

Human capital investment: higher educational and on-the-job training of the marketing practitioner

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Human capital theory postulates that investment in people represents an investment in their productive capacity, whether it be in the form of formal educational training or on-the-job training. Today few, if any, occupations require no investment in human capital. An example is marketing practitioners working in the marketing departments of businesses active in the formal sector of the economy. In this empirical research study, the relationship between the formal training that marketing practitioners receive at higher educational institutions and on-the-job training they receive from businesses employing them, are analysed in terms of their job functions and job specifications. Finally, conclusions regarding this specific relationship are made.

Menslike kapitaalteorie postuleer dat belegging in mense, hetsy in die vorm van formele opvoedkundige opleiding of indiensopleiding, 'n belegging in die produksiekapasiteit van mense verteenwoordig. Min beroepe vereis vandag geen belegging in menslike kapitaal nie. 'n Voorbeeld hiervan is bemarkingspraktisyns werksaam in die bemarkingsdepartemente van besighede wat in die formele sektor van die ekonomie aktief is. In hierdie empiriese navorsingstudie word die verwantskap tussen formele opleiding wat bemarkingspraktisyns aan hoër opvoedkundige inrigtings ontvang, asook hul indiensopleiding by besighede waar hul werksaam is, ondersoek met betrekking tot hul werkfunksies en werkspesifikasies. Gevolgtrekkings ten opsigte van hierdie verwantskap word gemaak.

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Introduction

Economists have long believed that the incentive to expand and improve physical resources depends on the rate of return expected on the investment. They have been very reluctant, however, to interpret improvements in the effectiveness and amount of 'human capital' in the same way (Becker, 1993: 85). It was Adam Smith in 1776 who first drew the analogy between education and investment in a machine (Elliott, 1991: 154). Therefore, the unique characteristic of investment is that expenditures on education and training can be fruitfully treated as investment in human capital just as expenditures on capital equipment can be understood as investment in physical capital (McConnell & Brue, 1989: 78).

Education and training are the most important investments in human capital, implying investment in the productive capacity of people. Today resources are invested in an individual in order to increase his or her future productivity and earnings. Examples of human capital investments include expenditures on formal education, on-the-job training (OJT), job search and geographic migration. This is known as the human capital theory (Sanyal, 1985: 2069). Human capital theorists believe that earnings rise with additional education because of the productivity-enhancing effects of education and training (Blau & Ferber, 1986: 192). Intuitively it seems reasonable that education imparts a variety of skills and knowledge that would potentially be useful on the job, ranging from specific skills like computer programming to general skills like reasoning ability and writing skills.

Few jobs today require no human capital investment. Even those we classify as unskilled, embody some skills. Jobs are therefore distinguished not by the possession or absence of human capital investment, but by the *degree of investment that each job requires*. In some, it may be trivial, in others it will be substantial (Elliott, 1991: 170).

The human capital explanation posits complementarity between education and training. The more education a worker has received, the greater will be his cognitive skill. The more cognitive skill he has acquired, the greater will be the vocational skills acquired in the course of his working life, both because he is likely to devote more time to training (vocational-skill acquisition) and because his higher level of cognitive skill permits him to derive more from any given training period (Knight & Sabot, 1990: 83).

One of the principal economic functions of the educational system is to certify the competence of students, if only competence to pass examinations. Blaug (1987: 31) refers to this as 'skill labelling by paper qualifications'. It is a useful social invention because it reduces hiring costs in labour markets by obviating the need for employers to test the type and degree of skill on every occasion the skill is bought.

It is clear that the training and development of employees plays an important role in improving and enhancing the productivity of the labour force of a business. Various types of formal as well as informal training courses focus specifically on the development and the acquisition of certain cognitive and vocational skills required in the work environment. Not only does the 'formal' training of individuals at higher educational institutions (universities, technikons and technical colleges) contribute significantly in this regard, but the various types of short courses, seminars, in-house training, and the like, also play an important role in the development and the acquisition of these skills.

An empirical study was conducted in the formal business sector of the Western Cape Province, to establish the relationship between the formal training received by employees at higher educational institutions and OJT, to their job functions and job specifications. Because of the great variation in terms of different subsectors, industries, and specialized divisions found in the formal business sector, a meaningful analysis of

a concept like formal educational training can only be effected through a narrowing of focus. Consequently, the article focusses specifically on the importance of formal educational training of marketing personnel in the formal business sector of the province. The 'marketing' category was chosen because many graduates from the social and human sciences major in this field, and as a result, most higher educational institutions have a direct interest therein.

This article is composed of seven further sections and firstly, provides a brief overview of the development of the modern-day marketing department. Secondly, the execution of the research methodology is described, followed by a discussion of the research findings commencing, in the third section, with the identification of the businesses with marketing departments and an overview of the structures of a 'typical' marketing department. Henceforth, the job specifications of the various marketing functions are outlined, and in the final section, the types of training executed per marketing function are expounded upon. Finally, conclusions are given and recommendations suggested.

Development of the modern-day marketing department

The source of employment of highly educated marketing practitioners is the modern-day marketing department which is the product of a long evolution. People offered different speculations as to when business firms started to apprehend the marketing concept. Drucker (1973: 62) thinks that it was first grasped in the seventeenth century in Japan, not in the West. A few centuries then passed before marketing emerged on the academic scene. Finally, in 1905, a course in 'The Marketing of Products' taught at the University of Pennsylvania signified the emergence of the marketing discipline on the academic scene (Bartels, 1976: 24). The involvement of tertiary educational institutions in this process is thus a relatively recent phenomenon.

Marketing departments within companies first appeared in the early twentieth century in the form of marketing research departments. Over time, marketing research departments accepted additional responsibilities, such as sales analysis and marketing administration. Some time later, companies began to combine marketing research, advertizing, customer services and other miscellaneous marketing functions into marketing departments (Kotler, 1984: 21).

The modern-day marketing department is, consequently, the product of a long evolution. If the company is very small, one person may carry out all the marketing functions. As the company expands, a marketing department organization emerges to plan and carry out the marketing activities. In large companies, this department contains many marketing specialists (Kotler & Armstrong, 1991: 551).

Research methodology

The research objective of the study was to identify the different job functions executed in marketing departments, the job specifications laid down for these functions, and the types of training that marketers undergo to perform these functions.

The survey area of the study was defined as the Western Cape Province (namely magisterial districts 01 to 12).

It was decided to use the Standard Industrial Classification (SIC) as sample frame which is a decimal notation system devised by the Statistical Committee of the United Nations Organization for the uniform classification of economic activities in a country. It is by far the most widely used system in the world (Kinnear & Taylor, 1991: 709). The basic reporting unit in the SIC system is establishments and products (Cox, 1979: 31). Based on their primary activity, establishments are classified into four-digit industries. Related four-digit industries are combined into three-digit groups, and in turn these are combined into two-digit major groups. In South Africa the SIC system has been adapted to local conditions and is available as the BMR (Bureau of Market Research, Unisa, 1992) Industrial and Commercial Registers. This sample frame is accurate to four and more SIC code digits and classifies industries per employment size group and per magisterial area. This is more than adequate in terms of the level of breakdown required.

A stratified systematic sample per BMR Register (economic division), Standard Industrial Code (SIC) code, magisterial district, and Employment Group (EGT) was drawn. All the addresses of the businesses drawn from the BMR registers were updated (as far as possible) before the start of the fieldwork. A final sample of 788 completed interviews ($n = 788$) was obtained from the total population of 15 910 formal businesses which is more than adequate for studies of this nature.

The research design was mainly quantitative in nature. A detailed structured questionnaire was developed containing questions generated by using the 'think-tank' method. Data gathering was by means of face-to-face interviews conducted at the premises of the businesses. A pre-notification letter, explaining the objective and nature of the survey, was sent to all potential respondents to limit non-response error.

Following the completion of the survey, a telephone verification check was made for at least a 10% subsample of each fieldworker's data. No irregularities were discovered. Data were captured and analyzed using a statistical software package.

The research findings of the study are discussed in the following three sections.

Marketing departments in business establishments

The marketing department is the source of employment of marketing personnel, including highly educated marketing practitioners. The definition of 'a department' is, therefore, that it is a unit of specialists within the organization. This term often creates a misconception because this so-called unit could be any of an independent full-blown department, a sub-department, or even only a subdivision within the organization. From an empirical point of view and in order to encompass all the above alternatives, the concept 'marketing department' is defined in this study as: one manager or at least two full-time employees solely responsible for the marketing activities of the establishment.

Employment in marketing departments

The first step in the research process was to locate the marketing practitioners who were formally employed by businesses with marketing departments. Hence, only 13.2% of all the businesses surveyed, stated that they had a

marketing department. By extrapolating this figure onto the universe (Western Cape Province), it was found that a total of 2 099 businesses had marketing departments. In 1994, these 2 099 businesses employed a total of 88 958 employees in their marketing departments (refer to Table 1).

In the same year (1994), the management control span, namely managers to marketing staff (excluding support staff), was at a level of 8.5 employees per manager. However, there is a slight decreasing tendency in the physical management control span from 8.5 in 1991 to a projected level of 8.2 in 1997, both values having been established in order to execute time-series forecasting. Taking into account the support staff, the average span of control widens to 9.9; 9.8 and 9.5 subordinates per marketing manager for the years 1991, 1994 and 1997 respectively.

The logical question in this regard is: 'how wide a control span is 8.5 employees per manager?' Logically there should be a norm in this regard. Without going into further detail on all the different types of models which determine the optimal span of control, the model of Graicunas is discussed in this regard. Using a mathematical formula,¹ Graicunas determines the optimal span of control as

'The limitation of the number of subordinates who can be effectively supervised is based on the total of direct and cross relationships' (Mullins, 1989: 129).

Urwick (Mullins, 1989: 129), who supported Graicunas' idea, stated that the optimal span of control should not exceed five subordinates which will give the manager 100 inter-relationships to control. Even with six subordinates (which Urwick considered as being very unhealthy) the direct and cross relationships more than doubles to 222 per manager. Other studies by Woodward (Mullins, 1989: 131) of manufacturing companies in the United Kingdom, found the median value of span of control to be four subordinates. When applying the formula to the marketing department's average span of control, one arrives at 1 728 inter-relationships (compared to the 'ideal' of 100). With nine subordinates (which includes the marketing support staff) the marketing manager will have to handle 2 376 cross and direct inter-relationships – a formidable managerial task.

In order to determine the level of human capital investment, the next step was to determine the number of marketing personnel in possession of a post-matric qualification. A post-matric qualification in this regard was defined as:

At least a University degree, or a Technikon diploma or the equivalent thereof. Furthermore, it had to be a completed three year post-matric qualification (M+3).

In 1994, only 21.3% of all the marketing personnel had a post-matric (M+3) qualification. However, between 1991 and

1997, a steady increase of the proportion thereof will be experienced (refer to Table 2).

Within the next three years higher educational institutions in the province, which specialize in the training of marketing practitioners, will have to supply the industry with a total of 4 422 qualified marketing practitioners. This figure represents an expected industry demand for 1 474 qualified marketing practitioners per annum. However, the migration factor of practitioners, having studied at institutions situated within the other provinces in South Africa, but working in the Western Cape province, is not taken into account in this regard (Bruwer & Haydam, 1992: 18).

Marketing functions in marketing departments

In order to establish the job specification/s of the marketing practitioner, the various functions executed in marketing departments have first to be analyzed. Marketing practitioners in possession of a post-matric qualification, who are employed in the marketing departments of businesses, perform the various job functions/activities depicted in Table 3.

Having earlier established the physical span of control, the ratio of the number of marketing managers to marketing personnel for each of the mentioned marketing functions listed in Table 3 was also determined. This marketing functional span of control (refer to Table 4) ranges from a narrow span of 1.6 marketing employees per manager to a relatively wide control span of 55.6 subordinates.

However, the functional span of control should not be confused with the physical span of managerial control (as determined in Table 1), the reason being that the functional span of control includes a certain overcount as many marketing

Table 2 Number of employees in marketing departments with a post-matric qualification

Year	Total marketing staff employed	Total number with M+3	M+3 qualifieds
1991 (Past)	66 668	13 446	20.2%
1994 (Current)	77 995	16 596	21.3%
1997 (Projected)	89 545	21 018	23.5%

Table 3 Job functions in marketing departments function

Function	%
Sales	89%
Advertising & promotion	74%
Direct marketing	59%
Marketing research	48%
Product development	48%
Product/brand management	45%
Marketing information systems	33%
Telemarketing	31%
Export marketing	30%
Other marketing functions(*)	3%
Total responses (n = 104)	

(*) 'Other marketing functions' include canvassing and exhibitions

Table 1 Number of people employed in marketing departments

	1991 (Past)	1994 (Current)	1997 (Projected)
Position			
Manager(s)	7 006	8 238	9 692
Marketing/sales staff	59 662	69 757	79 853
Support staff	9 671	10 963	12 356
Total	76 339	88 958	101 901

Table 4 Span of control per marketing function

	Span of control		
Marketing functions	Managers	:	Employees
Sales	1	:	15.6
Advertising & promotion	1	:	1.6
Direct marketing	1	:	3.0
Marketing research	1	:	1.8
Product development	1	:	1.6
Product/brand management	1	:	2.2
Marketing information systems	1	:	2.2
Telemarketing	1	:	55.6
Export marketing	1	:	2.2
Other marketing functions(*)		—	
Total responses (n = 104)			
(*) Functions are only performed by managers			

employees are responsible for more than one marketing function at a time.

To calculate the overall average functional span of control (C_i), the following formula was used:

$$C_i = \sum (F_i * S_i)$$

where:

- F_i represents the incidence of the marketing functions (as in Table 3) in the marketing department;² and
- S_i is the recorded span of management control per individual marketing function (refer to Table 4).

Hence, one arrives at the overall average span of control per marketing function for 1994 of 38.1 marketing employees per manager in comparison to the physical span of control of 8.5 marketing employees per manager. Therefore, each marketing employee effectively performs an average of 4.5 marketing functions, which implies that the functional span of control for the marketing manager is 4.5 times wider than the physical span of control. This has definite implications for the training of marketing managers which is further discussed in the section on OJT training in marketing departments.

The average span of control of 8.5 marketing employees per manager should consequently not be seen in a narrow-minded sense, but it is of alarming proportions if one considers the number of inter-relationships occurring. This is reflected in the large span of control per management function of more than 38 employees per manager. In training and management development more emphasis should be placed on how managers should handle their span of control.

Job specification of the marketing practitioner

On average, people who are more able, more hardworking, energetic, and enterprising are more likely to invest in human capital. The view that education merely distinguishes individuals' pre-existing abilities has been labelled the 'educational screening hypothesis' for, on this view, education screens individuals and labels them according to their pre-existing ability. As long as employers use education as a screening device those individuals wishing to enhance their

future earnings will have to attend higher educational institutions and acquire the necessary qualifications.

Individuals signal to employers by their attendance at a higher educational institution and by their educational attainment the extent of their pre-existing ability (Elliott, 1991: 181). On this view, education is used by both employers and workers as a screening and signaling device, respectively, because neither of them can devise superior alternatives.

Most businesses specify entry qualifications (whether it be experience or educational qualifications or certain skills) for various job positions/functions. These entry qualifications are usually listed in a business' job specifications and serves as a recruiting instrument in the selection (internal or external) of the most suitable candidate.

A job specification document is not the same as a job description document. A job description according to Graham & Bennet (1989: 156) is: '... a broad statement of the purpose, scope, duties and responsibilities of a particular job'.

It tells one about the total requirements of the job, what it is, its purpose, duties, responsibilities, etc. It can also include functional and departmental relations as well as the functions performed within the context of the job. A job specification (Mullins, 1989: 175) on the other hand: '... details the personal attributes and qualities associated with the successful performance of the job'.

These qualities include, *inter alia*, experience, technical skills and formal qualifications. More often the job specification also includes physical characteristics, health and appearance, motivation, intellectual abilities, personality, and temperament. Therefore, the job specification can be seen as an extension of the job description, but not as exactly the same.

This study deals mainly with the two most important aspects of the job specification, namely: formal educational qualifications and work experience.

Educational qualification requirements

Businesses often specify minimum-entry educational qualification requirements for job positions or functions. Table 5 gives an exposition of the higher educational qualification requirements specified per marketing function by businesses in the study sample.³

Table 5 indicates that there is a marked difference between the number of businesses with marketing departments specifying higher educational qualifications (mean = 53.2%) in order to perform the marketing functions, and those that do not (mean = 38.9%). If 'other' educational qualifications are included, the factor loading for those specifying educational qualifications to perform marketing functions, increases to 61.1%. The majority of businesses that do require a higher educational qualification, does not differentiate between university graduates and technikon diplomates as they state that they require someone with either a university or technikon qualification.

Not only do most businesses not differentiate between university graduates and technikon diplomates, in fact, 82% also remunerate them equally for the same job (function) performed (Bruwer & Haydam, 1992: 11). Where a preference does exist, it is only in the following functions:

Table 5 Educational qualification requirements per marketing function

Marketing functions	n	No specific requirement	Technikon diploma (T _i)	University degree (U _i)	University/technikon qualif. (TU _i)	Other
Sales	93	49%	11%	3%	27%	10%
Advertising & promotion	77	32%	14%	8%	41%	5%
Direct marketing	61	49%	13%	3%	28%	7%
Market research	50	28%	18%	14%	36%	4%
Product development	50	38%	10%	16%	30%	6%
Product/brand management	47	30%	11%	11%	38%	10%
Marketing information	34	23%	18%	6%	47%	6%
Tele-marketing	32	59%	6%	–	19%	16%
Export marketing	31	29%	16%	3%	39%	13%
Other functions	3	67%	–	–	33%	–
Weighted means	–	38.9%	12.8%	7.1%	33.3%	7.9%

- Product/brand management, marketing research and marketing information systems (university graduate preferred).
- Advertising and promotion, product development, and sales (technikon diplomate preferred).

Regarding the qualification requirements per marketing function, two aspects should be compared with each other :

1. The number of employees with their respective qualifications who are employed in the various marketing functions; and
2. The stipulated qualification requirements needed to fill the positions/functions within the department.

As already outlined, 21.3% of all the marketing personnel had a post-matric qualification in 1994 (see Table 2). This figure, namely 21.3%, represents the average percentage of marketing practitioners in possession of a higher educational qualification who are employed in marketing departments, and should be compared with the average percentage of marketing positions for which a higher educational qualification/s is/are required. The difference would indicate whether highly educated marketing practitioners are under- or over-supplied in the Western Cape Province. This under-or-over-supply situation is determined as follows:

Knowing what the qualification requirements are, the average percentage of positions (P_i) requiring a post-matric qualification to perform the various marketing function(s), must be determined. The following formula is used in this regard:

$$P_i = 1/n \sum (T_i + U_i + TU_i) * F_i$$

where:

T_i = equal to the incidence of the technikon qualification requirement (as in Table 5) per marketing function;⁴

U_i = the incidence of the university qualification requirement per marketing function;

TU_i = the incidence of the both the technikon and university qualification requirement per marketing function; and

F_i = the average incidence of the marketing functions (as in Table 3) occurring in the marketing department.⁵

The factor 1/n is used to arrive at an average percentage for all the relevant marketing functions (n = 10). We then get:

$$\begin{aligned} P_i &= 1/10 (0.128 + 0.071 + 0.333) 0.460 \\ &= 0.1 (0.532) 0.460 \\ &= 0.2447 (24.47\%) \end{aligned}$$

Therefore, an average of 24.5% of all marketing personnel are required to have a post-matric qualification. Compared with the current percentage of marketing personnel with post-matric qualifications in marketing departments of 21.3% (refer to Table 2), one arrives at a *deficit* of 3.2%. Extrapolating this percentage onto the universe, indicates that a total of 2 493 people are performing marketing functions for which they are not sufficiently qualified. Although the number of so-called 'underqualified' marketing practitioners (being 2 493) appear not to be very high, this figure should be projected onto a national level to elucidate the extent thereof.

In the short term, therefore, employers will have to rely on various external and internal training courses to enhance the skills of these employees. In the long term, however, businesses are likely to encourage their employees to enroll for formal higher education at universities or technikons.

Work experience requirements

The other dimension of the job specification is the level of practical experience required to perform each individual job function. Table 6 gives an exposition of the level of experience required per job function.

Most businesses with marketing departments require a minimum of between 1.8 to 3.5 years of practical experience for all their marketing functions. The extreme cases are the sales and tele-marketing functions which require least experience and the export marketing and marketing information functions which require most practical experience. The finding that businesses require a practical experience for all its marketing functions in the order of 3.09 years (total weighted mean) has a profound effect on the employment of first-destination job seekers in the marketing field who are in possession of a higher educational qualification. This certainly confirms Blaug's (1987: 10) statement that '... young graduates are unemployed not because they are educated, but because they are young and inexperienced'. Many of these graduates are also underemployed as a result of the same reason.

focus on sales training, product knowledge, communication and negotiation skills and the basic orientation of the new employee. No corresponding clear-cut pattern exists in the case of external training courses.

Unfortunately most small businesses see little advantage in bearing the cost of employee OJT themselves – big companies tend to poach experienced workers from them and they are unable to pay enough to keep such employees aboard (O'Reilly, 1992: 86).

Due to the quantitative nature of the study, the contents and types of these training courses namely whether they be attitude training, skills training, or knowledge training were not established. It was also not established whether internal training courses were conducted internally by an outside consultancy/agency, but this possibility should not be excluded *per se*. A qualitative follow-up study would shed more light on this aspect.

Considering that currently 2 493 marketing practitioners are not 'qualified' for the functions they are performing, it is obvious that these people ideally have to be formally trained to fill the respective marketing positions in accordance with the job specifications. Businesses therefore also indirectly engage in the formal educational training of their employees by assisting them financially or otherwise in their studies at universities and/or technikons.

Table 8 outlines the extent to which formal educational training is conducted per marketing function as part of OJT. From Table 8 it appears that about 17% of the businesses are 'involved' in formal higher educational training as part of their OJT programmes. The distribution between university and technikon training is almost equal, but in terms of undergraduate on-the-job educational training, businesses favour technikons.

Finally, it must be realized that the training of marketing practitioners should not only be seen in the context of businesses with marketing departments. Marketing practitioners can also be found in 'smaller' businesses which do not have formal marketing departments as such. However, it must also be remembered that it is a characteristic that of those new firms starting in business, perhaps half will cease to trade

within three years, and the vast majority of those which remain in business will have ceased to exhibit any increase in employment once they are more than three or four years old. Not only do most small businesses have a high initial risk of failure, but most of those which do succeed, create relatively few jobs (Storey *et al.* 1987: 152). With this in mind, this study has achieved its objectives.

Conclusions and recommendations

Human capital investment, whether in the form of formal higher educational training or on-the-job (OJT) training of employees by a business, is a crucial element in improving and enhancing the productivity of the labour force of the business. Few jobs today require no human capital investment and the only distinction is in the degree of investment that each job requires.

The marketing practitioner, employed in formal marketing departments of businesses, has an average physical span of control of more than eight employees resulting in a very high number of cross and direct functional inter-relationships. Efficiency and productivity could consequently be negatively affected.

Most businesses specify entry qualifications (whether it be practical experience, educational qualifications, or specific skills) for various positions or job functions. This screening device is used by both employers and would-be employees. It was found that a so-called 'deficit' of marketing practitioners in possession of a post-matric qualification exists in marketing departments, as fewer than the required number of employees are in possession of such qualifications.

The possession of a higher or other educational qualification is an entry barrier, in terms of job specifications, to performing more than 60% of the marketing functions in marketing departments. A minimum level of practical experience, varying between one to four years (weighted mean = 3.09 years), is also required by most businesses for their marketing functions. This is a major obstacle in the way of first-destination highly educated job seekers attempting to secure employment.

Table 8 Formal higher educational on-the-job training executed per marketing function

Marketing functions	n	Technikon diploma courses	University degrees	Post-graduate degrees
Sales	69	12%	7%	4%
Advertising & promotion	55	15%	11%	4%
Direct marketing	42	10%	12%	5%
Marketing research	38	13%	13%	8%
Product development	36	14%	11%	6%
Product/brand management	33	21%	18%	18%
Marketing information	26	8%	4%	–
Export marketing	24	25%	17%	8%
Tele-marketing	23	9%	9%	4%
Other marketing functions	1*	100%	100%	100%
Means	–	17.3%	11.2%	6.3%
(*) too small to draw any valid conclusion				

Good verbal and personal communication skills are of the utmost importance for marketing practitioners in businesses. Training in communication skills, especially English or an African language, (whether written, or verbal) is of greater importance than in the numerical subjects (mathematics and accountancy).

In-house training courses and seminars constitute the major OJT instruments in the marketing departments of businesses, while external seminars and short courses also play an important, albeit lesser role in human capital development. Businesses are attempting to reduce the 'deficit' of marketing practitioners currently occupying positions or executing functions for which a higher educational qualification is specified, by supporting employees, financially or otherwise, towards obtaining these qualifications.

However, all the training in the world, cannot in itself, solve the absorption capacity crisis currently being experienced in the formal sector of the South African economy which has dropped to an all-time low of 7% of all new entrants in 1993. It is therefore imperative that entrepreneurship, even at school level, be encouraged in individuals and that businesses, on the other hand, sponsor industry-wide training.

From the above research findings and relevant theoretical discussion, the following recommendations are made regarding the formal educational training and on-the-job training (OJT) components of human capital investments:

- Training courses for specifically managers and senior marketing staff, have to concentrate on the wide span of control, namely functional as well as physical. This will include *inter alia*: management development programmes (including attitudes, knowledge and skills training), conflict and problem solving, communication and negotiation skills, counselling, etc.
- Training should be focussed on practical skills development, resulting in increases in long-term productivity.
- Businesses should ensure an adequate flow of educated and suitably trained entrants into the business. This involves getting rid of the 'dead wood' in the business and giving opportunity for the young first-destination graduated job seekers to enter the corporate world.
- Management development must be seen as the key to survival and should be seen as a career-long process with both internal and external training. These training needs should be communicated at all the levels of the business.
- Various higher educational training programmes should be flexible modular programmes which must be integrated with career development and work experience. The duration of these modular programmes should vary according to the time available, the needs of the business and the type of product.

Notes

1. The formula used in this regard is:

$$R = n \left[\frac{2^n}{2} + n - 1 \right]$$

where R = the number of inter-relationships, and n = the number of sub-ordinates.

2. This number can be expressed either as a percentage or as a fraction. For example, the incidence of the advertising and promotion function could be 0.74 or 74%, etc.
3. Refer to previous section for a definition thereof.
4. This number is *not* expressed as a percentage but as a number. For example, the advertising and promotion function requiring a technikon diploma qualification is expressed as 14 instead of 14%, a university would be 8 instead of 8%, etc.
5. This number can be expressed either as a percentage or as a fraction. For example, the incidence of the advertising and promotion function could be 0.74 or 74%, etc.

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