



## The Linkage Between Personal Values and Managerial Competencies Development of Smes' Owner-Managers in South Africa: A Conceptual Framework

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**Abstract:** This study delves into the nexus between personal values and the development of managerial competencies among owner-managers of SMEs in Durban, South Africa. Motivated by the indispensable role of managerial competencies in sustaining SMEs, despite their substantial contributions to emerging economies like South Africa, this research seeks to unveil the significance of personal values in shaping the managerial competencies of owner-managers in Durban. While acknowledging the importance of competencies, prior empirical studies have not sufficiently explored the nuanced relationship with personal values in this specific context. Employing a cross-sectional survey research design with a purely quantitative approach, the study used 248 owner or managers of SMEs in Durban as the sample size. Data analysis involved descriptive and inferential statistics, encompassing measures of central tendency and Spearman's correlation. Key findings underscored the positive influence of personal values on the development of managerial competencies among owner-managers. Intriguingly, a negative significant relationship emerged between education levels and the managerial competencies of SME owner-managers, challenging conventional assumptions. Moreover, the study unveiled a positive and significant association between the work experience of owner-managers and their managerial competencies. Practical and managerial implications suggest the embedding of personal values among owner-managers' employees through regular internal workshops. Furthermore, the study recommends the integration of entrepreneurship education in schools, colleges, and universities, emphasizing both entrepreneurial and managerial competencies. This research contributes to bridging the gap between theoretical insights and practical applications concerning personal values and managerial competencies in the SME sector. By shedding light on the intricate dynamics between these variables, the study enhances our understanding of the unique challenges faced by owner-managers in developing and sustaining successful SMEs in Durban.

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**Keywords:** Managerial competencies; SMEs; Personal values; Education; Ethics and Work experience

## 1. Introduction

The key role of small and medium enterprises (SMEs) in South Africa's socio-economic landscape cannot be overemphasized (Malefane, 2013). An SME employs between 11 and 250 workers and a small business by rand value has an annual turnover of up to R80 million, while a medium business has an annual turnover of less than R220 million (Department of Small Business Development, 2023). As noted in the Seda report (2016), SMEs play a crucial role in the nation's economy, creating 80% of new employment possibilities and fulfilling 70% of the workforce's needs. In developed countries such as the United States and the United Kingdom, small and medium enterprises contribute significantly to employment and GDP, respectively 52% and 51% in the United States, and 62% and 25% in the United Kingdom (Edinburgh Group, 2012).

This global pattern applies to industrialization efforts in developed and underdeveloped countries, where SMEs become the backbone of the global economy. For example, in the United States and the United Kingdom, small and medium-sized businesses contribute 79% and 63% of employment respectively, while in France and Germany 60% (OECD, 2013). The importance of SMEs is even greater in emerging economies, where 99% of formal businesses are SMEs, employing 80% of the urban population in China and contributing 60% to GDP (Sham, 2014).

In South Africa, where unemployment remains a significant problem at around 30.1% (Quarterly Labor Force Survey, 2020), the role of SMEs in job creation and economic development is important. However, research on the impact of SME owner-managers' personal values on management competencies is limited in the South African context. Current empirical literature on this topic is inconclusive and sparse (Gao, 2017).

Upper Echelons Theory (UET), proposed by Gambrick and Mason (1984), shows that personal values act as an emotional filter, influencing the perception of owners-managers about the external environment, strategic choices, personal behavior, and organizational ethics. However, recognizing that decision-making is significantly influenced is an aspect that scholars studying this domain have not yet explored (Dennis, 2020). Ferrell and Gresham (1985), in developing a contingency model in decision making, identified values and attitudes as different factors that influence decision making and, consequently, managerial skills.

This study tries to overcome this value by investigating the effect of personal values on the managerial skills of SME owners. It aims to contribute to existing knowledge on SMEs in the South African context by recognizing that personal values act as

emotional filters that influence strategic choices, personal behavior and ethical performance (Hambrick & Mason's Upper Echelon Theory, 1984). By understanding the role of personal values in decision making, this research can provide valuable insights for scholars and practitioners to help develop more effective strategies for SMEs.

This study aims to make some contributions in this field. First, it provides empirical evidence on the impact of personal values on managerial skills, offering a detailed and in-depth understanding of the specific context of South African SMEs. Second, the findings fill a gap in the literature by explaining the role of personal values in decision making, a concept that has yet to be implemented by scholars (Dennis, 2020). Finally, the findings of the study are intended to inform policy makers, academics and practitioners on strategies to improve the performance of SMEs in South Africa.

Previous research by Weliu and Manxhari (2017) identified decision-making as the basis for creating specific ideas that lead to improved behavior and the creation of management competencies. Personal values, when fully understood, become key criteria for decision-making, priorities, and individual decision-making (DuBrin, 2012). In the past, scholars have used different approaches to determine personal value. For example, personal values include several characteristics that contribute to an individual's enduring and unique feelings, thoughts, and behaviours. The existing literature on managerial skills studied by researchers such as Agrawal and Krishnan (2000) show the significant influence of personal values, work experience, education and ethics. Empirical findings by Alam, Mohd, Kamaruddin and Nor (2015) show a positive relationship between personal values, personal drive and managerial skills. In the context of management, personal values influence motivation, which in turn influences management competencies. Hellriegel, et. al. (2016) argued that personal values and resilience are important for effective management competencies.

Despite the importance of the relationship between personal values and managerial skills in the literature on personal values and entrepreneurial skills (Mitchelmore & Rowley, 2010; Schwarz, 2017), research on this issue is limited, inconclusive and insufficient, requiring more. research, especially in the eThekweni area. Although the existing literature shows a better understanding of the role of personal values in the development of managerial values, there is a lack of evidence that personal values positively affect the development of managerial skills among owner-managers in the SME sector (Swartz, 2017; Shaw, 2017).

Academics do not agree on how personal values influence the managerial abilities required for efficient administration of SMEs, according to Sánchez (2014). Agbobli (2013) emphasised that South African small and medium-sized enterprises encounter difficulties in remaining operational over the initial three years, leading to the problem of unemployment. Chandler and Jansen (1992) propose that a good manager

should exhibit competence in functional, general, and cognitive areas, notwithstanding the presence of other competency models in the literature.

The low survival rates and underperformance of entrepreneurial ventures in South Africa are due to the insufficient or lack of managerial competencies among owner-managers (Seda, 2016; Fatoki, 2014). Incorrect personal values are a major obstacle to the development of strong managerial skills among owner-managers in SMEs, notwithstanding the South African government's support efforts. SMEs in the country are nevertheless facing below-average performance, restricted growth, and elevated failure rates (Fatoki & Garwe, 2010). Kongolo (2010) asserts that a lack of managerial skills is a primary reason for the high failure rates and impedes the progress and advancement of the SME sector. The OECD (2015) acknowledges the challenge posed by the lack of management competencies in SMEs, which proves to be difficult to overcome. Given the limited research conducted on the influence of personal values and managerial competencies and no study of this type had been conducted in eThekweni region, hence, this motivated for this study.

The lack of research on this relationship, especially in developing countries such as South Africa, warrants further studies of this phenomenon. Therefore, this study aims to explore the relationship between personal values and the development of management competencies.

The objectives of this study are structured below:

- To examine the influence of business experience towards the development personal values of SMEs' owner-managers;
- To explore the association of education and personal values of owner-managers in the SME sector;
- To explore the impact of personal values on the cognitive competencies of SMEs owner-managers;
- To develop a conceptual framework that links, education, ethics, business experience with personal values and how functional, generic management and cognitive competencies are linked to managerial competencies.

The subsequent sections of this research explore the literature review of integrated promotional strategies, research methodology, empirical findings, discussions and lastly, recommendations.

## **2. Literature Review**

### **2.1. Personal Values**

Personal values are unique characteristics that impact an individual's determination, motivations, objectives, emotions, cognition, and actions (Schwartz & Butenko, 2014). Entrepreneurs' personal values, as described by Boer and Fischer (2013), impact managerial styles at the organisational level. Defining personal values can be difficult due to similarities with terms like attitudes and preferences. However, Rokeach (1973) defines values as enduring ideas that direct specific behavioural styles or desired states that are considered better than other options. Terminal values pertain to personal or societal objectives such as collaboration, motivation, autonomy, satisfaction, and social recognition, while instrumental values include competencies and moral values like independence and accountability (Schwartz & Butenko, 2014).

Schwartz's value theory (2012) identifies six key characteristics, highlighting the interrelation, guidance, and important function of values in guiding individuals. Personal values are essential for fostering cognitive, psychological, and behavioural norms among owner-managers, closely linked to individual needs, social interaction demands, and group survival (Schwartz, 2012). Personal values, influenced by social collectives like education levels and religions, have a favourable impact on stimulation, self-determination, and universalism, as shown by Evanschitzky & Wunderlich in 2006. Studies, such as the one conducted by Singh et. al. (2011), demonstrate inconsistent outcomes, highlighting the intricate relationship between inherent characteristics, professional background, and societal factors that influence personal values (Martin & Staines, 2008).

Baron (2007) highlighted in a separate study that personal attributes such as education level and extent of business experience contribute to entrepreneurs' personal values. Personal values are fundamental belief systems that form in individuals' early lives and are influenced by different job situations. Personal values reflect behavioural patterns influenced by experiences and decision-making. (Sheehy, 2003).

### **2.2. Managerial Competencies**

Examining management talents in scientific communities requires comprehending multifaceted skills that influence work-related tasks (Boyatzis, 2006; Mitchelmore & Rowley, 2010). Management competences are distinct behaviours that are needed for effectively carrying out tasks in particular roles (Darrol, 2013). Managerial competences are crucial for overcoming organisational obstacles, ensuring clarity, and creating shared communication within organisations (Willemse, 2010).

Managerial competencies are a set of individual attributes, motives, qualities, talents, personal image, social positions, and knowledge that reliably differentiate between effective and ineffective performance. Competencies encompass the knowledge and skills necessary for effective task execution, which significantly influence work performance (Karns, 1998).

The importance of managerial talents in a company is undeniable. Managerial competences are the abilities and attitudes of personnel necessary to address future obstacles within an organisation. The research states that managerial competences help develop common languages in organisations by giving clarity and solid foundations. Willemse (2010) defines management competency as key traits that consistently differentiate between effective and poor performance. Competency demonstrates exceptional outcomes stemming from an individual's motives, attributes, abilities, personal image, social roles, or knowledge. Drucker (1985) defines competency at the individual level as an employee's capacity to achieve exceptional performance.

Competency is a widely used notion that encompasses factors that have a direct or indirect influence on job performance. Management competency refers to the essential knowledge, abilities, and traits required for effective work performance (Karns, 1998). Competencies refer to the overall blend of knowledge and abilities needed to effectively accomplish a task. Managerial skills are the primary attributes of an individual that can be utilised to address challenges in the workplace environment. Competency management involves both internal and external management inside the organisation.

Given the objectives of this study, the authors made the decision to adopt the definition of Hellriegel, Jackson and Slocum (2008). The researchers defined managerial competencies as gathering knowledge, attitudes and skills that contribute to effectiveness.

### **2.3. Relationship between Personal Values and Managerial Competencies**

Assessing management competencies involves examining various complex traits, including personal motives, skills, knowledge, self-image, cognitive capacities, and social skills (Grzybowska & Lupicka, 2017). This thorough assessment serves as the foundation for measuring the proficiency of small and medium-sized enterprise owner-managers. The interaction of personal beliefs and cognitive capacities has a crucial role in determining competency levels and shaping organisational culture (Veliu & Manxhari, 2017). Competencies play a crucial role in shaping organisational culture by connecting personal beliefs with individual skills.

The personal values and motivations of owner-managers directly impact how competencies are managed in the organisation. Gorgievski, Askalon, and Stefan

(2011) emphasise the important significance of values in explaining human behaviour, acting as criteria for assessment. Their perspective emphasises how the value orientations of owner-managers are reflected in the success of their enterprises.

The expression of personal values by small and medium-sized enterprise (SME) owner-managers is crucial in influencing skills and guaranteeing efficient management. A study conducted in Malaysia (Chang, Kuppnsamy & Jusoh, 2005) identified personal values, work ethics, creativity, innovation, and risk-taking as essential aspects for the development of management competency. Personal values boost managerial skills and provide advice and motivation that correspond with corporate objectives.

Mazzarol, Reboud and Soutar (2009) argue against the common belief that personal values are closely linked to managerial abilities, suggesting that there might not be a significant connection between personal values and management values. This difference complicates the discussion, necessitating a thorough examination within the context of small and medium-sized enterprises' owner-manager relationships.

#### **2.4. Relationship between Work Experience (WE) and Managerial Competencies (MC)**

The success and sustainability of small and medium-sized firms (SMEs) depend significantly on the managerial skills of its owner-managers. Work experience, including previous jobs and entrepreneurial endeavours, is essential in developing these skills. The scholarly literature is still debating the nature and extent of its influence. Several studies emphasise the beneficial effect of work experience on the development of managerial skills. Fatoki (2014) emphasises the importance of previous experiences in helping owner-managers adjust to new business settings and overcome obstacles efficiently. This is consistent with the research by Haber and Reichel (2007), which highlights the importance of work experience in developing important customer and supplier relationships crucial for business success. Shirazi and Mortazavi (2009) propose a significant link between the duration of time owner-managers have been in business and their managerial abilities. They argue that extensive operational experience improves decision-making and problem-solving skills.

Researchers such as Chang, Kuppnsamy, and Jusoh (2005) contend that work experience is essential for cultivating personal values, work ethics, and risk-taking behaviours, which are vital for successful management. Dyck (2014) found that 87% of SME owner-managers recognised the substantial impact of work experience on their managerial skills. Nevertheless, there are detractors of the correlation between job experience and managerial aptitude. Indarti and Langenberg (2004) contend that the connection between the two concepts is not as robust as commonly believed.

Finn (1993) suggests that functional abilities obtained from specialised training programmes or certifications have a substantial impact on the extent and variety of an owner-manager's job experience.

A sophisticated understanding of the relationship between work experience and managerial skill is necessary due to these differing opinions. Although there are clear advantages, further research is needed to understand the precise ways in which job experience enhances competency development. Furthermore, it is important to consider the impact of elements like education, personal beliefs, and individual learning styles in conjunction with job experience to gain a comprehensive understanding.

### **2.5. Relationship between Ethics (ETH) and Managerial Competencies (MC)**

Work experience is crucial for small and medium-sized enterprise owner-managers to develop their managerial skills, as stated by Fatoki (2014). Owner-managers' previous job experiences are crucial for success in adjusting to new company conditions. Haber and Reichel (2007) emphasise the significance of work experience gained from previous company endeavours, highlighting its role in building essential relationships with consumers and suppliers. Owner-managers with extensive job experience are likely to outperform individuals without such a background. Shirazi and Mortazavi (2009) highlight a significant association between the job experience of owner-managers and the total years of employment for their team. Running a business for a long time is believed to enhance the level of management skills at the organisational level. Work experience is essential for owner-managers to navigate business operations effectively and enhance their managerial competencies, ultimately leading to greater business success. Indarti and Langenberg (2004) argue that there may not be a strong connection between job experience and managerial skills. Contrarily, an earlier study by Finn (1993) suggests that functional competencies, rather than work experience, wield significant influence over the depth of owner-managers' wealth of knowledge and capabilities.

### **2.6. Relationship between Education (EDU) and Managerial Competencies (MC)**

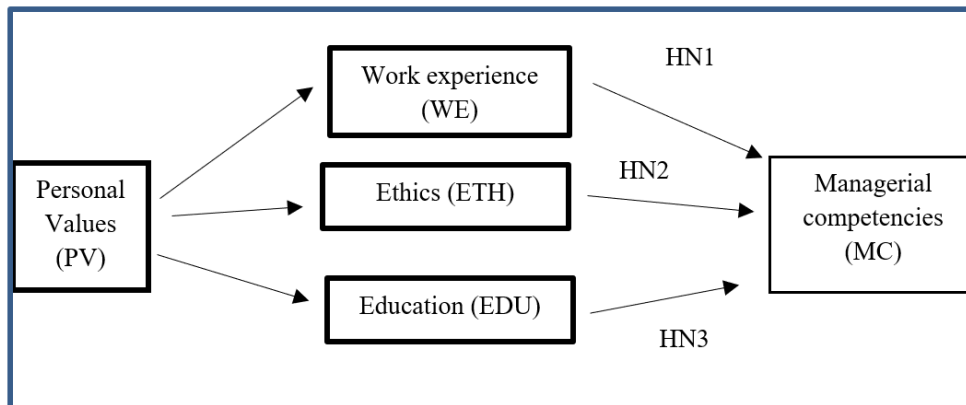
Contribution to influencing individuals, groups, and organisational advancement in various aspects of life (Egwu, 2016). Lyles Saxton and Watson (2004) highlight the crucial importance of education, especially for owner-managers in the SME sector, in promoting the growth of managerial skills. Wanigasekara and Surangi's (2010) research in Gampaha district, Sri Lanka, supports the idea that education has a substantial impact on managerial skills, covering functional and cognitive dimensions.



Staines and Martin (2008) show a correlation between the educational background of SME owner-managers and the differentiation between high and poor management competence (MC). Evidence indicates that having certain human capital skills acquired through school significantly enhances the development of exceptional MC. Consequently, this impacts the strategic choices entrepreneurs make, particularly when selecting expansion methods, ultimately improving the efficiency of their organisations.

## 2.7. Proposed Conceptual Framework

Based on the above literature, the authors designed a conceptual model as shown below.



**Figure 1. Conceptual Model**

The conceptual framework presented above was developed based on hypotheses derived from the relevant literature. The hypotheses were designed as follow:

**H01:** *There is no statistically significant correlation between WE and MC of owner-managers of SMEs.*

**HA1:** *There is a statistically significant positive correlation between WE and MC among owner-managers of SMEs.*

**H02:** *There is no discernible correlation between ETH and the MC of SMEs' owner-managers.*

**HA2:** *There is a statistically significant positive link between ETH and the MC of owner-managers in SMEs*

**H03:** *There is no statistically significant correlation between the level of education (EDU) and the managerial competencies (MC) of owner-managers in SMEs.*

*HA3: There is a statistically significant positive link between the level of education (EDU) and the managerial competencies (MC) of owner-managers in SMEs.*

### **3. Research Methodology**

The study employed a cross-sectional survey research design to gather insights from SME owner-managers at a specific time interval (Patten & Newhart, 2017). This design was selected due to its efficiency in collecting data quickly, making it suitable for descriptive analysis through both descriptive statistics (mean, mode, median, standard deviation) and inferential statistics (correlation analysis, chi-test). The study specifically examined small and medium-sized enterprises (SMEs) in the manufacturing industry situated in Durban, KwaZulu-Natal. These enterprises had a workforce ranging from 20 to 200 employees. The researchers employed the membership roster of the Durban Chamber of Commerce and Industry (DCCI) to pinpoint 700 SMEs, ultimately focusing on 500 currently operating SMEs in Durban. A sample of 248 owner-managers was chosen using simple random sampling, a method that enhances the external validity of the study by ensuring a representative sample (Bristowe, Selman & Murtagh, 2015; Glaser & Strauss, 2017).

The primary data collection tool was a self-administered questionnaire designed to assess how the personal values (PV) of SME owner-managers influence their managerial competence (MC). This questionnaire, adapted from Turyakira (2018), included closed-ended questions for ease of coding and analysis, utilising a 5-point Likert scale to quantify respondents' agreement with various statements (Kumar, 2019). Reliability was ensured through internal consistency tests, with a Cronbach's alpha of 0.711 indicating satisfactory internal consistency (Salazar, Crosby & DiClemente, 2015). The data were analysed using SPSS version 26 for both descriptive and inferential statistics, employing the Spearman correlation coefficient to assess relationships between variables. Ethical considerations were rigorously followed, with ethical clearance from DCCI, adherence to the Durban University of Technology's research ethics guidelines, and ensuring participant anonymity and confidentiality (Silverman, 2019).

### **4. Data Analysis**

#### **4.1. Sample Profile**

Based on industry operations, the majority (18.8%) of the owner-managers operate in various sectors including transportation, communication, catering and the accommodation sectors. Demographic data also revealed that 11.8% of the respondents employed less than 50 workers, most of the owner-managers that translate to 41.2% of the respondents employed between 51-100 employees on full

time basis, 25.2 % of respondents employed between 101-150 workers on full time basis and 21.8 % of the owner-managers indicated they provided full time work to employees between 151 to 200.

#### 4.2. Descriptive Data Analysis

Heeks and Wall (2018) define descriptive statistics as the process of summarising empirical data collected for a set of individual units. Descriptive statistics are the most effective way to summarise the attributes of extensive datasets. Heeks and Wall (2018) state that during data analysis, researchers derive a small number of key figures that provide insights into the properties of extensive datasets. This part presents the findings of the quantitative data acquired through descriptive statistics displayed in graphs, tables, and charts. The mode and median were employed for descriptive analysis due to the data being categorical or ordinal.

Pertaining PV, ETH, EDU, WE and MC of owner/managers, Table 2 below shows the data.

**Table 2. Measures of Central Tendencies (n=119)**

<b>Applicable variables</b>	<b>Median</b>	<b>Mode</b>
WE	2	2
EDU	2	2
PV	1	1
ETH	1	1
<b>FUNCTIONAL COMPETENCIES</b>		
When initiating a new task or project, I collect extensive information.	1	1
I put significant effort into my work.	1	1
I look for ways to increase efficiency.	1	1
I seek advice from experts regarding the problems or tasks I'm working on.	1	1
I am bothered when my time is wasted.	1	1
I build relationships with people who might help me achieve my goals.	2	2
<b>Average Functional Competencies</b>	<b>1</b>	<b>1</b>
<b>GENERAL MANAGEMENT COMPETENCIES</b>		
It frustrates me when tasks are not performed to a high standard.	1	1
I dedicate long hours and make personal sacrifices to ensure jobs are completed on time.	1	1
I carefully consider the pros and cons of different methods for accomplishing tasks.	1	1
Once I choose an approach to solving a problem, I remain open to modifying it.	3	2
I aim to maximize the value of the resources I have for a project or task.	2	2
I am willing to change my decisions if my team members strongly disagree with me.	2	2
I allow employees the freedom to decide how to execute their tasks.	2	2
I readily admit when I do not know something.	2	1
<b>Average General Management Competencies</b>	<b>2</b>	<b>2</b>

<b>COGNITIVE COMPETENCIES</b>		
I enjoy tackling challenges and exploring new opportunities.	1	1
When confronted with difficult problems, I dedicate considerable time to finding solutions.	2	2
I come up with creative solutions to problems.	2	2
I generate numerous new ideas.	1	1
I anticipate potential problems and devise plans to address them.	2	2
If one approach to a problem fails, I develop an alternative solution.	1	1
<b>Average Cognitive Competencies</b>	<b>2</b>	<b>2</b>

The scale for assessing the Work Experience (WE) of owner/managers of Small and Medium Enterprises (SMEs) in Durban spans from 1 (Less than five years) to 5 (Over twenty years). The variable's results show that the median and mode are both 2. The work experience of owner/managers of SMEs in Durban ranges from 5 to 10 years. This suggests a high proportion of owner/managers who have accumulated 5 to 10 years of experience. The symmetry between the median and mode indicates a steady and uniform distribution of job experience. Essentially, many small and medium-sized enterprise (SME) owner/managers in the area have a considerable amount of practical knowledge, which can be a valuable advantage in dealing with the difficulties specific to the SME industry.

When evaluating the educational level of owner-managers in the SME sector of Durban, the ratings ranged from one (1) for Grade 12/matric, the lowest qualification, to five (5) for Doctorate/PhD, the greatest degree. The study's findings show that the majority of respondents held either a Diploma or a Degree, since the mode and median scores were both two (2). The study utilised a scoring system ranging from 1 (Grade 12/matric) to 5 (Doctorate/PhD) to analyse Education (EDU). Both the mode and median are 2, suggesting that most respondents have either a diploma or a degree. This indicates a minimum level of formal education among owner/managers in the eThekwinini SME sector. Diploma and degree certificates may be linked to a strong knowledge foundation, which could impact management decision-making and strategic planning.

Using a Likert scale from 1 (Strongly Agree) to 5 (Strongly Disagree) to evaluate the impact of PV and ETH on the development of MC. The PV and ETH had identical findings, suggesting that the mode is similar to the median with a value of two (2), indicating substantial agreement among respondents about these factors. Both PV and ETH achieved identical findings, with a mode and median of 2. The unanimous agreement indicates a clear consensus among participants regarding the importance of perceived value and ethical issues in their managerial positions. The alignment in values regarding PV and ETH may suggest a shared ethical framework and a mutual recognition of the significance of values in decision-making.

The main characters were classified into three categories, namely FC. A five-point Likert scale ranging from Strongly Agree (1) to Strongly Disagree (5) was used in

the study. The findings of the FC show that the mode and median both received a value of one (1), indicating a high level of agreement among the owner/managers regarding this variable. The study's findings show that the mode and median of GMC and CC both equaled two (2), indicating agreement among respondents about these two variables. This indicates a shared recognition of the significance of practical abilities in efficiently overseeing daily activities. Both General Management talents and Cognitive Competencies had a mode and median of 2, showing consensus among owner/managers on the importance of these talents. The balanced distribution implies a comprehensive approach to managerial skills, covering strategic decision-making and cognitive flexibility.

#### 4.3. Inferential Data Analysis

In assessing the influence of the following independent variables; PV, EDU, ETH and WE on the dependent variable MC, Spearman's correlation coefficient was used. According to Schober, Boerand and Schwarte (2018), spearman's rho is used to measure the strength of association of ordinal data. Table 3 below shows the results based on spearman's correlations.

**Table 3. Spearman's Correlations (RHO)**

		MC	PV	
Spearman's rho	MC	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	119	
	PV	Correlation Coefficient	.277**	1.000
		Sig. (2-tailed)	.003	.
		N	116	116
	WE	Correlation Coefficient	.154	-.037
		Sig. (2-tailed)	.100	.700
		N	116	113
	EDU	Correlation Coefficient	.191	.143
		Sig. (2-tailed)	.038	.126
		N	119	116
	ETH	Correlation Coefficient	.297**	.601**
		Sig. (2-tailed)	.001	.000
		N	116	115

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results displayed in the table above indicate a weak positive correlation of 0.154, which is not statistically significant at a 5% level of significance. This is evident from the p-value of 0.100, which exceeds the threshold of 0.05. The results suggest the acceptance of the null hypothesis; **H<sub>0</sub>**, which states that *There is no statistically significant correlation between WE and MC of owner-managers of SMEs*. It can be therefore concluded that there is a positive significant relationship between the

work experience of owner-managers and managerial competencies. This result challenges conventional wisdom and warrants further investigation into the multifaceted nature of the relationship between experience and managerial effectiveness.

Additionally, the results displayed in table 3 depict the correlation between ETH and MC is 0.297, which is positive but feeble. This relationship is statistically significant at the 1% level, as evidenced by a p-value of 0.001, which is less than 0.01. Hence, the null hypothesis ( $H_{A_2}$ ) is rejected which states that *There is a statistically significant positive link between ETH and the MC of owner-managers in SMEs* and accept the alternative. It can be concluded that a statistically negative significant relationship exists between ETH and MC.

Furthermore, the results in Table 4 reflected that EDU ( $\rho = 0.119$ , p-value = 0.038) was significant and there was a weak positive relationship to the MC. This is because the coefficient for EDU was positive, and the p-value was less than 0.05. Thus, the null hypothesis is rejected which states that *There is statistically positive significant relationship between EDU and MC of SMEs' owner-managers* in favour of the alternative hypothesis. It was therefore concluded that the EDU negatively impacted the MC.

## 5. Discussion and Conclusions

The following section of this study discusses findings based on primary data from participants. The study established a statistically significant relationship between personal values and managerial competencies, suggesting that an improvement in personal values leads to better managerial competencies among owner-managers. This finding aligns with Zainol and Ayadurai (2011), who posited that the personal values of owner-managers significantly influence their management competencies. Entrepreneurs with high personal values tend to exhibit high management competencies, reinforcing the importance of personal values in effective management. Additionally, Fatoki (2014) highlighted that work experience plays a crucial role in developing managerial competencies. The study's findings indicate a positive and significant relationship between work experience and managerial competencies, showing that owner-managers with extensive work experience display superior managerial skills compared to those with less experience. This is consistent with Loderer and Waelchli (2010), who concluded that managerial competencies improve with increased work experience.

However, the study found a statistically significant negative relationship between ethical values and managerial competencies, indicating that personal values might negatively impact the development of managerial competencies. This suggests that owner-managers may focus more on establishing new businesses rather than

managing existing ones, potentially contributing to the high failure rate of SMEs. While Toor and Ofori (2009) indicated that ethical values could enhance managerial competencies, this study's results did not support that notion. Conversely, the relationship between education and managerial competencies revealed an unexpected negative correlation. Owner-managers with lower educational qualifications, such as a Grade 12/matric, demonstrated higher managerial competencies than those with higher degrees. This finding contradicts Darrol (2013), who asserted that poor educational qualifications lead to poor performance. It suggests that South Africa's education system may not adequately incorporate entrepreneurship studies, as highlighted by Fatoki (2014) and Chiliya (2012). These findings prompt a re-evaluation of the role of formal education in developing managerial skills and underscore the significant impact of personal values, work experience, and ethical values on management competencies. This study highlights the multifaceted nature of managerial performance, emphasizing strategic leadership, creativity, risk-taking, and adaptability as key components.

The study faced difficulties that impacted the categorization of competencies and the research procedure as a whole. Laperche and Liu (2013) noted that the categorization of competences may differ among various authors. The inconsistency in classification made it difficult to categorise questionnaire statements into functional, general management, and cognitive competencies, which complicated the analysis of the results.

## **6. Recommendations**

The recommendations were based on the study's conclusions. Establish routine internal workshops to strengthen and integrate positive personal values within staff. This can foster a culture that promotes ethical decision-making and responsible management. Schools, colleges, and universities should implement thorough entrepreneurship education programmes that emphasise both entrepreneurial and managerial skills. This guarantees that future owner/managers are adequately equipped to handle the demands of the ever-changing SME sector. Business associations and SME agencies should implement specialised competency development programmes designed for owner/managers who lack knowledge, skills, and experience. Closing the skills gap is essential for achieving overall proficiency. SME agencies should create and uphold a strong code of conduct for owner/managers, focusing on ethical principles. This project seeks to enhance ethical standards in the SME sector with the potential to decrease high failure rates. Policymakers should reevaluate the existing education system to include realistic entrepreneurship studies. This modification is crucial to prepare future owner/managers with the critical abilities needed for success in the SME sector.

Moreover, the study's dependence on cross-sectional data is additional constraint. In order to solve this issue, future research efforts should focus on gathering longitudinal data from a nationwide sample. This method would help validate and improve the applicability of the study's results. By including a wider and more varied group of participants over a longer duration, future research can establish a stronger basis for comprehending the dynamics of skills in small and medium-sized enterprises.

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