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## A Cross-cultural Assessment of the Competency Needs of Women Operating in the Context of SMMEs in South Africa

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### Abstract

Previous reports identified two types of entrepreneurs: opportunity entrepreneurs and necessity entrepreneurs. Opportunity entrepreneurs are those who discover or identify an opportunity or gap in the marketplace and embark on the entrepreneurial journey to fill that gap. By contrast, the necessity entrepreneurs embark on the journey out of a need to survive due to a lack of employment, have reached the peak of their careers (glass ceiling), or lack the necessary qualifications to work for other firms. Given that "necessity", rather than "opportunity", has been identified as the main reason why women venture into business ownership in South Africa, it can, therefore, be deduced that many women embark on the entrepreneurial journey ill-prepared, with little understanding of the intricacies of business operation and management and possessing few or no skills and competencies. Researchers in the past have suggested that focusing on the internal factors, especially the "people issues" facing the entrepreneurs (in this case females), may give the business a better chance of success. A "mixed-method" approach, conducted in two parts, was adopted for this study. The qualitative aspect utilised semi-structured interviews and focus group discussions. The qualitative study was exploratory and the method of data collection was mostly based on communication by means of face-to-face interaction with participants. Personal interviews were conducted with female entrepreneurs over a period of five months, following which focus group discussions were conducted (with female entrepreneurs). It focused on exploring the link between entrepreneurial competencies and the business success of female owner and managed SMMEs in South Africa. Cross-cultural differences were explored and the arguments were examined inductively and deductively using thematic content analysis. Samples comprise 128 female entrepreneurs drawn from the four government identified races (Black Africans, White, Indian and Coloured). The qualitative findings from the current research revealed that female SMMEs entrepreneurs from the previously most disadvantaged groups in society under apartheid, (Black Africans and Coloured), made no comments indicative of possessing technical competencies. Nevertheless, in the quantitative findings, the technical competency had relatively high correlations with measures of business success, such as the black women entrepreneurs' satisfaction with financial performance, where  $\alpha = .34$ . Further, the regression analysis confirmed that the competencies studied in this current research do influence business success. This suggests that technical competencies are not only important for all SME's but that in particular, the previously disadvantaged groups in South Africa may especially benefit from increased training (and if necessary from concomitant levels of physical technical resource allocation) in this area." This study offers an insight into the factors that influence the business success of South African female SMMEs operators and their decision for new venture creation and its possible link to the strategies they adopt to grow and sustain their businesses. A practical contribution of this research was to specifically highlight some of the individual competency needs of the different groups in the South African society, and in particular to delineate some of the specific competency training needs (e.g. in technical competency training) of women that were most disadvantaged under apartheid.

**Keywords:** Entrepreneurial competencies, business success, culture, SMMEs.

### 1. Introduction

Entrepreneurship throughout developed and developing nations has played a pivotal role in revitalising national economies due to the creation of new businesses and the re-engineering of existing businesses to ensure growth and competitiveness. In Africa, slow growth in large private sector enterprises and continuous retrenchment in the public sector have led to the realisation that small-scale businesses are of great importance to the economy (Friedrich et al.

2003). In South Africa, as with other developing countries, the entrepreneurial activities of small and medium enterprises (SMEs) aid in revitalising stagnant industries (Thomas and Mueller 2002). The South African government has, to a certain degree, recognised the importance of developing a strong Small, Medium and Micro Enterprise sector (SMMEs, as they are referred to in South Africa), which could promote and achieve economic growth, wealth creation and the creation of jobs. To this end, the government has, over the years, focused on the development of individuals considered to be previously disadvantaged (PIDs), especially female entrepreneurs (Van Der Merwe, 2003). These female entrepreneurs are considered as late comers in the “game” of entrepreneurship and therefore thought to be lacking the adequate skills and competencies required to start and grow a business (Botha 2006). One significant difference between men and women is the under-representation of women pursuing higher education in business, engineering and sciences (Timmons and Spinelli 2004).

While education is not necessary for the creation of new ventures, it provides the individual with the skills and training that is crucial to the success of the business. In 2003 Orford et al. published in the *Global Entrepreneurship Monitor (GEM)* the results of a survey of South African entrepreneurs that revealed a significant lack of training and education in entrepreneurial activity, as well as a lack of financial support. Cultural and social norms were also identified as hindrances to the development of entrepreneurship in the country. Previous GEM studies (2003 and 2004) also revealed that, on the global scale, male participation in entrepreneurial activities was higher than female participation. These studies also revealed that male TEA (Total Entrepreneurial Activity) was 1.6 times higher than female TEA in 2002, 1.9 times higher in 2003, and 1.4 times higher in 2004. It is interesting to know that by 2012, the overall TEA (Total Entrepreneurial Activity) in South Africa was 2.3% (of the global rate), which is the second lowest rate in the world with a 4% failure rate. These studies also showed a 3% male participation rate and 2% female participation rate in 2012 (Minniti et al. 2004; N. Turton, Herrington, M. 2012). Their report, like previous reports, identified two types of entrepreneurs: opportunity entrepreneurs and necessity entrepreneurs. Opportunity entrepreneurs are those who discover or identify an opportunity or gap in the market and embark on the entrepreneurial journey to fill that gap. By contrast, the necessity entrepreneurs embark on the journey out of a need to survive due to a lack of employment, have reached the peak of their careers (glass ceiling), or lack the necessary qualifications to work for other firms. N. Turton and Herrington (2012) report on the gender divide between these two types of entrepreneurship, indicating that men were more often “opportunity” entrepreneurs and women were more often “necessity” entrepreneurs.

As stated earlier, a necessity rather than an opportunity, has been identified as the main reason why women venture into business ownership in South Africa, therefore it is assumed that many women embark on the entrepreneurial journey ill-prepared, with little understanding of the intricacies of business operation and management and possessing few or no skills and competencies. Consequently, governments and non-governmental organisations have developed various strategies to promote and develop these female entrepreneurs with a view to tackling socio-economic issues.

## 2. Literature Review

### 2.1 Women Entrepreneurship in Post-Apartheid South Africa

There are three main frameworks within which gender, race, and entrepreneurship can be examined within the South African contexts: (1) free market; (2) social engineering and; (3) social transformation. While there are no comprehensive data sets of ownership patterns in the SMMEs predominantly in the “second” or informal economy (over millions of them) during the apartheid era, there is little evidence that significant change has occurred post-apartheid era. However, several government compliance programs such as the Black Economic Empowerment (BEE) program which was enacted in the 2000s have advanced the course of Previously disadvantaged individuals (PIDs) such as women and Black entrepreneurs in the formal sector (i.e. private companies and state-owned enterprises). Notwithstanding the ratification of Black Economic Empowerment (BEE) in South Africa, the general consensus is that there is no significant difference in the racial, gender, and class distribution of businesses from that in the apartheid era (Department of Trade and Industry [DTI], 2006). One major difficulty in quantifying this slow progress is the unavailability of empirical studies disaggregating entrepreneurs in terms of race and gender. This imbalance is one of the issues that the Broad-Based BEE Act of 2003 as well as other initiatives, has sought to redress. Also in 2005 (just over a decade of the fall of apartheid), the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) was commissioned which envisioned greater female participation in entrepreneurial activities to enhance economic growth (4.5% growth by 2010 and 6% growth by 2014). This stimulated the establishment of South African Women Entrepreneurs Network (SAWEN) by the DTI for the purpose of encouraging women’s entrepreneurial activities as well as for the purpose of mainstreaming gender equality. According to DTI, “Entrepreneurship lies at the heart of job creation, black economic empowerment and bringing the ‘second’

(informal) economy into the mainstream (formal) economy” (DTI, 2005, p. 5). In the private sector, the Business Women’s Association (BWA) transformed itself into a multiracial organisation, having branches all over the country and officers from all four government identified racial groups in South Africa’s. According to Ndlovu and Spring (2009), the social transformation (political economy) approach best captures the complex interplay of these factors, especially on gender issues and entrepreneurship, where fundamental social change becomes a possibility.

It is also worth looking at the participation of South African women in entrepreneurship by culture or race (Table 1). Although women make up 51.3 percent of the South African population (i.e. over 26 million), only 2.21 percent (1,172,619) are actively involved in entrepreneurship with more female entrepreneurs giving up entrepreneurial activities for regular paying jobs annually.

The author of this thesis recognises that there are ethical issues in categorising South Africans by the racial groupings first used under Apartheid. However, these groupings continue to be used by the South Africa government to collect and report on economic activity data. This researcher adopts a realist approach and utilises this data in these categories.

**Table 1:** Prevalence of Business Activity by Race, Source: Stats SA (2011)

Race/Culture	Established Business Activity (male and female) (%)	Prevalence in South African Population (male and female) (%)	Female participation in entrepreneurial activities (N)
Africans	66	79.2	1,021,059
White	21	8.9	119,671
Indian	8	2.5	10,354
Coloured	2	8.9	21,535

The intervention of the government and NGOs in gender entrepreneurship has not had much effect on the business success of female entrepreneurs as they still enter and exit the market at an annual rate of 20%. This, therefore, raises the need to conduct research into the factors that affect the success or failure of enterprises on the basis of competencies, culture and gender differences rather than on the basis of the barriers and challenges that they face (which has been the focus thus far). Increased chances of success for these women-owned business ventures have huge implications for growth, as an increase in trade will impact the GDP of a country; therefore an understanding of the success predictors is important. Creating SMEs and SMMEs that are more successful could hypothetically create new jobs and help to alleviate poverty in South Africa.

Generally, researchers have identified numerous difficulties that plague SMEs and hinder their performance. Smaller firms and female operated firms have an even higher failure rate (Botha, 2006) and are likely to be more affected by environmental changes than larger firms (Man and Lau 2005). According to Stokes (2006, p. 325):

*“...lack of market power and dependency on a relatively small customer base make their environments more uncontrollable and more uncertain than that of larger organisations.”*

This raises an important question, “how do these SMEs’ best cope in an uncertain and dynamic environment?” In an attempt to answer this question, this study examines the competencies of the “point man,” which, in this case, is represented by the female entrepreneur, as the driving force behind the business venture.

## 2.2 The Link between Entrepreneurial Competencies and Business Success in Women-Owned SMMEs

According to Gartner (1988) and Low and MacMillan (1988), an entrepreneur is someone who establishes a new business or venture. Bygrave and Hofer (1991) go further to describe the entrepreneur as “someone who perceives an opportunity and creates a firm or organisation,” while Johnson (2001, p.137) defines the entrepreneur as:

*“[Someone] who assumes responsibility and ownership in making things happen: is open to being able to create novelty; who manages the risks attached to the process; and who has the persistence to see through to some identified end-point, even when faced with obstacles and difficulties”.*

Entrepreneurs are also portrayed as people that are “very passionate about what they do” (Shefsky 2011) and are “willing to take risks” so that their dreams can be transformed into realities. Baron (1998) considers the entrepreneur as somebody adept to bring about change, who is not afraid to do things differently, who goes in search of new opportunities and exploits them and convert new thoughts into actuality.

The descriptions of entrepreneurs are varied and spread from broad criteria (i.e. start-ups) to more defined criteria (risk management, doggedly turning ideas into reality and achieving set goals, innovative). The most common attribute for the entrepreneur is new venture creation, however, Carland et al. (2002) argue that an entrepreneur is more than just a new venture creator but someone who is innovative, employing strategic management practices to ensure business growth and survival. In the same vein, Miskin and Rose (2015) portray entrepreneurs as the inventors of an "innovative" economic organization for the purpose of gain and growth under conditions of risk and uncertainty.

Although the portrayal of the entrepreneur as "innovative" is appealing in concept, in reality, it can be problematic. Thus A. Rauch and Freses (2000), argue that if only people who are considered to be "innovative" are considered as entrepreneurs, then a clear and precise definition of "innovative" is necessary. Yet, because there is no definitive explanation for the term "innovative," they, therefore, posit that defining an entrepreneur by that term is problematic. Therefore, one can see that an understanding of the theory and concept of entrepreneurship can be difficult (Botha, 2006). To this end, William B Gartner et al. (2010) suggest that the entrepreneur is referred to as simply someone who creates a business or venture and is actively involved in the management of the business/venture. This definition is supported by Rauch and Frese (2000), arguing that venture creation should be criteria for defining the term "entrepreneur," as it involves funding, owning and managing, all of which are easily identified behaviors.

As discussed earlier, when establishing the factors that determine business success in SMEs, some researchers have undertaken to study the behaviour of the entrepreneur by examining the managerial work of successful leaders. This has been approached through two broad themes, with the first focusing on personality trait profiling of the entrepreneur and known as the trait approach (E Chell 1986; Entrialgo et al. 2001; Andreas Rauch and Frese 2007a, 2007b), while the other is focused on the competencies of the individual entrepreneur and known as the competency approach (Elizabeth Chell 2013; Santandreu-Mascarell et al. 2013; Tan and Tan 2012; Thongpoon et al. 2012). These two approaches are discussed further below.

### 2.2.1 The Trait Approach

As stated earlier, there is a clear parallel between studies of personality and entrepreneurship and the relationship between personality and leadership (Korunka et al. 2003). The personality traits approach (which involves profiling) is based on the premise that there are distinctive qualities and motivations that differentiate one entrepreneur from another, or more accurately, successful entrepreneurs from unsuccessful ones. D. C McClelland (1987), posits that traits are innate abilities that are cultivated early in life and cannot be discarded or changed by training (Parry 1998).

Several studies have portrayed the successful entrepreneur as one who is a vociferous risk-taker, innovative, flexible and independent (Ibrahim and Goodman 1986). Successful entrepreneurs are described as self-confident, demonstrative, outgoing, focused, tactful, influential and critical (Cunningham and Lischeron (1991). According to Robbins (1998), these are also traits associated with "great people" or "great leaders." Other researchers have depicted successful leaders as individuals "with a great need for achievement", an "internal locus of control", and a high propensity for "risk taking" (Lee and Tsang 2001; Pearson and Chatterjee 2001). Even though Cunningham and Lischeron (1991) and Makhbul and Hasun (2011) describe the trait approach as a simple, common-sense approach, Andreas Rauch and Frese (2007a) are quick to point out that there are limits its usefulness and caution that the results of using this approach can be inconsistent, as shown in various literature.

Opponents of the trait approach argue that they consider human potentials to be static, unchangeable and something that cannot be developed, thereby excluding the capability of intervention (Caird 1990; Thomas Wing Yan Man 2006). They also point out that the traits associated with successful entrepreneurs are too numerous. According to W.B. Gartner (1988),

*"a startling number of traits and characteristics have been attributed to the entrepreneur and a psychological profiling of the entrepreneur assembled from these studies would portray someone larger than life, full of contradictions, and conversely, someone so full of traits that (s) he would have to be sort of generic everyman" (p.21).*

Furthermore, the extreme difficulty in establishing a causal link between traits and behavior attests to the argument of Caird (1999) above. There is evidence suggesting that individual traits are unreliable predictors of an individual behavior in the future (Ajzen 1987, 1991; W.B. Gartner 1988), which concurs with research that attests to the fact that success is not guaranteed because of the possession of certain traits. Contrary to previous beliefs, it has been established that certain traits like the "need for achievement", "internal locus of control", and the "propensity for risk-taking" have a very weak correlation with business performance (Aldrich and Wiedenmayer 1993).

Previous researchers have found little or no indication of a causative link between traits and entrepreneurial

success and according to B. R. Johnson (1990), when there is a significant relationship between need for accomplishment and business achievement, the variance is usually less than 7 percent. In the study of the effects of the three personality traits (propensity for risk-taking, need for achievement and internal locus of control) on business success by Entrialgo et al. (2001), it was found that among the 233 Spanish SMEs investigated (by measuring the satisfaction of the respondents with profitability and business growth), there was evidence to suggest that the relationship between entrepreneurial success and psychological traits was minor. They concluded that the effect of personal traits on business may be indirect and only through their influence on the manager's behavior. Generally, the traits theory of entrepreneurship is not sufficient to explain business success (Heffernan and Flood 2000).

This failure of the "traits" approach has stimulated the need to abandon the search for individual factors, with some economists arguing that the cause of entrepreneurial behaviour is associated with the imperfections of the business environment encumbering wealth creation (Kirzner 1997). It is important to note that while external market forces motivate entrepreneurial behaviour, the ability of some individuals to better perceive and exploit environmental opportunities has not been explained by this model (Busenitz and Barney 1997; Ozgen and Minsky 2006). To this end, researchers like Gartner (1988) have proposed the "behavioural approach" as a more prolific method in the study of entrepreneurial success, especially with regard to linking the behavior of the entrepreneur to firm performance.

A more recent approach has been the attempted reintroduction of traits by adding them as part of the "bigger picture" in an attempt to understand the competencies that are associated with business success (Kiggudu 2002). In the study of Baum and Locke (2004), it was shown that "passion" (which is a trait) has an indirect effect on business performance. Therefore, they concluded that the weakness of the trait approach in relation to business success highlighted by previous research "may not have been caused by studying the wrong trait but by the fact that the trait has an indirect effect on performance."

### 2.2.2 The Competency Approach

Several works have proffered various definitions for the word "competency (ies)," which has led to the confusion about the true meaning of the concept of competencies. The most common argument relates to the differences between "competency" and "competence." Both terms are often used interchangeably, even though they are considered to be two distinct concepts by scholars.

Rowe (1995), for example, defined "competence" as a skill or standard of performance, and argues that "competency" refers to behavior that results in performance being achieved. Hoffmann (1999), from his extensive analysis of the different definitions linked to competencies, concluded that there are 3 different definitions for competencies: (1) observable performance (2) the business outcome and (3) the causal attributes of a person, such as their expertise. The definition of competency is derived from numerous literature concerning organisational and business management based on a broad or specified manner as illustrated in Table 2 below.

**Table 2:** Competencies Defined

Researcher	Definition
Boyatzis (1982)	"Underlying characteristics of a person in that it may be a motive, trait, skill, aspects of one's self-image or social role or a body of knowledge which he or she uses" (p.21.)
Brophy and Kiely (2002)	"Skills, knowledge, behaviour and attitudes required to perform a role effectively" (P.167).
Parry (1998)	"A cluster of related knowledge, attitudes and skills that: (1) affects a major part of one's job, (2) correlates with performance on the job, (3) can be improved by training and development" (P.60).
Tett et al. (2000)	"An identified aspect of prospective work behaviour attributable to the individual" (p.215).
Thompson et al. (1997)	"An integrated set of behaviour which can be directed towards successful goal accomplishment" (p.52).
Woodruffe (1993)	"The set of behaviour patterns that the incumbent needs to bring to a position in order to perform its task and functions with competence" (p.17).

There are four features of competencies that are constant from the definitions above:

- Competencies refer to the general individual features that correlate with the actual outcome of a given duty or task.
- Competencies are revealed in the behaviour of the individual; as a result, they can be observed and measured.
- Competencies enable the achievement of aims and goals.
- Competencies are assets in any corporation and they can be nurtured or cultivated.

Consequently, Bird (1995), Burgoyne (1993) and Parry (1998) argue that utilizing the competency approach to understanding business success provides a possible approach to intervention. In a study conducted by Wallace (1998) with regard to the influence of competencies on SMEs, it was discovered that skill training and courses for entrepreneurs can help develop entrepreneurial competencies. According to D.C McClelland (1973), when considering the provision of an intervention, the competency approach is vital because of its capability to reduce the prejudice of the traits approach. Notwithstanding the benefits of this approach, however, a limitation to the competency model has been identified (Sadler-Smith et al. 2003). They point out that research so far has shown no differentiation between entrepreneurial competencies and managerial competencies.

### 3. Methodology

The methodological framework utilised for this study is largely based on a positivist and realist approach to research. The first phase of the research (the qualitative aspect) was used to determine the concepts that were included in the theory to support the foundation and background for this study. It was preceded by an intensive exploratory study of the existing literature and secondary data available on South African female SMEs operators, as well the linkage between entrepreneurial competencies and the business success of female-owned and managed businesses. The primary motivation for the qualitative study was to identify the behaviours that reflected entrepreneurial competencies among female South African entrepreneurs and to investigate any cultural differences in these behaviours among the four dominant races in South Africa (Black, White, Asian and Coloured). Therefore, the sample was purposively targeted toward experienced female entrepreneurs considered to be successful in managing their businesses in order to gather a rich data. 50 interviews and 10 focus group discussions were conducted. The method of data collection for the first part of this study was mostly based on communication by means of face-to-face interaction with participants. Personal interviews were conducted with female entrepreneurs over a period of five months, following which focus group discussions were conducted. The entire data set was collected over a period of 10 months. The second phase of the research was the quantification study and 785 usable questionnaires were received from 2000 that were sent out.

In choosing a data analysis method, the theoretical or analytical areas of interest in the study have been taken into consideration. Given the objectives of the study, a thematic approach was chosen to analyse the qualitative data because, according to Braun and Clarke (2006), this form of data analysis tends to provide a more detailed analysis of some aspects of the data and less description of the overall data; it organises and describes data sets in rich, minimal detail (p.6). Also, coming from the constructionist paradigm of this research framework, thematic analysis cannot be separate from 'discourse analysis' or 'thematic discourse analysis' which allows for broader assumptions, structures/meanings to be theorised behind what is actually expressed in the data (Baum and Clark, 2006).

The qualitative study was then followed by a quantitative study which utilised a 5-part questionnaire. The purpose of the quantitative study was to provide empirical data for testing in determining the competency needs of South African SMMEs operators by race or culture. SPSS 12.1 was used to capture the data from the questionnaires. For the purpose of building a model for regression analysis, factor analysis (which generally, is a mathematical procedure, not a statistical one) was executed on the data collected from the four government identified groups. Factor analysis was applied to the 12 competency measures and the 4 business success measures in order to calculate an overall score for entrepreneurial competency and an overall score for self-reported perceived business success. The factors were calculated separately for each of the 4 government identified groups using the principal component method in order for the results to be interpreted on a per group basis. The results from the factor analysis (i.e. entrepreneurial competency and business success) were used to build a regression model, which tried to identify the variables/factors that contributed towards explaining business success

The total participation was 128 for the qualitative study and 785 for the quantitative study,

### 4. Findings and Discussions

The findings of this research show that: (1) entrepreneurial competencies frameworks comprise effective portrayals of business behaviour among South African female entrepreneurs; (2) additional clusters of behaviour exist under these existing models of entrepreneurial competencies which suggests that female entrepreneurs are sensitive to issues relating to integrity; and (3) the elements of "familism" highlighted implies that gender and cultural issues do have an influence on the women's entrepreneurship .

The 817 behaviors identified in this research were grouped under the 12 existing competency domains and showed that the existing competency models could be generalized across different cultural settings. South African female

entrepreneurs identified with all 12 competency domains. They also confirm that competencies are important in the management of their businesses although frequencies of the behaviors associated with the competencies varied from one racial group to another, with 54 percent of White entrepreneurs identifying more with behaviors that delineate entrepreneurial competencies than entrepreneurs from all other government identified groups.

The qualitative data from this current research provides proof of the generalization of certain features of the existing models while also generating some evidence of possible cultural/gender undertones/applications of these competencies. It revealed that the cultural orientations of the female business owners were influential in the determination of whichever competency was regarded as important, particularly with regard to the "Familism competency". It must, however, be emphasized that the qualitative aspect of this research was not aimed at drawing a definitive conclusion with regards to the relationship between business success and entrepreneurial competencies but rather to identify the competency needs of women entrepreneurs from the different racial groups in South Africa. We hope that by helping women entrepreneurs identify their competency needs, they can focus on developing those areas and consequently increase the chances of business success.

While this study did not identify new competency domains, new clusters of behaviors were identified and this highlighted some gender and cultural variations in the application of the existing competencies models. Behaviours that are linked to "familism" were perceived to have a link to business success including behaviors such as involving the family in the management of the business, preparing their children to succeed them in the managing the business, and nurturing and encouraging an entrepreneurial value in the family. This is not surprising given that many of the female entrepreneurs had family business backgrounds and more women suggest that they are less likely than men to secure employment. Therefore, entrepreneurship was seen as a way forward. Preparing their children for entrepreneurship, according to some of the entrepreneurs, would ensure that their children do not suffer (due to unemployment) in the future.

Analyses of the qualitative data collected identified 817 behaviours associated with entrepreneurial competencies, 438 (54 percent) were identified by the White entrepreneurs, 227 (28 percent) by the Black entrepreneurs, 109 (13.3 percent) by the Indian entrepreneurs while 43 (4.7 per cent) of the behaviours were identified by the Coloured entrepreneurs. This is shown in Table 3 below. Finally, the data showed that the Indian and the Black entrepreneurs did not identify much with the Technical Competency domain and the Opportunity Competency domain. One reason for this could be that most of the Indian participants indicated that they were involved in family-run businesses which they inherited while most of the Black entrepreneurs could be considered as "necessity entrepreneurs", forced into entrepreneurship because of their inability to find paid employment and the urgent need to provide for their families. The data from Statistics South Africa also suggests that these two racial groups are the least educated in the country (STATSSA, 2013).

**Table 3:** Competency domains (results from the qualitative study)

Clusters of Behaviours	Cultural Orientation				Total
	Black	White	Indian	Coloured	
Social Responsibility Competency	5	8	0	1	14
Technical Competency	0	11	0	4	15
Opportunity Competency	3	29	0	7	39
Ethical Competency	5	27	4	5	41
Familism Competency	7	37	3	10	63
Learning Competency	25	27	5	8	65
Conceptual Competency	19	41	2	8	70
Commitment Competency	28	31	5	14	78
Organizing and Leading Competency	17	59	4	8	88
Personal Competency	32	41	6	13	92
Relationship Competency	56	52	6	10	124
Strategic Competency	27	75	8	18	128

This quantitative part of the current study was aimed at examining the relationship between entrepreneurial competencies and business success of female owned and managed SMEs in South Africa. The inference from existing studies is that entrepreneurial competencies influence business success significantly. Although this current study is an extension of existing models, it focused solely on female SME operators in South Africa and predicts the direct effects of entrepreneurial competencies on the success of South African female entrepreneurs operating in the context of SMEs. It

is also hypothesised that the cultural orientations of the individual entrepreneurs could probably impact the behaviours that delineate entrepreneurial competencies. Therefore, in testing this extensive model, the measures that were developed from the qualitative aspect of this current study were modified and incorporated into the research questionnaire including business success measures.

There have been debates about the ways of measuring business success, with most researchers favouring using the traditional 'financial indicators' over the use of 'non-financial indicators'. According to Walker and Brown (2004), financial and non-financial indicators are complementary to each other in the context of SMEs and provide a robust explanation of tangible business outcome. Therefore, this study includes both financial and non-financial indicators in the measurement of business success. The financial indicators used in this study include (a) profitability; (b) sales turnover; (c) sales growth; (d) return on investment; and (d) market share. These were measured via self-reporting and also included relative indices such as business performance relative to competitors in an increase in sales, growth, return-on-investment, cash flow, net profit, growth in market share and business growth (Chandler and Hanks 1993). The non-financial measures used to gauge business success include: (a) the personal satisfaction of the business owner; (b) customer satisfaction and retention; (c) employee satisfaction and retention; (d) entrepreneur-supplier relationships and; (e) workplace industrial relations. These were identified in the study of Hoque (2004) and also in the qualitative aspect of this study. Collectively, these measures provide four indices of business success measurement: (1) "satisfaction with the financial performance of the business"; (2) "satisfaction with the non-financial performance of the business"; (3) "performance in relation to competitors"; and (4) "the growth of the business".

Table 4 is the regression summary while table 5 shows the correlation between the 12 competency domains and the 4 business success construct that were measured in this study and it indicates a strong positive correlation between entrepreneurial competencies and business success.

**Table 4:** Summary of the Regression Analysis for Entrepreneurial Competencies and Business Success

All Cultural Groups: N=745 (Useable observations)	Regression Summary for Dependent Variable: Business Success R= .31862128 R <sup>2</sup> = .10151952 Adjusted R <sup>2</sup> = .09666287					
	β *	Std.Err.	β	Std.Err.	t(740)	p-value
Intercept			1.0299	0.3112	3.3115	0.0973***
Competency	0.1977	0.0380	0.2062	0.3101	5.1960	0.0000***
Satisfaction with financial performance	0.2010	0.0742	0.0404	0.0674	1.3525	0.0000***
Satisfaction with non-financial performance	0.2748	0.0750	0.0744	0.0696	1.1956	0.0000***
Performance relative to competitors	0.2533	0.0349	0.0638	0.0626	-7.2358	0.0000***
Business growth	0.1758	0.03555	0.0309	0.0372	0.2964	0.0001***

Notes: \*\*Statistically Insignificant difference, \*\*\* Sufficient significant difference (p-value significant at < 0.05).

**Table 5:** Inter-Correlation Analysis of all Constructs

Variable	Learning	Social responsibility	Ethical	Familism	Technical	Personal	Relations	Organising and Leading	Opportunity	Conceptual	Commit	Strategic	Satisfaction with financial performance	Satisfaction with non-financial performance	Performance relative to competitors	Business Growth
Learning	1.0000															
Social responsibility	0.6163	1.0000														
Ethical	0.6129	0.4090	1.0000													
Familism	0.4311	0.3143	0.4043	1.0000												
Technical	0.7511	0.5535	0.6348	0.4404	1.0000											
Personal	0.7081	0.5709	0.6043	0.4498	0.6729	1.0000										
Relationship	0.7910	0.6260	0.5919	0.4760	0.7460	0.6547	1.0000									
Organising and Leading	0.7789	0.5687	0.5860	0.5174	0.7231	0.7394	0.7706	1.0000								
Opportunity	0.6438	0.5689	0.3508	0.5225	0.6564	0.5725	0.7414	0.7026	1.0000							
Conceptual	0.7514	0.5476	0.3545	0.4763	0.7152	0.7374	0.7510	0.8276	0.6626	1.0000						
Commitment	0.5798	0.4712	0.5191	0.4797	0.5265	0.6036	0.6128	0.6642	0.5565	0.6820	1.0000					
Strategic	0.7162	0.6065	0.5843	0.5635	0.6383	0.6901	0.7093	0.7425	0.6650	0.7220	0.6861	1.0000				
Satisfaction with financial performance	0.0254	0.0685	-0.0523	-0.0137	0.1139	0.0195	0.1029	-0.0110	0.0456	-0.0224	-0.1285	-0.0402	1.0000			
Satisfaction with non-financial performance	0.1754	0.2892	0.1454	0.0285	0.1722	0.1188	0.1610	0.0431	0.0665	0.0959	0.0624	0.1127	0.5299	1.0000		
Performance relative to competitors	0.1874	0.2083	0.1912	0.2411	0.2334	0.1680	0.1795	0.2389	0.2370	0.2144	0.2117	0.2948	0.0366	0.0656	1.0000	
Business growth	0.1567	0.2050	0.1186	0.1748	0.1878	0.1718	0.1257	0.1933	0.2035	0.1593	0.1766	0.2816	0.1341	0.1430	0.6641	1.0000
Means	4.3275	4.1309	4.3490	4.3138	4.2061	4.3121	4.1909	4.2223	4.2299	4.2849	4.2698	4.2617	2.5383	2.5928	3.3781	3.8143
Std.Dev.	0.4258	0.6183	0.5513	0.5001	0.5426	0.4638	0.5232	0.4279	0.4962	0.4693	0.4798	0.4299	0.4073	0.3189	0.6253	0.8771
	0.31385369	0.26062031	0.29543246	0.28331180	0.30568340	0.34009950	0.34592784	0.36169688	0.31787539	0.33679465	0.34660794	0.32078729	0.31205080	0.32275107	0.36832452	0.39255168

Notes: Correlation is significant at p < 0.1

## 5. Conclusion and Recommendations

The primary objective of this study was to identify the competency needs of South African women entrepreneurs by examining the link between the competencies and entrepreneurial success of female South African SME operators. A "mixed-method" approach was used for the data collection. The first part of the study was qualitative and was used to obtain evidence of the competencies that female entrepreneurs in South Africa perceived as important and to determine the similarities and variances in the application of these competencies among women from the four government identified racial groups. The second part of this research espoused a quantitative approach to corroborate the entrepreneurial competencies framework resulting from the qualitative aspect of this study. This part tested the link between entrepreneurial competencies and business success using a sample comprising of a large number (785) of female SME operators in South Africa. A few other covariates were incorporated into the conceptual framework, individual cultural orientation and other demographic variables.

The findings of the qualitative and quantitative study suggested that there were similarities in the existing models of entrepreneurial competencies model across countries and gender, as the 817 identified behaviours were grouped under the 12 existing competency domains, thereby showing evidence of a significant degree of cross-cultural and cross-gender generalisability. This was consistent with the findings of McGrath et al. (1992) and Baum et al. (1993), that business people have more in common internationally than with non-entrepreneurs from their own country or cultures. While this study did not identify any new domains, the results showed that behaviours that reflected Familism were considered very important to female entrepreneurs. Female entrepreneurs indicated that family support was vital to their success and they showed concern for the family members of their employees. All the female entrepreneurs who participated in the qualitative study identified with the strategic competency. A significant number indicated that the ability to conduct research was crucial to their success (Table 2). This behaviour is contrary to the popular beliefs that women are "instinctive" and prone to making decisions based on "gut instincts." Also, many of the female South African entrepreneurs considered the personal competency vital to success. South African female entrepreneurs felt the need for self-development in order to succeed in a society that still undermines and doubts the abilities of women to effectively manage a business. Therefore, the behaviours associated with personal competencies were highlighted as crucial for the success of female South African entrepreneurs

A surprising element of the findings of this study is the lack of association of South African female entrepreneurs with the social responsibility domain. Behaviours that reflected social responsibility were considered vital by only the White entrepreneurs while women entrepreneurs from the other racial group considered it to be an issue for larger organisations and the government. Only 11 percent of the participants considered this competency domain important, while 32 percent considered the Ethical competency as important. The need to "maintain integrity and honesty" in business was considered, vital as well as the need to have "concern for ethical practices." It must be mentioned however that social responsibility among Group 1 female entrepreneurs in South Africa is a relatively new concept and it is associated with spending money towards the community (of which most of the female entrepreneurs are in dire need).

A number of significant deductions can be made from the findings. Entrepreneurial competencies play a huge role in the success of female entrepreneurs in South Africa, and cultural orientations of entrepreneurs play a vital role in the development of entrepreneurial competencies. There are also major differences in the application of entrepreneurial competencies among the four government identified groups.

In contrast to the literature, the findings of this study of female entrepreneurs found that women were concerned with achieving a better work-life balance. Many did not want success at the expense of family life- either (their own family or the family of their employees). They wanted to still have time to see and look after their families. Nevertheless, female entrepreneurs were also inclined towards business success and raised a concern for their customers, suppliers and other stakeholders and the continuous assessment of their own progress via multitasking to achieve their objectives. Many female entrepreneurs also indicated that they preferred to have female employees (kind of like looking out for each other as women were having problems getting circular employment).

Finally, a comparison of the analysis of the variables from the four government identified groups suggests a regularity in the appearance of the competencies between the four government identified groups. However, the small number of differences between them could be indicative of the need for a subtly formulated instrument designed to take into consideration the behavioural variations between the groups and bring about improved data.

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