtual Training Solutions	The training sector to invest on the technology of offerings on the virtual platforms	Data privacy and security	With the increasing use of digital platforms and collection of employee data, organizations must comply with strict regulations regarding data privacy and security.
Climate change and weather patterns	Unable to travel other areas due bad weather and climate change topics such recent snow and floods in KZN	Compliance with regulatory bodies	Training companies must comply with industry specific regulations when offering training services such as QCTO and varios SETAs

Table 5.5.1: PESTEL Analysis

5.5.2 Industry Analysis

Porter's five forces was used to evaluate the industry competition in order to comprehend the competitiveness landscape of the training industry in South Africa in manufacturing within the quality management training.



Fugure 5.5.2.: Industry Analysis – Porter's five forces

5.5.3 Competitor Analysis

Existing Training Companies;

Obtaining QCTO accreditation is a crucial step for training companies looking to establish credibility and align with national standards in the dynamic field of occupational training in South Africa. But there are difficulties with this process, especially considering how competitive the market is and how many suppliers charge cheap prices for low-quality, frequently plagiarized materials.

There are many providers fighting for market share in South Africa's fiercely competitive occupational training industry. Many of these suppliers rely on low-cost, inferior materials that are usually unoriginal and don't live up to the strict standards of QCTO accreditation. Such inexpensive options are widely available, which puts pressure on ethical businesses like the business venture that value compliance and quality over quantity and cost. Regrettably, low-cost providers frequently generate content that has been plagiarized and take shortcuts that compromise the integrity of the industry as a whole. The industry consist of private and non profit training providers. However the market is dominated by private training providers such as Bsi Group, DQS, SAQI, TIQMS and SGS SA to mention the few. The target market for these leading industry captains in quality management trainings are big corporates and large size manufacturers, this potentially leaves the SMMEs segment underserved in terms of trainings.

SWOT Analysis

Strength	**Weakness**
Focus on the underserved SMMEs	High operational costs to set up the venture
Staff expertise in quality management	Long processes of accreditation of the courses
Integrate technology and innovation in training	Implementation of learning management systems and Quality management system
Government skills development program exploitation	Employee retention and engagement as a new venture
Threats	**Opportunities**

Rapid technological changes in delivering training	High demand for workforce upskilling
Intense competition with well established training providers	Quest to serve the market with quality products
Regulatory and compliance with QCTO and SETAs hurdles	Foreign direct investment leading to supplier development projects
Decline in manufacturing industry activities	Government drive to support and resource manufacturing SMMES

Table 5.5.3.1: SWOT Analysis

5.6 Research and Development

As part of seeking to continuously stay ahead of the competition curve, the venture will have a research and development department to continuously research the market to understands market demands and development products that the customers are yearning for. The following activities will be undertaken in order to achieve our R & D goals:

Continuous innovation: understand market trends globally and innovate new courses to respond to the ever growing need of training and development in manufacturing.

Partner with global players: The business venture will to partner with key and big global big training companies in order to learn and benchmark their successful stories from developed countries.

Academic partnerships: Join hands with high institution of learning in South Africa to leverage the academic repositories to understand new technologies and market demands in training industry.

Regulatory bodies partnership: Partner with regulatory bodies such as a QCTO and SETAs in order to gain alignment with current and up to date training courses and respond accordingly.

5.7 Management and Organisation

Below is the management and organisational structure of the business venture which includes top management and middle management.

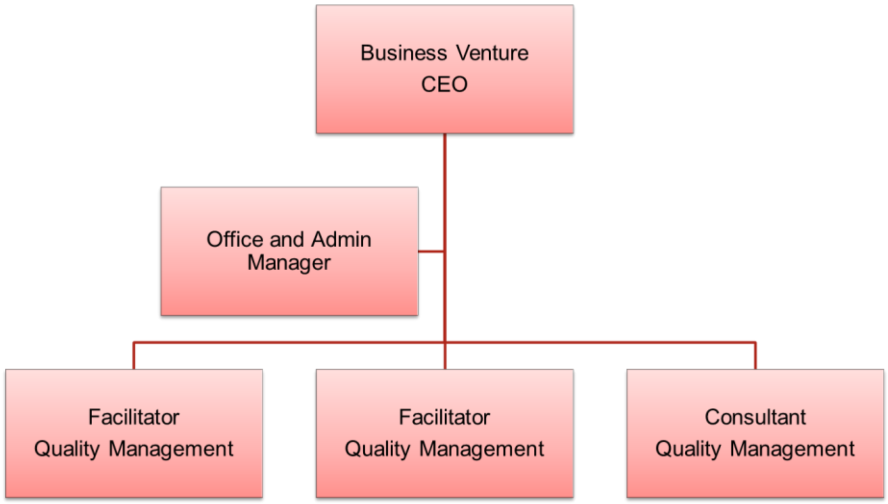


Figure 5.7.1: Business Venture Organogram

5.8 Business Financials

The venture needs R2000 000 to establish a training and consulting business in Quality Management in South Africa within 12 months. The money will be primarily needed to developing training material and purchase inspection tools required for consulting arm of the venture. The capital seed of the venture will be primarily sought from the Industrial Development Corporation and long term debts from private lenders.

Summary of operations

The venture is going to focus extensively on the establishment of the operations of the venture. This will include detailing the operational foundation of the business and ensuring that a training venue is secured, material for the training are well understood and designed to respond to the thorough market research will confirm the demand of quality management training and consulting services and the best facilitators are employed who have extensive experience in quality management from different industries before the venture can approach funders, all these mentioned items needs to be finalized. Part of the market analysis the venture will seek to identify and analyse its potential customers based on the sizes of the companies such as big corporations and SMMEs, with the focus in helping the SMMEs to develop and produce quality competitive products. The venture will also ensure that the regulatory requirements are fulfilled such as QCTO and SETAs.

Current Shareholders Loans Outstanding

The venture is relatively at its infancy stage and it has not secured shareholders loans which are outstanding.

Funds Required and Timing

The business venture seeks to secure a capital seed of R1500 000 in order to kickstart the setting up of the operations of the venture in Gauteng province as the first location. The timing plan to secure the funding is between 12 to 18 months.

Use of Proceeds

The funds will be used to secure office space including training rooms, research and development of training of materials, training equipment, consulting equipment, regulatory requirements and employ consultant and facilitators.

The Deal on Offer

Investors are encouraged to plant a financial seed on this groundbreaking project in which they will participate in building a social vehicle which seeks to assist SMMEs in South Africa to solidify their operation excellence which in turn will ensure that they produce quality products which is expected by the market. The investors will receive equity stake in the business venture which is poised to grown in leaps and bounds in exchange of their much needed investment and with the possibility of paying dividends being paid in the future.

Anticipated Gearing and Interest cover

To facilitate the debt in proportion to equity capital to fund the business venture’s operations, the venture will seek to strike a balance between debt and equity in order to minimize borrowing money from lenders and rely heavily on the funding from the shareholders, as much the venture will find a working formula to balance debt and equity while maximizing returns for investors and service the financial obligations including interests on debts.

Expected Returns

The investors can expect handsome returns on their investments as the business venture is poised to grow and capture a market share. This be will realized by maximizing growth in revenues in the niche market of SMMEs identified by offering high quality services to the underserved market coupled with the expansion strategy from Gauteng to Durban, Port Elizabeth and Cape Town and ultimately the whole South Africa and Africa, which will ensure sustainable profits for the venture and the investors.

Exit Route For Investors

The venture will make various exit options/strategies for the investors to ensure that the investors maximizes profits and their financial positions. Some of the options to be made available for the investors are liquidation, mergers and acquisitions, legacy, acquihires and sell stakes to an investor.

5.9 Forecasts and Financial Data

Summary of performance ratios

Appendix 2 presents the financial ratios of the Business venture, which collectively illustrate a favorable trend, signifying robust financial health and operational efficiency. Profitability ratios indicate a steady enhancement, with gross and net profit margins rising consistently. Liquidity ratios reflect an improvement in liquidity positions, while efficiency ratios point to better inventory management. Despite a slowdown in the growth rate, the venture still demonstrates positive revenue growth. Return ratios reveal positive returns on both assets and equity, though with some variability. In summary, the venture's performance across several financial metrics indicates a stable and expanding business marked by effective management practices.

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Sale	6480000	6868800	9707904	12005441,28	14498751,17
Costs	1875000	1912400	2016244	2134419	2267334
Gross Profit/Loss	4605000	4956400	7691660	9871022,64	12231417,41
Operating Expenses (Projected increase based on 2024 inflation rate of 6%)					
Advertising	15000	15000	5000	2500	2500
Salaries	1160000	1229600	1303376	1381579	1464473
Equipment	20000	0	0	0	5000
Furniture	50000	0	0	0	0
Rent	120000	127200	134832	142921,92	151497,2352
Miscellaneous	10000	10600	11236	11910,16	12624,7696
Car Rental	20000	21200	22472	23820	25250
Petrol & Tollgates	50000	53000	56180	59550,8	63123,848
Telephone & WIFI	5000	5300	5618	5955	6312
Insurance	60000	63600	67416	71461	75749
Training material	50000	53000	56180	59551	63124
Employer Contributions i.e. UIF etc	163800	173628	184045,68	195088	206794
Pension Fund Contribution (12%)	151200	160272	169888,32	180082	190887
Total Expenses	1875000	1912400	2016244	2134418,64	2267334
Profit before tax	4605000	4956400	7691660	9871022,64	12231417,41
Corporate Tax Payable (27% Gross sale	1749600	1854576	2621134,08	3241469,146	3914662,815
Net Profit	2855400	3101824	5070525,92	6629553,494	8316754,594

Table 5.9.1 : Income statement (Profit and Loss)

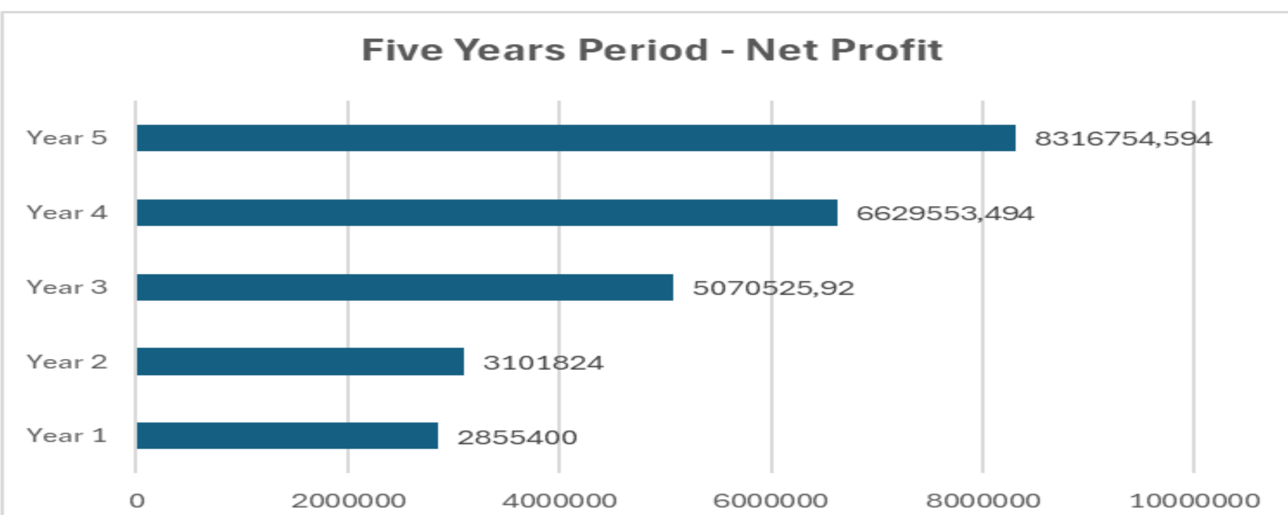


Figure 5.9.1: Net Profit for a period of five years

Deducing from table 5.9.1 (income statement) it is evident that the business venture will make a profit from year 1 and grow in its profitability right through to year 5. The income statement demonstrates a positive trend for the business venture with a steady growth in revenue, profitability and proper cost management. The key focus will be robust process to manage the expenses in order build a financial healthy business.

Current Assets	Investment/Cash	2000000	1803400	1628504	1485849	1171572
	Profit	4605000	4956400	7691660	9871023	12231417
	Inventorty, Miscellaneous	10000	10600	11236	11910	12625
	Total Current assets	**6615000**	**6770400**	**9331400**	**11368782**	**13415614**
Fixed Assets	Car	20000	21200	22472	23820	25250
	Equipment	20000	0	0	0	5000
	Furniture	50000	0	0	0	0
	Total Fixed Assets	**90000**	**21200**	**22472**	**23820**	**30250**
Total Assets						
	Current + Fixed Assets	**6705000**	**6791600**	**9353872**	**11392602**	**13445863**
Current liabilities	Rent	120000	127200	134832	142922	151497
	Salaries	1160000	1229600	1303376	1381579	1464473
	Employer Contributions	163800	173628	184046	195088	206794
	Insurance	60000	63600	67416	71461	75749
	Tax Payable	810000	931500	1071225	1285470	1606838
	Total Current liabilities	**2313800**	**2525528**	**2760895**	**3076520**	**3505350**
Long term Liabilities	Pension contribution	151200	160272	169888	180082	190887
Total Liabilities	**Current + Long term**	**2465000**	**2685800**	**2930783**	**3256601**	**3696237**
	Net Asset/Owner's Equity (TA-TL)	**4240000**	**4105800**	**6423089**	**8136001**	**9749627**
	Total Liabilities and stakeholder Equity	**2625000**	**3266800**	**3501108**	**4029059**	**4772115**

Table 5.9.2: Balance sheet

The balance sheet as shown on figure 5.9.4 of the balance sheet highlights a healthy and intelligent business where there is a right balance between debt and equity. The positive bottom line confirms that there is value for the shareholders and owners in the company.

5.10 Operational Plan

5.10. 1 Geographical Analysis

The business venture will be located in Johannesburg because JHB at most is considered as the economic hub of the South African and central to key targeted manufacturing hubs such as Durban, city of Cape Town and Gqeberha. The location is very strategic in that it will be easy for consultants to fly from OR Tambo to the aforementioned cities to provide trainings and travel by car to cover all cities in Gauteng.

5.10.2 Operating Equipment

The required equipment for the business venture will be the following in order to deliver the services on time, right quality and on cost:

- Computer
- LCD Projectors
- Projection Screen
- Presentation Pointer
- White board and flip charts and markers
- Stationery
- Microphone and speaker system
- Printer and paper

5.10.3 Staff Compliment

The business venture will initial have 5 employees with the CEO responsible for leading the day-to-day activities of the business and assisted by three consultants who will be responsible for providing the training and the administration manager who will be responsible for planning, organizing and controlling the training and consulting activities of the business venture.

Chapter 6: Conclusion

6.1 Conclusion

In conclusion, launching a quality management training business is a promising proposal given the vast market that is currently underserved in the manufacturing industry, particularly among SMMEs. The business venture is anticipated to play a critical role in contributing to the success of SMMEs as it relates quality of the products and services. The establishment of the business venture is a positive significant opportunity to serve the market that is currently underserved and also to capitalize on the government program to reindustrialize South Africa through financial and other form of supports for SMMEs, which the business venture recognizes these development a huge opportunity.

There are couple of challenges that the business venture needs to address before operations commence such as a funding, regulatory compliance, developing quality and affordable courses and recruitment of the experienced and skilled facilitators and consultants in order to offer quality services to the industry and improve its quality output.

6.2 Business Risk Management

Below is the business risk management analysis that the business venture conducted in order to identify potential risks, analyse and prioritize them in order to develop mitigation strategies to reduce or and eliminate the risks associated with the business venture.

HIGH	Medium	Low					
RISK CATEGORY	**RISK DESCRIPTION**	**IMPACT DESCRIPTION**	**IMPACT LEVEL (1- Low to 5 - High)**	**PROBABILITY LEVEL (1- Low to 5 -High)**	**PRIORITY LEVEL**	**MITIGATION NOTES**	**OWNER**
Operational Risk	Unqualified and inexperienced employees	Poor training offered	5	5	25	Outsource recruitment process to ensure right people are employed	CEO
	Not following procedures in delivering training	Unsatisfactory training outcome	4	4	16	Define and training facilitators on training procedures	CEO
	Sub stabdard training material and content	Unsatisfactory training outcome	5	5	25	Training material and content to be in line with QCTO	CEO
Financial Risk	Market risk due to movement in financial instruments and interest rates	Impact business venture financial stability i.e. cash flow	3	3	9	Develop robust financial strategies and policies	CEO
	Unable to fulfill financial obligations i.e. payable and receivable	Impact business venture financial stability i.e. cash flow	4	4	16	Develop receivable and payable policies i.e. 30 days, 60 days etc	CEO
	Lack of initial captical seed	Unable to start with operations	5	5	25	Diversify the sources of funding	CEO
Competition Risk	Competitive pricing strategy i.e.large discounts	Customer cannibilazation and impact revenues	5	5	25	Conduct SWOT analysis on competition landscape and capitalize.	CEO
	Copyright and IP infringement	Disadvantages the business	3	4	12	Transfer the risk to the legal team	CEO
	Lack of innovation	Outdated training material and content	4	5	20	Create research and development unit	CEO

Table 6.2.1: Business Risk Management Analysis

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Appendices:

Appendix 1: Projected Sales forecasts

Trainings	Trainings per week	Total trainings per month	Cost Per Training	Cost Per Class (Assuming min of 7 learners)	Monthly Revenue per Training	Annual Projected Revenue
YEAR ONE						6480000
Problem Solving	1	4	2500	15000	60000	
PFMEA and QCP	1	4	2500	15000	60000	
Defects management in production	0	0	0	0	0	
Customer satisfaction survey	0	0	0	0	0	
Built in Quality	1	4	2500	15000	60000	
Cost of Poor Quality	0	0	0	0	0	
Lean Six Sigma	1	4	10000	60000	240000	
ISO9001: 2015	1	4	5000	30000	120000	
Total Trainings	5	20	22500	135000	540000	
YEAR TWO - (The demand of trainings in year two are not projected to grow as the Venture is in infancy stage and increase in p						6868800
Problem Solving	1	4	2650	15900	63600	
PFMEA and QCP	1	4	2650	15900	63600	
Defects management in production	0	0	0	0	0	
Customer satisfaction survey	0	0	0	0	0	
Built in Quality	1	4	2650	15900	63600	
Cost of Poor Quality	0	0	0	0	0	
Lean Six Sigma	1	4	10600	63600	254400	
ISO9001: 2015	1	4	5300	31800	127200	
Total Trainings	5	20	23850	143100	572400	
YEAR THREE- (The demand of trainings will increase by 40% and increase in prices of per course 6% - Inflation rate						9707904
Problem Solving	2	8	2809	16854	134832	
PFMEA and QCP	1	4	2809	16854	67416	
Defects management in production	0	0	0	0	0	
Customer satisfaction survey	0	0	0	0	0	
Built in Quality	1	4	2809	16854	67416	
Cost of Poor Quality	0	0	0	0	0	
Lean Six Sigma	1	4	11236	67416	269664	
ISO9001: 2015	2	8	5618	33708	269664	
Total Trainings	7	28	25281	151686	808992	
YEAR FOUR- (The demand of trainings will increase by 29 % and increase in prices per course of 6% - Inflation rate						12005441,28
Problem Solving	3	12	2977,54	17865,24	214382,88	
PFMEA and QCP	1	4	2977,54	17865,24	71460,96	
Defects management in production	0	0	0	0	0	
Customer satisfaction survey	0	0	0	0	0	
Built in Quality	2	8	2977,54	17865,24	142921,92	
Cost of Poor Quality	0	0	0	0	0	
Lean Six Sigma	1	4	11910,16	71460,96	285843,84	
ISO9001: 2015	2	8	5955,08	35730,48	285843,84	
Total Trainings	9	36	26797,86	160787,16	1000453,44	
YEAR FIVE - (The demand of trainings will increase by 35 % through introduction of X2 new course and increase in prices per c						14498751,17
Problem Solving	4	16	3156,19	18937,1544	302994,4704	
PFMEA and QCP	1	4	3156,19	18937,1544	75748,6176	
Defects management in production	0	0	0	0	0	
Customer satisfaction survey	1	4	1500	9000	36000	
Built in Quality	2	8	3156,19	18937,1544	151497,2352	
Cost of Poor Quality	1	4	1500	9000	36000	
Lean Six Sigma	1	4	12624,77	75748,6176	302994,4704	
ISO9001: 2015	2	8	6312,38	37874,3088	302994,4704	
Total Trainings	12	48	31405,7316	188434,3896	1208229,264	

Appendix 2: Summary of Ratios

	Formula	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Profitability Ratios						
Gross Profit Margin	Gross Sale/Gross Profit & Loss *100	69,52	70,61	78,07	81,23	83,49
Net Profit Margin	Gross Sale/Net Profit*100	42,52	43,61	51,07	54,23	56,49
Return on Investment	Gross Profit & Loss/Investment*100	281,56	303,15	473,71	609,50	756,57
Liquidity Ratios						
Current Ratio	Total Current Assests/Current Liabilities	1,64	1,98	2,01	2,18	2,43
Quick Ratio	Current Assets - (Cost of material + Miscellanous/Current liabilities	1,60	1,90	1,96	2,14	2,39
Efficiency Ratios						
Inventory Turnover	Cost of sales/(Material costs + miscellaneous)	32,92	31,74	31,57	31,53	31,60
Growth Ratios						
Revenue Growth Rate	Gross Sales Yr 1/ (Gross Sales 2 - Gross Sales Yr1)	N/A	6,00	41,33	23,67	20,77
Return Ratios						
Return on Assets	Gross Sales/Currents + Fixed Assets	1,06	1,03	1,05	1,06	1,09
Return on Equity	Gross Sales/Net Asset/Onwer's Equity (TA-TL)	1,83	1,76	1,57	1,52	1,53

Appendix 3: Year one Projected Cost Estimates

Marketing Costs	
Promotional material	5000
Design of Website and social media	10000
Word of mouth	N/A
Total	**15000**
Salaries Costs Per Annum	
Office and Admin Manager	315000
Facilitator	315000
Facilitator	315000
Consulatant	315000
Total	**1260000**
Costs of Tools and Equipmets	
Equipment	20000
· Computer	
· LCD Projectors	
· Projection Screen	
· Presentation Pointer	
· White board and flip charts and markers	
· Stationery	
· Microphone and speaker system	
· Printer and paper	
Total	**20000**
Cost of Materials	
Training material development	10000
Training material production	40000
Total	**50000**
Cost of Rent - Space	
Accomodation	120000
Furnuture	
· Tables	
· Chairs	50000
Total	**170000**

Miscellaneous	**10000**
Others	
Car Rental	20000
Petrol and tollgates	50000
Telephone and WIFI	5000
Total	**75000**

Promotional material	5000
Design of Website and social media	10000
Word of mouth	N/A
Total	**15000**
Salaries Costs Per Annum	
Office and Admin Manager	215000
Facilitator	315000
Facilitator	315000
Consulatant	315000
Total	**1160000**
Costs of Tools and Equipmets	
Equipment	20000
· Computer	
· LCD Projectors	
· Projection Screen	
· Presentation Pointer	
· White board and flip charts and markers	
· Stationery	
· Microphone and speaker system	
· Printer and paper	
Total	**20000**
Cost of Materials	
Training material development	10000
Training material production	40000
Total	**50000**
Cost of Rent - Space	
Accomodation	120000
Furnuture	
· Tables	
· Chairs	50000
Total	**170000**
Miscellaneous	**10000**
Others	
Car Rental	20000
Petrol and tollgates	50000
Telephone and WIFI	5000
Total	**75000**
Total of Year 1 total cost estimates	**1500000**

Appendix 4: Ethics Documents

UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG

Private Bag 3 Wits, 2050
Fax:
Tel:

Reference: Ms Jennifer Mgolodela
E-mail: jennifer.mgolodela@wits.ac.za

27 June 2024
Person No: 2555983
PAG

Mr CX Mbhombhi
Soshanguve VV
7396/17
Soshanguve Blok Vv
0152
South Africa

Dear Mr Collins Mbhombhi

Master of Business Administration: Approval of Title

We have pleasure in advising that your proposal entitled *The use of quality management training of a workforce to improve the quality of products in the manufacturing sector in South Africa* has been approved. Please note that any amendments to this title have to be endorsed by the Faculty's higher degrees committee and formally approved.

Yours sincerely

Mrs Marike Bosman
Faculty Registrar
Faculty of Commerce, Law and Management

RESTRICTED

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School Ethics Committee

03/07/2024

Ethics clearance number: **WBS/BA2555983/774**

This letter is only valid with a legitimate ethics clearance number and signed by the Researcher (below).

RE: Mr Xitshembiso Mbhombhi

To whom it may concern

Mr Xitshembiso Mbhombhi (2555983) is currently registered as a MBA (Business Venture Proposal) student at the Wits Business School, University of the Witwatersrand, Johannesburg.

This letter is to confirm that, at the time of writing, Xitshembiso Mbhombhi does not need ethical clearance for the study entitled:

The use of quality management training of a workforce to improve the quality of products in the manufacturing sector in South Africa

This decision has been reached based upon a description of the project supplied by Xitshembiso Mbhombhi to the Wits Business School Ethics Committee, constituted as a subcommittee of the University Human Research Ethics Committee (Non-Medical), which has been evaluated by the subcommittee chair. This decision has then been ratified by the University Human Research Ethics

If, however, Xitshembiso Mbhombhi changes the methods of data collection and analysis for this project, this decision may no longer be valid. If such changes take place, this should be communicated to the Wits Business School Ethics Committee.

Please feel free to contact me or the supervisor should you require any further information.

Yours sincerely,

Ethics Chairperson
Dr Ayanda Magida
+27 11 717 3953
ayanda.magida@wits.ac.za

Supervisor:
Dr Murimbika
mcedward.murimbika@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

03/07/2024
Date: