

Germinah Evelyn Chiloane-Tsoka (South Africa), Kgaugelo Sammy Boya (South Africa)

The strategic significance of communication skills of SMMEs: a South African perspective

Abstract

This paper intends to explore the strategic plan which requires proper communication in order for it to be internalized and subsequently implemented. Strategy has to be affably communicated in order for it to find resonance in those affected by it. The communication of this strategy has to reach various stakeholders in a manner that does not compromise its original intention. In order for this to be realized communication skills of those who are championing it have to be up to par. Naturally, this could always be possible for big corporations as they may possess the financial muscles to co-opt their communication teams into their strategy deliberations. Unfortunately, this luxury is not always the core strength of the not-so-big organizations such as SMMEs. This is due to the fact that most SMMEs operate with relatively very limited resources. Literature suggests that in order for SMMEs to achieve their strategic objectives some form of small sacrifices and investments in communication skills ought to be made. This will also form part of their human capital development. This paper aims to heighten the strategic significance of communication skills on SMMEs. The paper thus entails a conceptual framework of communication skills of strategy deliberations by SMMEs in South Africa. The objective of this paper is to explain how communication skills are critical in enhancing the strategic management processes of SMMEs, particularly in South Africa. Desktop research was compiled from secondary data gathered from books, articles, briefs and Government and other reports. The paper concludes with implications for future empirical studies which advocate for communication skills for SMMEs.

Keywords: communication skills, education and training, human capital development, SMMEs, stakeholder engagement, strategic significance, strategic success.

JEL Classification: L26, M45.

Introduction

Communication is regarded as lifeblood of any modern organization, let alone SMMEs (Rankhumise & Chiloane-Tsoka, 2012). While the corporate sector has made strides in designing and implementing their communication strategies, SMMEs are still lagging behind. This is owing to limited resources, lack of political will and as well as gross inaptitude as far as communication skills are concerned. The strategic significance of communication skills within SMMEs is yet to be fully captured. This reality thus poses a survival threat for SMMEs as they may fail to communicate their intents in a manner that will enable them to attract, satisfy and retain their key stakeholders (Favaro, Ringan & Hirsh, 2012). To this end, in this paper the strategic significance of communication skills for SMMEs is discussed. Some background work to this effect is thus necessary so as to emphasize the value of the communication skills in South Africa particularly for SMMEs. As a motivation for the study, this paper seeks to highlight the significance of communication skills in enabling SMMEs to compete and thereby achieve their strategic objectives. If these strategic objectives are achieved it is envisaged that more SMMEs will invest in the acquiring of communications skills in order to improve their strategic posture and market positioning. The shortage of skills in South Africa is highlighted, with

communication skills encompassed in such a discussion. As the latter skills are deemed to be of strategic significance, strategic management concept and its processes in SMME's context are also explored. A model on communication skills and its strategic significance in SMMEs context are also proposed. Penultimately, the research methodology employed as well as the study limitations are compiled. The managerial implications complete the study and also serve as study outcomes.

Background

Communication skills play a strategic role in enhancing SMMEs to grow their business. These skills are not taken seriously despite indications that they play a major role in assisting their business to grow (Friedman, 2011). SMMEs do interact with government officials, other stakeholders, and media and if these communication skills are not nourished they become side-lined on matters of strategic importance and empowerment (Tonidandel, Braddy & Fleenor, 2012). Of serious concern, it would appear that many of the SMMEs have *no* understanding of the application of soft skills in communication and how these skills can springboard their business towards strategic positioning.

Lord (2011) asserts that communication heightens the significance of information flow in enabling SMMEs to strategically align themselves with the legitimate claims of their key stakeholders. The South Africa's skill shortage in general and communication skills in particular are inherited

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Germinah Evelyn Chiloane-Tsoka, Ph.D., Professor, Department of Business Management, University of South Africa, South Africa.
Kgaugelo Sammy Boya, Ph.D., Lecturer, Department of Business Management, University of South Africa, South Africa.

from the previous regimes' inadequate education (Herrington and Mass, 2006).

Literature review

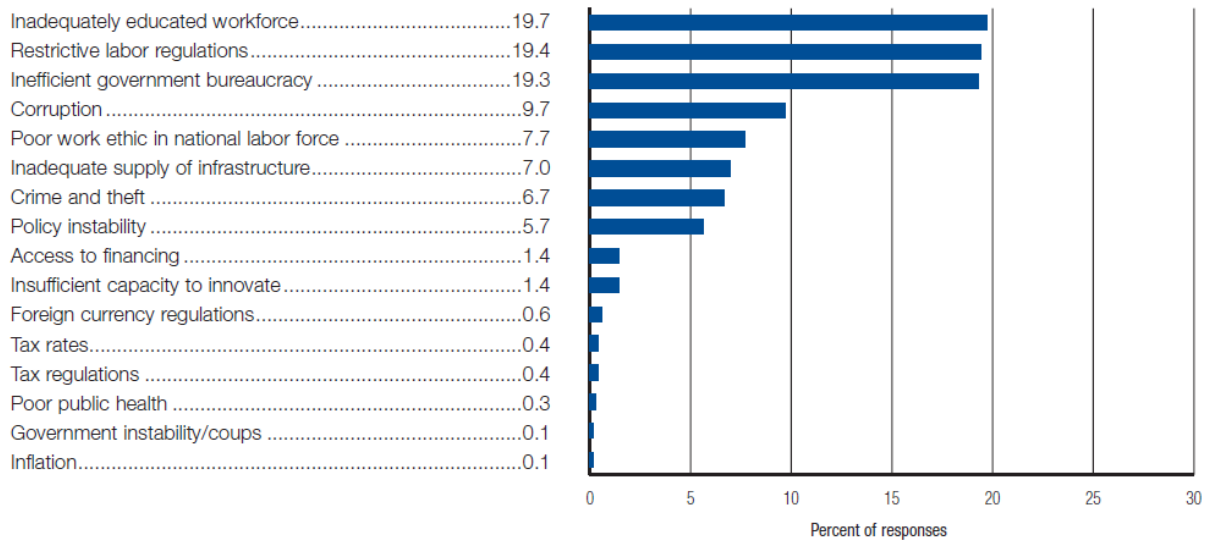
This section will cover the skills shortage in South Africa, communication skills in particular, challenges facing SMME's, strategic management processes.

Skills shortage in South Africa

Over the years there have been pejorative reports regarding the state of South Africa's education

system. These reports do have an impact in the functioning of the economy especially on international agendas such as foreign direct investment and global competitiveness. Since South Africa just like any other economy cannot exist in isolation, thus the perceptions of the global citizens about it cannot be ignored.

Figure 1 highlights some of the most problematic factors for doing business in South Africa as per 2013-2014 SA world competitiveness ranking document.



Source: SA world competitiveness ranking (2013-2014).

Fig. 1. The most problematic factors for doing business in South Africa

Figure 1 refers to the ranking of South Africa which was done out of 148 countries of the world. The ranking of South Africa was done out of 148 countries of the world. The outcomes thereof painted an undesirable state of affairs. Of particular relevance to this study is the inadequately educated workforce. This lamentation appears to be of worrying concern for a country which in urgent need to grow its economy and thereby curb the scourge of joblessness. The mismatch between the requisite skills and the education level of the population is not helping either. Out of many of these obligatory skills, one of the skills SMMEs require even though they abundantly still lack are communication skills.

Communication skills

Based on the state of South Africa's education especially in terms of literacy levels communication skills of citizens could be affected. Some of these affected citizens could be part of the economically active participants, the majority of which being the youth. Previous research (Gree & Thurnik, 2003; Ladzani & Netswera, 2009; Fatoki, 2010) indicate that it is imperative to bear in mind that the economy and its participants, particularly young job seekers rely on SMMEs and entrepreneurial

activities to incubate and preserve jobs for it. That explains why the South African government through the DTI calls upon the various stakeholders to contribute to the communication of youth enterprise and messages that support the promotion of entrepreneurship (DTI, 2011). However, without proper communication skills, this can only be far-fetched dream as these skills are central in enabling SMMEs to strategically package and thereby position their product offerings (DED, 2011).

According to Dempsey, Gore and Fal (2011) improving communication between funding institutions and entrepreneurs was tipped to be among the recommendation towards SMMEs funding. This can be observed when business plans and proposals are being evaluated for their quality, etymology and rigor. More often than not the latter attributes can make or break the submissions verbal and non-verbal communications can positively impact others and that proper communication can position the organization for success. Thus, adversely speaking the lack communication skills can yield catastrophic results for modern organizations, especially SMMEs. How SMMEs can respond to their customer needs rely deeply in their abilities to clearly articulate their intentions and thereby strategically manage their

expectations. Whereas, Parente, Stephan and Brown (2012) attempt to make links between interpersonal communication and strategic skills. The latter suggest that if interpersonal communication skills are to be developed then the acquisition of strategic skills can be better facilitated. Tonidandel et al. (2012) advocate for the necessity for business managers to possess in abundance both administrative and human skills, which are the subjects of proper communication skills. Thus the indispensability of communication skills within organizations (particularly SMMEs) cannot be overlooked.

As such, these skills should form part of the curriculum of management education as well as the training programs thereof (Tonidandel et al., 2012; Malik & Venkataraman, 2011). The strategic agenda of the organization resonates in the ability of those at the forefront to articulate it and thereby achieve the set objectives. Both the communication and other challenges alluded to thus far may adversely affect the organization itself as well as those who are supposed to communicate its messages and offer some strategic directives. It is thus necessary to consider the barriers which may hinder effective interpersonal communication.

Barriers to effective interpersonal communication

Communication has its own challenges and barriers and these may negatively affect the entrepreneurial venture if these are not timely attended to. Key stakeholders such as customers, investors, employees as well as suppliers may be permanently lost if communication barriers are not considered and properly addressed. As such, Robinson, Segal, and Smith (2015) warn communicating entrepreneur about following the barriers to effective interpersonal communication:

- ◆ Stress and out-of-control emotion. When stressed or emotionally overwhelmed, the communicating entrepreneur is more likely to misinterpret other people, send confusing or off-putting nonverbal signals, and lapse into unhealthy thoughtless patterns of behavior. It is thus advisable for the communicating entrepreneur to take a moment to calm down before continuing a conversation with the respective stakeholder(s).
- ◆ Lack of focus. It is unlikely to communicate effectively when one is multitasking. The communicating entrepreneur needs to stay focused on the moment-to-moment experience.
- ◆ Inconsistent body language. Nonverbal communication should reinforce what is being said, not contradict it. If the communicating entrepreneur says one thing, but his/her body

language says something else, the stakeholder will likely sense some form of dishonesty.

- ◆ Negative body language. If one disagrees with or dislikes what is being said, one may use negative body language to rebuff the other person's message, such as crossing his or her arms, avoiding eye contact, or tapping his or her feet. As such it is not compulsory for the communicating entrepreneur to agree, or even like what is being said, but to communicate effectively without making the stakeholders defensive. It is important to avoid sending negative signals.

To this end, the model in this paper advocates for timely interventions in cases where the communication competencies and skills of those who are charged with responsibility of selling the strategy are found wanting (Johansson, Miller & Hamrin, 2014; Barrett, 2006). It is thus argued that communication skills can assist the organization in yielding as outputs, strategic success which can subsequently translate into economic growth and social upliftment.

Challenges facing SMMEs

SMMEs experience many challenges of their own. These may be in a form of both hard and soft issues. While the hard issues are out there to be known, the soft issues challenging SMMEs are often subtle and often hidden from immediate realities. One of the soft issues challenging SMMEs is communication skills. Unfortunately, the onus lies with SMMEs to deal with this particular challenge. However, this is nothing that education and training cannot address.

This albeit requires the political will of those at the helm of SMMEs, without which very little can be achieved to that effect.

Chiloane-Tsoka (2009) further contests that the lack of the training programs for majority of SMMEs adversely contributes to low growth which is accorded to some of void, that is in the areas of proper communication skills which are nonetheless critical in winning the business hearts of key stakeholders. Ligthelm (2011) draws attention to the need for business management skills, one of which are communication skills which are supposed to be key survival skills to ensure SMMEs' continued existence. In their study, Rankhumise and Chiloane-Tsoka (2012) are of the view that the poor government communication with SMMEs can be seen as weakening the aspirations of the sectorial growth. For instance during the implementation of the new companies Act 71 of 2008 in South Africa, majority of SMEs were of the opinion that they were the custodians of the Act and closing of the close

corporation should have been communication through consultative processes at any level of operation. Thus, communication is imperative to mark an indelible landscape of any business success. This contribution is in line with the findings of Ligthelm (2011) in his articulation that communication skills ensure the continued existence of SMMEs.

Strategic management processes

Johnson, Scholes & Whittington (2008) regard strategy as a determinant of the organization the direction and scope over the long term, and resources the way in which the organization, should be configured on how to meet the needs of markets and stakeholders. Different scholars describe strategic management from many views. In this paper, Lynch (2012) views strategic management as way an organization can identify its purpose, plans and actions to achieve the purpose. While Wheelen and Hunger (2012, p. 29) view strategic management process as a set of managerial decisions and actions that determine the long run performance of organization.

Nonetheless, Venter (2014) describes strategic management as setting strategic direction, setting goals, crafting a strategy, implementing a strategy and thereby finding corrective adjustments where deemed appropriate. In traditional terms this means that strategic management deals with planning, implementation and control.

While communication skill has been the focus of the previous section, it is also of cardinal importance to document views of other scholars in their perspective on how the term strategy is perceived. Moreover the importance or benefits of strategic management may also shed some light in term of indispensability of this management approach particularly with regard to stakeholder engagements. An idea has to be communicated in order it to be converted into a strategy. In defining strategy Venter (2014) regards it as a deliberate choice of a set of activities competitive advantage and other long-objectives. While Favaro, Ringan and Hirsh (2012) suggest that strategy emerges as a result of choices executives make, on where to play and how to win, to maximize long-term value.

Grant (2003) suggests that all modern organizations ought to strategize. As such it is also prudent to explain why organizations require strategic management as essential to all organizations. This can best be demonstrated by explaining the various benefits of strategic management. Lazenby (2014), Ehlers & Lazenby (2010, p. 12), Chalmeta-Rosalen, Leon-Soriano & Monoz-Torres (2010), David (2011) describe the following below as benefits associated with use of strategic management:

- ◆ Discipline and a sense of responsibility. Discipline and a sense of responsibility are realized when the management teams take full responsibility for strategic planning and implementation. This is in line with good corporate governance principles. Organizations that engage in strategic management normally have higher profitability results as compared to those who do not do so. In acting strategically organizations can tap into market spaces and thereby gain market shares which can render it attractive and profitable. These organizations also tend to have higher productivity because better planning and utilization of resources as a result of following the strategic management approaches. When the organization's goal, targets and strategies are clearly outlined, those implementing them are inclined to realize them with relatively little difficulty.
- ◆ Improves communication. Strategic management improves both internal and external communication of an organization, and employees better understand the organization's processes. It can thus be said that an idea only becomes a strategy if it is communicated. Therefore information management forms an integral part of strategic management. Therefore information management forms an integral part of strategic management. The top down communications serve as empowerment buffer to employees. Thus, enables strategic management to serve as a potential to amplify the empowerment of employees if and when managers involve employees in developing strategies. This can also improve the productivity of employees which will in turn translate into successful strategy implementation. When strategic management approach is followed better and effective time management is realized because the implementation of strategic plans needs to be completed by specific dates. The time-bound approach is often followed when strategies are rolled out so as to establish if alternative strategies are necessary or not.
- ◆ Better allocation of resources. Due to the economic principles of "satisfying unlimited needs with limited resources" and that of "utilizing minimum inputs to realize maximum outputs", the optimal use of these scarce/limited resources/ inputs thus becomes imperative. Strategic management approach allows the organization to realize a more effective resource management. The strategic management approach encourages proactive thinking of employees; this in turn reduces the possibilities of resistance to change. All strategic and operational activities thus become premeditated and deliberate rather than accidental.

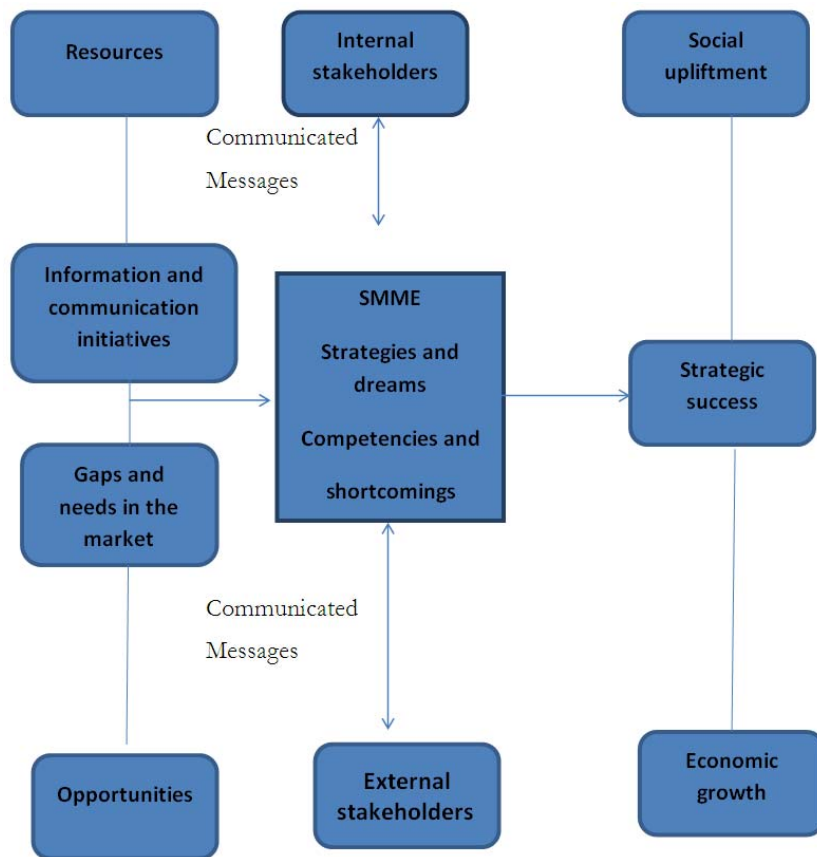
Kristiansen (2004), McQuaig (2006), Robbins, DeCenzo and Coulter (2012) also do concur in that the lack of strategic management by organizations contributes considerably towards business failure. This may put organizations that do have strategic planning process in place at a better standing relative to their competitors. It is thus apparent that strategic management can permit the organization to align itself with the needs of the environment and the expectations as well as the claims of its stakeholders. In order for the organization to align with its environment and thereby sell its strategy to its stakeholders, proper communication skills ought to be in place (Dempsey, Gore & Fal, 2011). For SMMEs this is seldom the case.

Thus the importance of communication skills on strategy cannot be overemphasized. As alluded to

earlier, a good idea can only be regarded as strategy and if the strategy is formally communicated and sold.

In its engagements with the stakeholder the organization requires vigilance in terms how its formal and informal messages are disseminated. Nonetheless, this could assist the SMMEs to avert the danger of diluted messages which normally yield resistance to change and unrealistic expectations (Lazenby, 2014; Pearce & Robinson, 2013).

As such more support for SMMEs have to be heightened and where this support already exists, that can always be intensified. There are several benefits which could be enjoyed by all those involved in this endeavor, particularly SMMEs themselves. Figure 2 attempts to summarize the process and the benefits thereof.



Source: authors' own model.

Fig. 2. Communication skills and its strategic significance in SMMEs

Figure 2 summarizes the communication skills and its strategic significance in SMMEs. The figure looks at the process of transforming certain critical inputs into useful outputs. As widely known, organizations are operated within an open system as there is interdependency between them and their business environments (Lazenby, 2014; Mohr, Fourie & Associates, 2008).

In their entrepreneurial quests to maximize their outputs, organizations seek to identify gaps and

opportunities within the market and large business environments, respectively (Nieman & Niewenhuizen, 2014; Fourie & Associates, 2008). The optimum use of scarce resources and other inputs thus becomes non-negotiable.

Moreover, this requires timely and accurate information as well as communication skills in order for it to yield favorable outputs (Pearson, & Wegner, 2013). Furthermore, the organization's communication messages with both internal and

external stakeholders have to be error free as well as inspirational. SMMEs should also learn communication that is combined with a set of skills such as nonverbal communication, engaged listening, managing stress, the ability to communicate assertively, and the capacity to recognize and understand the emotions those of their employees (Sosik & Dinger, 2007).

As a result communication skills and competencies of those at the forefront of SMMEs have to be such that with enhance their strategic intent while also eloquently articulating their organizations' dream to key stakeholders (Lord, 2011; Dempsey, Gore & Fal, 2011). While understanding that communication is a learned skill, SMMEs should have a sense of urgency. Moreover, SMMEs should uphold communication as the 'glue' that helps them deepen their connections to the external environment and internal improvement of teamwork, decision making, and problem solving or difficult messages without creating conflict or destroying trust with stakeholders.

Research methodology

According to Mouton (2001) research design is the blueprint of how the researchers propose to conduct their research. While Leedy and Ormrod (2010) deem it as a set of data collection steps which are pursued in order to answer the research question.

Content analysis was the research method employed. Remenyi (2015, p. 46) acknowledges content analysis capacity to acquire a fuller understanding of a phenomenon by examining a data set which can describe or represent the matter under discussion.

Data were gathered from relevant literature sources, documents, annual reports from government and its agencies as well as globally commissioned reports.

The units of observation for this research are written materials particularly scholarly and official documents.

A literature survey of the most topical books and journal articles was useful in providing insights in terms of strategic importance of communication skills within SMMEs. Moreover, data collection was from governmental and non-governmental policy documents and well as circulars. The content analysis of the phenomena proved to provide invaluable insight towards SMMEs' sustainable growth and development.

Limitations

- ◆ The paper relied on secondary data, primary data may sometimes yield contrary or slightly different outcomes.

- ◆ This study was done in a broad manner and it only focused in South African context only.
- ◆ The findings cannot be generalized in all fraternities, organizations or geographical areas.

Managerial implications and recommendations

The research aimed to explain the strategic significance of communication skills of SMMEs in South African. After reviewing this particular issue, the following are managerial implications and recommendations of the research study:

- ◆ Communication skills are the heartbeat of SMMEs and do form an integral part of their strategies. Before an idea is converted into a strategy, it first needs to be communicated.
- ◆ Those at the forefront of the strategies of SMMEs ought to possess in abundance the requisite skills and sharpness of mind to be able to sell the SMMEs' vision, products and/or services to key stakeholder.
- ◆ The indispensability of communication skills towards the organizations strategic competitiveness appear to be without contestation. As a result more resources ought to be invested to that effect.
- ◆ Improve education in communication skills at various level is likely to stimulate entrepreneurial capacity within business community. This will assist these communities to possess a strategic tool which can afford them to better sell their business propositions.
- ◆ Increase investment in training programs as well as educational institutions in the fields of communication with the view to improve future innovative efforts by potential future SMMEs. This can be done in a form of bursaries and incentive schemes targeted at students who intend to pursue their communication studies.
- ◆ Constant communication ought to be encouraged in order for SMMEs to avoid any uncertainties which may manifest from the market. This requires regular press releases, stakeholder dialogues and (strategic & operational) engagements.

Conclusion

In this paper a conceptual framework of communication skills of SMMEs in strategic term was developed. The objective of this paper was thus to explain how communication skills are critical in enhancing the strategic management processes of SMMEs, particularly in South Africa. Desktop research was compiled from secondary data gathered from books, articles, briefs and

governments and other reports. Future research areas to consider are an empirical study that could be necessary in the accentuation of authors' contribution thus far. This is set to provide even more rigor which can shape the landscape of the small business and entrepreneurial education.

The paper concludes with implications for future empirical studies. It became apparent that more work has to be done by SMMEs, government and its agencies as well as other key economically inclined stakeholders to fast-track the provision of soft skills to emerging businesses.

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