

The Impact of Selected Entrepreneurial Competencies on SMEs Performance in Ethekeweni Regions of South Africa: Theoretical and Practical Implications

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Abstract: Owner-managers of small businesses are in dire need of competent and skillful employees. Besides, owner managers need to acquire specific competencies including personal, opportunity and strategic to sustain the day-to-day operations of firms. This study seeks to determine the impact of the three competencies to understand their impact on small business performance. The study put forward the argument that opportunity, personal and strategic competencies impact on SMEs performance. To evaluate the impact of the three variables of exogenous and endogenous on SMEs performance, three hypotheses were formulated. Empirical data was collected from 248 owner-managers of SMEs chosen from database through the Durban Chambers of Commerce and Industry (DCCI). For two weeks, the authors used the DCCI as the empirical context for the study where data was sourced. Being quantitative study, a self-designed 5-point Likert-scale questionnaire was applied to solicit empirical data. The outcomes of the study showed that entrepreneurial competencies such as personal, opportunity and strategic are crucial for small business performance. The findings also provide rich insights to some of the reasons for the rampant small business failures country-wide including eThekweni regions of South Africa. Further, the study unearths useful implications for owner-managers to ensure that in general competencies is critical for small business survival and growth.

Keywords: competency; owner-managers; entrepreneurial skills; SMEs performance, Durban Chambers of Commerce and Industry (DCCI).

JEL Classification: G20; M12

1. Introduction

Empirical study of entrepreneurship demonstrates positive impact of entrepreneurial activities on SME performance. It is based on this notion that owner-managers who acquired high entrepreneurial competencies are able to conduct environmental analysis for viable business opportunities (Covin and Miles, 1999). Throughout this empirical study, “SMEs”, “entrepreneurial activities” and

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small businesses are used interchangeably due to the nature of their importance in most developing countries. As such, the authors referred to SMEs as entities employ at least 150 employees. By their nature small businesses are perceived to be essential drivers of the global economy. In South Africa, policy consultants both at national and provincial levels strongly view small businesses as the primary sources of economic growth. The global views that SMEs are the “*bedrock*” of economic activities of various countries still stands (Hyder and Lussier, 2016). Further studies by Roxas et al.; (2017) state that SMEs drives the global economies. Similarly, across the world, SMEs are vital stimulators of economic and social activities by creating employment opportunities, reduce poverty levels and leapfrog ongoing economic activities (Heinicke, 2018). Without doubt, most countries depend much on the survival and better level of SMEs performance for economic potentials (Hallam et al.; 2017). According to Malesios et al (2018), small businesses are contributors to employment opportunities and economic growth. Besides, there is growing extant literature that support the views that small businesses play significant roles during the periods of recession to ensure greater efficiency, offer relevant assistance to economic growth, provide adequate income distribution and increase productivity (Abdullah and Manan, 2011).

In order for small businesses to fully participate in meaningful competition, the level of performance is very essential; without acceptable level of performance, small businesses cannot survive. Previous empirical studies have shown the significance of business performance due to various factors (Garcia et al, 2014; Ahmed et al, 2003; Tien, Wang and Tsai, 2005). For example, studies in the past further revealed the existing business environment impact significantly on its level of performance (Krause et al, 2010; Ahmad, Ramayah, Wilson and Kummerow, 2010).

Due to the advent of globalization, the business environment continues to experience various forms of competition. In light of this, lack of adequate level of performance by small businesses mean high volumes of business failures. Whilst the owner-managers of small businesses experience harsh failure rates, other skills including entrepreneurial competencies are linked to business performance (Mitchelmore and Rowlet, 2010). Acquiring these skills, according to Piperopoulous and Dimov (2015) further increase SMEs the levels of performance. Despite the significance contributions by small businesses, these businesses are unable to put forward adequate level of performance; thus, they experience failures (Bamiatzi and Kirchmaier, 2014; Michirori and Fatoki, 2013).

In developing countries, empirical studies revealed more failures in contrast to the developed nations (Sherazi et al.; 2013). In general, it can be concluded that unsuccessful entrepreneurial activities are caused by the lack of competencies by owner-managers (Herrington et al. 2010). According to past studies, small

businesses are confronted with high failure rates within the first five years of establishment (Hyder and Lussier, 2016). Recent study by Abdullahi and Sulaiman (2015) and Hafeez et al.; (2013) cited varying contributory factors including rising business operation costs, corrupt practices, lack of infrastructure and poor policy framework contribute to low firm performance. Other personal inhibitors such as inability to understand operations of SMEs in developing countries trigger sub minimal performances (Greer et al.; 2016; Parida et al.; 2016; Azadegan, et la.; 2012).

Academics and researchers affirm performance as a critical section of entrepreneurial activities (Leonidou et al.; 2017; Watson et al.; 2011). However, given the fluctuating global climate, it is important that SMEs attain high survival standings in order to create employment opportunities (Ahaniet et al.; 2017; Ong and Ismail, 2012). Thus, entrepreneurial competencies are perceived the most strategic element to SME performance (Grimmer et al.; 2017). Throughout this study, data from DCCI was utilized to determine the impact of entrepreneurial competencies on small business performance in eThekweni regions in Durban, South Africa. In the ensuing sections, this study discusses the theoretical framework that underpin the study. In the end, the present study fills the scientific knowledge in extant literature through conceptual framework that explains the impact of entrepreneurial competencies on small business performance.

2. Theoretical Framework

The theoretical background is utilized with a view to formulate the overall structure of specific theory that underline this study. The following section give an account of a theoretical framework that explains the research problems. This empirical study employs the Resource-Based View (RBV) at the main starter to provide solutions to the phenomenon. The theory states that for business to be successful two thing are needed; the resources and capabilities (Davis and Cobb, 2010). Sustainability of firms depends much on the adequate resources and the level of capabilities to ensure that a more competitive approach becomes possible. Key resources such as knowledge, managerial skills, knowledge of technology as well as marketing skills are basic necessities. According to Geoffery and Christos (2015), the efficient applications of these resources, enable firms to take advantages of opportunities in the marketplace for profitable earnings. The RBV theory support the current study for the discussion of SMEs performance due to the pool of human capital in the form of skills, behavior and motivation required across firm success. Human resources are needed in the organization to motivate, share and utilize the knowledge in order to establish successful firm operations. Though the RBV is mostly used in corporate organization, it can as well be applied in the context of SMEs performance (Kim, 2011; Gumbo, 2015).

2.1. Entrepreneurial Competency

The concept of competency has been one of the leading terms in management literature. Entrepreneurial competency as described entails individual skills, experience and knowledge that empower individuals to perform given tasks (Lazar and Paul, 2015). Several academics and researchers have defined the concepts of competency as varying skills, expertise and acumen (Smith and Morse, 2005; Haffmann, 1999; Hayton and McEvoy, 2006; Bron, 1999). Further academic work explained competency as the primary driver through aspirations to achieve excellency in terms of economic performance and for business gains (Spencer and Spencer, 1993). According to Hunt (1998), factors such as motivation, personality traits, knowledge, skills as well as self-concept plays vital roles in shaping human behavior. Entrepreneurial competencies are known to be related to different acumen or personal skills that drives the development of entrepreneurial activities across sectors of SMEs (Colombo and Grilli, 2005; Nuthall, 2006; Hayton and Kelley, 2006). In addition, there is high level of misunderstanding the concept. Deeper explanations regarding the ambiguity of this concept is further outlined to be compounded by individuals with different objectives (Burgoyne, 1993).

While empirical studies have failed to provide concrete significant association between performance and entrepreneurial competency (Chaston et al.; 1999), it is believed by various researchers that entrepreneurship is able to identify the disparities between managerial and behavioural competencies (Lerner and Almor; 2002). Furthermore, there are other gaps in the meaning of these concepts. Extant literature suggests that entrepreneurial competencies are required in order to promote business entities while the concepts of managerial skills or experiences are needed not only to enrich but to augment business growth (Man et al.; 2002). Given these additional scientific evidences suggests that insights into individual levels of competencies is very fundamental to the very essence of firm success.

There are varying phases and applications of competencies. As such the models and applications of competencies are grounded into different procedures that are related. According to Spence and Spencer (1993), through competency, individual aspirations are triggered toward the performances to achieve gainful economic and business potentials. Given its meaning, entrepreneurial competencies have been stated as part of individuals' specific competencies that create the necessary pathways to the development of successful small and start-ups (Colombo and Grilli, 2005; Nuthall, 2006).

In view of these notions, it is believed that competency is either in the form of "skills", *expertise or individual "acumen"* is required to start new firms while various skills of management are to grow new ventures (Man et al.; 2002). According to Bird (1995), entrepreneurial competency offers the linkages that are found between competent, birth, survival and firm growth.

3. Empirical Literature

3.1. Empirical thoughts on SMEs Performance

Given the general nature of small businesses or start-ups, firm survival and long-term performance bears relationship with owner-managers' competencies (Tehseen & Ramayah, 2015). However, a study by Mitchelmore and Rowley (2010) argued that though small businesses are very significant in generally, the sector can as well render its activities insignificant. Hence, it can be concluded that the unique features of every person and the inherent competencies can be employed to attain business success (Minai et al.; 2014). In sum, several studies have demonstrated firm growth, state of profitability and the level of performance is associated with owner-managers' level of competencies (Nakhata, 2018). This implies that once owner-managers of small businesses are competent, businesses are more likely to show positive performance.

Among the owner-managers of SMEs it is not the common practice to provide detailed data on performance. Research by Fatoki (2014) states that owner-managers of SMEs lack proper financial reports. Entrepreneurial competencies are closely linked to firm performance and growth. According to Islam, Khan, Obaidullah and Adam (2011), firm performance entails successful market gains through market related activities. Similar study by Park and Rhee (2012) defined the concept of performance as the ability by SMEs to attain positive market outcomes. Over the years, several scientific literature have shown that through adequate entrepreneurial competencies, entities could achieve acceptable levels of performance (Mitchelmore and Rowley, 2013; Mohsin et al, 2017). Literature indicates that personal skills of the entrepreneur contributes largely to firm performance and potential growth (Lerner & Almar, 2010; Bird, 1995; Cooper et al, 1994).

According to Chandler and Jansen (1992) revealed that by developing entrepreneurial skills businesses are able to increase their profit margins and growth. There are significant relationships between business performance and entrepreneurial competencies. Simply put, to ensure that performances of SMEs continue to show signs of improvement much is required in terms of stimulating the level of entrepreneurial competencies (Ahmad et al.; 2010). Kotler and Armstrong (2011) opined that performance is central during the evaluation of entrepreneurial actions. According to Hove, Sibanda and Pooe (2014), firm performance entails how execution influence the depth of firm activities. Vieira (2010) argued that firm performance is about strings of commercial activities towards the accomplishment of set business outcomes. Others perceived firm performance as the focus on varying triggering elements of proficiency, adequacy, fulfilment of employees' needs and expectations to ascertain set objectives (Reijonen, 2008; Gardiner and Simmons, 2003; O'Regan, Sims and Galleary, 2008).

4. Conceptual framework and Formulated Hypotheses

Several scientists have for years defined conceptual framework (Gunzler and Morris, 2015; Sekaran and Bougie, 2016; Flannelly, Flannelly and Jankowski, 2014). For instance, Gunzler and Morris (2015) defined conceptual framework as the link between the evaluation factors while Sekaran and Bougie (2016) illustrates how the conceptual framework presents total snappy pictures and related thoughts that connect variables in a framework. Drawing from these definitions, the current study was designed in line with extant literature with the aim to determine the impact of entrepreneurial competencies on SMEs performance. Three null and alternate hypotheses were formulated including three types of independent and one dependent variable were operationalized and used. For the purpose of this study (see figure 1) three independent variables are operationalized as follows: The dependent variable is operationalized and used as follows: **SMEs performance**-adequate planning and commitment; quality measure, the means to monitor success and failures, sales, profit margin, product quality and measurements. **Personal Competency (PC)** - motivation, high energy source, respond to criticism, create positive attitudes, identify and utilise SWOT; stress control and tolerance and self-belief; personal strength of owner managers (Man, 2001; Thompson et al, 1997; Markman and Baron, 1998; Ahmad, 2007). **Opportunity Competency (OC)**- skills to recognize opportunity; clients' product and services identification; benefits search; develop viable opportunities; explore and seek better lucrative markets (Man et al.; 2002; De Koning, 2003; Allison, Chell and Hayes, 2000) and **Strategic Competency (SC)**- evaluate; establish; expected firm directions; align work to firm objectives; link firm's actions and tasks with strategic goals; analyse results; establish strategic actions and evaluate costs and benefits (Man et al.; 2002; Man, 2001; Thompson and Richardson, 1996). Below is the conceptual illustrations that informed the development of the null and alternate hypotheses.

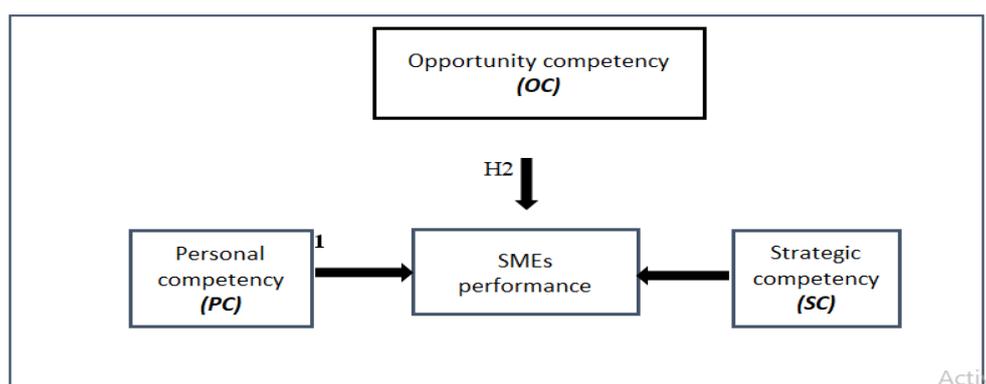


Figure 1. Conceptual Framework Showing Competencies and SMEs Performance

Source: Design for the study

4.1. Personal Competency (PC)

Several scientific literature explains with deepening discussions different aspects PC in relation to competency. For instance, Thompson et al (1997) defined PC as determination and self-belief by individuals. Others referred to PC as self-control measures, tolerance of personal stress levels and the strengths and weaknesses of owner-managers to realise firm performance through skills to achieve business success (Markman and Baron, 1998; Ahmad, 2007). Based on current and past literature, PC triggers the general state of firm performance and the owner-manager's success. The literature further showed that it is possible to acquire attitudes that are positive, able to accept criticism as well as by identifying strengths and weaknesses (Man, 2001). Given the above discussions, the authors define the formulated hypotheses as follows:

H^1 : Personal competency do not impact on SMEs performance in eThekwini regions.

H^0 : Personal competency impact on SMEs performance in eThekwini regions.

4.2. Opportunity Competency (OC)

The concept of competency is operationalized as the desire and willingness to identify opportunities across the marketplace (Man et al.; 2002). Owner-managers of small businesses strive to scan the environment to identify, search and develop viable opportunities (Seabela & Fatoki, 2014). Nonetheless, firm success is linked to the positive notion that marketplace opportunities are therefore critical to firm performance (Hoyos-Ruperto, Romaguera, Carlsson & Lyytinen, 2013). One of the central functions of owner-managers of small businesses, according to literature is to identify and utilize available business opportunities to enhance business performance. Further literature add that there is significant association between the development of business opportunities and the ability of owner-managers to undergo activities, search explore and evaluate present opportunities (De Koning, 2003). Given these sentiments, it can be concluded that owner-managers of small businesses are characterized with identification, assess different forms of business opportunities (Allison, Chell & Hayes, 2000). Based on the above explanations and definitions, the second hypotheses are stated as follows:

H^2 : Opportunity competency (OC) do not impact on SMEs performance in eThekwini regions.

H^0 : Opportunity competency (OC) impact on SMEs performance in eThekwini regions.

4.3. Strategic Competency (SC)

Recent survey by Ahmad et al (2010) have described strategic competency (SC) as the inherent aptitude by individuals to attain long-term goals. The survey further add that through the application of SC, long-term issues including threats and opportunities are measured in line with set objectives. As Man et al.; (2002) explained, the depth of SC in achieving objectives in many ways. According to this study, through SC, the owner-managers of firms are able to assess and put into operations various tasks to the realization of firm objectives. Similar study by Stonehouse and Pemberton (2002) outlined that SC entails the ability to formulate long-term plans that bears significant relationships to the visions of various firms. In a way, SC focuses on the management of changes in the organization to realise competitive advantages over other firms (Thompson and Richardson, 1996). Through SC, specific tasks including behaviour to undergo thorough evaluation in order to achieve set objectives. The adoption of SC it is clear that organization directions are established for better and enhanced firm performance. Drawing from the above discussions, the final hypotheses are defined as follows:

H^3 : Strategic competency (SC) do not impact on SMEs performance in eThekwinini regions.

H^0 : Strategic competency (SC) impact on SMEs performance in eThekwinini regions.

5. Research Methodology

This study employed quantitative design for solution to the problems under investigations (Williams, 2007). Furthermore, quantitative study enables the authors to verify and determine data accuracy (Poni, 2014). The empirical study was conducted in eThekwinini regions of Durban in South Africa. Justification for selecting the eThekwinini regions was that most SMEs continue to fail without the expected growth. EThekwinini regions was selected due to growing mixed race of owner-managers of South Africans and other nationals from neighboring countries (Fatoki, 2014). This study was necessary due to growing unemployment among the youth and middle-age population. Empirical data gathering process was possible through the applications of self-administered questionnaire.

Based on the objectives of the study, a 5-point Likert-scale questionnaire anchored on scales ranging from strongly agree to strongly disagree. Purposive sampling technique was applied to select 248 owner-managers of SMEs as participants to provide requisite data. According to Cooper and Schindler (2014), purposive sampling was utilised to choose participants with adequate knowledge about the research phenomena. The authors selected owner managers based on their

perceptions and experiences over the years taking into the general levels of owners' skills and competencies. To ensure adequate reliability and to validate the research topic, the study objectives and the questions stated on the questionnaires, the Cronbach Alpha was applied. Empirical data was analysed by means of descriptive tools aided by statistical Packages for the Social Sciences (SPSS).

5.1. Research Instrument

This study is quantitative; thus, a 5-point Likert-scale questionnaire was utilized to measure the dependent and independent variables. This study made use of closed-ended questionnaires to ensure that empirical data gathered allowed the authors not only to perform credible statistical evaluations but to also ascertain insightful data interpretations (Creswell, 2014). Greater considerations regarding how the proposed variables should be evaluated to realise the study objectives were well thought off. As such, relevant scales of measurement were identified and operationalized in line with extant literature review. The authors made the necessary amendments to suit the study objectives as well as the study settings.

This empirical study utilizes four variables of which three were endogenous and one exogenous variable. These variables include operational competency (*OC*) was measured using five statements while thirteen and eleven statements were used to measure personal (*PC*) and strategic (*SC*) competencies respectively. Regarding the dependent variable (outcome variable) SMEs performance (*SMEs PEF*) 12 related statements based on the literature were used as measurement. All the statements used to measure the independent variables were on various scales (5-point Likert-scale) anchored as (1) strongly agree to (5) strongly disagree. The authors conducted pilot study during the early phases of data gathering processes in order; (1) to ensure that the measurement instruments are flawless; (2) to dictate ambiguous items stated in the questionnaires for amendments; (3) to point out unpleasant statements in the questionnaires (Calitz, 2009). The 5-point Likert Scale questionnaire was validated by experts in the field of entrepreneurship. Reliability assessment on the four variables (*OC, PC, SC and SMEs PEF*) was possible through the statistical tool of Cronbach alpha with high scores ranging from 0.519 to 0.826 respectively.

6. Data Analysis

Soon after gathering the primary data, the empirical data were inserted into Excel spreadsheet. This was proceeded by exporting primary data file to Statistical Packages for Social Sciences (SPSS). Two main statistical tools namely the descriptive which comprises of frequencies as well as the inferential statistics. Given the nature of this study and the formulated (null and alternate) hypotheses,

the authors performed chi-square test to quantitatively determine the impact (if any) between the dependent and independent variables.

7. Empirical Results

This study provided 5-point Likert scale questionnaires to 248 participants for empirical data set. Only 122 of the questionnaires were completed and returned without errors. Thus, yielding a response rate of 49.2% (Fatoki, 2014; Agbobli, 2013). Regarding employment opportunities, the study showed that 10% of the participants were able to offer employment to more than 50 full time employees; 42% of the SMEs managed to offer employment opportunities to 51-100 employees on full time basis, 25% SMEs were able to employ between 101-150 participants on full time basis and 23% of the SMEs secured full time job opportunities for 151-200 employees. In terms of education, majority of participants attained the highest academic qualifications. However, 19% were unable to obtain tertiary qualifications while 53% were qualified as diplomats, while only 28% of the owner managers attained post-graduate qualifications.

7.1. Descriptive Statistics

This section of the study largely describes figures and numbers to provide indices from raw empirical data (Kothari, 2004). Besides, the section is designed to provide in depth analysis of the research outcomes in order to evaluate interconnection of data for meaningful empirical inferences.

Table 1. Measures of central Tendency

	OC	PC	SC	SMEsPEF	Perf Trend	PEF ratings
N Valid	119	118	119	119	119	119
Missing	0	1	0	0	0	0
Mean	2	2	2	2	1	2
Median	1	2	2	2	1	2
Mode	1	2	2	2	1	2

Analysing the OC the median and mode is the same with the value of 1. This means that majority of owner-managers strongly agree that OC impact on performance of small businesses. However, there are few owner-managers who strongly disagreed that OC impact on performance of businesses. Since OC in the table above shows the mean is greater than the mode. Given the mean, the median and mode values of 2, the implications are that the data is zero skewed; thus, a pattern of normal distribution. Drawing from this pattern, owner-mangers agreed that both SC and PC are useful to their enterprises.

Table 2 indicates owner- managers' opinions regarding OC impacting on SMEs performance; majority (38%) strongly agreed, (34.5%) agreed, (4.2%) neither agreed of disagreed while (3.4%) strongly disagreed that OC impact on SMEs performance.

Table 2. Opportunity Competencies (OC)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	69	58.0	58.0	58.0
	Agree	41	34.5	34.5	92.4
	Neither agree nor disagree	5	4.2	4.2	96.6
	Disagree	4	3.4	3.4	100.0
	Total	119	100.0	100.0	

Table 3 shows owner-managers opinions regarding PC impacting on SMEs performance; majority (85.7%) agreed, (9.2%) strongly agreed while (4.2%) neither agreed nor disagreed. This implies that the bulk of owner-mangers in EThekweni regions attached great importance to PC; meaning PC drives SMEs performance.

Table 3. Personal Competencies (PC)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	11	9.2	9.3	9.3
	Agree	102	85.7	86.4	95.8
	Neither agree nor disagree	5	4.2	4.2	100.0
	Total	118	99.2	100.0	
Missing	System	1	.8		
Total		119	100.0		

Table 4 indicates owner-managers opinions on SC in terms of SMEs performance; majority (82.4%) agreed, (15.1) strongly agreed while (2.5%) neither agree nor disagree.

Table 4. Strategic Competencies (SC)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	18	15.1	15.1	15.1
	Agree	98	82.4	82.4	97.5
	Neither agree nor disagree	3	2.5	2.5	100.0
	Total	119	100.0	100.0	

Table 5 shows majority of owner-managers (41.2%) and (24.4%) were of the view that net profit is used to measure SMEs performance. Further (22%) of owner-

managers measure SMEs performance by using values of assets (12.6%) is measured by number of new products. This implies that owner-managers favour net profit, value of assets and new profits to measure SMEs performance.

Table 5. Performance Measures Used by Smes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Turnover/sales	29	24.4	24.4	24.4
	Net Profit	49	41.2	41.2	65.5
	Value of Assets	26	21.8	21.8	87.4
	The number of new products/services introduced	15	12.6	12.6	100.0
	Total	119	100.0	100.0	

Table 6 depicts the trends of small business performance over a period; majority (66.4%) owner-managers indicated increased patterns over the last five years, (4.2%) owner-managers indicated decrease while (29.4%) of the owner-managers show no significant changes in performance over five years period.

Table 6. Performance Trend

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	79	66.4	66.4	66.4
	no change	35	29.4	29.4	95.8
	Decreased	5	4.2	4.2	100.0
	Total	119	100.0	100.0	

Table 7 below shows owner-managers of small businesses performance over 5 years period. The bulk (54.6 and 37.8%) of the owner-managers stated that performance was successful and very successful while (5.9%) stated that business performance was unsuccessful.

Table 7. Performance Ratings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very successful	45	37.8	37.8	37.8
	Successful	65	54.6	54.6	92.4
	Neither successful, nor unsuccessful	7	5.9	5.9	98.3
	Unsuccessful	2	1.7	1.7	100.0
	Total	119	100.0	100.0	

Table 7 above depicts 92.4% of the participants indicated that their business were either very successful (37.8%) or successful (54.6%); 5.9% of the participants

indicated that their businesses were neither successful nor unsuccessful, only 1.7% of the participants showed unsuccessful business operations.

7.2. Inferential Statistics

Testing Formulated Hypotheses

The research model that underpins this empirical study consisted of three exogenous variables; ie, *PC*, *OC*, and *SC*. Besides, this model include an endogenous and mediating variable known as owner-managers and SME performance respectively. Six formulated hypotheses (null and alternate) namely *H¹*, *H²* and *H³* were formulated to test the impact on the endogenous variable (SMEs performance). In total six null and alternate hypotheses were formulated in line with stated objectives to determine the impact of selected entrepreneurial competencies on SMEs performance (refer to figure 1 above). Inferential statistical tools of chi-square was used as well as the Phi test for solutions.

H₀: Opportunity competency (OC) do not impact on SMEs performance in eThekwinini regions.

H₁: Opportunity competency (OC) impact on SMEs performance in eThekwinini regions.

Table 7. Chi-Square Tests

	Value	df	Asymptotic sig (2-sided)
Pearson Chi-Square	26.705 ^a	9	.002
Likelihood Ratio	29.967	9	.000
Linear-by-Linear Association	8.295	1	.004
N of Valid Cases	119		

The Pearson Chi-Square test revealed that there was statistically significant association between OC of SME owners and the success of their business. The above conclusion was reached based on the p value of 0.002, which was below 0.05.

Table 8. Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	.474	.002
	Cramer's V	.274	.002
N of Valid Cases		119	

There is moderate correlation between OC and firm success. Given the Phi result as in table 8 above, the authors observed that there is significant moderate association as revealed in the variables is very moderate (0.474=47.4%). This implies a moderate relationship between OC and SMEs PEF.

H₀: Personal competency (PC) do not impact on SMEs performance in eThekwini regions.

H₁: Personal competency (PC) impact on SMEs performance in eThekwini regions.

Table 9. Chi-Square Tests

	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-Square	5.345 ^a	6	.500
Likelihood Ratio	7.411	6	.285
Linear-by-Linear Association	.016	1	.901
N of Valid Cases	118		

The results of this research reflects that at the 5% level of significance, there is no statistical association between PC of SME owners with firm success.

Table 10. Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	.213	.500
	Cramer's V	.150	.500
N of Valid Cases		118	

Based on Phi it can be deduced that strength of association is not strong between variables (0.213=21.3%). This implies weak relationship in terms of PC and SMEs PEF.

H₀: Strategic competency (SC) do not impact on SMEs PEF in eThekwini regions

H₁: Strategic competency (SC) impact on SMEs PEF in eThekwini regions

Table 11. Chi-Square Tests

	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-Square	12.048 ^a	6	.061
Likelihood Ratio	13.588	6	.035
Linear-by-Linear Association	4.010	1	.045
N of Valid Cases	119		

Considering the relationship between SC and business success, an analysis of the Pearson Chi-Square test result (p=0.061) revealed that, statistically, there was no significant relationship between SC and firm success.

Table 12. Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	.318	.061
	Cramer's V	.225	.061
N of Valid Cases		119	

Drawing from Phi test, the authors observed firm strength of association regarding

the various is weak ($0.318=31.8\%$). This result implies there is statistically weak relationship in terms of SC and SMEsPEF

8. Discussion and Conclusions

Several plethora of empirical studies were documented over the years to understand the impact on firm performance through the acquisition of competencies. In spite of this, the present empirical study is designed to extend scientific knowledge by exploring PC, OC and SC on SMEs performance. To ensure that trustworthy outcomes are realized, a 5 point Likert scale questionnaire was applied to source primary data. Throughout this study, the authors applied three independent variables to explore the impact on SMEs performance. Several key findings have emerged from the study.

In line with the primary aim of this study, the authors used descriptive analysis as vital analytical tool followed by the Pearson Chi-Square to test formulated hypotheses to ascertain the significant relationship between variables. In general, the study revealed that competencies in any form is critical to firms' performance. Drawing from the study, PC enables owner-managers of small businesses to be well informed through education and training. PC according to literature can be gained through experiences acquired by owner-managers over the years. This can be applicable to existing business operations in order to increase performances in the small business sector. Effectively, PC entails every level of management starting from different but well-crafted action plans. PC allow owner-managers to make important business decisions in sourcing resources needed for increased firm performance. SC on the other hand, make it possible for owner-managers to institute better planning systems toward the realization of firms' objectives and enhanced performance. SC according to scientific evidence, can only be realized once owner-managers attain certain levels of education. Its addition to firm performance is overwhelming as it helps in allocating duties and tasks to employees in effective and efficient manner, better use of funds and to be knowledgeable enough in search of viable business operations. OC is equally relevant to firm performance. Literature states that within the environment, there are business opportunities. Putting together various forms of competencies, owner-managers are able to identify viable and feasible business opportunities to stimulate firm performance. The overall foundations and pillars of entrepreneurship center on OC in order to increase performance provided other forms of competencies namely SC as well as PC are better applied throughout operations. Though most owner-managers strive for high level of performance, for most owner-managers it is not enough for small businesses to merely become profitable, the firm is also required to show not only good firm performance but also sound small business practices.

9. Recommendations

From the study it became evident that in general more need to be done by owner-managers in order to acquire various competencies. The general lack of competencies in terms of OC, PC and SC has become major impediment to SMEsPEF. Regarding OC, the study recommends more entrepreneurial education and training programmes, instill entrepreneurial culture through workshops. Adequate implementations of these recommendations would enable owner-managers to search for viable business opportunities to improve SMEsPEF. The education and training programmes would as well provide owner-managers with the necessary skills of control, to manage uncertainties and make the appropriate decisions in the entrepreneurial environment for improvement in performance (Barton, 2010; Sarasvathy, 2001).

The low rate of small business survival and increasingly high failures by small businesses in South Africa is a worrying factor for policy makers. Literature points to lack of PC as one of the reasons for negative performance of small businesses. As such, the study recommends that spheres of government at national and provincial levels expand the current education and training to equip owner-managers with the necessary management skills.

The study further recommends critical functional competencies training in areas of marketing, operations and finance. These forms of training would further place owner-managers in better position to stimulate performance in the small business sectors. Besides, the study recommends “*Enterprising Competencies Training*”(ECT) in key areas of motivation, securing and controlling skills of limited resources. These training initiatives must be integrated into all areas of small business education and training programmes.

Lastly, through entrepreneurship education, the level of SMEsPEF and PC, proficiency and developmental state of owner-managers should easily be determined for every trainee not only to deliver the appropriate business skills to enhance performance but to better develop the right SC for small business growth and maximum performance.

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