

**GENDER AND ENTREPRENEURIAL SUCCESS: A CROSS CULTURAL
STUDY OF COMPETENCIES OF FEMALE SMEs OPERATORS IN
SOUTH AFRICA**

BY

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COMPETENCIES OF FEMALE SMEs OPERATORS IN SOUTH AFRICA’**

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DEDICATION

I dedicate this dissertation to God almighty and my first love Jesus Christ.

I also dedicate this dissertation to my husband Julius. Without you I would never have dreamt of embarking on this journey let alone complete it.

And to my son Sammy, for your patience and understanding throughout this journey.

DECLARATION

This research builds on the works by:

1. Noor, H. A (The University of Adelaide, Australia)
2. Botha, M (The University of Pretoria, South Africa)
3. Kunene, T.R (The University of Pretoria, South Africa)

Their use of technical words has been adopted by this thesis.

Where other sources of information have been used, they have been clearly acknowledged.

I agree that this Dissertation may be available for reference and photocopying, at the discretion of the University.

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I acknowledge that the above named student has regularly attended the planned meetings and actively engaged in the Dissertation supervision process. The student has provided regular timely draft chapters of the Dissertation and followed given guidance.

I confirm that I have approved the Dissertation title specified below.

Title of Dissertation:

Gender and Entrepreneurial Success: A Cross Cultural Study of Competencies of Female SMEs Operators in South Africa

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ABSTRACT

This cross-cultural study investigates the link between business success and entrepreneurial competencies in female-owned SMEs in South Africa.

The study seeks to identify sets of behaviours that delineate competencies among South African female entrepreneurs. It aims to develop a model of gender and culture-specific competencies for incorporation into intervention programs for entrepreneurial development.

A “mixed-method” approach, conducted in two parts, was adopted for this study.

Study 1 was qualitative: 50 individual interviews with 50 female entrepreneurs were conducted. 10 focus group discussions with 78 entrepreneurs were completed. The purpose was to identify gender (female) and context (South African) specific behaviours that delineate entrepreneurial competencies.

12 competency domains were identified by thematic analysis of the qualitative data consistent with existing entrepreneurial competency models. New behaviours were identified (with no new domains identified), and grouped under existing competency domains. This shows that existing models offer some cross-cultural generalisability. These newly identified behaviours suggest a possible need to revise the existing competency models to augment their relevance to entrepreneurial competency measurements in different contexts.

Study 2 was quantitative: 780 entrepreneurs completed a 6-part questionnaire. Data collection and preliminary assumption testing involved defining the psychometric elements of the dependent variables and covariates. The sample consisted of 785 female entrepreneurs from 4 different South African provinces. The survey instrument was a structured questionnaire.

Results found that competencies had a major influence on the business success of female South African SME operators. The results demonstrate that self-reported competencies can predict business success in female-owned South African SMEs. The findings were largely consistent with existing models, but behavioural differences defined different competency domains, possibly associated with cultural differences.

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Chapter 1: Analysis of Factors Influencing Entrepreneurial Success in the SMEs of South African Female Entrepreneurs

1.1 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 reengineering 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 revitalizing stagnant industries (Thomas and Mueller 2002). Though SMEs are regarded as a mechanism for improving income distribution, the motivation of economic growth and reforming an economic structure is often greatly reliant on the performance of larger firms (Abdulla 1999).

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 2004; Turton 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. 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.

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. Consequently, governments and non-governmental organizations have developed various strategies to promote and develop these female entrepreneurs with a view to tackling socio-economic issues.

It is also worth looking at the participation of South African women in entrepreneurship by culture or race (Table 1.1). Although women make up 51.3 per cent of the South African population (i.e. over 26 million), only 2.21 per cent (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 1-1: Prevalence in 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 (Group 1)	66	79.2	1,021,059
White (Group 2)	21	8.9	119,671
Indian (Group 3)	8	2.5	10,354
Coloured (Group 4)	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 competences, 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 organizations.”

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.

1.2 Research Background

There 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 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 Dis-advantaged 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 organization, having branches all over the country and officers from all four government identified racial groups in South Africa's. According to Ndhlovu 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.

The number of studies of women entrepreneurs in the last three decades has increased tremendously (Loscocco 1991; Moore 1997). Most of these studies are comparative studies of male and female owner-managers e.g. Evans et al. (1989a), emphasising such areas as the different industrial and occupational orientation of male and female entrepreneurs. Others (Carter and Cannon 1992) affirm this and stress that the central focus of these comparative studies is to make female entrepreneurs more visible in the business arena. Other studies on entrepreneurship focus exclusively on women and attempt to analyse their entrepreneurial motivation, business orientation, and strategy/management style. Still others focus on the challenges and barriers that these female entrepreneurs face (Smith-Hunter 2004). Most women begin their entrepreneurial journey with less financial resources, less managerial knowledge and more limited human and social resources than men (Carter 2000). Due to the fact that more of these women are "necessity" entrepreneurs, they have fewer financial resources compared to their male counterparts and 20% of their businesses fail within the first 2 years of venture creation (despite financial intervention by governments and NGOs).

This leaves room to carry out studies that focus on practical solutions to address these problems facing female entrepreneurs, with special attention to the internal factors affecting female entrepreneurs rather than external factors. There is a need to explore the area of competencies and skills as they relate to entrepreneurial success and business sustainability/survival.

SMEs are crucially dependent on the owner's capabilities therefore it is important to develop competencies among entrepreneurs in order to give the SMEs (or SMMEs) a sustainable competitive advantage (Gibb 2005a; Sadler-Smith 2003). McGregor and Tweed (2001), posit that the capabilities of the owner-manager in SMEs (or SMMEs) are "individually specific" while in larger firms they are "organisationally-indexed." In effect this means that in the SMEs (or SMMEs and MSMEs), the competencies of the entrepreneur-manager can be considered to

be the firm's competencies, which allow the focus of this study to be on the female entrepreneur as the unit of investigation.

Following the suggestions that studying entrepreneurial competencies could realistically show how businesses are run, and the capabilities and know-how of the entrepreneur (Kiggudu 2002), this study will attempt to advance and extend Man's (2001) model of entrepreneurial competencies, using a behavioural standpoint that concentrates on what South African female entrepreneurs actually do to achieve business growth and sustenance. This will be consistent with the suggestion that, in order to further understand the role of the entrepreneur in guaranteeing the sustainability of their business, one may have to understand what entrepreneurs really do (or how they behave) in real circumstances, and how they counter challenging conditions (Gartner 1988).

The concept and application of competencies was first proposed in "The Competent Manager: A Model for Effective Performance" (Boyatzis 1982). His approach is similar to concepts of strategic management that support a resource-based view of competitive advantage, and underline the importance of "knowledge, skills and abilities" (KSA) (Schuler 1987). KSA models share several aspects of competency models of entrepreneurship because they denote the knowledge, skills and abilities that are required to successfully run a firm. However, KSA models highlight "task-based areas of competence" while competencies are "person-related." Competencies constitute individual attributes which underlie the behaviours that are observable (Kierstead 1998; McClelland 1973). The difference between KSA and competencies is that the "competencies-based approach" moves the scrutiny from the job and its related tasks to the individual performing the task and his/her abilities (Kierstead 1998).

The main objective of this research is to consider whether entrepreneurial competencies, defined as "underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival, and/or growth" (Bird 1995), may be crucial to achieving business success and ensuring sustainability. The competency approach is an "approach whose time has come" because of its ability to identify behaviours that could be associated with effectiveness and performance (Brophy and Kiely 2002, p. 168). Although many reasons have been proffered for the failure of female-operated businesses, focusing on 'entrepreneurial competencies' offers a practical means of addressing this

phenomenon. The primary focus of this study, therefore, is to examine the relationship between entrepreneurial competencies and business success of female entrepreneurs. This study will adopt the view-point that, in SMEs, “the entrepreneur is the core competence of the firm” (Gibb 2005a). With such a view the researcher will conduct a comparative study of the four major cultures in South Africa to see how culture affects the development of entrepreneurial competencies of these female entrepreneurs and their business success.

1.3 Definition of Constructs in this Study

There is a need to define certain constructs that have been used in the title and throughout this study. This study is titled: Gender and Entrepreneurial Success: A cross-cultural study of competencies of female SMEs operators in South Africa. It is therefore necessary to define the following constructs that form part of the conceptual base of this study.

1.3.1 Entrepreneurial Success

In the SME sector, entrepreneurial or business success has various interpretations and perceptions (Simpson et al. 2004). According to Wickham (2001), success (entrepreneurial or business) can be defined as “the measure of achievement of an organisation utilising its performance.” Various researchers such as Jansen (2003); Perks and Struwig (2005); and Dockel and Ligthelm (2005), posit that the measure of performance encompasses employment growth, return on investment, resources, sales and locations (Delmar et al. 2003), innovation in products and services strategy as well as innovation in product sales strategy (Jansen, 2003), and employee and customer satisfaction (Cornwall and Naughton 2003; Rauch and Freses 2000).

1.3.2 Entrepreneurial Competencies

Several definitions have been proffered by various researchers for what constitutes a “competency” and this has led to confusion regarding the true meaning of the concept of competency. The words “competency” and “competence” are often used interchangeably, even though they are considered to be two different concepts by scholars. For the purpose of this

study, entrepreneurial competencies refer to “behaviour which results in performance being achieved” (Rowe 1995), and to the “skills, knowledge, behaviours and attitudes required to perform a role effectively” (Brophy and Kiely, 2002).

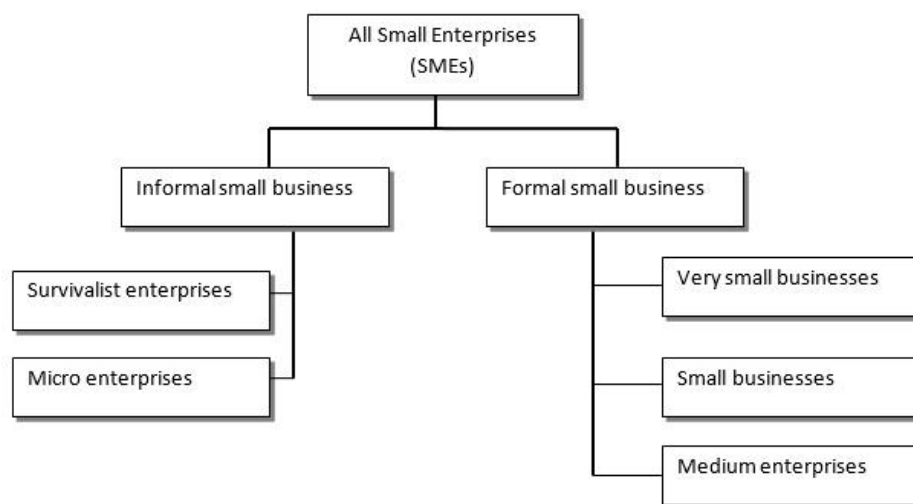
1.3.3 SMEs

For the purpose of this study, SME is used as an acronym for all small enterprises/ businesses. There are different definitions of what constitutes an SME in the existing literature (Dawson et al. 2002; Hill and Stewart 2000). According to the South African National Small Business Act No. 102 of 1996, an SME is

...a separate and distinct business entity including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is carried on in any sector or sub-sector of the economy and which can be classified as micro, a very small, a small or medium enterprise.

‘SME’ in this research represents all “informal” and “formal”, “micro”, really “small and medium” businesses, as shown in Figure 1.

Figure 1: SMEs Classification in South Africa, Source: Tustin (2001).



The classification above is both qualitative and quantitative. Qualitatively, SMEs are defined in terms of proprietorship structure, while quantitatively, SMEs are defined according to the number of employees, revenue and value of assets (Tustin, 2001; Ntsika, 2001).

1.3.4 Culture

Culture is described in many different ways by various scholars. According to Vosloo (1994), culture can be described as a complex mix of characteristics and phenomena (including knowledge, belief, art, morals, laws, customs, capabilities, habits and other mannerisms) imbibed by humans in a society. For the purpose of this study however, culture is described as “the shared values, beliefs and norms of a society and an important contextual factor, collectively programming and affecting entrepreneurs in a given community, ethnic group, region or country and generating differences across national and regional boundaries” (Pretorious and Van Vuren 2003; Stewart et al. 2003; Thomas and Mueller 2002).

The four government identified racial groups in South Africa discussed in this research are:

1. Black (referred to as Group 1)
2. White (referred to as Group 2)
3. Indian (referred to as Group 3)
4. Coloured (referred to as Group 4)

1.4 The Research Problem

Having established that environmental factors significantly influence the success of SMEs and female entrepreneurs; it is necessary to carefully investigate and analyse the internal factors that also influence business success (Noor 2007). This is necessary because, in spite of the substantial government support and support of bodies interested in promoting gender equality in all areas (business included), many female-owned businesses still fail. Various reports show that 20 % of the start-up businesses that fail in most developing economies are female-owned and they fail within the first 2 years (OECD, 2001). The main reason for this can be that over-dependence on

these incentives often weakens rather than strengthens female entrepreneurs' ability to manage their businesses, and reduces their competitiveness and chances of business success by laying emphasis on external, circumstantial factors rather than internal factors such as the competence of the entrepreneur (Noor 2007).

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 (Naffziger 1995). This was confirmed by the results of studies carried out in Montreal involving 74 SMEs (Ibrahim and Goodman 1986). These results indicate that most of the factors that affected the success of the businesses of the participants were related to skills and capabilities of the entrepreneur-manager. It found that while government policies and economic environments (i.e. external factors) played a role, they were the least influential of the factors that affected the business success of the SMEs.

Researchers like Kiggundu (2002) have asserted that the failure and decline of most businesses can be attributed to the lack of entrepreneurial competencies (of the owner), employee incompetence, especially managers (Longenecker et al. 1999). This could also be true about organisational failure. Longenecker et al. (1999) posits that a business's inability to accomplish anticipated outcomes can be attributed largely to the actions or inactions of top management. Their inability to define a proper vision and objective for their establishment, inability to adjust to change, failure to formulate actual strategies and inaccurate business forecasting, poor business knowledge, can be attributed to the failure of businesses. A case study of entrepreneurs in the UK revealed that business failure is attributed to the ineffectiveness of the entrepreneur, poor financial management ability, poor professional managing expertise, failure to control systems and poor vision or strategy (Beaver 2005). These arguments emphasise the fact that the entrepreneur is central to the SMEs success, making it imperative to focus attention on the entrepreneur because the only way to reduce the negative impact of external factors on business is for the entrepreneurs to acquire the necessary expertise and aptitudes.

Examining the competencies of entrepreneurs with a view to understanding the key success factors for SMEs is a good approach. This present study will consider the traditional view of the female entrepreneurs as "disadvantaged" and not playing on a level platform with male

entrepreneurs and also focus on the competencies that the individual female entrepreneurs would need to have, given their “disadvantaged” position, in order to start, grow and sustain their businesses in South Africa. It will specifically compare female entrepreneurs from the four government identified groups in South Africa in terms of the competencies needed to succeed in these different and unique cultural settings by analysing the various and differing challenges that plague them and the resources available to them. It will seek to develop a formula that can move from the influence of general Western perspectives which, according to Thomas and Mueller (2002), could be problematic when applying entrepreneurial theories internationally (especially entrepreneurial competency models), due to the lack of research in different settings.

While some scholars have presumed that models developed from the West can be transferred to other cultural contexts, others have argued that this approach could produce misleading findings and therefore consider it inappropriate (Curran 2002; Ramayah 2004; Saffu 2003). Dodd and Patra (2002) also caution researchers to avoid the mistake of coercing the data to conform to unsuitable “universalistic ideology” in a bid to formulate a “one-size-fit-all” theory of entrepreneurship.

This study will compare the model of entrepreneurial competencies for female entrepreneurs in a country with four government identified racial groups, and the influence of individual, cultural orientation of these women in establishing an ideal model of entrepreneurial competencies will likewise be explored. This approach is necessary because culture shapes the behaviour, motives and beliefs of people (Hofstede 1991a). This corroborates suggestions that a person’s behaviour is mostly influenced by dominant cultural values (Singelis and Brown 1994). This means that the female entrepreneurs’ inclinations, activities, and approaches are most likely impacted by their cultural orientation which ultimately affects their business approach, and consequently influences entrepreneurial intention (Urban 2011b).

Furthermore, intentions and attitudes are dependent on a situation or an individual; therefore by understanding the perceptions of the female entrepreneurs, one can begin to understand their intentions. It has also been established that a number of variables, other than the demographic and economic variables, have been discovered that have a great impact on women’s entrepreneurial inclination. These variables account for most of the differences in the

entrepreneurial activities of the sexes and most of these variables have to do with their view of themselves, their situation and their environment. For the most part, women in South Africa see themselves less favourably (as victims of society or disadvantaged). All these internal factors in turn affect their motivation and therefore outcomes.

Entrepreneurial motivation is vital to success. As stated earlier, studies on South African female entrepreneurs have shown that they are mostly “necessity entrepreneurs” (women who ventured into entrepreneurship as a result of having no other choice). For this reason, even though they have entrepreneurial characteristics of job creation and income generation, their growth and sustainability is stunted due to insufficient skills and competencies (which is evident in their lack of business knowledge and lack of business strategy).

These “necessity entrepreneurs” account for 57.5 per cent of the women entrepreneurs in South Africa, with the other 42.5 per cent of female entrepreneurs regarded as “opportunity entrepreneurs.” The opportunity entrepreneurs are women who identified a business opportunity and ventured into it having acquired some form of business education or skills. This category of female entrepreneurs in South Africa, although a minority of all female entrepreneurs, are responsible for creating up to 80 per cent of all jobs created through female entrepreneurship in the country (Autio 2005).

Other covariates must be considered in order to evaluate the difference in SME success that is ascribed to entrepreneurial competencies amongst South African businesswomen. Consequently, the direct and indirect impact of the business environment will be investigated. Given that this current study is grounded on the idea that entrepreneurial competencies have a more dominant and adaptable influence on gender and entrepreneurial success than environmental factors, it is imperative to cogitate the impact of environmental elements on business success (Covin and Slevin 1989; Covin et al. 1999; Naman and Slevin 1993; Zahra 1993).

In conclusion, this current research seeks to examine the effect of entrepreneurial competencies on business success, which have been the core of various entrepreneurship literature. Birds (1995), in her “Towards a Theory of Entrepreneurial Competencies,” proposes that education, work experience and industry factors could influence the development of entrepreneurial

competencies. Various studies have substantiated this opinion. For example, a study by Chandler and Jansen (1992) revealed that to a large extent education impacts the success of entrepreneurs. Krueger and Brazeal (1994) also advocate that work experience can improve a person's expertise and aptitudes, particularly in recognising new business opportunities. Maxwell and Westerfield (2002) also contend that the creativity of an entrepreneur is influenced to a great degree by the type of education as well as prior management experience. Their research, which included 187 SMEs in the US, revealed that entrepreneurs who displayed a high degree of creativity and success had an advanced level of education and management experience.

This current study reinforce their position to investigate the influence of education, pre and post venture training start-up, and prior management experience on female entrepreneurial competencies.

1.5 Rationale for the Study

The objective of this current research is to add to the literature on gender entrepreneurship in a number of ways: firstly, this study proposes that the principal focus of vital factors that influence women entrepreneurial success should be on their competencies. Therefore, this study recommends a competency approach to understanding women's entrepreneurial success.

Next, this current research intends to develop a practicable approach to female entrepreneurial competencies construct involving several dimensions via a methodical process of empirical testing and validation of data from female entrepreneurs operating in the contexts of SMEs in South Africa. In conclusion, the outcome of this research will be incorporated into a framework of model testing that will allow the valuation of factors affecting women's entrepreneurial success, with cultural-specific results.

In theory, this current research provides new insight into the field of women entrepreneurship. Precisely, it strives to identify and understand the significant competencies necessary for the success of female entrepreneurs operating in South Africa (as identified by the them), instead of presuming that the "foreign" models of competencies can merely be adapted to fit the South

African context in spite of the uniqueness of the culture and socio-economic environment. For this purpose, this current study offers insights into female entrepreneurial competencies that are cultural-specific and thus provide a richer picture of women's entrepreneurial competencies internationally or regionally. Essentially, the results of this study would assist South African female entrepreneurs operating in the context of SMEs to concentrate on competencies training that may be crucial to advance their success and efficiency. It should also enable the advancement and execution of educational policies intended to support female entrepreneurs and aid them to go beyond local boundaries, venturing into the international marketplace, through the understanding of cross-cultural differences in women's entrepreneurial competencies.

1.6 Research Aims

This current study, so as to understand the vital success factors of female owned and managed business, examines the competencies of South African female entrepreneurs. With a view to developing a model that moves off the influence of the "traditional Western perspective", the study makes deductions about the parallels and/or variances in the competencies required by South African women, according to racial and cultural factors, to operate in South Africa. Thomas and Mueller (2002) suggest that the advance of entrepreneurship theory internationally (particularly the model of competencies) could be challenging because of the lack of research in diverse cultural settings. Some researchers have presumed that models advanced in the West can be transferred to other cultural settings whereas others repudiate this as inappropriate and could lead to potentially misleading findings (Curran 2002; Ramayah 2004; Saffu 2003).

Given that this current study examines the variances and parallels in the model of entrepreneurial competences in a country with four government identified groups (cultures), the effect of individual cultural orientations in outlining the model of entrepreneurial competencies is also explored. This is essential because according to Hofstede (1991), culture forms actions/behaviours, motivations, and beliefs/views of individuals. It has been established that individual behaviour is largely affected by an individual's principal cultural values (Singelis and Brown, 1995). Cultural upbringing may greatly impact a female entrepreneur's choices, actions

and attitudes, and consequently impact their management style. Therefore, this current research seeks to understand the influence of culture on the behaviours of female entrepreneurs that delineate competence.

1.7 Research Objectives

This research strives to develop a “broad-based” entrepreneurial competencies model that integrates cross-cultural perception—in this case, based on the examination of the four groups in the South African business context—and allows multi-sectional application (i.e. all business sectors with populace female participation).

This research will strive to address the following objectives:

- Review the existing literature to determine whether entrepreneurial competencies contribute more to business success in relation to SMEs than other factors.
- Identify the set of competencies perceived as vital by entrepreneurs in South Africa and establish which of these competencies are new and which are already included in existing models.
- Identify variations and parallels in the entrepreneurial competencies needed by entrepreneurs in South Africa based on their government identified groupings and culture.
- Determine the mediating effects of the business environment in the success of female-owned and managed SMEs in South Africa.
- Determine the influence of individual cultural orientation on entrepreneurial competencies.
- Explore the impact of education, pre and post venture start up training, and work experience on the development of entrepreneurial competencies.

1.8 Research Questions

This study is driven by the question “what will it take for female entrepreneurs operating in the context of SMEs in South Africa to be successful?” This researcher contends that this current study can produce improved understanding into the elements that influence women’s entrepreneurship in South Africa by integrating the concepts of entrepreneurial competencies, business environment and individual cultural orientations into the development of a theoretical framework. Therefore, the research questions designed for further investigation are:

- What competencies do South Africa female entrepreneurs perceive to be important in the context of SMEs? Are they already identified in the existing competency models? This research question addresses objective one which is identifying which competencies are perceived as vital by female entrepreneurs in South Africa.
- Are there cross-cultural dissimilarities in the competencies identified by female entrepreneurs in South Africa? This research question addresses the objective of identifying variations and parallels in the entrepreneurial competencies needed by South African female entrepreneurs.
- To what degree does the competency model impact female business success in South Africa? This research question addresses the objective of identifying what elements of the existing competency models (e.g. education and training) influence the success of female entrepreneurs in South Africa.
- To what degree does the business environment impact female SMEs in South Africa? Are these direct or indirect impacts? This research question addresses the objective of determining the effects of the business environment on the success of female entrepreneurs in South Africa.
- What is the degree of the impact of individual cultural orientation on female entrepreneurs and does cultural orientation of women influence the behaviours that delineate entrepreneurial competencies? This research question addresses the objective of determining the influence of culture in the development of entrepreneurial competencies.

- What is the extent of the impact of education, pre- and post-venture start-up training and previous work experience on the development of entrepreneurial competencies? This research question will be used to achieve the sixth research objective.

1.9 Theoretical Framework

The theoretical framework developed for this study is centred around the identification of existing gaps in the literature on gender entrepreneurship, particularly in relation to understanding cross-cultural success predictors for SMEs owned and managed by women.

Much attention have been drawn by previous researchers to entrepreneurial competencies in the literature on business strategy with some scholars contending that competitive advantage is derived from “core competencies” and “distinctive competencies.” These concepts are rooted in the “resource-based view” (RBV) of strategy and demonstrated by large firms (Barney 1991; Prahalad 1990; Westhead et al. 2001). Previous studies have associated competencies with business success in SMEs although the focus is directed primarily with bigger organisations (McGregor and Tweed 2001). It has been debated that the competencies necessary to operate SMEs are not essentially those required to manage larger corporations (Winterton 2002a). Also, there are not enough studies associating competencies and business performance (Baum et al. 2001; Chandler and Hanks 1994; Chandler and Jansen 1992; Man 2001). This current study endeavours to build and expand the model of entrepreneurial competencies developed in bigger organizations and investigate its relationship to the success of South African female-owned businesses. Thus, the focus of this study is on the female entrepreneur as the unit of analysis, because in SMEs “the core competencies of the enterprise become virtually synonymous with the competencies of the manager i.e. the entrepreneur as the owner-manager” (McGregor and Tweed 2001).

This current study endeavours to close the gap in the existing literature on entrepreneurial competencies by exploring a comprehensive model and examining its relationship to business success (in this case gender entrepreneurial success). It also expands the existing models by studying the cross-cultural and cross-gender significance of the existing model to elucidate the

proposition by some scholars that the deficiency of research in diverse contexts has been a recurring challenge with respect to the application of entrepreneurship theories internationally (Thomas and Mueller 2002).

According to Thomas and Mueller (2002), “international comparative studies of entrepreneurship are rare, hampered by barriers such as difficulty in gaining access to entrepreneurs in other countries, the expense involved and the lack of reliable published data” (2002, p. 289). Furthermore, they claim that training and educational programs cannot be developed, neither can policies be formulated, on assumptions about entrepreneurs derived from “foreign” models, since these models are unlikely to be effective in a situation where “the tasks and the psychic environment may be vastly different” (2002, p.289). Consequently, a study that deviates from the traditional Western viewpoint is essential (Dodd 2002; Saffu 2003).

1.10 Research Design

This research design is cross-sectional, which involves the analysis of data that has been collected at a particular time. It is sociological in nature and it is not longitudinal or experimental. Taking into consideration the research objectives, using this cross-sectional design will enable the researcher to study multiple actions and it does not differentiate between cause and effects or the sequences of events. This research involves mixed methods, as the data was collected and analysed quantitatively and qualitatively.

Given that this research aimed to develop a gender and context specific entrepreneurial competencies model that can be incorporated into intervention programs for female entrepreneurs in South Africa, the researcher sought a large sample size that could be considered representative of the population. The sample was drawn from the various business women’s associations in South Africa and from the four groups identified by the South African government in order to provide the cross-cultural component.

1.11 Structure of the Current Research

This thesis is organised into eight chapters. Chapter 1 deals with the introduction, research background and statement of the research problem. The research questions, objectives and rationale for the study are discussed. The second chapter presents a broad review of the existing literature in relation to female entrepreneurs in South Africa. The third chapter discusses the gaps in the existing literature on women's entrepreneurship and entrepreneurial competencies, and advances the theoretical framework for the current research. The hypotheses for empirical testing are also discussed.

The fourth chapter discusses the relationship between competencies, business success and environment. The hypotheses for testing in this study are also discussed in this chapter. Chapter 5 discusses the methodology of data collection and analysis. The rationale for the research approach and design is explained in this chapter. It also deals with model testing and the data analysis methods used to evaluate the direct and mediating effects of the variables. Chapter 6 deals with the findings and analysis of the qualitative study and chapter 7 deals with the findings and analysis of the quantitative study. Lastly, chapter 8 concludes the dissertation with a review of the results in the framework of existing literature and reflects on the implications of the results as well as propose areas of future research.

1.12 Conclusions

This study is focused on investigating the relationship between entrepreneurial competencies and the business success of South African female SMEs operators. This study entails a cross-cultural comparison of the development and application of competencies of South Africa female entrepreneurs in the four government identified racial groups, giving specific attention to how these competencies influence business success in the different contexts. In view of the fact that the business environment affects business success, this research also examines the direct and indirect effects of the business environment on the business success of these female entrepreneurs in South Africa. This study proposes to offer a broad understanding of the business success predictors by incorporating paradigms such as personal outcomes, organisational

outcomes and environmental outcomes. Practically, the aim of this study is to propose an improved way to assist female entrepreneurs in South Africa to understand what is required for successful business management and achieve business growth.

Chapter 2: Female Entrepreneurs in South Africa

2.1 Introduction

As stated in Chapter 1, many female-owned businesses still fail despite the considerable government support and support of bodies interested in promoting gender equality in all areas (business included). Reports have shown that female operated businesses fail at a high rate regardless of the billions of dollars that have been allocated to support female-owned SMEs by way of government funding, training, grants and consultative support services (OECD, 2001).

Female participation in entrepreneurship has increased over the last two decades and has reached high levels in both developed and developing countries (Brush 1992; Minniti and Naudé 2010). Despite this increased number of female entrepreneurs, the rate of participation in entrepreneurship is still significantly lower than the male participation rate. According to the Global Entrepreneurship Monitor report (2011), only in 8 out of 54 countries surveyed were rates of female early-stage entrepreneurial activity comparably equivalent to male participation (Panama, Venezuela, Jamaica, Guatemala, Brazil, Thailand, Switzerland and Singapore). Despite this disparity in ratio, the increase of women in entrepreneurship has sparked academic interest, which has led to the study of female entrepreneurship as a separate research field (Verheul et al. 2005).

This academic interest is inspired not only by economic implications but also equality implications of gender entrepreneurship. Given that entrepreneurship is considered vital to economic growth, employment and innovation, women can therefore be considered useful resources that can be used by different countries at different stages in the achievement of economic progress (Minniti and Arenius 2003). Verheul et al. (2005) suggest that there is a positive correlation between the female share in entrepreneurship and economic performance at both country and regional level.

Women's entrepreneurial behaviour is also relevant to issues of social equity. Policymakers, as well as scholars, have been concerned about issues of discrimination and the social effects that it

might have on women in the process of venture creation and enterprise management (of female business ownership). For a country, like South Africa, that is in the process of profound economic, political and social transformation, female-owned businesses help to reduce inequality by alleviating poverty and encouraging women's economic and social empowerment as well allowing women to become better incorporated into society by utilising their human capital (Stoyanovska 2001). Entrepreneurship also provides for women a way of confronting the issues of the "glass-ceiling" in organisations and provides an opportunity to combine work and family responsibilities effectively (Botha, 2006).

According to Greene et al. (2003), the development of knowledge in female entrepreneurship began in 1989 despite the fact that research into female entrepreneurship was initiated by Eleanor Schwartz in 1976 through her work "*Entrepreneurship: A New Female Frontier*". Her research was mainly descriptive in nature, based on limited samples and generally focused on the characteristics of female entrepreneurs (Greene et al. 2003). Recent studies, however, have shown more sophistication in the qualitative and quantitative methods employed, dealing with more specialised themes such as gender differences in management and business performance. Nonetheless, the available literature on gender entrepreneurship is "full of mixed and contradictory results" (Ahl 2002).

A lack of cumulative knowledge and a failure to adequately conceptualise and build explanatory theories on gender entrepreneurship has resulted in the under development of knowledge of this phenomenon (Carter 2000). Recent reviews of the literature on female entrepreneurship have identified numerous gaps in the literature concerning female entrepreneurs and their ventures (Carter et al. 2001b; Greene et al. 2003). According to Ahl (2002), most existing research on female entrepreneurs is based on studies carried out in Western countries. There is little knowledge about the characteristics of female entrepreneurs and the existence of gender differences in entrepreneurship in other contexts, particularly Africa. It must be noted that the findings from studies carried out in Western nations cannot be directly applied to the African context, given the uniqueness of the environment (i.e. cultural, political, economic and institutional differences).

Therefore, the investigation of gender entrepreneurship in the African context is a promising direction for new research, especially in relation to entrepreneurial competencies and business success of female entrepreneurs. South African women make up 52 per cent of the adult population and 41 per cent are considered to be part of the active working population. The early-stage total entrepreneurial activity (TEA) index, which is the primary measurement used to compare the rate of new business start-ups amongst countries, was relatively low (5.9 per cent) for 2009 in South Africa (Bosma and Levie 2009). Although the ratio of male to female entrepreneurs in South Africa is not too disproportionate, studies show that female entrepreneurs operate more in the retail and personal services sector, with many more operating within the crafts and hawking trades where little or no technology is required (Maas and Herrington 2006b). This is an indication that some form of gender division of labour still persists in South Africa, and women are still locked into traditional female functions and are more inclined towards roles which are compatible with their domestic and reproductive roles (Mahadea 2001).

Education also plays a role, as more female entrepreneurs have just Grade 12 or lower educational qualifications. This may explain their lack of exploitation of higher order or technical entrepreneurial opportunities. In terms of education, women are also less likely to pursue technical disciplines like engineering and computer science, which would provide them with much needed skills for launching successful businesses in manufacturing and high-technology sectors (Botha et al. 2007; Carter and Brush 2004; Greene et al. 2003)

2.2 Gender Perspectives

Increasingly, there is a recognition that the gender gap in entrepreneurship cannot merely be explained from individual choices and challenges but that the practices and orientations of entrepreneurs are shaped and determined by the macroeconomic and socioeconomic environment in which they operate including deeply entrenched behaviours. Some researchers like Minitti (2009), Brush, de Bruin and Walter (2009) pointed out that mainstream economic thinking tends to consider itself as “gender-neutral”--- which is that an entrepreneur is a rational, self-interested, money-driven and market-oriented individual who has no sex, no gender, no class, no age, no

family, no religion or ethnicity and lives outside of any specific historical, social or geographic context. Such an imaginary individual makes decisions unhindered by socioeconomic inequalities, unequal distribution of power and income and relieved of any family obligations or responsibilities.

The researchers mentioned earlier, oppose this imaginary “gender-neutral” perspective and rather propose a “gender-sensitive” framework to understanding entrepreneurship which takes into account the socioeconomic and normative context in which entrepreneurs operate. They argue that entrepreneurship research is mostly focused on market, money and management while ignoring family responsibilities and reproductive works- factors which they consider to important determinants.

A number of scholars like Calas, Smircich and Bourne (2009) have also raised concerns about the scope of research on women entrepreneurship questioning the economist and individualistic premises of entrepreneurship research and calling for new directions and alternative frameworks. They argue that the gender gap in entrepreneurship will persist as long as the dominant powers that shape the context of entrepreneurship remain unquestioned and unchallenged, change will only occur when entrepreneurship is reframed to bring to light its potential for social change instead of merely economic growth.

In summary, there are three perspectives:

- (a) The gender-neutral perspective that considers men and women similar and equally able and capable of rational thinking. Proponents of this view argue that the gender gap in entrepreneurship is constituted by discrimination of women and male-dominated structural barriers such as unequal access to finance for start-up and growth;
- (b) The gender-sensitive perspective that considers men and women equal but dissimilar with different qualities and endowments that can be differently valued by society. Proponents of this view argue that female characteristics of women entrepreneurs could be seen as benefits or underutilized advantages that can be exploited and valued more by society; and
- (c) The feminist perspective on the other hand criticizes both perspective saying it reduces gender to sex and reify the gender bias that is faced by both men and women alike. They

question the social order as a whole regardless of the question as to whether men and women are similar or different.

My research is based on the gender-sensitive perspective given that the literature shows that there are gender differences in entrepreneurship such as motivational differences, management differences, differences in sector and business size.

2.3 Characteristics of Female Entrepreneurship

There are significant differences across gender in the level of new venture creation and according to international studies; the number of women involved in new business start-ups worldwide is still significantly and systematically lower than men (Bosma and Levie 2009; Langowitz and Minniti 2007b). Evidence suggests that there is an indication that women pursue different start-up processes and women are more likely to balance work and family roles, handle conflicts and consider time and space constraints as they create new ventures (Brush 1992; Carter et al. 2003; Havenga 2009). Men, on the other hand, are more likely to become entrepreneurs and research has yet to show a country in which women are more entrepreneurial than men (Langowitz and Minniti, 2007; Minniti et al, 2005).

Previous studies on the characteristics of women entrepreneurs have focused more on a comparison of male and female entrepreneurs and most have concluded that men and women have more similarities than differences in relation to demographic characteristics, psychological orientation or motivations, and business practices (Fenwick 2001). Most of the previously studied entrepreneurs (male and female) are married, between the ages of 30-45, are often the first born child, and have an entrepreneurial father (Chaganti 1986; Hisrich and Brush 1984). While conducting a study using the population surveys of the time, similarities in the ages of male and female entrepreneurs, as well as motivation for entrepreneurial activities, were found (Evans et al. 1989b). The motivating factors for entrepreneurial activities between men and women were found to be the same, i.e. a desire for independence, personal satisfaction and achievement. Only in Pakistan were there similarities in motivation between male and female entrepreneurs in their desire for freedom, security and satisfaction (Shabbir and Di Gregorio

1996). Despite the fact that the number of women venturing into entrepreneurship is proportionate to the number of men, studies have shown that female-owned businesses are less likely to survive than male-owned businesses (Kalleberg and Leicht 1991).

2.3.1 Women's Motivations for Entrepreneurial Activities

Early exploratory research on female entrepreneurs has focused on the character and motivation of female entrepreneurs in comparison to male entrepreneurs (Carter et al. 2001b). Most of the research shows that men and women have different intentions for new venture creation and the gender difference in entrepreneurship can be explained in motivational theories that lead to different self-employment choices between men and women. Research also shows that women are less inclined towards traditionally male-dominated careers or business sectors, either because of low-self-esteem or because of their low perceptions of self-efficacy in relation to these male dominated sectors (Baughn et al. 2006; Hackett et al. 1992; Wheeler 1983). A pilot study of female entrepreneurs (Schreier 1975), showed that male and female entrepreneurs had a lot in common, with the major difference being in their choice of business sectors. Women chose sectors that traditionally reflected high levels of female employment, e.g. services and retailing.

Despite the gender differences in entrepreneurship, research shows that a common motivation for men and women venturing into entrepreneurship is the desire for independence and the need to control their own destiny. A study of 58 female entrepreneurs and 43 male entrepreneurs in London showed a significant difference in their background and experience. Men chose businesses that were related to their prior work experience (i.e. within the same industry) thereby making self-employment a similar occupation with the added benefit of independence and autonomy. Women, on the other hand, were found to have little or no relevant experience to venture into entrepreneurship, especially in the non-traditional sectors (Watkins and Watkins 1986). It was therefore concluded by Watkins and Watkins (1984) that a lack of prior work experience influenced women's choice of establishing a sustainable business venture, thereby forcing them into sectors traditionally considered to be female.

Studies of female entrepreneurial intentions have identified a number of individual factors that motivate women to become entrepreneurs and these factors can be categorised into two parts: (1)

demographic and (2) psychological, i.e. attitudes or values (Ashley-Cotler and King 1999). Demographic variables that influence entrepreneurship include gender (Matthews and Moser 1996). In an attempt to examine the entrepreneurial motivation of women, a demographic profile of women entrepreneurs drawn from the 1984 study by Hisrich and Brush (1984) of 468 women showed that the “typical female entrepreneur” was a first born child born to middle class parents, most probably has a degree in the Humanities, is married with children and probably works as a teacher, an administrator or as a secretary. She would have undertaken her first business venture after the age of 35 and the motivation for business start-up was the search for job satisfaction, independence and achievement. This profile differs greatly from the profile of rural South African female entrepreneurs. Most of these South African women were raised according to strict traditional values, had little or no education, became mothers at a very young age and have little or no experience of urban life. This could explain their apparent involvement in traditional and low-income activities given their lack of knowledge, skills, prior work experience, socio-cultural and “opportunity” factors. A high motivational factor for these women is the desire to earn a cash income (Kongstad and Monsted 1980).

According to Carter et al. (2001a), women exhibited a relative attachment to conventional entrepreneurial ideals in the form of individualism and self-reliance, and were willing to accept conventional gender roles that at times put them in a subordinate position to men. However, women’s entrepreneurial motivations have evolved over the past two decades and psychological factors are playing a much higher role in motivation than the demographic factors. Research shows that women’s entrepreneurial motivations are largely due to (1) personal factors, (2) social factors and (3) economic factors.

Women give up well-paying employment in order to pursue more challenging, more fulfilling ventures with profit being a secondary motive (Buttner and Moore 1997). The need for achievement, risk-taking propensity (Brockhaus and Horwitz 1986), and the desire for personal control (Greenberg 1988) have been identified as personal motivation factors for women’s entrepreneurial activities. Jalbert (2000a) agrees that most women venture into entrepreneurship to be independent, self-fulfilled and have the freedom to explore their creative abilities, and to have total control of their time and their business. The need to exercise one’s personal values without organisational constraints, and the desire for more freedom, autonomy and balance, have

also been identified as motivating factors for women's entrepreneurial activities (Lee-Gosselin and Grise 1990).

The need for flexibility is also another personal factor that can motivate women to become entrepreneurs. The long and inflexible working hours in some areas of paid employment makes it relatively difficult for the women to balance their professional and family life, particularly women with children (Heilman and Chen 2003). In most cases, women put family responsibility first and are willing to trade off higher earnings to achieve the flexibility that comes with self-employment. In cases where part-time employment is available, some women will see that as a preferable alternative, but they are often forced into self-employment because of their inability to secure paid employment. This condition, according to Heilman and Chen (2003) and Botha (2006), constitutes the push factor of entrepreneurial motivation: they argue that there are "push" and "pull" factors of entrepreneurial motivation for women. The "push" factors refer to negative influences such as unemployment or loss of employment (retrenchment) that forces women to become entrepreneurs in order to survive. This category of entrepreneurs is also regarded as being "necessity" entrepreneurs. The "pull" factors refer to more positive influences, like the identification of a business opportunity, the availability of government support in certain sectors of need and a mentor or role model that encourage women to consider entrepreneurship as a career option. This category of entrepreneurs is regarded as "opportunity" entrepreneurs.

The study by Ghosh and Cheruvalath (2007) shows that "opportunity" entrepreneurs make up only one-fifth of all female entrepreneurs in developing countries. In South Africa, despite the low representation of "opportunity" female entrepreneurs, this category is responsible for creating over 80% of the jobs created by female entrepreneurs. The reason for this could be found in the fact that these "opportunity" entrepreneurs are able to grow and sustain their businesses, making them viable. Another reason could be that the "opportunity" entrepreneurs invest time and money to understand the business environment, and they have prior knowledge and work experience, which is invaluable to business success.

The "necessity" entrepreneurs are thrust into entrepreneurship by their personal circumstances with little or no preparation and they begin their entrepreneurial journey with little or no knowledge of the business environment. For this category of female entrepreneurs, government

aid and intervention is often not enough to keep their businesses afloat and they contribute to the high rate of businesses that fail within the first two years. Moreover, most South African women (Group 1 of the cultural classification presented in Appendix A) are “pulled” into entrepreneurship by the incentives or grants provided by the government by way of the BEE (Black Economic Empowerment) project. This provides funds more to Black entrepreneurs than other groups. According to Preisdorfer et al. (2011), over-dependence on the BEE project fund has further weakened businesses owned by this group of women, as emphasis is laid on the availability of the funds rather than the ability of the entrepreneur.

It should also be noted that female entrepreneurship thrives in countries with low incomes and a high birth rate; therefore economic factors cannot be overlooked. For women in these countries, entrepreneurship is a lifeline, as there are little or no available jobs that can remove the cultural and institutional constraints and still enable them to provide for their families. The low income per capita in countries like South Africa gives women little or no options but to make a living thereby creating “necessity” entrepreneurs. Therefore countries with more economic security, welfare payments and job stability have more “opportunity” and fewer “necessity” entrepreneurs (Minniti and Arenius, 2003). According to Verheul et al. (2004), wealthier countries that are more technologically advanced or advancing (like South Africa) create a need for services and an opportunity for female entrepreneurs who are pre-dominantly found in the service sector.

It can therefore be concluded from the literature on South African female entrepreneurs that they are more often than not “pushed” rather than “pulled” into entrepreneurship by economic conditions and social standing. Given that motivation is vital to success, and that women’s entrepreneurship is as much a result of circumstances rather than innate tendencies, it therefore follows that some form of intervention or support structure may be required to achieve business success. According to the reports from the DTI (Department of Trade and Industry, South Africa) summarising South African women’s motivation for entrepreneurial activities, it is concluded that there is a link between entrepreneurial activities and career choice.

The key indicators for entrepreneurial motivation in the South African context include the educational and training level attained, individual wants and desires, career-entry expectations and self-sufficiency (Scherer et al. 1990), peer influence and aspirations (Scherer et al. 1990),

socio-economic background and the ability to overcome cultural conditioning and learning experiences (Birley 1989), different motivations and orientations (Brush 1992), and racial and cultural factors. A summary of the relevant literature on the “push” and “pull” factors of female entrepreneurial motivation is presented in Table 2-1, details of which can be found in the studies of Kock (2008); Lebakang (2008) and (Meyer 2009).

Table 2-1: “Push” and “Pull” (opportunity versus necessity): Factors of Women Entrepreneurial Motivation.

Motivational Factor	Relevant Literature
“Pull” Motivational Factor	
The need to be independent	Hughes (2006); Smith-Hunter (2006); Greene et al. (2003); McClelland et al. (2005); Bradley and Boles (2003); Baeva (2004); Jalbert (2000a); Orhan (1999); Chavan and Agrawal (1998); Marlow (1997); Hisrich and Peters (1995); and McKay (2001).
Desire challenging opportunities	Hughes (2006); Buttner and Moore (1997).
Improve financial situation	Hughes (2006); Marlow (1997).
Self-fulfilment	Segal et al. (2005); Hughes (2006); Bruni et al. (2004); Jalbert (2000); Buttner and Moore (1997).
Need to be own boss	DeMartino and Barbato (2003); Hughes (2006); Bradley and Boles (2002).
Flexibility	Segal et al. (2005); Carter et al. (2003); Hughes (2006); Lombard (2001).
Pursue personal hobby	Bradley and Boles (2002); Marlow (1997).
Social status and need for recognition (personal achievement)	Eckel and Grossman (2002); Mallon and Cohen (2001).
Influence of family members and role models	Anna et al. (2000).
“Push” Motivational Factors	
Lack of job satisfaction	Ghosh and Cheruvalath (2007); Segal et al. (2005); Bradley and Boles (2003); Tanguchi (2002); McKay (2001); DeMartino and Barbato (2003); Catley and Hamilton (1998); Marlow (1997); Lee-Gosselin and Grise (1990).
Loss of job and inability to find employment	Segal et al. (2005); DeMartino and Barbato (2004); McKay (2001); Hughes (2006).
Insufficient household income	McClelland et al. (2005); Georgellis and Wall (2004); Hokkanen and Autio (1998); Autio (2005).

Glass ceiling	Ghosh and Cheruvalath, (2007); Demartino and Barbato (2002); Lee-Gosselin and Grise (1990).
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2.3.2 Challenges Facing Female Entrepreneurs

Although, female entrepreneurs in Africa constitute a growing and significant number of SME owner-managers, they have largely been ignored in studies and assistance programmes. Studies undertaken in the U.S. and other Western countries suggest that men and women operate in different sectors. They are faced with different challenges and problems that can be attributed to gender, though there are also significant challenges and problems that differ among male and female entrepreneurs. This then suggests that intervention or assistance programs should be tailored to the needs of the different genders as well as to the individual needs of the different female entrepreneurs. Therefore, this calls for a better understanding of female entrepreneurs and the challenges and constraints that they face in order to develop policies and intervention programmes that will be effective.

Although South African women represent 52 per cent of the country's population, they still suffer from historic cultural and economic discrimination, which hinders them from accessing available opportunities. According to Mitchell (2004), women face additional risks besides the expected risk of entrepreneurial involvement, just for simply being women. Hendricks (2001) also argues that there are a multitude of challenges that South African women encounter in their entrepreneurial venture that limit their full economic potential.

2.3.3 Access to Finance

Research shows that most women generally lack the resources necessary for new venture creation and the development of a business. Human capital (formal and occupational experience) and environmental resources (capital, suppliers and clientele) are vital for the entrepreneurial process. Women are often prevented from acquiring this human capital due to lack of knowledge, inadequate education, and also because of social and cultural factors (DTI 2005). They are treated like second class citizens by the financial community (Hisrich and Brush 1984).

There are four main commercial banks in South Africa (First National Bank, Standard Bank, ABSA Bank and Nedbank), only two of which have been shown to implement clear strategies to target female-owned SMEs. Real market segmentation and gender disaggregated data on portfolios is not readily available because the management information systems (MIS) at most banks are not adequately equipped to provide it. Most of the loan staff are not gender-aware or are ill-trained to handle the uniqueness of female entrepreneurship (Witbooi and Ukpere 2011). There is also no clear definition of women-owned enterprises. While some people define women's enterprises as those in which women own 20 per cent, others give variations of between 20 to 51 per cent of women's shareholding.

Most banks still implement strategies that are based largely on the assumption of neutrality and therefore are not exploiting more opportunities to analyse and strengthen female entrepreneurship. Female-owned businesses account for only 10% of the total value of bank loans in South Africa. While banks value the potential profit-making prospects of female-owned businesses, they are slow to seize the prospects that this market offers with targeted products and tailored solutions (OECD 2013). Furthermore, most South African female entrepreneurs operate in the MSME sector and banks show little interest in micro-finance due to the relatively high handling costs. Also, some financial institutions consider lending to early-stage businesses to be too risky due to their lack of track record. This situation is further compounded by the fact that businesswomen are viewed by financial institutions less favourably than businessmen. According to Bruni et al. (2004), the inability to secure start-up loans is the reason most women choose low capital ventures and they sometimes have to work part-time to support themselves, thereby giving less time to their business.

Minniti and Arenius (2003) point out that female entrepreneurs often exhibit a lack of confidence in their own capabilities as entrepreneurs and therefore resort to starting businesses with minimal capital. In addition they also have a smaller proportion of equity, which may be attributed to the fact that they have fewer personal resources with which to finance a business. Traditionally, they are considered to have little or no financial competencies contributing to their inability to present long-term accounts and financial projections required to secure loans.

Race also plays a role in access to finance for South African female entrepreneurs. The Department of Trade and Industry (DTI) report (2005) shows that of the four government identified groups, Group 1 (Black) of South African female entrepreneurs are most likely to be denied access to affordable finance, while Groups 2 (White) and 3 (Indians) are more likely candidates for business loans. Micro-finance is therefore a vital resource for disadvantaged female entrepreneurs. There are only two major micro lenders for female entrepreneurs despite their growing numbers: Marang Financial Services and the Small Enterprise Foundation. Together they service about 56,000 clients (DTI 2005). According to the DTI report (2005), there is an urgent need for a gender impact analysis to accompany the financing need in this sector, which is also in grave need of investment and expansion. The focus of this analysis should be on entrepreneurial skills development and encouragement of sustainable business growth beyond the micro sector (Witbooi and Ukpere, 2011).

2.3.4 Support Structure

Female entrepreneurship is considered as an emerging sector in the global business environment and support is vital to this emerging sector in order to raise the overall level of entrepreneurship in society. In post-Apartheid South Africa, the need for support is much more apparent. Poverty, a lack of formal education and a lack of skills and competencies pose a serious problem to female entrepreneurs, more so in the face of unemployment. According to Winn (2004), in order to be able to adequately provide a better education and support system for women, the critical success factors for women must be clearly understood. Minniti and Arenius (2003) and Kock (2008), suggest that government policies should address issues such as education, training and reconciliation of family and work for women. They argue that government policies concerning women should provide conditions favourable for women to participate actively in the entrepreneurial environment rather than focus on business start-ups only. Shelton (2006) also suggests that implementing programmes that assist women to select the best work-family management strategies would greatly improve the survival and success rates of female-owned and managed businesses. This is because the work-family conflict is a potential obstacle that could render other support programmes ineffective. Kock (2008) argues that women are also in need of accessible post start-up support besides early stage skills training. Mentoring could be exploited as a means of meeting this need and it could effectively address specific individual

problems. Mentoring could also be on a group or individual basis and might be very effective in addressing issues of low self-esteem or low self-efficacy among female entrepreneurs. In South Africa the support structure for female entrepreneurs therefore encompasses the following:

1. Support and encourage business initiatives
2. Financial aid for start-ups
3. Skills and competencies training
4. Mentoring programmes
5. Networking structures

A selection of structures and networks are available to provide support for South African women entrepreneurs amongst which are:

1. Women Development Bank (WDB)
2. Business Women's Association (BWA)
3. The South African Professional and Businesswoman's Network
4. South African Council for Business Women
5. South African Entrepreneurs Network
6. Technology for Women in Business
7. Women at Work

The focus of these groups has been to provide opportunities for female entrepreneurs to meet together, network and support each other. They also provide a platform for these female entrepreneurs to advance and promote their interests as people and as entrepreneurs (Beeton 2006).

2.3.5 Family Responsibilities

A woman is generally considered to be a homemaker and is traditionally expected to put her role as wife and mother above every other interest. According to O'Neill and Viljoen (2001) and Winn (2004), women, especially mothers, live in two different worlds: one at work and the other at home. The responsibilities of motherhood are huge and demanding and can disrupt schedules. While it is possible as an employee to take time off to attend to emergencies involving children

or family without losing income, small business owners could lose income and may have to close the business to take time off in such cases. This poses a challenge for some women who find that they actually have less flexibility as business owners than as employees, especially at the early stages of the business.

A study by Winn (2004) showed that entrepreneurship often places a huge demand on women, making it difficult for them to relax at home, thereby causing marital unhappiness and conflict. Even in cases where there is spousal support, the challenges and demands of running a business still put a strain on some marriages. Also, in traditional African settings, the burden of caring for the children lies squarely on the shoulders of women. This is regarded as a God-given responsibility. It therefore means that female entrepreneurs are engaged in two full-time jobs, as homemakers and entrepreneurs. This is why, according to Bradley and Boles (2003), some women wait until their children are grown to engage in entrepreneurial activity.

Notwithstanding all these issues, many South African women have been successfully engaged in entrepreneurial activities and have contributed to the economic development of the country by creating jobs alleviating poverty. However many of the 20% of businesses which fail annually are female-owned.

2.3.6 Gender Bias and Discrimination

According to research, traditional gender views pertaining to social and corporate domains have an effect on opinions and decision-making. These views are based on gender stereotypes and traditional expectations of women and their roles in society. The responsibilities of men and women are determined by gender and gender determines roles in both the private and public domains. Women have been assigned domestic and reproductive roles, which are also anticipated to maintain and produce a labour force (Moser, 1993).

Women have been placed in a subordinate position by society and their identified practical needs are confined to their socially accepted roles in society. Their needs arise from the subordinate position that has been given to them in the society and they do not challenge the gender division of labour (Botha, 2007). For female entrepreneurs, their practical needs include proximity of child-care services to the business location. Women are predominantly engaged in ventures that

are in line with their traditional reproductive roles (e.g. pre-school ownership, catering and services) that have prompted the South African government to address these practical needs.

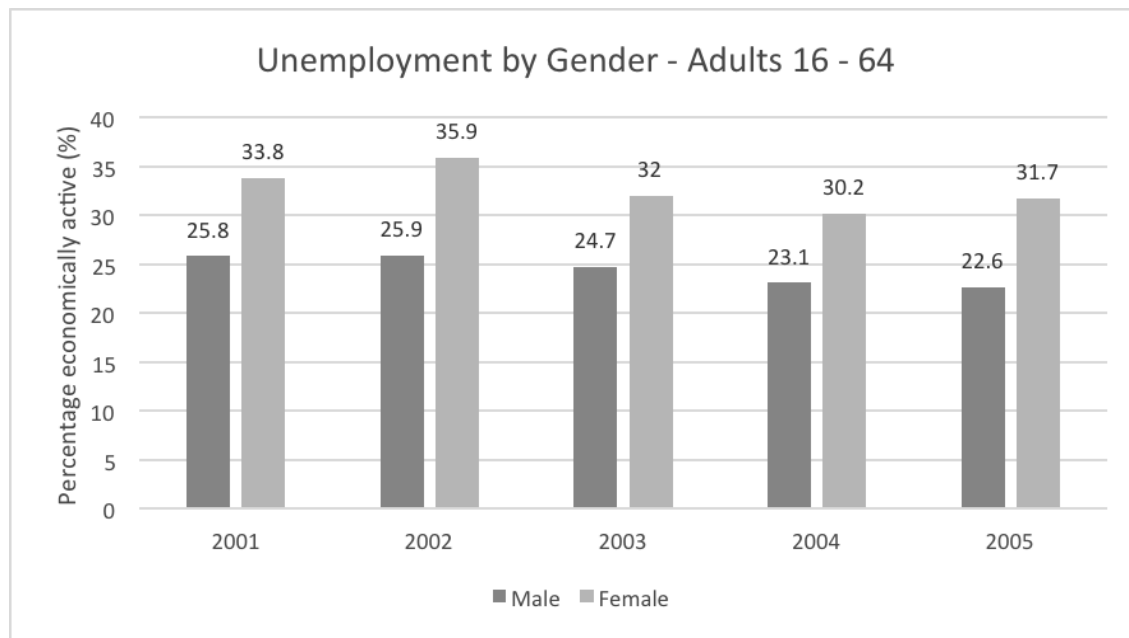
There are also strategic needs of women that relate to their subordinate social position to men. These strategic needs vary contextually and demographically. They relate to division of labour, power and reins of control. Issues like domestic violence, legal rights and wage inequality also form part of strategic needs of women (Moser, 1993). Unlike the practical needs, the strategic needs cannot be easily identified. Below are three possible ways to help address the strategic needs of women proposed by Moser (1993):

- Entrepreneurial policies for women.
- Policies to remove obstacles to accessing finance.
- Removal of gender division of labour that restricts women's entrepreneurial activities.

The importance of women as human resources is under-emphasised, resulting in underutilisation even though some of them are the main providers of food and material needs for their families. Women are less likely to be employed and even when they are, they earn considerably less than their male counterparts. About 70 per cent of male employees earn more than 10,000 South African Rands (R10, 000 per month), while only 53 per cent of female employees earn more than R10, 000.

Women also make up a larger proportion of the workforce and despite the fact that women in Group 1 (Black) have a higher participation rate in labour than the other 3 groups (73 per cent against 59 per cent), they still have the highest rate of unemployment and earn the lowest wages (Department of Labour, 2012). According to Moser (1993), in South Africa, as in other African Countries, the number of homes headed by women has increased. These kinds of home are referred to either as “de jure” homes where the male partner is permanently absent either because he is dead or because partners are divorced or the woman is single; and homes where the male partner is temporarily absent from home either due to migration to another country for work purposes or the male partner's job requires him to be away from home for long periods of time (offshore etc.).

Figure 2: Unemployment by Gender -- Adults 16 – 64 (official report by the department of labour).



Even though the impact of female entrepreneurship in the socio-economic development of developing countries like South Africa is important, liberal feminists argue that women are still victims of gender discrimination (Fischer et al. 1993) in some regards (e.g. financial institutions that deny them as much access to loans as men, traditional structures that consider male education to be more important than female education and organisations that provide minimal employment for women thereby denying them the much needed experience).

2.3.7 Training and Education

Stating that men and women are treated equally is common when one is talking in terms of gender equality but the reality is that right from the onset (primary education), the idea of equal treatment of the genders has been plagued with problems (Kunene 2008). Firstly, it is difficult to treat boys and girls in the same way because society has different roles and expectations of them (Hedlin 2004). Secondly, society has placed men and women on different pedestals (one superior and the other subordinate), so that one begins to question whether the strategy of “equal treatment” as claimed by most educational, government and financial institutions is really a

gender equality measure (Leffler and Nasstrom 2014). Gender equality in the form of equal access to education also does not ensure gender equality, as oftentimes it does not address the discriminatory practices that are embedded and often encouraged by culture and tradition.

In South Africa, the enrolment figure into schools for girls is high and so also is the discrimination against them. There are gender-based differences in learning that have not yet been addressed or tackled due to the fact that they are not fully understood. For example, the dropout rate for adolescents is higher in boys than in girls (CREATE-Consortium for Educational Access, Transitions and Equity, 2007).

South African government statistics show that the gender gap in literacy is small or non-existent. According to a United Nations Development Programme (UNDP) report on Africa (2008), South Africa recorded 77 per cent overall school enrolment with a 1:1 ratio of boys to girls. This was clearly the highest rate of female enrolment in the sub-Saharan region. In 2009 that figure increased to 91 per cent, with 90 per cent of eligible boys and 92 per cent of eligible girls enrolled in school. As mentioned previously, an equal level of education on its own does not ensure gender equality. The inequality is not evident in the first grade but emerges at the higher levels with most women achieving nothing beyond grade 12. This is evident in the fact that “Black” and “Coloured” South Africans dropout or repeat grades to the extent that by the time they are 18, they are 2 or more years behind White or Indian children, and more so with girls.

The statistics also show that most women who complete a university degree or have post-graduate degrees, are active in the workforce and more female entrepreneurs have a grade 12 education or less (common among Group 1 and Group 4). When women with grade 12 education or less embark on their entrepreneurial journeys, they have little or no entrepreneurial knowledge or training. Not only are they ill-equipped for entrepreneurship financially, they are also ill-equipped educationally. Considering the fact that most of them are “pushed” into entrepreneurship by their circumstances, they therefore have no preparation by way of education, skills and finances for venture start-up, growth and sustenance. This could also explain the reluctance of lenders to grant loans as they have little or no knowledge of the workings of the business environment, especially on budgets and business performance. Women also lack self-confidence, compounded by low levels of education (Urban 2008). According to Katepa-Kalala

(1999), African women have less access to resources than men in terms of land, loans, education and training. Although education is not a pre-requisite for venture creation, the skills, contacts and opportunities it provides are vital for business success (Botha, 2006). Not all female entrepreneurs have had the privilege of formal or entrepreneurial education. Henry et al. (2003) posit that entrepreneurial education raises awareness in the early stages of entrepreneurial intention, as this serves to provide skills that will be required to practically run a business. According to Ladzani and Van Vuuren (2002), an organisation that wishes to develop entrepreneurship by education only assumes that the main reason for business failure is a lack of education.

2.4 Gender Differences in Entrepreneurship

Gender roles in entrepreneurship and business success are significant because they are hugely influential on the self-perceptions of entrepreneurs and their abilities to grow and sustain their businesses (Anna et al. 2000). Studies of patterns of female entrepreneurship development show a significant difference in different societies based on the socio-economic conditions and their cultural values. In Africa, however, the customary differences between the genders are found first at the household level and then in society at large. Eagly (1985) posits that the division between men and women is the key to understanding African women in settings influenced by Westernization: division in all areas such as labour, family responsibilities, decision-making, incomes and social life as well as obligations. This division has been shown to influence women's entrepreneurial opportunities and choices in society. Men and women operate in different spheres of the economy, with women exploiting economic opportunities within the limits of their own spheres; however, the parameters of these spheres vary according to ethnic groups, geographic settings, social class and historical period (Eagly 1985).

Gender differences in entrepreneurship drop as far back to the origins of gender differences in human behaviour. According to previous studies, the origins of sex differences in human behaviour can be attributed to evolution in the differing dispositions by sex or the differing societal placement of women and men (Eagly and Wood 1999). Differentiation between these two options is crucial because if gender differences are the result of socialisation, culture and

gender stereotypes, they can be assumed to be changeable (Deaux and LaFrance 1998; Ruble and Martin 1998; Spence and Buckner 2000). On the other hand, if they are the result of evolutionary forces then they can be assumed to be innate and fundamentally unchangeable (Buss 2000; Fisher 1999).

However, studies have shown that the existence of cross-cultural variations in gender support the social structure in the explanation of gender differences in entrepreneurship rather than evolutionary or biological variations (Burger-Helmchen 2012). Also the similarities in male and female entrepreneurship support the social view and can be explained by the Attraction Selection Attrition (ASA) model developed by Schneider (1987). He proposed that the process of attraction to an establishment, selection into an establishment and attrition from an establishment over time produces a range of individual differences. Therefore when people remain in an establishment over time, they become similar rather than different. This is what is known as the homogeneity hypothesis (Mitroff and Denton 1999; Schneider et al. 1998). Based on the ASA model, men and women who are attracted to an entrepreneurial career, go through a process of selection that rejects those without the correct attitude and personality (based on the model criteria and definition). These people go on to acquire the skills and experience necessary for managing a business and usually end up being similar regardless of their genders.

In 2008, Pines and Schwartz conducted three different studies on gender differences in entrepreneurship to test the theory that entrepreneurs behaved in a similar fashion regardless of their gender. The focus of each study was on a different subject population and different entrepreneurial activity. The first study was a national telephone survey of 514 Israeli adults with the findings showing little difference in their entrepreneurial values. Women valued job security more than men and men were more confident and daring (love challenges) than women. The second study involving management students revealed many differences in entrepreneurial intentions. The ratio of male to female students who either had or intended to start a business was 3:1 and the male students perceived themselves to be more suitable business owners; they expressed a greater desire to be business owners and portrayed themselves as being more entrepreneurial.

These results confirm the view that women consider themselves less favourably as entrepreneurs than men (Langowitz and Minniti 2007a). None of these gender differences were reflected in the responses of the group of management students that were surveyed. The students were either business owners or prospective business owners. The third study involved entrepreneurs operating in the context of SMEs. The results revealed many more similarities than differences between male and female entrepreneurs, including areas such as demographic characteristics, and entrepreneurial motivation.

A combination of the findings from these three studies supports the Schneider's (1987) ASA model and the view that the origin of gender differences can be explained from the social perspective rather than the evolutionary or biological perspective.

The examination of global entrepreneurial behaviour reveals a significant gender gap. Global figures show that men are more likely than women to be entrepreneurs and this gap is evident even in the early stages of entrepreneurial activities, as well as the established business stages. It also exists regardless of the economy of the country (low or high income level). The gender gap however, is more pronounced in high-income economies than low-income or middle-income economies. This can be explained, as stated earlier, by the differences between "necessity" and "opportunity" entrepreneurship (Allen et al. 2007; Allen et al. 2006b; Bosma and Levie 2009; Reynolds et al. 2003) and the "pull" and "push" factors (Orhan and Scott 2001).

In South Africa, studies show that men are about 1.7 times more likely to venture into entrepreneurship than women. The TEA for men was 8.1 per cent in 2008 compared with 4.9 per cent for women (Turton 2012). The difference in ratio could be attributed to the fact that men have more entrepreneurial opportunities than women. The TEA activities also vary from region to region in South Africa, with Gauteng TEA being 9.9 per cent and Northern and Western Cape TEA being 3.1 per cent. This disparity can be explained by the significantly higher number of opportunities in Gauteng and the Western Cape compared with other provinces, as well as race and culture (Johannesburg, which is in Gauteng, is considered the economic hub of South Africa, with numerous entrepreneurs from Group 1 and Group 4, and the Western Cape has a larger number of entrepreneurs from Groups 2 and 3).

2.4.1 Motivational Differences

Gender differences exist in entrepreneurial motivation. Therefore, if differences exist between male and female entrepreneurs, then it is necessary to have empirical evidence that compares men and women from the same population (Fischer et al. 1993). This view is supported by Cromie and Hayes (1988) where the different social orientations of men and women were considered prior to research, rather than assuming that the findings based on a study of one gender would be applicable to the other gender.

Goffee and Scase concluded from a survey carried out in 1985 that, more often than not, women are totally excluded from entrepreneurship research, or at least considered to behave in the same way as men. However, there are those who argue that the possibility of a significant difference in the social orientations of men and women, by virtue of gender, cannot be overlooked and should be seriously considered in any research (Mitchell 2004).

According to Buttner and Moore (1997), in order to extend knowledge concerning entrepreneurial motivation, it is preferable to conduct studies on women rather than drawing conclusions about models of entrepreneurship from studies carried out using male samples alone. Women are motivated by “pull” factors like the desire for independence, more challenges and self-determination and actualisation. They cherish the notion that they can determine their destiny by using their skills and experience.

A study of female entrepreneurs in Africa showed that the major motivating factors for entrepreneurship were family circumstances, the need for economic independence, the need for a more challenging career path and the desire to improve socio-economic status (Kuiper, 1993). Kuiper also found that female entrepreneurs in sectors other than agriculture participated more in the SME sector. The study found that although most female entrepreneurs operated in the retail sector, others were involved in wholesale, handicraft, small industries and services. Unlike their Western counterparts, South African women are among the poorest of all. Therefore, small businesses are a lifeline and essential to their lives. Women become entrepreneurs either because of family tradition, because their husband’s income is insufficient for the family needs or because they are the sole providers for their families.

Findings from various researchers (as shown in Table 2-2) show that the most common entrepreneurial motivations for women are independence, desire for achievement, financial difficulties, the need to improve family conditions and a desire to contribute to society.

Table 2-2: Summary of Women's Entrepreneurial Motivation Factors, Source: Mitchel (2004).

Researcher	Sample	Findings
Scheinberg and MacMillan (1988)	1402 Entrepreneurs from 11 countries	<ul style="list-style-type: none"> • Desire for approval • Wealth creation • Family tradition • Personal development • Desire for independence • Desire to escape stereotyping
Hisrich & Brush (1984)	468 women US entrepreneurs	<ul style="list-style-type: none"> • Desire to achieve • Independence • Need for job satisfaction • Necessity
Kuiper (1993)	Various African samples drawn from South Africa, Burkina Faso, Kenya, Mali and Nigeria	<ul style="list-style-type: none"> • Family condition • Necessity • Displacement • Need to improve economic condition
Singh (1993)	200 women entrepreneurs in India	<ul style="list-style-type: none"> • Independence • Self-actualization • Income • Job satisfaction • Desire challenges • Status
Cromie (1987)	69 men and women entrepreneurs in Belfast, Northern Ireland	<ul style="list-style-type: none"> • Autonomy • Need to achieve • Job dissatisfaction • Financial need • Maternity
Vijaya and Kamalanabhan (1988)	195 potential women entrepreneurs in Mandras, India	<ul style="list-style-type: none"> • Love for risk taking • Innovation and achievement • Status • Financial need
Dubini (1988)	163 entrepreneurs in North, Central and Southern Italy	<ul style="list-style-type: none"> • Achievement • Philanthropy (job creation as contributing to

		societal wellbeing) <ul style="list-style-type: none"> • Status • Materialism • Freedom • Role model
Shane et al. (1991a)	697 entrepreneurs from UK, Norway and New Zealand	<ul style="list-style-type: none"> • Independence • Recognition or status • Learning and roles
Buttner & Moore (1991)	129 women entrepreneurs in US	<ul style="list-style-type: none"> • Desire challenges • Need for self-determination • Need to test skills and experience • Freedom to determine own destiny
Goffee & Scase (1985)	54 women entrepreneurs in the UK	<ul style="list-style-type: none"> • Job dissatisfaction • Flexibility • Economic and social independence

In South Africa, women's reasons or factors motivating them into business are the following:

- Government policies that are focused on helping and improving the lives of previously disadvantaged individuals (PDI), including women.
- The emergence of more role models for female entrepreneurs.
- There is growing competition between male and female entrepreneurs that is motivating them to prove themselves.
- Networking with other female entrepreneurs provides them with tools to improve. There are enough opportunities for networking that are still grossly underutilised.
- Women want financial independence and freedom to do things their own way and, particularly due to apartheid, many have had little opportunity to do so. Many have subservient roles that they have previously been relegated to (domestic roles).
- Female entrepreneurs desire the flexibility that their own business provides to organise work around their familial responsibilities.
- Women who have hit the glass ceiling, or are unable to progress in their career due to their level of education and training, would normally consider self-employment as a way to escape.
- Women have a passion to work with people (i.e. are people and services oriented).

- The need to support their families makes women go into business.
- Female entrepreneurs can offer and deliver the same services as corporate companies at less cost to clients.
- Women start their own businesses to avoid corporate politics because women are not natural corporate political players.
- Women want to take care of their children and extended family and to still be able to provide for them financially.
- Business presents an opportunity to develop, realise potential and gain experience.
- Women can make a name for themselves in businesses that require feminine understanding, such as house cleaning (Maas and Herrington, 2007:39).

2.4.2 Demographic and Socio-personal Differences

According to Man et al (2002), entrepreneurial demographics are often regarded as most impactful on SMEs and their competitiveness. These demographic factors also vary from gender to gender and from culture to culture.

- Age

The Global Entrepreneurship Monitor (GEM) report of 2005 suggests that age has a strong and positive correlation with work experience and it fosters the development of entrepreneurial skills until old age sets in and effort diminishes. According to Rwigwema and Venter (2004), the prime age to start a venture in the U.S. falls between the bracket of 22 and 45. They suggest that starting a business too early could limit the capabilities of the entrepreneur, because the period up until age 22 is assumed to be a period of training, education and a time to acquire work experience. Youthful resilience and energy is also required for business and starting a business late would mean that the entrepreneur would lack this strength (Ucbasaran et al. 2008).

- Family Background/Role models

According to Bolton and Thompson (2004), important factors in entrepreneurship include family background and influences like race, birth order, parental occupation and status, feasibility and desirability perceptions. McCline et al. (2004) posit that when an environment instils confidence

in entrepreneurial success, the youth will step out into entrepreneurial venture. Rwigema and Venter (2004) also argue that well-educated parents encourage their children to be independent and self-reliant, while wealthy parents could assist in new venture start-up capital. On the other hand, a poor background and lack of formal education can create desperation to survive, which also is a motivation for new venture creation.

As stated earlier, countries with a low Gross Domestic Product (GDP) have shown a higher entrepreneurial activity in the SME sector and increased numbers of “necessity” entrepreneurs. In the case of female entrepreneurs, there is the additional burden of the need for self-actualisation, given that they are regarded as previously disadvantaged individuals (PDIs) and have faced (and still face) discrimination and bias in certain sectors.

According to role model theory, parents have a strong influence on entrepreneurial choice, i.e. type, level of involvement and size of business for their children. It is believed that entrepreneurs from entrepreneurial backgrounds (children of entrepreneurial parents) are often more successful than those without an entrepreneurial background (Lindquist et al. 2012).

- Education

Studies have shown that a firm’s ability to compete and remain competitive is largely impacted by the level of education of the firm’s management. This is reflected in the knowledge, skills, problem-solving ability, discipline, motivation, self-confidence, and behaviour of entrepreneurs, and influences their decisions in identifying market opportunities, studying the market, understanding their business environment and collating the resources for new venture creation (Martinez et al. 2007; Rogerson 2001). The knowledge that can be gained from education comes from formal and informal learning, tutoring, instructions and mentoring received over a period of time (Dahlqvist et al. 2000; Minniti 2006; Rwigema and Venter 2004; Ucbasaran and Westhead 2003). While education is not a prerequisite for new venture creation, it provides the entrepreneur with useful skills that are required for business success and competitiveness (Botha, 2006). Research shows that men and women differ in their career choices and more men than women undertake technical studies (Urban 2011a). The implication is that more men are found in the

manufacturing or technically inclined business arenas while women are found largely in service and hospitality industries.

- Prior experience/work experience

It is believed that entrepreneurs from entrepreneurial backgrounds, i.e. those whose parents were or are entrepreneurs, have an advantage through experience from their parent's business or from growing up in an entrepreneurial environment. These entrepreneurs would have gained some lessons on how to identify opportunities, reduce inefficiencies and greatly improve their capacity to undertake various tasks (Barreira 2004; Fielden et al. 2000; Guzman and Santos 2001). According to McCline et al. (2004) many start-up businesses are pioneered by people with work experience and technical ability acquired on the job.

The entrepreneurial process is greatly impacted by the ability of an entrepreneur to assimilate experience and learn from experience (Deakins and Freel 1998). According to Robertson et al. (2003); Rwigema and Venter (2004), with little or no work experience, people have fewer capabilities and may have difficulties developing a good business idea. Black unemployment in South Africa is currently (2015) at its highest, more so amongst women. This has put many SMEs at the survivalist level as the entrepreneurs lack prior work experience (Rwigema and Karungu 1999).

- Entrepreneurial experience/Industry-specific experience

Knowledge that is developed through experience is invaluable and can be viewed as a vital contributor to entrepreneurial human capital (Tustin 2001). This experience can also build confidence with lenders as well as stakeholders and can be useful in new venture identification (Guzman and Santos, 2001). Entrepreneurs who have prior work experience are familiar with the work environment, understand client/service provider relationships and may not need to spend as much time and money on training as entrepreneurs with little or no prior work experience.

The possibility of survival is also high when the entrepreneur has experience in the specific industry where he/she operates. Venturing into business in the same industry as one's prior work experience increases business performance, thereby increasing success (Dahlqvist et al. 2000).

This kind of experience provides the expertise required to respond to perceived market needs and provides important contacts and networking opportunities necessary for new venture creation. This kind of knowledge can be regarded as tactical and costly; entrepreneurs who do not have this experience struggle to make estimates that are accurate and have some difficulty with markets forecasts and estimates (Bygrave 1997).

2.4.3 Enterprise Differences

Studies have shown that South African male and female entrepreneurs operate in two distinct sectors: the formal or traditional mainstream sector, and the informal or marginalised sector. Men operate largely in the formal sector, while women operate largely in the informal sector (Botha et al. 2006). According to Verheul et al. (2004), the informal sector has a certain appeal to female entrepreneurs because of the relative ease of start-up and proximity to home, enabling combined entrepreneurial and household duties. It also offers greater flexibility, a major motivational factor for female entrepreneurs. They argue further that most female-owned and managed businesses are in the service sector, in line with the traditional perception of women's role in society and their perceived area of employment. Watson (2003) posits that female-owned businesses are concentrated primarily in the service industries and are relatively smaller in terms of capital finance (also human capital required for start-up) as opposed to those industries high in technology such as construction and manufacturing.

Botha et al. (2006), goes on to argue that, normally, smaller sized businesses are perceived as a problem and it is assumed that, if they could, women would want to expand their businesses as much as their male counterparts do. This perception has important consequences for female entrepreneurship, as women may have a harder time in obtaining external financing and, in general, credibility as business owners and managers. According to Jalbert (2000), although the economic activities of the informal sector and their related incomes and outlays are often omitted in statistical reports, the economic opportunities provided by the informal sector remain a great source of economic opportunity for women (See Table 2-3).

Table 2-3: Highlights of Different Types of Businesses by Gender in South Africa, Source: Mukhtar (1998) and Shim and Eastlick (1998)

Nature of Business by Gender		
Business Type	Female	Male
Limited Liability Companies	Most women-owned business are not limited liability companies	Most of the limited liability companies are owned by men
Sole Proprietorship	Most women-owned businesses are sole proprietorships	Few men-owned businesses are sole proprietorships.
Partnerships	Few female partnerships	More male partnerships
Agriculture/Forestry/Fishing/ Construction	Few women entrepreneurs in these sector	Mostly men-owned businesses in these sectors
Mining	Very few women in this sector	Mostly men in this sector
Transport/ Manufacturing	Very few women compared to men in this sector	More men compared to women in this sector
Wholesales	Very few women compared to men in this sector	More men compared to women in this sector
Retail	Mostly women in this sector	Very few men compared to women in this sector
Services	Mostly women in this sector	Very few men compared to women in this sector

2.4.4 Performance Differences

One major difference in gender entrepreneurship is the performance difference between male and female operated SMEs. Studies have shown that female-owned and managed businesses are usually smaller than male-owned businesses (Arenius et al., 2005). It is important to note that women tend to perceive this as a problem and desire to grow and expand their businesses. This is dependent upon knowledge and additional finance. The inability to attract finance and the difficulty in obtaining loans has an important consequence for female entrepreneurs due to their credibility as owner-managers. Nevertheless, recent studies have shown that men and women

have different perspectives concerning start-up and size, which also is determined by differences in management style (Arenius et al. 2005).

Women also have relatively stronger interpersonal ties than men. This could help to explain why most women in business are in the services/retail sector, where they interact directly with clients. They are more people oriented and focused. Women also form relatively egalitarian structures or coalitions while men thrive on hierarchical structures, allowing them to create organisations with large numbers of people that facilitates rapid dispersion of information (Botha, 2006). On the other hand, by forging egalitarian structures, women effectively limit the need for monitoring.

2.4.5 Skills and Training Differences

According to Arenius et al. (2005), global employment rates among women with a tertiary education are much higher and the gender gap is lower, more so than among women who have less education. However, in countries across Africa and Asia, the gender gap is closing in primary and secondary education, but the number of women being educated in these regions is still low compared to men. In a study conducted by Dreisler et al. (2003) on promoting entrepreneurship, it was discovered that the greatest problem for the development of female entrepreneurship was education and information. They suggest that information could be disseminated to female entrepreneurs and short courses on business plans, marketing (small business), and legal problems associated with venture start-up could help prospective entrepreneurs overcome some behavioural barriers. Stanger (2004) concludes that women are not utilising the government services as a source of training assistance but they are rather seeking professional training and assistance (which comes at a higher price).

Winn (2009) argues that fewer women than men have the educational and experiential background necessary for new venture start-ups, even though they may have specialised training in different fields. Female entrepreneurs lack financial skills compared to their male counterparts (Orhan 1999), and training and development could be beneficial to women entrepreneurs in helping them to acquire the management skills required to operate a business. This includes writing business plans and understanding financial statements (Lebakeng 2008).

Women lack technical education and training that, according to Jalbert (2000b), could hinder their ability to reach their full potential. This, he argues, is more prevalent in developing economies and transitional economies where these skills are lacking the most. Given that women also lack confidence and self-esteem, Kock (2008) suggests that business skills training alone is not always sufficient for women, and any training program for women should incorporate confidence building and entrepreneurship development training in order to be successful.

Given the importance and significance of female entrepreneurship, the need to promote education and training is very important in the development of female entrepreneurship to increase female entrepreneurial activity. This is why, according to Maas and Herrington (2006a), the South African DTI in 1988 introduced the Technology for Women in Business (TWIB) program to help women apply science and technology based business solutions to grow their business. The national program focuses on female entrepreneurs at all levels of business, from micro- to macro-enterprises. It aims to accelerate business growth through partnerships, education, mentoring and training. There is a customised incubator program, which encourages business development in a controlled, mentored environment.

Part of the initiative is the "techno-girl project," which encourages girls to take science and mathematics, and follow careers in these fields by exposing them to engineering, science, entrepreneurship and technology, as well as providing information on career opportunities and learning programs (South Africa Info 2013).

2.5 Importance of Female-owned SMEs

There is a general consensus that entrepreneurship is vital for economic development (Audretsch 2007; Audretsch et al. 2006; Carree and Thurik 2006) and female entrepreneurs play a vital role in the context of economic development (Naude et al. 2008). Researchers have found a strong link between the quality and quantity of entrepreneurship and the Gross Domestic Products of countries in the last decade (Minniti 2009). This relationship is reflected in three stages:

- A. In a low level GDP country, the entrepreneurial sector creates jobs opportunities and there is the potential of the creation of new markets (Audretsch, 2007; Audretsch et al., 2006). In a study carried out by Chamlee-Wright (1997) in Ghana, it was found that entrepreneurship provided a means of poverty alleviation, especially for women who generally have less of a chance of employment.
- B. In countries with increasing per capita income, technological advances and economies of scale increase firm's activities to satisfy the growing demand in the market (Acs and Szerb 2007). This provides greater opportunity of employment for women, thus reducing the number of female would-be entrepreneurs who prefer the security of paid employment over the risks and uncertainties of entrepreneurship (Acs et al. 2004; Audretsch et al. 2006; Carree and Thurik 2006; Carree et al. 2002).
- C. The third stage reflects countries with high GDP and increased entrepreneurial activities brought about by availability of financial resources for entrepreneurial activities. These increased resources make it possible for people who have the resources to embark on an entrepreneurial career for themselves to exploit the high potentials and opportunities in the economy (Wennekers and Thurik 1999; Wennekers et al. 2005). In such countries there is the tendency for women to have a higher level of education than men, thereby allowing them to find better paying jobs (Cowling and Taylor 2001). Such countries boast a high number of "opportunity" entrepreneurs who have been shown to be important in the creation of jobs and economic development.

Given that variations in entrepreneurial activities (related to per capita GDP levels) are more pronounced when comparing women's entrepreneurial activities to men's, it can be seen that women's choices in employment and entrepreneurship are more sensitive or conscious of the

local environment than those of men (Chamlee-Wright 1997; Kantor 2001). Studies also show that women go through a more complex and rigorous process when choosing to start a business and are more open to a variety of non-monetary incentives than men (Burke et al. 2002). More women than men embark on the entrepreneurial journey due to necessity (Minniti et al. 2006) or due to the need for flexibility in relation to time and location (Budig 2006), as they desire to be close to the home.

Generally, there is a two-fold relationship between female entrepreneurs and the aggregate economic activity which makes it difficult to actually determine the causal link between the two variables: (a) the level of the per capita GDP in a country determines the level and type of female entrepreneurial activities regardless of the entrepreneurial motivation, whether it be “necessity” or “opportunity” (b) the level of well-being in a country is greatly impacted by the level and types of female entrepreneurial activity thereby creating a “virtuous circle” (Minniti et al. 2006).

According to the GEM (2009) report for South Africa, female entrepreneurship could be the key to unlocking South African economic growth if more effort is made to support female entrepreneurs in a targeted way. The report maintains that an important way to develop the South African economy is to encourage and improve female self-employment as well as to pursue intervention programmes that are aimed at increasing female participation in business. According to this study female entrepreneurs are easier to finance and less risky than their male counterparts; female-owned businesses could have a lower business failure rate and create more jobs compared to their male counterparts. Despite this, male entrepreneurs are 1.7 times more likely to be involved in early stage entrepreneurship or become developed business managers than women (which is higher than the global average of 1.6 times). The 2012 TEA rate for men was 8.1 per cent while it is 4.9 per cent for women. This difference could be attributed to the fact that men are more “opportunity” than “necessity” entrepreneurs. The overall TEA rate of South Africa is lower than the other BRICS countries (Brazil, Russia, India, China and South Africa), which could be due to the fact that many South Africans (male and female) do not believe they have the skills required for venture start-up (GEM 2004). The report also concludes that South Africa has the lowest rate of new and established firms thereby suggesting that the contribution of the entrepreneurial sector is below the norm for other developing countries. This can be improved considerably by developing the female entrepreneurial market.

Table 2-4: Involvement in Entrepreneurial Activity, by Gender in South Africa. Source: Own compilation as adapted from Orford et al. (2004).

Entrepreneurial Activity	Male (%)	Female (%)
Business (TEA) start-up	62	38
Business start-up (TEA): Opportunity entrepreneurs	67	33
Business start-up (TEA): Necessity entrepreneurs	46	54
Established business owners/ Manager	65	35

2.6 Factors Affecting the Success of Female-owned SMEs in South Africa

According to Heilman et al. (2004), achieving a good balance between work and family life is a major concern for women and a key challenge (Phillips and Imhoff 1997; Shelton 2006). Minniti and Arenius (2003) posit that male and female entrepreneurs tend to face different business obstacles and experience different domestic demands. Increasingly, women are starting new businesses, but this does not take away from their role as primary parent, emotional nurturer and housekeeper.

There are too many studies on business success, business survival and failure to do a comprehensive and detailed review. There are also important issues relating to factors that affect the success of female entrepreneurs in South Africa. Therefore, this section will discuss these issues and they will form the basis for some of the logic employed in the selection of questions and variables in the questionnaires to be used in the process of data collection for the quantitative part of this study. In an effort to define the theoretical concepts of this study, several articles, books and reports were studied in related disciplines (entrepreneurship, marketing, business management, economics, social psychology, organizational theory and behaviour).

2.6.1 The External/Exogenous Factors

The macro-environment contains external factors that present situational variables which may facilitate or hinder entrepreneurship from start-up and through the life-cycle of the SME (Simpson et al. 2004). This view is also reinforced by Dahlqvist et al. (2000), who posit that

external factors produce opportunities, threats and information (including the lack of information or the inability to access information), impacting all entrepreneurs within the environment regardless of demographic distribution. Guzman and Santos (2001) highlight a number of factors such as markets (emerging and established, international and local), socio-demographics, institutional, technological, legal, cultural, political, economic, infrastructure and productive factors present in any given environment. These macro-environmental factors cannot be controlled; the success of SMEs depends largely on the entrepreneur's ability to manage these factors (Mazzarol et al. 1999; Viviers et al. 2005; Volery et al. 1997).

According to Peberdy and Rogerson (2003), business success depends largely on the factors within the specific nation-states' boundaries and the unique economic, political and social factors of the environment. Toye (2002) suggests that these factors impact upon education and skills bases, risk levels, market access, and availability to resources such as human capital, inputs, sub-contractors and skilled personnel, business networks, capital and finance. The probability of business survival and performance of the SME is largely dependent on these elements (Dahlqvist et al. 2000).

The external factors can be grouped into two major categories: macro-economic and market-environment issues. The macro-economic variables include all economic, socio-cultural and political-institutional factors, while the market environment includes all productive and market attractiveness factors (Kunene, 2008).

2.6.1.1 The Economic Factors

Previous studies have shown that business success, particularly for new businesses, depends on the current state of the economy at start-up (Baron 2004; Gürol and Atsan 2006; Ligthelm and Cant 2002; Nieman 2006; Viviers et al. 2001). Some of these economic factors are:

- Enterprise Density

This refers to the volume of businesses within a certain population at a particular time. This also comprises the proportion of existing entrepreneurs and prospective business owners (Panco and Korn 1999). According to the GEM 2005 report, the entrepreneurial density in South Africa is 2

per cent. This means that there is still room for expansion and the low density also does not encourage entrepreneurs to exit (Van Vuuren and Nieman 1999).

- Inflation/Interest rates/Exchange rates

Entrepreneurship is affected by inflation (Ligthelm and Cant 2002; Viviers et al. 2005). The inflation rate in South Africa was at 6.3 per cent in July 2013, causing a decrease in the value of wealth and slowing consumer spending. The South African inflation rate averaged 9.51 per cent from 1968 until 2013, reaching an all-time high of 20.9 per cent in January of 1986 and a record low of 0.20 per cent in January of 2004. In South Africa, the most important categories in the consumer price index are Housing and Utilities (24.5 per cent of total weight), Transport (16.4 per cent of total weight) and Food and Non-Alcoholic Beverages (15.4 per cent of total weight). Others include: Miscellaneous Goods and Services such as personal care, insurance and finance (14.7 per cent); alcoholic beverages and tobacco (5.4 per cent); household contents, equipment and maintenance (4.8 per cent); recreation and culture (4.1 per cent); clothing and footwear (4.1 per cent). The smallest components are Restaurants and Hotels at 3.5 per cent; Education at 3 per cent; Communication at 2.6 per cent; and Health at 1.5 per cent. The consumer price index (CPI) basket was revised in January, 2013 (Statistics South Africa 2013).

Access to capital and resources needed by entrepreneurs are facilitated by low interest rates (Ligthelm and Cant, 2002). In South Africa, the recorded prime lending rates (which is the average rate of interest charged by major commercial banks) over the last decade has been 9.25 per cent (South African Reserve Bank). This places a limitation on both consumption rates and lending rates, thereby affecting the volume of funds that an entrepreneur can raised (Viviers et al. 2001). Another major factor in entrepreneurship is exchange. The weakness of the South African Rand means that there are more export market opportunities and less capital for local SME investments (Vivier et al. 2001; Ligthelm and Cant 2002).

- Business Environment

The business environment is characterised by opportunities, threats, access to information and role models (Guzman and Santos 2001; Henning 2003; Hisrich and Peters 1992). These factors play an important role in determining SME/entrepreneurial success (Naser et al. 2009; Pretorius

et al. 2005). While the entrepreneur has no control over these factors, the ability to manage and contain them is crucial to the success or failure of the business. Risk levels are pushed to unacceptable levels by changes or shocks in the business environment (Themba et al. 1999). The government is therefore faced with the challenge of providing a business environment that is supportive to and promotes a vibrant entrepreneurial culture (OECD 2002). South African entrepreneurs consider the business environment to be unstable (Kangasharju 2000; Morris and Zahra 2000; Viviers et al. 2001).

Another major factor in business success is the ability to deal with change (Viviers et al. 2001), particularly change due to the uncertainties in market opportunities (Kirzner 1985). Some major changes include those in Information Technology (Ligthelm and Cant 2002) and market forces (Shane and Venkataraman 2001). The re-entry of South Africa into the global market after years of sanctions paved the way for change, yet most SMEs in South Africa are incapable of dealing with change in the business environment (Strydom and Tustin 2004), therefore making them susceptible to business failure, especially the female entrepreneurs (due to their inadequate training, skills and lack of experience).

- Taxation

Taxation is a key inhibiting factor for SME development (Robertson et al. 2003). High taxes drastically decrease revenue incentives (Ahwireng-Obeng and Piaray 1999). In South Africa, VAT and corporate tax costs are among the highest globally (Viviers et al. 2001). The cost of doing business is further increased by the complexity of the tax system because most female entrepreneurs lack the ability to manage tax returns, thereby creating the necessity for expert help (Luiz 2002), which mostly comes at a high cost. According to the MENA OECD (2012) report, female entrepreneurs are attracted to the informal sector due to the excessively high tax rate, and tax laws/regulations that are not written in clear language¹, or shielded from constant amendments (these have the potential tie-up businesses in endless tax adjustment manoeuvres).

¹ Most informal businesses are non-tax paying in South Africa and they are not registered with the DTI, thereby providing them with an avenue to engage in entrepreneurial activities without the “complexities” that the formal sector represents

- Unemployment

Unemployment impacts negatively on entrepreneurship (Viviers et al. 2001) because a high rate of unemployment gives rise to large number of “necessity” entrepreneurs embarking on entrepreneurship as a means of survival (Dollinger 2008; Wickham 2001). This, coupled with the low levels of education and skills among South African women, creates undue competition as more people become entrepreneurs, scrambling for a share in a market that is limited (most of them in the retail or services sector). Unemployment also reduces the buying power of consumers thereby limiting the market (Ligthelm and Cant 2002).

2.6.1.2 The Political-Institutional Factors

The political climate and legal requirements of doing business in a developing country can possibly enhance or hinder the development of entrepreneurship (Themba et al. 1999). Some of these factors are:

- Macro-economic Policies

These include policies, legislation, framework, regulations and laws that can facilitate or hinder the development of entrepreneurship (Clover and Darroch 2005; Dockel and Ligthelm 2005).

Providing an enabling environment that encourages entrepreneurial investments and sustainability can be a new source of wealth and job creation if the appropriate policies and regulations (trade, labour, investment and tax) are in place (Themba et al., 1999; Ahwireng-Obeng and Piaray, 1999; Henning, 2003). Conversely, entrepreneurship can be hindered by a hostile external environment that presents legal and regulatory difficulties which increases the cost of doing business (Ligthelm and Cant 2002; Rogerson 2008). South African regulations and policies are considered a threat by many entrepreneurs in the SME sector (Viviers et al., 2001; Clover and Darroch, 2005), and more so by women.

Women face complex administrative burdens in venture start-ups and in trying to grow their businesses when it comes to loans and business capital financing (Akhawaya and Havenga 2012). These obstacles negatively impact their businesses and often leave them with little option

but to borrow informally (Hendricks 2007). Maas and Herrington (2006) posit that the South African government, in order to develop female entrepreneurship, needs to address entrepreneurship policies. According to them, these policies need to ensure sustainability of female-owned businesses as well as the growth of these businesses, which in turn will impact the economic development of South Africa and the creation of jobs.

Inevitably, the South African government is faced with the challenge of formulating rules that are enforceable and policies/regulations that promote national interests and encourage entrepreneurship (Ahwireng-Obeng and Piaray 1999). Over the years, South Africa has seen significant trade de-regulation that has supported entrepreneurship, even though overregulation is, in fact, still common-place (Luiz 2002). The Small Enterprise Development Agency (SEDA) has helped by conducting workshops since 1990s to identify and highlight the most common obstacles and barriers to business perceived by women entrepreneurs (Adhikary et al. 1999). The South African Women Entrepreneurs Network (SAWEN) in 2001 by the DTI was established as part of a strategy to provide a fast-tracked support in addressing start-up and growth challenges (DTI 2005).

- The Judiciary/bureaucracy

Entrepreneurial development requires a reliable judicial system that can protect against infringement rights (intellectual properties) and force contractual obligations as well as administer company law (Ahwireng-Obeng and Piaray 1999). Although the South African judiciary system is considered to be strong, reliable and able to protect business, the lack of education amongst the larger number of female entrepreneurs means they are unable to understand and utilise this for the benefit of their businesses. Most of the female-owned SMEs also are unable to afford legal services for their businesses when needed.

Bureaucratic corruption and red tape, as well as corrupt officials can also increase business costs. Together, they make the cost of goods and services uncompetitive in the market (Viviers et al. 2005). Most female entrepreneurs believe they do not have the capacity to deal with government requirements in general (Rwigema and Venter 2004; Strydom and Tustin 2004). In South Africa,

the cost of compliance with government legislation is high and businesswomen consider this a threat to their success.

2.6.1.3 The Socio-cultural Factors

Socio-cultural factors and aspects of culture can affect the development of a country through creating an environment that is either conducive (Gürol and Atsan 2006; Wasilczuk 2000), or or obstructive (Rogerson 2000; Themba et al. 1999; Tustin 2001) to successful performance of SMEs. Some of these factors are:

- Infrastructure

Physical public infrastructures that are essential for business start-ups and growth include access to water, electricity, roads, telecommunication, electronic media, and postal services (Ahwireng-Obeng and Piaray 1999; Clover and Darroch 2005; Rogerson 2000). Having limited access to these can be a major hindrance to SME growth and survival (Darroch and Clover 2005b; Luiz 2002; Tustin 2001). This can limit business operations and restrict access to markets and raw materials (Rogerson 2001).

- Financial capital and economic resources

Economic resources are vital for business growth (Goodall 2000; Tustin and Strydom 2003) and provide SMEs with the expertise and raw materials necessary for start-ups, survival and to remain competitive (Robertson et al., 2003; Wickam, 2001). Lack of capital and limited access to finance has been a hindrance to entrepreneurs, particularly where women have no form of collateral for loans. South African financial institutions are conservative and risk-averse; disadvantaged communities therefore have little access to financial resources (Mughan et al. 2004). SMEs, particularly female-owned SMEs, are considered too risky to lend to because they generally have no collateral and tend to keep poor records (Rwigema and Venter, 2004).

Economic resources, such as suppliers, bankers, lawyers, and training, are vital to the total value chain and entrepreneurial success (Hisrich and Peters 2002; Kodithuwakku and Rosa 2002; Nhlengethwa et al. 2014). While entrepreneurs in major cities have easy access to these

economic resources, previously disadvantaged individuals (e.g. women entrepreneurs) and those in rural areas have limited or no access to these resources (Kunene 2008).

- Culture

Culture, which represents shared values, beliefs and societal norms, is an important consideration given the effect it has on entrepreneurs in a given community, region or country and degree to which cultures differ across regional boundaries (Pretorious and Van Vuren 2003). Studies have shown that the level of entrepreneurial activities can be affected by the culture of a given region (Lee et al. 2006; Ligthelm and Cant 2002; Orford et al. 2003).

Some national cultures emphasise achievement and social recognition for all entrepreneurial success, and such cultures have proven to be more conducive for entrepreneurship (McClelland 1987; Naser et al. 2009; Rwigema and Venter 2004; Thomas and Mueller 2002). Conversely, in communities with low entrepreneurial culture, entrepreneurship may be hindered when entrepreneurs are discouraged and fear being ostracised (Dreisler et al. 2003; Ligthelm and Cant 2002).

The extensive study of culture by Hofstede (1980) led to the development of four cultural dimensions which identify and clarify the differences in cultural patterns as they have been observed across multiple regions. These cultural dimensions have been useful in the identification of key aspects of culture related entrepreneurial orientation, even though Hofstede did not specifically identify the relationship between culture and EA (entrepreneurial activities) in any given region (Mueller and Thomas 2001). There have been a number of studies carried out by various researchers on the impact of dimension of power distance (PD), uncertainty avoidance (UA), masculinity, and individualism on entrepreneurship, as promulgated by Hofstede (Drakopoulos and Karayiannis 2004; Pretorious and Van Vuren 2003; Stewart et al. 2003; Themba et al. 1999).

- Power Distance (PD) refers to the degree to which a given society accepts that power is distributed inequitably and the tolerance level of hierarchy of that society. A high PD restricts innovation and inhibits creativity; both of which are necessary for identifying opportunities and problem resolution. A low PD is necessary for entrepreneurship,

suggesting that the culture of a region encourages the people to think out of the box and tolerate people who are not afraid to challenge authorities and do things differently.

- Uncertainty Avoidance (UA) refers to the degree to which a society is affected by the fear of the unknown. A high UA means that people are averse to high risks, avoid uncertainties and more often choose the safety of paid employment rather than the risks and uncertainties of entrepreneurship. The fear of failure is also a major factor in a high UA society and failure is considered a sign of weakness and negligence. The fear of failure is also a limiting factor for initiation, creativity, and increases the risk of antipathy. Conversely, in a low UA culture, uncertainty is embraced and the people are more willing to take risks. They recognise achievements of pioneers regardless of success or failure. A low UA culture is therefore oriented toward innovation and more tolerant of failures, which is vital for the promotion of entrepreneurship.
- Individualism refers to the extent to which individual accomplishments and selfishness is emphasised over public interests. Individualism is the opposite of collectivism, which emphasises group or collective interests. In a low individualism region, collective interests are pursued while independence, self-reliance and individual initiative is discouraged. In such societies, entrepreneurs may hide their feelings of anxiety, weakness and problems arising from their businesses out of fear of being considered weak by other members of society or from fear of disappointing the “group.” This is not the case with highly individualistic societies, where autonomy is considered as important and individual decisions are welcome and encouraged; individual initiatives are encouraged socially and emphasis is on individual awards and recognition and an internal locus of control orientation is likely to be increased. All these individualistic leanings nurture strong entrepreneurial values (Kunene, 2008).
- Masculinity refers to the degree of confidence, accomplishment and acquisition of wealth that is valued more than quality of life, morals and principles, harmony, people and relationships (all these attributes are considered to be feminine). According to (McClelland 1987), a society with low masculinity is one with a low drive for achievements resulting in low entrepreneurial disposition. A high masculinity culture emphasises achievement and high motivation (which is, of course, vital for entrepreneurship).

Table 2-5: Hofstede’s Dimensions with Key Entrepreneurial Dimensions, Source: Adapted from Van Vuuren and Pretorius (2003).

Hofstede’s Cultural Dimensions	Entrepreneurial Orientation Score on the Hofstede Scale	Entrepreneurial Dimension	Categorization for African Culture
Power Distance	Low	Innovativeness	High
Masculinity	High	Energy/ competitive aggressiveness	Low-more feminine
Uncertainty avoidance	Weak	Risk-taking/ pro-activeness	Strong- risk averse
Individualism	High	Internal locus of control/ autonomy	Low-collective

In South Africa, as with other developing countries, the PD and the UA levels are high while Masculinity and Individualism remain low (Themba et al., 1999). In contrast with the culture of the U.S., which promotes and supports entrepreneurship, South African culture cannot be considered to be supportive of the development of entrepreneurship (Orford et al. 2003) due to its negative outlook and mind-set in relation to self-confidence, entrepreneurship and failure (Van Vuuren and Pretorius, 2003; GEM, 2003). Some societies treat entrepreneurs with suspicion and business ownership and entrepreneurship are perceived to be associated with dishonesty, lacking in ethics and morals, and indiscipline (Gbadamosi 2004; Rwigema and Venter 2004). Also, the “Ubuntu” culture of black South Africans (a community-sharing concept which lays emphasis on the common good) could be considered in opposition to the notion of enterprise creation. This could seriously threaten entrepreneurship and discourage entrepreneurs in the SME sector from pursuing business growth (Mayrhofer and Hendriks 2003).

Finally, successful entrepreneurs that can mentor and encourage young entrepreneurs to develop sound business principles are vital in any society (Nasser et al., 2003). According to Rwigema and Venter (2004) and Allen et al. (2006a), these role models can inspire prospective entrepreneurs by providing mentorship (contacts and advice). One prominent barrier to female entrepreneurs and the development of SMEs in South Africa is the limited family business culture and a lack of role models (Ligthelm and Cant 2002).

2.6.1.4 Market Opportunity Factors

These are industry-specific factors that are associated with the business sector and represent market conditions, consumer behaviour, competition, suppliers and other stakeholders (Dahlqvist et al. 2000; Ligthelm and Cant 2002; Nieman 2006; Viviers et al. 2005). Some of these factors are:

- Market conditions

A major factor in entrepreneurship is the high growth potential of the industry in which the SME operates (Andries and Debackere 2006; Gartner et al. 1999). Factors that can facilitate or constrain entrepreneurship include: the stages of an industry in its life cycle (Markman and Baron 2003); the conditions and trends of the industry (Shane and Venkataraman 2001); and complexities and weaknesses in the industry. Low predictability, brought about by changes in the industry makes proper planning impossible (Themba et al. 1999).

The choice of a market segment that has growth potential is a critical success factor for SMEs (Shane and Venkataraman, 2001). Choosing a market segment with deficiencies and limitations, too much market heterogeneity, and a limited market size with poor growth prospects can prove detrimental to the process of entrepreneurship (Viviers et al., 2001; Strydom and Tustin, 2003; Ligthelm and Cant, 2005). It is therefore vital for entrepreneurs to access knowledge regarding market opportunities for a positive impact on entrepreneurship (Nasser et al. 2003).

- Market Demands

Businesses are dependent on the market for survival and the markets in turn depend on businesses to supply money that will convert interest into effective demand for supply, which makes the market attractive (Themba et al. 1999; Ligthelm and Cant 2002; Shane and Venkataraman 2002). The success of SMEs is greatly influenced by the demand for their products or services (Kangasharju 2009). The greatest limitation of SMEs has been the low, insufficient or unsteady demand for their products or services (Luiz 2002; Nieman 2006; Viviers et al. 2001, Ligthelm and Cant 2002).

- Competition and Market Access

In today's global context, SMEs are characterised by the intensity of known and unknown competitors/rivals (Goodall 2000; Ligthelm and Cant 2002). Competitive concentration with market actions and strategies could have a positive or negative impact on entrepreneurship (Kangasharju 2000; Baron 2004). Therefore the survival of SMEs depends largely on analysing the role of competitors with a counter-competitive intelligence and strategy (Viviers et al. 2001; Nieman 2006; Rwigema and Venter 2004; Ligthelm and Cant 2002).

Another factor that is crucial to enhancing SME success is the availability of steady and stable access to markets and brokers, as well as the ability to tackle entry barriers into specific sectors of the market (Nasser et al. 2003; Rogerson 2001; Finmark 2006; Tustin 2003). According to Clover and Darroch (2005), entrepreneurship is hindered by inadequate access to markets that are profitable.

- Geographic Location

Geographic location is important to SME success because of its association with other vital resources like finance, skilled labour, infrastructure, subcontractors and the supply chain in general (Tustin 2001; Dahlqvist et al. 2000; Berry et al. 2002). The appearance of the neighbourhood where a business is located and its ability to attract and retain business operations is also vital for business success (Tustin 2001; Strydom and Tustin 2003; GEM 2002).

From the above discussions, it can be argued that businesses are greatly affected by external factors and that entrepreneurs cannot avoid (Miller et al. 2003). However, Glancey (1998) warns that over-emphasizing the external factors can lead to overlooking or neglecting the internal factors that impact the business performance, growth and survival. According to Kangasharju (2002), these internal factors have a much greater impact on business success in a market that is structured by external factors. Some of these internal factors are discussed below.

2.6.2 The Internal/Endogenous Factors

There are personal environmental factors that are internal or firm-based that have a significant impact on entrepreneurial success (Fielden et al. 2000; Guzman and Santos 2001). Firm-specific factors influenced by actions like resource availability, personal abilities and entrepreneurial skills, as well as the effective use of resources are all related to the personal environment (Panco and Korn 1999; Nieman 2006). Studies show that deficits in the personal environment have been known to be responsible for many SME failures, with over 60 per cent being attributed to firm-based (internal) causes (Dockel and Ligthelm 2005; Ligthelm and Cant 2002).

2.6.2.1 SME demographics

According to Panco and Korn, (1999), literature that supports the view that company demographics may affect the success and survival of SMEs is abundant. These demographics include:

- Size of Business

The hostile environments in which SMEs operate have constraining effects on SMEs that differ from competitors to industries in the same location (Baard and Van den Berg 2004). A small size has a negative impact on survival due to the limited availability of resources (Davila et al. 2003).

- Age of Business

Findings from previous studies support the view that the age of a business/firm can affect its survival and growth (Panco and Korn, 1999). Newer businesses lack the experience, access, associates, reputation and legitimacy found in older more established businesses, causing them to have limited access to resources (external), thereby making their survival more difficult compared to older firms (Davila et al. 2003).

- Business Structure/ Community Networks

The organizational structure and strategic choices of a business are factors that can affect its survival and growth as well as its decline or death (Gundry and Welsch 2001; Kangasharju

2000). Community relations through CSR (corporate social responsibility) build a positive image, but when the community considers the business to be a “capitalist shark,” then the prospect of survival diminishes (Miller et al. 2003). The small size of most female-owned and operated SMEs and MSMEs rules out the CSR interaction, therein taking away an avenue to build “demand for supply.”

- Competitive Advantage/Product Differentiation

A business needs a sustainable competitive advantage in order to survive and achieve growth and success (Man et al. 2002). According to Pretorius et al. (2005), having a competitive strategy like product differentiation is key to business success.

A major hindrance for SMEs (especially women-owned and managed) has been the limited product offerings, as well as uncompetitive products and unknown brands with little or no track records. This often results in SMEs becoming unable to meet sales targets (Clover and Darroch 2005).

2.6.2.2 Human capital

According to Dahlqvist et al. (2000), the first area of consideration in explaining and understanding the internal determinants of business survival is the initial resource endowment of the business, which includes the human capital of the enterprise. Human capital involves attitudes, commitment, values, knowledge, experience, education, abilities and capabilities, as well as skills required by an entrepreneur (and team) to carry out tasks relating to venture start-up, growth and survival. The ability to learn more about the business environment, how to grow and manage a business makes an entrepreneur more efficient at running their business and performing complex tasks (Rauch and Frese 2000; Markman and Baron 2003).

Various researchers have shown that an entrepreneur’s human capital is the central force that is necessary for business survival and for staying competitive (Ucbasaran et al. 2004; Markman and Baron, 2003; Man et al., 2002). Studies have shown a positive relationship between human capital and business success in the SMEs sector (Lussier and Pfeifer 2001; Rauch and Freses

2000). Thornhill and Amit (2003), posit that the lack of adequate human resources with which to formulate and execute business strategy is a major factor that makes SMEs prone to failure.

An entrepreneur's background, actions, business decisions, business strategy and leadership style are also human capital factors that affects business success (Baron 2004; Dahlqvist et al. 2000). These factors influence motivation for entrepreneurship and is reflected in their attitudes, abilities and the kind of people they employ (Glancey, 1998; Guzman and Santos, 2001).

The human capital of the entrepreneur consists of a number of factors that can positively or negatively affect business success and productivity (Dahlqvist et al. 2000; Grundy and Welsch 2001; Markman and Baron 2003; Pretorius et al. 2005; Simpson et al. 2004). These factors include:

- Socio-demographics refer to the background of the entrepreneur in terms of age, gender, race, birth order, height, family background, parental status, social values and beliefs, and interaction with role models (Kunene 2008). According to Man et al. (2002), an entrepreneur's demographics play a vital role in business success and ability to stay competitive. The demographics (discussed extensively earlier) include: (1) age, (2) gender, (3) family background, (4) role models, (4) education, (5) prior knowledge and (6) prior work, management, business ownership and industry-specific experience.
- Prior Experience includes work experience, business ownership experience and industry-specific experience refers to all previous experience gained from employment. Experience gained from employment can be composed of management experience, technical know-how, and specific industry related knowledge acquired from working, habits and business experience. All these convey an understanding of the business environment and the relationship between all stakeholders (suppliers, customers etc.), as well as competitors. Experience constitutes a learning process that provides the ability to identify opportunities, reduce inefficiency and improve capacity to perform various tasks (Guzman and Santos 2001; Fielden 2000; Barreira 2004). Prior experience includes work experience, business management or management experience and industry related/specific experience (Rauch and Frese 2002; Gundry and Welsch 200; Tustin, 2001; Ucbasaran et al. 2004; Guzman and Santos, 2001).

- Characteristics of entrepreneurs include all characteristics (psychological and cognitive) that have an impact on attitudes and mind-sets. These characteristics are reflected in their intelligence, attitudes towards health issues, personal appeal, talent, personality, traits, achieved attributes and accumulative habits (Kunene 2008). Previous studies have attempted to examine the so-called entrepreneurial personality or psychological profile of the entrepreneur in order to identify individual traits of successful owner-managers in comparison with non-entrepreneurs (Baron 1998; Ibrahim and Soufani 2002; McCline et al. 2004; Mueller and Thomas 2001; Rwigema and Venter 2004). Although there has not been an all-encompassing entrepreneurial profile, certain characteristics have been highlighted as crucial for taking on the challenges of new venture creation, without which the entrepreneurial process will become weak and fade away (Cornwall and Naughton 2003; Markman and Baron 2003). According to Markman and Baron (2003), the most successful entrepreneurs are those who closely fit the match between individual characteristics and characteristics required for entrepreneurship. These characteristics are: (1) the need for achievement, (2) internal locus of control, (3) initiative, (4) self-confidence, (5) self-efficacy, (6) self-esteem, (7) ability to gather resources, (8) tolerance of ambiguity, (9) ability to adapt to change, (10) risk taking propensity (11) alertness to opportunities, (12) creative and innovative, (13) optimism, (14) problem solving and decision making ability, (15) leadership, (16) willingness and ability to learn, (17) energy and capacity for hard work, (18) integrity and accountability, (19) independence and autonomy, (20) negotiating skills and frugality, (21) perseverance and (22) time management skills.
- Competencies, skills and capabilities include all the inherent and acquired knowledge that influence the behaviour and actions of entrepreneurs. This causes them to identify and evaluate opportunities and embark on new venture start-up, set goals, formulate strategies, source start-up capital, manage human capital, and introduce their products or service to the market in order to achieve industrial effectiveness necessary for growth and business success. According to an OECD (2002) report, competent management is a prerequisite for business success. Competent management also refers to know-how, capability, ability, capacity and skills. It endows the entrepreneur with the power to be

effective and be proactive (Bird 1995; Ibrahim and Soufani 2002; Man et al. 2002; Markman and Baron 2003; Mughan et al. 2004; Wasilczuk and Zieba 2008).

2.7 Cultural Values and Orientations

According to Vosloo (1994), “culture” can be described as a complex mix of characteristics and phenomena (including knowledge, belief, art, morals, laws, customs, capabilities, habits, and other mannerisms) imbibed by individuals in a society. Studies have shown that cultural factors impact economic behaviour and outcomes. A number of researchers stress that, when explaining variations in economic development and entrepreneurship, the potential importance of socio-cultural variables cannot be overlooked. Entrepreneurship is regarded as the most important causal factor in the process of economic growth and development. This could explain the entrepreneurial differences among societies, which consequently accounts for the different growth and development rates in these societies.

Shapero and Sokol (1982) posit that in the formation of entrepreneurial events, social and cultural factors play a significant role, one which is only felt through the formation of individual value systems. Therefore, if a social system places a high value on new venture creation, it will have more entrepreneurs. Entrepreneurship therefore will emerge under a specific set of social conditions (Mitchell 2009).

According to Vosloo (1994), the actual operation of market forces, privatisation and the profit motive in the African cultural context is greatly misunderstood. He believes that traditional African traits like attitudes towards authority, time, leisure and labour, decision-making, traditional incentives patterns of behaviour and land use, ethnic and group loyalty, family obligations, interpersonal relations, the role of women, wealth accumulation and individual bonds (contractual and performance) have not been given proper attention. Dia (1991) also argues that African traditional values and behaviour patterns are not always aligned with Western values. Traits such as self-reliance and self-interest are disregarded in the face of

ethnicity and group loyalty. Maintaining social balance and equity within the group is more important than individual economic accomplishments.

2.8 Cultural Differences between Female Entrepreneurs in South African

Race has always played an historic role in economic inequality in South Africa. Group 1 women (see Appendix A) are the largest self-employed group in the population but are largely engaged in informal businesses, like hawking, the trading of goods and the services sector. There are over 1 million Group 1 female entrepreneurs (approximately 1,021,059) compared to 119,671 from Group 2. Group 1 entrepreneurs are largely engaged in MSMEs, employing between one to four people while Group 2 entrepreneurs are engaged in SMEs, employing between 5 and 20 people. Group 1 entrepreneurs are only just beginning to move up the business ladder and engage in activities like franchising, printing, manufacturing, hospitality and property agencies.

In South Africa the fact that there are a large number of entrepreneurs involved in the economic process is greatly significant and important (Thomas 1994). He argues, though, that the socio-political transition of South Africa raises some important questions like: (1) how Group 1(Black) entrepreneurs can play a significant role in the economic stimulation of the country and (2) how the quality of black entrepreneurship is enhanced.

Group 1 (Black) South African entrepreneurs constitute about half of the national population of entrepreneurs and the mobilisation and development of this group of entrepreneurs has posed a major challenge (Thomas, 1994). The challenge has been worsened by high unemployment levels among Group 1 (Black) population, particularly among women who have little education and skills.

Self-employment has therefore become a source of survival and entrepreneurship is viewed as critical to successful self-employment efforts, thereby making the mobilisation and involvement of Group 1 individuals in entrepreneurship more critical (especially among women).

In a 2011 study by Rasago Caroline, it was revealed that Group 1 (Black) female entrepreneurs rated the following motivating factors more favourably than Group 2 (White) female

entrepreneurs: (1) desire for wealth, (2) the need for independence, (3) the need for flexibility, (4) the need for a challenge, (5) self-fulfilment, (6) desire to pursue a hobby, (7) insufficient family income and (8) the need to ensure high job security. Group 1 female entrepreneurs are also affected more than Group 2 entrepreneurs by fear of failure and their perceived inequality of access to credit in their business start-up. Furthermore, Group 1 female entrepreneurs are persistently affected by family pressures according to their perceived traditional roles (at home and in the society) and a lack of awareness of or access to business support structures. Despite this traditional role bias, there are more female than male entrepreneurs in South Africa (this could also be due to the fact that women make up 59 per cent of the South African population). Further, the only group where there are less male entrepreneurs than females, as shown in Table 2-6 below is Group 1 (Black). The high female to male ratio shown in Table 2-6 could also be attributed to the fact that more men from the other racial groups have a higher education and favour white collar jobs to entrepreneurship (Gender Statistics 2011).

Table 2-6: Number of Self-employed Adults (age 18 and above) by Race and Gender, Source: Labour Force Survey, 2012.

Number of Self-Employed Adults (age 18 and above) by Race and Gender				
Gender	Group 1	Group 2	Group 3	Group 4
Women	1,021,059	119,671	21,535	10,354
Men	833,704	281,712	45,093	69,918
Female : Male Ratio	1:0.8	1:2.4	1:2.1	1:6.8

Notes: Group 1 represents the Black population; Group 2 represents the White population; Group 3 represent the Coloured population and Group 4 represents the Indian population.

2.9 Conclusions

While it is commonly agreed that male and female entrepreneurs are similar in many of ways, differences exist in areas such as motivation, skills and occupational background (Hisrich et al. 2005). The start-up processes for men and women are also different in several areas, which includes the kind of support systems available and sources of capital (financial and otherwise). Brush (1992) noted that women started their businesses with the goal of “making a difference”

making them more client-focused than their male counterparts, more ethical in their operations, and making social contributions while pursuing economic objectives.

Entrepreneurship in South Africa is affected by a number of factors like race, gender and location. The statistics on gender in the economy exposes differences between women and men as well as between Group 1 and Group 2 women. Due to limited opportunities in the formal employment sector, many women, particularly Group 1 women, are left with no option but to work in the poorly paid and mostly unregulated informal sector. Access to resources and the control of resources is still based on race, gender and class. South Africa therefore remains characterised by extreme poverty, social disintegration and mass unemployment with the majority of people excluded from socio-economic development and growth (Kehler 2013). Group 1 female entrepreneurs are denied access to affordable financial services (Brohman 1996).

According to Verwey (2005), even though more of the female entrepreneurs in South Africa (as with other low-income countries) are “necessity” entrepreneurs, new ventures/businesses are an effective and flexible way for women, regardless of race and class, to become independent and provide for their families. It is therefore important that female entrepreneurship should have programs that address areas such as financial aid/support; and management training that includes networking, mentoring and counselling. According to Stanger (2004), business advice and training for women should also address management and skills training (including financial management, marketing and promotion, as well as confidence building).

This chapter has reviewed the extensive literature on female entrepreneurship in South Africa and elaborates on the challenges and barriers faced by women. The difference between male and female entrepreneurs is discussed, with a view to laying the foundations for the next chapter. The next chapter will address the issue of entrepreneurial competences and the need for a female entrepreneurial competencies (FEC) framework, given the uniqueness of female entrepreneurship.

Chapter 3: Review of Literature on the Link between Competencies, Cultural Orientations and Business Environment with Business Success

3.1 Introduction

The purpose of this review is to evaluate the variables associated with the business success of SMEs. It is in agreement with the suggestion of Gartner et al. (1994) that research on entrepreneurship should be refocused on identifying an improved theoretical framework, with better explanations and means of gauging different categories of knowledge, abilities and aptitudes that influence entrepreneurial success and business performance. For this reason, this study therefore attempts to define the links between the behaviours and attributes of female entrepreneurs and the relationship with business performance by utilising the “competency” models proposed and developed by Bird (1995) and Mann (2001), as well as the “female entrepreneurial competency” (FEC) model proposed by Minniti (2013), which suggests that the entrepreneurs or “point men” of the SMEs have a crucial part to play in the success or failure of the business/firm. To this end, it is essential to look at the entrepreneur, whose actions, inactions, attitudes, skills and decisions amongst other factors, can greatly determine the outcome of a business/firm. This study therefore departs from the external/exogenous factors that affect the business/firm (as the sole determinants of business success), and also examines the internal/endogenous factors that influence business success.

This study also attempts to examine other variables such as the perceptions of female entrepreneurs of the business environment and its impact on business success. A number of studies are available on the relationship between the business environment and the SME's/firm's business processes and successes. Some of these studies have revealed that the business environment has significant direct impact or mediating effect on business success (Chandler and Hanks 1994; Covin et al. 1999; Entrialgo et al. 2001), while others reveal that there is little or no effect (Baum et al. 2001; Jogaratnam 2002). To capture the potential variation in business

success that is accounted for by the business environment, it is necessary to integrate a measure of the business environment in this study. This way, the internal/endogenous factors (especially entrepreneurial competencies) and external/exogenous factors (especially the business environment) interact to impact business success.

The literary review in this chapter covers three main variables that impact business success in the context of SMEs: (1) competencies, (2) business environment and (3) individual cultural orientation. The chapter describes a number of studies on predicting SME success and then proceeds to describe and critique previous approaches to gaining an understanding of the contribution of the entrepreneur to business success. In the course of discussing entrepreneurial competencies (approaches and concepts, for example), existing entrepreneurial competencies models as well as domains of entrepreneurial competencies will then be examined. The existing literature on business environment and cultural orientations will be reviewed in order to demonstrate the link between these variables and the entrepreneurial competencies model. Finally, this chapter examines literature on the business success of female entrepreneurs, which is considered the variable outcome of this current research.

3.2 Predicting the Success of Female-owned SMEs

SMEs are plagued with common problems that mar performance and make survival difficult regardless of geographic location. Generally, they have naturally limited resources making them vulnerable (Chak 1998). According to Reiss (2006) statistics show that more than 20 per cent of SMEs fail within the first two years of existence.

In South Africa, the failure rate of female-owned businesses within the first two years is 20 per cent (Botha, 2006). This has prompted the government to embark on various intervention initiatives to improve the survival rate of these female-owned SMEs or SMMEs (as they are referred to in South Africa). These initiatives include the establishment of Small Enterprises Development Agency (SEDA) in 1993 through the Department of Trade and Industry (DTI). SEDA is tasked with expanding, coordinating and monitoring the provision of training programs, mentoring/advising, counselling and other non-financial services to SMEs in accordance with the

policies of the National Small Business Support Strategy (DTI 2005). Several policies have also been formulated to assist Previously Disadvantaged Individuals (PDIs, such as women), including entrepreneurship policies that address technology, skills and managerial development, and increased access to finance (the Black Economic Empowerment campaign). Over the years, South Africa has experienced significant trade deregulation supported by entrepreneurship, even though overregulation is still commonplace (Luiz, 2002). Various support systems are aimed at providing real and practical assistance for SMEs. However, these services are underutilised by women.

In spite of all the initiatives to improve female-owned SMEs, the failure rates of these SMEs still remain at 20 per cent within the first two years of start-up, with serious repercussions for entrepreneurs, their communities and the economy at large (Botha, 2006). This is because SME failure impacts employment rates, the national income and the GDP. Accordingly, Ripsas (1998) suggests that SMEs have the potential to create jobs quicker than larger firms (due to their large numbers) but they can be easily over-taken by larger firms due to their high failure rates. Naples (1997, p. 521), in his study of the ripple effects of the failure of business on domestic economies, posits that:

“Business failures are not just blips on the screen of economic activity that are instantaneously counteracted by business formation. They destroy jobs, and this independently contributes to economic decline. When a drop in autonomous spending leads to business failures, the appropriate expenditure multiplier is substantially larger than standard models suggest. Consequently, national income falls further, and unemployment increases more drastically”.

It is pertinent to note that business failure at the firm level affects the ability of the entrepreneur to secure financial assistance (Blackman 2003). Business failure at SME level has a tremendous impact on the psychological and physical wellbeing of the entrepreneur and their families. Two major groups have been identified in previous studies on SMEs success. Group one focused on the influence of exogenous factors to business success, while group two highlights the influence of endogenous factors to business success. Studies on external/exogenous factors examined the business environment and government role in making an environment conducive for entrepreneurial activities. Most of these researchers have come to the same conclusion, noting that the biggest barrier to business success is insufficient or unavailable support in various forms,

especially financial and training. Given that SMEs generally lack adequate managerial and financial capabilities, most governments have formulated policies intended to limit the weakness of SMEs (Botha 2006). Researchers in this domain have carried out extensive research in areas such as government policies on funding, and the delivery of basic infrastructure, safeguarding against competition from large firms (Yusuf 1995), education and training programs (Robertson et al. 2003), the provision and accessibility to financial assistance like soft loans with flexible repayment policies, and export assistance (Mahajar and Yunus 2012). The study conducted by Yusuf (1995) also found that failure rates of SMEs were reduced when bank lending increased, thus confirming the need for financial institutions to be more flexible and more willing to lend to SMEs.

Researchers of the internal/endogenous factors of business success however, argue that too much emphasis on government role, as a principal factor of business success, refutes the significance of entrepreneurial contributions as a fundamental and vital decision maker of the business, and as the most powerful and influential factor of business success (Baum and Locke 2004; Baum et al. 2001; Shaver and Scott 1991). While it cannot be denied that the external/exogenous factors affect business success and are relevant to SME performance and development, these factors alone are not sufficient and cannot explain the success or failure of SMEs. Taking into account the studies of Gaskill et al. (1993 and 2015), it can be argued that while a number of external/exogenous factors exist and have had a limiting effect on SMEs in the U.S. (i.e. a competitive environment), the internal/exogenous factors such as managerial and planning skills, had a much bigger influence on business success. This is consistent with the argument of Chak (1991), who suggests that although government assistance and intervention is important to SME success, it should not be considered the sole antidote for tackling business failures in the context of SMEs.

Other important factors need to be taken into consideration to ensure continuous growth and success of SMEs, especially female-owned and managed SMEs. Therefore, researchers like Stokes and Blackburn (2002) argue that business owners/entrepreneurs should be the focus of investigation in business success predictions.

To this end, the primary focus of a second group of researchers has been the endogenous factors such as individual and corporate variables to predict the success of SMEs. According to Covin and Slevin (1991), organisational variables such as resources and organisational competencies, culture and structure, could affect business performance. They submitted that having monetary resources (such as manufacturing plants and equipment as well as financial capital) and competencies (such as personnel and function-level capabilities), accounts for “organisational-level capabilities” (i.e. capacity to deliver products to the market in a well-timed manner), and organisational systems (i.e. market research systems); can increase the chances of business success. They suggested that having an organisational culture that places value on new ideas, empowers teamwork and embraces change and innovation increases the chance of success. They concluded that in an informal, low-concentration and not so complex structure, the chances of success are higher than in a formal, centralised and multifaceted organisation.

Even though organisational variables are essential for outcome, the role of the entrepreneur as a caretaker facilitates the successful use of organisational resources and cannot be under estimated (Botha 2006). This role makes it necessary to examine the skills, knowledge, attitudes and behaviours of the entrepreneur in order to understand its effect on the performance and success of the enterprise.

Longenecker et al. (1999 and 2003) suggest that when research is focused on the entrepreneur it builds upon strategic management research known to relate top management behaviours to business performance. Yu (2001), however, argues that this could be a hindrance because it does not separate ownership from control in the SMEs as the direction and development of the SMEs is the sole responsibility of the entrepreneur.

With this approach to understand SME success, various demographic variables like gender, age, race, level of education, ethnicity and so on, have to be explored. This was evident in the study of Bates (1995) in which the survival rates of franchises and small independent companies in the U.S. between 1984 and 1987 were analysed. The results revealed a positive link between higher education levels and the probability of business success. Boden and Nucci (2000) also uncovered, from their analysis of white male (1,802 for 1982 and 454 for 1987) and female (2,174 for 1982 and 451 for 1987) sole proprietors in the US between 1982 and 1987, that male

entrepreneurs had a higher propensity for survival than female entrepreneurs. In a more recent study conducted by Watson (2003), it was revealed that male entrepreneurs in Australia were more likely to continue in business than female entrepreneurs. It is noteworthy that the results of studies on business survival by gender have shown mixed results, with Kalleberg and Leicht (1991) concluding that business success had nothing to do with the gender of the business owner or entrepreneur. This further confirms that the current research is necessary and provides a different approach to understanding business success of female-owned and managed SMEs (i.e. a behavioural approach).

The personality traits of entrepreneurs have also been the focus of many studies. Traits are often linked with entrepreneurial success, particularly a need for achievement, internal locus of control and high risk taking propensity (Begley and Boyd 1988; Brandstätter 1997; McClelland 1987; Miner and Raju 2004). These studies have also produced some conflicting findings, even though they have been insightful, especially the studies of Baum (1995), and Duchesneau and Gartner (1990). Thus Gartner (1988) concluded that examining “who is an entrepreneur” is erroneous because the differences between entrepreneurs is not in their “traits” but in the “entrepreneurial act.”

The present research is conducted on the premise that the internal characteristics of SMEs, especially the actions (behaviour) of entrepreneurs, have a greater influence on business success of SMEs than the external business environment. To this end, this study will explore the views of Beaver and Jennings (2005), who argue that the skilled entrepreneur is the entrepreneur who has been able to manage challenges posed by the business environment, and attempt to test the theories that place the primary burden of business success on competencies of the owner/manager. This is in line with the work of Lado et al. (1992), where it is argued that the entrepreneur is a strategic leader who influences business success by his actions/behaviour.

Entrepreneurs are people who “start a new venture, formulate their business strategy, identify opportunities and turn the opportunities into business activities” (Beaver and Jennings 2005; Shook et al. 2003). According to Brush and Chaganti (1997), SME’s dependence on the competencies of entrepreneurs for success arises from a lack of resources, particularly a lack of skilled workers and robust technologies.

3.3 The Link between Female Entrepreneurs and Business Success

According to Gartner (1985) 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 be 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 a broad criteria (i.e. start-ups) to a 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 organisation 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 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 for “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, Gartner et al. (2010) suggest that the entrepreneur be

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 a criteria for defining the term “entrepreneur,” as it involves funding, owning and managing, all of which are easily identified behaviours.

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 (Chell 1986; Entrialgo et al. 2001; Rauch and Frese 2007a; Rauch and Frese 2007b), while the other is focused on the competencies of the individual entrepreneur and known as the competency approach (Chell 2013; Santandreu-Mascarell et al. 2013; Tan and Tan 2012; Thongpoon et al. 2012). These two approaches are discussed further below.

3.3.1 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. 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 2001b). Even though Cunningham and Lischeron (1991) and Makhbul and Hasun (2011) describe the trait approach as a simple, common-sense approach, 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 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 behaviour attests to the argument of Caird (1999) above. There is evidence suggesting that individual traits are unreliable predictors of an individual behaviour in the future (Ajzen 1987; Ajzen 1991; 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 Johnson (1990), when there is a significant relationship between need for accomplishment and business achievement, the variance is usually less than 7 per cent. 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 behaviour. 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 behaviour 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 with 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.”

3.3.2 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 a behaviour 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 literatures concerning organizational and business management based on a broad or specified manner as illustrated in Table 3-1 below.

Table 3-1: 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 refers to the general individual features that correlates 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 utilising the competency approach to understand 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 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.

3.4 The Theory of Entrepreneurial Competencies for Women

Entrepreneurial competencies, as stated earlier, refers to the “underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth” (Bird 1995). It is important to note that there is a difference between innate and acquired competencies, as explained by Muzychenko and Saeed (2004). Innate competencies refer to traits, attitudes, self-image and social roles, while acquired competencies refer to theoretical and practical learning acquired through work or education (such as skills, knowledge and experience). These innate competencies are also often referred to as “internalised elements” (Bartlett and Ghoshal 1997), while acquired competencies are referred to “externalised elements” (Muzychenko and Saeed, 2004).

According to Garavan and McGuire (2001) and Man and Lau (2005), the internalised elements are “almost impossible to change” while the externalised elements can be acquired through intervention programmes (e.g. training and education) combined with continuous practice. These externalized elements (competencies) are usually studied and treated as characteristics of the entrepreneur in terms of SMEs, and more so in terms of the owner/managers of the business (Gibb 2005b; McGregor and Tweed 2001).

This current study is conducted based on the definition of entrepreneurial competencies which states that “individual characteristics that include both attitudes and behaviours, enabling the entrepreneur to achieve and maintain business success (Noor 2007, p. 22).” This study will focus specifically on female entrepreneurial competencies, comprising of female entrepreneurial motivations, traits, self-efficacy, attitudes, behaviours, skills and knowledge (Boyatzis, 1982; Brophy and Kiely, 2002). A major challenge in measuring these dimensions, especially the non-behavioural elements, is the fact that internal elements such as the need to achieve, self-efficacy and risk-taking propensities, are difficult to observe and have to be measured through self-reporting, introspection and inference (from the entrepreneur’s behaviour).

3.4.1 Entrepreneurial Competencies and the Role of the Female Entrepreneur

According to Chandler and Jansen (1992), researchers should first and foremost aim to understand the roles of the entrepreneur as the owner-manager of a business so as to analyse the competencies required by the entrepreneur to successfully manage the business. Most literature available on entrepreneurs in the SME sector suggests that there are three major roles: (1) the managerial role, (2) the technical role, and (3) the functional role (Baum and Locke 2004; Beaver and Jennings 2005; Chandler and Jansen 1992). More often than not, an entrepreneur is required to function in all these roles since they are involved in the development of a demanding but attainable vision for the business, formulating business strategies, identifying un-met customer needs, environmental scanning to identify high quality opportunities as well as delivering high quality products or services (Chandler and Hanks 1994; Chandler and Jansen 1992; Thompson 1999; Wang and Ang 2004). This can be referred to as the entrepreneurial role and according to McClelland (1987), it requires commitment and strong dedication from the entrepreneur. This commitment, in the views of Chandler and Jansen (1992), is needed to see a venture to fruition and is evident in the intense efforts of the entrepreneur and in the readiness to work extra hours, particularly in the beginning of the business (Thompson et al. 1997).

The managerial ability of the entrepreneur is a major part and a reflection of the traditional role that managers play in any establishment. Given that the majority of entrepreneurs in the context of SMEs are “owner-managers” and do not have employed managers in different departments to assist in managerial functions, it therefore becomes the sole responsibility of the entrepreneur to

manage tasks. These managerial roles entail planning, organising, leading and regulating various resources in the business (Chandler and Jansen, 1992). Planning encompasses formulating methodical processes of achieving organisational goals, while organising includes putting together the essential resources needed to execute the plan (Chandler and Hanks 1994). These resources include human resources, information technology, amenities and equipment, resources and materials, information and financial resources (Barney 1991). Leading includes providing guidance, leadership and motivation of personnel to accomplish corporate goals. Lastly, monitoring and regulating encompasses confirming organisational goals are met and achieved and that the actual performance matches the plans. Where the performance align with the business goals, then a remedial action becomes necessary. In carrying out management responsibilities, communication and interpersonal abilities are essential. The ability to perform a different roles such as leadership, speaking and conflict manager is vital (Mintzberg 2009).

The functional role of entrepreneurs in the context of SMEs is the third role and it entails undertaking roles for which specific technical knowledge and abilities are vital (Baum and Locke 2004; Chandler and Hanks 1994; Martin and Staines 1994; Winterton 2002b). These are necessary skills because the entrepreneur is required to make decisions that concern the business and training employees.

3.4.2 Existing Models of Entrepreneurial Competencies

Busenitz and Barney (1997) suggest that business managers and entrepreneurs require different competencies and that those required by entrepreneurs are more complex. According to Hodgetts et al. (1998), while differences may exist between entrepreneurial and managerial behaviour, they are complementary in business management, and the ability of the entrepreneur to blend both areas of competencies is vital to business success. Sandler-Smith et al. (2003, p.48) also stated in agreement that:

“Entrepreneurship and managerial competencies represent two important and complementary strands for small firm research and practice that appear to have led largely a separate existence. An exploration of both of these issues may help to further meaningfully circumscribe the areas of entrepreneurship and small business management and to shed additional light on those managerial behaviours that are associated with entrepreneurial and small firm performances”.

Bird (1995), also claims that:

“We need a good theory of entrepreneurial competencies. We can ‘borrow’ the concept and related theory of competency from management and education literature and we can extend and ‘tweak’ the competencies to be more representative of what successful entrepreneurs do” (p. 68).

In line with the above arguments, it is necessary to highlight and discuss the various models of management and business competencies.

3.4.2.1 Models developed from research on managers

Hay/McBer Associates (a company established by McClelland and Boyatzis) developed the ‘Integrated Competency Model’ (IMC) for managerial competency. According to Boyatzis (1982), the model is considered a precursor study providing understanding in the growth and research of the different aspect of business competencies. Table 3-2 is an outline of the themes and related collection of competencies necessary for managers, based on the model. For the purpose of this study the IMC offers an important outline that guides the entrepreneur in the performance of managerial tasks, given the assumption that managers are required to execute supervisory responsibilities.

Table 3-2: Hay/McBer Model. (Adapted from: Noor, 2007)

Competency Models	Themes Clusters
Consideration of what needs to be done	Perceptive thinking, visionary, capable or possess technical know-how, proficiency
Persuading and gaining cooperation	Effective communications, social skills, personal influence, ability to influence directly and organizational influence.
Results outcome	Leading, inspiring, efficiency.
Tenacity	Enterprising, self-motivation, creativity, persistence, and knowledge seeking. Confident i.e. determination. Goal focused and success-driven, taking risk. Resilient i.e. discipline, flexible and ability to manage stress.

Another existing model is the ‘Core Management Competency’ CMC model. In his study of “competencies as part of human resources management,” Parry (1998) posits that the main

competencies to train managers include four major clusters: (1) organizational, (2) effective communicative, (3) managing and (4) perceptive thinking. Parry claim that the only way to measure a managers performance is by evaluating the individual competencies. The CMC and IMC models, provide valuable understanding of competencies essential by entrepreneurs to undertake decision-making or managerial tasks.

A more recently developed model, known as “The Great Eight Competencies,” was developed from factor analysis of a multi-dimensional scaling analysis of managerial and self-assessment performance in the workplace. This model was developed by Bartram (2005) and highlighted by the author as a model that reflects a managerial work performance domain true to a vast range of models utilised by other experts in the competency practice.

These competencies, although tailored for managers in big cooperation, provide a framework for scholars on entrepreneurship to research and study competencies for business success. The domain of the Great Eight Competencies is illustrated in Table 3-3.

Table 3-3: Titles and Definitions of the Great Eight Competencies, Source: Adapted from Bartram (2005)

Competency Domains Titles	Competency Domains Definition
Leading and Deciding	Takes control and exercises leadership. Initiates actions, gives direction and takes responsibility
Supporting and Cooperative	Supports others and shows respect and positive regard for them in social situations. Puts people first, working effectively with individuals and teams, clients and staff. Behaves confidently, with clear personal values that complement those of the organization.
Interacting and Presenting	Communicates and networks effectively. Successfully persuades and influences others. Relates to others in a confident and relaxed manner.
Analysing and Interpreting	Possession of reasoning and decision making abilities, risk analysis and management skills, analytic, innovative and creative.
Creating and Conceptualizing	Works well in situations requiring openness to new experiences. Seeks out learning opportunities. Handles situations and problems with innovation and creativity. Thinks broadly and strategically. Supports and drives organizational change. Plans ahead and works in a systematic and organized way. Follows directions and procedures.

Organizing and Executing	Focuses on customer satisfaction and delivers a quality service or product to the agreed standard. Adapts and responds well to change. Manages pressure effectively and copes well with setbacks.
Adapting and Coping	Result-oriented and achieving personal work objectives. Works best when work is closely related to results and the impact of personal effort is clear.
Enterprising and Performing	Demonstrate a knowledge of business, trade and economics. Pursues prospects for business success and vocation.

3.4.2.2 Models built from research on Business life-cycle and SME owners

Snell and Lau (1994), undertook a qualitative study of 21 Chinese-owned small businesses with 50 staff in Hong Kong to understand competencies in SME's. The survey was conducted by means of interviews (open-ended questions), as well as the critical incident method. The study found that the competencies that were viewed by the respondents as critical were: (1) being visionary and purpose driven, (2) the ability to formulate effective business strategy, (3) the ability to be strategic in human resource management, (4) promoting a culture of learning, (5) the ability to maintain a close relationship with customers/clients, and (6) being driven by quality.

As this study was qualitative, further confirmation and validation was necessary by means of a bigger sample size of businesses carried out to increase the generalizability of the results. Therefore a quantitative stage followed the qualitative stage. Similarly, Thompson et al. (1997) carried out a study of 30 SMEs in Northern Ireland, which identified a different set of competencies required by entrepreneurs at different stages of business development and growth. In the early stage of business development it was found that the competencies required included strategic management, flexibility/adaptability to change, being focused, fearless and tenacious, driven and dedicated, having effective communications skills, initiative, able to create a good profit margin, global awareness, and the ability to motivate others. The researchers also found that when managing a start-up, at all level of business progress and growth, the following competencies are vital: (1) financial management skills, (2) marketing and advertising skills, (3) ability to choose the right people who will be useful to the organisation, (4) social skills, (5) a

good understanding of the business environment and the forces that influence the business environment, (6) an understanding of the customers' needs and expectations, (7) the ability to teach and train (employees), (8) the ability to solve problems, (9) being financially adventurous, (10) honesty and integrity and (11) being a good salesperson (of products as well as ideas).

In the 2002 research undertaken by Winterton in the UK, a multi-faceted framework of entrepreneurial competencies for SME managers was proposed. The framework, that is yet to be empirically validated, is based on four different projects and comprises four domains of competencies: cognitive, functional, personal and meta-competencies. According to Winterton, cognitive knowledge refers to knowledge that is relevant to the business (i.e. business or industry specific knowledge); the functional competency comprises goals and action management, leadership skills, and human resource management skills; personal competencies refer to assertiveness, ethical behaviour, team building, effective communication, results-oriented, influencing others, self-management, and information seeking. Finally, the meta-competencies denote the aptitude to adjust to change, learn, anticipate and innovate (Winterton 2002).

3.4.2.3 Validated Entrepreneurial Competencies Models

As stated earlier, the competency frameworks discussed above are yet to be empirically validated even though they have been important initiatives. According to Bird (1995) and Kiggundu (2002), there is a definite need for further robust testing of these models both in qualitative and quantitative research. So far, only a few such studies have been carried out (Chandler and Jansen, 1992; Georgellis et al. 2004; Man, 2001; Martin and Staines, 1994; McGee and Peterson, 2000).

One such study is the mail-out survey of 134 entrepreneurs (business founders) in Utah (United States of America), conducted by Chandler and Jansen (1992). The findings include five competency areas: (1) ability to identify new opportunities; (2) political competency; (3) drive to start a venture and see it to fruition; (4) social competency and; (5) practical competency. These competencies were identified as having significant correlation with business success/performance. A factor analysis was conducted on the competencies and internal consistencies were addressed resulting in a .75 mean alpha return. One main finding was that

entrepreneurs of highly profitable businesses rated themselves quite highly on managerial and technical competencies.

Given the relatively small geographic area (Utah) of the sampling frame of the study, Noor (2007) argues that caution should be applied in adapting this model to other contexts. Despite this limitation, this model would be useful in this present study in the operation of entrepreneurial competencies.

In a study conducted by Martin and Stains (1994), both qualitative and quantitative approaches were used in an effort to understand the differences in managerial competences that exist (if any) between independent SMEs and multi-established SMEs (like franchises or SMEs that are part of a larger organisation) in Scotland. 30 business owners and managers were interviewed directly and 150 responded to a mail-out survey. It was found that interviewees believed that technical knowledge of their industry was vital for business success. They also found that, with both the independent and multi-established SMEs, more universal competencies were required, such as, competencies that are correlated to areas such as management, financial management and production management (functional). Most importantly, two vital competencies were identified in the factor analysis: (1) Personal / Individual competency and (2) decision-making and Technical/practical competency. “Personal competency” is focused on the personality of the individual such as introvert or extrovert, likeability or approachability, good people skills (interpersonal relations), integrity and honesty, risk-taking propensity, innovation and creativity, exemplary leadership, concerned about performance standards, ambitious and self-confident. Decision-making competency involves knowledge and abilities related to practical experience, industry-specific and technical skills. A study by Martin and Staines also validated some of the existing competency models, as there were considerable similarities between the competencies they identified and those identified in previous studies.

Another study by Georgellis et al. (2000), conducted using a sample of 300 independent SMEs drawn from Central London, investigated the effects of entrepreneurial behaviour on business performance. Two main competencies highly predictive of SMEs success and performance were identified: (1) the need for proactive planning and (2) being innovative.

McGee and Peterson (2000), in their study of 255 independent retail pharmaceutical entrepreneurs in the USA, found a positive correlation between competencies and business performance which is measured by self-report performance in relation to competencies indicative of gross profits, net income and general performance. The study identified the following areas of competencies: (1) customer service quality, (2) customer complaints handling methods, (3) the business image or goodwill, (4) operative pricing strategy, (5) effective cost control, (6) effective evaluation control of activities, (7) consciousness of the strengths of the business and (8) training of employees. The researcher however suggests that these results have to be replicated in different industries.

The mixed-method research conducted in the service sector in Hong Kong in 2001 by Man, examined the effects of entrepreneurial competencies on business performance, to develop a model of entrepreneurial competencies. The study, which was based on the interview of 19 entrepreneurs (SMEs operators), identified eight areas of competencies perceived to be important by the entrepreneurs which are: (1) Opportunity, (2) Relationship, (3) Conceptual, (4) Organising, (5) Strategic, (6) Commitment, (7) Learning and (8) Personal strength. The result of this current research was further confirmed using exploratory factor analysis utilising the data collected from another quantitative study of 153 entrepreneurs. The result from the quantitative study remained consistent to those from the qualitative study, confirming their reliability with eigenvalues ranging from 0.78 to 0.94. The factor analysis identified 10 areas of competencies, eight of which were already identified in the qualitative study and two new competency domains (Conceptual and Organising).

Previous studies of entrepreneurial competencies and the relationship to business success are worthy of consideration given the evident overlap in their content. Comparing the competency domains with competency-associated behaviours may prove difficult given the wide ranging or characteristic way in which they have been classified.

Table 3-4 is a synthesis of the existing models and the model identified Man's (2001) is more inclusive than others. The table shows that the identified behaviours from previous research could be grouped using Man's defined competency domains. As well as its comprehensiveness, the entrepreneurial competencies model of Man's (2001) has another advantage: data used in

validating the model was collected in Asia rather than in the US or Europe, thereby giving it a perspective that is less “Western” than the existing models.

Using Man’s model for this study however, poses some potential problems because the study, and its validation are centred on the competencies of entrepreneurs in the services sector. This poses a problem on the ability of the findings to be generalised. Moreover, the internal consistencies between all competency areas in Man’s study was strong and raises some issues on the multiple correlations of the results and the possibility of the findings being unreliable (issues which this current study does not attempt to address).

In spite of the limitations of Man’s competency model, it is used as the foundation for this study; the purpose of which is to develop a gender and context specific model of entrepreneurial competencies model (South African female entrepreneurs). This study also utilised the female entrepreneurial competencies (FEC) model developed from the study by Mitchelmore and Rowley (2013), which is the first one offering a comprehensive analysis of female entrepreneurial competencies. This study however, is also limited in its generalisability, given that the study was undertaken in the United Kingdom, where the economy and culture are very different from South Africa. By using both models as a basis for this study, the current researcher aims to provide an approach to intervention for the development of female entrepreneurs in South Africa, regardless of business sector.

Table 3-4: An Integration of Behaviours Associated with Competencies Previously Identified by various Researchers

Competency Area	Examples of Behaviours	Models of entrepreneurial competency									
		1	2	3	4	5	6	7	8	9	10
Strategic ^a	Develop vision and strategy, proactive planning, setting goals and standards, selling ideas.				*			*	*	*	*
Commitment ^a	Exhibit strong motivation to compete, commitment to see venture through from start to fruition, able to impact, driven and dedicated		*		*		*			*	
Conceptual ^a (Innovative and Analytic)	Possession of reasoning and decision-making abilities, risk analysis and management skills, analytic, innovative/creative	*	*		*	*			*	*	*
Relationship ^a	Possess and utilize good interpersonal and communication skills, able to influence and support others		*		*	*	*	*	*	*	*
Opportunity ^a	Able to identify and seize opportunities, able to identify customers' needs	*	*		*		*		*	*	
Organising (HRM and operational/ personal)	Able to lead, assign roles, inspire, organise schedules, design programs, formulate financial plan	*	*		*	*	*	*	*	*	*
Learning ^a	Information seeking, open to new ideas and learn from different sources and means				*				*	*	
Technical ^b	Possess technical skills, have an understanding of business and the business environment as well as the industry	*	*		*					*	*

Competency areas identified by Man (2001), ^bCompetency area identified by Chandler and Jansen (1992), ^c Sources: (1) Baum (1995); (2) Chandler and Jansen (1992); (3) Georgellis et al. (2000); (4) Man (2001); (5) Martin and Staines (1994); (6) McClelland (1987); (7) McGee and Peterson (2000); (8) Snell and Lau (1994); (9) Thompson et al. (1997); (10) Winterton (2002).

3.4.3 Developing a New Model of Female Entrepreneurial Competencies

So far, past studies show that existing models are insufficient, particularly because they do not differentiate between entrepreneurial competencies by gender to execute entrepreneurial and managerial tasks even though there is evidence to suggest that major differences exist between the genders in entrepreneurship. There are also few models that have been empirically validated as only a few studies showed evidence of validated data. Therefore, Bird (1995) argues that this is a most important weakness and urges that psychometrically sound tools be developed and validated in advance, afterwards it can be used to outline training objectives.

Also, most of the studies (other than Man's) have been developed with samples drawn from Western societies and have paid little or no attention to the influence of culture and industry (Saffu 2003). To this end, Pearson and Chatterjee (2001) propose that developing entrepreneurial competencies is context-dependent (such as geographic location, culture, politics and history), while Mitchelmore and Rowley (2013) suggest that they could also be gender dependent.

The possibility also exists that the legitimacy of the competency models may change in future. Most models were developed in the 1990s, under the global economic and political situation at that time. According to Iversen (2000), the dynamism of the business environments could necessitate diverse competencies appropriate to this present time (21st century). SMEs operate in a competitive environment with growing customer dissatisfaction that constantly poses novel problems for the entrepreneur. Temtime and Pansiri (2005) propose that in order to create competitive advantage an entrepreneur requires additional skills to succeed in business. They conclude that a practical way to deal with societal changes and changes in the business environment is to develop new skills to meet the current demand.

Given the inadequacies of existing models, this current study aims to develop a model of entrepreneurial competencies that is gender (women entrepreneurs) and context (South African society and culture) specific, and can be deemed as necessary and timely. Previous research has attempted to accomplish this by adding existing work onto entrepreneurial competencies. The selection criteria for choosing the right model for this current study involves: the relevance and the extensiveness of the model to the needs of the entrepreneur; and the ability of the testing

protocol used for validating the models to be replicated in a different cultural setting. Therefore, this study elects to use Man's (2001) model of entrepreneurial competencies. It is the initial point from which to begin the development and validation of a gender specific entrepreneurial competencies model that relates to business success of women-owned and operated SMEs in South Africa.

The choice of Man's model is based on several factors. (1) It is wide-ranging; (2) gives a full description of operationalisation of the variables and (3) appropriate measurement scales. His model also provides the basis for behaviour classification in different and appropriate competency domains. It is also one of the recent models using non-Western samples (Asia), and it can be considered to be truly representative of the population. The more recent and gender specific model (FEC) of Mitchelmore and Rowley (2013) has also been chosen for this study.

3.5 Domains of Female Entrepreneurial Competencies (FEC)

According to Mitchelmore and Rowley (2013), it is vital to understand entrepreneurial competencies in the context of female-owned businesses with regards to the importance of female entrepreneurship in the global economy. Although most of the studies/models mentioned earlier focused on entrepreneurial competencies, they have not proven to be context specific (gender or geographic location, or culture).

Previous studies of women entrepreneurial competencies have only focused on their financial and management competencies (e.g. Carter et al. 2006; Lerner et al. 1997; Walker and Webster 2006). Lerner et al. (1997) argue that because female-owned businesses are mostly private and SMEs, the success of the business therefore depends on the competencies of the female entrepreneur. One study, however, that focused on female-owned and managed businesses is the study of Lerner and Almor (2002), in which they discovered evidence confirming the link between the skills of the entrepreneur and business success and growth.

Jennings and Cash (2006), in their review of literature on women's entrepreneurial competencies, observed that there is a strong base of empirical research that demonstrates that there are major differences between male and female entrepreneurs in such areas as:

- Social and human capital
- Business motivators
- Goals and success criteria
- Strategic choices; and
- Use of financial capital

According to Elam (2008), there are enough reasons to study the unique competencies exercised by female entrepreneurs. Several researchers in recent years have agreed there is a gap in the literature concerning knowledge regarding women entrepreneurs and their businesses (Carter et al. 2001b; Carter and Shaw 2006; Greene et al. 2003). The female entrepreneur is engaged in various duties that involve managerial, entrepreneurial and often functional tasks, which are more complex than those undertaken by a manager employed in an organisation. The tasks are not only demanding, but they are innumerable and behaviourally operationalised. This behaviour covers features of individualities such as personalities, motivations, dogmas, self-perception, social roles, knowledge, and expertise (Bird, 1995). They are factors that affect the ability of the entrepreneur to effectively carry out business activities.

In order to fully understand behaviours that are associated with each competency, and measure them, such competencies have been classified and this current study also examines the 4 clusters of competency identified by Mitchelmore and Rowley (2010):

1. Personal and relationship
2. Business and management
3. Entrepreneurial
4. Human relations competency.

Table 3-5: FEC Framework, Source: Mitchelmore and Rowley (2013)

Factor	Item
Personal and relational competencies	Interpersonal skills, oral communication skills, relationship building, networking, integrity, self-confidence, self-motivating, political competence, active, dare to succeed, perseverance.
Business and Management competence	Budgeting skills, business operational skills, developing management systems, formulating and implementing strategies for exploiting, opportunities, business plan preparing and writing, development of operational system, planning business activities, manage finance
Entrepreneurial competences	Idea generation, innovation skills, envisioning opportunities, product innovation, creativity, willingness to take risk, scan environment for opportunities, risk taking.
Human relations competencies	Employee development, managing employee performance, human relationship management skills, employee relations, hiring skills, leadership skills, leadership skills, motivate others, management style, management skills

3.6 Entrepreneurship, Competencies and Culture

There is reasonably new but increasing literature on the influence of culture on entrepreneurship which is an indication that culture is at the heart of many factors that underlie entrepreneurial behaviour (Pearson and Chatterjee 2001a). Thus, researchers like Hayton et al. (2002) argue that culture is a vital variable in the understanding of entrepreneurial behaviour because entrepreneurship is bound by culture. According to Berger (1991, p. 7):

“Because entrepreneurship is embedded in culture, such dynamics must be incorporated into our studies of it... modern entrepreneurship is a distinctly new variant of a timeless species, created and sustained by culture”.

This could be the reason why there has been a significant attempt by various researchers to link culture to entrepreneurship. Previous studies also have attempted to answer the following research questions:

1. Are there similarities or differences in the entrepreneurial motives across cultures? (Scheinberg and MacMillan 1988)
2. What is the effect of national culture on national innovation? (Shane et al. 1991b)
3. Are there cross-cultural variations in entrepreneurial traits? (Mueller and Thomas 2001)

Despite the fact that these questions differ significantly, the findings all indicate that culture plays an important role in entrepreneurship.

However, there are other studies that suggest that there are more similarities than differences among entrepreneurs across a culture and that differences exist between entrepreneurs and non-entrepreneurs in that culture. An example is the findings of Baum et al. (1993), that showed similarities in the attitudes of Israeli and American business owners regarding issues of accomplishment, association, independence, and power/control than non-entrepreneurs in their respective countries.

Also, McGrath et al. (1992b) discovered that entrepreneurs share a set of “entrepreneurial values” regardless of nationality and cultural milieu which differentiates them from non-entrepreneurs. These arguments seem to suggest that entrepreneurs have the same values universally and their behaviour transcends cultures.

In spite of these findings, entrepreneurial behaviours that are culture specific cannot be over-ruled. Which is why, according to Steensma et al. (2000, p. 592), “culture remains a powerful determinant of attitudes and explains key differences across entrepreneurs.”

Similarly, Thomas and Mueller (2000) conclude from a nine country examination of entrepreneurial traits differences, that some traits are embedded in culture (e.g. “risk taking propensity” and “internal locus of control”), while others could be considered to be universal (e.g. innovativeness). A study by Dodd and Patra (2002) of 149 Greek entrepreneurs on the penchant to engage in “entrepreneurial networking” found that entrepreneurs who adopt collectivist values would rather keep strong-tie networks because they believe that a strong support system (family, friends and personal contacts) is vital and can greatly impact their business success. In comparison, Dodd and Patra argue that American entrepreneurs prefer

individualism rather than collectivism, so they engage in impersonal but larger networks. According to Themba et al. (1999), South African society, unlike American society, is low on individualism and masculinity (refer to section 2.5.1.3).

Taking all these findings into consideration, it can be seen that although some characteristic traits and attributes among entrepreneurs appear to be universal, there still exist some culturally specific traits and attributes. This has led to the fear of Marino et al. (2002) that failing to consider culture in the framework of entrepreneurial research could lead to the biased conclusion that entrepreneurs in certain countries are more successful than others.

This view is also held by Rao (2004), who disagrees with the conclusions of several researchers suggesting that in cultures that are “individualistic” business owners, tend to be much more successful than those in “collectivist” societies. This is also the view of McGrath (1992), who suggests that behaviours (like risk taking, being proactive and innovative) regularly linked with entrepreneurial proclivity are strongly rooted in an individualistic culture where there is tolerance for ambiguity. Rao (2004) responds to this by asking what explanation could be given to the fact that entrepreneurs from Japan, Singapore, and Malaysia with a strong collectivist background are known to be very successful, contrary to the view that individualistic entrepreneurs are more successful. According to Pearson and Chatterjee (2001, p. 285):

“The essence of the western conceptualisation of entrepreneurship lies in individualism whereas the foundation of success for the Asian Entrepreneurs has been the collective family network of support.”

To this end, they argue that both Western and Asian entrepreneurs can be successful in their diverse ways. They argue that the cause of their success could be the existence of competencies sets that could be applied despite the contextual difference between the two regions (demographics and culture). According to them:

“The personal attributes (of entrepreneurs) may be the same in two different settings (countries) but entrepreneurial competency-mix will need a different portfolio for each context.” (2001, p.276)

Therefore it can be argued from the above statement that by learning and implementing the right competencies mix, an entrepreneur can enhance the chance of entrepreneurial success. Hofstede and Bond (1988), also suggest that culture provides a clarification of the perceptions of people in any given society about what constitutes “best practices.” While certain cultures reinforce certain behaviours, it can therefore be expected that some behaviours and practices are more commonplace in certain cultures than in others (Choueke and Armstrong 2000). This can explain why Marino et al. (2002) argue that the choice to form entrepreneurial networks or associations could depend on culture. Wagner (1995) also argues that individualist entrepreneurs were unlikely to be involved in “cooperative strategy” due to their nature (independence).

The available data from studies linking entrepreneurial behaviour (competencies) to culture suggest that individual entrepreneurs have certain cultural values that have the likelihood of affecting their mind-sets and thereby their choice of competency-mix (Noor, 2007).

3.6.1 Cultural Dimensions

Culture is multi-dimensional and by utilising Hofstede (1980) method, we can make a distinction between cultures. Hofstede’s dimensions are advantageous as they help understand entrepreneurial behaviour in different contexts especially where verified by various researchers in countries that are developed and developing (Saffu, 2003). Also they provide an ideal prototype for evaluating domestic cultures that links cultural values and also visible value distinctions between nations. These values can be acquired, learnt, and distributed in varying degrees (and different contexts) by members of society. Other cultural structures have actually been found to support and also confirm Hofstede’s measurements, as opposed to proposing a different structure/measurement (Smith and Bond 2003). This is so because these dimensions have been proven to relate considerably to people’s behavioural preferences in organisational or business sceneries (Hayton et al. 2002). To conclude, the model is considered to be ideal for domestic culture categorisation, being that it is comprehensive and void of ambiguity (Lim 2001; McGrath et al. 1992b). Given the reasons mentioned above, this study has adopted Hofstede’s cultural dimensions as a basis for understanding the cultural link in female entrepreneurship.

Hofstede's dimensions of "Individualism versus Collectivism" and "Uncertainty Avoidance versus Tolerance of Ambiguity", are adopted in this current research for their direct relation to the study of entrepreneurship. They have been used often to differentiate between entrepreneurs and non-entrepreneurs (McGrath, MacMillan and Scheinberg 1992; Mueller and Thomas 2001). Therefore these two dimensions are examined in this current study.

3.6.1.1 Individualism versus Collectivism

The individualism dimension refers to a culture that promotes non-binding relationships, where people are self-focused, independent and pursuing personal interests and paths, and personal goals and aspirations supersede collective goals or interests (Hofstede 1991a). This culture emphasises individual needs and fosters the need to look after self-interests. On the other hand, collectivism refers to a culture that places a premium on group interests, where there are strong and binding relationships and a penchant for looking after one another (more so with relatives, friends and acquaintances). The focus is on collective rather than individual interests/goals. According to Hofstede (1993), decision-making in a collectivist culture is by consensus, while in the individualistic culture it is by confrontation and voting.

There is an argument that individualistic societies have different professional goals compared to collectivist societies. The professional goals of members of an individualistic society can be summarised as: (1) preference for jobs with flexibility, (2) preference to own ways of doing things, (3) preference for challenges and (4) promoting personal achievements (Hofstede 1991). On the other hand, collectivist societies inspire business owners to meet communal commitments and have close bonds considered vital for success (Saff, 2003). Their work goals could be summarised as follows: (1) compromise and harmony, (2) egalitarianism over liberty, (3) motivated by safety/security and (4) driven by group/societal interests (Saffu 2003). According to Saffu (2003), there is evidence to suggest that entrepreneurs in a collectivist society are not always profit-driven but rather place public interests and goals above profit.

3.6.1.2 Uncertainty Avoidance versus Tolerance of Ambiguity

“Uncertainty Avoidance” refers to societal reaction towards uncertain or unknown events/states of affairs. According to Hofstede (1991b), the social order that avoids ambiguity is “high on this dimension”. Therefore, it can be said that the extent to which members of a society (culture) are affected by a situation considered by them to be unclear, unstructured or volatile, and the degree of avoidance or adoption of measures to counter such situations, is called uncertainty avoidance.

In a work environment, this can be seen in (1) the amount of stress workers report, (2) an increased need for more structured actions such as formalization and standardization and (3) a greater rule orientation and a preference for non-ambiguous instructions as well as reduced risks (Hofstede 1984).

Given the above, it is evident that people in high “uncertainty avoidance” environments would rather embrace employment in a predictable environment where they have some form of control. For this group of people, a predictable and controlled environment is preferable and Hofstede (1991) argues that they also have the ability to tackle “risky situations” where necessary, so as to diminish the level of ambiguity and bring risky situations to the bare minimum. There is also an indication that societies with high individualism are mostly low on “Uncertainty Avoidance” and have increased rate of economic activity and innovation (Hofstede 1984). This combination of high “Individualism” and low “Uncertainty Avoidance” is considered to boost invention/creativity and boost business tendencies (Lee and Peterson 2001). The inclination to invent and revolutionise is also known to be more widespread in an “Individualistic” society than in a “Collectivist” society. Thomas and Mueller (2000) explain that people are more inclined to identify with a group, thereby reducing their perceived level of control over their environment without necessarily reducing their entrepreneurial propensity in a society that is less individualistic and more collectivist.

3.6.2 Cultural Values/orientation and Individual Behaviours

This current study, being a cross-cultural study of female entrepreneurs across the four government identified groupings present in South Africa, requires an understanding of the close

link between cultural values and individual behaviour in order to understand how cultural values influence different entrepreneurs differently (Group 1, Group 2, Group 3 and Group 4, see Appendix A for classification). According to Hofstede (1991, p. 5), culture can be defined as the “collective programming of the mind which distinguishes the members of one group from another.” Culture can be studied from a national or an individual level because, as Singelis and Brown (1994) are quick to point out, culture affects a person’s behaviour and personality. They also argue that an individual’s attitude, values, and self-image are influenced by culture, therefore having an awareness of culture at the individual level could enhance knowledge of the link between culture and behaviour (individual). Figure 3 is an illustration of the various features associated with culture as outlined by Morrison (2000).

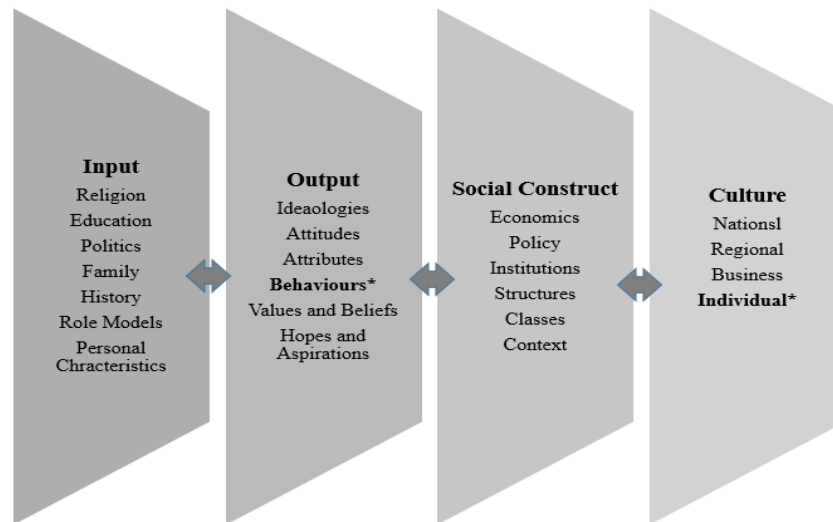
According to Hofstede (1991), culture has an impact on a variety of human actions, which is why individuals react differently to the same situation. He also argues that the impact is also significant and consistent with societal values and is peculiar and developed early in an individual’s life, through socialisation. Researchers such as Hofstede (1991) and Triandis (2001) argue that culture (national or individual level) can best be measured by behaviours of people with similar life experiences (socio-cultural environment). Therefore in this current study, the cultural orientation of South African female business owners are investigated with a view to understanding the effects of culture on behaviours that reflects entrepreneurial competencies.

In a 1997 study conducted by Geletkanycz on the effects of four cultural values (Hofstede’s dimensions) and on “openness to change,” comprising of 1540 top managers across 20 countries, it was discovered that a manager’s views of the organisation and the external contingencies they are faced with, as well as their choice of action, were informed by cultural values. Geletkanycz also discovered that their “openness to change” was impacted by their cultural values and consequently reflected in their behaviour and actions.

As a result, scholars have developed methods to observe culture at the individual level given that the Hofstede model was applied to the national level. The focus on the individual level has many advantages especially for organisations (Oyserman et al. 2002; Triandis 1995). This is because there is a benefit in linking individual cultural orientation with outcomes (i.e. performance, job

satisfaction and commitment) to organisational outcomes (i.e. organisational performance and success) (Triandis 1995). This he argues, could provide a viable model for entrepreneurship studies due to the necessity for understanding the impact of individual cultural values and beliefs on the behaviours that influence entrepreneurial competencies.

Figure 3: Major characteristics of culture, Source: Adapted: from Morrison (2000) as cited by Noor (2007)



Note. * The focus of this study

3.7 Exploring Business Success in Female-owned and Managed SMEs

According to Lussier and Pfeifer (2001), business success in the context of SMEs can be defined simply as the ability to survive and remain in business. There is a lack of agreement over what comprises the best measure for business success. Some researchers advocate the use of only financial indicators, such as profitability, turnover, and ROI (return on investment), as a measure of business success (Brüderl and Preisendörfer 1998). Others, such as Ramana et al. (2009), posit that entrepreneurial success can be measured financially or non-financially. To this end, in their study of the influence of socio-demographic factors on entrepreneurship, Ramana et al. (2009) used growth in total sales and employment as a financial measure, while work experience and competencies were used as a non-financial measurement.

Walker and Brown (2004) also argue that the motivation for some SMEs does not include job provision (only the need to provide for immediate family); therefore business growth is not a vital factor for these entrepreneurs. Also, most SMEs do not have financial statements and accurate records; business success is consequently measured by self-reporting and perceptions (Chandler and Jansen 1992). This view is also held by other researchers such as Beaver and Jennings (2005, p. 63), who argue in favour of using non-financial indicators in measuring business success, because, according to them:

“Contrary to popular belief and a great deal of economic theory, money and the pursuit of personal financial fortune are not as significant as the desire for personal involvement, responsibility and the independent quality and life-style which many small business owner-managers strive to achieve. Consequently, the attainment of these objectives becomes one of the principal criteria for success, as defined by the entrepreneur/owner-manager”.

Other researchers, like Wiklund (1999), argue that financial and non-financial indicators complement each other and should both be used in measuring success/performance. This view is echoed by Buttner and Moore (1997), who posit that favouring one indicator over another in the measurement of success could lead to bias. To this end Murphy et al. (1996, p. 22) caution that:

“Organisational performance is composed of multiple dimensions. Financial measures are necessary but not sufficient to capture total organisational performance. Thus, future studies should continue to include financial measures, but non-financial needs to be emphasised as well....closer attention to these performance measurement issues will allow empirical studies to be more precise and their results to be more meaningful. As a result, a more reliable and consistent basis will be provided for theory building”.

While financial success affords business sustainability and growth, non-financial indicators, such as achievement, accomplishments, and attainment of personal goals and objectives are factors to be considered, according to Walker and Brown (2004). They have gone on to propose some non-financial indicators such as job satisfaction, greater independence, opportunities creation, and encouraging new challenges and pursuit of personal interest. These factors have also been previously identified as entrepreneurial motivational factors for women.

Given the above arguments, both financial and non-financial factors are used in this current study to measure success in female-owned and managed SMEs in South Africa. Therefore, the financial indicators proposed by Chandler and Hanks (1993), such as turnover (sales), growth (sales), ROI and market share, are used for the purpose of measuring the success of the female entrepreneurs operating in the context of SMEs in South Africa. The non-financial indicators for the purpose of this study (based on the work of several researchers mentioned earlier) are customer satisfaction, retention, the entrepreneur's satisfaction, reputation and goodwill of the business, employee satisfaction and good working environment/relations.

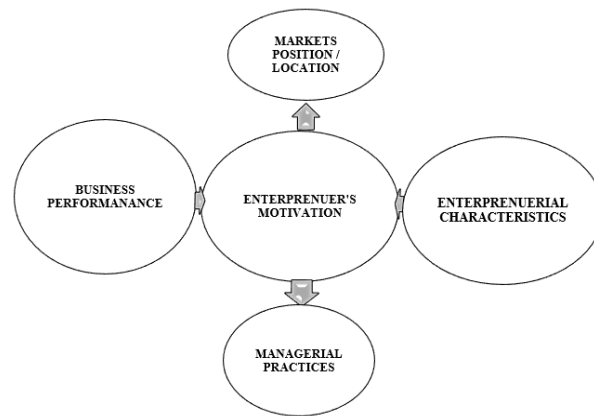
The choice of customer satisfaction and retention as a non-financial indicator for measuring business success, is based on the view of Adam and Sykes (2003), that customer satisfaction and goodwill is linked to customer loyalty which has an impact on customer retention and consequently profitability.

3.7.1 The Entrepreneurship Performance Model

According to Man et al. (2002), business performance is considered to be the definitive criteria for measuring success or failure in the context of SMEs. To this end the eight models linking entrepreneurship performance are discussed below.

Figure 4 is an illustration made by Glancey et al., (1998) in a model for SME performance is outlined. According to the model, the entrepreneur's personal characteristics that defines the motivations and objectives which drives business performance is reflected in the market as well as the managerial practices of the entrepreneur. This can be observed below:

Figure 4: Glancey's model of business performance, Source: Glancey et al. (1998) as cited by Kunene (2008).



This model can also be represented by equation 1 below:

$$\text{Increase in performance} = G \times H \quad (1)$$

(Where G = traits, motivation, and management) and (H= market)

Another performance mode is the three-dimensional model comprising of entrepreneurial performance as the multiplicative function of motivation times entrepreneurial and business skills developed by Van Vuuren and Nieman (1991). This is shown in equation (2) below:

$$\frac{\uparrow E}{P} = aM \times \frac{bE}{S} \times \frac{cB}{S} \quad (2)$$

- $\uparrow E/P$ refers to increase in entrepreneurial performance which is based on the entrepreneur's ability to identify opportunity, business start-up and business growth.

- M= Motivation includes the level of the “need to achieve,” where achievement involves inner strength and control, leadership abilities, being persistent, decisive, determined, innovative, inspiring, empathic, able to tackle obstacles/ challenges and react well to success and failure.
- E/S= Entrepreneurial skills (competencies such as innovation, propensity for risk taking, identification of market opportunities and ability to interpret successful entrepreneurial models) refer to the ability of an entrepreneur to convert ideas to reality in relation to venture start up and growth.
- B/S= Business skills refer to all the various areas of conventional management training, such as formulation of business plans, financial management, and marketing. Operations, human resources management, legal, communication and management skills.
- A, B, and C = constant coefficients.

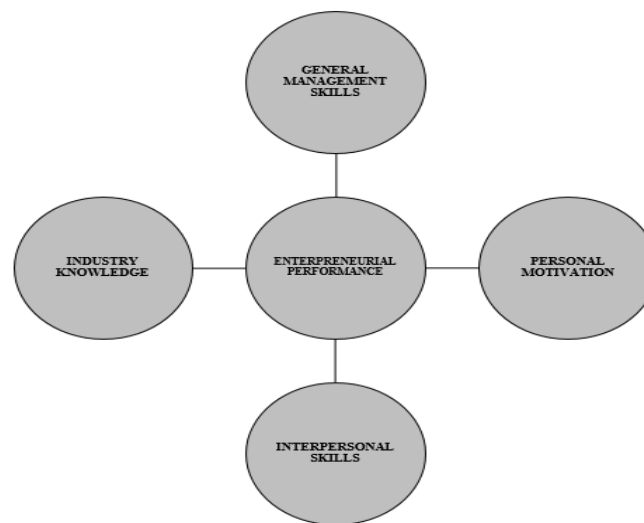
As indicated in the equation above, there are multiple constructs that indicate that the absence of any of the elements (entrepreneurial motivation, entrepreneurial skills or business skills) will result in no increase in business performance. Conversely, the presence or increase in any of the elements can lead to an increase in entrepreneurial performance. The coefficients a, b and c reflect the levels of skills (no matter how low) of the entrepreneur, therefore they are usually not zero.

The next model of entrepreneurial performance is the model of Wickham (2005), which describes entrepreneurial performance as the result of combining industry knowledge, management skills, people skills and individual motivation. This is depicted in the following equation (3):

$$\uparrow \text{Performance} = f(\text{ability, motivation}) \quad (3)$$

$$E(\text{opportunity}) = E(\text{opportunity}) \times f(\text{ability} \times \text{motivation})$$

Figure5: Wickham’s Model of Entrepreneurial Performance, Source: Wickham (2001).



The entrepreneurial capital model (ECM) of Erikson (2002) introduces the multiplicative function of entrepreneurial competencies, commitment and motivation. This model is represented in the equations below:

Given that

$$\uparrow Performance = f(ability, motivation) \quad (4)$$

$$E(opportunity) E(opportunity) \times f(ability \times motivation)$$

And

$$\begin{aligned} Ability &= business\ management + entrepreneurial\ competences \\ &= \frac{B}{S} + opportunity\ identification \times resources \end{aligned} \quad (5)$$

Therefore,

$$\uparrow Performance = E(opportunity) \times M \times \left(\frac{B}{S} + opportunity\ id \right) \times resources \quad (6)$$

Where

B/S = Business Skills

According to Man et al. (2002), business performance in the context of SMEs is linked with the background of the entrepreneur and the external/exogenous circumstances surrounding the business, as well as internal organisational factors (represented in the competitive scope) and the influence of the entrepreneur (organisational capabilities and entrepreneurial competencies).

This model can be summarized below:

$$\uparrow performance = G(competitive\ scope) \times M\left(\frac{O}{C}, \frac{E}{C}\right) \quad (7)$$

Where organizational capabilities (O/C) are reflected in the business skills construct defined above and entrepreneurial competencies (E/C) are defined in terms of the competencies that have been identified in the entrepreneurial competencies model of Man et al. (2002).

Another model that focuses on the entrepreneurial capabilities is the model of Ucbasaran et al. (2008). They identified three major competencies required by entrepreneurs for business success:

- The role of the entrepreneur (in terms of business development)
- Managerial functions of the entrepreneur (ability to carry out managerial functions such as human resources management, marketing and promotions, operations, administrative functions, financial management and planning).
- Technical functions (production).

The model is represented in the following equation 3.8:

$$Success = D \left(motivation, \frac{E}{S}, \frac{B}{S} \right) \quad (8)$$

SME success is also described by Darroch and Clover (2005a) as a function of the moderating effect of the entrepreneur's background and external/exogenous factors on individual preference for entrepreneurship as a career option, entrepreneurial motivation, entrepreneurial and business skills. This is represented in the equation below:

$$Success = D \left(motivation, \frac{E}{S}, \frac{B}{S} \right) \quad (9)$$

The model of Perks and Struwig (2005) identifies personal, technical, business operations and management skills as the competencies cluster required for business success. This is represented in the equation:

$$SuccessP \left(personal, management, \frac{B}{O}, technical \right) \quad (10)$$

The summary for the discussions above are illustrated in Table 3-6, which shows that most of the skills and competencies categories are also listed by the seven researchers mentioned above.

Table 3-6: Summary of the Skills Construct listed in the 8 Models Identified in the Review of Literature (Adapted from Kunene, 2008)

Skills	Glancey et al., (1988)	Van Vuuren & Nieman (1999)	Wickham(2002)	Erikson, (2002)	Man et al., (2002)	Ucbasaran et al., (2004)	Darroch & Clover (2005)	Perks & Struwig (2005)
Business skills	×	×	×	×			×	×
Strategy and business plans		×			×	×		
Operations		×						
Financial		×			×	×		
Marketing		×			×	×		
Human resources		×			×	×		
Legal		×						
Communication		×			×	×		×
Entrepreneurial skills		×		×		×	×	
Industry/market opportunity	×	×	×	×	×	×		×
Risk taking		×			×	×		
Creativity		×						
Innovation		×			×			
Role models		×						
Resources				×				
Personal skills			×		×			
Decision making			×		×			
Achievement, motivation & commitment	×	×	×	×	×		×	×
Internal locus of control		×						
Persistence		×						
Leadership		×			×			
Problem solving		×						×
Ability to learn		×				×		
Networking					×			
Prior education					×			
Technical skills					×	×		×
Product/ service development						×		
Product/ service production						×		

3.8 Conclusions

In summary, this current study argues in favour of focusing on the female entrepreneur as a vital step to better comprehend business success of female-owned and managed SMEs. For this reason, it is projected that FEC (female entrepreneurial competencies) will play a dominant role in the determination of success and failure in the context of female-owned SMEs. It is also projected that business success will be influenced by the business environment, either directly or indirectly (by way of mediating the link between entrepreneurial competencies and business performance). Therefore, the integration of competencies (at the individual level) and business success (at the organisational level), in addition to two vital exogenous elements (business environment and culture), can produce a more feasible business success model for SMEs, particularly for female-owned SMEs. For the purpose of this study, it is anticipated that this integration can be used to develop a competencies model for training that can be incorporated into existing and future intervention programmes for female entrepreneurs in South Africa, since it has been established that female entrepreneurship plays an important role in the economic development and growth of the South African economy.

The theoretical framework developed for this current study and the links between the constructs are discussed in the next chapter.

Chapter 4: The Link between Competencies, Cultural Orientation, Business Environment and Business Performance: A Theoretical Framework.

4.1 Introduction

The development of the theoretical framework for this current research has been centred on the gaps in existing literature, mainly gaps in the understanding of female entrepreneurial success across the four government identified groupings in South Africa, in the context of SMEs. According to Bird (1995), Kiggundu (2002), Man and Lau (2005), and Salomo et al. (2006), it is necessary to have a model approach to understanding business success that begins with the assertion that entrepreneurial competencies are crucial to business success because of theoretical and practical appeal. There are not enough studies linking entrepreneurial competencies to business success in the context of SMEs compared with larger firms, which have been the focus of a lot of studies (McGregor and Tweed 2001). Winterton (2002) argues the assumption that entrepreneurs of larger firms and SME operators require the same competencies can produce misleading results.

This current study endeavours to expand and broaden the entrepreneurial competencies model and the FEC (Female Entrepreneurial Competencies) previously developed using samples drawn from larger businesses in Asia and the UK. It goes on to examine the links of these models with business success of female SME operators in South Africa. Therefore, the female entrepreneur (operating in the context of SMEs in South Africa) is the unit of analysis for this study. This follows the suggestion of McGregor and Tweed (2001, p. 280) that “the core competencies of the enterprise become virtually synonymous with the competencies of the manager (entrepreneur as owner-manager).”

According to Salome et al. (2006), there is a lack of uniformity vis-à-vis the classifications of the competency domains as well as the behaviours reflected in each of the domains that have been

offered for individual entrepreneurial competency. One major limitation in the existing literature is the spread of studies across different sectors, with each reflecting industry specific competencies. Another limitation is that the focus of most studies is opportunity recognition, networking and strategic behaviour (De Koning 2003; Hills 1995; O'Gorman 2001; Pech and Cameron 2006; Singh et al. 1999). The idea underpinning these arguments could be that there are roles perceived to be “important” and “relevant” for entrepreneurs according to the traditional definitions that have been given to entrepreneurial activities. The failure to address the competencies requirements of the female entrepreneur, particularly competencies required to carry out managerial and technical functions, can affect the ability to predict the business success of female entrepreneurs, from an investigation of entrepreneurial competencies. To this end, Garavan and McGuire (2001, p. 158) argue that “to be of value, competency models need to encompass the total range of competencies necessary for effective performance.”

This current study draws from Man's (2001) entrepreneurial competencies model and the Female Entrepreneurial Competency model of Mitchelmore and Rowley (2013) in an attempt to bridge the gap in female entrepreneurship. This can be achieved by using a broad model of competencies (i.e. a general model such as Man's) and the FEC model of competencies (a gender specific model of Mitchelmore and Rowley), to examine their link to business successes of South African female business owners operating in the context of SMEs. In doing so, this study also extends knowledge by investigating the cross-cultural significance of the proposed competencies models (Western, Asian and African cultures).

This is important because, according to Thomas and Mueller (2002), there has been the persistent problem with a lack of research in a diverse context with regard to the application of entrepreneurial competencies globally. They conclude that:

“International comparative studies of entrepreneurship are rare, hampered by barriers such as difficulty in gaining access to entrepreneurs in other countries, the expenses involved, and the lack of reliable published data”. (2002, p. 289)

This, according to Thomas and Mueller (2000), also suggests that designing educational and training programs as well as formulating policies based on assumptions that have been derived from “foreign” models are likely to be unsuccessful because differences exists in “the tasks and

psychic environment.” To this end, researchers such as Dodd and Patra (2002) and Saffu (2003), argue that there is a need for a study that deviates from the usual Western-based perceptions.

It has been argued that data and their corresponding findings from the West should not be forced to fit other contexts without considerable empirical verification or validation (Dodd and Patra 2002). Therefore, it is important to understand the inherent issues, such as the impact of the individual cultural orientation on the competencies models, in order to develop policies and practices that are context-appropriate. For this reason, the theoretical framework of this study takes into consideration the impact of the individual cultural orientation of the entrepreneur on the behaviour that delineates competencies in addition to examining the projected fitness of the competency models in an African (South Africa) country.

This chapter, based on a critical review of the literature, lays out the key concepts from which the theoretical framework for this current research was developed, including (a) domains of entrepreneurial competencies and the behaviours reflected in these domains, (b) entrepreneurial success, (c) business environment and (d) cultural orientation. The linkage between these constructs are explored in proposed theoretical framework as well as the development of the hypothesis for empirical testing and examination of the following:

- The direct influence of FEC on business success
- The direct and moderate impact of perceived business environment on business success
- The direct impact of cultural orientation on the development of entrepreneurial competencies

A number of independent variables are also examined such as: prior knowledge/education, pre and post venture start-up training, and prior work/management experience.

4.2 Theoretical Framework

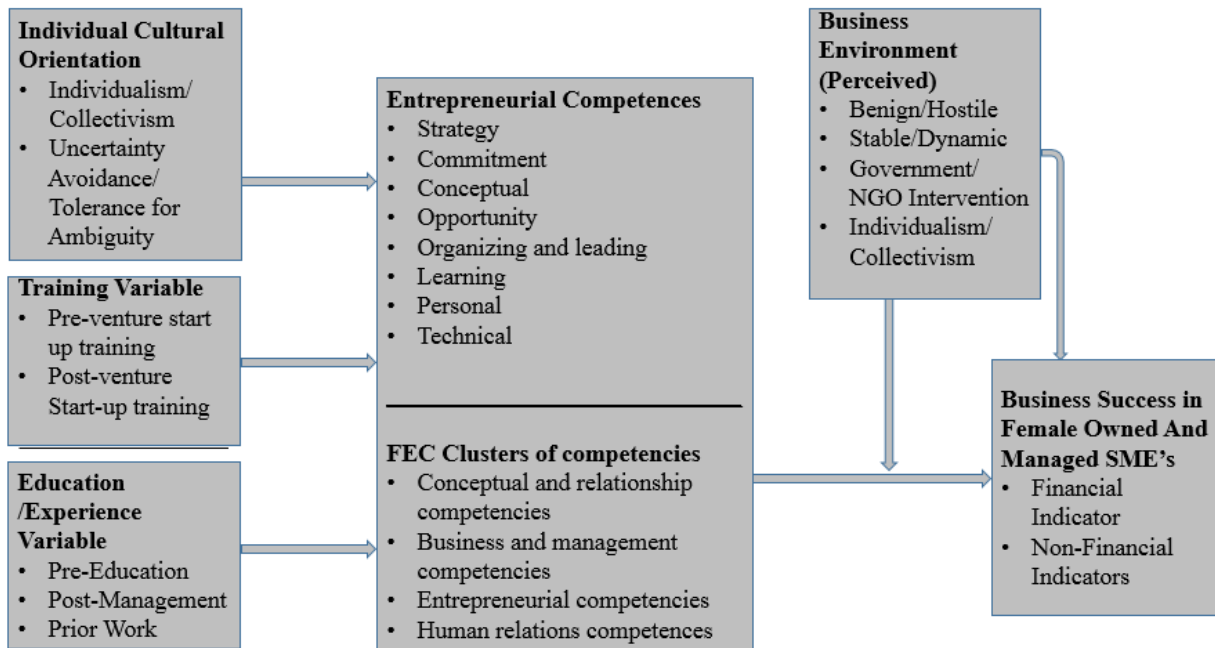
In the proposed theoretical framework for this study, the independent variables are entrepreneurial competencies, while (self-reported) business success is treated as the dependent variable. The primary goal of any business venture is to be successful and the entrepreneurial competencies model is the primary model that can be used to measure success in the context of

SMEs, especially where financial indicators may prove ineffective as a sole measuring tool due to the fact that most female entrepreneurs have no valid financial reports and the available records are based on self-reporting. The proposed framework also takes into account the moderating roles of the perceived business environment in addition to the dependent (business success) and the independent variables (entrepreneurial competencies). This is because evidence from past studies suggests that individual differences exist among entrepreneurs in the way they deal with challenges in the business environment. This is a major factor in differentiating business success or performance (Chandler and Hanks 1994; Shane and Kolvereid 1995; Tsai et al. 1991). Baum et al. (2001) also argue that the direct effect of the business environment on performance should also be demonstrated.

This study, in agreement with the suggestions of Singelis and Brown (1994), examines the manner in which the individual cultural orientation of the entrepreneur forms the behaviour that defines their entrepreneurial competencies. This cultural variable together with other demographic factors will be tested to establish their definite links with development of entrepreneurial competencies (chapter 7).

The conceptual framework for this current research draws from the research of Ibrahim and Goodman (1986). The finding from their study of 74 entrepreneurs in Canada revealed that the factors that had the most effect on business success were the related skills and competencies, rather than policies, economic conditions and business environment related. This study aims to establish extent to which entrepreneurial competencies influence success of female owned and managed SMEs in South Africa.

Figure 5: Proposed theoretical framework



4.3 Hypotheses

From the review of the literature, several hypotheses are enunciated that illustrates the links between entrepreneurial competencies (or female entrepreneurial competencies), the cultural orientation of the entrepreneur, the training variables (pre- and post-venture start-up), education and work experience variables, the business environment and the perceived business success. The hypotheses developed for this study are outlined below.

4.3.1 *Influence of Entrepreneurial Competencies on Business Success*

According to Mitchelmore and Rowley (2013), the success or failure of a business depends largely on the capabilities of the entrepreneur in the context of SMEs. Researchers like Baum et al. (2001), Man (2001) and Bird (1995), have suggested refocusing attention to the individual behaviours that have an influence on business outcomes (entrepreneurial competencies). It is also believed that business direction is determined by the decisions of the entrepreneur (Drago and Clements 1999) and these choices are shaped by their individual individualities, understanding, abilities and aptitudes (competencies).

Sadler et al. (2003) also argues that SME operators should have a variety of skills that range across diverse domains and execute a “generalist role” rather than performing specific roles like managers in bigger organisations. In agreement with this view Chandler and Jansen (1992) posit that business owners have three key roles: (a) entrepreneurial, (b) managerial and (c) functional roles. The ability of the entrepreneur to develop the right mix of competencies would have a direct influence on business success (Noor 2007).

Regardless of the above, there is the traditional entrepreneurial role, which has been defined without taking the size of the organisation into consideration. This role is comprised of: (a) recognising and exploiting opportunities, (b) the ability to take risks and (c) being innovative (Chandler and Hanks 1994). Accordingly, a number of recent studies have highlighted opportunity recognition and exploitation as crucial to entrepreneurship (De Koning 2003; Hills 1995; Pech and Cameron 2006). In order to transform these identified opportunities into profitable outcomes, the entrepreneur needs to develop strategies, and this requires skills (Stokes 2006). To be able to exploit identified opportunities the entrepreneur also needs to take risks because of the uncertainty involved, and the fact that outcomes can only be speculated upon (Muzychenko and Saeed 2004).

According to Stokes and Blackburn (2002), risks need to be calculated and this can only be achieved by having a good understanding of the business environment, learning from past mistakes as well as relying on the experiences of others (Gibb 2005b; Harrison and Leitch 2005; Smilor and Sexton 1996). Having taken all these into consideration, the entrepreneur then needs to make a decision and be committed to the decision in order to achieve set goals and objectives; all of these according to Georgellis et al. (2000); Masurel et al. (2003) and Meeus and Oerlemans (2000), require an appropriate combination of resources and sometimes devising a new method of doing things (being innovative). Entrepreneurs need to have a strong commitment to the business in order to remain motivated when faced with success or failure (Chandler and Jansen 1992; Thompson et al. 1997). The above description of the traditional view of the entrepreneur confirms that competencies should be reflected in diverse domains as described by Man (2001) and Mitchelmore and Rowley (2013): (1) strategic, (2) opportunity, (3) conceptual, (4) commitment and (5) learning.

In order for SMEs to survive, it is critical that the entrepreneur performs managerial functions. According to Brush et al. (2001 and 2006), the ability to manage and organise tangible and intangible resources are vital in business management. De Koning (2003) and Terziovski (2003), also argue that acquiring, organising and managing resources can only be done through the establishment of good relationships with other people. Starr and MacMillan (1990) also suggest that entrepreneurs form good networks and associations for the expertise needed to attract the right mix of skilled labour needed for venture success.

Therefore, having people management skills is crucial. Accordingly, Hartenian (2003) suggests that entrepreneurs have the ability to build and energise a team, a necessary skill for managers. Cooper (2006) actually believes that teamwork can increase competitive advantage. The managerial functions/roles of the entrepreneur summarised here can be classified under the following competency domains, as highlighted by Man (2001) and Mitchelmore and Rowley (2013): (1) organizing, (2) leading and (3) relationships.

According to Chandler and Jansen (1992), entrepreneurs operating in the context of SMEs are required to have competencies in technical and functional areas. To this end, Baum et al. (2001) posit that having “technical or industry specific/related skills” is a form of “expertise” that gives the entrepreneur legitimacy in the eyes of employees and aids in the implementation of the ideas and plans of the entrepreneur. It is also necessary for the entrepreneur to have business-specific skills that will provide a competitive advantage that is sustainable (Barney 1991). The skills discussed above reflect the technical competency domain identified by Man (2001).

In addition to all the elements discussed thus far, the entrepreneur also needs to have personal strengths (Man 2001). Previous characterisation of successful entrepreneurs seem to attest to the fact that successful entrepreneurs believe in themselves and their abilities to achieve set goals. Researchers like Timmons (1978) describe entrepreneurs as “having a remarkable level of strength, energy and drive with the ability to work longer hours than their employees or people in paid employment”. Thompson et al. (1997) also describe them as highly determined, while Chandler and Jansen (1992) describe them as having the will to overcome obstacles and the drive to pursue goals and objectives.

Less and Tsang (2001) describe successful entrepreneurs as people who are goal and action-oriented, possessing a high need to achieve. Taking all these arguments into consideration, it can be concluded that personal strength (as part of the personal domain of competency identified by Man in 2001), has the potential to boost entrepreneurial effectiveness and can have a predictive positive effect on business success. Therefore the first hypothesis of this study is derived from the foregoing arguments:

H1: Entrepreneurial competencies have a direct effect on business success. Therefore, the higher the level of female entrepreneurial competencies, the greater the level of business success that can be achieved.

This hypothesis relates to the overall research question of what it takes for female entrepreneurs in South Africa to be successful.

4.3.2 The Direct and the Mediating Impact of the Business Environment (perceived)

Evidence from previous studies suggests that the business environment affects the way that SMEs operate (Covin and Slevin 1988). Literature also suggests that the business environment has a moderate effect on business success especially in relation to business strategy and business performance (Tsai et al. 1991; Westerberg et al. 1997). This study examines the direct impact and mediating influence of the business environment (“Benign versus Hostile” and “Stable versus Dynamic”) on the success of female operated SMEs in South Africa.

4.3.2.1 Effect of the Business Environment on Success: “Benign versus Hostile” and “Stable versus Dynamic” (perceived)

According to Covin et al. (1999), a “Benign” business environment is one that is delineated by a high level of customer loyalty and elevated profit margin, with low “competitive density” with common acceptance of bad management decisions. Business success in a “Benign” environment is relatively easy to achieve and the business failure rate is low. In contrast to this, a “Hostile” business environment is one wherein there is high competition and the failure rates are also relatively high. The evidence obtained from the 1991 study of Tsai et al. (of 161 corporate organisations) revealed that a hostile environment significantly affects business performance.

The business environment can also be characterised by the amount of change it undergoes, thereby classifying it as either stable or dynamic. A stable business environment is one with little or no change that is unpredictable and a low frequency of market turnover (Duncan 1972). According to Baum et al. (2001), navigating a stable business environment is much easier and business success is positively influenced by the environment. Conversely, a dynamic business environment requires a robust and proactive approach to business and therefore presents the entrepreneur with challenges. In the context of SMEs, the level of hostility and dynamism in the national economy, as well as in the particular sector (business sector), will impact business success directly.

There are also gender specific challenges that impact business success, such as the traditional view of women, gender stereotyping, the inability of women to secure capital needed for venture start-up and growth, a lack of knowledge and a need to balance work and family life. Various governments have attempted in different ways to bridge the gender gap by formulating policies aimed at creating a business environment that encourages gender participation in business. Both government and non-government bodies are engaged in provision of financial and technical capital for female entrepreneurs with the sole purpose of increasing business success. Therefore, in light of the above discussions, the following hypothesis will be tested in this study:

H2: Business success will be affected directly by the perceived extent of the benignity of the business environment.

This hypothesis together with H3 and H4 covers the research question of whether the business environment impacts the success of female entrepreneurs in South Africa.

Generally,

H3: A high level of business success in women-owned SMEs will be associated with the presence of government and NGO intervention policies aimed at empowering previously disadvantaged individuals (such as women).

H4: Business success in women-owned and managed SMEs will be directly affected by perceived barriers towards female entrepreneurs (gender stereotyping, traditional and cultural views of women)

4.3.2.2 The Mediating impact of the Business Environment: Benign versus Stable and Hostile versus Dynamic (perceived)

According to Entrialgo et al. (2001), contingency theory suggests that managers' decisions are informed by their views about suitable actions given the environmental context. Because evidence from the literature seems to suggest that a "Hostile" business environment is volatile, an entrepreneur therefore, is required to adapt his/her business to the changes in the market (Covin et al. 1999). According to Gibb (2005), this requires entrepreneurs to develop competencies enabling them to counter these challenges. Johannisson (1990) suggests that one of the competencies that the entrepreneur requires is the ability to develop beneficial relationships and networks, which according to Baum et al. (2000) and Suarez-Villa (1998) will enable the entrepreneur to overcome these difficulties and find a safe way of doing business in the challenging situation that a hostile environment represents. Businesspersons are expected to blend information and react quickly to opportunities in chaotic situations such as a hostile environment (Thompson 1999).

Entrepreneurial behaviour such as risk-taking and recognizing opportunities is improved in unstable socio-economic environments (Carsrud and Krueger, Jr. 1995). Therefore, Covin et al. (1999) argues that business performance is positively associated with entrepreneurial strategic attitude (i.e. risk taking propensity, being innovative and proactive) in a hostile business environment. In a study that examined the effects of strategic attitudes and hostile environment on firm performance among managers of small firms in the U.S. (161 organisations were studied); they found that when smaller firms operated in an environment perceived to be hostile, they adopted a strategic attitude to achieve a higher level of financial performance. In contrast, managers of those small firms operating in environments perceived to be benign had an attitude towards business performance that was relatively weak.

4.3.3 The Impact of Cultural Orientation on (female) Entrepreneurial Competencies

From the review of the literature it can be seen that a number of researchers have advocated for the study of competencies to be “context-specific” (McClelland 1973; Pearson and Chatterjee 2001). This is because the behaviours that delineate competencies differ from one culture to another, with different cultures displaying certain behaviours not present in other cultures (Choueke and Armstrong 2000; Hofstede and Bond 1988). According to Marino et al. (2002, p. 157), “acting entrepreneurially in an individualistic culture may be different from doing so in a collectivist society.”

Therefore, while in Western countries “Individualistic” values could be considered vital to the concept of entrepreneurship, in many Asian countries (as in Africa), collectivist values (i.e. family support as well as local networks) are associated with entrepreneurial success (Pearson and Chatterjee 2001). It can therefore be concluded that the behaviours that define entrepreneurial competencies are formed by culture.

The literature indicates that both collectivist and individualistic cultures promote certain behaviours and have little tolerance for other behaviours. According to Herbig and Dunphy (1998), a collectivist society encourages social interactions and relationship building. This is in line with the findings from the study of Marino et al. (2002) based on the examination of 647 SMEs across six countries. They found that highly individualistic societies were unlikely to develop business networks and highly collectivist societies were very likely to develop business networks. These findings were in agreement with the findings from a previous study by Steensma et al. (2000), which examined the entrepreneurial behaviours in the context of SMEs across seven countries. They concluded from their study that in an “Individualistic” society, entrepreneurs had little regard for collaborative approaches, which is contrary to entrepreneurs in a collectivist society.

Therefore, Lincoln and Kalleberg (1990) conclude that entrepreneurs in a “Collectivist” society are anticipated to be more dedicated and successful in maintaining good relationships as a means of gaining competitive advantage (good customer relations) than those in an individualistic society.

In the context of SME start-up and growth, relationship building and networking can be seen as a necessary tool for survival, particularly in an unstable economic environment, and particularly for female entrepreneurs. It is therefore hypothesized that the individualist orientations of some South African female entrepreneurs could impact the behaviours that define entrepreneurial competencies, and the collectivist orientation of some South African female entrepreneurs could influence the behaviours that outline entrepreneurial competencies (this study aims to identify from the data which cultural groups in South Africa are individualistic and which are collectivist). Although most of the literature on culture in relation to entrepreneurship refers to the national culture, it is important to point out that the effect of the variable “individual cultural orientation” will be parallel to the effect of the national culture.

According to Mueller and Thomas (2001), “Uncertainty Avoidance” and “Tolerance for Ambiguity” are other cultural factors that have an influence on entrepreneurs. Where there is low tolerance for an ambiguous environment, entrepreneurs have more environmental control and are less disposed to changes and surprises than entrepreneurs in societies with high “Tolerance for Ambiguity” (Hofstede 1991). McGrath et al. (1992) posits that a society with tolerance for ambiguity promotes values such as being innovative, optimistic, and competitive. They found from their study of 1217 entrepreneurs and 1206 non-entrepreneurs from thirteen countries, that when comparing the values of the entrepreneurs against the managers (non-entrepreneurs), entrepreneurs displayed a stronger level of “Tolerance for Ambiguity” than the managers (non-entrepreneurs). Therefore, the ideals that define “Tolerance for Ambiguity” can be associated with entrepreneurial behaviour, and these are the values vital for the business success of SMEs in an unstable or dynamic business environment. According to Chye Koh (1996), in cases where there is insufficient knowledge regarding how to deal with specific situations, someone with a high “Tolerance for Ambiguity” can collate information necessary to deal effectively with the situation.

Given that the competency model being utilised for this study is comprised mostly of behaviours that have to do with a person’s ability to organise and manage in environments considered to be uncertain (such as strategic planning, commitment, organising and leading, relationship, learning, and personal competencies), and behaviours which reflect a “Tolerance for Ambiguity”

(such as conceptual and opportunity competencies), it therefore follows that entrepreneurs in societies with a “Tolerance for Ambiguity” will demonstrate a higher level of competency.

Therefore based on the discussions above that show a link between the behaviour of the entrepreneur and his/her individual cultural orientation the following hypotheses will be tested:

H5: The individual cultural orientation of a female South African entrepreneur will have a significant impact on the behaviours that delineate competencies in different cultural environments.

This hypothesis addresses the research question of whether or not the individual cultural orientations of female entrepreneurs in South Africa influence the behaviours that delineates entrepreneurial competencies.

4.3.4 The Impact of Prior Education, Work Experience and Training on Female Entrepreneurial Competencies

While education is not a pre-requisite for venture start-up, education provides an entrepreneur with the necessary skills such as networking and forming associations that are crucial to business survival and success (Both 2006). Various studies have been undertaken to examine the influence of education, pre- and post-venture start-up training and work experience on development of entrepreneurial competencies. In general, empirical data attests to the fact they are indeed linked to competencies. According to Krueger and Brazeal (1994), the perceived competencies of an entrepreneur and his/her ability to recognise and exploit opportunities are increased by prior work experience. Likewise, a businessperson’s knowledge and understanding of the business environment and industry is increased by education, thereby improving the skills and capabilities of the entrepreneur (Haynes 2003). Brush et al. (2001) also suggest that training and work experience are vital sources of skills and technical knowledge for the entrepreneur. Therefore the following hypotheses will be tested in this study:

H6: Entrepreneurial competencies are directly impacted by education, therefore, the higher the level of education of the female entrepreneur, the greater the competency.

H7: Entrepreneurial competencies are directly impacted by pre and post venture start-up training of a female entrepreneur. The more the training, the greater the level of competency.

H8: Entrepreneurial competencies are directly impacted by prior work experience of the female entrepreneur. The more the level of experience the greater the competency.

H9: Entrepreneurial competencies are directly impacted by the prior management experience of the female entrepreneur.

Hypothesis 6, 7, 8 and 9 addresses the research objective of identifying elements of the existing models (such as education, training and work experience) that impact the development and application of entrepreneurial competencies.

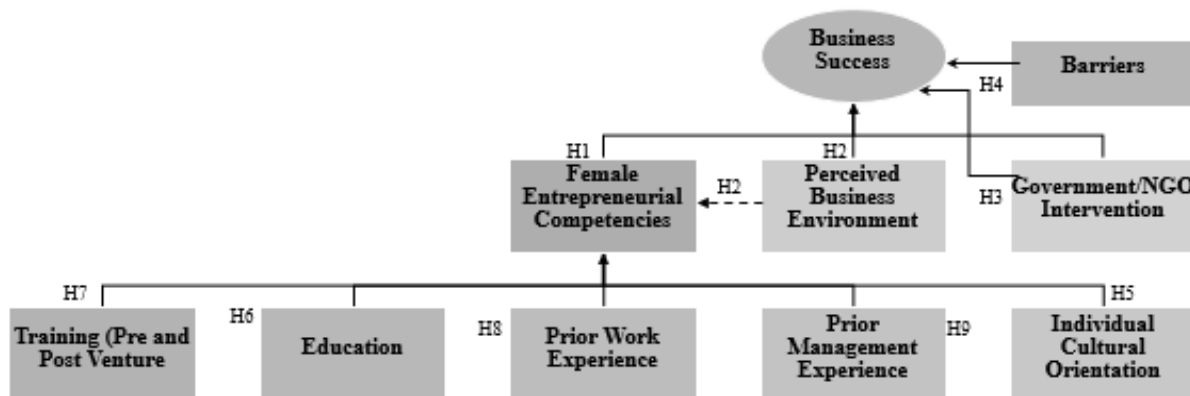
Finally, as revealed earlier by the review of the literature, more research emphasis has been on the impact of external/exogenous factors on business success rather than on internal/ endogenous factors (such as the competencies of the entrepreneur). To this end, researchers like Bird (1995), Chandler and Jansen (1992), and Man (2001) suggest that researchers should refocus on the entrepreneur in an attempt to understand business success in the context of SMEs. While there have been numerous studies on entrepreneurial competencies (e.g. Man 2001, Chandler and Jansen 1992, Baum and Locke 2004, Beaver and Jennings 2005), there have been very few that are gender specific, despite the enormous evidence suggesting that differences exist between male and female entrepreneurs (such as Mitchelmore and Rowley 2013).

Although entrepreneurial competencies are vital for all entrepreneurs operating in the context of SMEs, it is necessary to develop an understanding of entrepreneurial competencies in the context of female-owned and managed SMEs (Mitchelmore and Rowley 2013), and also in the context of Africa, given that it can be deduced from the literature that culture plays a crucial role in fashioning the behaviours that delineate entrepreneurial competencies. There are a growing number of female-owned SMEs in South Africa and women are playing a vital role in the economic development of the country (Botha 2006). Most of these SMEs, however, are in the informal sector and can be considered as lifestyle businesses with little commitment to growth (Wiklund et al. 2003). Yet, the South African government and NGOs are involved in

encouraging the increased participation of women in entrepreneurial activities by undertaking intervention programmes aimed at reducing the negative impact of the barriers and obstacles faced by women in the day to day running of businesses.

The South African Government has initiated such ventures as the Reconstruction and Development Program (RDP), the Growth, Equity and Redistribution (GEAR) program and the Black Economic Empowerment (BEE) program, all of which are aimed at encouraging growth in the SME sector. In spite of these efforts, female operated SMEs have continued to be volatile and experience a high degree of business failure and shrinkage (Baard and Van den Berg 2004; Eriksson and Kuhn 2006; MacMahon and Murphy 1999). Given the above discussions, this study seeks to explore the argument that South African female SMEs operators need to have gender and context specific skills (socio-cultural environment), together with the competencies and know-how that is required to run a business. This is in agreement with the argument of Botha (2006), that over-dependence on government aid and assistance may have rendered these female entrepreneurs incapable of being innovative, thereby rendering them non-competitive.

Figure 6: Conceptual Framework



NOTES: → Denotes direct effects, -.-→ denotes mediating effects

Based on the foregoing, this study will seek to confirm whether success in of female-owned and managed SMEs can be achieved with higher levels of competency and less focus on government/NGO intervention, whether entrepreneurial competencies can be acquired by training and education, whether prior work and management experience can impact the

development of entrepreneurial competencies, whether the perceived business environment and barriers can influence business outcomes, and whether individual cultural orientations have an impact on the development of entrepreneurial competencies. The conceptual framework for this current research is illustrated in Figure 6.

4.4 Conclusions

In general, the aim of this current research is to investigate the concept of female entrepreneurial competencies and to empirically study the link between entrepreneurial competencies and success in the context of female SMEs owner-managers in South Africa. The business environment and the cultural orientation of the female entrepreneur in South Africa are other variables that are examined in the course of this study. In order to achieve this, the study will adopt a two-stage chronological approach in the investigation. The first study utilises a qualitative approach designed to provide insights into the existing parallels and variances in entrepreneurial competencies models that have been validated by various researchers globally. In the process this will address the gap in the literature pertaining to female entrepreneurial competencies in Africa.

The second study adopts a quantitative approach that examines the relationship between entrepreneurial competencies and success, plus the impact of other identified variables in female-owned and managed small businesses in South Africa.

Chapter 5: Research Design and Methodology

5.1 Introduction

This study contributes to the current debate on the entrepreneurial competencies literature by investigating competencies that are perceived as important to the success of women operating in the context of SMEs. Set in the context of female-owned and managed SMEs in South Africa, the objectives of this research are laid out in the first chapter (Chapter 1). Firstly, the aim of this research is to examine the innate and acquired competencies of female entrepreneurs in South Africa with a view to differentiate the behavioural and non-behavioural elements of competency, which will further lead to the identification and exploration of competency clusters and the associated behavioural pattern. This is in line with the definition of entrepreneurial competencies that have been adopted for this research:

“Entrepreneurial competencies are defined as individual characteristics that include both attitudes and behaviours, which enable the entrepreneurs to achieve and maintain business success”.

Secondly, this research aims to identify and explore identified entrepreneurial competencies by conducting a comparative study of their operability contextually among the four government identified groups in South Africa, in terms of competencies and their influence on business success or growth. This is because previous studies on entrepreneurial competencies have been conducted using samples obtained from Western countries (Mitchelmore and Rowley 2013) and Asia (Man 2001 and Noor 2007), with no evidence of their findings being applicable to African culture, given the uniqueness of the African environment (i.e. the economic, socio-cultural and technological background).

Accordingly, Thomas and Mueller (2000) argue that the application of entrepreneurial theory internationally (especially the model of competencies) could be problematic given the lack of research in different cultures. This study addresses this issue as it conducts a contextual study (South African women) without forcing the existing data on entrepreneurial competencies to “fit” female entrepreneurs in South Africa (Dodd and Patra 2002).

Thirdly, this study proposes to advance a competencies training approach or training that can be incorporated into the various intervention programs for female entrepreneurs in South Africa, given that it has been established that competencies can be acquired or learnt. This is because according to Bird (1995), understanding business success as a consequence of entrepreneurial competencies offers an effective approach to intervention.

In order for these aims to be achieved, the research questions outlined in Chapter 1 need to be addressed. This chapter analyses the way these questions are answered by an evaluation of the methodological approach and research methods used in the research. The choice of female-entrepreneurs in South Africa has been justified in the previous chapters and will not be restated in this chapter.

It has been established by the extensive review of existing literature that competencies play a vital role in defining the successes of small business operators (Bird 1995; Chandler and Jansen 1992; Man 2001; Mitchelmore and Rowley 2013). Grounded on this idea, this study strives to advance the entrepreneurial competencies models that have been propounded in Asia, the U.S. and U.K. to confirm their applicability to South African culture and to South African women (given that behaviours delineate entrepreneurial competencies). It will also seek to determine if the FEC (Female Entrepreneurial Competencies) model developed by Mitchelmore and Rowley (2013) can be applied to the South African female entrepreneur. By so doing, this study pays particular attention to the following vital issues: (1) the applicability of the existing entrepreneurial competencies and their methodological concerns; (2) the applicability of the FEC model in the South African context; (3) the probable emergence of new competencies that are culture and gender sensitive.

In addressing the 1st issue of the ability of existing models to be applied to different cultural settings, evidence suggests that entrepreneurs behave and think differently from culture to culture (Mitchell et al. 2000). To this end, Berry et al. (2002) suggest that researchers should only cautiously adopt “foreign” models into other cultural contexts. Leung et al. (2014) also argue that a major source of bias in most cross-cultural studies is that instruments used in a Western context are applied to non-Western contexts without determining their relevance to those non-Western contexts.

According to McGrath et al. (1992), instruments used in measuring constructs in Western cultural contexts may prove inappropriate for tapping cross-cultural phenomena, because it may be difficult to prove whether any observed differences are due to cultural variations or purely a reflection of dissimilarities in measuring instrument between different nations. This problem has raised a major concern about the methodology utilised in this research and the instrument used to measure female entrepreneurial competencies. Taking this into account, the current researcher acknowledged the need to confirm and amend existing measures to be used in the quantitative aspect of the current research in order to produce a “context-sensitive” (culture and gender) model. The complete omission of items that are appropriate to other cultural settings in the development of measuring instruments in a different cultural context may produce distorted results (Ramayah and Jantan 2004).

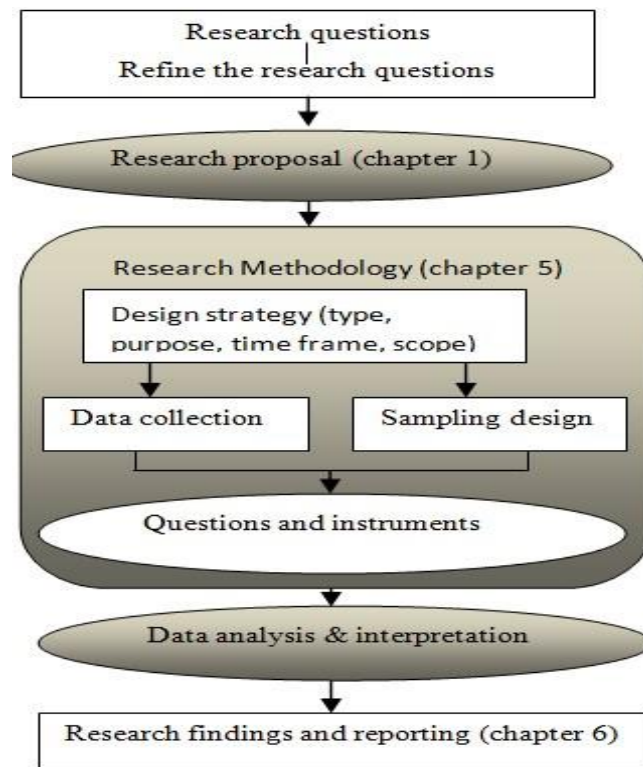
The existing entrepreneurial competencies models are largely US-based, UK-based and Asian-based. In attempting to extend the applicability of these existing models, this study explores the competencies of female SMEs operators in the African continent, namely South Africa. By so doing, however, a second concern is raised regarding the emergence of new entrepreneurial competencies that could arise from cultural differences. According to Hofstede (1991a), cultural differences could have an influence on the form of entrepreneurial competencies presumed to affirm the diverse competencies domain. Gender could also impact competencies differently. Studies have shown that differences abound in the motivation, strategy and management styles of male and female entrepreneurs. For instance, Maas and Herrington (2006a), suggest that the culture in South Africa, is not quite supportive of the development of entrepreneurship due to the negative mind-sets/attitudes about issues of self-esteem/confidence, entrepreneurship and failure (Orford et al. 2003; Pretorius and Van Vuuren 2003). According to Gbadamosi (2002); Rwigema and Venter (2004), certain communities in South Africa hold a suspicious view of business ownership associating entrepreneurship with dishonesty, poor business ethics and undisciplined acts. Also, the “Ubuntu” culture (a community-sharing concept emphasising the common good over individual pursuits) of some black South Africans contradicts the notion of wealth creation and could be deemed to be a threat to business growth in SMMEs and SMEs (Mayrhofer and Hendriks 2003). Culture also, in the views of Hofstede and Bond (1988), influences people’s

perceptions of best practices in organisations. Therefore competency domains may therefore be characterised differently from culture to culture.

With the evolution of corporate protocols, new competencies are also continuously materialising that are vital to business success. 21st century management literature is depicted by the advent of a fresh set of business urgencies. Ethical practices (Román and Luis Munuera 2005; Spanos 2005; Ushedo and Ehiri 2006), social responsibility (Zairi and Peters 2002) and corporate governance (Spanos 2005; Vinten and Mardjono 2005), have become a very important part of business practice discussions. To this end, Tett et al. (2000) warn that the exclusion of more contemporary issues when determining best business practices could adversely affect the managerial performance of an organisation. Also, Cheng et al. (2005) argue that competencies are dynamic rather than static, changing in accordance with business trends. It therefore follows that the concept of female entrepreneurial competencies should be explored. To this end, this study seeks to identify new competencies that are unique to or that are perceived to be important or crucial to the success of women-owned and managed businesses in South Africa. This is important for the development of a comprehensive and informed model of Female Entrepreneurial Competencies that can be incorporated into existing intervention programs for the development of female entrepreneurs in South Africa.

This current study is a formal study that highlights research problems and hypothesis statements and involves precise procedures and data source specifications. The problem statement and objectives are discussed in Chapter One. The focus of this chapter (chapter 5) is the method of data collection and analysis employed in this study. It also describes the design and measurement of the research instrument to ensure that the researcher received valid responses from the participants. The final section discusses the data processing, analysis and the characteristics of sound measurement.

Figure 7: The research process of this study, Source: Adapted from Cooper et al. (2006)



5.2 Research Approach and Philosophy

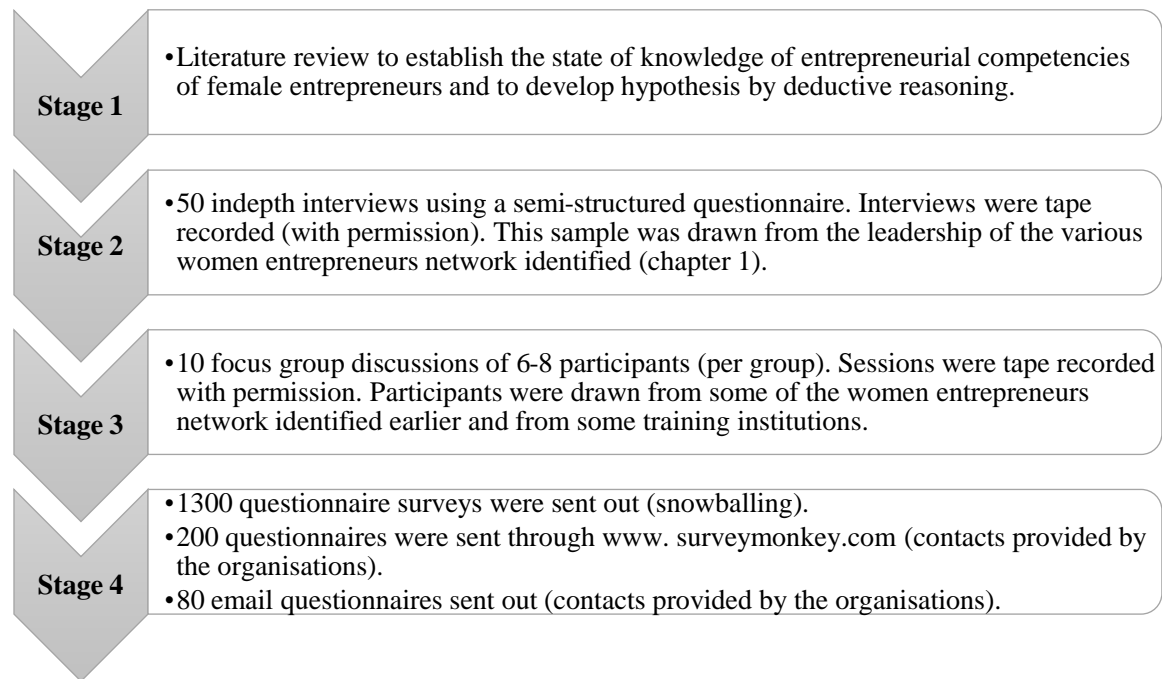
The methodological framework utilised for this study is largely based on a positivist and realist approach to research. The researcher assumes that what exists in the social world is real and can be largely measured and described just as physical scientists measure and describes the physical world. According to Lin (1998), positivists seek to identify details with propositions that can be tested by identifying causal relationships present in a data set with some degree of probability. The positivist approach involves trying to decipher which pieces of information in the data sets are associated and assesses the strength of the association by counterfactual thinking and problems of reliability and representativeness. However, positivism cannot easily explain how the mechanism implied by the causal relationship works or interacts. Interpretivist works on the other hand, can produce detailed examinations of causal mechanisms in specific cases and explains how particular variables interact. The combination of both modes of logic adds more

functional content which neither positivism nor interpretivism can produce alone, and gives more additional confidence to conclusions. Therefore, stages 2 and 3 (refer to figure 9 below) involve qualitative research that is at least partially constructivist/interpretivist in orientation in that it is the actual experience of the research participants that the research seeks to explore. The interpretivist approach is chosen for stages 2 and 3 because in an attempt to understand the culture and behaviour that delineate entrepreneurial competencies, individual perceptions cannot be overlooked and the phenomenon will be perceived differently by different people. The positivist elements of this qualitative research entail the development (from the research findings) of the elements that went into the design of the questionnaires for stage 4: the quantification of the study. The flow of the research is outlined in Table 5-2.

The qualitative study was undertaken to obtain a description of the behaviour that female entrepreneurs in South Africa consider crucial to enterprise success; compare them to those that have been previously identified in existing models; and used them to operationalise the different domains of competencies already mentioned in the literature. There is the possibility of the emergence of new competencies. Therefore, the qualitative study (stage 2 and 3) aims to:

- a) Find evidence of the competencies considered by female entrepreneurs within the context of SMEs and SMMEs in South Africa, including those not already identified in the existing literature. This tests the limits of current models by seeking to identify competencies that are gender (female) and context-specific (African culture).
- b) Utilise the outcomes to adapt and advance the content of the measuring instrument in the ensuing quantitative study.

Figure 8: The Research Stages for the Study



5.2.1 Hypotheses

This study states hypotheses rather than propositions because hypotheses are propositions that can be tested (Cooper et al. 2006; Saunders et al. 2009). Blumberg et al. (2005) posit that a proposition can be judged to be true or false if it refers to a phenomenon that is observable. A proposition that is formulated for empirical testing is called a hypothesis. According to Zikmund (2003a), a proposition is a statement that is concerned with the relationships between concepts; an assertion of a universal connection between certain events with the same properties. Also, according to Botha (2006), a hypothesis is a proposition that can be tested empirically; it is an empirical statement that is concerned with the relationship among variables.

The hypotheses proposed for this study are stated below and hypothesis-testing is presented in Chapter 7. The testing is empirical.

The hypotheses that were formulated by deductive reasoning for this study and out of the objectives of this research are:

- H1: Entrepreneurial competencies have a direct effect on business success, therefore, the higher the level of female entrepreneurial competencies, the greater the level of business success.
- H2: Business success will be affected directly by the perceived extent of the benignity of the business environment.
- H3: A higher level of business success in women-owned SMEs will be associated with the presence of government and NGO intervention policies aimed at empowering PDIs (such as women).
- H4: Business success in women-owned SMEs will be directly affected by perceptions about female entrepreneurs (gender stereotyping, traditional and cultural views of women).
- H5: The individual cultural orientation of female South African entrepreneurs will have a major effect on the behaviours that define competencies in diverse cultural environments.
- H6: Entrepreneurial competencies are directly impacted by education, therefore, the higher the level of education of the female entrepreneur, the greater the competencies.
- H7: Entrepreneurial competencies are directly impacted by pre- and post-venture start-up training of the female entrepreneurs: the more the training, the greater the level of competencies.
- H8: Entrepreneurial competencies are directly impacted by the prior work experience of female entrepreneurs: the more the level of experience, the greater the competencies possessed.
- H9: Entrepreneurial competencies are directly impacted by the prior management experience of female entrepreneurs, the more the level of experience, the greater the competency.

5.2.2 Hypotheses Testing

Chapter 6 deals with the hypothesis testing procedures for this study, where the null and the alternative hypotheses will be accepted or rejected. When choosing between the null and alternative hypotheses, the significance level is “critical probability.” The probability level is determined by the level of significance with 0.5 considered to be significant and 0.05 considered to be insignificant (and does not support the hypothesis). Table 5-1 indicates the two types of errors that can occur when testing a hypothesis. There are four possible scenarios where the null

hypothesis can be either true or false and the resolution will be either to accept or reject the null hypothesis.

Table 5-1: Type 1 and Type 2 Errors in Hypothesis Testing, Source: Zikmund (2003.p.504)

State of the Null Hypothesis in the Population	Decision	
	Accept Ho	Reject Ho
Ho is True	Correct- no error	Type 1 error
Ho is False	Type 2 error	Correct- no error

5.3 Research Methods and Design

When choosing the research method for this study, the nature of the research questions was considered (Morse and Richards 2002; Shaw 1999). A qualitative approach to data collection was taken due to the exploratory nature of the preliminary research questions in this study. The main research questions that were addressed by the qualitative study were:

1. What are the competencies that female entrepreneurs in South Africa perceive to be important in the context of SMEs? And are these competencies already identified in the existing models?
2. Are there cross-cultural differences in these competencies identified by these female entrepreneurs in South Africa?
3. To what extent does the cultural orientation of women in South Africa influence the behaviours that reflect female entrepreneurial competencies?
4. To what extent does the business environment affect female-owned businesses in South Africa directly or indirectly?
5. To what extent does prior education, pre-post venture start up trainings, and previous work experience influence the development of female entrepreneurial competencies?

5.3.1 Research Design

The research design for this study was a non-experimental design because the researcher relied on interpretations, observations and interactions to come to a conclusion. Also, the researcher cannot manipulate the variables and cannot demonstrate a true cause-and-effect relationship between the variables. This design was chosen because it tends to have a high external validity, can be generalised to a larger population and because it tends towards hypothesis testing.

The first phase of the research (which is qualitative) determines 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 SME and SMME operators, as well the linkage between entrepreneurial competencies and the business success of female-owned and managed businesses (Chapter 1 to 4). The qualitative data also served to refine the research design and provide the final framework that guided this study from the formulation of the hypothesis to data collected and the analysis of the data collected.

The second phase of the research was the quantification study and a summary of the descriptors explained in the Table 5-2 below:

Table 5-2: Descriptors of the Formal Study (non-experimental), Source: Cooper and Schindler (2006)

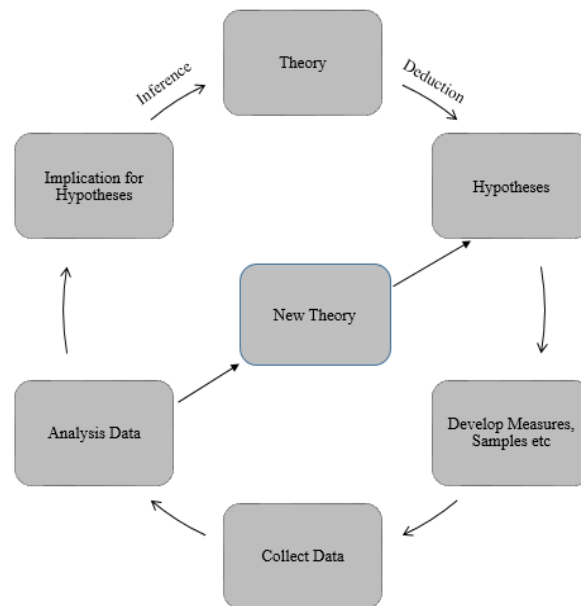
Category	Type (Option Used)
Research Questions	Formal
Data collection method	Communicative/ interrogative study
Type	Descriptive/ survey
Purpose	Descriptive/ part causal
Time frame	Cross sectional
Scope	Theoretical and statistical
Environment	Field study/setting
Subjects perceptions	Actual routine

1. This current study began with the formulation of the hypothesis to be tested and a procedure for data source specifications. The aim was to test the hypothesis and answer the research questions outlined at the beginning of the study.
2. Data was collected through a combination of face-to-face interviews, focus group discussions and questionnaire surveys (household drop-off, email and web surveys).
3. This study was non-experimental (*ex post facto*), as the researcher had no control over the variables. The study reports on what has been identified (happened) and current happenings.
4. This study was part descriptive in that one of the objectives was to identify entrepreneurial competencies that are perceived by South African female business owners to be crucial to business success. It is part causal in that it sought to find the correlation between business success and entrepreneurial competencies. Hence, it explored the role of motivation, culture, training and education on business success by making cross-classification comparisons of the potentially confounding factors identified in the process of gathering information.
5. This study was cross-sectional, taking a snapshot of the perceptions of female business owners in South Africa in terms of the competencies they consider to be important, their perception of culture and the role it plays on their success, their perception of the business environment and the role it plays on their success, their perceptions on training and education and the role it plays on business success, their perceptions of work experience and the role it plays on business success and their perception of business success.
6. The topical scope was theoretical, extending already existing models of entrepreneurial competencies while identifying new competency domains that are culture (South African culture) and gender (female) specific. It was also statistical, aimed at capturing the characteristics of the population of South African female SME and SMME operators by making inferences from sample characteristics. The hypotheses were tested quantitatively using empirical data. Generalisations about the results are presented based on actual findings, the validity of the design and the fact the sample is considered to be representative of the population.

7. The design was in the field as interviews were conducted in the business premises of the participants.

In summary, the design used a theory-testing approach because the study began from theories. From these theories, the hypotheses to be tested were formulated, which then guided the observations. The hypotheses were drawn from deductive reasoning and observations were made to confirm whether or not the hypotheses held true.

Figure 9: Theory-testing Process (own compilation).

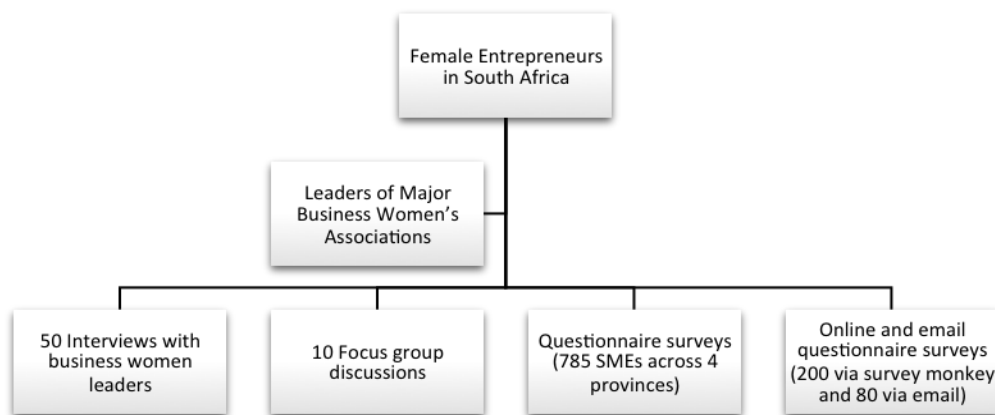


5.3.2 Data Collection

The method of data collection for the research elements 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, after which focus group discussions were conducted (with female entrepreneurs). The information gathered from these

interviews and discussions was then used to formulate the 6-part questionnaire used for the quantitative study. Samples for the quantification study were randomly selected by means of simple random sampling (refer to section 5.4.2). This method was considered appropriate for this study given that simple random sampling allows for statistical analysis to be conducted on the samples and, due to its representativeness (it provides an equal opportunity for every member in the population to be selected), generalisations can be made from the results of the sample back to the population. While some of the respondents belonged to some of the networks mentioned earlier, a good number did not belong to any network. The secondary data was obtained from the review of literature (Chapters 2 to 4). The entire data set (primary data) was collected over a period of 10 months (from March to December, 2014).

Figure 10: Brief description of the data collection design (own compilation)



5.3.2.1 External validity

External validity refers to the degree that the conclusions arrived at by this study will hold true to the general population (i.e. South African Female SME and SMME operators) throughout the 11 provinces and at different times (Shadish et al. 2002). For the purpose of this study, the researcher used a sampling model approach that first allowed for the identification of the population (South African business women, operating in the context of SMEs and SMMEs); then a fair sample considered to be representative of the population was drawn (through the

organisations listed earlier in this chapter); the research was then conducted to gather evidence to support generalisation of the sample back to the population (Trochim 2005).

5.3.3 Research Instruments and Measurement

A two-stage qualitative approach (interviews and focus groups discussions) in the context of this study enabled the researcher to identify new behaviours that were not in the existing models (given the culture and gender issues), as well as provide a “fresh” outlook of what behaviours are considered important to business success. According to Morse and Richards (2002, p. 28), it is appropriate to employ qualitative approach when “the purpose is to learn from the participants in a setting or process the way they experience, the meaning they put to it or how they interpret what they experience.” Snell and Lau (1994, p. 4) also posit that “the practical advantage of such research (qualitative) is that it can avoid dangers of imposing inappropriate ‘solutions’ borrowed from larger organisations in the west.”

Also, Trochim (2005) suggests that qualitative research is useful for (1) generating new theories or hypotheses, (2) achieving a deep understanding of the issues, (3) developing detailed stories to describe a phenomenon and (4) for mixed methods research (such as the present study). Thus, qualitative research allows the researcher to describe the phenomenon with richness, often within the original language of the participants.

Nonetheless, for the most part, this research did not try to advance only a grounded theory of female entrepreneurial competencies, as doing that would necessitate the use of non-directive interviews (Walsh et al. 2015). Rather, the current study was undertaken with the aim of collecting data to validate existing competencies and identify new competencies that are gender (female) and context (South African culture) specific, with a view to developing a model that can be incorporated into the intervention programs for the development of female entrepreneurship in South Africa. This is because, according to Bird (1995), a suitably proven model of entrepreneurial competencies exists through which one can begin to examine the likelihood of cultural (as well as gender) differences.

To this end, a semi-structured interview was used for the second stage of the data collection in order to ensure that competencies already covered in existing models were highlighted while

seeking to identify new competencies. The interviews therefore can be considered to be confirmatory interviews and similar measures as those used in the existing studies were utilised. This method of data collection was chosen given that (1) its potential to advance the research on competencies by stressing key competencies domains, (2) it provides room for comparison between the flourishing and survivalist businesses and (3) it helps in identifying behavioural indicators of the competency domains.

Given the reason for the choice of qualitative research stated earlier, focus group discussions were used for the third stage of this research. This turned out to be beneficial because the main purpose of focus group research is to draw upon the attitudes, feelings, beliefs, experiences and reactions of the respondents' in a way that may not have been feasible if other methods were used. Although these attitudes, feelings and beliefs may be somewhat independent of a group or its social setting, they are more likely to be exposed through the social gathering and interaction that being in a focus group necessitates.

Finally, focus group discussions were chosen because, according to Morgan and Krueger (1993) and Morgan (1997), focus group discussion is beneficial. "When the everyday use of language and culture of particular groups is of interest, and when one wants to explore the degree of consensus on a given topic" (Morgan 1997, p.8).

For the purpose of this research, 50 female business owners were interviewed over a period of 5 months (March to July, 2014) and 10 focus group discussions were conducted with about 6-8 participants over a period of 2 months (September and October, 2014). The participants' profiles are reported on in the next chapter.

The second phase (stage 4 as shown in Table 3-1) of this research was quantitative and studied the probable causative relations between views of entrepreneurial competencies, the business environment, cultural inclinations and entrepreneurial success amongst South African female SMME and SME operators. As highlighted earlier, Man's (2001) study shows that entrepreneurial competencies impact business performance. By extending that model, it is predicted that the business environment has a direct and moderating effect on business success. It is further hypothesised that the mannerisms that describe entrepreneurial competencies are likely

to be driven by individual cultural orientation and gender. Therefore, to test this comprehensive model, a quantitative study was incorporated in this research, utilising a modified measure (refer to section 5.6.1) of entrepreneurial competencies developed from the qualitative study to develop the survey instrument, including the scale for entrepreneurial success, environment and cultural orientation.

For the purpose of this study, three data collection methods were utilised: the household drop-off survey, the email survey and the web survey. A total of about 1300 surveys were dropped off in the homes and businesses of female entrepreneurs, 200 women received the survey link via www.surveymonkey.com and 80 surveys were sent via email (direct from the researcher's mailbox). A total of 800 completed questionnaires were received and 15 incomplete questionnaires were discarded.

Given that what the most appropriate measure of business success has been debated extensively, with some researchers favouring financial indicators over non-financial indicators as appropriate measures, this study integrates both “financial” and “non-financial” indicators. The questionnaires addressed financial i.e. profit, revenue, and growth. These were examined by self-reporting and included comparative guides, such as business performances in relation to competitors in areas such as sales turn-over, sales growth, return on investment and business growth (Chandler and Jansen 1992). The non-financial indicators addressed by the questionnaire, include the self-satisfaction of the business owner, customer satisfaction and retention, employee satisfaction, relationships with other stakeholders (e.g. suppliers and so on) and industrial relations in the workplace (Hoque 2004). These measures provided 4 indices of enterprise success (1) entrepreneurial contentment with income, (2) entrepreneurial contentment with the goodwill of the business, (3) the entrepreneur's satisfaction with business success in relation to competitors and (4) business growth.

Previous studies have shown that perceptions about the business environment are not always a true reflection of the environment (Boyd et al. 1993). Therefore researchers like Goll and Rasheed (2004) propose the use of unprejudiced indices of the business environment, while others, like Sawyer (1993) and Shane and Kolvereid (1995), argue that viewpoints are more important in the context of SMEs because they impact individual actions. Also, Duncan (1972)

suggests that managerial perceptions of the environment actually determine the overall amount of uncertainty in an environment. To this end, Tsai et al. (1991, p. 11) posit that “objective conditions are important because they determine the quality of opportunity. However, perceptions are also important because they are the basis for entrepreneurial action.”

According to Covin et al. (1999) and Naman and Slevin (1993) the focus of these viewpoints are mainly in relation to the “difficulty” or “competitiveness” in the business environment (i.e. the degree to which it is Benign versus Hostile) or how “changeable” it is (i.e. the degree to which it is Stable versus Dynamic). To this end, this study measures female entrepreneur’s perception of the Hostility and Dynamism of the business environment in South Africa.

The potential influence of culture in the development of entrepreneurial competencies is highlighted by the focus on the four government identified groupings in South Africa. According to Hofstede (2001), cultural values influence people’s definition of ‘good’ business and their interpretation of ‘good’ business practices including vital competencies, skills and behaviours. Similarly, Pearson and Chatterjee (2001b) argue when the individual skills of successful entrepreneurs are similar in two diverse settings, the precise behavioural substances of entrepreneurial competencies could be different given the context. Hofstede’s cultural dimensions of “individualism versus collectivism” and “uncertainty versus ambiguity” are considered to be the most influential to both the real “savoir-faire” related with business success as well as the behaviours that define the competencies (Noor 2007). Therefore, this study includes these dimensions, as Mueller and Thomas (2001) already connected them with the behaviours of businesspersons in 9 different nations.

5.3.3.1 Reliability and Validity

According to Trochim (2005), reliability forms part of the quality of measurement and cannot be calculated, rather, it can only be estimated. Therefore it is important to integrate the idea of reliability with some other key conditions for the quality of measure/validity in order to understand the relationship between reliability and validity in measurement. Reliability refers to the degree of repetition or consistency of the measurement (2005, p.63). For the purpose of this

study, the researcher employed inter-rater reliability because, according to Trochim (2005, p.69), it is the best way to measure observations.

To ensure consistency in the process of coding, the current researcher clearly described the coding scheme to the raters. The behaviours that reflected specific skill areas were classified centred on the existing models of entrepreneurial competencies. The researcher also made efforts to ensure that the framework (see Appendix E) was followed by the researcher in the interviews process.

In order to measure the inter-rater reliability for the qualitative study, a “card sorting” exercise similar to that used by King et al. (1994) was employed; the aim was to confirm the uniformity used by different raters to allocate the identified behaviours from the interviews to the proposed competency domains. For this, behaviour identified in the interviews were written on different cards and a description of the competency domains was given with definitions of what they encompassed and how they are operationalised. Three current doctoral students of the University of Cape Town were invited to assist the researcher. Their role was to categorise the identified behaviours into the competency areas according to the descriptions that were highlighted. The raters carried out this exercise independently so that their individual opinions of the behaviours as it relates to the competency domains could be determined. The raters answers were noted and the ratio of similarities in their ratings were calculated using the approach of Goodwin and Goodwin (1985):

$$\text{Inter - rater reliability} = \frac{\text{Number of coding agreements}}{(\text{Number of coding agreements} + \text{Number of coding})} \quad (11)$$

The identified behaviours were then entered into MAXQDA software and the interview data coded according to the competency clusters that were agreed upon. The validity was confirmed by matching behaviours thought to be linked with success and those believed to be linked with failure. Also, the researcher considered the suggestion of Maxwell and Loomis (2003) that another way of confirming the soundness of a specific result is to prove if it can be replicated. It was therefore necessary to compare the results from this study with those from previous studies. The comparison showed a significant overlap of the behaviours and competency domains

identified in this study with those from the studies of Chandler and Jansen (1992), Man (2001) and Mitchelmore and Rowley (2013), thereby giving some proof of the validity of the qualitative data.

The validity and reliability of the measuring instruments for the quantitative study (questionnaires) used in this study was confirmed by factor analysis. Factor analysis is used to look for patterns among variables to discover if the original set can summarise the underlying combination of the original variables (the factor). It is also used to reduce the number of variables and to detect structure in the relationship between variables in order to identify the underlying constructs (Cooper and Schindler 2008).

One commonly used measure of reliability is the Cronbach's alpha coefficient (α), providing a level of internal consistency. It is a specific method that estimates the reliability of a measure (Trochim 2005) and it is used to estimate the proportion of true score variance of captured items by directly comparing the sum of the item variances with the variances of the sum scale. According to Visser (2002), if there is no true score except for errors in items (that are esoteric and unique and therefore uncorrelated across subjects), then the sum will be the same as the sum of variances of the individual items; therefore the coefficient alpha will be equal to zero. But if all items are perfectly reliable and measure the same thing, then the coefficient alpha is = 1.

The research questionnaire was first submitted to the director of studies and the supervisor for comments and input. As soon as they had finished their examination of the questionnaires, their comments and input were adopted accordingly. This was in agreement with Zikmund (2003) that face (content) validity can be said to be the subjective agreement among professionals that a scale logically appears to accurately measure what it is intended to measure. Some respondents did not respond to certain questions. Those questionnaires were not discarded as they did not affect the validity of the responses that were obtained.

5.3.3.2 Measurement of the Research Questionnaire

The response strategies that were used in the six-part questionnaire consist of the following (Table 5.3):

- Dichotomous questions (closed, structured questions)
- Interval-level response questions (Likert scale response format). A 5-point bipolar scale was used (i.e. giving a neutral point with the two ends of the scale having opposite opinions).
- Filter or contingency questions (questions to determine whether the respondent is qualified to answer a subsequent question). For instance ‘*If yes, why ...and so on.*’
- Free response questions (open-ended, unstructured questions)
- Multiple-choice, single response questions (checklist).

The 4 different measurement scales that were incorporated into the survey instrument for this study were nominal scales, ordinal scales, interval scales and ratio scales (see Table 5-3). The nominal data type is often used to gather information on gender (male and female), and is exclusive mutually and exhaustive collectively (female respondents were the primary focus of this study). The ordinal scale establishes an ordered relationship between the objects or persons being measured, while the interval scales has all the characteristics of an ordinal scale but characterised by equality of intervals between adjacent scale values (Diamantopoulos and Schlegelmilch 1997). Finally, the ratio scale has all the features of an interval scale as well as an absolute zero point (i.e. true or neutral zero).

Table 5-3: Characteristic or Response Strategies used in the Questionnaire: Source Adapted from Cooper and Schindler (2001).

Characteristics	Dichotomous	Interval-level (Likert scale)	Filter or Contingency	Checklist	Free Response	Multiple Choice
Type of data generated (measurement scales)	Nominal	Interval (pragmatic view) and ordinal (purist view)	Nominal	Nominal	Nominal	Nominal and ordinal
Usual number of answer alternatives	Two	Three to seven	Two	Up to twenty five	None	Three to ten
Characteristics of data	Classification	Classification, distance and order	classification	Classification	Classification	Classification and order

5.4 Research Samples Used

5.4.1 Population

The population for this study was female SMME and SME operators in South Africa, drawn mostly from the Gauteng, Kwazulu-Natal and Western Cape provinces. According to the Department of Trade and Industry (DTI), there were 922,000 non-VAT registered businesses for women and 7,699,000 economically active women (Stats SA, 2007). However, according to Dockel and Ligthelm (2005) and Strydom and Tustin (2004), the demographic characteristics of the SME population of South Africa are unknown. Research shows that 59 per cent of entrepreneurs were women versus 41 per cent of male entrepreneurs in South Africa in 2012, with 92-94 per cent of women-owned businesses being concentrated in the informal sector. The sampling for the qualitative aspect of this study, therefore, was purposive, comprising of female-owned businesses in the formal sector. The sampling model for the quantification study was random sampling comprising of female-owned businesses in both the formal and informal sector of South Africa.

5.4.2 Type of Sampling

Purposive sampling was used for the qualitative element of this study. Purposive sampling is often used in qualitative research and according to Patton (1990), it enables the investigator to derive greater variations and to detect areas of importance from the respondents.

This kind of sampling is done purposely and seeks subjects from one or more predefined groups (Trochim 2005). The current researcher started by identifying networks of businesswomen who met the criteria for inclusion in the research, and then asking for referrals (as is done in snowball sampling, an aspect of purposive sampling). Snowball sampling is particularly useful when trying to reach a population that is not easily accessible (2005, p.41). The data was collected in two stages: (1) interviews with business leaders from the various organisations, and (2) focus group discussions with businesswomen from various groups.

The sampling model for the quantification study was simple random sampling². As stated earlier, this method was chosen for the purpose of this study with the consideration that it is meant to be an unbiased representation of the population and it allows for statistical analysis to be conducted on the data set.

5.4.3 Sample Elements

The sampling for this study consisted of South African women (from the four dominant cultural groups in South Africa), who founded their own businesses. The inclusion criteria included:

- Women who were actively involved in the running of their business
- Businesses older than two years
- Businesses with fewer than 200 employees
- Stand-alone businesses, not franchises or businesses part of a larger organisation (businesses that form part of larger corporations or franchises were excluded because it is assumed that such corporations or franchisors would provide a support base including training, marketing and other resources for such business women).
- Successful or survivalist businesses.

The samples for the surveys were drawn from the townships and a team of ten women (natives from the community who were bi-lingual), a team from a market research company (known as The Reciprocity) recommended by the Business Bridge (a private business school) were employed for the data collection process. The team was experienced in data collection and worked with a database of businesses from previous research that had been conducted for other organisations.

The criteria for inclusion were:

- Women who were actively involved in running their businesses

² This is a method of sampling that involves drawing a population so that every sample has an equal probability of being selected

- Businesses in the townships (mostly micro enterprises)
- Stand-alone businesses not part of a larger group or franchises
- Businesses not less than 12 months old
- Business with less than 20 employees

An online survey was also conducted via [surveymonkey.com](https://www.surveymonkey.com) and some questionnaires were emailed to respondents. The purpose of this was to reach female entrepreneurs in areas where the researcher could not physically access (due to financial constraints). The contacts and email addresses were provided by the various organisations mentioned earlier.

5.5 Sample Size Determination

One crucial aspect of quantitative research is sample size. A sample size that is too small will undermine the power of tests of significance (Hair et al. 1998). An acceptable sample has to be representative of the entire target population. Due to costs and time constraints, the sample did not include female SMME and SME operators in all 11 provinces of South Africa. Rather, the study focused on Gauteng, Western Cape and Kwazulu-Natal provinces.

A high degree of confidence in the data obtained was desired, therefore care was taken in determining the sample size to limit the standard error of the mean and increase the level of precision. In order for the sample to be suitable for factor analysis the number of responses should be at least 5 times the number of variables (Urban et al. 2008). Therefore, the ideal sample size for the quantitative element of this study was calculated to be at least 625 (5×125). Given that this study comprised both qualitative and quantitative elements, the initial sample size targeted for the qualitative study was 10 successful businesswomen (some leaders of the networks) and 8 focus groups consisting of 6-8 participants each.

50 successful business owners from various associations were interviewed. 10 focus group discussions with 6-8 participants (per group) were conducted and 1300 survey questionnaires were administered, out of which 735 responses were received. 200 questionnaires were sent via

the website www.surveymonkey.com, out of which 53 responses were received. 80 questionnaires were emailed to respondents, out of which 21 responded. 785 responses were usable for data analysis purposes (others were discarded due to incomplete and incoherent responses).

5.5.1 Non-respondent Bias

One main issue with research survey is the degree to which non-response bias could compromise the validity of results. Insufficient detail on non-respondents present a challenge in testing this bias. According to Miller and Smith (1983), late respondents can substitute non-respondents. The Chi-square tests and the *t*-tests were performed to find variances among the samples separated by return dates for the Gauteng, Western Cape and Kwazulu-Natal respondents separately, depending on the data types (continuous or categorical). This analysis was conducted to compare the first 50 responses with the last 50 responses (Coakes et al. 2003), with outcomes showing no substantial difference among first and last respondents with respect to demographics and other variables. This held true for all three provinces. The characteristics of the respondents did not vary from province to province, therefore it can be concluded that this study is free from non-response bias.

5.6 Research Instruments Development

The framework that guided the qualitative study consisted of an 8-part interview protocol developed to give direction and guarantee uniformity during the course of the interviews. The questions in section one sought to obtain the demographic profile of the respondents as well as the entrepreneurial motivation of the participants. The second section asked about the participants' understanding of entrepreneurial success, the aim of which was to comprehend the views of the South African female entrepreneur concerning business success. The goal was to incorporate the definitions obtained from the respondents into the survey instrument measuring entrepreneurial success for the ensuing quantitative study.

The questions in the third section dealt broadly with the way female entrepreneurs in South Africa managed their businesses. The questionnaire was intended to enable the researcher to identify old and new competencies. Participants were asked to describe their behaviours in terms of running their businesses. According to Fisher (1993), identifying competencies by emphasising entrepreneurial behaviours via an “indirect questioning method” helps to diminish the effect of “social desirability bias.” These were modelled after those utilised in the study of Man (2001):

1. “How do you run your business? In particular what are your daily routines?”
2. “How have you continued to develop your organisation since starting up?”
3. “What sort of things have you done to cope with changes?”
4. “What are the characteristics, abilities and skills required to succeed in your position?”
5. “To what extent do your own abilities relate to the success of your business?”

The respondents were also required to describe their difficult experiences in order to draw on the “critical incident method”. The respondents were requested to describe how they handled these difficult experiences and the impact on their businesses. The answers derived from such queries were utilised as behavioural pointers that are then interpreted into competencies:

1. Can you describe the hardest experience you have had as a businesswoman?
2. What do you do when you face such hard times?
3. Were there lessons learnt from the hard times? And have these lessons had any impact (positive or negative) on your business management?

As one of the objectives of this study was to explore the correlation between culture and business success, section 4 dealt with the perceived understanding of the participants about culture and the role it plays in their success or failure as female entrepreneurs. The questions were designed to probe their perceived understanding of the business culture in South Africa and their individual cultural orientation (as it affects their entrepreneurial abilities/success).

Section 5 dealt with the issues of role models and what competencies could be inferred from what they value in other people's behaviour. Section 6 dealt with learning and training issues given that part of the hypothesis that this study seeks to test is the impact of education on business success. Participants were asked to give their opinion on the value of education (formal and informal) as well as advice from business experts or business trainers. The aim was to understand how much value they attached to formal/informal training and external support in the management of their businesses. It has been established from the literature that there is growing concern about female entrepreneurs' over-dependence on financial support from the government and non-governmental bodies, as this could damage their abilities to be innovative. Section 7 focused on the importance of external/exogenous factors in the determination of business success. Finally, Section 8 asked the participant to give advice to other prospective female entrepreneurs, with the aim of obtaining information based on insights of the significance of precise actions and competencies in relation to business performance.

To further explore the issues discussed by the women interviewed, a focus group discussion guide was developed which consisted of 10 questions. It was an adaptation of the interview questions and these explorative questions were aimed at studying the issues raised by the interviewees. Questions sought to obtain demographic information from the respondents and deal with the issue of the perceived meaning of business success. The issue of motivation was raised in question 3 and skills and abilities were addressed by the fourth question. Participants were asked to describe the perceived impact of the business culture and the business environment on business success and also to describe their most difficult experience and the impact it had on their ability to manage their businesses. The impact of education/training and prior work experience on business success was also explored. Finally, participants were asked what advice they would give to prospective female entrepreneurs concerning:

1. Education and training
2. Work experience
3. Mentorship
4. Choice of business
5. Capital finance

5.6.1 Survey Instruments

The survey questionnaire that was utilised for the quantification study was in 6 parts (Parts A to F). Because the current study is an extension of an existing study, it was necessary to use existing measures to assess the constructs rather than develop new measures. The researcher considered it prudent to use existing measures, as the items and total scores have been carefully analysed and their validity and reliability have been carefully established using careful statistical controls (Simon 2011). Also, the development of new measures could result in the creation of measures that are flawed, resulting in low internal consistency reliability that could threaten our understanding of the constructs under examination (Hinkin 1998).

1. **Part A** used a measure advanced and authenticated by Man (2001). The original scale was 53 items, and for the purpose of this study 47 new items were incorporated, bringing the total to 100 items. Respondents were required to rate every point with respect to the value they attached to the behaviours defined in relation to their businesses. It consisted of a 7-point Likert scale ranging from *very unimportant* (1) to *very important* (7).
2. **Part B** consisted of 3 sections: financial and non-financial evaluation of the respondent's businesses; evaluation of the business in relation to competitors; and business growth. The first section adopted items used by Chandler and Hanks (1993) to assess the female entrepreneur's level of contentment with fiscal success such as sales income, growth and return on investment. It also evaluated non-financial success such as ratings of customer relations, employee relations, supplier and industrial relations (Hoque 2004). Based on the data obtained from the interviews and focus group discussions for this study, 5 items were added to this measure: self-contentment; career advancement; customer retention and goodwill and work/family life stability. The second section consisted of respondent's evaluations of their business performance using a 5-item scale to measure sales growth, return on investment, and return on sales, cash flow, net profit and growth in market share. It required the respondent's to compare their business performance with those of their competitors. A similar measure in the study by Chandler and Hanks (1993) recorded a modest internal reliability value of 0.53, while the study of Haber and Reichel (2005) reported a high internal consistency of .92. The last section measures business growth by exploring the variations in sales and revenue over a one-year period of using a "6-point

Likert scale” that ranged from “*decreasing*” (1) to “*increasing rapidly*” (6). This scale was reported as having a good Cronbach’s alpha of .72 in the study of Chandler and Hanks (1993).

3. **Part C** focused on the measurement of the business environment utilising two scales. The first scale was an 8-item scale adopted from the study of Covin et al. (1999) and it measures the “benign” versus “hostile” business environment. The second is a 5-item scale adopted from the study of Naman and Slevin (1993) that measured whether the environment was Stable versus Dynamic. Based on the data from the qualitative study, the current researcher added another 7-item scale, bringing the number of items in this part to 20. Respondents were asked to indicate on a 5-point Likert scale the extent to which each item was *very untrue* (1) to *very true* (5), in relation to their businesses and the business environment there were operating.
4. **Part D** was an attempt to measure the individual cultural orientation of the female entrepreneurs. It consisted of an 8-item scale that was developed by Oyserman et al. (2002) that measured the degree of Individualism versus Collectivism and a second 10-item scale that was developed by Clampitt et al. (2000) that measured the degree of Uncertainty Avoidance versus Tolerance for Ambiguity. According to the report of these researchers, both measures had a high internal consistency of above .70 (Cronbach’s alpha value). Based on the data from the interviews and focus group discussions, the author added another 2-item scale bringing the total number to 20. This section utilised a 7-point Likert scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).
5. **Parts E and F** of the survey questionnaire focused on demographic variables and business information, including the age of the entrepreneur, age when they started their businesses, age and size of the business, industry sector, educational level, family background/ situation and level of prior work or industrial experience of the entrepreneur. The business development stage was also explored using the four categories defined by Covin and Slevin (1988): introductory, growth, maturity and decline stage (refer to Appendix D, Part E). Other demographic information included in these parts involved pre and post venture training acquired, races, legal status of the business and location of the business (Province, suburbs, city centre and so on.).

5.7 Data Analysis

Given that the data collected in this current study comprised of both qualitative and quantitative data, the analysis of the data was also done qualitatively and quantitatively. The qualitative data was tape-recorded and transcribed by professional transcribers in order to ensure accuracy and precision of the transcript. The quantitative data was captured into SPSS 12.0.1.

5.7.1 *Qualitative Data Analysis (Thematic Analysis)*

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, p. 6), this form of data analysis tends to provide a more detailed analysis of some aspect of the data and less description of the overall data; it organises and describes data sets in rich, minimal detail. Also, coming from the positivist paradigm of this research framework, thematic analysis cannot be separated 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 (Braun and Clark 2006, p. 8).

From a constructivist perspective, an individual’s experiences are socially produced and reproduced (Burr 1998). Therefore, data analysis within the constructivist framework does not seek to focus on the individual’s motivation or the individual’s psychology but rather seeks to present the socio-cultural and structural conditions that allow the individual accounts that are provided. Although this research was not particularly intended to examine the entrepreneurial motivation, it is necessary to appreciate women’s motivation because entrepreneurial motivations have been known to be associated with business success measurement (Buttner and Moore 1997). In summary, thematic analysis allows the researcher to search through a data set to identify repeated patterns of meanings (Braun and Clark 2006, p.16).

The main focus of the qualitative data analysis in the current study was to extract behaviours that reflect skills leading to entrepreneurial success. These behaviours may be same as those already known or different (new). A coding system was developed based on the models of entrepreneurial competencies and female entrepreneurial competencies that were recommended

for this study. Then this was utilised to classify the behaviours. Those that could not be classified into the nine competency areas proposed for this study were grouped under a different category and given new names/labels. The competencies that were identified by the South African female entrepreneurs (whether existing or new) were then compared in order to identify inter-group differences. The coding was done with the research questions in mind (Braun and Clark, 2006).

Also, the analysis tried to find behaviours that could be linked with business failures while focusing on competencies. Participants were asked about previous business ventures and the reason for failure of such businesses (if the business had failed). They were also encouraged to discuss the most difficult business experiences they had and their responses/reactions. From their responses, behaviours thought to be linked to business failure were highlighted. These findings then utilised in checking and validating those behaviours perceived to be linked to business success because it is assumed that the behaviours linked to business success will be more or less opposite to those linked to business failure. This was also a ground on which to ascertain the competencies linked to business success and validate those identified in existing competencies models.

To begin with, transcripts from interviews and focus group discussions were studied for evidence of behaviours that were considered important to South African female entrepreneurs. They were read over and over to make certain that the researcher was familiar with the data before attempting to organize (or code) the themes (Easterby-Smith et al. 1991). According to Braun and Clark (2006, p. 16), it is important to become familiar with the depth and breadth of the data, which can be done through a “repeated reading” of the data in an active way to search for meanings and patterns.

The behaviours that reflected entrepreneurial competencies were highlighted from the transcripts and assigned codes according to the competency domains proposed at the onset of this study (i.e. “Strategic”, “Commitment”, “Conceptual”, “Opportunity”, “Organizing and Leading”, “Relationship”, “Learning”, “Personal”, “Social Responsibility”, “Familism”, “Ethical” and “Technical”). As soon as all the transcripts were read, a table was prepared to categorize behaviours reflected in each of the competency domains. The behaviours were further regrouped into “clusters” to facilitate the description of behaviours, then accumulated on a rational basis

into clusters under the label “clusters of behaviour” (similar to the process utilised by Man in 2001). For an example, conceiving ways to entice clientele is characterised as a “strategic competency” and building good relationships with customers/stakeholders is considered as a “relationship competency.”

5.7.2 Quantitative Data Analysis

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.

For the purpose of this study, regression analysis was used to estimate the relationships among the variables. A one-linear regression model was used given that this study involved testing the relationship between a dependent variable (business success) and several independent variables. Regression analysis was preferred over confirmatory factor analysis given that regression analysis is used to generate an equation that can describe the statistical relationship between one or more predictor variables and the response variable. A regression coefficient or p -value tests the null effect (i.e. = 0, no effect). Low p -values (< 0.05), indicates that the null hypothesis can be rejected. This means that a variable with a low p -value is likely to have a meaningful impact on the model that is being tested as changes in the predictor values can be related to changes in the response variables. Conversely, a larger p -value is an indication that changes in the predictors are not necessarily associated with changes in the response and therefore are insignificant. In performing a regression analysis, the value R^2 is also estimated. This is the extent to which the total variation of the dependent variables can be explained by the regression

and a high R^2 is a suggestion that the regression model can be used to explain the variables (Sykes 2005). The regression results are reported in Chapter 7.

The data processing (of questionnaires) began with the editing and coding of the data. This involved checking the forms for omissions, legibility and consistency (Zikmund 2003b). The SPSS statistical package was then used to perform the descriptive and inferential statistics. The data analysis process also included reducing the accumulated data to a manageable size, summarising, looking for patterns and applying statistical techniques. This is in line with the argument of Cooper and Schindler (2001), that scale responses on questionnaires often require a researcher to derive various functions and explore relationships among variables.

5.7.2.1 Descriptive Statistics

Data analysis in quantitative research refers normally to the process of breaking down the collected data into constituent parts with the aim of answering the research questions. The use of descriptive statistics was one method to describe the characteristics of the population or sample. It was aimed at describing data by investigating the distribution of scores for each variable and to determine whether the scores on different variables are inter-related (Blanche et al. 2006). For the purpose of this study, 12 competency variables, 4 business success variables, 4 business environment variables and 2 individual cultural orientation variables were calculated by calculating the arithmetic mean (or average) of the items that were used to measure the underlying/latent variables. The Cronbach's alphas were also checked for internal consistency. Due to some missing values in the questionnaire responses, factor analysis was not used at this point, as there were insufficient observations with which to calculate the covariance matrix.

5.7.2.2 Inferential Statistics

This is the method that is used to draw conclusions about the population itself. It allows the researcher to draw conclusions about the population based on the data collected from samples, while descriptive analysis gives room for generalisation from the sample to the population (Blanche et al. 2006). Given the distribution of the descriptive statistics that was obtained from the study, the following techniques were employed to perform the inferential analysis: (1) frequency distribution, (2) cross-frequency tabulation (3) factor analysis (4) chi-square test, and

(5) *t*-test. Two sample cases (related and independent samples) and the k-sample cases (independent samples) were measured in the course of this study. Table 5-4 is an illustration of the statistical techniques by measurement level used in this study.

Table 5-4: Statistical Techniques by Measurement Level and Testing Situation, Source: Adapted from Blumberg et.al. (2005)

Measurement level	Two-Sample Case	
	Related Samples	Independent Samples
Nominal	-	X ² Two-samples test
Ordinal	-	<i>t</i> -test
Interval	<i>t</i> -test for paired samples	<i>t</i> -test

5.7.2.3 Chi-Square Test

According to Cooper and Schindler (2001), the Chi-square test (X²) is mostly used to test for significant differences between the distribution of the observed data and the expected distribution based on the null hypothesis. It was used in this study to examine the differences between samples based on the cultural orientation of the female entrepreneurs (Groups 1-4). The Chi-square was calculated in this study as follows:

$$X^2 = (\text{observed} - \text{expected})^2 / \text{expected} \quad (12)$$

Where:

- O_{r,c} is the observed frequency count at level *r* of Variable A and level *c* of Variable B,
- E_{r,c} is the expected frequency count at level *r* of Variable A and level *c* of Variable B.

In order for Chi-square to properly operate, data must come from simple random samples (the respondents for the quantitative study were drawn randomly while purposive sampling was used for the qualitative study) of multinomial distributions; the expected frequencies must not be too little; the variables must be independent with mutually exclusive and exhaustive categories, and the data should be in its un-collapsed form (Blumberg et al. 2005). This is because the Chi-

square test is used to test the probability of independence of a data distribution and it was used in this study to test for differences between the successful (Variable A) and less successful female entrepreneurs (Variable B).

5.7.2.4 The *t*-test

The *t*-test can be used to test a hypothesis and it states that a mean score on some variables will be significantly different for two independent samples or groups (Zikmund 2003). When using the *t*-test to test for difference of means, it is assumed that the samples are drawn from a normal distribution and in this study samples were drawn from different cultural orientations (Groups 1-4). Normally, the null hypothesis about differences between groups is stated as

$$\mu_1 = \mu_2 \text{ or } \mu_1 - \mu_2 = 0.$$

Often, there is comparison between sample groups represented as:

$$(\bar{x}_1 - \bar{x}_2 - \bar{x}_3 - \bar{x}_4)$$

This can be stated as:

$$t = (\text{Mean 1} - \text{Mean 2} - \text{Mean 3} - \text{Mean 4}) / \text{Variability of random means} \quad (13)$$

Accordingly, the *t*-value becomes a ratio providing the difference between means (from the sample) in the numerator and the random error in the denominator. *t* for this study was then calculated using the following formula:

$$t = (\bar{x}_1 - \bar{x}_2 - \bar{x}_3 - \bar{x}_4) / S_{\bar{x}_1 - \bar{x}_2 - \bar{x}_3 - \bar{x}_4} \quad (14)$$

Where:

\bar{x}_1 = mean for Group 1;

\bar{x}_2 = mean for Group 2;

\bar{x}_3 = mean for Group 3;

\bar{x}_4 = mean for Group 4

$S_{\bar{x}_1 - \bar{x}_2 - \bar{x}_3 - \bar{x}_4}$ = pooled, or combined, standard error of difference between means

According to Zikmund (2003), a pooled estimate of the standard error is a better estimate of the standard error than one that is based on the variance from individual samples. It therefore requires the assumption that the variances from all 4 groups are equal. Thus, for the purpose of this current study, the following formula was used to calculate the pooled standard error of the difference between means of the samples:

$$S_{\bar{x}_1 - \bar{x}_2 - \bar{x}_3 - \bar{x}_4} = \sqrt{\left[\frac{(n_1-1)S_1^2 + (n_2-1)S_2^2 + (n_3-1)S_3^2 + (n_4-1)S_4^2}{n_1+n_2+n_3+n_4-2} \right] \left[\frac{1}{n_1} + \frac{1}{n_2} + \frac{1}{n_3} + \frac{1}{n_4} \right]} \quad (15)$$

Where:

- S_1^2 = variance of Group 1 (Black)
- S_2^2 = variance of Group 2 (White)
- S_3^2 = variance of Group 3 (Indian)
- S_4^2 = variance of Group 4 (Coloured)
- n_1 = sample size of group 1
- n_2 = sample size of group 2
- n_3 = sample size of group 3
- n_4 = sample size of group 4

5.7.3 Statistical Significance

As stated earlier, hypothesis testing will be reported in Chapter 7 (the data analysis chapter). According to Cooper and Schindler (2001), there is a need to judge whether the differences

arising from the samples from different population are statistically significant or insignificant given that samples will almost certainly vary from their populations. One method of presenting the results of statistical tests that has become very popular is to report the extent to which the test statistics disagrees with the null hypothesis. The popularity stems from the fact that analysts want to know the percentage of the sampling distribution that lies beyond the sample statistics on the curve and the result is mostly reported as probability values (p values).

This p value is then compared with the significance level (α) and the null hypothesis is either accepted or rejected based on that. A p value less than the designated significance level (e.g. $p = 0.05-0.001$), results in the rejection of the hypothesis. A p value that is greater than or equal to the significance level results in the hypothesis being accepted.

5.8 Ethical Considerations

Prior to conducting interviews or surveys, the approval of the Research Ethic committee of Cardiff Metropolitan University was gained. The major ethical concern was the issue of privacy and confidentiality of the information provided. To ensure privacy and confidentiality the research instruments were not designed to obtain personal information of the respondents. The respondents were given full and accurate information concerning the research background, the nature of the research, the purpose and desired outcomes of the research. Participants were also given sufficient information about the research questions in order for them to make informed decisions about whether or not to participate in the survey. In some instances, interview questions were emailed to participants prior to the interview date (upon their request). Participants reserved the right to agree to participate or withdraw from the research at any time.

The information provided by respondents was for research purposes only and treated as confidential. Results were not to be disclosed to any third party associated with respondents. The participants were not put under undue or unnecessary risk by their participation in the research, neither emotionally or psychologically.

5.9 Conclusions

This chapter provides a description of the methodology employed in this study. In summary, the focus of the chapter is the design of the research in order to answer the research questions. The data collection was based primarily on personal responses of participants and was collected in the form of face-to-face interviews, focus group discussions and the research questionnaire. The data analysis process is an attempt to answer the research questions through the findings that are presented in the following chapter.

Chapter 6: Findings and Analysis of the Qualitative Data

6.1 Introduction

The purpose of this chapter is to present the findings of the qualitative aspect (study 1) of this research. The reviewed literature revealed the need for female SME operators to possess a set of competencies for business success. The primary motivation for this qualitative study was to identify the behaviours female South African entrepreneurs considered to be important to business success, and also to investigate any cultural differences in these behaviours among the four government identified groups in South Africa (referred to in this study as Group 1, Group 2, Group 3 and Group 4). For this reason, the sample was purposively selected (refer to section 5.4.2), targeting female entrepreneurs considered to be successful in managing their businesses and experienced in order to gather a rich data (for the quantitative part of this current study). Based on the responses from the focused group participants and the interviewees, this chapter provides a summary of the data analysis and interpretation of the research questions in an attempt to answer the research questions posed in Chapter 1.

The first section of this chapter reports on the demographic profiles the participants of the interviews and focus group discussions. While the focus of this study was not a comparison of the successful versus the less successful SMEs, the performance of these businesses was explored to understand the impact of other variables such as education, business training and work experience on business success. The second section focuses on extracting the behaviours that reflected competencies which presumably could produce entrepreneurial success. They could be the same as those already identified in existing models or new. A scheme of coding, established “*a priori*” based on the existing models, was proposed and implemented to categorize these behaviours. A cross-cultural comparison of behaviours identified by the South African female entrepreneurs was then undertaken to identify similarities and differences.

In addition, participants were asked to describe their most difficult experiences and the reactions to such tough experiences in terms of managing their businesses. From the discussions, the

behaviours that could be linked with enterprise failures were pull out and utilised to cross-check and corroborate those that could be connected with enterprise success. This was based on the assumption that behaviours associated with business failures would most likely be opposite to those associated with business success.

6.2 Participants Profiles - Gauteng and Western Cape

As indicated in the review of the literature, the gender of all the respondents in the current research was female. The personal demographic variables for which the information for this study was obtained included age, level of education, cultural orientation, prior work experience, prior management experience, business training and business motivation. An effort was also made to obtain responses from entrepreneurs in different business sectors to enrich the data and to identify a variety of competencies for use in subsequent quantification study (part 2 of this research).

6.2.1 Average Ages of Respondents

Descriptive statistics were generated using MAXQDA 11 (a qualitative data analysis software), to find the frequencies and percentages for the age variable. The average age of the respondents is indicated below. According to Driver et al. (2001), the majority of entrepreneurs fall in the 35-54 year age group with most of them having worked in one capacity or another before venturing into business. This view of Driver et al. (2001) contrasts with the findings of Maas and Herrington (2006a), which indicated that the majority of South African entrepreneurs are in the 25-34 year age group, suggesting that more young people are engaging in entrepreneurial activities than before (refer to Table 6-1). Most of the respondents also indicated that they chose entrepreneurship over paid employment because of the need to be at home and raise their babies, while some chose entrepreneurship due to unemployment.

Table 6-1: Age of Respondents in the Current Qualitative Research

Age (Yrs.)	Respondents (N)	(%) Percentage
20-30	17	13.28
31-40	37	28.90
41- 50	56	43.75
Above 50	18	14.07
Total Responses (N)	128	100.00

The ages of the respondents ranged from 20-70 years with 43 being the mean age. This is consistent with the report by the Global Entrepreneurship Monitor (2009) that at business start-up, the average age of South Africans who actually participated in entrepreneurial activity ranged from 22-44 years with a mean starting age of 30. This is also evident when comparing the ages of the respondents to the age of their businesses (see Table 6-2).

Table 6-2: Comparison between the Age of the Respondents and Age of the Business

Age of Business (Yrs.)	Age of Entrepreneurs (Yrs.)				Total N = 128
	20-30	31-40	41- 50	> 50	
Base: All Respondents					
< 2 years	3	6	8	1	18
2- 5 years	10	16	16	1	43
6- 10 years	3	11	20	6	40
> 10 years	1	4	12	10	27
Total Responses (N)	17	37	56	18	128

The data set shows that only four entrepreneurs above the age of 40 years fell into the very successful group and none of the entrepreneurs under the age of 30 years fell under the very successful group, although 67 per cent of the successful entrepreneurs (income of R150, 000-R5, 000,000 p.a.) fell within the 30-50 year age bracket and 67 per cent of the less successful

entrepreneurs also fell within the 30-50 year age bracket. This contradicts the assumptions of Kunene (2008) that successful SMEs are often led by managers older than 40 years and less successful SMEs are often led by managers younger than 40 years.

Table 6-3: Successful and Less Successful Entrepreneurs

Age of the Entrepreneur (Yrs.)	Successful Entrepreneurs			Less Successful Entrepreneurs		Total N = 128
	>R5,000,000	R1,000,001 - R5,000,000	R151,000 - R1,000,000	R12,001 - R150,000	<R12, 000	
Base: All Respondents						
20-30	0	2	4	11	0	17
31- 40	2	6	10	18	1	37
41- 50	4	8	18	24	2	56
> 50	1	1	5	10	1	18
Total Responses (N)	7	17	37	63	4	128

Note: categorisation is based on annual income

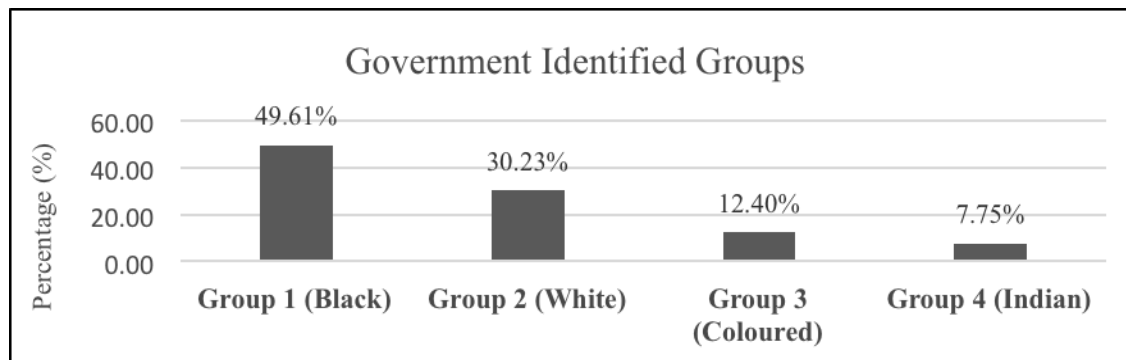
6.2.2 Cultural Orientation

Given that this study is a cross-cultural study, all four government identified groups in South Africa were included in the sample. More of the successful SME operators that participated in this qualitative study were from Group 2 (30 respondents, 24.7 per cent) while more of the less successful were from Group 1 (40 respondents, 42.2 per cent) as shown in figure 12 below.

The data shows that the more successful SMEs are managed by Group 2 owner-managers (30 out of the 37 Group 2 respondents are successful and only 7 less successful), while the less successful SMEs are managed by Group 1 owner-managers (24 out of 64 Group 1 respondents and 40 less successful respondent), and the data confirms the literature that more Group 1 women are involved in entrepreneurial activities (50 per cent), than the other three cultures. The data also showed that more Groups 3 and Group 4 entrepreneurs were in the less successful bracket (R12, 000 – R150, 000 income p.a.), although this could be attributed to the fact that

there were fewer respondents from these groups (composed of minority races in South Africa) in comparison with the other two groups.

Figure 11: Grouping of Respondents in the Current Qualitative Research

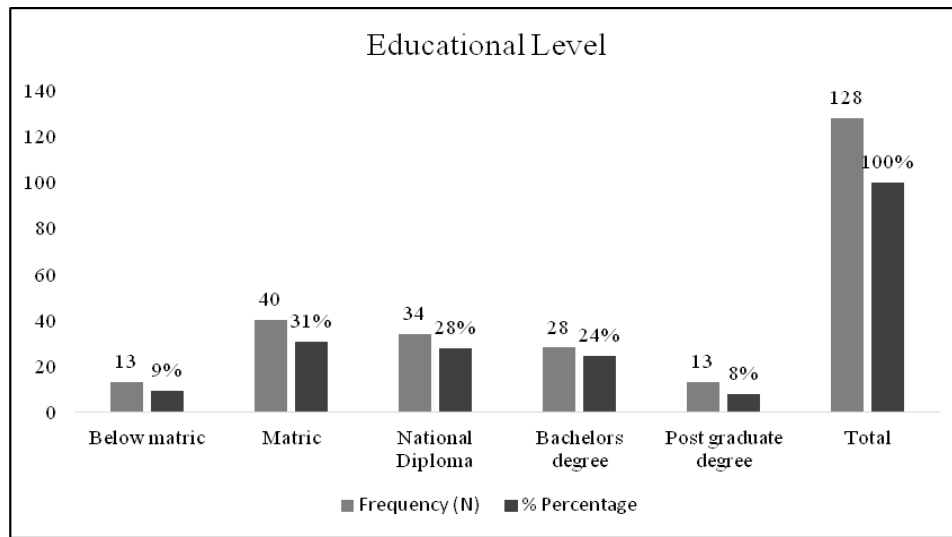


6.2.3 Education and Training

According to Nieman and Nieuwenhuizen (2009), education is one of the most significant barriers to entrepreneurial activities in South Africa. For a large proportion of the population, their basic education is poor and studies seem to suggest that a higher level of education can be associated with a significantly higher level of entrepreneurial activity. Researchers like Driver et al. (2001) posit that matriculation (achievement of a grade 12 certificate) increases the capacity of an individual to pursue entrepreneurial activities, while a tertiary education increases the ability of an individual to grow and sustain a business.

The highest level of qualification of the participants is indicated in Figure 113 below and it shows that 40.16 per cent of the participants did not have a tertiary education (below matriculation i.e. less than Grade 12, and matriculation i.e. Grade 12) 59.84 per cent had a tertiary education (National Diploma consisting of 2-3 years of study and a Bachelor's degree consisting of 3-4 years of study), and only 8 per cent of the total number of participants have a post graduate degree.

Figure 12: Educational Level of Participants in the Current Qualitative Research



The data shows that the majority of the successful group (78 per cent) were educated (matriculation and above) with only 22 per cent of the less educated respondents falling with the successful group; 15 per cent of the less successful group were educated (matriculation and above) and 75 per cent less successful group were less educated as shown in Figure 124 below. It can therefore be assumed that SMEs that are managed by individuals with tertiary education are more successful, while SMEs that are managed by individuals with matriculation educational levels or less are not as successful. This argument is supported by the Maas and Herrington (2006a) GEM report which argues that South African individuals who are not in possession of a tertiary education are less likely to grow and sustain their businesses.

Table 6-4: Educational Level and Business Success of Respondents in the Current Research

Level of Education	Successful Entrepreneurs			Less Successful Entrepreneurs		Total
Base: All Respondents	>R5,000,000	R1,000,001- R5,000,000	R151,000- R1,000,000	R12,001- R150,000	< R12, 000	N = 128
Matric	0	2	9	28	1	40
National Diploma	4	3	9	18	0	34
Bachelor's Degree	2	8	12	5	1	28
Post Grad Degree	1	2	6	4	0	13
Below Matric	0	1	3	7	2	13
Total (N)	7	16	39	62	4	128

Note: categorisation is based on annual income

The data also showed that about 51 per cent of the respondents reportedly had one form of business training or another (formal or informal) and more than 50 per cent of the respondents who had some form of business training received such training pre-venture start up. The formal training included training in business plan writing, marketing strategies, financial budgeting, business model development, human resources management and, tendering and negotiations. The informal training included apprenticeship, participation in a family business and other informal “hands-on” experience gained through various means. For instance, some of the respondents stated that the motivation to become entrepreneurs was born from the experience gained while working in their previous jobs, with most of them opening businesses similar to those of their previous employers.

Although not indicated in Table 6-4, it is worth noting that 98 per cent of the respondents recommended formal business training for female entrepreneurs, with some actually suggesting that entrepreneurs who do not have formal training can only succeed to a certain extent:

“You should go with your vision, go with your passion, but if you don't grow as an individual or in your skills in business, then you are doomed to fail because you will miss things. You know sometimes someone is lucky and they get it right by accident, but you can't maintain it because

people will give misleading information that if you don't know what you are doing, you will run with everything; you wouldn't do proper book-keeping, and above all, you need to grow as a person". (Business consultant).

The majority of the entrepreneurs in the current qualitative research also indicated that they desired intervention from the government or an NGO to focus on providing skills acquisition programs, business training and workshops, while only about 2 per cent advocated financial incentives. This is consistent with the report of Watson et al. (1998) which showed that more female than male entrepreneurs out of the 166 entrepreneurs in the U.K. pursued and attended business training. Table 6-5 below is a summary of the educational level and training of the respondents.

Table 6-5: Summary of the Educational Level and Training of the Respondents in the Current Research

Cultural Orientation Base: All Respondents	Educational Level					Business Training											
	B/M	M	N/D	BA	P/G	App	App, Pre	Fam	Fam, Pre	Fam, Tech, Pre	Post	Pre	Pre, Fam	Pre, Post	Tech	Tech, App	Tech, Pre
Group 1	9	27	16	6	5	2	7	3	1	1	0	9	1	1	0	0	1
Group 2	1	6	9	15	8	2	2	0	1	0	2	3	1	4	5	1	0
Group 3	1	6	5	4	0	0	1	2	2	0	2	1	2	0	1	0	0
Group 4	2	1	4	3	0	0	3	1	0	0	0	1	0	0	0	0	0
Total	13	40	34	28	13	4	13	6	4	1	4	14	4	5	6	1	1

Notes: B/M- Below Matric; M- Matric, N/D- National Diploma; BA- Bachelor's degree; P/G- Post Graduate Degree; APP- Apprenticeship training; Pre- Pre-venture training; Fam- Family Business; Tech- Technical Training; Post- Post venture training.

6.2.4 Work Experience

More of the respondents from the successful group in the current qualitative research (51 per cent) had an average work experience of between 5-10 years prior to venturing into entrepreneurship, while with the less successful group, the percentage of those with 5-10 years prior work experience was 18 per cent. The respondents who fell into the less successful group with less than 5 years of prior work experience was 33 per cent, compared with 26.2 per cent of respondents from the successful group who worked for less than 5 years before starting their own businesses, as shown in Table 6.6 below. Although it is not indicated in the table below, most

respondents suggested that their work experience had a positive impact on their abilities to manage their businesses.

Table 6-6: Work Experience of the Respondents in the Current Research

Work Experience Base: All Respondents	Successful Entrepreneurs			Less Successful Entrepreneurs		Total N = 128
	>R5,000,000	R1,000,001- R5,000,000	R150,001- R1,000,000	R12,001- R150,000	<12, 000	
≤ 2 years	2	0	4	24	3	31
2- 5 years	1	7	14	21	0	42
6-10 years	1	4	14	11	1	30
> 10 years	3	5	7	6	0	18
Total (N)	7	16	39	62	4	121

It can therefore be assumed that SME operators with 5 or more years of prior work experience are more likely to be successful in business than SMEs operators with 2 or fewer years of prior work experience.

6.3 Business Demographics

Business demographics provide information about the businesses of the participants. The variables for which the business demographics were obtained included the age of the business, annual income, business sector and the form of business. The first 2 variables were used as a performance indicator to categorise the businesses into groups of successful and less successful SMEs.

6.3.1 *Age of Business*

As already indicated in the literature, female owned and managed SMEs enter and exit the market within the first 2 years of operation at an average rate of 20 per cent per annum. For the

purpose of this research, the age of business was categorised as follows: less than 2 years, 2-5 years, 6-10 years and above 10 years. Businesses that are older than 5 years with an income of over R150, 000 per annum were used as business performance indicators for successful businesses. The data shows that 70 per cent of the SMEs classified as successful were older than 5 years with only 30 per cent of businesses older than 5 years fall under the less successful category. Only 39 per cent of the less successful SMEs were older than 5 years, with the remaining 61 per cent of the less successful SMEs being younger than 5 years. Nonetheless, it is worth mentioning that 3 of the very successful SMEs (i.e. SMEs with an annual turnover of above 5 million) were less than 5 years old, with 2 of them actually less than 2 years old. Also, the data showed 4 SMEs that could be regarded as failing (i.e. with an annual turnover of less than R12, 000), 1 of which was older than 5 years old (considered to be failing due to the fact that the business had crossed the 2 year mark for breaking even), and 1 less than 2 years old

Table 6-7: Age of Business of the Respondents in the Current Research

Age of Business Base: All Respondents	Successful Entrepreneurs			Less Successful Entrepreneurs		Total N = 128
	> R5,000,000	R1,000,001- R5,000,000	R150,001- R1,000,000	R12,001- R150,000	< R12, 000	
< 2 years	2	2	5	8	1	18
2- 5 years	1	6	7	27	2	43
6- 10 years	1	3	15	21	1	41
> 10 years	3	4	12	7	0	26
Total (N)	7	15	39	63	4	128

Note: categorisation is based on annual income

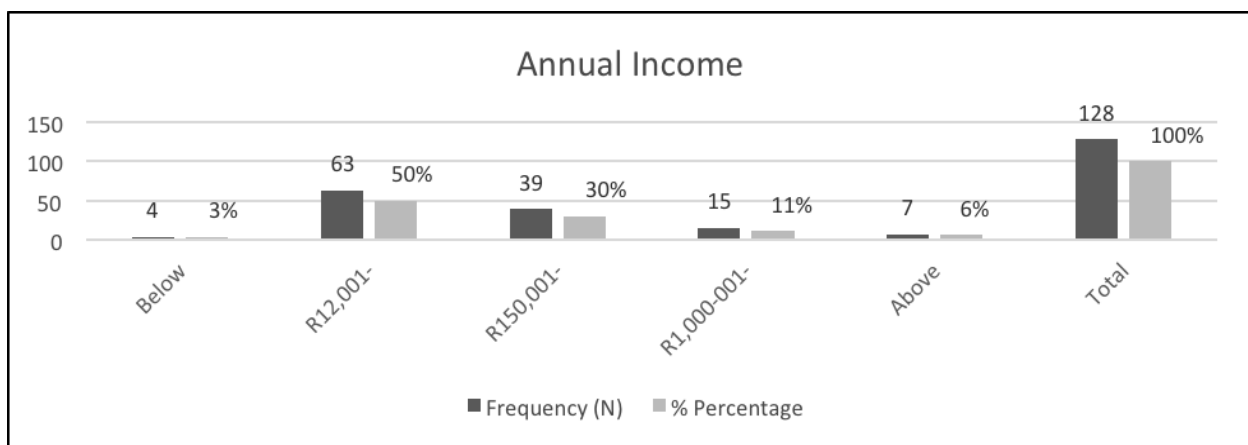
It can therefore be assumed that SMEs that are older than 5 years are likely to have a higher annual income than younger ones (less than 5 years).

6.3.2 Annual Income

The respondents were categorised into two groups of successful and less successful SMEs, based on DTI categorisation. SMEs with an annual income of below R150, 000 were classified as less

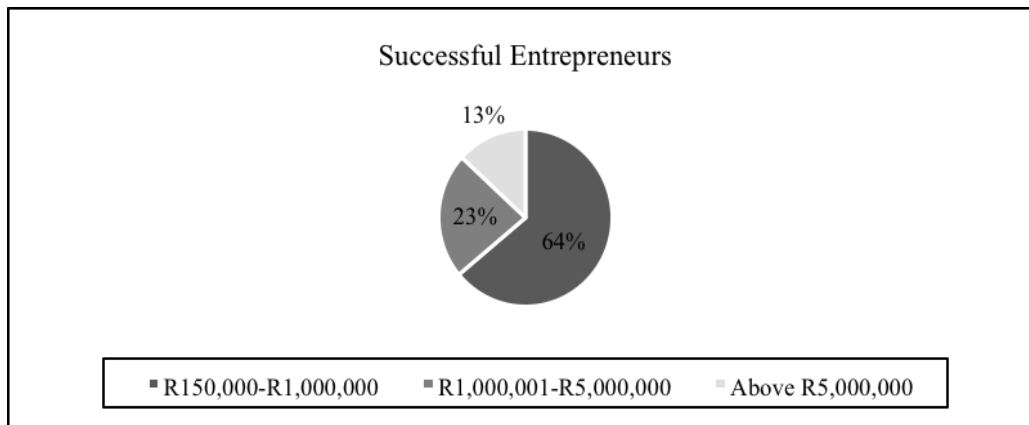
successful, while those with an annual income of more than R150, 000 were classified as successful. Only 40 per cent of the respondents indicated that their annual income was above R150, 000 in contrast to 60 per cent indicating an annual income of below R150, 000. It is also noteworthy that 5.1 per cent of the respondents indicated an annual income of above R5 million and were placed in the ‘very successful’ category. 2.5 per cent of the respondents indicated an annual income of below R12, 000 and were placed in the “failing businesses” category (DTI). For the purpose of this study, businesses with an income above R150, 000 were deemed successful and businesses and those with an annual turnover of less than R150, 000 were deemed less successful, while a business with an annual income of below R12, 000 is deemed to be a failing business (Figure 1)

Figure 13: Annual Income Distribution of Respondents in the Current Qualitative Study



According to Adhikary et al. (1999), a successful female entrepreneur is one who has been in business longer than 2 years, with 5-30 employees, makes a profit and is able to expand her business in terms of growth and infrastructure.

Figure 14: Income Distribution of Successful Businesses in the Current Qualitative Study



In this sample of qualitative respondents the less successful SMEs outnumbered the successful SMEs, although there was no significant difference between the two in terms of mean, median and standard deviation. The data showed that some of the less successful entrepreneurs (15 per cent) may have started their businesses in their early 20's, given the age of the business compared to the age of the entrepreneur (see Table 6-8), thereby limiting their abilities, training, education and work experience, factors that are known to have an effect on business success. Also, the older entrepreneurs within the less successful group (15.5 per cent of the respondents), had a maximum age of 70 years and most of them had only begun entrepreneurial activities after being retrenched, meaning they may have started their businesses a little late (given their age at start-up) and may lack the energy and resilience required for business to be successful (Ucbasaran et al. 2004, p. 432; Rwigwema and Venter 2004, p. 70).

Figure 15: Income Distribution of Less Successful Businesses in the Current Qualitative Study

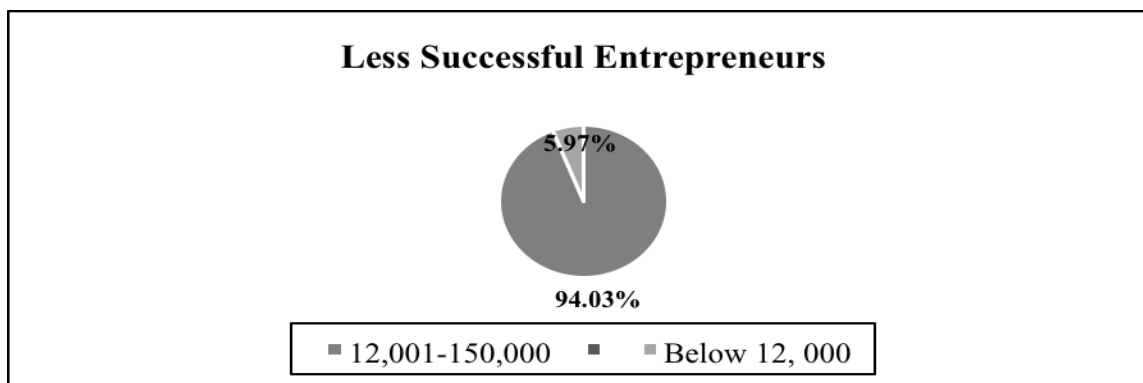


Table 6-8: Business Success/ Age of Business-Age of Entrepreneur in the Current Qualitative Study

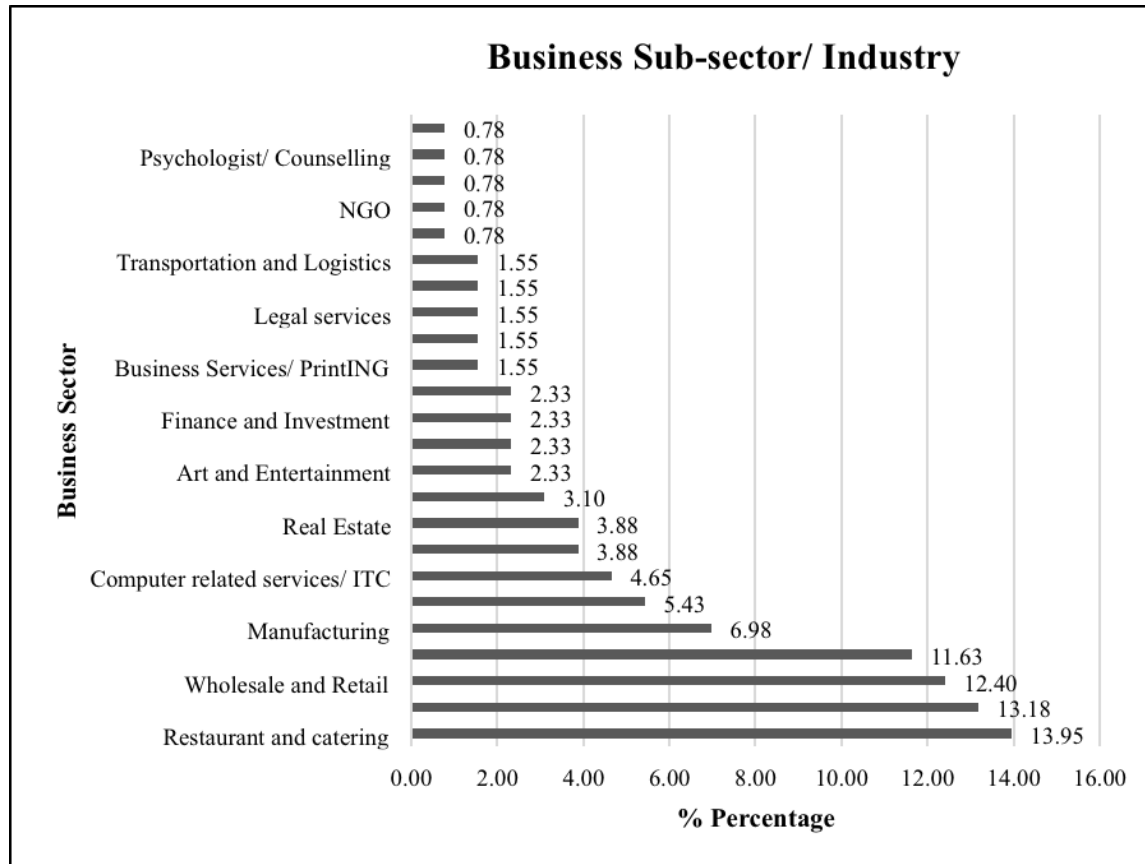
Annual Turn-over Base: All Respondents	Age of Business (Yrs.)				Age of Entrepreneur (Yrs.)			
	≤2	2- 5	6-10	>10	20-30	31-40	41- 50	> 50
> R5,000,000	2	1	1	4	0	1	6	1
R1,000,001-R5,000,000	2	5	2	1	2	5	3	0
R150,001 - R1,000,000	4	7	11	10	4	11	13	4
R12,000 - R150,000	8	25	23	9	11	17	26	11
≤ R12,000	2	1	1	0	0	1	2	1

Note: categorisation is based on annual income

6.3.3 Business sub-sector

The business sub sector/industry was not a parameter of interest in the sampling design, therefore the data shows a variety of business sub-sectors. Concerning the characteristics businesses owned by South African female entrepreneurs who participated in this research, 14 per cent were involved in the restaurant/catering industry, 12.4 per cent were in retail while 13.2 per cent owned nursery/pre-schools and 11.6 per cent owned beauty salons. These business sub-sectors are consistent with the literature that suggests that women choose businesses that speak to their gender (i.e. traditional roles of serving). Business sub-sectors such as oil and gas, renewable energy, counselling, PR/communication recorded less than 1 per cent participation. Business sub-sectors such as construction and maintenance also recorded 5.4 per cent participation while manufacturing recorded 7 per cent participation as shown in Figure 17 below:

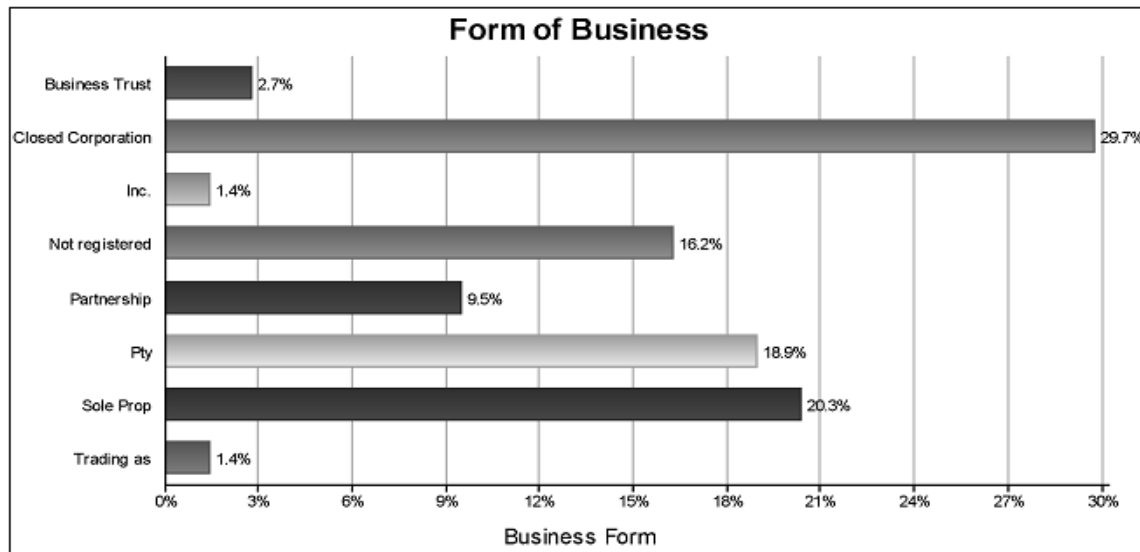
Figure 16: Business Sub-sector of Respondents in the Current Qualitative Research



6.3.4 Business Formations

Given that, for this qualitative study, respondents were drawn from the leadership of some of the business women’s associations/networks in South Africa, it is worth noting that 16.2 per cent of the respondents indicated that their businesses were not registered (i.e. were non-taxpayers and not registered with the Companies and Intellectual Properties Registration Office [CIPRO] to engage in business activity of any sort). Although this study was not a comparison between male and female owned SMEs, previous research on female entrepreneurship suggests that female entrepreneurs are found more in the informal than formal sectors. In South Africa, the majority of female entrepreneurs are found in the informal sectors. Maas and Herrington (2006), suggest that “skills and mind-set” are two major factors that influence the acceleration of women into the formal market. The data shows that 16.2 per cent of the businesses are in the informal sector (not registered and non-taxpaying).

Figure 17: Forms of Business of Participants in the Current Qualitative Research



6.3.5 Location of Business

As stated in the previous chapter, samples for this research were confined to the provinces of Gauteng, Western Cape, Kwazulu-Natal and the Free State provinces due to financial constraints. For the qualitative study, however, interviews and focus groups discussions were limited to Gauteng (53.1 per cent) and Western Cape provinces (46.9 per cent). For the quantification study, the samples of SMEs were from four of the provinces listed above. The participants from Cape Town and Johannesburg mostly operated in the suburbs and city centre, with only about 10 per cent operating in the “locations or townships.”

Table 6-9: Location of Business of the Participants in the Current Qualitative Research

Province	Frequency (N)	% Percentage
Gauteng	68	53.13
Western Cape	60	46.88
Total Responses	128	100.00

6.4 Results of the Qualitative Data

6.4.1 Validation of existing models of Entrepreneurial Competencies

Given that this study is an extension of Man's (2001) study and that of Mitchelmore and Rowley (2013), there was a need to confirm the behaviours that reflected the 9 competency domains mentioned in the literature. The domains identified by Man (2001) and validated by other researchers were: (1) "strategic"; (2) "commitment"; (3) "conceptual"; (4) "opportunity"; (5) "organizing and leading"; (6) "relationship"; (7) "learning"; and (8) "personal" and (9) "technical". Additional competencies domains identified by Noor (2007) and Mitchelmore and Rowley (2013) are (10) "ethics", (11) "social responsibility", and (12) familism".

6.4.1.1 The Strategic Competency

According to Man et al. (2002), the term "strategic competencies" refers to the ability to "set, evaluate and formulate the strategies of a business." Based on the information gathered from the qualitative data in the current research, respondents in general consider strategic competencies to be important for business management. Overall, 10 clusters of strategic behaviour were derived from the data, 6 of which had been identified from previous studies: (a) conduct research, (b) monitor and control outcomes, (c) tactful when dealing with customers and competitors, (d) being proactive and having the ability to make decisions quickly, (e) strategic change and adjustment, (f) continuous assessment and evaluation of goals, (g) being a visionary and have the ability to set goals, (h) utilise scopes and capabilities, (i) possess financial acumen and be able to evaluate costs and benefits, as well as (j) being able to formulate and implement business strategies. The clusters and behaviours associated with each of them are summarised in Table 6-10 below.

The data shows that all the participants in the qualitative study recognised the importance of strategic competencies in the management of their businesses and identified with the behaviours listed in Table 6-10 below. Of the 10 clusters listed, "conducting research" seemed to have the best representation in the "Strategic competency" cluster. Most of the participants reported that they had to formulate strategies at one point or another to achieve diverse goals: either for the achievement of business goals or boosting sales so as to ensure profitability; to draw and retain

new clienteles; or to create a competitive edge and increase chances of surviving in a dynamic business environment or attract the right work-force as one entrepreneur explained: “Although the legal services we offer are similar to legal services offered by others, our model is very different so we are attracting very good lawyers” (legal practitioner).

Table 6-10: Strategic Competency Domain: Examples of Behaviour in the Current Qualitative Study

Clusters	Examples of Behaviour
Conduct Research*	An ability to conduct research before proceeding with an investment (expansion, new product/services introduction). Ability to conduct research on a business premise before opening, have informed knowledge of the clients/customers, research product quality as well as analyse the changes in the market/business environment.
Monitor and control outcomes*	An ability to monitor and be in control of the outcomes of the implementation of business strategy.
Tactful in dealing with customers and competitors*	Ability to deal tactfully with customers as well as competitors and other stakeholders.
Financial acumen/ evaluate costs and benefits*	Have an understanding of cash flow, ability to evaluate business activity and the cost of implementing business strategy.
Being proactive/ An ability to make decisions quickly*	An ability to be proactive and set goals purposefully and systematically in anticipation of changes in the market and environmental conditions
Strategic change and adjustments*	An ability to make changes in the business in response to changes in the market and environmental conditions (inflation and so on.). Ability to make such changes responsively rather than reactionary.
Continuous assessments and evaluation of goals	An ability to set realistic and achievable goals. Having contingency plans. An ability to plan in a way that is both formal and flexible as well evaluating the plans before enforcement.
Be visionary and set goals*	An ability to envision the long term direction of the business in terms of the position of the business in the society and the role of the entrepreneur within the business. Also able to have personal vision as part of fulfilling personal expectations and development.
Utilise scopes and capabilities*	An ability to utilise the resources and capabilities of the business, develop opportunities into outcomes and integrate the competitive scope together with organisational capabilities. An ability to adjust to changes in the environment.

Formulate strategies*	An ability to set and evaluate the position of the business in the market, position the business by identifying a niche in the market, able to differentiate market niches by way of branding. Map and evaluate the position of the business in the market as well as devise strategies to attract and keep customers
-----------------------	---

Note: * refers to clusters identified in existing models for example, Man's (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007).

It was also noted that many of the participants considered that making continuous assessments to evaluate the position of their business in the market was crucial to success. According to one entrepreneur:

“We are continuously improving processes, making sure we get better in what we do and on new products and projects development. You need to be aware enough to look at your situation maybe timelines and goals are unrealistic, perhaps you can change them, and not be caught in the belief that everything is cast in stone”. (Business services consultant)

Another behaviour highlighted by the participants as crucial to success is the ability to conduct research, though the focus of research varied across the different cultures. For one female entrepreneur (in Group 2), the focus of their research was not only on the product or service but also on the customers:

“I love studying and I love acquiring more because it changes on a daily basis, so you'll never know everything. You need to constantly do research on the internet. I actually find that focusing on my industry and staying in touch with everything that is happening in it is actually very important. Definitely I'd like to know more about my business, especially developments and trends overseas; in the UK and other leading countries, which would be very interesting. I wish I knew a lot more about that. I'd like to travel a little bit more and see the school environments”. (Pre-school owner)

Again another entrepreneur stated:

“You have to carry out research on the product or services but more than that, you also need to research your customers. You need to be able to go and research them, in fact you have to go and research them”. (Life Coach)

A beauty product importer also stated that:

“It is important that we make sure that we keep up with trends and know what is going on in the world in terms of the product, because there is no point in not knowing what is going on otherwise we can’t sell”.

Contrary to the views expressed above, female entrepreneurs in Group 3 concentrated their research on available products and services and on a scrutiny of the business environment in order to stay relevant in the market. As stated by one entrepreneur:

“I think most definitely the business environment has a huge impact on business success that is why you need to understand the business environment. I am a woman that has been in business for over 15 years and I have invested my own resources with the tax bureaucracies, I have fought with them so many times. There is just no tangible help for businesses. The tenacity and the strength, and the ability to drive your business does not depend on the policies/ environment, so to a great degree the environment influences business success, but business success is not dependent on the environment alone. Another discipline I've developed over the years is to always be one step ahead of the council. And that is very important for me”. (Building and maintenance contractor)

Entrepreneurs from only 2 of the 4 government identified groups (Group 2 and Group 4) highlighted the importance of making strategic change and adjustments, particularly changes needed to overcome adverse economic conditions arising from periods of low demand or an over-saturated market by developing flexible contingency plans. This is explained by some entrepreneurs below:

“I think when we first opened up, people had more spending money than they have now, so now people see what their most important needs are and then they spend on that, whereas before they would come and they would have a wax and take all the products they wanted but now they only take what they need. So we do package deals now, so you can purchase a couple and get one complimentary add-on service to help them come back. You've got to plan to make sure feet come through those doors”. (Beauty therapist)

“Since we started in 2006, we began with the nail products. It worked for a year and then it dropped. I had to bring up something else; we brought up the nail polish- China Glade and then we then decided import rather than manufacture our own products...that’s where pretty much our business lies”. (Beauty product importer)

“We had to change our product to accommodate new trends, new economic trends. People don't have much money to spend any more so we've had to accommodate that”. (Interior decorator)

This confirms the suggestion of Smallbone et al. (1995), that being able to adjust a business to market volatility and unexpected down-turn in demand, is linked to business success in SMEs. Some entrepreneurs also indicated that they are streamlining their businesses in order to create a competitive edge by subcontracting non-core activities and concentrating in their core activity. In the words of one entrepreneur:

“Definitely over the years, like I said, I used to employ staff and it was quite risky and came with so many challenges in terms of finding sustainable contracts throughout the years. I’ve now restructured the business and I’ve geared more towards consulting. I sub-contract specialised services, which is much better. The ability to remodel the business and focus on sub-contracting has helped me to develop a lot of competencies and that has helped me to take the business to another level. But that is still not where I want to be. I’d like to take the business to a level where I can create employment for different professionals”. (Building contractor)

According to Abor and Biekpe (2006), Bennett and Dann (2000) and Tucker and Lean (2003), many entrepreneurs utilize their own personal funds/savings more often than not in the course of running their businesses. Therefore the issue of weighing costs and benefits before undertaking strategic action was also highlighted by a lot of the entrepreneurs. Also, many women find it particularly difficult to raise financial capital, so this strategic behaviour was considered to be extremely important to their success:

“I think they (women) think it is important to understand the financial aspects of their business, they need to understand the cash flow”. (Building contractor)

Generally, the “Strategic” behaviour acknowledged by the entrepreneurs from the government identified groups highlighted 5 broad elements: (1) the need to be able to devise business strategies that lead to business success, (2) the need to have clear-cut objectives and goals for the business, (3) the importance of competitive advantage and diversification, (4) the importance of streamlining the business in order to focus on core product offerings and (5) understanding and managing the finances of the business. It must be noted, however, that the respondents have a different understanding of the practical application of the strategic competency. This variation could either be as a result of their individual cultural orientations or the different business sub-sectors in which they operate.

In Table 6-11 it should be noted that Group 1 respondents (identified as “Blacks” in government statistic) gave the least number of strategy related answers. Group 2 (“Whites”) gave the most strategy related answers. This is an initial indication that Group 1 members would benefit from training in the importance of planning strategically.

Table 6-11: Strategic Competency/Clusters of Behaviours Reported by the Participants in the Current Research

Strategic Competency	Cultural Orientation (SA Govt. Identified Groups)				Total N = 128
Clusters of Behaviours	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Base: All respondents					
Conduct research	7	26	3	2	38
Financial acumen/ evaluate costs and benefits	9	13	3	2	29
Formulate strategies	2	6	2	0	10
Strategic change and adjustments	0	8	1	0	9
Be visionary and set goals	0	5	2	1	8
Continuous assessments and evaluation of goals	2	4	2	0	8
Utilize scope and capabilities	1	4	1	1	7
Tactful in dealing with customers and competitors	2	4	0	1	7
Being proactive/ decision making	1	3	2	0	6
Monitor and control strategic outcomes	3	2	2	1	6
Total Responses (N)	27	75	18	8	128
Response Ratio (respondents/responses)	0.42	1.97	1.13	0.80	1.0

6.4.1.2 “Commitment Competency”

According to Man et al. (2002, p. 132), “commitment competency” denotes the behaviours that propel businesspersons to forge ahead with their business. The clusters of behaviour that reflect commitment competency include: (1) staying focused even in the face of failure and refusing to let the business fail, (2) committing to personal goals for example, personal development which will in turn impact the business, (3) committing to hard work, (4) committing to good business practices, (5) committing to employees, customers and other stakeholders, (6) committing to the strategies of the business and (7) committing to the long term goals of the business. The data

shows that 78 (61 per cent) of the 128 responses in this qualitative study considered the commitment competency to be vital to business success and all 78 of the respondents believe that business success requires a strong commitment from the entrepreneur. Table 6-12 is a summary of the clusters of behaviours associated with the commitment competency and the examples of behaviours associated with those clusters.

Table 6-12: Commitment Competency/ Examples of Behaviours

Clusters	Examples of Behaviour
Stay focused even in the face of failure*	An ability to stay focused and not be distracted by difficulties encountered in the course of running the business. An ability to restart the business again if it fails due to inability to plan and commit to goals.
Commit to personal goals*	An ability to commit to personal goals of self-development and the achievement of personal goals as a reflection of An ability to commit to achieving business goals.
Commit to hard work*	An ability to sustain one's effort and commitment to the business even during internal and external crisis and tough competitive environment. Devote time to the business.
Commit to good business practices and belief/values*	Commit to the business for fulfilling personal values and beliefs regardless of competitor's behaviours or pressure.
Commit to employees*/ customers	An ability to commit to the business by being responsible for employees and ensuring their wellbeing. Committing to customers.
Commit to the long-term goals*	An ability to commit to long term goals rather than short term goals.
Commit to the business strategy*	An ability to commit to the business strategy and follow through to implement it.

Note: * refers to clusters identified in existing models for example, Man's (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007).

Although the behaviours that reflect commitment took different forms, the data shows that the focus of the respondents was on “being patient and serious about the business.” According to some of the respondents:

“...having patience and holding your conviction to know where you want to be is very difficult, but you need to have that in order not to be overcome by the events happening around you”.
(Renewable energy consultant)

“Really, her enthusiasm to get out of bed every day and do what she is doing and keep on doing it is what makes the difference in the life of a woman in business”. (Retailer)

“...And it's those qualities that I think helps one in business because you go through tough times and if I just learned to take the nice times out of life and give up when things are hard, I wouldn't be here today.

“Also what I think is very important is to understand your own personal maturity and your ability to bounce back, because if you are not mature enough, if something were to go wrong in the business and you were hit with setbacks, coming back would be very difficult. And also it is very important to understand the nature of the people trying to assist you”. (Life coach)

It is worth noting however that the notion of commitment was found mostly among the Group 1 (40 per cent) and the Group 2 (36 per cent) respondents (refer to Table 6-13). Only 4 per cent of the Group 4 respondents highlighted the commitment competency as important to business success while 20 per cent of the Group 3 respondents considered the commitment competency as important. As stated earlier in the literature, previous studies suggest that female entrepreneurs in South Africa enter and exit the market at an annual rate of 20 per cent. The fact that only 78 (61 per cent) out of 128 respondents considered commitment competency as important in running a business does not provide any explanation for the female entrepreneurs' inability to sustain their businesses over a long period of time. However, it is worth mentioning that only 25 (20 per cent) of the total participants in the qualitative study identified with the behaviour “**Stay focused even in the face of failure.**” As explained by some of the entrepreneurs, a business needs:

“Basically someone who is always solidly behind his company”. (Restaurant owner)

“Someone that looks out for their customers and their employees”. (Beauty products importer)

“I reflect back on where I've come from, why I started this business, and what I'd like to achieve with it. I don't believe that hardship is what should make us fall but rather what should make us stronger, and that is what I think when I speak about tenacity to rise above challenges”. (Building contractor)

The last statement mentioned above is a reflection of behaviour that shows a willingness to persist in business or a willingness to restart the business if it fails. It also speaks to the passion of the entrepreneur, which is needed for businesses success as most female entrepreneurs agree

that having a “passion” for what you do is essential for success. Passion, according to one entrepreneur, “will make someone do things whole-heartedly.” This confirms the argument of Timmons and Spinelli (2004) that passion is important in entrepreneurship as it gives the entrepreneur the ability to face uncertainties with a degree of calmness. The entrepreneur also highlighted staying committed to business goals as important as it allows them to remain focused on set goals and what they set out to accomplish.

The findings further demonstrate a strong cultural undertone to the commitment competency. While Group 2 entrepreneurs (40 per cent) confidently believe that a strong commitment to their businesses plays a positive role in outcomes, Group 4 entrepreneurs did not attach much importance to the commitment competency nor did they consider it to be crucial to business success, as only 6.4 per cent identified with this competency. The Group 3 entrepreneurs (17.6 per cent) attached some form of importance to the commitment competency while the Group 1 entrepreneurs (36 per cent) also considered the commitment competency to be important to their success in business. The summary of the responses for commitment competency is found in Table 6-13.

Table 6-13: Commitment Competency

Commitment Competency	Cultural Orientation (SA Govt. Identified Groups)				Total N = 128
Clusters of Behaviours	Group 1 (Black)	Group 2 (White)	Group 3 (Coloured)	Group 4 (Indian)	
Base: All respondents	N = 64	N = 38	(N = 16)	N = 10	
Stay focused even in the face of failure	10	8	4	3	25
Commit to the business strategy	5	5	4	0	14
Commit to employees/ customers	3	5	2	1	11
Commit to hard work	4	4	2	0	10
Commit to good business practices and belief/values	2	3	1	1	7
Commit to personal goals	2	3	1	0	6
Commit to the long-term goals	2	3	0	0	5
Total Responses (N)	28	31	14	5	78
Response ratio (respondents/responses)	0.44	0.82	0.88	0.5	0.6

6.4.1.3 Conceptual Competency

This refers to “different conceptual abilities such as the ability to make decisions, understanding and absorption of information that can sometimes be perceived as complex, risk taking propensity and being innovative or visionary” (Man et al. 2002, p. 132). The data in the qualitative aspect of this study revealed 10 clusters of behaviour that can be classified as belonging to the conceptual competency Table 6.14. Of the 128 entrepreneurs that participated in the focus group discussions and interviews, only 71 (55.4 per cent) reported behaviours that could be categorised under the conceptual competency domain. 42 (59 per cent) out the 71 entrepreneurs are in Group 2 (White), while 19 (27 per cent) are in Group 1 (Black), 8 (11 per cent) are Group 3 (Indian) and only 2 (3 per cent) are in Group 4 (Coloured). Although it is the common belief among many analysts that analysing and evaluating are processes associated with business, it is interesting to find that some female entrepreneurs consider these as time consuming and problematic because they require a lot of time and finance; two elements which are considered to be in “short supply.”

“...I get people that started the business and then they plan it so well, they’ve got their business plan and they’ve got their money ready and it’s taken them two years. I’ve got a friend that did that, she had this wonderful idea two years ago about starting consultations and supplying food, products that are wheat and allergy free and all that kind of stuff because she’s a coeliac and I said to her ‘get going’, there’s a market there for it, it’s a bit small in South Africa, but it’s going to boom, launch off. Its four years ago, she’s still planning it, now there are four other people who have taken it to the market. So yes, I think you must have limits on how much time you take with planning, I understand if you need to plan but, like us too, we plan a lot of things even if it’s only for five, six or eight months down the line. We started rolling out how and what exactly we wanted to do but nothing went according to plan. I think planning comes once you’ve established a little bit”. (Business services consultant)

The attitude described above by this entrepreneur seemed to be supported by many of the other female entrepreneurs. Only one entrepreneur highlighted the need for analytic thinking or being pragmatic when managing a business. This suggests an attitude of “just-do-it” and “deal with the consequences as you go.” The data also shows that only 6 of the Group 2 and 5 of the Group 1 entrepreneurs considered risk-assessment as important in business management while nobody from the other two cultures reported it as important. This indicates that Group 1 and Group 2

female entrepreneurs have a more cautious approach to doing business in contrast to Group 3 and Group 4 entrepreneurs. In confirmation of the behaviour described above, some of the entrepreneurs had this to say:

“I think my particular strength is that I see risks, I don't live life on the edge. I am very detailed and I think and don't jump on anything just like that. I think my partner is a little bit different, she just jumps out of the blocks”. (Business services consultant)

“During 2011, we grew too fast, we opened two offices, I didn't do my planning very well on margin, we had to take out a huge, huge business loan and I had to retrench. And having been retrenched before, it was the hardest thing I've ever done. And we're still paying for that. That was very poor planning on my part, and I didn't trust my business partners enough to let them in until it was too late and I felt like I had to carry the can, and I deeply, deeply regret that”. (Legal practitioner)

Table 6-14: Conceptual Competency/ Examples of behaviours

Clusters	Examples of Behaviour
Professionalism	An ability to conduct and manage the business with a level of professionalism and not being “sloppy.”
Multi-tasking/ efficient	An ability to be involved in various aspects of managing the business without losing one’s self and without losing focus of the goals/objectives of the business. An ability to undertake multiple tasks simultaneously and be efficient.
Possess business acumen	An ability to sustain one’s effort and commitment to the business even during internal and external crisis and tough competitive environment. Devote time to the business.
Think outside the box	An ability to re-invent one’s self and come up with something new or out of the ordinary.
Proactive*	An ability to forecast and respond to the business environment and plan for possible market situations/conditions. An ability to find new ideas and take drastic measures when necessary to effect change.
Manage ambiguity*	An ability to view the business environment, the operations and management of the business from a different angle. An ability to find alternative ways to solve problems.
Analytic/pragmatic*	An ability to analyse market conditions, new products/services or ideas as well as new business concepts before investment. Ability to analyse business hurdles and effective ways to overcome them. An ability to make good business judgements. Attention to detail.
Innovative*	An ability to innovate in new entry methods into the market, in services, brand image, use of technology, ways of marketing and distribution, as well as in ways of sourcing for products/services.

Risk Assessment*	An ability to assess the risk of remaining in the market when the conditions are unfavourable. An ability to scan the market for risks before investment by using different means of sourcing and building new capabilities. An ability to manage risks.
Intuitive thinking*	An ability to observe, think, analyse and evaluate decisions about market opportunities intuitively, An ability to analyse/evaluate the development of problems in the business, the needs of the employees and improve the organisation without going through “logical” steps

Note: * refers to clusters identified in existing models for example, Man’s (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007).

In summary, more of the Group 1 entrepreneurs identified with behaviours classified under the conceptual competency domain. About 15 of the entrepreneurs suggested that being innovative and constantly looking for new ways of doing things is one way of ensuring that the business does not become obsolete.

“I’ve played around a lot with how I present my business and how I package what I do. So what I’ve done is over three years, I have actually created a package for my business so it is affordable and because I now allow installment payments, it’s then easier for people to be able to afford what I’m doing”. (Life coach)

Interestingly however, only two entrepreneurs highlighted the need for intuitive or instinctive thinking in making business decisions, even though women are generally considered to “follow their gut” or be instinctive in decision-making process.

“In terms of challenging situations it’s all about listening to your instincts and then having the systems in place to support you. Know what you want to do and within that, knowing who you are. Know what your strengths are listen to your instincts”. (Copywriter)

This behaviour is also closely linked with the ability to manage ambiguity, and 11 entrepreneurs highlighted the importance of this behaviour in the management of their businesses. Most of them believe that the only constant in business is change, therefore a successful entrepreneur should be able to find alternative ways of doing things as the need arises. One of them actually put it like this:

“You need to be able to make the shifts when you need to”. (Life coach)

The number of entrepreneurs who identified behaviours that could be classified under the Conceptual Competency is summarised in Table 6-15 below.

Table 6-15: Conceptual Competency

Conceptual Competency	Cultural Orientation (SA Govt. Identified Groups)				Total N = 128
Clusters of Behaviours	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Base: All Respondents					
Innovative	4	9	1	1	15
Manage ambiguity	1	9	1	0	11
Professionalism	4	6	1	0	11
Risk assessment	5	6	0	0	11
Possess business acumen	3	2	1	0	6
Multi-tasking/ efficient	0	3	2	0	5
Proactive	0	3	2	0	5
Think outside the box	1	2	0	1	4
Intuitive thinking	1	1	0	0	2
Analytic/ pragmatic	0	1	0	0	1
Total Responses (N)	19	42	8	2	71
Response ratio (respondents/responses)	0.30	1.11	0.5	0.2	0.55

6.4.1.4 Opportunity Competency

This refers to the behaviours relating to “the ability to recognise business/market opportunities through various means” (Man et al. 2008). It includes behaviours such as being able to identify products and services that customers need, being able to perceive the unmet needs of the customers, being able to source products and provide services that provide real benefit and value to the customer and identifying and then seizing high quality opportunities that present themselves in the market (Man 2001). Table 6-16 is a summary of the opportunity competency and the clusters of behaviour that are associated with it.

Table 6-16: “Opportunity Competency” and Associated Behaviour

Clusters	Examples of Behaviour
Assess and respond to business opportunity*	An ability to assess unfulfilled gaps in the market situation, business trends as well as customers so as to identify an opportunity. Ability to turn a concept into a profitable outcome, turn ideas into real businesses as well as respond quickly to a business opportunity. An ability to create a niche market (product or service).
Seek business opportunities*	An ability to actively scan the environment for business opportunities, clients/customers, changes in the business environment as well as identify new opportunities. An ability to anticipate the needs of the customers/clients, new trends in the market and visualise prospective opportunities before they become a reality.
Identify/ Recognise business opportunities*	An ability to identify business opportunities from a variety of sources such as: past business experience, a gap in the market, business relationships, through being involved in related business operations (industry gained experience), changes in the business environment, or through new distribution channels. An ability to recognise potential clients/customers and spot high quality products or opportunities.

Note: * refers to clusters identified in existing models for example, Man’s (2001) model, the model of Thompson et al. (1997) and come of the behaviours classified in this cluster were identified in the study of McClelland (1987).

Again as with the Conceptual Competency, most of the entrepreneurs who reported the Opportunity Competency as important were the white entrepreneurs. A total number of 29 entrepreneurs out of the 39 (74 per cent) that agreed that the Opportunity Competency is important are from Group 1; 7 (23 per cent) from Group3; 3 (3 per cent) from Group 1 and none from Group 4 considered this competency important. This means that only 24 per cent out of 128 entrepreneurs who participated in the qualitative study agreed that an Opportunity Competency is important in entrepreneurship. According to one entrepreneur:

“You’ve got to be able to recognise an opportunity, yes it is an absolutely vital skill”. (Legal practitioner)

Most of the entrepreneurs who agreed that the Opportunity Competency is vital to business management also seemed to suggest that opportunity recognition could be key to their survival as women and as entrepreneurs.

“I think it’s important to be aware of what’s out there, you know the Western Cape government has set up the red tape initiative, it’s a unit that helps small businesses cut red tape, and we’ve used that service before and it has actually broken through quite a significant problem for us. So I think it is important to be aware of what is out there. And I love South Africa and I believe in it so much but the government can’t be everywhere, the government can’t do everything. The government doesn’t have the money to help every single entrepreneur with funding to start a business. The only way that this country is going to survive is if we all find a way to create a job. And whether that’s you and me going into business together and then we employ somebody else or whether that’s a woman who comes to my doorstep to say “I have secretarial skills, can I type for you”? It’s whatever it is. As women, we have to have the confidence in our abilities to say “I can do this, this is the thing that I can do to contribute to the world.” Because apart from anything else, if you are making that contribution, if you can wake up in the morning and say today I’m going to do this, whatever that might be, that’s actually the thing that is going to take you into tomorrow”.

(Copywriter)

The participants also know that recognising an opportunity will not produce or improve performance, but being able to assess and react produces business outcomes. Accordingly, they say the response to a business opportunity needs to be quick and appropriate:

“...Yes, but we also had to seek for new areas where we do businesses so instead of just sitting in the shop and waiting for business to come to us, we have had to go out and look for business”.

(Interior decorator)

“If you are talking about getting into business you are right, you need to be able to identify opportunities, but more than that it’s about addressing them appropriately. My strengths are definitely my adaptability and seizing opportunities and doing it quickly”. (Fashion designer)

“You can see an opportunity, but when someone that has seen something they thought of as an opportunity, you can teach them on how to actually grab that opportunity. That is business skill”.

(Business consultant)

A number of participants in this current qualitative research also highlighted the need to be proactive in searching for opportunities. They suggested that businesspersons go out and seek opportunities that match their business capabilities rather than wait for it. They suggest that there are various techniques that could be used in identifying opportunities including being alert to changes in business trends and gathering information from existing and prospective customers about their needs.

“Basically, I’m always canvassing to see is there an opportunity for us to work together? And sometimes it can just be out of a once off conversation, or it could be out of me actively nurturing or building a relationship with people. So yeah, absolutely spot the opportunities”. (Copywriter)

“...And, in fact, that's what happened to me last year when I'd been working with somebody and they via somebody, via somebody, via somebody that they know passed on an important project and I actually won the commission”. (PR executive)

“Certain things I leave to chance, and if there is something like some people calling me and saying there is a business for sale, if I do review it and see that it is a good opportunity, then I will buy it”. (Pre-school owner)

In summary, the behaviour most frequently identified under the opportunity competency was recognising and responding to business opportunities. This is consistent with the literature suggesting that recognising and exploiting business opportunities is the core of entrepreneurship (Chandler and Hanks 1994; Shane and Venkataraman 2000). Table 6-17 shows the frequency of the respondents to the opportunity competency and the clusters of behaviours associated to it by culture.

Table 6-17: Opportunity Competency

Opportunity Competency	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Clusters of Behaviours					
Base: All responses					
Recognize business opportunities	2	11	2	0	15
Assess and respond to business opportunities	1	11	0	0	14
Opportunity\Seek business opportunities	0	7	3	0	10
Total Responses (N)	3	29	7	0	39
Response ratio (respondents/responses)	0.05	0.76	0.44	0	0.30

6.4.1.5 Organising and Leading Competency

According to Man et al. (2008), an organising and leading competency refers to the ability to organise and manage different internal and external resources including human, financial and technological resources as well as being able to build teams, motivate and lead employees. 7 clusters of behaviour were identified in the qualitative study under the organising and leading competency as shown in Table 6-18.

The data shows that 69 per cent (88) of the total number of entrepreneurs who took part in this study agreed that an organizing and leading competency was vital in the management of their businesses. As with the other competencies listed above, the majority of entrepreneurs who exhibited behaviours that delineate organising and leading competencies were from Group 1 (67 per cent); 19.3 per cent from Group 2 and 9 per cent from Group 4 also indicated behaviours that delineate an organising and leading competency while only 4.7 per cent from Group 3 identified with this competency.

Table 6-18: Organising and Leading Competency/ Clusters of Behaviour

Clusters	Examples of Behaviour
Human Resources management/ Leading*	Being able to recognise and employ the ideal persons for the job (e.g. enthusiastic, motivated and having the right attitude). An ability to rightly place people by understanding their strengths and weaknesses (i.e. giving people tasks that they are capable of executing). An ability to exhibit exemplary leadership demonstrating strong leadership capabilities.
Team Building*	An ability to encourage teamwork in the organisation by encouraging people to work as a team. An ability to energise the team towards effective performance of tasks. Encourage group tasks rather than individual tasks.
Monitoring and Controlling*	An ability to monitor staff and production utilising precautionary, monitoring and remedial actions when necessary. An ability to closely monitor facts and figures, keeping overhead costs low as well monitor results and progress. Being able to focus on tasks and meet project deadlines. Ability to monitor customers' feedbacks consistently.
Delegating and Co-ordinating*	An ability to delegate tasks effectively and give responsibilities to employees that are considered capable with effective systems in place to co-ordinate tasks and activities within the organisation. An ability to advice and make major decisions when necessary.

Motivating employees*	An ability to motivate employees to meet set goals by using a benefits/incentive system, encourage employees to be entrepreneurial by coaching and mentoring them.
Organising and managing resources*	An ability to source and acquire resources from within and outside the business. Ability to effectively allocate and manage resources (financial or non-financial). An ability to develop effective systems without unnecessary hierarchies.
Planning*	Being able to formulate and develop operations (formally or informally), allocate and make use of different assets efficiently. An ability to draw up procedures and guiding principle as well as set targets for employees.

Note: * refers to clusters identified in existing models for example, Man's (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007).

A total of 49 entrepreneurs in this current research reported that they spent considerable time in planning the activities surrounding their businesses including mobilising and organising resources, monitoring and controlling the finances of the business in terms of costs and maintaining cash flow, as well as managing and motivating employees. Many respondents in Group 2 also had staffing issues. This could be due to the fact that they had more employees from the other three groupings than the other entrepreneurs. Their focus was therefore more on managing the financial and human resources involved in the running of their businesses. As some entrepreneurs put it:

“And when you start a business you must remember that there's only a few ways that money comes in; one is people paying you, and there are a few ways that the money can go out, like paying for stuff (products), paying for staff, or paying for things that the business needs. Unless the business is making a lot of money, you must keep your salaries low. I don't earn a salary from the business, until I can afford it, then I can take it. For the moment, the money goes right back in”. (Deli operator)

“Yes. Our business culture, we use our point of culture, so whether we're disciplining, we always come back to that. And when we are motivating, it's absolutely essential, and we always come back to that. So we've realised that growing people from the bottom up is the best way to go, it's a lot about working in a team”. (Legal practitioner)

“I can plan my day and then things would happen. I would say I spend at least 20 per cent of my time on financial matters, making sure that things are running smoothly, at least 25 per cent on staff matters, and 25 per cent on customer matters. Sometimes things are running so well that I don't need to touch base with the customers”. (Business consultant)

While for Group 1 interviewees, recruiting and training the right staff was considered as vital, interviewees from the other groups advocated training family members to help in the running of the business. They focused more on outsourcing as much of the business operations as they could and employing minimal staff, while relying on family members to fill the gap. According to entrepreneurs:

“I’ve got me, my sister that does everything else, she’s at the shop, my niece, my brother, my son that’s in it as well. I involve my family because nobody out there will go through the stress with you and because I consider it a family business also. They feel things with you. And they understand, so that’s what I do”. (Hairdresser)

And another entrepreneur affirmed this sentiment, putting it this way:

“I think if you speak to many women, you will find that their family is instrumental to their success. Without the support of their families, they would never have managed or come as far as they have come. So it is your family which is the first culture that you have, I mean even your kids, your siblings, and extended family are very instrumental in the journey because you all make the sacrifice. There is no easy way around it”. (Retailer)

According to another entrepreneur:

“...as a woman I’m never alone. My husband is very supportive and my children are very supportive. I didn’t think I could run my own business and I think through that process, I got some faith in myself as well”. (Optometrist)

When it comes to human resources management and employee motivation, however, some of the interviewees indicated that staff development is important and they were willing to get involved with that development. The ability to create teams and work together with the employees as part of the team was also highlighted by some entrepreneurs. A few actually acknowledged that they depended on their staff (teams) in order to accomplish various tasks, and move the organisation forward. They also spoke about rewards and benefits but more of the focus was on having an intangible reward/benefit system (non-financial) rather than tangible (financial). These intangible benefits included training and skills acquisition programs, delegation of authority or promotions (opportunity to rise to the top), as well as creating a positive work environment and team building. According to some of the entrepreneurs:

“Skills training is very important, yeah, my girls, they have gone on trainings, they have improved themselves, one of them has never even done matric, but they’ve gone on training courses which we sponsor, they’ve got their certificates and she was so excited when she got the certificate, that’s important to me, that staff better themselves, because staying on the same level you are going to get nowhere and neither will the business”. (Restaurant owner)

“So the most important thing is to be honest with yourself and your team, and to appreciate the people you've got. We always say to our team that we know that they could work anywhere, but they chose to work for us. And as much as there is an employee/employer relationship and benefits on every side, your team is everything, especially if you have a good one. So we believe in building our team in-house, growing people from the bottom, rather than bringing managers from the outside, a lot of our work is about working in a team”. (Legal practitioner)

“You need to know how to manage the man-power, they can either make you or break you”. (Hairdresser).

Planning was also identified as an important behaviour in managing a business. Although 23 entrepreneurs indicated that planning was very much a part of their business management, it is interesting to note that most of them agree that plans have to be adapted continuously to conform to situations.

“With us you've got to plan ahead, and for the year, you've got to plan, you've got to have your teams plan and you've got your parents meeting planned. You've got to be organised, you have to have your plans in place. But you've also got to adapt the plans because things do change”. (Pre-school owner)

“I do plan, I do plan a lot. But I also do take things as they come. I have over-arching goals, but I find that if I get too bogged down with the details of the goals that I have set, I miss opportunities”. (Legal practitioner)

A few of the others reported that without proper planning and a strong commitment to follow through the plans, the success of the business could be jeopardised.

“For me a successful entrepreneur is someone who sets realistic goals, who plans accordingly, follows through with the plans and actually achieves those goals”. (Life coach)

“Scheduling, planning, I try to finish what I have to do today and finish it, I do not procrastinate, I do not believe in procrastination. If it’s on my desk today, I finish it”. (Building contractor)

Most of the commonalities that were identified in the “Organising and Leading competency” reflected organising and managing resources and planning. However, financial management was an issue of concern for many of the entrepreneurs. Most of the interviewees wished they had more financial management ability which would enable them to manage their cash flows and overheads better, while others outsourced that aspect of their businesses to other professionals.

“Again, I’m not good with facts and figures so I hire people to do that. You need to hire people or surround yourself with people that are better. To me, I am useless in that area. So at least I have a very good bookkeeper and I have a very strong relationship with our tax adviser. And those are non-negotiable”. (Legal practitioner)

“My weakness has been not to make money out of what I do until now. I’m very glad to help others. The financial acumen in terms of financial management, that is a very bad blind spot and I’ve been focusing on that. In fact a lot of my time lately is spent just getting all my documents in a row, but I’m doing it personally so that I know what I am doing before I hand it over to somebody else. I want to know that I can handle it so that when I hand it to someone else, I have a sense of what it involves so that I don’t just hand it over and not know. So those have been some of the issues that other women have had in their business”. (Renewable energy consultant)

The concerns expressed by these entrepreneurs are consistent with the findings of Stokes and Blackburn (2002), who sampled 306 SMEs in the UK and found financial management, i.e. managing cash flow and overheads, and managing creditors and debtors, to be an important aspect of business management. The number of participants from the different cultural groups, as well as the frequency of the behaviours that delineate organising and leading competencies, are illustrated in Table 6-19.

Table 6-19: Reports of Behaviours Categorised under the Organizing and Leading Competency

Clusters of Behaviour	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Base: All Respondents					
Planning	6	14	3	0	23
HR management/ Leading	3	11	3	1	18
Organizing and managing resources	3	14	0	1	18
Motivating employees	4	6	1	2	13
Monitoring and controlling	0	7	0	0	7
Team-building	1	3	1	0	5
Delegating and coordinating	0	4	0	0	4
Total Responses (N)	17	59	8	4	88
Response Ratio (respondents/responses)	0.27	1.55	0.5	0.4	0.69

6.4.1.6 Relationship Competency

The relationship competency refers to interactions between individuals in a group setting or through one-on-one interactions. It includes building trust and cooperation using contacts, connections, persuasion, communication and inter-personal skills (Man et al. 2008). There are 8 clusters of behaviours identified in the current qualitative study that reflected the relationship competence. It is interesting to note that the data shows that unlike with the other competencies mentioned earlier, “black” entrepreneurs seem to identify more with the relationship competency. This seems to confirm the “Ubuntu” culture of South Africa which promotes relationships and pursuance of the “common good” rather than individual interest. It is also the competency that has the highest recognition rate among the participants (97 per cent) with 45 per cent of Group 1 and 42 per cent Group 2 respondents identifying with behaviours that can be classified as belonging to the relationship competency. Surprisingly, only 8 per cent of Group 3 respondents and 5 per cent of Group 4 respondents reported that this competency is crucial to the management of their businesses. While the focus of Group 2 entrepreneurs was on

employer/employee relations, (the data shows that more white entrepreneurs have employees compared to entrepreneurs from the other cultures), the focus of Group 1 entrepreneurs was on entrepreneur/customer relations. The relationship competency and the behaviours that reflect it are represented in Table 6-20.

Table 6-20: Relationship Competency/Clusters of Behaviours

Clusters	Examples of Behaviour
PR and marketing*	An ability to skilfully expose one's self and products/services to the public/media by building a professional image. An ability to promote goods and services.
Listening and Communication*	An ability to effectively and efficiently communicate with public to promote the business. An ability to communicate with employees utilising formal and informal (personalised) means to communicate the goals and visions of the business without ambiguity. An ability to listen to the contributions or complains/grievances of employees and create a positive working environment through dialogues and openness as well as problem sharing. An ability to seek and give advice to employees (i.e. identifying the right people to seek advice from). Be open to correction and constructive criticism.
Negotiating*	Being able to broker deals with clients and contractors effectively. Being able to negotiate with business partners and other stakeholders.
Conflict management*	An ability to manage and solve conflicts involving staff as well as those involving customers. Encourage dialogue as a way of conflict resolution.
Networking*	An ability to build and maintain networks and relationships with existing and potential clients for an extensive period of time. An ability to use networks and relationships for skills acquisitions, for advice and for business generation.
Good inter-personal skills	An ability to effectively relate to others, build consensus in decision making while exhibiting diplomacy and kindness in dealing with employees, clients, suppliers and all stakeholders. An ability to show appreciation for other people's culture and avoid creating a bad perception about the business and the employees.
Trust building with employees, customers and suppliers*	An ability to build and keep the trust of employees and customers. An ability to utilise persuasion in selling while demonstrating one's commitment to the interest of the clients. Exhibit professionalism and expertise in dealing with clients and employees ensuring that they are treated politely at all times. Ability to show appreciation customers for their patronage and employees for their service. Show commitment to customer and employee satisfaction and be patient.

Note: * refers to clusters identified in existing models for example, Man's (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007).

One relationship competency that was identified in existing models was public relations. For the purpose of this study, the competency of public relations is grouped with marketing, as most of the interviewees classified them together. About 23.3 per cent (29 entrepreneurs) emphasised

that the ability to properly manage products is crucial. Some actually considered their inability to market and lack of public relations as a weakness. According to some of the entrepreneurs:

“Marketing is my major struggle. What I do comes so naturally to me, and because I have a financial background, it is easy for me to do. So my focus is marketing. If I don't market my business, then nobody will know about it. What I do is, if for example for a stretch of time I don't have any clients, then I focus my time on marketing”. (Life coach)

“Driving sales and marketing the business takes more of my time. You need to be proactive in terms of how you address issues of marketing, sales”. (Building contractor)

“At the moment our biggest focus is marketing”. (Business consultant)

Networking was also highlighted as an important aspect of the relationship competency by 11.2 per cent of the entrepreneurs, however they all agreed that there is a major difference in the way men and women network. An interesting comment made by one entrepreneur is that women need to develop competencies in the area of networking. According to some of the entrepreneurs:

“Absolutely, and also recognise that men network differently from women. Women have less disposable time than men. They don't want to go out for drinks, if you want to build a relationship with a guy you've got to be able to go work around it. It's hard. Women are often very boring”. (Legal practitioner)

“Networking is vital and like I said women and men network differently. Being in a male dominated industry, the challenge has been to network effectively. A man can stay out late for a couple of beers with other clients, whereas women have to be at home to cater for the family”. (Building contractor)

Having good inter-personal relations/skills was also highlighted by 22 per cent of the interviewees. Surprisingly, this behaviour was emphasised more by the Black and White entrepreneurs while only 2 per cent of Group 3 (Indian) and 2 per cent of Group 4 (Coloured) entrepreneurs identified with this behaviour. Interestingly, some of Group 1 entrepreneurs who emphasised the importance of this competency mentioned the need to appreciate the culture of other people. In fact, when asked about the obstacles that they encountered in the course of running their businesses, 15 entrepreneurs indicated that the inability to appreciate cultural differences was a major obstacle. This is also a reflection of the fact that although there are four

government identified racial groups, there are further ethnic diversities in South Africa (especially among Group 1). According to one of the entrepreneurs:

“Interpersonal skills are vital, being able to read people and deal with each individual differently”.
(Copywriter)

Another entrepreneur had this to say:

“Having good interpersonal skills is important. I've seen now in my industry that when I'm here it runs smoothly, the moment I'm not here or off premises, there're issues with staff, and if I'm here it actually runs smoother. So being a people's person, knowing how to manage them is important, because your whole business revolves around people”. (Pre-school owner)

“Prejudices still remain between different cultures and male and female discrimination is still a huge problem”. (Retailer)

The ability to listen and communicate was the only behaviour that was not emphasised by any of Group 4 entrepreneurs in this competency domain while entrepreneurs from the other cultures identified this behaviour with some variations in its application in terms of managing their businesses. This behaviour is identified when dealing with employees as well as customers. Considering the fact that SMEs generally are unable to compete with the salary structure offered by larger firms, most of the entrepreneurs suggest that creating a positive working environment and being sensitive to the needs of the employees is key to staff retention. Accordingly, they strive to make the employees feel appreciated by listening to them and giving them an opportunity to express themselves within reason as well as showing consideration for the individual needs of the staff given that female entrepreneurs are known in South Africa to employ a lot of female staff (this was discovered from the interviews). According to one entrepreneur, “I treat my staff like my family.” According to some of the entrepreneurs, having a relationship with customers is key to success. They believe it should come easily to women because women by nature crave and nurture relations. One entrepreneur put it this way:

“I think relationships are so important. People buy from people. They would remember the person and sometimes don't even remember what the person does for a living or for a business, but they'll remember the person later because they like the person and they will start asking 'so, what is it you do for a living? I've forgotten, but I remember you'”. (Business consultant)

Most of the entrepreneurs also emphasised the need to surround themselves with people who can advise them or give counsel on matters concerning business management. They suggested that having people around who are knowledgeable in different areas or have mentorship qualities is vital to success because, according to 2 of the entrepreneurs:

“When I went into bookkeeping (I had been at varsity and I was a day-care teacher), and wanted to go into business. So I felt the best thing I could do was handle my own accounts. So I went to do a diploma, and I got a book-keeper who mentored me for about four months, which taught me the value of mentorship. That was the only time I ever had a mentor and it helped me to develop so fast in the job. But everything else, I had to do it myself. And because in my job, I had always reported to men, I didn't have the opportunity to speak to someone. I used to think that if I had a woman that I could look up to, that would have been a great help, because we understand each other, we understand what the difficulties are realistically and we could give useful input”. (Life coach)

“It is important that you sometimes have a sounding board. As an entrepreneur you find that sometimes when there are challenges, you need to just bounce then off someone, because it gives you a bit of perspective and I mean when you are running as an entrepreneur, it gives you a mental challenge if you don't have a sounding board”. (Building contractor)

Furthermore, being able to agree with staff, clients and contractors was highlighted as important by some entrepreneurs although they stressed that they would rather negotiate like women and not like men. For example, according to one entrepreneur, women need to be trained in the art of negotiating because they bring too much emotion into it:

“I agree that men and women think differently. I don't think that should ever be changed though, because I think that it is what makes us successful at what we do. But giving us the ability to negotiate, not as men, (I don't want to negotiate as a man because they are vicious). I think we should hold onto our own, because we were created differently. I think women should be trained to take just a bit of our emotions into negotiation, not all of it, just a bit. We put everything in, heart and soul. And also when pitch we add the frill while men pitch just the facts. We believe that when we add all the colours, it paints a very fine picture, whereas in business, it is just yes or no. And we waste so much time doing that”. (Building contractor)

Table 6-21: Relationship Competency

Clusters of Behaviours	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
PR and marketing	18	9	2	0	29
Good inter-personal skills	12	11	2	2	27
Trust building with customers/suppliers	9	10	4	2	25
Communication	11	5	1	0	17
Networking	2	9	1	2	14
Decision making	2	4	0	0	6
Negotiating	2	2	0	0	4
Conflict management and resolution	0	2	0	0	2
Total Response (N)	56	52	10	6	124
Response ratio (respondents/response)	0.88	1.37	0.63	0.6	0.97

6.4.1.7 Personal Competency

According to Man (2001), a “personal competency” denotes the aptitude to “maintain a high energy level, motivate one-self to function at optimum level, respond positively to constructive criticism, manage time by prioritising tasks, maintain a positive attitude, recognise personal strengths and weaknesses and shortcomings”, in terms of the ability to manage the business (i.e. assess threats and opportunities by matching them with personal strengths and weaknesses). There are 9 clusters of behaviour identified in this current study, indicative of personal competency as shown in Table 6-22.

The data shows that 72 per cent of the 128 entrepreneurs who participated in the qualitative study consider the personal competency to be important to their success in managing their businesses. As with the other competencies mentioned earlier, more Group 2 entrepreneurs (45 per cent) identified with behaviours that can be classified under Personal Competency, while 35 per cent

of Group 1, 14.13 per cent of Group 3 and only 5.87 per cent of Group 4 entrepreneurs associated business success with Personal Competency.

Table 6-22: Personal Competency

Clusters	Examples of Behaviour
Positive and resilient*	An ability to deal with difficult situations positively. Be strong and irrepressible. An ability to manage one's worries and stress during crisis periods.
Energetic and active*	An ability to work long hours and be energetic and active in doing business. Be physically and emotionally strong.
Time Management*	An ability to effectively manage one's time and avoid procrastination. Exhibit discipline.
Self-awareness*	Have a sense of awareness of personal strengths and weaknesses. Ability to admit weakness and seek help when needed. Have self-identity.
Self-motivation*	An ability to manage pressures and challenges and deal with them effectively. Have strong self-motivation.
Maintain a balanced life*	An ability to effectively balance one's life between work and family.
Be organised*	An ability to perform tasks in an organised and systematic manner.
Need to achieve*	Exhibit a strong desire and need for achievement. Have a strong drive to succeed and be very ambitious. Have a strong desire for personal development and evaluate one's role in the business (career development).
Self-confident (high internal locus of control)*	Have unwavering belief in one's own abilities and on one's effort to influence the business outcome. Be self-confident.

Note: * refers to clusters identified in existing models for example, Man's (2001) model, the model of Thompson et al. (1997) and the clusters identified by Noor (2007). Some behaviour represented in this cluster such as "Being Organized" was identified in the study of Winterton (2002) representing the idea of "self-management."

Self-awareness and self-confidence (internal locus of control), self-motivation and a need to achieve are among the personal attributes that were highly emphasised by South African female entrepreneurs across the four cultures. This is illustrated in the following statements:

"A successful business- woman is someone who is confident in who she is and she has done something exceptional in her field". (Legal practitioner)

"Success for me is achieving my own personal goals". (Life coach)

"So I think when you are working for yourself, you have to build this kind of shield of confidence around you". (Retailer)

"You need to believe in yourself". (Interior decorator)

“So any women who wants to start a business must first realise that she can do it and that no matter what life throws at her during the building of the business, if she has a vision then she will achieve it”. (Business consultant)

Most of the South African female entrepreneurs who participated in the focus group discussions and semi-structured interviews reported that a business-woman should be highly motivated and have a strong desire to achieve, and if nothing else, prove that she can be successful. Participants reported that there are too many issues working against them, especially the attitudes of men and financial institutions towards them. The issues they faced, according to them, ranged from “bank’s bias to loaning money to female entrepreneurs,” to “men still think they can do it better” to “domestic violence.” They therefore suggest that women need to be “highly motivated” to overcome most of these issues. According to one entrepreneur:

“Sometimes I feel that women are not taken seriously. Most companies are male driven, quite reluctant to go into partnership with ladies as some think women cannot run businesses. So the worst thing that can happen is for a woman to have lack of confidence and motivation”. (Retailer)

This view is also consistent with the argument of Hood and Young (1993) that successful CEOs are self-motivated, think positively, and are self-confident. Accordingly, Kuratko et al. (1997) and Naffziger (1995) posit that the self-motivation of an entrepreneur will ultimately affect the success of the business. Interestingly, 98 per cent of the participants in the focus group discussions and interviews suggested that most of the factors that affect businesses have to do with the strong belief and determination of the entrepreneur rather than any external factors, suggesting that female entrepreneurs need to have a strong internal locus of control. One entrepreneur summarises it like this:

“I think the thing that will always drive business success is your passion and your ability to drive that business, because if you are completely committed to making a success of your business, you will find any way of doing that. It is absolutely internal. I think the external stuff is your safety net, not your lifeline”. (Copywriter)

Another one had this to say:

“If you believe in yourself, you will make it work. It might not happen today and the business might fail. It might not happen tomorrow. But if you believe in yourself, you will put in everything that you have to make it work”. (Life coach)

This is a view that was supported by the findings from existing studies where entrepreneurs believe that, to a large extent, they are in control of individual destiny (Lee and Tsang 2001; Pearson and Chatterjee 2001). They also recognise the fact that they have to be organised and systematic in managing tasks related to their businesses because unlike the bigger firms, they are unable to employ many people to carry the tasks. Self-management and time management were highlighted as behaviours that were considered crucial for them, considering customers, suppliers, cash flow, staff as well as other important resources they have to manage. According to one entrepreneur:

“You have to be organised and plan”. (Medical services provider)

It must be noted that the need to maintain balance and time management was emphasised more than other behaviours in the personal competency domain. This is not so surprising given the cultural views of women in society. It can be seen that women embrace their roles both at home and outside the home. According to some of the entrepreneurs:

“Balance, balance, because all of us have a partner and children, and that is difficult to juggle. And then you have to work hard, be actively involved in the business”. (Optometrist)

“For me, I had to look at my family first, I can't be successful business-wise and not have a family at the end of the day. I have to balance that both”. (Manufacturer)

“...you can definitely have plans of schedules but again, with every women there're so many things that you have to focus on, so your family (and children) would have be factored in when making plans and long term goals”. (Retailer)

Closely related to the ability to maintain balance and manage one's time is positivity and resilience. Most female entrepreneurs agreed that not only should they be able to manage their time effectively, but also to stay positive so that their families are not put under undue pressure. Given that most SMEs are run without employees, some entrepreneurs suggest that they

constantly need to stimulate their minds to avoid getting bored. Therefore they suggest that it is necessary to stay energetic and active. According to one entrepreneur:

“Running your own business you have to be quite disciplined because it’s very easy to just stay in your pyjamas the whole day. I sometimes just work from home because I’m sometimes too lazy to get in my car and drive, and because we don’t have an office at the moment, this is my business. I mean it’s a lovely office upstairs, but it’s still my home and I think it’s because we don’t have employees and all that. So my day starts by waking up. I’m divorced so I have my kids one week in the month. The week that I have my kids, I do kids’ stuff, so I get up early. I drop my kids at school and I go to the gym, then I come to the office at about 10, work and then I’d leave at about 3 to go fetch the kids. But when I don’t have the kids, I go to the gym earlier and get to the office at about 9 and then would work and sometimes I would work until late. Despite my busy schedule, I make time to go to the gym because I believe in keeping my mind and body active. I think it is a good way to relieve stress also”. (Business consultant)

Another entrepreneur put it this way:

“Us women, we know how to manage stress better and this is good, because it’s no use putting your family under unnecessary pressure because you are facing pressure in your business. The atmosphere in the home should not be affected and it will be if you are easily thrown by issues in the business”. (Hairdresser)

Generally, the clusters of behaviour identified in this current research are similar to those from the study of Man (2001), although the emphasis for many of the women in this study was fitting their children into their lives (see familism competency), and finding ways to manage overlapping businesses and family responsibilities.

“Raising children with little or no help at home leads to poor time management”. (Retailer)

“As a woman, and a mother sometimes you have to be home and cooking and all that, and this can have a negative effect on business if not managed properly”. (Contractor)

“I think being a female adds lots of extra pressure because you need to do both sides: at home you need to be a wife and mother and at work you need to be a boss. And you are supposed to be able to balance that”. (Interior decorator)

Table 6-23: Personal Competency

Clusters of Behaviours	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Positive and resilient	9	4	3	1	17
Self-motivation	8	2	3	4	17
Time management	5	7	2	0	14
Maintain balance	2	7	1	1	11
Energetic and active	3	6	1	0	10
Self confidence	4	5	1	0	10
Need to achieve	0	6	1	0	7
Being organized	1	2	1	0	4
Self-awareness	0	2	0	0	2
Total Response (N)	32	41	13	6	92
Response Ratio (respondents/responses)	0.5	1.08	0.81	0.6	0.72

6.4.1.8 Technical Competency

According to Chandler and Jansen (1992, p. 226), “technical competency” denotes the “ability to use procedures, and specialised tools and equipment for production of specialised products or services.” This definition is adapted in the context of this study as the ability of the entrepreneur to demonstrate business technical “know-how” and demonstrate knowledge of the particular business sector. Table 6-24 is a summary of the technical competency and the clusters of behaviours associated with it. Although this study is an extension of Man’s (2002) entrepreneurial competencies model, the technical competency was not identified in that model, but it was, however, identified in the study of Chandler and Jansen (1992) and again in the study of Martin and Staines (1994).

Table 6-24: Technical Competency/Clusters of Behaviours

Clusters	Examples of Behaviour
Possess technical abilities/skills*	Possess technical proficiency in areas associated with the business. Possess good knowledge of the business before venture start-up.
Apply technical abilities/skills*	Ability to apply technical knowledge and use tools and techniques that are relevant to the business.

Again, as with most of the other competencies, more of the respondents who identified behaviours that can be classified under the technical competencies are in Group 2 (73.3 per cent). Group 1 and Group 4 respondents did not identify any behaviours under this category and about 4 respondents from Group 3 reported some form of technical behaviour. Some of the entrepreneurs in the present study suggest that having technical knowledge is crucial to their success, while some suggested that outsourcing technical jobs was more convenient and effective for them. According to two of the entrepreneurs:

“I think one was a terrible customer experience. We pitched for a job and got it, and we didn't have enough experience to do the job, so what we thought we wanted to do and what the customer expected were very different and it was a very, very difficult time. We have learnt from that experience that when we pitch for a job, we make sure that have the right people to do the pitch and also execute the job”. (Business consultant)

“And obviously with a tender you don't get to ask too many questions but now we make sure that we align ourselves with the expectation of the client and on the recruitment side, we make sure that we better recruit the people that are best suited for the job”. (Business consultant)

While some entrepreneurs advocate employing staff that can handle such technical issues, they also believe that it is necessary for the entrepreneur to have some technical knowledge as well. This view is summarised in the following statements:

“If you want to sell a ship, you need to know the ‘ins’ and ‘out’ of the ship, if you want to sell clothing, you need to know about the clothing. Before you even put it on the shelf, you know you need to know your product 100 per cent”. (Hair-dresser)

“I mean I am quite a skilled person and I know my field, the job that I do very well, but I'm not yet an expert, which ties to the previous question, so I surround myself with people who are skilled in the field and together, we get the job done”. (Business consultant)

To summarise, the responses from the entrepreneurs in the current study show that they recognise the need for an entrepreneur to have some technical knowledge and be able to apply such knowledge in their specific industry. However, it must be noted that not many female entrepreneurs recognize the need for technical competency. 15 (18 per cent) of the 128 entrepreneurs that participated in the focus group discussions and interviews reported behaviours in the technical competency domain. Table 6-25 is a summary of the behaviours associated with a technical competency and the responses.

Table 6-25: Technical Competency

Clusters of Behaviours Base: All Respondents	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Indian) N = 16	Group 4 (Coloured) N = 10	
Possess technical expertise	0	6	2	0	8
Apply technical knowledge	0	5	2	0	7
Total Response (N)	0	11	4	0	15
Response Ratio (respondents/responses)	0	0.29	0.25	0	0.12

6.4.1.9 Familism

Familism is a notion that is similar to collectivism and 3 of the behaviours that were identified under this competency domain were originally identified and defined by Noor (2007) while the other 3 behaviours were identified in this current study (refer to Table 6-2). Familism refers to an affection for family structure that drives daily activities and, according to Park (2003, p. 8-9), it is manifested in the way “family members support each other by sharing resources and co-operating with each other to achieve common goals.” Also, Harrell (1985) posits that business success is influenced by an entrepreneurial value that encourages work hard. This is strongly

related to the quest for “familial security” and care for people in their “in-group” (collective interests rather than personal interests). Table 6-26 is a summary of Familism competency and the clusters of behaviours associated with it.

Table 6-26: Familism Competency/Cluster of Behaviours

Clusters	Examples of Behaviour
Contentment	Display a huge sense of contentment with one’s achievement as an entrepreneur and as a woman. Not desirous of success regardless of cost to the family or community.
Balance emotions/empathy	An ability to balance ones’ emotions when dealing with challenges involving the business, staff and customers. Be empathic towards staff and customers.
Manage overlapping business systems and family life	An ability effectively manage overlapping businesses systems and family life. Effectively managing one’s time between business, family and community.
Responsibility towards community*	Have a sense success for the general good of the community and not just for one’s family. Offer products and services that bring value to people in the community without exploitation.
Concern towards employee’s family life	An ability to show concern for the responsibilities of the employees towards their own families. An ability to accommodate the need of flexibilities that may arise when employees need time off to attend to family matters
Support for and from family*	An ability to meet the financial and emotional needs of members of one’s family. An ability to solicit the support of members of the family in the running of the business when needed and be available for the family when they need you.

Note,* Behaviours that were identified in Noor (2007). Other behaviours were identified in the present study.

Given that the sample for this current study was female entrepreneurs, it is perhaps surprising that only 49.2 per cent of the participants emphasised that the familism Competency was vital in managing their businesses. Although most of the women confirm that they are in business to support their families, they also crave the support and understanding of their family members. According to one entrepreneur her weakness as a businesswoman is:

“My weaknesses include the fact that I've got little children and I'm trying to run around them and my practice”. (Optometrist)

Also, according to some other entrepreneurs:

“Husband, children and the running of the house. One has to be very much organised so that the family doesn't sort of suffer and the husband doesn't get fed up”. (Psychologist)

“In our culture the woman is not supposed to work so I told my husband the other day that it's not fair. I need to do all the stuff at home and still work, that's not fair. He needs to get involved and together we can make it easier for all of us”. (Interior decorator)

“Again because I'm a woman and I've got a family, I take things as they come, to see that my kids reach their goals and their schooling first, to see that my husband is cared for all the time and then to see that I accomplish what I set out to do as a businesswoman”. (Medical services provider)

“I think if you speak to many women, you will find that their family is instrumental to their success. Without the support of their families, they would never have managed or come as far as they have come. So it is your family which is the first culture that you have, I mean even your kids, your siblings, and extended family are very instrumental in the journey because you all make the sacrifice. There is no easy way around it”. (Building contractor)

“I have my husband who is my partner, you have to have people around you to support you, because if you don't have the support you need you can't deal with those things on your own; they can crush you and your desire to go forward with business. I look to those people who support me in my life and that is who I draw strength from”. (Restaurant owner)

Many respondents in this current qualitative research highlighted the need for family support to run their businesses. Some actually consider this crucial to business success. The data shows that South African women are comfortable with themselves as women and content to be wife, mother and entrepreneur. The feeling of contentment and the ability to balance all these roles without losing themselves and the ability to keep everyone within their circle of influence happy could be identified from the conversations as: 21 per cent consider contentment as a behaviour that reflects familism. The interviewees also highlighted their concerns about their obligation towards not only their husbands and children but also the need to cultivate an entrepreneurial culture involving the children. According to one entrepreneur:

“Teach your family member the business to carry on the legacy”. (Retailer)

“I would say witnessing and I mean like the black culture, because of the apartheid, and having not had the opportunity to go to school and the opportunity to get a job, most of them have been forced into entrepreneurship. That I would say is a positive thing. I am trying to import into my

family through encouragement, especially for my daughter and I. To me it's an attitude, an attitude of gratitude and an attitude of 'I can do that for myself and not to rely on anybody else', and you don't give anyone else the power. That's too much power to give to someone else". (Renewable Energy consultant).

In addition, some of the entrepreneurs emphasised involving family members in the management of their businesses. As stated earlier, most of the SME operators who had employees relied on their family members for assistance when needed, while even those who have employees believed in involving their family members in the running of their businesses. They believed in delegating sensitive matters concerning the business to members of the family, rather than employees, and only delegated such sensitive duties to employees in the absence of a family member who could handle such things.

One of the behaviours that was emphasised was the need to support their employees' families and be empathic. The data showed that most female employees preferred to employ women and they understood that just as they needed flexibility to meet the demands of their own families, their female employees required the same consideration. One entrepreneur actually suggested that employees expect such consideration from female employers, especially when it has to do with children.

"I think for a woman you definitely have to have empathy with staff and their families. You have to take into consideration the fact that your staff needs to be there for their children when they are needed, without fear of losing their job. You need to treat your staff the way you would want an employer to treat you. Employees will usually feel better talking to you as a female employer than they would a male employer, so you have to make it easy for them to do that". (Psychologist)

According to Man and Lau (2000) and Park (2003), familism as a concept should be regarded as a cultural variable that is related to collectivism rather than as a competency domain, but the entrepreneurs who demonstrate familism suggest that their business success is crucially dependent on the support of their family, friends and employees. This corresponds with the views of Park (2003), who argues that family extends beyond "blood ties" to include trusted people within the "in-group," with whom there are no blood ties. It promotes an interpersonal trust among people consequently promoting and increasing co-operation among people (Park 2003). Given the link between familism values and interpersonal trust, it can therefore be

projected that “familism” could positively influence the attitudes of people to practice good business behaviours. It is assumed for instance, that people with strong “familism” values would share resources with other entrepreneurs more willing, and help people who have to cater for their families. Thus female entrepreneurs are more likely to employ females with kids (families) or have business dealings with other female entrepreneurs with families to support. Table 6-27 is a summary of the familism competency and frequencies of the references.

Table 6-27: Familism Competency

Clusters of Behaviours Base: All Respondents	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Support of family	3	9	3	2	17
Contentment	0	12	0	1	13
Manage overlapping business systems and family life	2	7	3	0	12
Ability to balance emotions/ empathic	1	5	1	0	7
Concern towards employees families	1	3	3	0	7
Responsibility towards community	3	1	3	0	7
Total Responses (N)	10	37	13	3	63
Response Ratio (respondents/response)	0.16	0.97	0.81	0.3	0.49

6.4.1.10 Ethical Competency

The ethical competency domain was first identified and classified in the study of Noor (2007). Ethical management practices have been highlighted in several studies: e.g. Fülöp et al. (2000); Hornsby et al. (1994); Jones (2000); and Milton-Smith (1997). According to Lewis (1985, p. 378), an ethical competency refers to the use of “rules, standards, codes, or principles that provide moral guidelines for behaviours and truthfulness in specific circumstances.” From the data collected for this study, it is evident that women value honesty and integrity in business

management, and they consider it important for business success. This is reflected in their sense of “what is right and good for humans” or “what ought to be done or what ought not to be done” (Jones 2000). Table 6-28 is a summary of the ethical competency and the examples of behaviours associated with it.

Table 6-28: Ethical Competency/ Clusters of Behaviours

Clusters	Examples of Behaviour
Be responsible and accountable*	Being able to take charge for and be answerable for one’s behaviours. An ability to admit when one is wrong and make efforts to correct wrongs.
Maintain honesty and integrity*	An ability to be honest and transparent in dealings with customers and employees. Create and preserve the trust of employees and customers as well as an ability to keep to promises made. Hold on to the principle of integrity and not indulge in illegal or dubious business dealings.
Concern for ethical practices*	An ability to broker business deals and maintain moral standards. Not covetous or intent on making “at all cost” (or cheating if need be). Have respect for and practice corporate governance as well as engage in fair market practices that are open and honest. Being committed to offering products/services at a price that is fair.

Note,* Behaviours that were identified in Noor (2007). Martin and Staines (1994); Man (2001) identified behaviours that are classified under “Maintain honesty and integrity.

12 participants (29 per cent of the number of participants who considered ethical competency to be important to business success) across the 4 cultures highlighted the need for ethical practices in business. For most of the 12 participants, ethical considerations were more important than material or financial gains. Some entrepreneurs, when asked **“Please give your comments on factors you consider to be barriers to the success of South African business women like yourself,”** identified: “Unhealthy competition,” “unethical practices,” “lack of truth.” According to some of the entrepreneurs:

“I could never offer anybody anything that could be misconstrued as a bribe, it’s just who I am and I just don’t think I should be doing that”. (Renewable energy consultant)

“Yes, my parents were, I don’t come from a rich family, I’m a poor white, and my parents always instilled a very strong work ethic in me. And I think that has been very helpful. They’ve also instilled integrity and a sense of always being responsible and carrying yourself with integrity. And I think that has been absolutely instrumental”. (Legal practitioner)

“I think it’s got to do with personality. There is no difference between ethics and work ethics. Ethics are ethics. Honesty, integrity and accountability, they are not work ethics but life ethics. A work ethic is just behaving responsibly and if you don’t have it, then you don’t”. (Estate agent)

“I always say your kids are a reflection of you so whatever you instil in them, in terms of integrity, honouring your goals, commitment, value, respect ...these are responsibilities that kids see in you, these are life skills that we grow up with and bring with us into business. They are just not negotiable”. (Building contractor)

Similarly, 19 entrepreneurs (46 per cent of the number of entrepreneurs who considered ethical competency to be important in managing their businesses) indicated that honesty and integrity in business was “non-negotiable.” They emphasised honesty and integrity in their dealings with staff and customers as well as suppliers and the expect honesty in return. Some participants argue that without “ethical stability, integrity, honesty and constantly striving to bring value to customers” a business can only survive for a short time. According to some entrepreneurs:

“You don’t cheat, you don’t steal. I mean we have lots of people putting money in our bank account that we’ve never even met, you could easily run away with the money but you don’t. You need to run your business with integrity”. (Interior decorator)

“Discipline, honesty, integrity, these are virtues that you cannot do without as a business owner”. (Travel agent)

“Go into business with honesty and accountability, with these you are sure to withstand all the challenges that would come to you”. (Business consultant)

Also some of the entrepreneurs raised concerns about the business environment in South Africa. A lack of integrity and honesty has been an issue that has plagued so many of them that they consider having legal binding contracts with clients all the time in order to ensure their survival. According to some of the entrepreneurs:

“In London and I do tell this story everywhere I go, a client will say can you write my annual report and I would send him an email and say Dear client, here is your annual report and here is my invoice and the client would reply and say I just paid your bill. But here (South Africa), you need terms and conditions and legal contracts, and now with every document we send out there is a two-page document of terms and conditions in 8 point type about why you the client should pay me my bill”. (Copywriter)

“One of the biggest problems we have in South Africa is No integrity in business”. (Retailer)

In summary, participants from all four government identified groups reported concerns for ethical business practices and identified issues such as “unhealthy price wars,” “unhealthy competition,” and “greedy and unscrupulous” behaviour. This confirms the arguments of Fülöp et al. (2000) that “ethical business behaviour is becoming increasingly important and beginning to rise in the global economy” and this is true even in SMEs as the data shows. Table 6-29 is a summary of the ethical competency per cultural group.

Table 6-29: Ethical Competency

Clusters of Behaviours Base: All Respondents	Cultural Orientation (South African Govt. Identified Groups)				Total (N) = 128
	Group 1	Group 2	Group 3	Group 4	
	(Black) N = 64	(White) N = 38	(Coloured) N = 16	(Indian) N = 10	
Be responsible and accountable	1	7	2	0	10
Maintain honesty and integrity	2	14	2	1	19
Concern for ethical practices	2	6	1	3	12
Total Responses (N)	5	27	5	4	41
Response Ratio (respondents/response)	0.08	0.96	0.31	0.4	0.32

6.4.1.11 Social Responsibility

As with the ethical competency, the social responsibility competency was identified by Noor (2007) based on existing literature, and the definition was proposed by Fülöp et al. (2000). Social responsibility refers to “the positive activities that a company or business undertakes in the society in which it operates” Fülöp et al. (2000) and it includes responsibility towards employees, customers, suppliers as well as the community. Positive behaviour towards others is classified under the social responsibility competency in this study and 4 clusters of behaviours indicated in Table 6-30 identified.

Table 6-30: Social Responsibility/Clusters of Behaviours

Cluster	Examples of Behaviour
Socially responsible to the community*	An ability to engage in community activities, show concern for social welfare for example, serving others. Be engaged in job creation for community members.
Socially responsible to the employees*	An ability to demonstrate concern for the well-being and welfare of staff. Ensure that the staff are trained by providing training or sending them for training.
Socially responsible to customers	An ability to go the extra mile to provide products/services to customers. Ensure that customers get value for their money and offer goods and services at affordable prices. An ability to respond promptly to customer's complaints and demonstrate a commitment to ensure wellbeing by providing value-added services/products.
Socially responsible in handling business*	An ability to ensure commitment to the survival of the business by engaging in innovative and profitable activities. Ensure that risk is calculated and not carelessly undertaken.

Note,* Behaviours that were identified in Noor (2007), adapted from Fülöp et al. (2000).

The concept of “Social Responsibility” is similar to the notion of the “Triple Bottom Line,” which is a viewpoint suggesting that businesses/firms have to incorporate economic, social and environmental consideration into their decisions to be able to sustain their business (Norman and MacDonald 2004).

Interestingly, only 14 (11 per cent) of the total respondents who participated in the focus group discussions and interviews emphasised the need for social responsibility in business management. There was not one entrepreneur from Group 4 that identified with this competency, while 8 respondents from Group 2, 5 respondents from Group 1 and 1 respondent from Group 3 suggested that entrepreneurs need to be socially responsible. It is also interesting to note that only Group 2 (White) entrepreneurs identified social responsibility towards community as important in business management. According to some of them:

“We go to big businesses and suggest that rather than giving their money away to charities or letting the money go, we say rather than sitting with the money, why not set up entrepreneurs so

that they have a long term impact on their communities where they operate their businesses”.
(Business consultant)

“Focus on yourself and how you are going to impact on the community around you with your business, by providing relevant services/products to the community...that is what I say to entrepreneurs”. (Life coach)

“I believe very strongly in the building of community”. (Legal services provider)

Job creation is closely associated with the need to be socially responsible to the community and to employees, concern for their well-being is necessary. As stated earlier, female entrepreneurs in South Africa are known to employ female workers at an increasing rate and one entrepreneur explained that the reason for this is that women are becoming single parents in South Africa at an increasing rate and need to provide for and support their children. According some of the entrepreneurs:

“Business success for me means more than just the bottom line and I have realised that success is relative for different people, for me it is the incentives and the number of opportunities I can create through employment”. (Building contractor)

“...it’s taken a longer time to get here because the focus of my business has been implementing systems and creating employment, until I attended one of the initiatives at The Business Place, I then discovered that one of my passions is creating employment, it changed everything”.
(Transport and logistics entrepreneur)

“I think it was about six years ago, and I had I would say about 7 or 8 staff. And the bond rate (mortgage), the interest rate had just gone sky high, people were losing their jobs, they couldn't pay for their cars, couldn't pay their rent, and so a lot of parents were forced to withdraw their children. They weren't able to pay their fees, and for myself as the business owner, I needed to pay my staff because I did not want to retrench them, knowing it would be hard for them under the circumstances to find other jobs, but there wasn't enough money being generated. The banks weren't helpful as you know, so what I had to do was run the business in the morning and go and moonlight at night (doing night shifts in the hospital with my nursing degree) to supplement the business to pay my staff. It was a really hard time but I owed it to my staff”. (Pre-school owner)

Other clusters of behaviours highlighted by respondents under the social responsibility competency domain included being socially responsible towards customers. This means going

the extra mile to make customers happy, providing goods and services at a very affordable price in order to give them value for their money, responding promptly and politely to their complaints as well as being concerned for their wellbeing. In the words of one entrepreneur:

“Making sure that my customers are happy, that is my number one priority”. (Hairdresser)

Another entrepreneur had this to say:

“We're basically bending over backwards for our clients. We like to be fair to them, even to suppliers. We like to be fair to our suppliers. I know there are businesses that pay themselves first and suppliers last. We like to pay our suppliers early and, we've never missed a supplier payment date. We are treating our suppliers like we want to be treated by our customers”. (Business services consultant).

Spence and Rutherford (2001) posit that the notion of “Social Responsibility” among larger corporations is not a new one as business leaders in larger organisations are recognising the importance of this concept. However, Fülöp et al. (2000) suggest that there are increasing social commitments among SMEs, comparable to larger organisations. Although the motives behind the behaviours associated with social responsibility cannot be determined on the basis of the interviews and focus group discussions conducted for this study, this could be worth exploring in future research. Table 6-31 is a summary of the Social Responsibility competency.

Table 6-31: Social Responsibility Competency

Clusters of Behaviours	Cultural Orientation (South African Govt. Identified Groups)				Total (N) =128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Base: All Respondents					
Socially responsible to the community	0	5	0	0	5
Socially responsible to customers	2	2	1	0	5
Socially responsible to employees	2	1	0	0	3
Socially responsible in handling business	1	0	0	0	1
Total (Responses)	5	8	1	0	14
Response Ration (respondents/responses)	0.08	0.21	0.06	0	0.11

6.4.1.12 Learning Competency

According to Man (2001, p. 304-305), the “Learning competency” denotes the ability to “learn from various means, keep up to date in related fields, as well as incorporate new skills and knowledge into actual practices.” It was affirmed by many of the entrepreneurs who participated in the focus group discussions and interviews that the ability to continuously learn new things, ideas or trends will affect business success positively. Table 6-32 is a summary of the learning competency and the clusters of behaviours associated with it.

Table 6-32: Learning Competency/ Clusters of Behaviours

Cluster	Examples of Behaviour
Continuous self-evaluation and development*	An ability to engage in community activities, show concern for social welfare such as serving others. Be engaged in job creation for community members.
Learn from experiences (personal and other people’s experiences)*	An ability to learn past experiences, from the one’s mistakes and failures, from the experiences of others (including mistakes and successes).
Adaptability*	An ability to adapt one’s past experiences, the experiences of others and directly or indirectly utilise them to better one’s business. An ability to apply knowledge from books and theories into practice.
Learn from various means*	An ability to learn from various means, learn selectively and specifically.

Note: * refers to clusters identified in existing models for example, Man’s (2001)

South African female entrepreneurs emphasised the need to learn and apply knowledge perhaps because of the fact that reports from Stats SA (2011) indicate that less than 10 per cent of Group 1 and Group 3 women have education higher than grade 12 (matriculation), while 14.8 per cent of Group 2 women and three-fifth of Group 4 women have less grade 12. Even when the data showed that many of them were not overly educated (see Table 6-5), they expressed a desire to know more and more than half of the participants wished that government and Non-Government Organisations (NGOs) would provide opportunities for learning, rather than giving financial incentives. According to some of the entrepreneurs:

“What we need from the government is to be educated and know how to start a business”.
(Retailer)

“What we need as women is education and skills such as qualifications. And apprenticeship skills also: to have knowledge to understand the new trends in business. This should be the focus of the government initiatives”. (Restaurant owner)

The emphasis for these entrepreneurs is

“Learn, learn and learn so that you won't be caught by surprise when something goes wrong”; “Be ready to learn and teach others”. (Retailer)

And:

“To attend workshops to learn more”. (Life coach)

The ability to learn from various means was also emphasised by 55 per cent of the entrepreneurs who claimed that the learning competency was important to business success. This behaviour is also linked with continuous self-evaluation and development, which was highlighted by 11 per cent of the entrepreneurs in this current study. As indicated by one entrepreneur (a renewable energy consultant) “...continuously educating yourself is even more important.” Similarly, another entrepreneur commented:

“My B.Comm was in business training. That was a theoretical training, but as it was ongoing, I attend workshops, learn a lot via social media, so it's an ongoing education”. (Life coach)

According to another entrepreneur:

“I try to monitor what's going on. I read business news, and papers and read the laws and policies every now and again. It is a case of continuously having to keep yourself updated and educated. And I participate in a lot of forums. I'm involved in four different women's forums and I go to workshops. There is continuous self-improvement as well”. (Financial and investment consultant)

“Even though I don't have a formal degree behind my name, I continuously learn, I read as much as I can”. (Business consultant)

For 28 per cent of the entrepreneurs, the ability to learn from past experience, even from past mistakes and experiences of other people, was highlighted as vital to business success. This behaviour was emphasised in different ways. One entrepreneur suggested that business women should be ready to “take advice but not be controlled” while another entrepreneur argued that

“you need other people's input in it just to be sure you are still on the right track.” Another entrepreneur also commented, “learn from your mistakes.” In the same vein, another entrepreneur argued that mistakes can be avoided if entrepreneurs “listen to advice.” Particularly, most of the entrepreneurs emphasized the need to have role models in business. Some of the entrepreneurs summarised it like this:

“But more than that we need role models, we need people we can look up to. I need time with women who've come before me and who have already achieved these things”. (Legal practitioner)

“For me it's listening to people who you can see more of what they are doing, have a look at how they do it and apply it. If it works for you, great, if it doesn't drive back to plan A and just keep changing as you need to”. (Life coach)

“When I went into bookkeeping, I had been at varsity and I was a day-care teacher and I wanted to go into business. So I felt the best thing was to handle my own accounts. So I did a diploma, and I got a bookkeeper who mentored me for about four months, and that taught me the value of mentorship. That was the only time I ever had a mentor and that helped me to develop so fast in the business”. (Bookkeeper)

The ability to adapt to past experiences, as well as the experiences of others, was also highlighted by some of the entrepreneurs. This is summarised by one entrepreneur:

“For me it's listening to people so you can see more of what they are doing, have a look at how they do it and apply it. If it works for you, great, if it doesn't draw back to your own plan. And just keep changing as you need to”. (Life coach)

In summary, 51 per cent of the entrepreneurs who participated in the focus group discussions and interviews considered learning important. The findings from this qualitative study support previous studies which indicate that an on-going commitment to learning is required for the purpose of adapting and making adjustments to changes in the business environment (Deakins and Freel 1998). It is interesting to note that cultural differences existed in respondent's views of the value of learning and education. This is further explored in the quantitative study (Chapter 7). Table 6-33 is a summary of the learning competency and frequency.

Table 6-33: Learning Competency

Clusters of Behaviours Base: All Respondents	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Learn from various means	14	12	6	4	36
Learn from experience (past and people's)	9	7	1	1	18
Continuous self-evaluation and development	1	5	1	0	7
Adaptability	1	3	0	0	4
Total Responses (N)	25	27	8	5	65
Response Ratio (respondents/responses)	0.39	0.96	0.5	0.5	0.51

6.4.2 Clusters of Behaviours Identified in this Study

While this present study did not identify any new competency domains, new clusters of behaviours were identified under existing competency domains. The identification of the twelve competency domains from the responses of the interviewees (focus groups and interviews) confirms the ability of the existing models of entrepreneurial competencies to be applied to other contexts, especially the model that was developed by Man (2001). The new behaviours identified in this current study are consistent with the existing models but were not incorporated into the models prior to this research. They include: continuous assessment and evaluation of goals (strategic); commit to customers (commitment); professionalism (conceptual); possess business acumen (conceptual); think outside the box (conceptual); good interpersonal skills (relationship); contentment (familism); balance emotions/empathic (familism); manage overlapping business systems and family life (familism); concern towards employee's family life (familism) and socially responsible to customers (social responsibility). Given that the sample for this study was female entrepreneurs, it is not surprising then that many of the new behaviours fall under the familism Competency. Table 6-34 is a summary of the clusters and examples of behaviours identified in this study.

Table 6-34: Clusters and Examples of Behaviours Identified in this Study

Cluster	Examples of Behaviour
Continuous assessment and evaluation of goals	An ability to set realistic and achievable goals. Having contingency plans, An ability to plan in a way that is both formal and flexible as well evaluating the plans before enforcement.
Commit to customers	Committing to customers.
Professionalism	An ability to conduct and manage the business with a level of professionalism and not being “sloppy.”
Multi-tasking and efficient	Ability to be involved in various aspects of managing the business without losing one’s self and without losing focus of the goals/objectives of the business. Ability to undertake different tasks simultaneously.
Possess business acumen	An ability to sustain one’s effort and commitment to the business even during internal and external crisis and tough competitive environment. Devote time to the business.
Think outside the box	An ability to re-invent one’s self and come up with something new or out of the ordinary.
Good interpersonal skills	An ability to effectively relate to others, build consensus in decision making while exhibiting diplomacy and kindness in dealing with employees, clients, suppliers and all stakeholders. An ability to show appreciation for other people’s culture and avoid creating a bad perception about the business and the employees.
Contentment	Display a huge sense of contentment with one’s achievement as an entrepreneur and as a woman. Not desirous of success regardless of cost to the family or community.
Balance emotions/empathic	An ability to balance ones’ emotions when dealing with challenges involving the business, staff and customers. Be empathic towards staff and customers.
Manage overlapping business systems and family life	An ability effectively manage overlapping businesses systems and family life. Effectively managing one’s time between business, family and community.
Concern towards employee’s family life	An ability to show concern for the responsibilities of the employees towards their own families. An ability to accommodate the need of flexibilities that may arise when employees need time off to attend to family matters
Socially responsible to customers	An ability to go the extra mile to provide products/services to customers. Ensure that customers get value for their money and offer goods and services at affordable prices. An ability to respond promptly to customer’s complaints and demonstrate a commitment to ensure wellbeing by providing value-added services/products.

6.5 Summary of Findings

As stated earlier, while this study did not identify new competency domains, new clusters of behaviours 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 behaviours such as involving 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 a 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 per cent) were identified by Group 2 (White) entrepreneurs, 227 (28 per cent) by Group 1 (Black) entrepreneurs, 109 (13.3 per cent) by Group 3 (Indian) entrepreneurs while 43 (4.7 per cent) of the behaviours were identified by Group 4 (Coloured) entrepreneurs. This is shown in Table 6-35 below.

Table 6-35: Summary of Competency Domains and Clusters of Behaviours

Clusters of Behaviours	Cultural Orientation				Total N = 785
Learning Competency	Group 1 (Black) N = 375	Group 2 (White) N = 178	Group 3 (Indian) N = 153	Group 4 (Coloured) N = 79	
Ability to learn from various means	14	12	4	6	36
Ability to learn from experience (past and people's)	9	7	1	1	18
Continuous self-evaluation and development	1	5	0	1	7
Ability to adapt	1	3	0	0	4
Total Responses (N)	25	27	5	8	65
Social Responsibility Competency					
Socially responsible to the community	0	5	0	0	5
Socially responsible to customers	2	2	0	1	5
Socially responsible to employees	2	1	0	0	3
Socially responsible in handling business	1	0	0	0	1
Total Responses (N)	5	8	0	1	14
Ethical Competency					
Maintain honesty and integrity	2	14	1	2	19
Concern for ethical practices	2	6	3	1	12
Be responsible and accountable	1	7	0	2	10
Total Responses (N)	5	27	4	5	41
Familism Competency					
Concern towards family/ support of family	3	9	2	3	17
Contentment	0	12	1	0	13
Manage overlapping business systems and family life	2	7	0	3	12
Ability to balance emotions/ empathic	1	5	0	1	7
Responsibility towards community	3	1	0	3	7
Concern towards employees families	1	3	0	3	7
Total Responses (N)	7	37	3	10	63
Technical Competency					
Possess technical expertise	0	6	0	2	8
Apply technical knowledge	0	5	0	2	7
Total Responses (N)	0	11	0	4	15

Personal Competency					
Positive and resilient	9	4	1	3	17
Self-motivation	8	2	4	3	17
Time management	5	7	0	2	14
Maintain balance	2	7	1	1	11
Energetic and active	3	6	0	1	10
Self confidence	4	5	0	1	10
Need to achieve	0	6	0	1	7
Being organised	1	2	0	1	4
Self-awareness	0	2	0	0	2
Total Responses (N)	32	41	6	13	92
Relationship Competency					
PR and marketing	18	9	0	2	29
Good inter-personal skills	12	11	2	2	27
Trust building with customers/suppliers	9	10	2	4	25
Communication	11	5	0	1	17
Networking	2	9	2	1	14
Decision making	2	4	0	0	6
Negotiating	2	2	0	0	4
Conflict management and resolution	0	2	0	0	2
Total Responses (N)	56	52	6	10	124
Organizing and Leading Competency					
Planning	6	14	0	3	23
HR management/ Leading	3	11	1	3	18
Organizing and managing resources	3	14	1	0	18
Motivating employees	4	6	2	1	13
Monitoring and controlling	0	7	0	0	7
Team-building	1	3	0	1	5
Delegating and coordinating	0	4	0	0	4
Total Responses (N)	17	59	4	8	88
Opportunity Competency					
Identify/ recognize business opportunities	2	11	0	2	15
Assess and respond to business opportunities	1	11	0	2	14
Seek business opportunities	0	7	0	3	10
Total Responses (N)	3	29	0	7	39

Conceptual Competency					
Innovative	4	9	1	1	15
Manage ambiguity	1	9	0	1	11
Risk assessment	5	6	0	0	11
Professionalism	4	5	0	1	10
Possess business acumen	3	2	0	1	6
Multi-tasking/ efficient	0	3	0	2	5
Proactive	0	3	0	2	5
Think outside the box	1	2	1	0	4
Intuitive thinking	1	1	0	0	2
Analytic/ pragmatic	0	1	0	0	1
Total Responses (N)	19	41	2	8	70
Commitment Competency					
Stay focused even in the face of failure	12	8	3	4	27
Commit to the business strategy	5	5	0	4	14
Commit to employees/ customers	3	5	1	2	11
Commit to hard work	4	4	0	2	10
Commit to good business practices and belief/values	2	3	1	1	7
Commit to the long-term goals	2	3	0	0	5
Commit to personal goals	0	3	0	1	4
Total Responses (N)	28	31	5	14	78
Strategic Competency					
Conduct research	7	26	2	3	38
Financial acumen/ evaluate costs and benefits	9	13	2	3	27
Formulate strategies	2	6	0	2	10
Strategic change and adjustments	0	8	0	1	9
Monitor and control strategic outcomes	3	2	1	2	8
Continuous assessments and evaluation of goals	2	4	0	2	8
Be visionary and set goals	0	5	1	2	8
Tactful in dealing with customers and competitors	2	4	1	0	7
Utilize scope and capabilities	1	4	1	1	7
Being proactive/ decision making	1	3	0	2	6
Total Responses (N)	27	75	8	18	128
Total Responses (N)	227	438	43	109	817

6.6 Further Learning from the Qualitative Study

The findings of the qualitative aspect of this current research give some additional insights that are worth exploring, including (1) business motivation and (2) interpretation of business success.

6.6.1 Business Motivation

Although the purpose of this study was not to analyse entrepreneurial motivation for South African women, it is essential to appreciate the reasons behind the decisions of women to engage in entrepreneurial activities. This is because, according to Buttner and Moore (1997), the entrepreneur's motivations have been found to correlate with their measurement of business success. It also correlates with their business strategy. According to Kirkwood (2009), McClelland et al. (2005) and Alstete (2002), business owners are known to be moved by "pull factors" (inner drive) and "push factors" (outside forces). The "pull factors" relate to the entrepreneurs desire for independence, to be one's own boss, to pursue a hobby or natural inclination and express one's own creativity, as well as engage in a passion. In contrast, the "push factors" are associated with elements of necessity, such as forced or early retrenchment/redundancy, inability to secure employment, lack of job satisfaction or poor remuneration.

Respondents in this present study were asked (during interviews and focus group discussions) to talk about what motivated them to become entrepreneurs. The responses were categorised into 19 clusters, 9 of which are considered by this researcher to be "pull factors" and 10 of which are considered to be "push factors." The "pull factors" are classified with the classification of Glancey et al. (1998) and Kuratko et al. (1997). While some literature indicates that more South African female entrepreneurs are "necessity" entrepreneurs rather than "opportunity" entrepreneurs, the qualitative data shows that 62 per cent of the qualitative respondents were driven by "pull factors" and not the "push factors."

The qualitative data also shows that the motivational factors for the Group 4 entrepreneurs were the "pull factors," and none of them indicated behaviours that reflected Familism. Another interesting finding is that 14 per cent of the entrepreneurs indicated that they were motivated by

their previous employment to start a business similar to their previous employers. According to some of the entrepreneurs:

“I was working in a clothing factory and it gave me the courage to start designing my own clothes to sell”. (Dressmaker)

“I learnt the trade from my previous employers and I started on my own after I was retrenched”. (Retailer)

“My previous job motivated me to start my own business”. (Pre-school owner)

“I worked at Southern Sun Hotels and decided to be my own boss so I opened my own business after gaining experience in hotel management while I worked there”. (Bed and breakfast owner)

While money was noted as a driving force, they did not appear to be a particularly strong motive for venture creation for a lot of the entrepreneurs. Only 2 per cent indicated that they had started their own businesses because they were earning too little money, and only 5 per cent indicated the need to supplement income as their motivating factor. One entrepreneur had this to say “I make more money than working for someone else” and another one added “I wanted to work for myself as I was not earning enough from my previous job.” Only one entrepreneur indicated that her motive for venturing into entrepreneurship was because she had reached the “glass ceiling”:

“I was in corporate life for many years, and I thought that I had reached a ceiling there so I opted out, and I started to do project management and then I met my business partner, she's got an IT background, she had a business development background and so we started the business” (Business consultant)

Considering the fact that the sample for the study was of female entrepreneurs, it is surprising that only 17 per cent of the entrepreneurs indicated reasons associated with a Familism competency including:

“My kids were very sick so I just felt it was better for me to be home. That is why I started the business”. (Retailer)

“I had two young kids and I wanted to work for myself”. (Pre-school owner)

“I needed flexibility because of my young children and I gained experience from work, so I decided to start my own business”. (Restaurant owner)

Eight participants also indicated that the need to pursue their passion was the motivation for entrepreneurial activity. The desire to do something they loved and that gave them flexibility and independence was a strong “pull factor,” while the need to achieve was indicated by only one entrepreneur. According to her:

“I got to be independent while doing something I loved”. (Cake maker)

One intriguing motivation that was cited by some entrepreneurs was the need to help SMEs. According to one of them, she was surprised by the “lack of service delivery” by small businesses and decided to help them better their services and become employers. According to her:

“My business actually started because someone was doing building work at our house and I was getting irritated with them because of their lack of service delivery, lack of commitment, lack of professionalism, lack of admin, efficiency, and I thought to myself ‘surely these people are entrepreneurs and they need to run their businesses better if they want to grow. I don’t want to be their client if they are so useless’. So I then started an investigation and I started realising the challenges that entrepreneurs faced. I knew that I’m good at it and that developed into an admin support service”. (Business consultant)

Similarly, another entrepreneur had this to say:

“I’ve always been involved in entrepreneurial support services since day one. I support entrepreneurs, that’s what I always wanted to do. I’m very passionate about our entrepreneurship because I think our country relies on it. The big corporations don’t employ people really and I think if we want to be successful and have a future for our children, we should support people who are entrepreneurial and make sure that their businesses are successful. I think that is why I started it”. (Another business consultant)

In summary, commonalities exist with respect to the entrepreneurial motivations of Group 1 and Group 2 participants in this current qualitative research. For these 2 cultural orientations, discussions around motivation centred on Familism and need for independence, flexibility and maintaining a balanced life, while for the Group 3 and Group 4 participants, discussions about

motivation centred around the need to create a legacy or carry on the family tradition (of the 8 participants that indicated that their businesses were inherited, 6 were from Group 3). For the Group 1 and Group 2 participants, the need for a good life and security for their families was strongly demonstrated. Given that the sample for this study is the female population, it is therefore difficult to confirm the argument of Buttner and Moore (1997, P. 35), which suggests that “entrepreneurship as a career option is gender-blind.” This is because this study does not have a male sample from which a comparison can be drawn regarding entrepreneurial motivations. Table 6-36 is a presentation of the motivational factors per cultural group.

Table 6-36: Business Motivation

Business Motivation Base: All Respondents	Cultural Orientation (SA Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Need to be own boss*	9	11	0	0	20
Industry experience gained from working*	9	4	1	0	14
Inherited business from parents*	2	0	0	6	8
Natural inclination/ hobby*	5	2	0	1	8
Retrenchment	3	3	0	0	6
Need to create employment	0	2	3	0	5
Supplement Income	2	2	1	0	5
Need to be at home to care for babies*	1	3	0	0	4
Need to support my family	3	1	0	0	4
To create a business legacy*	0	3	1	0	4
Identified a gap in the market*	0	4	0	0	4
Need for challenge	1	2	0	0	3
Financial Independence	0	2	0	1	3
Lack of employment	1	2	0	0	3
Need for flexibility with time*	0	3	0	0	3
Poor Remuneration	2	0	0	0	2
Lack of job satisfaction	0	2	0	0	2
Reached the glass ceiling	0	1	0	0	1
Need to achieve	0	1	0	0	1
Total Responses	38	48	6	8	100
Response Ratio (respondents/response)	0.59	1.26	0.38	0.8	0.78

Note: * indicates the “pull factors” while the others are the “push factors.”

6.6.2 Perceived Meaning of Business Success

Measuring business success in relation to SMEs has been a controversial issue as stated in the review of the literature. While some researchers propose measuring business success using only financial indicators (such as profit, sales turnover, increase in market share and return on investment), more recent studies suggest that non-financial indicators (personal satisfaction, personal growth and development, skills acquisition and improvement, flexibility with time and lifestyle, business survival, staff and customer retention, as well as career progress) can be used to measure business success (Walker and Brown 2004; Simpson et al. 2004; Watson et al. 2000).

During the course of the interviews and focus groups discussions in this current research, participants were asked “How do you measure business success?” The responses from the participants were compared with the propositions in the literature (such as examples proposed by Buttner and Moore 1997; Cooper 1993; Walker and Brown 2004; and Watson et al. 2000). The answers were clustered into 4 groups proposed by Walker and Brown (2004) and Reichel and Haber (2005): (1) monetary measures; (2) daily life conditions; (3) societal obligation criteria; and (4) customer retention.

Table 6-37 is a summary of business success indicators identified by the respondents. Business success was summarised by 2 of the entrepreneurs as:

“Success means freedom for me to express who I am and also for me to uplift and support others”.
(Renewable energy consultant)

“Success means having a venture that I can be proud of, so then it has to be a venture that has integrity and is sustained by my values and those of my partners”. (Legal practitioner)

Table 6-37: Business Success Indicators Identified by Respondents

Business Success Base: All Respondents	Cultural Orientation (South African Govt. Identified Groups)				Total N = 128
	Group 1 (Black) N = 64	Group 2 (White) N = 38	Group 3 (Coloured) N = 16	Group 4 (Indian) N = 10	
Customer retention and goodwill****	1	14	2	0	17
Financial stability*	2	11	0	0	13
Bringing value to other people around**	0	9	2	0	11
Contentment/ self-satisfaction**	1	8	0	0	9
Work and family life balance**	2	6	1	0	9
Growth*	1	7	0	0	8
Bottom-line/ profit*	0	7	0	0	7
Job creation***	0	4	2	0	6
Staff retention***	0	5	0	0	5
Ability of the entrepreneur to develop skills/competencies**	2	1	1	0	4
Promote integrity and good values**	0	1	2	0	3
Creating a lasting legacy**	0	1	2	0	3
Increased Market share*	0	1	0	0	1
Total Responses (N)	9	75	12	0	96
Response Ratio (respondents/responses)	0.14	1.97	0.75	0	0.75

Notes: * financial indicators; ** lifestyle criteria; *** social responsibility criteria; **** customer retention criteria proposed by Walker and Brown (2004) and Haber and Reichel (2005).

6.7 Discussions of the Findings and Implications for the Quantitative Study

As stated in Chapter Five, the objectives of the qualitative study were: (1) to find competencies set deemed important by female business owners in South Africa, and to establish which ones already exist and which ones are new; (2) to find variances and parallels in the competencies required by female business owners in South Africa given their racial differences; and (3) to understand the impact of culture on the development of entrepreneurial competencies of female entrepreneurs in South African.

6.7.1 Discussions of the Findings of the Qualitative Study

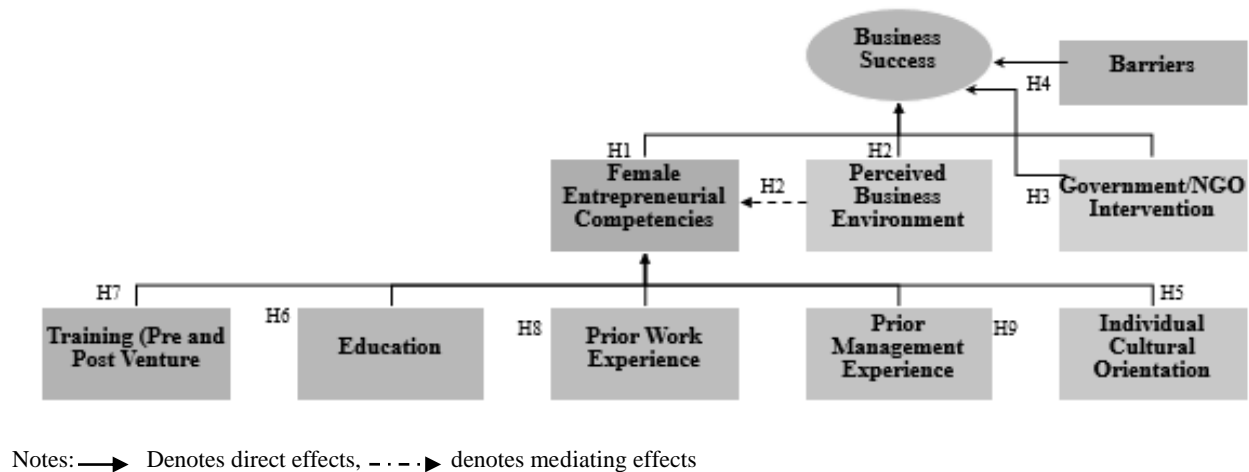
The findings of this research show that: (1) entrepreneurial competencies frameworks comprise effective portrayals of business behaviour among South African female entrepreneurs; (2) additional clusters of behaviour exist under these existing models of entrepreneurial competencies which suggests that 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 behaviours identified in this research were grouped under the 12 existing competency domains and showed that the existing competency models could be generalised across different cultural settings. South African female entrepreneurs identified all 12 competency domains and confirms that competencies are important in the management of their businesses although frequencies of the behaviours associated with the competencies varied from group to group, with 54 per cent of Group 1 (Black) entrepreneurs identifying more with behaviours that delineate entrepreneurial competencies than entrepreneurs from all other government identified groups.

The qualitative data from this current research provides proof of the generalisation 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 was influential in the determination of whichever competency was regarded as important, particularly with regard to the “Familism competency”. It must however be emphasised 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 incorporate the findings into the modification of the research instruments for the subsequent quantification study as well as the framework that was proposed in Chapter 4.

Figure 18: Proposed Conceptual Framework



6.7.2 The Impact of the Qualitative Study on the Quantitative Study

Given that 817 behaviours delineating entrepreneurial competencies were identified in the qualitative study, it was necessary to further consolidate these behaviours prior to integrating them into the measurement scales for entrepreneurial competencies. The process of consolidation involved taking articles considered limited in range or scope as well as those considered too specific and combining them to offer a non-specific level of behaviour that was reflective of a particular competency domain. Therefore, behaviours such as: “conduct research on a business premise before setting a new branch;” “conduct research on a potential client before introducing them to a product/service;” and “conduct research on product quality before introducing them to the market,” were grouped under a more generic detail “conduct research before proceeding with an investment.” This helped to reduce the number of new items generated from the interviews and focus group discussions intended to be included in the original scale. This procedure is similar the one used by Thompson et al. (1997).

6.8 Conclusion

The findings from the qualitative data gathered in this current research suggest that there is very good reason for an extension of Man's model of entrepreneurial competencies and integrating it with that of Mitchelmore and Rowley for testing in South Africa. While Man's model was not gender specific (it comprised entrepreneurs of both genders) and was industry specific (it utilised samples from the hospitality industry), the model of Mitchelmore and Rowley was gender specific (comprising only female entrepreneurs). Therefore, an extension of both models to produce a gender and culture specific model, using samples from different industries, was worth undertaking given that Man's model has been validated by other researchers. The next chapter (Chapter 7) strives to test the psychometric properties of the extended models to confirm the validity and reliability of the dependent and independent variables as well as the influence of other explanatory variables (business environments, cultural orientation, prior education and work experience) on business success.

Chapter 7: Findings and Analysis of the Quantitative Data

This chapter focuses on analysing the quantitative data of the current research. The purpose of this chapter is to validate the findings from the qualitative aspect of this study and it is divided into two parts for the purpose of simplification:

- Data collection and preliminary analysis
- Hypothesis testing

7.1 Introduction

This quantitative part of the current study is aimed at examining the relationship between entrepreneurial competencies, cultural orientation, the business environment and business success of female owned and managed SMEs in South Africa. As mentioned from the first chapter, the inference from the study of Man's (2001) is that entrepreneurial competencies influence business success significantly. Although this current study is an extension of that model, it focuses solely on female SME operators in South Africa and predicts the direct and moderating effects of the business environment 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, business environment and individual cultural orientations measures.

As stated in the review of the literature, 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 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”.

According to Boyd et al. (1993), the perception of the business environment is not always a reflection of the true nature of the environment. Therefore, some researchers recommend making use of objective measurement in estimating the impact of the business environment (Goll and Rasheed 2004) while some other researchers suggest that personal understanding outweigh objective measurement in the framework of SMEs because it influences people’s actions (Sawyer 1993; Shane and Kolvereid 1995). Also, Duncan (1972) posits that the degree of ambiguity or insecurity present in the environment is essentially driven by the understanding of managers. To this end, Tsai et al. (1991, p. 11) claim that “objective conditions are important because they determine the quality of opportunity. However, perceptions are also important because they are the basis for entrepreneurial action.”

The focus of this perception according to further research, is largely related to how “difficult” and “competitive” the business environment is such as the scale of “Benign to Hostile” (Covin et al. 1999) and how “changeable” it seems such as the scale of “Stable to Dynamic” (Miller and Friesen 1983; Naman and Slevin 1993). To this end, this current study examines the understanding of female entrepreneurs of the associated “Hostility and Dynamism” of the business environment in South Africa.

This study focuses on the four dominant cultures in South Africa as identified by the South African government. According to Hofstede and Bond (1988), cultural values influence people's definitions of "good" business and their interpretation of individual practices including competencies, skills and behaviours. Accordingly, Pearson and Chatterjee (2001) posit that the specific behavioural contents of the competencies of successful business owners may vary contextually (two different settings), even if their personal competencies are the same. Hofstede's dimensions of "Individualism versus Collectivism" and "Uncertainty Avoidance versus Tolerance for Ambiguity" constitute a list of the cultural values that are considered important in influential factors of the tangible competencies associated with business success the associated behaviours. This study incorporates these two dimensions because the studies of Mueller and Thomas (2001) have linked them to entrepreneurial behaviours in nine different countries.

7.2 Data Collection and Preliminary Analysis of the Quantitative Data

7.2.1 Quantitative Research Sample

As stated earlier in Chapter 1, this study defines female entrepreneurs as women who established and were actively involved in the management of their businesses. The criteria for inclusion in this quantification study includes:

- Women who started their own businesses;
- Women who are actually participating in managing of the business;
- Women of South African origin;
- Businesses with less than 200 employees; and
- Stand-alone businesses that are not part of a larger organisation or franchise³.

³ Businesses that form part of bigger organizations or franchises were left out for reasons already given in section 5.4.3

There is no available detailed and up-to-date database of female SME operators in South Africa, therefore, for the purpose of this study a number of networks and organisations that represented female entrepreneurs in South Africa were contacted in order to establish a population of female entrepreneurs from which to draw a sample. The services of a market research company was also engaged to reach SMEs in the informal sector. A list of 3150 entrepreneurs was drawn from the various organisations, but the number was reduced after screening to confirm eligibility for this study. This resulted in a pool of 1780 SMEs from the Western Cape, Gauteng, Kwazulu-Natal and the Free State provinces. 795 responses were received from the 1300 that was sent out, 10 of which were excluded because two or more sections were omitted by the respondents. The following is a detailed description of the entrepreneurs (individual and business demographics) who participated in this quantitative study.

7.2.2 Respondents Demographics

The final sample for this quantification study included 785 female SMEs operators: Group 1 (Black) = 375 (47.6 per cent); Group 2 (White) = 178 (22.7 per cent); Group 3 (Indian) = 79 (9.7 per cent); Group 4 (Coloured) = 153 (19.5 per cent). The classifications of these groups is shown in Appendix A. 4 respondents (0.5 per cent) were excluded because they did not specify their cultural orientation (ethnicity). Table 7-1 is a detailed description of the respondent's demographic profile and it shows a consistency with the reports of the Department of Trade and Industry (DTI) in that there are more Group 1 female entrepreneurs compared to the other groups in South Africa. It is also noted that, as with the respondents in the qualitative part of this study, most of the entrepreneurs who had more education (above matriculation/grade 12) are in Group 2 (93.2 per cent), with more of them reporting that they had Bachelors and postgraduate degrees. It can also be seen that 513 (62.3 per cent) of the entrepreneurs in the current study reported that they had some form of work experience before venturing into entrepreneurship and 195 (25 per cent) indicated that their choice of business was inspired by their previous work experience.

The data showed that 685 (87.2 per cent) of respondents in the sample could be considered as “serial” entrepreneurs, as they have been engaged in entrepreneurial activities on more than one occasion, while 89 (11.3 per cent) could be regarded as “novice” entrepreneurs with no prior entrepreneurial experience (Westhead and Wright 1998). Approximately 49 per cent of the

entrepreneurs had pre-or post-business start-up training and 31 per cent had informal business training (apprenticeship or family business experience). This is consistent with the findings from the qualitative part of this study where female entrepreneurs stressed the need for training. According to Simpson et al (2004), entrepreneurs had contradictory opinions on the importance of business learning versus prior work experience among SME operators.

Table 7-1: Demographic Profile of Respondents of this Current Quantitative Study

Demographic profile		Cultural Orientation (SA Govt. identified groups)				
	Category	Group 1 (Black) N = 375	Group 2 (White) N = 178	Group 3 (Indian) N = 153	Group 4 (Coloured) N = 79	Total N = 785
Age	Under 20	2				2
	21-30	31	5	17	12	65
	31-40	111	40	61	26	238
	41-50	140	63	48	23	274
	51-60	62	47	23	12	144
	Above 60	27	22	4	3	56
	Not specified	1	1			6
Marital Status	Single	192	28	55	31	306
	Married	124	72	42	18	256
	Divorced	15	31	20	5	71
	Widowed	29	17	17	7	70
	Civil Partner	10	29	18	12	69
	N/A	3	1		3	7
	Not specified	1		1		6
Have children	Yes	332	118	105	45	600
	No	41	60	47	31	179
	Not specified	1		1		6
Ages of children	4 Years or less	32	6	9	3	50
	5 - 12 Year	98	26	37	12	173
	13-18 Year	112	32	24	14	182
	Above 18	120	39	20	12	191
Educational Level	Below matric (i.e. grade 12)	98	2	12	5	117
	Matric (i.e. grade 12)	147	10	51	30	238

	National diploma or Company based diploma	71	43	43	20	177
	Bachelor's degree	36	69	35	15	155
	Post graduate degree	20	53	10	6	89
	Not specified	2	1	2		9
	Total	374	178	153	76	785
Age at business start-up	Under 20	36	4	6	6	52
	21-30	181	57	83	33	354
	31-40	131	105	57	30	323
	41-50	19	9	5	6	39
	51-60	4	1	1		6
	Above 60	1	1		1	3
	Not specified	2	1	1		8
	Total	374	178	153	76	785
Prior work experience	Yes	258	138	74	43	513
	No	110	37	77	33	257
	Not specified	6	3	2		15
	Total	374	178	153	76	785
Years of work experience	Less than 2 years	35	25	16	9	85
	3-5 years	79	63	42	22	206
	6-10 years	119	36	13	10	178
	11-20 years	25	9	1	2	37
	Above 20 years	3	5	1		9
	Not specified	113	40	80	33	270
	Total	374	178	153	76	785
Choice of business influenced by prior work	No	176	129	90	55	450
	Yes	133	35	19	8	195
	Not specified	65	14	44	13	140

Notes: "N/A" indicates Not Applicable

7.2.3 Demographic Profile of the Businesses

The profiles of the participating SMEs in Group 1 (Black), Group 2 (White), Group 3 (Indian) and Group 4 (Coloured) sample is presented in Table 7-2. Given that the focus of this study was SMEs, it is not surprising that 82 per cent of the businesses had less than 20 employees and only 0.89 per cent had more than 100 employees. Also, restaurant and catering services (17 per cent) and health and beauty (12.4 per cent) had more representation, while telecommunications (1 per cent) technical and engineering (1.27 per cent) had the least representation. The retail sector also recorded 11.33 per cent representation, while education and manufacturing had 8 per cent each. This is consistent with the literature that suggests that female entrepreneurs engage in businesses that speak to their feminism, and are less likely than male entrepreneurs to engage in technical businesses.

The data also shows that 19 per cent of Group 2 entrepreneurs operated in the suburbs and city centres and 4 per cent in the townships, while 32 per cent of Group 1 entrepreneurs operated in the townships and only 10 per cent in the suburbs or city centres. More Group 1 entrepreneurs than any other race (5 per cent) also operated in the rural areas. More than half of the respondents (51 per cent) also indicated that their businesses were at the growth stage while only 3 per cent reported a decline in their businesses.

Table 7-2: Demographic Profile of the Participating SMEs

Demographic profile		Cultural Orientation				
Category		Group 1 (Black) N = 375	Group 2 (White) N = 178	Group 3 (Indian) N = 153	Group 4 (Coloured) N = 79	Total N = 785
Province	Gauteng	112	144	127	65	449
	The Western Cape	204	21		2	227
	Kwazulu-Natal	54	12	23	9	99
	Not specified	2		1		5
	The Eastern Cape	1		1		2
	The Free State		1	1		2
	The Northern Cape	1				1
Location of business	Township	254	30	43	24	351
	City Centre	56	40	53	32	182
	Suburb	20	106	30	13	170
	Rural area	41	2	27	7	77
	Not specified	2				4
	other (Please specify)	1				1
Position in the business	Business owner	267	69	76	32	446
	Business Partner	57	67	46	19	189
	Caretaker (in family business)	46	37	30	24	137
	Other (please specify)	2	5	-	-	7
	Not specified	2		1	1	6
Age of business	6-10 years	138	70	60	25	293
	3-5 years	119	42	53	31	245
	11-20 years	61	40	20	7	129
	Less than 2 years	47	16	16	12	92
	Above 21 years	7	10	3		20
	Not specified	2		1	1	6

Number of employees	Less than 20	339	126	132	62	661
	20-100	28	45	17	12	102
	Not specified	6	3	3	1	15
	More than 100	1	4	1	1	7
Hours of work per week	21-40 hours	156	56	66	31	309
	41-60	122	80	40	23	266
	20 hours	78	12	31	17	139
	Not specified	11	20	11	3	47
	Above 60 hours	7	10	5	2	24
Business sector	Restaurant and catering services	85	5	33	11	134
	Health and Beauty	48	14	20	16	98
	Wholesale and Retail	56	10	20	3	89
	Education and Training services	27	19	13	4	64
	Manufacturing	27	13	19	5	64
	Construction and Maintenance	23	13	5	2	43
	Hotel and accommodation	9	15	8	8	40
	Transport and Logistics	18	9	5	4	36
	Computer/related services	10	2	10	9	31
	Others (please specify)	22	4	2	2	30
	Arts and Entertainment	10	11	4	4	29

Notes: "N/A" indicates Not Applicable

7.2.4 Data Preparation and Preliminary Testing

The data was first subjected to data preparation and assumption testing before any analysis was performed. The missing values and reverse coded items were checked and then data testing for “outliers and normality” using SPSS 12.0.1. The measurement variables were then screened for outliers and multivariate normality. According to Hair et al. (1998) and Kline (2005), this is achievable by observation of the skewness⁴ and kurtosis⁵ indices. A “skew index” of > 3 or < -3 and a “kurtosis index” > 10 is an indication of problems with the data. Tabachnick and Fidell (2001) also propose a less stringent measure and defined outliers as “those with standardised residual values > 3.3 or < -3.3 .” During the data analysis, it was noted that items A1, A12 and A39 had a “skewness” > 3 and a “kurtosis” > 10 in the South African data, therefore, they were excluded from the subsequent analyses.

7.2.4.1 Entrepreneurial Competencies Measurement- the extended model

The assessment of the 12 competencies domains (8 from Man, 2001), the extended models of Noor (2007) and the FEC proposed by Mitchelmore and Rowley (2013), was carried out by building a one-factor congeneric model⁶ for the 12 competencies domains. 10 items were added in this study from the outcome of the qualitative data: A91-Develop relationship with my customers (relationship competency); A92-Have a good record keeping system (conceptual competency); A93-Incorporate technology in the running of my business (learning competency); A94-Change the business culture when necessary (conceptual competency); A95-Change processes in other to remain relevant (conceptual competency); A96-Change management style when necessary (conceptual competency); A97-Balance work and family responsibilities (familism competency); A98-Learn from others (learning competency); A99-Have access to

⁴ Skewness is a measure of the symmetry or lack of symmetry. A data set is considered to be symmetrical if it looks the same to the left and right of the centre point.

⁵ Kurtosis is a measure of whether the data is peaked or flat relative to a distribution i.e. a data set with a high kurtosis tends to have a distinct peak near the mean, decline more rapidly and have heavy tails.

⁶ The fitting of a one-factor congeneric measurement model was to maximise the reliability of the composite scores. For a one-factor congeneric measurement model, the factor score regression coefficients (FS) represents the estimated bivariate regression of the factor on all observed indicator variables.

relevant information (learning competency); and A100-Have some life skills e.g. problem solving, time management (personal competency). Table 7-3 depicts the findings from the South African female sample and a summary of the Cronbach's alpha for each of the 12 competency areas.

Table 7-3: A Summary of the Measurement Items for Entrepreneurial Competencies

Competency area and items	α
<u>Commitment</u>	0.6461
A12- Keep promises	
A37-Dedicate and commit to making the business successful	
A38-Refuse to let the business fail	
A39-Have an extremely strong internal drive to succeed	
A40-Recognize and work on my own shortcomings	
A42-Commit to long term business goals	
A50-Prioritize tasks to manage my time	
<u>Conceptual</u>	0.7894
A10-Take responsible job-related tasks	
A15-Look at old problems in a new way	
A28-Identify long term issues, problems or opportunity	
A54-Prepare myself for the worst scenario	
A56-Innovative and do things differently	
A57-Be proactive and responsive to changes	
A58-Find ways to commercialize ideas	
A59-Be spontaneous and quick in making decisions	
A60-Take an idea and make something out of it	
A87-Identify goods or services that the customers want	
A92-Have a good record keeping system	
A94-Change the business culture when necessary	
A95-Change processes in other to remain relevant	
A96-Change management style when necessary	
<u>Ethical</u>	0.6848
A46-Learn the "ins" and "out" of the industry	
A47-Engage in fair, open and honest marketing practices	
A63-Be honest and transparent in business	
A64-Be committed to offering products or services at fair prices	

<u>Familism</u>	0.6050
A31-Cultivate an entrepreneurial culture in my family	
A83-Build a foundation for the next generation to continue the business	
A84-Get support and advice from family and close associates	
A97-Balance work and family responsibilities	
<u>Learning</u>	0.7347
A9-Learning as much as I can in the field	
A25-Learn diverse of means	
A29-Admit mistakes and tell the truth	
A33-Learn proactively	
A34-Select the right people for advice	
A48-Respond to constructive criticism	
A90-Share knowledge and resources with others (especially close associates)	
A93-Incorporate technology in the running of my business	
A98-Learn from others	
A99-Have access to relevant information	
<u>Opportunity</u>	0.5105
A3-Explore new ideas	
A22-Seize high quality business opportunities	
A28-Identify long term issues, problems or opportunity	
A61-Scan the environment for new opportunities	
A85-Translate ideas, issues and observations into the business context	
<u>Organising and Leading</u>	0.8365
A2-Perceive unmet customer needs	
A4-Energize the team to work towards goals	
A5-Organize resources	
A8-Lead subordinates	
A11-Organize people	
A13-Motivate people	
A16-Supervise subordinates	
A17-Treat new problems as opportunities	
A18-Plan the operations of the business	
A19-Plan the organization of different resources	
A20-Keep the organization running	
A26-Delegate effectively	
A53-Coordinate tasks	

A69-Identify and seek help from employees I trust	
A78-Build an entrepreneurial culture in which my staff are willing to take risk	
A82-Assess and link short term, day to day tasks in the context of long term direction	
A86-Create a positive work climate through discussions and problem-sharing	
<u>Personal</u>	0.7198
A14-Prioritize work in alignment with business goals	
A43-Maintain a high level of energy	
A49-Maintain a positive attitude	
A50-Prioritize tasks to manage my time	
A52-Manage my own career development	
A70-Be physically and emotionally tough	
A76-Identify my strengths and weaknesses and match them with opportunities and threats	
A81-Motivate myself to function at an optimum level of performance	
A100-Have some life skills (problem solving, time management,	
<u>Relationship</u>	0.7459
A1-Communicate effectively with others	
A2-Perceive unmet customer needs	
A6-Negotiate with others	
A24-Maintain a personal network of work contacts	
A27-Interact with others	
A36-Cooperate with/ help other entrepreneurs (especially close associated)	
A62-Get the right people on board	
A66-Actively search for products or services that provide real benefits to my customers	
A77-Develop long term trusting relationships with others	
A91-Develop relationship with my customers	
<u>Social Responsibility</u>	0.5181
A21-Forge relationships with charitable organizations	
A23-Engage in voluntary activities in the community	
A36-Cooperate with/ help other entrepreneurs (especially close associated)	
A65-Show concern for the welfare of my staff	
A75-Create job opportunities within the local community	
<u>Strategic</u>	0.8112
A7-Monitor progress towards strategic goals	
A14-Prioritize work in alignment with business goals	
A30-Monitor progress towards objectives in risky actions	
A32-Align current actions with strategic goals	

A35-Evaluate results against strategic goals	
A41-Keep up to date in my field	
A45-Forecast trends in business	
A67-Create a competitive edge	
A68-Conduct research before proceeding with an investment	
A71-Redesign my business to meet better long term objectives and changes	
A72-Understand the broader business implications of ideas, issues and observations	
A73-Take responsibility and be accountable for my actions	
A74-Be aware of the projected directions of the industry and how changes might impact my business	
<u>Technical</u>	0.7727
A44-Apply learned skills and knowledge to actual practices	
A51-Possess expertise in technical or functional areas	
A79-Use specific techniques/tools relevant to the business	
A80-Have good basic knowledge in my business	
A89-Determine strategic actions by weighing costs and benefits	

Notes: “ α ” indicates the Cronbach’s alpha value (an estimate of all items total).

7.2.4.2 Reliability and Validity Assessment

The Cronbach’s alpha was computed for each of the factors (built from the one-factor congeneric model for each of the 12 competency domains) so as to establish the internal consistencies of each construct and according to Nunnally and Bernstein (1994), a value of >0.70 is considered to be good while a value of >0.60 is considered to be acceptable. Steenkamp and Van Trijp (1991) posit that a significant factor loading can provide evidence of convergent validity and Hildebrandt (1987) recommends a value of >0.50 . Table 7-3 shows that all the 12 item loadings were significant and well above the recommended value of >0.50 . The opportunity competency and the social responsibility competency displayed the recommended value of >0.50 while the strategic competency and organising and leading competency displayed a high value of >0.80 . These results show that from the 100 items used to measure 12 factors (entrepreneurial competency domains) on a 5-point Likert scale, the derived factors delivered a good Cronbach alpha result.

7.2.5 Inter-correlation Analysis

In order to determine the relationships between all competency areas, inter-correlation analysis was undertaken (see Table 7-4 to Table 7-7) and this showed highly significant correlations for all four government identified groups in all 12 competency areas.

Table 7-4: Correlation of all Competency Domains- Group 1 (Black)

Competency Area	1	2	3	4	5	6	7	8	9	10	11	12
Learning	1.00**											
Social responsibility	0.39**	1.00**										
Ethical	0.57**	0.13**	1.00**									
Familism	0.55**	0.40**	0.34**	1.00**								
Technical	0.69**	0.38**	0.51**	0.57**	1.00**							
Personal	0.63**	0.43**	0.53**	0.61**	0.74**	1.00**						
Relationship	0.69**	0.45**	0.48**	0.58**	0.67**	0.61**	1.00**					
Organising and Leading	0.73**	0.54**	0.40**	0.65**	0.67**	0.69**	0.71**	1.00**				
Opportunity	0.60**	0.33**	0.47**	0.56**	0.57**	0.65**	0.63**	0.64**	1.00**			
Conceptual	0.73**	0.24**	0.58**	0.60**	0.70**	0.66**	0.66**	0.71**	0.64**	1.00**		
Commitment	0.55**	0.06**	0.54**	0.39**	0.59**	0.57**	0.57**	0.50**	0.52**	0.68**	1.00**	
Strategic	0.74**	0.43**	0.50**	0.60**	0.78**	0.71**	0.71**	0.71**	0.64**	0.70**	0.61**	1.00**
Means	4.38	4.10	4.51	4.37	4.42	4.47	4.38	4.40	4.40	4.43	4.51	4.40
Std. Dev.	0.36	0.58	0.49	0.52	0.45	0.37	0.43	0.34	0.42	0.36	0.43	0.39

Notes: ** Correlation is significant at $p < .01$

Table 7-5: Correlation of all Competency Domains- Group 2 (White)

Competency Area	1	2	3	4	5	6	7	8	9	10	11	12
Learning	1.00**											
Social responsibility	0.60**	1.00**										
Ethical	0.64**	0.52**	1.00**									
Familism	0.64**	0.49**	0.49**	1.00**								
Technical	0.71**	0.56**	0.61**	0.57**	1.00**							
Personal	0.76**	0.51**	0.57**	0.57**	0.70**	1.00**						
Relationship	0.71**	0.61**	0.55**	0.56**	0.58**	0.63**	1.00**					
Organising and Leading	0.83**	0.64**	0.68**	0.69**	0.75**	0.79**	0.76**	1.00**				
Opportunity	0.68**	0.55**	0.62**	0.58**	0.59**	0.62**	0.65**	0.74**	1.00**			
Conceptual	0.78**	0.61**	0.63**	0.67**	0.71**	0.75**	0.63**	0.79**	0.71**	1.00**		
Commitment	0.68**	0.49**	0.52**	0.53**	0.57**	0.69**	0.64**	0.74**	0.62**	0.72**	1.00**	
Strategic	0.79**	0.65**	0.62**	0.67**	0.65**	0.72**	0.70**	0.81**	0.70**	0.77**	0.71**	1.00**
Mean	4.19	4.01	4.25	4.10	4.13	4.24	4.16	4.19	4.17	4.18	4.27	4.16
Std. Dev.	0.50	0.62	0.59	0.56	0.58	0.47	0.52	0.45	0.52	0.49	0.54	0.50

Notes: ** Correlation is significant at $p < .01$

Table 7-6: Correlation of all Competency Domains- Group 3 (Indian)

Competency Area	1	2	3	4	5	6	7	8	9	10	11	12
Learning	1.00**											
Social responsibility	0.62**	1.00**										
Ethical	0.61**	0.41**	1.00**									
Familism	0.43**	0.31**	0.40**	1.00**								
Technical	0.75**	0.55**	0.63**	0.44**	1.00**							
Personal	0.71**	0.57**	0.60**	0.45**	0.67**	1.00**						
Relationship	0.79**	0.63**	0.59**	0.48**	0.75**	0.65**	1.00**					
Organising and Leading	0.78**	0.57**	0.59**	0.52**	0.72**	0.74**	0.77**	1.00**				
Opportunity	0.64**	0.57**	0.55**	0.52**	0.66**	0.57**	0.74**	0.70**	1.00**			
Conceptual	0.75**	0.55**	0.55**	0.48**	0.72**	0.74**	0.75**	0.83**	0.66**	1.00**		
Commitment	0.51**	0.47**	0.52**	0.48**	0.53**	0.64**	0.62**	0.66**	0.56**	0.68**	1.00**	
Strategic	0.72**	0.61**	0.58**	0.56**	0.64**	0.69**	0.70**	0.74**	0.67**	0.72**	0.69**	1.00**
<i>M</i>	4.32	4.13	4.35	4.31	4.20	4.31	4.19	4.22	4.23	4.28	4.23	4.26
<i>Std. Dev.</i>	.43	.62	.55	.50	.54	.46	.52	.42	.50	.47	.48	.43

Notes: ** Correlation is significant at $p < .01$

Table 7-7: Correlation of all Competency Domains- Group 4 (Coloured)

Competency Area	1	2	3	4	5	6	7	8	9	10	11	12
Learning	1.00**											
Social responsibility	0.43**	1.00**										
Ethical	0.57**	0.44**	1.00**									
Familism	0.50**	0.38**	0.29**	1.00**								
Technical	0.42**	0.22**	0.47**	0.28**	1.00**							
Personal	0.52**	0.46**	0.61**	0.39**	0.66**	1.00**						
Relationship	0.63**	0.50**	0.67**	0.55**	0.60**	0.61**	1.00**					
Organising and Leading	0.63**	0.47**	0.51**	0.38**	0.55**	0.56**	0.62**	1.00**				
Opportunity	0.49**	0.41**	0.35**	0.53**	0.29**	0.39**	0.64**	0.63**	1.00**			
Conceptual	0.68**	0.41**	0.49**	0.54**	0.60**	0.55**	0.62**	0.63**	0.51**	1.00**		
Commitment	0.50**	0.39**	0.49**	0.44**	0.47**	0.55**	0.64**	0.63**	0.47**	0.59**	1.00**	
Strategic	0.59**	0.40**	0.46**	0.57**	0.57**	0.55**	0.69**	0.65**	0.53**	0.64**	0.66**	1.00**
Means	4.25	4.11	4.20	4.20	4.17	4.32	4.11	4.25	4.13	4.22	4.21	4.12
Std. Dev.	0.36	0.66	0.59	0.58	0.48	0.37	0.46	0.33	0.53	0.39	0.43	0.43

Notes: ** Correlation is significant at $p < .01$

7.2.6 Measurement for Business Success

This study adopted 4 dimensions for measuring business success and all items in the 4 dimensions were retained in all the sample sets (Groups 1-4). All dimensions for the business success construct were subjected to the measurement process that was adopted for entrepreneurial competencies and are illustrated in Table 7-8.

Table 7-8: A Summary of the Measurement Items for Business Success

Dimensions of Business Success	α
<u>1. Satisfaction with financial performance</u>	0.81
BA1- Profitability	
BA2- Sales turnover	
BA3- Sales growth	
BA4- Return on investment	
BA5-Market share	
<u>2. Satisfaction with non-financial performance</u>	0.83
BA6- Overall self-satisfaction	
BA7-Career progress	
BA8- Customer satisfaction	
BA9- Customer retention	
BA10- Employee satisfaction	
BA11- Relationship with suppliers	
BA12- Business image	
BA13- Workplace industrial relations	
BA14- Your work and life balance	
<u>3. Performance relative to competitors</u>	0.86
Sales growth	
Returns on sale	
Cash flow	
Net profits	
Growth in market share	
Return on investment	
<u>4. Business Growth</u>	0.86
Sales	
Market share	
Cash flow	

7.2.6.1 Reliability and Validity Assessment

As shown in Table 7-8, all the dimensions of the business success construct showed a strong internal consistency of >0.80 . This shows that all the dimensions for the business success construct can be considered reliable and valid.

7.2.7 Inter-correlation Analysis

The “inter-correlations” among the 4 dimensions of business success were scrutinised individually for all four government identified groups (Table 7-9 to Table 7-12) and shows a strong correlation among all dimensions for business success except in the “performance relative to competitors.” This reported a 0.00 correlation in Group 2 data and -0.03 in Group 4 data.

Table 7-9: Group 1 (Black)

Business Success	No of Item	M	SD	1	2	3	4
Satisfaction with financial performance	5	2.75	0.39	1.00			
Satisfaction with non-financial performance	6	2.82	0.32	0.72**	1.00		
Performance relative to competitors	5	3.77	0.78	0.48**	0.46**	1.00	
Business growth	3	4.11	1.09	0.28**	0.32**	0.73**	1.00

Notes: ** Correlation is significant at $p < .01$

Table 7-10: Group 2 (White)

Business Success	No of Item	M	SD	1	2	3	4
Satisfaction with financial performance	5	2.64	0.38	1.00			
Satisfaction with non-financial performance	6	2.64	3.62	0.64**	1.00		
Performance relative to competitors	5	3.47	0.63	0.02**	0.00**	1.00	
Business growth	3	3.71	1.01	0.20**	0.13**	0.63**	1.00

Notes: ** Correlation is significant at $p < .01$

Table 7-11: Group 3 (Indian)

Business Success	No of Item	<i>M</i>	<i>SD</i>	1	2	3	4
Satisfaction with financial performance	5	2.54	0.41	1.00			
Satisfaction with non-financial performance	6	2.59	0.32	0.53**	1.00		
Performance relative to competitors	5	3.38	0.63	0.04**	0.07**	1.00	
Business growth	3	3.81	0.88	0.13**	0.14**	0.66**	1.00

Notes: ** Correlation is significant at $p < .01$

Table 7-12: Group 4 (Coloured)

Business Success	No of Item	<i>M</i>	<i>SD</i>	1	2	3	4
Satisfaction with financial performance	5	2.63	0.36	1.00			
Satisfaction with non-financial performance	6	2.68	0.30	0.53**	1.00		
Performance relative to competitors	5	3.38	0.65	-0.03**	0.13**	1.00	
Business growth	3	3.88	1.01	0.09**	0.08**	0.54**	1.00

Notes: ** Correlation is significant at $p < .01$

7.2.8 Measurement for Business Environment

Two dimensions of business environment measurement were adopted and all items in the two dimensions were retained in all the sample sets (Groups 1-4). All dimensions for the business environment construct were subjected to the measurement process that was adopted for entrepreneurial competencies and business as illustrated in Table 7-13 items C16 and C17 were reverse-coded. The reason for allowing the reverse-coded items on the measurement scale was to minimise the inattention of the respondents due to the length of questionnaires, so that the respondents do not lose interest or motivation and leave the questions unanswered.

Table 7-13: A Summary of the Measurement Items (BE)

	Business Environment (BE)	α
1.	<u>“Stable”</u>	0.75
C1	My business needs to change its market policies frequently	
C2	The rate of products/ services obsolescence (going out of fashion) is very high	
C3	Competitors actions are predictable	
C4	It is easy to forecast consumer taste and demand	
C5	Technology (products and services) are not subject to change	
C6	There is not much threat to the survival of my business	
C7	The investment and marketing opportunities are huge	
C8	Keeping afloat in the industry is very difficult	
C9	There are few competitors therefore my business can manipulate and control the environment to its advantage	
C16	My business can survive without any change	
C17	There is no need for constant improvement/ changes or reinventing the business	
C18	Government policies and numerous government backed initiatives have been beneficial to my business and increased the chances of success	
C20	My customers/ clients are more satisfied now than when we first started	
2.	<u>“Benign”</u>	0.75
C10	There is a high failure rate for businesses in my industry	
C11	My industry is so risky that any wrong decision could make my business become non-viable	
C12	Competition is high	
C13	Customer loyalty is low	
C14	There is severe price war	
C15	There is a high profit margin	
C19	The nature of the environment is such that I have to constantly develop new skills to manage my business	

7.2.8.1 Reliability and Validity Assessment

Table 7-14 is an illustration of the dimensions for the measurement of the business environment and both dimensions showed an internal consistency of >0.70 . It can therefore be assumed that the variables used to measure the business environment construct were reliable and could be used in the hypothesis testing.

7.2.9 Model for Measuring Individual Cultural Orientation

Two dimensions of cultural orientation, consisting of 20 items, were used to measure the Individual cultural orientation construct and were retained for the four government identified groups. The decision to retain all 20 items is explained in Chapter 5, section 5.6.1 (Part D).

Table 7-14: A Summary of the Measurement Items

	Individual Cultural Orientation	α
1.	<u>“Individualism vs. Collectivism”</u>	0.79
D1	You will understand me better when you see me with my group members	
D2	Pleasure to me is spending time with others	
D3	I help my relatives in financial difficulties only if it is within my means	
D4	I try not to disagree with my group members	
D5	I consult others before making a decision	
D6	My behaviour depends on where I am and who I am with	
D7	I respect people with authority	
D8	I prefer group tasks to individual tasks	
D17	I value the input of my family in my decisions	
D19	I encourage members of my family to participate in the running of my business	
D20	I desire for my business to be successful for the general good of my community	
2.	<u>“Uncertainty Avoidance vs. Tolerance for ambiguity”</u>	0.67
D9	I can make decisions based on my gut feelings and I comfortable doing that	
D10	I constantly seek new ways to tackle problems	
D11	I often make spur-of-the-moment decisions	
D12	I like to know the outcome of a project before I embark on it	
D13	I like to have a definite sense of direction with any project	
D14	I do not need a detailed plan when embarking on a project	
D15	I prefer to look at a situation from different perspectives	
D16	I can make a decision based on a hunch	
D18	I am constantly looking for change or evidence that there will be change	

7.2.9.1 Reliability and Validity Assessment

As shown in Table 7-14, the two dimensions of cultural orientation had a high Cronbach alpha of $>.60$ with the Individualism vs. Collectivism recording a Cronbach alpha of $>.70$. In addition, the average values of each of the 20 items was $>.50$, thereby providing evidence of convergent validity. Both dimensions of cultural orientation were concluded to be adequately reliable and valid for hypothesis testing.

7.3 Inter-correlations between all Variables

In order to examine the interrelationships among all the 20 variables in this study, a correlation analysis was undertaken. Table 7-15 and Table 7-18 depict the summary of the inter-correlation analysis of all the variables for the four government identified groups.

7.3.1 The Group 1 (Black) Entrepreneurs

The Group 1 data showed a strong positive correlation amongst all twelve competency domains ($p < .01$). It also showed a link between the competency domains and the four business success dimensions except in the case of social responsibility which showed a negative correlation with two of the business success constructs (such as Performance relative to competitors and business growth). The strongest correlations however were found between the learning and organising competency and the leading, conceptual and strategic competencies.

As can be seen from Table 7-15, the Strategic, Conceptual, Learning, Social Responsibility, Ethical, Technical, and Organising and Leading competency domains showed positive correlations with the two business environment constructs. The Commitment competency domain showed negative correlations with the business environment construct. The Personal competency domain correlated with the Benign environment, but showed no correlation with the Stable environment. Table 7-15 also shows that the two dimensions of cultural orientation showed positive correlations with all the other variables studied.

The results of the Group 1 data also showed a positive correlation between the four dimensions of business success constructs and all competency domains but showed negative correlation with the two dimensions of the business environment construct, with the exception of “performance relative to competitors,” which is correlated with the “stable environment.”

Table 7-15: Inter-correlations between all Constructs – Group 1 (Black) Data

	Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Learning	-																			
2	Social responsibility	0.39	-																		
3	Ethical	0.57	0.13	-																	
4	Familism	0.55	0.40	0.34	-																
5	Technical	0.69	0.38	0.51	0.57	-															
6	Personal	0.63	0.43	0.53	0.61	0.74	-														
7	Relationship	0.69	0.45	0.48	0.58	0.67	0.61	-													
8	Organising and Leading	0.73	0.54	0.40	0.65	0.67	0.69	0.71	-												
9	Opportunity	0.60	0.33	0.47	0.56	0.57	0.65	0.63	0.64	-											
10	Conceptual	0.73	0.24	0.58	0.60	0.70	0.66	0.66	0.71	0.64	-										
11	Commitment	0.55	0.06	0.54	0.39	0.59	0.57	0.57	0.50	0.52	0.68	-									
12	Strategic	0.74	0.43	0.50	0.60	0.78	0.71	0.71	0.71	0.64	0.70	0.61	-								
13	Satisfaction with financial performance	0.24	0.05	0.23	0.34	0.34	0.27	0.30	0.26	0.30	0.35	0.27	0.27	-							
14	Satisfaction with non-financial performance	0.28	0.03	0.26	0.31	0.35	0.34	0.31	0.31	0.32	0.37	0.38	0.31	0.72	-						
15	Performance relative to competitors	0.24	-0.01	0.27	0.23	0.31	0.30	0.22	0.20	0.22	0.32	0.31	0.24	0.48	0.46	-					
16	Business growth	0.12	-0.15	0.16	0.13	0.13	0.21	0.05	0.08	0.13	0.22	0.22	0.10	0.28	0.32	0.73	-				
17	Stable Environment	0.14	0.22	0.05	0.09	0.02	0.00	0.06	0.12	0.07	0.11	-0.03	0.06	-0.11	-0.26	0.01	-0.04	-			
18	Benign Environment	0.17	0.25	0.09	0.14	0.08	0.06	0.09	0.16	0.09	0.12	-0.01	0.11	-0.03	-0.20	-0.01	-0.04	0.72	-		
19	Individualism vs. Collectivism	0.35	0.17	0.26	0.39	0.35	0.33	0.34	0.40	0.36	0.43	0.29	0.33	0.28	0.26	0.34	0.22	0.26	0.27	-	
20	Uncertainty Avoidance vs. Tolerance for ambiguity	0.34	0.15	0.32	0.38	0.33	0.27	0.29	0.32	0.33	0.41	0.32	0.36	0.28	0.22	0.33	0.23	0.32	0.33	0.66	-
	Means	4.38	4.10	4.51	4.37	4.42	4.47	4.38	4.40	4.40	4.43	4.51	4.40	2.75	2.82	3.77	4.11	3.29	3.43	5.51	5.45
	Std.Dev.	0.36	0.58	0.49	0.52	0.45	0.37	0.43	0.34	0.42	0.36	0.43	0.39	0.39	0.32	0.78	1.09	0.66	0.71	0.78	0.71

Notes: Correlation is significant at $p < .01$

7.3.2 The Group 2 (White) Entrepreneurs

In Group 2 data there is a strong positive correlation amongst the 12 competency domains and they are positively correlated with most of the other constructs. The data also showed that the competencies that recorded the highest correlations were technical, personal, relationship, organising and leading, conceptual and strategic, ethical, personal, relationship, opportunity and commitment competency domains showed a positive correlation of $<.20$, while the other competency domains correlated more with the two business environment constructs ($p >.20$).

The result showed that for Group 2 business owners the relationship between the business environments construct and the four dimensions of business success was positive, except for “performance relative to competitors” that showed zero correlation. Table 7-16 is a summary of the inter-correlation analysis for the Group 2 data.

Table 7-16: Inter-correlations between all Constructs – Group 2 (White) Data

	Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Learning	-																			
2	Social responsibility	0.60	-																		
3	Ethical	0.64	0.52	-																	
4	Familism	0.64	0.49	0.49	-																
5	Technical	0.71	0.56	0.61	0.57	-															
6	Personal	0.76	0.51	0.57	0.57	0.70	-														
7	Relationship	0.71	0.61	0.55	0.56	0.58	0.63	-													
8	Organising and Leading	0.83	0.64	0.68	0.69	0.75	0.79	0.76	-												
9	Opportunity	0.68	0.55	0.62	0.58	0.59	0.62	0.65	0.74	-											
10	Conceptual	0.78	0.61	0.63	0.67	0.71	0.75	0.63	0.79	0.71	-										
11	Commitment	0.68	0.49	0.52	0.53	0.57	0.69	0.64	0.74	0.62	0.72	-									
12	Strategic	0.79	0.65	0.62	0.67	0.65	0.72	0.70	0.81	0.70	0.77	0.71	-								
13	Satisfaction with financial performance	0.19	0.27	0.02	0.16	0.11	0.17	0.23	0.18	0.09	0.12	0.13	0.12	-							
14	Satisfaction with non-financial performance	0.24	0.28	0.05	0.15	0.15	0.20	0.27	0.24	0.12	0.18	0.18	0.21	0.64	-						
15	Performance relative to competitors	0.20	0.12	0.04	0.18	0.15	0.07	0.15	0.11	0.15	0.11	0.02	0.17	0.02	0.00	-					
16	Business growth	0.24	0.14	0.06	0.19	0.23	0.12	0.18	0.17	0.12	0.14	0.04	0.20	0.20	0.13	0.63	-				
17	Stable Environment	0.25	0.28	0.13	0.29	0.23	0.17	0.15	0.25	0.17	0.26	0.16	0.28	0.26	0.15	0.07	0.18	-			
18	Benign Environment	0.32	0.34	0.19	0.38	0.32	0.33	0.26	0.33	0.31	0.43	0.30	0.35	0.21	0.11	0.16	0.20	0.60	-		
19	Individualism vs. Collectivism	0.26	0.26	0.15	0.35	0.28	0.18	0.20	0.26	0.21	0.32	0.20	0.24	0.25	0.16	0.06	0.18	0.55	0.51	-	
20	Uncertainty Avoidance vs. Tolerance for ambiguity	0.35	0.37	0.25	0.36	0.30	0.33	0.31	0.38	0.35	0.40	0.32	0.36	0.26	0.21	0.18	0.21	0.39	0.39	0.40	-
	Mean	4.19	4.01	4.25	4.10	4.13	4.24	4.16	4.19	4.17	4.18	4.27	4.16	2.64	2.64	3.47	3.71	3.88	3.90	5.57	5.53
	Std.Dev.	0.50	0.62	0.59	0.56	0.58	0.47	0.52	0.45	0.52	0.49	0.54	0.50	0.38	0.31	0.63	1.01	0.58	0.61	0.73	0.74

7.3.3 The Group 3 (Indian) Entrepreneurs

In the data from Group 3 there is strong positive correlation among the 12 competency domains. 6 of the competency domains (ethical, familism, organising and leading, conceptual, commitment and strategic), however, showed negative correlations with one of the four business success constructs (satisfaction with financial performance). On the other hand, the other 6 competency domains (social responsibility, familism, personal, relationship, organising and leading, opportunity, strategic) showed negative correlations with one of the business environment constructs (stable environment). The commitment competency domain showed no correlation with the stable environment. All 12 competency domains however showed a positive correlation with the “benign environment” construct.

The results also showed that, for the Group 3 data, the two cultural orientation constructs had positive correlations with the all other constructs except for the familism competency, which showed no correlation. Table 7-17 is a summary of the inter-correlation analysis for the Group 3 data.

Table 7-17: Inter-correlations between all Constructs – Group 3 (Indian) Data

	Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Learning	-																			
2	Social responsibility	0.62	-																		
3	Ethical	0.61	0.41	-																	
4	Familism	0.43	0.31	0.40	-																
5	Technical	0.75	0.55	0.63	0.44	-															
6	Personal	0.71	0.57	0.60	0.45	0.67	-														
7	Relationship	0.79	0.63	0.59	0.48	0.75	0.65	-													
8	Organising and Leading	0.78	0.57	0.59	0.52	0.72	0.74	0.77	-												
9	Opportunity	0.64	0.57	0.55	0.52	0.66	0.57	0.74	0.70	-											
10	Conceptual	0.75	0.55	0.55	0.48	0.72	0.74	0.75	0.83	0.66	-										
11	Commitment	0.58	0.47	0.52	0.48	0.53	0.60	0.61	0.66	0.56	0.68	-									
12	Strategic	0.72	0.61	0.58	0.56	0.64	0.69	0.71	0.74	0.67	0.72	0.69	-								
13	Satisfaction with financial performance	0.03	0.07	-0.05	-0.01	0.11	0.02	0.10	-0.01	0.05	-0.02	-0.13	-0.04	-							
14	Satisfaction with non-financial performance	0.18	0.29	0.15	0.03	0.17	0.12	0.16	0.04	0.07	0.10	0.06	0.11	0.53	-						
15	Performance relative to competitors	0.19	0.21	0.19	0.24	0.23	0.17	0.18	0.24	0.24	0.21	0.21	0.29	0.04	0.07	-					
16	Business growth	0.16	0.21	0.12	0.17	0.19	0.17	0.13	0.19	0.20	0.16	0.18	0.28	0.13	0.14	0.66	-				
17	Stable Environment	0.02	-0.08	0.00	-0.08	0.08	-0.01	-0.06	-0.05	-0.01	0.03	0.00	-0.08	0.25	0.16	0.18	0.17	-			
18	Benign Environment	0.04	0.12	0.02	0.06	0.02	0.03	0.03	0.08	0.11	0.07	0.02	0.11	0.14	0.14	0.20	0.25	0.26	-		
19	Individualism vs. Collectivism	0.13	0.09	0.05	0.00	0.18	0.03	0.21	0.13	0.13	0.15	0.09	0.08	0.36	0.29	0.05	0.04	0.28	0.21	-	
20	Uncertainty Avoidance vs. Tolerance for ambiguity	0.22	0.26	0.16	0.17	0.26	0.19	0.26	0.26	0.22	0.28	0.29	0.26	0.17	0.20	0.21	0.09	0.15	0.26	0.41	-
	Means	4.33	4.13	4.35	4.31	4.21	4.31	4.19	4.22	4.23	4.28	4.27	4.26	2.54	2.59	3.38	3.81	3.86	3.96	5.48	5.65
	Std.Dev.	0.43	0.62	0.55	0.50	0.54	0.46	0.52	0.43	0.50	0.47	0.48	0.43	0.41	0.32	0.63	0.88	0.53	0.57	0.86	0.74

7.3.4 The Group 4 (Coloured) Entrepreneurs

As with the other groups, the Group 4 data showed a strong positive correlation among all 12 competency domains. The data showed that there was a negative correlation between 4 of the competency domains (ethical, organising and leading, commitment and strategic) with the business success construct “satisfaction with financial performance,” while the Social Responsibility competency domain showed no correlation.

The data also showed that, for the Group 4 business owners, the correlation between all 12 competency domains and the business environment constructs was positive, as well as the cultural orientation construct (although the correlations were positive in some cases, in other cases they were significant). Table 7-18 is a summary of the inter-correlation analysis for the Group 4 data.

Table 7-18: Inter-correlations between all Constructs- Group 4 (Coloured) Data

	Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Learning	-																			
2	Social responsibility	0.43	-																		
3	Ethical	0.57	0.44	-																	
4	Familism	0.50	0.38	0.29	-																
5	Technical	0.42	0.22	0.47	0.28	-															
6	Personal	0.52	0.46	0.61	0.39	0.66	-														
7	Relationship	0.63	0.50	0.67	0.55	0.60	0.61	-													
8	Organising and Leading	0.63	0.47	0.51	0.38	0.55	0.56	0.62	-												
9	Opportunity	0.49	0.41	0.35	0.53	0.29	0.39	0.64	0.63	-											
10	Conceptual	0.68	0.41	0.49	0.54	0.60	0.55	0.62	0.63	0.51	-										
11	Commitment	0.50	0.39	0.49	0.44	0.47	0.55	0.64	0.63	0.47	0.59	-									
12	Strategic	0.59	0.40	0.46	0.57	0.57	0.55	0.69	0.65	0.53	0.64	0.66	-								
13	Satisfaction with financial performance	-0.05	0.00	-0.05	0.12	0.12	0.06	0.09	-0.11	0.14	0.10	-0.17	-0.03	-							
14	Satisfaction with non-financial performance	0.20	0.20	0.04	0.42	0.20	0.16	0.25	0.18	0.25	0.31	0.15	0.35	0.53	-						
15	Performance relative to competitors	0.12	0.17	0.22	0.30	0.19	0.20	0.28	0.12	0.14	0.15	0.34	0.34	-0.03	0.13	-					
16	Business growth	0.08	0.21	0.31	0.16	0.14	0.23	0.19	0.13	0.20	0.10	0.26	0.19	0.09	0.08	0.54	-				
17	Stable Environment	0.30	0.25	0.15	0.21	0.23	0.30	0.35	0.30	0.35	0.32	0.23	0.24	0.20	0.32	0.15	0.13	-			
18	Benign Environment	0.16	0.23	0.17	0.48	0.17	0.29	0.25	0.24	0.36	0.28	0.26	0.33	0.09	0.25	0.27	0.23	0.43	-		
19	Individualism vs. Collectivism	0.20	0.17	0.23	0.30	0.22	0.20	0.32	0.20	0.40	0.27	0.18	0.21	0.32	0.30	0.14	0.23	0.37	0.34	-	
20	Uncertainty Avoidance vs. Tolerance for ambiguity	0.40	0.33	0.32	0.42	0.35	0.34	0.52	0.33	0.38	0.40	0.30	0.46	0.02	0.33	0.22	0.05	0.46	0.39	0.35	-
	Means	4.25	4.11	4.20	4.20	4.17	4.32	4.11	4.25	4.13	4.22	4.21	4.12	2.63	2.68	3.38	3.88	3.93	3.87	5.60	5.53
	Std.Dev.	0.36	0.66	0.59	0.58	0.48	0.37	0.46	0.33	0.53	0.39	0.43	0.43	0.36	0.30	0.65	1.01	0.56	0.65	0.85	0.81

7.4 Discussions and Implications

Several conclusions could be drawn from the above analysis. Firstly, the internal consistency result and composite measures of reliability for all variables were found to be reliable for all data sets (Groups 1-4). Secondly, by incorporating the extended models of entrepreneurial competencies to the models of Man (2001) and of Mitchelmore and Rowley (2013), issues that were of concern to modern female-owned businesses (such as Ethical, Social Responsibilities and Familism), we are able to provide a better understanding of business success because, according to Tett et al (2000), the exclusion of current interests in different entrepreneurial competencies models could be seen as a major drawback.

Thirdly, although new competency domains were not discovered in this study, new behaviours were identified, pointing toward a need for a feministic model of entrepreneurial competencies. The theoretical and statistical significance of these findings suggests the need for an inclusive model that addresses the concerns of female entrepreneurs. This call for a fit for purpose model of entrepreneurial competencies that could provide a better insight into the behaviours that are predominant and pertinent to the endeavours of female entrepreneurs in South Africa.

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.

7.5 Hypothesis Testing

The focus of this second part of Chapter 7 is to test the hypotheses that were proposed at the beginning of this study (refer to Chapter 4).

7.5.1 Introduction

The analysis focused on: (1) the direct effects of competencies on entrepreneurial success of female SME operators in South Africa; (2) the direct and mediating effects of the business environment on business success of female SME operators in South Africa; and (3) the effects of individual cultural orientation on business success of female SMEs operators in South Africa. It also examined whether academic training, pre or post venture start-up training, and work experience could be considered as precursors of entrepreneurial ability. Finally, the effects of other variables, such as the age of the business, the size of the business and prior business ownership experience on entrepreneurial success, were examined.

As noted in Chapter 4, it was deduced that a major construct that influences business success for SMEs is the entrepreneurial competencies construct. Whereas a few studies linking these two constructs in the context of SMEs exists, the framework has thus far been Western-based and industry specific (see Chandler and Jansen 1992; Man and Lau 2000; Salomo et al. 2006). Noor (2007) attempted to probe this connection in a cross-cultural setting utilising samples from Malaysia and Australia while Mitchelmore and Rowley (2013) attempted to explore this relationship in the context of female operated businesses in the UK. This current study is an extension of the existing studies in the context of female-owned businesses in South Africa and comprised of SMEs in different sectors.

With the intention of understanding the direct effects of the business environment on entrepreneurial success in the context of female-owned SMEs, this current study considered 2 dimensions of the business environment – “Benign or Hostile” environment and “Stable or Dynamic” environment. According to Covin and Slevin (1991), “Benign and stable” environments could be navigated easily than “Hostile and Dynamic” environments. Therefore, they argue that “Benign and Stable” environments are positively associated with business performance. Attention is drawn to the mediating function of the business environment in the

independent variables and entrepreneurial success (Covin and Slevin 1989; Goll and Rasheed 2004). Therefore, this current study also examined the possible mediating influence of the business environment on the development of competencies and its link to success in female-owned SMEs.

According to Bartlett and Ghoshal (1997), Berrell et al. (1999), and Mead and Andrews (2009), cultural orientations significantly affect all facets of managerial behaviour. Adler (1997) also suggests that individual behaviours are affected by attitudes which are reflected in societal values via a subtle encompassing influence from the individual cultural orientations. It was hypothesised in this current study that the extent to which a female entrepreneur embraces values of “Individualism versus Collectivism” and “Uncertainty Avoidance versus Tolerance for Ambiguity” will impact behavioural contents of entrepreneurial competencies (that is to say, the individual variables of interest). The results of the qualitative study reported in Chapter 6, and the literature also suggests that culture may have an influence on defining the nature of entrepreneurial competencies and its operationalisation in entrepreneurial success.

The influence of other demographic variables, such as level of education, work experience as well as pre and post venture training, are also examined present study. In an effort to test the hypotheses proposed for this present study, a number of possible confounds were identified as possible influencers of business performance, such as entrepreneurial experience, age and size of the business (Baum et al. 2001; Wiklund and Shepherd 2005).

7.5.2 Validity and Reliability of the Measuring Instrument

In order to confirm the validity and reliability of the measuring instrument, factor analysis was undertaken. As mentioned in Chapter 5, factor analysis is used to look for patterns among the variables in order to ascertain whether the underlying combination of the original variables can be used to summarise the original set. It is also used to reduce the number of variables and determine the underlying constructs that explain the variance (Cooper and Schindler 2001).

Factor analysis was computed on the scores for entrepreneurial competencies and business success. The variables were sorted and un-rotated. The result showed 66.52 per cent of the variance of entrepreneurial competencies, which could be explained by the calculated factor

(variable), and 55.49 per cent of the variance of business success could be explained by the calculated factor (variable). These figures could be due to the degree of uniqueness of the respondents and cannot be used to explain a model, as it is never possible to get 100 per cent variance.

The eigenvalues used to determine the number of factors when computing factor analysis were 7.98 for entrepreneurial competencies and 3.36 for business success. Eigenvalues have to be greater or equal to one in order to be included when computing factors on variables. Table 7-19 and 7-20 are a summary of the factor analysis for all cultural groups.

Table 7-19: Factor Analysis of Entrepreneurial Competencies

Description of Variable	From 1%	Multiple R ²
Relationship	0.74	0.70
Organising and Leading	0.81	0.79
Opportunity	0.65	0.60
Strategic	0.78	0.74
Learning	0.76	0.73
Conceptual	0.77	0.75
Commitment	0.60	0.61
Personal	0.72	0.69
Social responsibility	0.39	0.42
Familism	0.53	0.49
Technical	0.70	0.67
Ethical	0.52	0.49
Total	7.98	
Eigenvalue	7.98	
% Total Variance	66.52	

Table 7-20: Factor Analysis of Business Success

Description of Variable	From 1	Multiple R ²
Satisfaction with financial performance	0.53	0.44
Satisfaction with non-financial performance	0.56	0.45
Performance relative to competitors	0.60	0.50
Business growth	0.54	0.48
Total	2.22	
Eigenvalue	3.36	
% Total Variance	55.50	

7.6 Hypothesis Testing Using Regression Analysis

In order to test the hypotheses that were proposed for this study, factor analysis was applied to the 12 competency measures and the business success measures to calculate the overall score for entrepreneurial competencies and the overall score for self-reported perceived business success. The factors were calculated using the principal component method for each of the four government identified groups (Group 1, Group 2, Group 3 and Group 4). The results of the factor analysis (such as entrepreneurial competency and business success) were then used to build a regression model that tried to identify the variable factors that contribute towards the understanding of business success of female-owned SMEs. Given that this study was a cross-cultural study, the results from the four government identified groups were compared and separate regression models fitted for each of the four groups.

7.6.1 Composite Variables

All items representing entrepreneurial competencies were totalled for a score on a composite variable prior to performing the regression analysis. According to Rowe (2002), a useful technique of data reduction, clarification of the definition of constructs for the improvement of model testing power, is the summation of items considered to be related with specific constructs into “composite variables”. Although the usable data in this study was large enough for empirical testing, i.e. 745 (Group 1 = 349, Group 2 = 176, Group 3 = 71, Group 4 = 149), by developing

composite variables it was possible to estimate stable parameters for analysis. Composite variables also ensured greater stability by limiting the potential ambiguity of individual items (Hull et al. 2001).

7.6.2 Regression Summary for the Dependent Variable

Due to missing values that could not be computed, 40 observations were discarded in the final analysis. First and foremost, the data was subjected to statistical testing for evidence to infer that the regression model would be able to explain the dependent variables (business success). For the null hypothesis, all the regression coefficients were 0, that is to say, none of the independent variables were able to explain the dependent variables (business success), the alternative hypothesis is then evaluated where at least one of the coefficients $\neq 0$. Table 7-21 is a summary of the regression analysis for all cultural groups. The data showed the p -value for the F-test was < 0.0000 (a p -value of < 0.05 means that the null hypothesis was rejected), therefore it can be inferred that there was statistical evidence that at least one of the independent variables could be used to explain the dependent variables (business success).

The data also showed a coefficient of determination (R^2) value of 0.11281087, which indicates that 11.28 per cent variance of the dependent variable (business success) could be explained by the independent variables. Although a R^2 value of 11.28 per cent could be considered to be low, it implies that other factors influence business success and a low R^2 value is not uncommon in social sciences data. It must also be mentioned that the purpose of this study was not to build a model to accurately predict business success but rather to determine whether the proposed factors (the constructs that were examined in this study), have an impact on business success. The data showed that some of the identified factors did not contribute significantly towards explaining business success therefore we have an adjusted R^2 value of 0.10680824.

The regression coefficients were examined to determine which of them contributed towards explaining business success. The null hypothesis, the regression coefficient = 0 was then evaluated against the alternative such as the regression coefficient $\neq 0$. In this instance, the p value of the t-test was examined and the null hypothesis rejected where the p value was < 0.05 . The data showed that entrepreneurial competencies, uncertainty avoidance vs tolerance for

ambiguity and individualism vs collectivism all recorded p values of > 0.05 . It can therefore be inferred that there was statistical evidence that these factors contributed towards an explanation of business success.

The regression analysis for each of the individual cultural groups showed that, for black female entrepreneurs, entrepreneurial competencies, uncertainty avoidance vs. tolerance for ambiguity, individualism vs. collectivism and stable environment were statistically significant in explaining business success. For the Group 2 female entrepreneurs, uncertainty avoidance vs. tolerance for ambiguity and individualism vs collectivism were the only factor statistically significant in explaining business success. For the Group 4 female entrepreneurs, entrepreneurial competency, benign environment and stable environment were statistically significant in explaining business success and for the Group 3 female entrepreneurs only individualism vs collectivism was statistically significant in explaining business success.

Table 7-21: Regression Summary for the Dependent Variable: Business Success

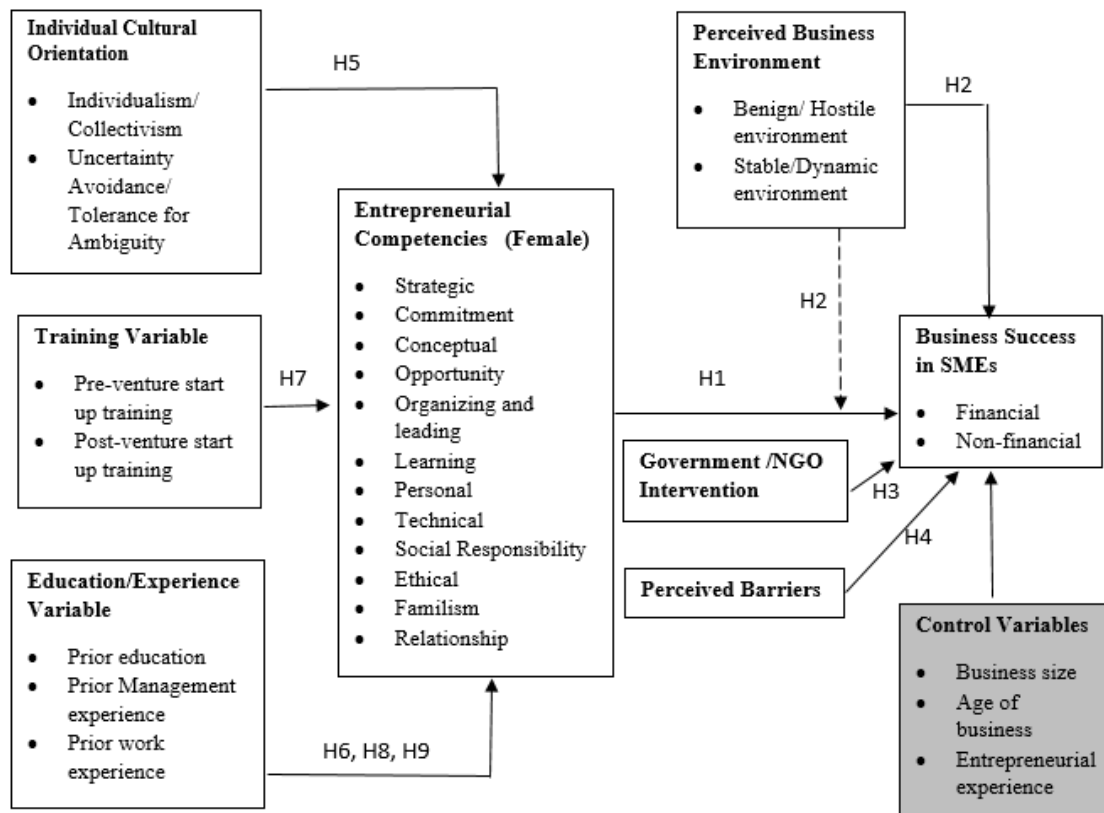
All Cultural Groups: N=745 (Useable observations)	Regression Summary for Dependent Variable: Business Success (Competency and Business Success) R= .33587329 R ² = .11281087 Adjusted R ² = .10680824 F(5,739)=18.794 p<.00000 Std.Error of estimate: .94561					
	β *	Std.Err.	B	Std.Err.	t(739)	p-value
Intercept			1.4181	0.3342	4.2439	0.0000***
Competency	0.1796	0.0383	0.1874	0.0399	4.6910	0.0000***
Benign Environment	0.0637	0.0471	0.0911	0.0674	1.3525	0.1766**
Stable Environment	0.0561	0.0469	0.0832	0.0696	1.1956	0.2322**

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

For the purpose of this study, the conceptual framework (refer to Figure 4.1 Chapter 4) was revised based on the data to depict the 9 hypotheses that this present study investigated. As stated earlier, the entrepreneurial competencies construct involved 12 competency domains, the business success construct comprised of financial and non-financial indicators, the business environment construct had two dimensions, while the individual cultural orientations had two dimensions. Other antecedents were further examined in an effort to explain business success, including training before and after venture start-up, the entrepreneur's level of education and

prior work/management experience. Finally, variables such as size of the business, age of the business and prior entrepreneurial experience, were treated as control variables.

Figure 19: Revised Conceptual Framework (revised based on the data collected)



Notes: —> indicates direct effects, - - -> indicates mediating effects

The path significance indicated by the regression estimate (β) was also of particular interest in the assessment of the effect of one variable on another. A level of $p < 0.05$ was therefore set as the level of significance and the direct, indirect and mediating effects of variables were also measured so as to infer about the degree of the influence of one variable on another. Table 7-22 is a summary of the hypothesis that was developed for this study and the predicted direction of the relationship.

Table 7-22: Hypothesis and Predicted Direction

Hypothesis Developed for this Study		Predicted Direction of the Relationship
	<u>Direct Effects</u>	
H1	Direct effect of entrepreneurial competencies on business success	The higher the level of entrepreneurial competencies, the greater the level of business success
H2	Direct effect of benign environment on business success	A greater level of business success is associated with a more benign and less hostile environment
H2	Direct effect of stable environment on business success	A greater level of business success is associated with a more stable and less dynamic environment
H3	Direct effect of government and NGO intervention policies on business success	More intervention programmes and policies to aid PIDs will be associated with a higher level of business success
H4	Direct effect of perceived barriers on business success	A higher level of perceived barriers will be linked to a lower level of business success
	<u>Mediating Effects</u>	
H2	Mediating effect of benign vs hostile environment on business success	The level of association between competencies and business success is more evident in a hostile and less benign environment
H2	Mediating effect of stable vs dynamic environment on business success	The level of association between competencies and business success is more evident in a dynamic and less Ssable environment
	<u>Precursors of Entrepreneurial Competencies</u>	
H5	Direct effect of “Individualism vs Collectivism” orientation on competencies	A higher level of Individualism (less collectivism) will significantly impact the entrepreneurial competencies of female South African SMEs operators
H5	Direct effect of “Uncertainty Avoidance vs Tolerance for Ambiguity” orientation on competencies	Greater tolerance for ambiguity is linked with greater competencies
H6	Direct effect of education on entrepreneurial competencies	Greater competencies is linked with a higher level of education
H7	Direct effect of pre and post venture start	Greater competencies is associated with pre and post

	up training on entrepreneurial competencies	venture start up training
H8	Direct effect of prior work experience on entrepreneurial competencies	More work experience is associated with greater competencies
H9	Direct effect of management experience on entrepreneurial competencies	More management experience is associated with greater competencies
	<u>Control Variables</u>	
	Direct effect of business age on business success	A greater level of self-reported success is associated with older businesses
	Direct effect of business size on business success	The bigger the business, the bigger the level of self-reported success
	Direct effect prior entrepreneurial experience on business success	Entrepreneurs with prior entrepreneurial experience will report greater business success

7.6.3 Hypothesis 1 - Testing the Direct Effect of Entrepreneurial Competencies on the Success of South African Female Entrepreneurs

The emphasis of hypothesis 1 was to test whether the self-reported competencies of the female South African SME operators would have a positive effect on business success. As shown in Table 7-23, the entrepreneurial competencies construct was found to have a significant positive relationship with business success operationalised via self-reported of financial and non-financial indicators (4 dimensions of measurement). The analysis was done by building a regression model using the results from the computed factor analysis (i.e. entrepreneurial competencies and business success). The model was then fitted using business success as the dependent variable and entrepreneurial competencies as the independent variables. All 12 competency domains had a direct pact with business success with a p -value of 0.000 (p - value is significant at <0.05). As shown in Table 7-23, the effect of competencies on business success was strongest for business growth with a coefficient of p - 0.0001 while it remained the same on all other measures for the business success construct (p -0.0000). Based on the results it can be inferred that there is statistical evidence that entrepreneurial competencies influence business success.

Table 7-23: 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 (Competency and Business Success) R= .31862128 R ² = .10151952 Adjusted R ² = .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).

7.6.4 Hypothesis 2 - Testing the Direct Effects of the Business Environment on the Success of South African Female Entrepreneurs

As indicated in Table 7-16, the relationship between the two dimensions of business environment and business success was negative with a regression coefficient (β) of 0.083979 for the ‘Benign’ vs ‘Hostile’ environment and a regression coefficient (β) of 0.56313 for the ‘Stable’ vs ‘Dynamic’ environment. A comparison of the effects of entrepreneurial competencies (p -value <0.05) and the business environment (0.632633) on business success showed that entrepreneurial competencies were reported to have more effect on business success than the business environment (p -value >0.05). This finding supports the claims by Baum et al. (2001) that competencies contribute significantly to the business success of business owners and does not advocate the importance of the business environment as a principal issue affecting business success (Baum et al. 2001).

The mediating role of the business environment on entrepreneurial success were also tested. It was hypothesised that where entrepreneurs perceive an environment to be “Hostile” or “Dynamic”, a high level of entrepreneurial competencies will be linked with success rather than a lower level of entrepreneurial competencies. Possessing a higher level of entrepreneurial

competencies would enable a female entrepreneur to effectively deal with a more challenging business environment and maximise the differences between high and low competency groups in business success. A multi-group analysis was utilised to test the mediating effects of the business environment using AMOS 5 software⁷ and based on the examples of de Búrca et al. (2006), Verreynne and Meyer (2007) and Zweig and Webster (2003). By following the recommendation of Aiken et al. (1991), two groups were created for each of the four government identified groups of female entrepreneurs who revealed that the environment was below the mean in terms of “Hostility”, and those who indicated that their level of “Benignity” fell above the mean. The groups were then compared and the process was repeated for stable and dynamic environments.

By using a process proposed by Zweig and Webster (2003), the parameters linking the entrepreneurial competencies with business success were estimated for both sub-groups simultaneously (Benign vs. Hostile and Stable vs. Dynamic). The resulting model, which is referred to as the “baseline” or “unconstrained” model, was used to estimate the direct effect of the business environment, and was also allowed to differ among both sub-groups. A second model known as the “constrained” model was also developed where each of the sub-groups was stated as changeless. Both models were assessed for significant differences and the result showed that there was a significant difference across the “baseline” and “constrained” models for the “benign” environment with a critical ratio⁸ = $32.08/15 = 2.13$, $p < 0.05$ and “stable” environment $33.80/15 = 2.25$, $p < 0.05$. The regression coefficient (β) for the mediating effects of the Stable environment was .34 with the ‘Dynamic’ environment recording 0.40. The regression coefficient (β) for the ‘benign’ environment was 0.32 while the ‘hostile’ environment was 0.38.

⁷ AMOS 5 Software is used to specify, estimate, assess and present models to show hypothesized relationships among variables

⁸ Critical ratio calculation is determined by “the changes in the Chi-Square divided by the changes in the degree of freedom ($\Delta x^2 / \Delta df$).” To determine the p value; z score of $> 3.00 = p$ value of < 0.001 ; z score of $> 2.50 = p$ value of < 0.01 ; z score of $> 1.50 = p$ value of < 0.05 .

Given the regression coefficients of Table 7-24, it can be seen that entrepreneurial competencies had a stronger influence on entrepreneurial success when the environment was ‘Benign’ or ‘Hostile’ than when the environment was deemed to be ‘Stable’ or ‘Dynamic’. Therefore, it can be concluded that entrepreneurs with high competencies will perform better when they perceive a business environment to be a threat to the well-being of their businesses, than those entrepreneurs with a lower level of entrepreneurial competencies in a similar position.

Table 7-24: Summary of the Regression Analysis for Business Environment and Business Success

All Cultural Groups: N=745 (Useable Observations)	All Groups Regression Summary for Dependent Variable: Business Success (Competency and Business Environment)					
	R= .31862128 R ² = .10151952 Adjusted R ² = .09666287 F(4,740)=20.903 p<.00000 Std.Error of estimate: .95097					
	β^*	Std.Err.	β	Std.Err.	t(740)	p-value
Intercept			1.029881	0.310999	3.31153	0.000973***
Competency	0.197684	0.038046	0.206214	0.039687	5.19600	0.000000***
Benign vs Hostile Environment	0.058705	0.047328	0.083979	0.067703	1.24040	0.215219**
Stable vs Dynamic Environment	0.037962	0.046787	0.056313	0.069405	0.81137	0.417414**

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

7.6.5 Hypothesis 3 - Testing the Direct Effect of Government Policies and NGO Intervention on Business Success of South African Female Entrepreneurs

Hypothesis 3 was concerned with the direct effects of government policies and intervention programs on the business success of women, given that they are considered PIDs (previously disadvantaged individuals). The results showed that a direct association between government policies and NGO intervention was not supported in the data from all four government identified groups. A possible explanation for this could be that most of the female entrepreneurs believed that the government has not done enough to assist female entrepreneurs to face the challenges that the business environment and the culture of South Africa presents, and that the intervention programs are inadequate. The questions regarding government policies and NGO intervention are found in section E12-13 of the questionnaire (see Appendix H). They were open-ended questions that required respondents to give their own answers. Interestingly, only 122

respondents out of 785 (16 per cent) had any comment and 11 respondents suggested that the policies and intervention programs were ineffective. 3 respondents would want the government to help formalise their businesses (they operate in the informal sector), 54 respondents needed more training and workshops to be provided, 36 respondents advocated for more financial support and business loans, 8 respondents needed cheap education to be provided and only 6 entrepreneurs indicated that they had benefited in any way from the government or NGOs. Given the spread of the responses from the different groups, the result could not be subjected to any statistical tests. Therefore it cannot be inferred whether or not government policies and NGOs intervention have a direct association with the business success of female SME operators in South Africa.

7.6.6 Hypothesis 4 - Testing the Direct Effects of Perceptual Barriers on the Success of South African Female Entrepreneurs

As with hypothesis 3, the questions posed in the questionnaire that addressed perceived barriers to business success were open-ended. The results showed that only 157 (20 per cent) respondents identified obstacles that could be a hindrance to business success. Given the spread of the responses from the different groups, the results could not also be subjected to any statistical testing. Therefore, it cannot be inferred whether or not entrepreneurial competencies have a more direct effect on the business success of female South African entrepreneurs than the perceived obstacles. It must, however, be noted that most of the entrepreneurs indicated that they had to develop competencies in the face of these obstacles. Therefore it cannot be concluded that the perceived obstacles have any direct effect on entrepreneurial competencies and, consequently, on business performance/success.

Table 7-25 is a summary of the obstacles identified by the respondents.

Table 7-25: Summary of Perceived Obstacles

Perceived Obstacles	Respondents (N)
Inability to secure capital finance	33
Gender stereotyping/ gender inequality	30
Lack of commitment	16
Racism/ cultural barriers	15
Fear of failure	12
Lack of admin/ management skills	11
Lack of training and workshops opportunities	11
Attitude of the financial organisations towards women	10
BEE Compliance standards	5
Lack of understanding of taxation/tax laws	4
Language barriers	4
Lack of education	3
Lack of support from family	2
Total Responses	157

7.6.7 Hypothesis 5 - Testing the Direct Effects of Individual Cultural Orientations on the Entrepreneurial Competencies of South African Female Entrepreneurs

The results showed a degree of correlation between uncertainty avoidance vs. tolerance for ambiguity and the two dimensions of business environment measures (“Benign vs. Hostile” and “Stable vs. Dynamic”). Three different models of regression were built by substituting Uncertainty Avoidance vs. Tolerance for Ambiguity for Benign vs. Hostile environment and Stable vs. Dynamic environment. In all cases, the variables tested were shown to be significant, however, Individualism vs. Collectivism was the strongest and overshadowed all other variables. As can be seen in Table 7-26, there is a strong and direct association between “Uncertainty Avoidance vs. Tolerance for Ambiguity” and entrepreneurial competencies (p value is significant at $<.05$). The data also showed that for Group 1 and Group 2 entrepreneurs, “Individualism vs. Collectivism” had the strongest association with entrepreneurial competencies (p value 0.0000), while for the Group 3 entrepreneurs the p value was 0.04159 and for Group 4 entrepreneurs the p

value was 0.00274. Also, Group 3 and Group 4 data showed a stronger association with “Uncertainty Avoidance vs. Tolerance for Ambiguity” (p value 0.0053). Therefore, both cultural orientation dimensions had a strong association with entrepreneurial competencies.

This result seems to confirm the argument of McGrath et al. (1992b, p. 123) that “entrepreneurial behaviour may indeed stem from a pervasive set of entrepreneurial beliefs” that transcends culture (specifically having a high internal locus of control, ability to recognise opportunities and be proactive). Therefore, McGrath et al. (1992) suggest that some entrepreneurs hold certain unique values and beliefs regardless of their cultural orientations and these values possibly have a stronger influence on the development of entrepreneurial competencies than their specific cultural orientations. Given the findings of this study, therefore, it can be inferred that cultural orientations have a direct impact on the development of entrepreneurial competencies of South African SME operators.

Table 7-26: Regression Summary for Individual Cultural Orientations

All Cultural Groups: N=755 (Useable observations)	All Groups Regression Summary for Dependent Variable: Business Success (Competency and Cultural Orientation) R= .30696806 R ² = .09422939 Adjusted R ² = .09182043 F(2,752)=39.116 p<.00000 Std. Error of estimate: .95422					
	β *	Std.Err.	β	Std.Err.	t(739)	p-value
Intercept			13.8440	18.6000	0.7440	0.4579***
Competency	0.1949	0.0754	0.1938	0.0750	2.5830	0.0106**
Uncertainty Avoidance vs. Tolerance for ambiguity	-0.2150	0.0759	-0.2875	0.1017	-2.8280	0.0053**
Individualism vs. Collectivism	-0.1269	0.0414	-0.1599	0.0521	-3.0668	0.0000**

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

7.6.8 Hypothesis 6 - Testing the Direct Impact Effect of Education on the Entrepreneurial Competencies of South African Female Entrepreneurs

When testing the effect of education on entrepreneurial competencies, a simple, one variable at a time linear regression model was built and it showed that learning had a more significant effect with a regression coefficient (β) of .15*.92. Organising and Leading had a regression coefficient (β) of .15*.32, Personal and Familism competencies had a regression coefficient of (β) of .15*.11, Strategic and Conceptual competencies had a regression coefficient (β) of 15*.10, Relationship and Commitment competencies had a regression coefficient of (β) of 15*.10, Opportunity and Ethical competencies had a regression coefficient (β) of .15*.07, and Social Responsibility and Technical Competencies reported the least regression coefficient (β) value of .13*.

Overall, the findings suggested that education may be a key factor in the development of competencies, as it reported a p value of 0.0565 (p value is significant at <0.05). It can therefore be inferred that education may assist in the development of entrepreneurial competencies among female South African SMEs operators.

7.6.9 Hypothesis 7 - Testing the Direct Effects of Pre and Post Venture Training on the Entrepreneurial Competencies of South African Female Entrepreneurs

Hypothesis 7 was concerned with the direct effects of pre- and post- venture training on entrepreneurial competencies. The data showed no significant evidence to support the influence of pre- or post-venture start-up training on the development of entrepreneurial competencies. This outcome is contrary to the outcome of the qualitative data, where there was significant association between training and entrepreneurial competencies. It also contradicts the arguments of Webster, Walker and Brown (2005, p. 553) that when it comes to SMEs, “training is regarded as an important component for both competitive success and business strategy.”

7.6.10 Hypothesis 8 - Testing the Direct Effects of Prior Work Experience on the Entrepreneurial Competencies of South African Female Entrepreneurs

Hypothesis 8 was concerned with testing the effects of prior work experience on entrepreneurial competencies. The data revealed that work experience was unconnected to the development of entrepreneurial competencies. This could be due to the fact that most of the entrepreneurs indicated that their previous work had no influence on their business ventures and the motivation for venturing into entrepreneurship was more to do with “push” factors rather the “pull” factors. Consequently, the findings did not corroborate the submissions of Krueger and Brazeal (1994) that work experience improves competencies and one’s opportunity-recognition ability. It must, however, be noted that the interviewees in the qualitative study suggested that work experience was vital to success because it affords an entrepreneur the opportunity to experience to meet the challenges that a business environment presents.

7.6.11 Hypothesis 9 - Testing the Direct Effects of Prior Management Experience on the Entrepreneurial Competencies of South African Female Entrepreneurs

Hypothesis 9 was concerned with testing the direct effect of prior management experience on entrepreneurial competencies. As with hypothesis 8, the data did not support any correlation between prior management experience and entrepreneurial competencies. This could be due to the fact that only about 2 per cent of the respondents have any prior management experience. Therefore, there was insufficient data from which any meaningful statistical analysis could be carried out.

7.6.12 Testing the Effects of the Control Variables on Business Success

The age and size of the business were also analysed for significant associations with business success. The data showed no significant association and it was consistent with the arguments of Baum (2004) that neither the age nor size of the business (alone, without other variables discussed earlier) could be associated with business performance. Larger organisations on the other hand, he argues, may be affected by the size and age variable alone.

While several researchers have suggested that prior business management experience has a positive effect on business performance (Stuart and Abetti 1990), other studies such as this current one found no relationship between prior entrepreneurial experience and business success. As indicated earlier in section 7.2.2, 87.2 per cent of the respondents indicated that they had been engaged in entrepreneurial activities on more than one occasion. There was no evidence to suggest that their current businesses were successful due to their experience as only 32.2 per cent fell under the successful business category (using the financial indicators as a measurement tool). The findings of Keeley and Roure (1990) showed an insignificant association between prior business management experience and success. Also, Brush et al. (2001) state that having been involved in the process of starting and managing a business could influence one's ability to secure start-up funds, but not predict business success. It could also provide an entrepreneur with "hands-on" learning which may influence their management abilities but may not predict business success (Cox and Jennings, 1995)

7.7 Discussion

The findings of this study provide knowledge of the impact of entrepreneurial competencies on the success of female SME operators in South Africa and show that those possessing high levels competencies were more likely to impact the success of female-owned businesses.

The findings from this study were consistent with those of Man (2001) and highlights, once more, the important role of the owner-manager in the determination of business success of SMEs over and above environmental factors. The outcomes of this study also support the contentions of Wasilczuk (2000), that entrepreneurs can minimise the negative effect of the business environment by developing adequate skills and capabilities (competencies).

In the framework of this research, individual values were projected to have an impact on the ability to develop entrepreneurial competencies. According to Singelis and Brown (1995), individual behaviours are usually affected by their cultural values. Hofstede and Bond (1988) take it further by claiming that cultural values can also influence individual behaviours in an organisational setting. While there were two dimensions given in this study for the measure of

individual cultural orientation, only one showed a significant connection with the success of South African female SME operators.

This present study also found that education had an influence on the development of entrepreneurial competencies while pre- and post-venture start-up training, as well as prior work experience, did not have any significant association with the formation of entrepreneurial competencies. This finding contradicts those of Brush et al. (2001), who suggest that pre venture start-up training and work experience are vital grounds for the acquisition of skills and technical knowledge for entrepreneurs. This therefore raises an important question about whether the “right thing” is taught in entrepreneurial training programs. Prior management experience also was shown to have little significance in the development of entrepreneurial competencies and this is consistent with the proposal of Cope and Watts (2000) that “learning by doing” can be perceived to be a vital aspects of the entrepreneurial learning process.

7.8 Conclusion

This chapter was concerned with the explanation of the relevant data gathered by means of descriptive and inferential statistics. The relevant data was captured and presented in tabular and figure format. The data was analysed using the various statistical methods described in Chapter 5 (Research Design and Methodology).

This chapter also presented the personal and business demographic information of the respondents. Prior to building the regression model for the hypothesis testing, the data was prepared and corrected (i.e. from errors during data capturing). Factor analysis was used to calculate the overall score for entrepreneurial competencies that was then used to build the regression model. The Chi-square test and *t*-test were also executed in this study to present the statistical evidence of significance of the variables in explaining business success.

The focus of the next chapter (Chapter 8) is the conclusion and recommendations for future study. The objectives of this research are revisited and the information obtained applied within the boundaries and the limitations of this study.

Chapter 8: Conclusions and Recommendations

8.1 Introduction

The primary objective of this study was to examine 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 which were common with those competencies and behaviours already identified in existing competencies frameworks. 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, such as business environment, individual cultural orientation and other demographic variables.

This chapter presents an overview of the literature, research objectives, findings, the inferences of the results and recommendations for prospective study.

8.2 Overview of the Literature

Chapters 2 to 4 of this thesis began with a discussion of the importance of female entrepreneurship in the South African economy and society. The entrepreneurial motivations for female entrepreneurs were explored together with the differences between male and female entrepreneurs. Factors affecting female entrepreneurs operating in the context of SMEs in South Africa were discussed and cultural orientations examined to understand their effect on the business success of women. SME demographics were also discussed and it was discovered that South African female entrepreneurs operate in the informal economy more than males.

Links between entrepreneurial competencies and other business success variables were explored in Chapter 3. Two main approaches to understanding entrepreneurial success were discussed: the trait approach and the competency approach. The focus of this current study was to determine the influence of entrepreneurial competencies on business success, therefore Chapter Three attempted to define competencies. Existing and validated entrepreneurial competency models were discussed, including the frameworks proposed by Man (2001) and Mitchelmore and Rowley (2013). The chapter also discussed the cultural dimensions proposed by Hofstede (1989) and attempted to link it with entrepreneurial behaviours. Finally, it explored 8 models of business performance.

The theoretical framework for this current study was discussed in Chapter 4 exploring the link between the key constructs.

8.3 Research Objectives Revisited

As stated at the beginning of the study, the objectives of this research were to:

1. Review the existing literature to determine whether entrepreneurial competencies contribute more to business success in relation to SMEs than other factors.
2. Identify the set of competencies perceived as vital by entrepreneurs in South Africa and establish which of these competencies are new and which are already included in existing models.
3. Identify variations and parallels in the entrepreneurial competencies needed by entrepreneurs in South Africa based on their government identified groupings and culture.
4. Determine the mediating effects of the business environment in the success of female-owned and managed SMEs in South Africa.
5. Determine the influence of individual cultural orientation on entrepreneurial competencies.
6. Explore the impact of education, pre and post venture start up training, and work experience on the development of entrepreneurial competencies.

8.4 An Evaluation of Entrepreneurial Competencies Models of Female Entrepreneurs in South Africa

As stated at the beginning of the study, this research aimed to answer the following questions and the overall findings of this research are discussed in the following sub-sections by comparing and assimilating the results of the qualitative and quantitative studies.

8.4.1 What competencies do South Africa female entrepreneurs perceive to be important in the context of SMEs? Are they already identified in the existing competency models?

The outcomes of the qualitative aspect of this research provided an assessment of the application of the existing models of entrepreneurial competencies among female entrepreneurs in South Africa. The competencies identified in the existing models were also identified by South African entrepreneurs participating in the qualitative study as vital to business performance. While this current study did not identify any new competency domains, new behaviours were identified and categorised under the existing domains in the qualitative study (refer to section 6.4.2).

8.4.2 Are there cross-cultural (group) dissimilarities in the competencies identified by female entrepreneurs in South Africa?

The results of this current study showed that Group 1 (Black) entrepreneurs identified more with behaviours that can be classified under the “Strategic”, “Conceptual”, “Opportunity”, “Organising and Leading”, “Technical” and “Familism” competencies more so than other groups. On the other hand, more Group 2 (White) entrepreneurs identified with the “Relationship” competency than those from other cultural groups (Indian and Coloured). Surprisingly, not many entrepreneurs identified with behaviours that could be classified under the “Technical” competency although more than 5 per cent of the businesses operated in the construction and maintenance sector and about 5 per cent in computer related/ITC services. Less than half of the participants who partook in the qualitative study identified with behaviours classified under the commitment competency. The behaviour that had the least common response under this domain was “Commit to long-term goals.” This could be linked to the literature that

suggested that female-owned and managed business enter and exit the market at an annual rate of 20 per cent. Also, only 30 per cent of the participants in the qualitative study identified with behaviours classified under the opportunity competency domain. None of Group 4 (Coloured) entrepreneurs identified with behaviours in this domain. It must also be noted that most of the Group 4 (Coloured) participants indicated that they were involved in family businesses, therefore seeking and responding to new opportunities wasn't considered vital to them, given that they benefitted from family run businesses/inherited businesses.

Due to the theoretical significance of the qualitative study, the validation in the quantification study included psychometric evidence (i.e. reliability, validity and inter-correlation analysis). This provided a robust model for testing the hypothesis presented in this study.

8.4.3 To what degree does the competency model impact female business success in South Africa?

From a one-variable regression model⁹ the findings confirmed a link between competencies and entrepreneurial success among all four government identified groups. The association (entrepreneurial competencies and business success) was stronger among Group 1 (Black) entrepreneurs and weaker in Group 4 (Coloured). Notwithstanding the differences between the different groups, the extrapolative strength of the connection between competencies and entrepreneurial success has a strong connotation for all female SME operators in South Africa about the importance of developing skills and competencies as personal abilities and skills are critical in the determination of business success. This confirmed the findings of Lipparini and Sobrero (1994), that SMEs operators can indeed create a competitive advantage and achieve sustainable success through entrepreneurial abilities, despite difficulties posed by other variables such as business size and age of business. Also Westerberg et al. (1997) contend that the ability of the owner-manager to develop skills, and acquire knowledge and abilities is critical and

⁹ A regression model that predicts scores on one variable from the scores on a second variable using the *criterion variable Y* and *predictor variable X*.

influential to the success of the business. The findings of this study indicated that female entrepreneurs in South Africa need to develop skills as a vital step towards success in managing their businesses.

8.4.4 To what degree does the business environment impact female SMEs in South Africa? Are these direct or indirect impacts?

From the quantitative part of this study the results showed an affirmative association between a “Stable” business environment and entrepreneurial success, and no relationship between the “Benign” environment and business success in South Africa.

The results showed a significant effect of the “Stable vs. Dynamic” environment on business success (refer to Table 7-19) and there was statistical evidence to show a stronger relationship between the “Benign vs. Hostile” environment and entrepreneurial competencies (refer to Table 7-19). It can be concluded that in the face of hardships or constraints in the “Benign vs. Hostile” environment such as the inability to secure financing, cumbersome regulatory policies, or technological challenges, SME operators can develop skills (competencies) that help them manage their businesses effectively. Female South African SME operators are considered as particularly high-risk borrowers by financial institutions and have limited assets, making them vulnerable to fluctuations in the economy (refer to Chapter 2, section 2.2.2.1). Even when the business environment is perceived to be “benign” i.e. characterised by low competition and high levels of customer retention/loyalty, other factors impose limitations on the perceived business success of the female SME operators in South Africa. It is recommended that future studies evaluate these other factors when determining the level or measurement of the benign versus hostile business environments in South Africa.

On the basis of the findings of this current study and the literature review, it can be concluded that environmental factors influence the viability of small businesses either directly or as a mediating factor influencing the development of entrepreneurial competencies. However, entrepreneurial competencies showed a more powerful and direct influence on entrepreneurial success than does the business environment.

8.4.5 What is the degree of the impact of individual cultural orientation on female entrepreneurs and does cultural orientation of women influence the behaviours that delineate entrepreneurial competencies?

The theoretical framework proposed for this study included a focus on the individual cultural orientation of female South African entrepreneurs. The rationale for this was that according to Hofstede and Bond (1988); Singelis and Brown (1995); Triandis and Suh (2002), there are rudiments entrenched in culture that are perceived to form people's thoughts and behaviours and are believed to influence and determine one's perception of acceptable and unacceptable practices. It was hypothesised in this current research that the individual cultural orientations of female entrepreneurs could have an impact the behaviours that delimit competencies. The reminiscent analysis showed that South African female entrepreneurs were more "Collectivist" than "Individualistic." This is not surprising given the "Ubuntu" philosophy that is predominant among Group 1 communities. The literature suggests that Group 3 entrepreneurs are more collectivist than individualistic, while Group 1 and Group 4 entrepreneurs identified more with "Individualism" over "Collectivism". However, there was a strong association with "Uncertainty Avoidance" vs "Tolerance for Ambiguity" among all four government identified groups. This also confirms the suggestions of McGrath et al. (1992a) that entrepreneurs across cultures may have some common values different from non-entrepreneurs. This is in agreement with the "universalist" approach proposed by Baum et al. (1993) and Mitchell et al. (2000). Seeing that the world is generally considered a "global" village, it may be that when entrepreneurs are exposed to Western entrepreneurial practices (with a degree of cultural modification), alien values (those considered consistent with and necessary to immediate entrepreneurial needs) are adopted.

According to MacMillan (1992), the indication of a set of dogmas among entrepreneurs referred to as "entrepreneurial values" (i.e. "internal locus of control", creativity, being proactive and innovative) can supersede customs. Accordingly, Fontaine (2007) confirmed from his research that circumstantial factors, such as domestic policies and company factors are vital in clarifying the variation in work and behaviour rather than culture (this finding was the result of 7 years of cultural values research). Given these propositions, it is therefore not too surprising that the

effects of individual cultural orientations on the behaviours that delimit entrepreneurial competencies in this current research were insignificant.

Given that the focus of this current study was not only to understand the effect of individual cultural orientations/values on competencies and entrepreneurial success of SME operators (but also to understand the effects of other variables on the development of entrepreneurial competencies), it is suggested that prospective studies focus on cultural orientations and the “fit” between the cultural values of entrepreneurs and the cultural values of the society where they operate their businesses. The approach will explore the degree of similarities (or dissimilarities) between individual and communal values and determine if it enabled the link between competencies and entrepreneurial success.

8.4.6 What is the extent of the impact of education, pre- and post-venture start-up training and previous work experience on the development of entrepreneurial competencies?

The influence of education on the development of entrepreneurial competencies was tested on a sample of female South African entrepreneurs and showed that a high level of education was associated with a self-reported high level of competency. This was consistent with the findings of Haynes (2003), who argues that schooling improves the understanding and aptitudes of entrepreneurs, ultimately boosting the development of competencies. The effect of education on competencies was more significant with Group 1 entrepreneurs and less significant with Group 4 entrepreneurs. It was also strongly associated with the learning as well as organising and leading competencies and less strongly associated with the technical competency domain.

The effect of pre-and post-venture start-up training on entrepreneurial competencies was not significant in all four government identified groups. This finding was surprising given the fact that training is associated with increased knowledge, improvement of skills and increased ability to manage a business. According to Brush et al. (2001), training can change and improve the entrepreneur’s mind-set and attitude towards work. However, Storey (2004) showed that although training is considered beneficial in the management of SMEs, there is a lack of commitment towards formal training and, furthermore, entrepreneurs value “life experience” and

“on the job” learning. Accordingly, Webster et al. (2005) argue that SMEs have a tendency to focus on the “informal transfer” of skills between employees rather than perceived irrelevant formal trainings. Consequently they propose that business training for SMEs should:

1. Comprise timely modules that are short and concise (i.e. to the point);
2. Address specific business needs and relevant to individual business;
3. Provide support and advice on an on-going basis;
4. Be available and affordable;
5. Demonstrate a link to business outcomes that is strong and recognisable (p. 553).

This is also consistent with the contention of Gibb (1997) that among SMEs operators, the primary method of learning is through “hands-on” crisis resolution and problem solving.

8.5 Discussions and Implications

The findings of the qualitative and quantitative study suggested that there were similarities in Man’s (2001) 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 and social responsibility 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 6-11). 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. As stated in

section 6.4.1.7 (Chapter 6), 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. Only 11 per cent of the participants considered this competency domain important, while 32 per cent 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.

8.5.1 Theoretical Implications of the Study

This study was an exploration of the cross-cultural validity of a model of business success that linked entrepreneurial competencies to business success. Previous research on entrepreneurial competencies, with the exception of that by Man (2001) and Noor (2007), has been conducted using samples drawn from Western countries (U.S. and U.K.). These studies, with the exception of Mitchelmore and Rowley (2013) have also not been gender-specific (i.e. of female entrepreneurs) even though there is sufficient evidence to suggest that differences exist between male and female entrepreneurs in various aspects of management (refer to Chapter 2, section 2.3). The focus of this study was to explore whether the Western conceptualisation of competencies and the link to entrepreneurial success could be drawn directly onto the South African experience using only samples drawn from female entrepreneurs. This study also

operationalised both the national cultural orientation and individual cultural orientation in order to test the cross-cultural validity of the constructs. This is because Ramayah and Jantan (2004) caution that when adopting “foreign” instruments in a different context, researchers should be careful not to exclude important cultural elements that may lead to misleading findings (Ramayah et al. 2001). This study therefore tried to advance research on female entrepreneurship by developing a dependable and useable cross-cultural tool for measuring competencies in female-owned businesses.

The validation of a useful tool is also considered a first step in the development of a skills enhancement program. According to Lawler (1994, p. 10), “the research challenge is to first develop ways of evaluating skills, then to be able to measure the worth of the skills to the organisation.” The development of the individual entrepreneurial skills in the context of SMEs is considered critical when operationalising and linking entrepreneurial competencies to business performance. These are contributions to theory and practice.

In order to have a comprehensive model of entrepreneurial competencies, the one developed by Man (2001) was extended with ideas drawn from the ones proposed by Noor (2007) and Mitchelmore and Rowley (2013). The findings from the qualitative aspects of this study (Chapter 6) were empirically validated in the quantification study (Chapter 7). Therefore it is recommended that subsequent models of entrepreneurial competencies for women encompass all three models for a better understanding of entrepreneurial competencies necessary for the success of women operating in the context of SMEs not only in South Africa, but in other African contexts as well.

This current research also complements the increasing body of research seeking to establish a relationship between competencies and entrepreneurial success. It provides the basis for a model of business success reflecting the actualities of business undertakings by utilising the competency approach, given that the competency approach emphasises the actual behaviour of entrepreneurs concerning technical and managerial undertakings of their businesses. Therefore, the problematic issue of imprecise relationship concerning entrepreneurial traits and business performance was overcome by this study.

8.5.2 Practical Implications of the Study

Business success, when viewed through the lens of competencies, provides female entrepreneurs with understanding about how to run their businesses. Entrepreneurial competencies draw awareness to the potential effects of their positive or negative behaviours. By identifying the behaviours that reflect competencies and their interactions with entrepreneurial success, the female entrepreneur can realise the necessity for and pursue relevant training. According to Man and Lau (2005), education and training can improve competencies. The behaviours that are highlighted in the validated competencies models can be adopted into didactic programs (Garavan and McGuire 2001).

The extension of the competency models addressed in this study showed that female SME operators in South Africa need to be aware of and engage in activities that relate to the social responsibilities domain. According to Gibb (2005), SME operators are likely to operate within a limited community throughout the business life cycle. It is imperative that they cultivate solid and progressive relations within communities. A way to develop and maintain this bond is to demonstrate ethical and social responsible behaviours. This, according to Spence and Rutherford (2001), may help to create a “competitive edge” and aid in the management process for entrepreneurs.

South African female entrepreneurs with the intention of expanding their businesses or operating in the global market, have important practical implications to consider, regarding their differences in behaviour. A good comprehension of the vital competencies necessary for business operation enables South African female SME operator to effectively prepare for entry into provincial markets where the culture is different from their own. For instance, the social responsibility competency domain highlighted the need for entrepreneurs to pay attention to the welfare of their staff, engage in community development programs and forge relationships with charitable organisations. The “Relationship” competency domain also highlights the importance of cultivating and maintaining good and productive relationships with clients and employees.

The business environment can be considered to be turbulent in the context of SMEs because of the challenges posed by globalisation. It follows that the possession of a high level of

competencies would be beneficial to female SME operators. Therefore, the findings of this current study validate the important notion, that competencies are more important in the determination of entrepreneurial success than other variables (like the ones examined in this study), especially when the business environment is perceived to be hostile or dynamic.

8.5.3 Implications of the Study for Educators and Policymakers

The findings of this current study showed that culture was important in the development of entrepreneurial competencies among female SME operators in South Africa. According to Paul Dana (2001, p. 405), “It would be a fallacy to assume that a programme that has been functional in one environment will necessarily have the same effect elsewhere. A great danger lies in attempting to ‘trans-locate’ training programmes.” Therefore, the outcomes of this current research could help instructors and coaches identify the “right things” to teach prospective and practicing female entrepreneurs in South Africa (particularly when developing behaviours that delineate competencies). Policymakers and educators should also be aware that it is reported that current training programs have not been influential in the development of the entrepreneurial competencies of most of the participants in this current study. This could mean that either the existing training curriculums are not tailored to the needs of female SME operators in South Africa, or that the focus of these programs is not on the development of entrepreneurial competencies identified by the participants as vital to their business success. Furthermore, according to Hendry et al. (1991) and Kerr and McDougall (1999), teaching through “mentorship” may be more effective for SME operators being that most of the learnings among business owners take place in the course of regular daily routines. Accordingly, Matlay and Barrett (2006) posit that the purpose of mentoring in the context of SMEs is to pick up from the experiences of others, mostly from those considered to be more experienced and successful in business. Also, because of the costs associated with formal training, mentorship programs could prove to be more effective when accommodating female entrepreneurial needs for practical and timely approaches when dealing with immediate business needs or problems.

The challenge for educationalists and legislators is to identify the unique characteristics of these competency domains for SME. According to Hatten (2015), strategic planning in small businesses should go hand in hand with ethical and social responsibility issues because strategic

planning dictates the long-term plans of a business and requires decision making by the entrepreneur guided by individual values. Given that the business goals and personal goals of the entrepreneur are intertwined, it would be useful to formulate teaching curriculums that show the inter-connectivity between “Strategic”, “Ethical” and “Social responsibility” issues.

Finally, given the link between entrepreneurial competencies and business success, the role of policymakers should perhaps focus on the development of entrepreneurial initiatives relevant to the development of individual skills and behaviours, such as the recognition of opportunities, ability to respond to opportunities, learning, conceptual thinking and effective personal development.

8.6 Limitations of this Study

Despite the fact this current study made a number of practical and theoretic contributions, several limitations exist that may have arisen through the design of the data collection process. First and foremost, the measurement source of all for the predictors (competency), outcome (entrepreneurial success) and the covariates (business environment and cultural orientations), was self-reporting. This methodology was essential given the complications linked with the independent assessment of each of these variables. Self-reporting is not an unusual factor in studies that examine business management and behaviours of owner-managers (Chandler and Hank 1994; Man 2001). According to Chandler and Jansen (1992), self-reported skills are valid when measuring entrepreneurial competencies using a structured or semi-structured rating instrument (e.g. survey) with good reliability (such as the one used in this study). However, future studies could use information from multiple sources (i.e. the entrepreneur and independent sources) so as to reduce the likelihood of response bias.

Similarly, self-reported financial reports may be problematic and unreliable, as entrepreneurs could rate their individual performance highly and see their business performance as a reflection of their individual performance. However, past studies have shown that managerial assessment of business performance is usually not quite consistent with performance data (Venkatatraman and Ramanujam 1986). Also, a number of studies have used the same method of measurement

used in this current study to examine performance and success in small businesses. This approach does not require sensitive and financial data to be collected because it is not always available to small businesses (McGee and Petersen 2000). Nevertheless, where possible, future studies should assess profit and loss statements for operationalising business success.

This current study relied on cross-sectional data from existing female entrepreneurs and examined only existing businesses, not past businesses. Future research could profit from a longitudinal study involving past businesses as such an approach could offer useful understandings into factors that contribute to business failures.

Generalisability of the results is a concern given that South Africa is a culturally diverse country. There are also many cultural groups within the Black population. This current study only captured a small part of this diversity. It was a comparative study of four groups (identified by the government along racial lines) and did not determine the generalisability of the results to other cultural settings within the groups. Future studies could aim to validate culturally-based differences in the developed competency model.

Also, there is the possibility that certain factors could be influential to business success and affect the relationship between entrepreneurial competencies and the business performance of female entrepreneurs at a business sector level which was not the focus of this current study. Such influences could be the focus of future studies.

The findings of this current study relate only to female SME owner-managers actively involved in the management of their business and businesses that were not franchises or formed part of a larger firm. Therefore, the applicability of these findings to male entrepreneurs in South Africa, franchise owners, businesses that form part of a larger organisation and businesses not managed by the owners, requires further investigation.

Lastly, difficulties were encountered in the quantitative aspect of this current study while trying to achieve a high participation rate to get sufficient sample sizes for the statistical tests. Although the sample was sufficient for estimation as a whole, some groups had a significantly higher participation rate (Group 1 and Group 2) than others (Group 3 and Group 4). Different racial groups are predominantly localized in different provinces. For example, the entrepreneurs from

Group 4 are predominantly localised in Kwazulu-Natal, Group 2 in the Western Cape, Group 1 in Gauteng and Group 3 in Western Cape and Gauteng. To reach these different groups, the service of a market research company was engaged in the data collection process. This presented a different kind of problem as it is possible that some of the fieldworkers did not have a good understanding of the questions in order to explain them to the participants and some of the answers were vague or some left unanswered. A few of the interviewers encountered reluctance among some entrepreneurs to cooperate and share information or they gave vague information regarding the status of their businesses for fear that the information might be used against them for taxation purposes. Also, the questionnaires were quite long and required approximately 1-2 hours to complete. Therefore, some respondents may have selected options without careful consideration of the answers.

8.7 Recommendations for Further Research

In the previous section, the discussion reiterated the need for future research to cross-validate the findings of this current study and establish the generalisability of these results. Future research therefore should involve:

1. Collecting data from multiple sources on all variables to validate and verify the results;
2. Testing the applicability of the entrepreneurial competencies model on all cultural groups within the groups in South Africa; and
3. Examining the entrepreneurial competencies model generalisability to different sizes and types of businesses (including franchises and businesses that form part of a larger organisation).

It is also recommended that future research involve a longitudinal data collection approach to enable a better exploration of the way entrepreneurial competencies and the behaviours that delineate competencies change over time. According to Cheng et al. (2005), competencies are progressive, rather than stagnant, in nature and are therefore subject to change according to industry demands. Longitudinal research could also prove useful in providing knowledge into the essence of the underlying relationship between competencies and the entrepreneurial success of

female entrepreneurs. It could also allow failed businesses to be included in the study, as this could provide useful insights into factors that contribute to business failure, whether they are environmental or individual.

8.8 Conclusions

To conclude, the main findings of the qualitative aspect of this current study were supported and validated in the quantitative study. For example the qualitative study identified 12 competency domains that were subjected to empirical testing and validation in the quantification study. These competencies could be considered to be predictors of business success of female South African SMEs operators. This current study also showed evidence that culture does indeed play a role in entrepreneurship and female business owners are able to minimise the negative impact of the business environment by developing competencies in the cultural context. It can therefore be concluded that competencies are vital to the entrepreneurial success of female SME operators in South Africa and should remain the principal focus of future research in women's entrepreneurship.

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APPENDICES

Appendix A: Cultural Classification

South Africa Government classification (Gazette May, 2015)	Africa Female	White Female	Coloured Female	Indian Female
For the purpose of this current research	Group 1	Group 2	Group 3	Group 4

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Statistic	African Male	African Female	Coloured Male	Coloured Female	Indian Male	Indian Female	White Male	White Female
Abbreviation	AM	AF	CM	CF	IM	IF	WM	WF

The maximum points per race group needs to be adhered to in order to achieve the outcomes of the code. These calculations will need to be repeated for every race group due to the maximum score for each race group.

The first parameter to be defined is the percentage of spend on black employees in the measured entity as a percentage of the Leviable Amount. The formula to calculate this will need to be repeated six times, for each of the six black EAP statistics.

Let

$$\% \text{ Spend}_{AM} = \frac{\text{Spend on AM employees}}{\text{Leviable Amount}}$$

$$\% \text{ Spend}_{AF} = \frac{\text{Spend on AF employees}}{\text{Leviable Amount}}$$

$$\% \text{ Spend}_{CM} = \frac{\text{Spend on CM employees}}{\text{Leviable Amount}}$$

$$\% \text{ Spend}_{CF} = \frac{\text{Spend on CF employees}}{\text{Leviable Amount}}$$

$$\% \text{ Spend}_{IM} = \frac{\text{Spend on IM employees}}{\text{Leviable Amount}}$$

$$\% \text{ Spend}_{IF} = \frac{\text{Spend on IF employees}}{\text{Leviable Amount}}$$

Where:

RG: Race Group

% Spend_{RG}: Percentage of spend on black employees in the measured entity for the specific race group

Spend on RG Employees: Rand value of Skills Development Expenditure on Learning Programmes specified in the

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Appendix B: Information Sheet



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INFORMATION SHEET

"UNDERSTANDING THE EXPERIENCE OF FEMALE ENTREPRENEURS IN SOUTH AFRICA"

Dear Sir/Madam,

We wish to seek your assistance, as a participant, with this important research project, which is being undertaken to fulfill the requirement for the award of the degree of Doctor of Philosophy at the Cardiff Metropolitan University. This research is undertaken in an attempt to understand the experience of the female entrepreneurs in South Africa (White, Black, Coloured and Indian). We have invited a few people to participate in this research, therefore your response is very important to us.

The interview will be tape recorded for the purpose of accurate record of the data and will last approximately one hour. The results of this interview will be valuable in achieving a better understanding of the experience of South African female entrepreneurs in running their own business. Let us assure you that all the information you provide will be strictly confidential. We guarantee complete anonymity. We are simply interested in your opinions therefore there are no right or wrong answers. You will also have an opportunity to review the transcribed interview. Your responses will be added to those of other participants and together they will be used to evaluate and illustrate issues that are relevant to the South African female entrepreneurial experience. The findings will be reported in the doctoral thesis that will be submitted to Cardiff Metropolitan University, in fulfilment of the requirements for the award of the degree of Doctor of Philosophy.

Please refer to the attached complaints form if you would like to speak to someone regarding this research. If you would like to receive a copy of the pilot study results, please email us at: nandish.patel@lsclondon.co.uk / chakaodza8@hotmail.co.uk / crpboddy@gmail.com / 10575fk02123@lsclondon.co.uk.

We thank you for taking time off your busy schedule to participate in this research project.

Sincerely,

Professor Clive Boddy
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Appendix C: Qualitative Interview

Framework for Qualitative Research

Section 1: Business Background/ Personal Background	Objective
<ol style="list-style-type: none"> 1. Can you tell me a bit about yourself? What is your ethnic background, what language do you speak and where do you operate your business? 2. What is your age bracket: 20-30, 30-40, 40-50, above 50? 3. Can you tell me about your business, when did you start and what do you do? 4. Which business subsector best describes your business? 5. Do you have any employees? How many? 6. Can you tell me why you started your own business? 7. Is your business inherited or is it your own initiative? 8. How many previous attempts (if any) did you make before stating your present business? 9. What form of business do you have? (Sole prop, cc, partnership etc.?) 10. What is your annual turnover? 12000 and below, 12000-150000, 150000-1million, above 1million, above 5million 	To obtain background and demographic data of the South African female entrepreneur
Section 2: Perceived meaning of success	Objective
<ol style="list-style-type: none"> 1. What does success mean to you in terms of running your own business? 2. Are you satisfied with your level of achievement as an entrepreneur? 3. Would you say your business is successful? 4. How do you measure your business success? 5. How would you describe a successful business/entrepreneur? 	To understand the South African female entrepreneur's perception of business success
Section 3: Competencies related to entrepreneurial business management	Objective
<ol style="list-style-type: none"> 4. What do you think your strengths and weaknesses are in terms of your abilities to run your business? 5. Is there anything you wish you knew better or were better at in terms of running your business? 	To identify behaviours of South African Female Entrepreneurs that reflect competencies
Probes: <ul style="list-style-type: none"> • Can you tell me about your daily routines/activities? • Are there areas in your business that you pay particular attention to? • How do you allocate your time in the business? • What are your major responsibilities in your business? <ol style="list-style-type: none"> 6. Can you tell me how your business has developed since start-up? 7. Are there any characteristics, abilities and skills that you consider necessary and required by you or someone like you to be successful in business? 	
Examples: <ul style="list-style-type: none"> • Identify/recognise/respond to opportunities. 	

<ul style="list-style-type: none"> • Build and nurture good relationships, networking and connecting with stakeholders. • Planning, organising and managing important resources. • Assessment and control system related to facts and figures. • Long term goals and realistic plans to achieve set goals and objectives. 	Examples:
8. How has the business and the environment or circumstances surrounding the business changed over time?	Opportunity
9. How have you managed the change?	Relationship
10. Do you plan consistently for the future of the business? Do you think it is important to so? If not, why not?	Organising
11. Can you describe the hardest experience you have had as a business woman?	Strategic
12. What do you do when you face such hard times?	
13. Were there lessons learnt from the hard times? And have these lessons had any impact (positive or negative) in your business management?	
14. Do you believe your business success so far to be related to your business skills/ competence?	
Section 4: Perceived understanding of culture	Objectives
1. Tell me about your culture (family, community etc.). Do you think it impacts your business in any way given the fact that you are a woman running a business?	To understand the South African Female
2. Do you think your business skills and abilities are in any way influenced by your culture?	entrepreneur's perception of
3. What is your understanding of business culture? Does it have any impact on your ability to run your business?	her personal cultural
4. What role do you think your culture plays in your success or failure as a female entrepreneur?	orientation and the business culture
Section 5: Entrepreneur's role model	Objectives
1. Who is your role model in business? Who do you look up to?	To identify competencies
2. What is it about the person's characteristic that makes you admire them?	associated with successful
3. What, in your opinion, do you consider to be the reason for their business success?	South African Female entrepreneurs
Section 6: Learning and training issues	Objectives
1. In your view, should business women have any form of training?	To understand the South African Female
2. Do you think having mentors, business experts or trainers will impact your business positively?	entrepreneur's perception of
3. Can you tell me about your educational background?	training and external support
4. Can you also tell me about your business training before and after you started your business?	
5. Do you think your educational background and/or business training has any impact on your success or failure?	
6. Do have any prior work experience? How many years?	
7. Does your work experience have any positive or negative impact in your ability to run your own business?	
8. Considering the fact that education is not a requirement for venture creation, do you think having any form of education or training can set	

one entrepreneur apart from another?

Section 7: Business Environment?

Objective

- | | |
|--|--|
| 1. Do you think that the business environment (e.g. economic condition, government policies etc.) can play an important role in the success or failure of your business? | To understand the importance of external/exogenous factors in the determination of business success of South African Female Entrepreneurs. |
| 2. How much impact do you consider the business environment to have on your business success? | |
| 3. Do you consider financial support from the Government and other financial institutions/ NGOs to be crucial to the success of your business? | |
| 4. To what do you attribute the success or lack of success of your business to? External environment, financial aids and grants, stills etc. | |
| 5. Based on your experience what do you think most determines the success or failure of a business like yours | |

Section 8: Final comment

Objective

- | | |
|---|--|
| 1. What advice will you give to intending female entrepreneurs? | To obtain more information about entrepreneurial competencies required for business success. |
|---|--|
-

Appendix D: Invite for Focus Group Discussion

Dear Business Owner,

INVITATION TO PARTICIPATE IN FOCUS GROUP DISCUSSION

I would like to invite you to participate in a focus group discussion designed to examine the successes and failures of South African business women operating in the context of SMEs and SMMEs.

The purpose of this study is to understand the challenges and experiences of businesses operated by women in South Africa and to explore the current economic, cultural, political and social environment in which female entrepreneurs in South Africa operate. The focus group will involve 6-8 business women at a time, in an informal setting at a designated venue.

From a research perspective, the results of this study will provide a framework to better understand the factors that influence success or failure in female-owned business within South Africa. In addition, the findings will be used in conferences, scholarly articles, book chapters and as information for research papers. It is hoped that the findings may also be used to develop a model for training that will improve the competencies of business women in South Africa. This research project will help me to complete my Ph.D. degree with Cardiff Metropolitan University (United Kingdom).

You have been identified as a potential research participant because you are a business woman in South Africa and you have experiences and knowledge of South African entrepreneurship. The questions that will be asked will explore your experiences and gain your perspective on female entrepreneurship in South Africa.

Please note that there are no risks involved in participating in the discussions. Participation is purely voluntary; you may choose to withdraw at any time. You do not have to answer any question if you do not want to and your responses will remain anonymous and treated with confidentiality.

If you agree to take part in this study, a consent form will need to be signed which indicates that you do not object to participating in this project and that you are participating with full knowledge of the aims and purpose of this research. If you wish to receive a copy of the final research report, a copy will be mailed to you upon completion in late September.

Any concerns regarding the nature of this project should be notified by writing to my director of studies Clive Boddy, clive.boddy@lsclondon.co.uk and my supervisor Austen Chakaodza, austen.chakaodza@lsclondon.co.uk.

Yours faithfully,

Bridget Irene (Researcher) +27 799306787

L0575fkfk0213@lsclondon.co.uk

Appendix E: Interview Framework for Focus Group Discussion

FOCUS GROUP DISCUSSIONS GUIDE

1. Let us do a quick round of introductions. Can each of you tell the group what kind of business you do, how long you have been in business, how many employees and where you operate your business?
2. What does business success mean to you and would consider your business to be successful?
3. Concerning your business, tell us
 - a. What motivated you to start your business and how did you start the business?
 - b. How has your business developed since start-up?
 - c. About your daily business routine, what do you do, and how do you go about achieving your daily goals?
4. What abilities, skills and characteristics do you consider important for a business woman operating in South Africa?
5. Concerning the business environment, how do you think the
 - a. Economic conditions and government policies can play an important role in your business success or failure?
 - b. How much impact do you consider the business environment to have on your business?
 - c. Do you consider financial support from the Government, and other financial institutions/ NGOs to be crucial to the success of your business?
 - d. To what do you attribute your business success or failure- external environment (financial aids, grants etc.) or your skills and abilities (internal factors)?
 - e. That the business environment and the circumstances surrounding your business has changed over time? How have you managed the change?
 - f. Based on your experience, which plays a more important role on business success or failure- internal or external factors?
6. Tell us about the hard times you have encountered in business, how you have managed them and if you have learnt any long time lessons (positive or negative) from these hard times in the management of your business.
7. Concerning learning and training issues,
 - a. Do you believe business women should have any form of training?
 - b. What type of training and what level do you recommend for a South African business woman?
 - c. In your view, does your previous work experience or lack of experience have any bearing on your ability to run your business?
 - d. Do you think that having mentor, business experts or trainers will impact your business (positively or negatively)?

8. Now let us consider the uniqueness of the South African culture and the position of women in this society, do you think
 - a. Your choice of business has anything to do with your culture?
 - b. Your business strategy has anything to do with your culture?
 - c. Your networks, family and relationships impact your business? How?
 - d. Are there specific skills or abilities you have based on your cultural orientation that you think women in other cultures do not possess?
 - e. Your culture impacts your business in any way?
9. What would you advice young women intending to start their own business?
10. Is there anything else you would like to mention concerning business success?

What would you advice young women intending to start their own business?

Is there anything else you would like to mention concerning business success?

Appendix F: Consent Form (PARTICIPANT CONSENT FORM)

Cardiff Metropolitan University Ethics Reference Number:

Participant name or Study ID Number:

**TITLE OF PROJECT: A SURVEY ON COMPETENCIES REQUIRED BY FEMALE ENTREPRENEURS
IN THE SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) IN SOUTH AFRICA**

Name of Researcher: **Bridget Irene, L0575FKFK0213**

Participant to complete this section:

Please initial each box:

1.	I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have these answered satisfactorily.	
2.	I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.	
3.	I agree to take part in the above study.	

The following statements could also be included in the consent form if appropriate:

4.	I agree to the interview / focus group / consultation being audio recorded.	
5.	I agree to the interview / focus group / consultation being audio/video recorded.	
6.	I agree to the use of anonymised quotes in publications	
7.	I agreed to my quotes being attributed to me	

.....

Signature of Participant

Date

.....

Name of person taking consent

Date

.....

Signature of person taking consent

Appendix G: Template for Participants' Profile (Qualitative Study)



London School of Commerce

Chaucer House, White Hart Yard,
London SE1 1NX, UK
Tel : +44 (0)20 7357 0077
Fax : +44 (0)20 7403 1163
Email : admissions@lsclondon.co.uk
Website : www.lsclondon.co.uk

The Associate College of

Cardiff Metropolitan University
Prifysgol Fetropolitan Caerdydd

UWC

PO Box 377 Western Avenue, Cardiff CF5 2SG, UK
Tel : +44 (0)29 2041 6296 Fax : +44 (0)29 2041 6918

RESEARCH PROJECT:

UNDERSTANDING THE EXPERIENCE OF FEMALE ENTREPRENEURS IN SOUTH AFRICA

PERSONAL AND FIRM INFORMATION

Part 1: Personal Information

Current Age:	
Place of Birth:	
Gender:	Male/ Female (<i>please underline</i>)
Years in current business:	
Position in current business:	
Education/ Qualification/ Training:	
Previous occupation (prior to starting own business):	

Part 2: Business/ firm information

Start-up strategy or the manner in which you started your business.	New venture creation/ Succession/ Joined as a Partner/ Takeovers/ other (<i>please specify</i>)
Age of the business:	
No. of employees:	
Nature of business:	

Appendix H: Questionnaire Cover Letter



London School of Commerce

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A SURVEY ON COMPETENCIES REQUIRED BY FEMALE ENTREPRENEURS IN THE SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) IN SOUTH AFRICA

Dear business owner,

We have recognized that the future of SMEs in South Africa depends largely on the efforts of SMEs owners such as yourself, therefore we are eager to learn about your experiences. Particularly, we seek information about factors that determine success in an SME, in your opinion. We foresee that your contribution could be transferred directly into efforts aimed to generate more successful businesses in South Africa.

You can demonstrate your commitment to helping South African SMEs by completing this survey. We are interested in your opinion therefore there are no right or wrong answers. Be assured that all information provided will be treated with **STRICT CONFIDENTIALITY** and only group responses will be reported. The completed survey can be sent through the postage paid envelop attached or faxed to **+27 21 5560093**.

The findings of this research will be reported in the thesis that will be submitted to the Cardiff Metropolitan University, as a requirement for award of the degree of Doctor of Philosophy. If you would like to speak to someone concerning this research, please refer to the attached form. If you would like to receive a copy of the study results, please email me at obyden@yahoo.com.

For the purpose of this study, we require participants to meet the following criteria:

- 1) Women who *started up* their own business
- 2) Women who are *actively participating* in the running/ management of the business
- 3) Business that are not *less than two years*
- 4) Business with *no more than 200 employees*

If you meet the above criteria, please respond to the attached survey.

We thank you in anticipation.

Sincerely,

Bri Igwe Nneka Irene,

Cardiff Metropolitan University

In affiliation with London School of Commerce

London

Contact number: +27 799306787, +27 21 5560093

Supervisory Team:

Professor Clive Boddy

Lecturer in Management

Middlesex University

London

Email: crpboddy@gmail.com

Dr. Austen Chakaodza

London School of Commerce

London

email: akaoza8@gmail.co.uk

Appendix I: Survey Questionnaire

PART A: YOUR COMPETENCIES

The following statements indicate the competencies that may be required to run your business. Please read each statement and circle a number that you think represents the level of importance that you attach to each statement. There are no right and wrong answers, we just would like your opinion on the subject.

1	2	3	4	5
Very unimportant	Unimportant	Neither important/ Nor unimportant	Important	Very Important

As a business owner, rate the importance you would attach to the following behaviours:	Level of Importance				
1. Communicating effectively with others	1	2	3	4	5
2. Perceiving unmet customer needs	1	2	3	4	5
3. Exploring new ideas	1	2	3	4	5
4. Energising the team to work towards goals	1	2	3	4	5
5. Organising resources	1	2	3	4	5
6. Negotiating with others	1	2	3	4	5
7. Monitoring progress towards strategic goals	1	2	3	4	5
8. Leading subordinates	1	2	3	4	5
9. Learning as much as I can in the field	1	2	3	4	5
10. Taking responsible job-related tasks	1	2	3	4	5
11. Organising people	1	2	3	4	5
12. Keeping promises	1	2	3	4	5
13. Motivating people	1	2	3	4	5
14. Prioritising work in alignment with business goals	1	2	3	4	5
15. Looking at old problems in a new way	1	2	3	4	5
16. Supervising subordinates	1	2	3	4	5
17. Treating new problems as opportunities	1	2	3	4	5
18. Planning the operations of the business	1	2	3	4	5
19. Planning the organization of different resources	1	2	3	4	5

20. Keeping the organization running	1	2	3	4	5
21. Forging relationships with charitable organizations	1	2	3	4	5
22. Seizing high quality business opportunities	1	2	3	4	5
23. Engaging in voluntary activities in the community	1	2	3	4	5
24. Maintaining a personal network of work contacts	1	2	3	4	5
25. Learning from a variety of means	1	2	3	4	5
26. Delegating effectively	1	2	3	4	5
27. Interacting with others	1	2	3	4	5
28. Identifying long term issues, problems or opportunity	1	2	3	4	5
29. Admitting mistakes and tell the truth	1	2	3	4	5
30. Monitoring progress towards objectives in risky actions	1	2	3	4	5
31. Cultivating an entrepreneurial culture in my family	1	2	3	4	5
32. Aligning current actions with strategic goals	1	2	3	4	5
33. Learning proactively	1	2	3	4	5
34. Selecting the right people for advice	1	2	3	4	5
35. Evaluating results against strategic goals	1	2	3	4	5
36. Cooperating with/ help other entrepreneurs (especially close associated)	1	2	3	4	5
37. Dedicating and commit to making the business successful	1	2	3	4	5
38. Refusing to let the business fail	1	2	3	4	5
39. Having an extremely strong internal drive to succeed	1	2	3	4	5
40. Recognising and work on my own shortcomings	1	2	3	4	5
41. Keeping up to date in my field	1	2	3	4	5
42. Committing to long term business goals	1	2	3	4	5
43. Maintaining a high level of energy	1	2	3	4	5
44. Applying learned skills and knowledge to actual practices	1	2	3	4	5
45. Forecasting trends in business	1	2	3	4	5
46. Learning the “ins” and “out” of the industry	1	2	3	4	5
47. Engaging in fair, open and honest marketing practices	1	2	3	4	5
48. Responding to constructive criticism	1	2	3	4	5

49. Maintaining a positive attitude	1	2	3	4	5
50. Prioritising tasks to manage my time	1	2	3	4	5
51. Possessing expertise in technical or functional arrears	1	2	3	4	5
52. Managing my own career development	1	2	3	4	5
53. Coordinating tasks	1	2	3	4	5
54. Preparing myself for the worst scenario	1	2	3	4	5
55. Being committed to producing quality goods or services	1	2	3	4	5
56. Being innovative and doing things differently	1	2	3	4	5
57. Being proactive and responsive to change	1	2	3	4	5
58. Finding ways to commercialise ideas	1	2	3	4	5
59. Being spontaneous and quick in making decisions	1	2	3	4	5
60. Taking an idea and make something out of it	1	2	3	4	5
61. Scanning the environment for new opportunities	1	2	3	4	5
62. Getting the right people on board	1	2	3	4	5
63. Being honest and transparent in business	1	2	3	4	5
64. Being committed to offering products or services at fair prices	1	2	3	4	5
65. Showing concern for the welfare of my staff	1	2	3	4	5
66. Actively searching for products or services that provide real benefits to my customers	1	2	3	4	5
67. Creating a competitive edge	1	2	3	4	5
68. Conducting research before proceeding with an investment	1	2	3	4	5
69. Identifying and seeking help from employees I trust	1	2	3	4	5
70. Being physically and emotionally tough	1	2	3	4	5
71. Redesigning my business to meet better long term objectives and changes	1	2	3	4	5
72. Understanding the broader business implications of ideas, issues and observations	1	2	3	4	5
73. Taking responsibility and being accountable for my actions	1	2	3	4	5
74. Being aware of the projected directions of the industry and how changes might impact my business	1	2	3	4	5
75. Creating job opportunities within the local community	1	2	3	4	5
76. Identifying my strengths, weaknesses and matching them with	1	2	3	4	5

opportunities and threats					
77. Developing long term trusting relationships with others	1	2	3	4	5
78. Building an entrepreneurial culture in which my staff are willing to take risk	1	2	3	4	5
79. Using specific techniques/tools relevant to the business	1	2	3	4	5
80. Having good basic knowledge in my business	1	2	3	4	5
81. Motivating myself to function at an optimum level of performance	1	2	3	4	5
82. Assessing and linking short term, day to day tasks in the context of long term direction	1	2	3	4	5
83. Building a foundation for the next generation to continue the business	1	2	3	4	5
84. Getting support and advice from family and close associates	1	2	3	4	5
85. Translating ideas, issues and observations into the business context	1	2	3	4	5
86. Creating a positive work climate through discussions and problem-sharing	1	2	3	4	5
87. Identifying goods or services that the customers want	1	2	3	4	5
88. Utilising technical knowledge relevant to the business	1	2	3	4	5
89. Determining strategic actions by weighing costs and benefits	1	2	3	4	5
90. Sharing knowledge and resources with others (especially close associates)	1	2	3	4	5
91. Developing relationship with my customers	1	2	3	4	5
92. Having a good record keeping system	1	2	3	4	5
93. Incorporating technology in the running of my business	1	2	3	4	5
94. Changing the business culture when necessary	1	2	3	4	5
95. Changing processes in other to remain relevant	1	2	3	4	5
96. Changing management style when necessary	1	2	3	4	5
97. Balancing work and family responsibilities	1	2	3	4	5
98. Learning from others	1	2	3	4	5
99. Having access to relevant information	1	2	3	4	5
100. Having some life skills (problem solving, time management, decision making, ability to learn, change management)	1	2	3	4	5

PART B: BUSINESS SUCCESS

With reference to the performance of your business over the past 12 months.

1. Please indicate the *degree of importance to you*, of each of the following success criteria and the **degree to which you are satisfied** with your business performance over the past one year by circling the number of your choice:

Success Criteria		Degree of importance of the success criteria			Degree of satisfaction with own business performance		
		Not all Important	Moderately important	Very important	Not all Important	Moderately important	Very important
1.	Profitability	1	2	3	1	2	3
2.	Sales turnover	1	2	3	1	2	3
3.	Sales growth	1	2	3	1	2	3
4.	Return on investment	1	2	3	1	2	3
5.	Market share	1	2	3	1	2	3
6.	Your self-satisfaction	1	2	3	1	2	3
7.	Your career progress	1	2	3	1	2	3
8.	Customer satisfaction	1	2	3	1	2	3
9.	Customer retention	1	2	3	1	2	3
10.	Employee satisfaction	1	2	3	1	2	3
11.	Relationship with suppliers	1	2	3	1	2	3
12.	Business image	1	2	3	1	2	3
13.	Workplace industrial relations	1	2	3	1	2	3
14.	Your work and life balance	1	2	3	1	2	3

2. Please indicate your business's performance relative to that of your major competitors over the past 12 months according to each of the following criteria by circling your choice.

	Significantly lower	Moderately lower	About the same	Moderately higher	Significantly higher
1. Sales growth	1	2	3	4	5
2. Returns on sale	1	2	3	4	5
3. Cash flow	1	2	3	4	5
4. Net profits	1	2	3	4	5
5. Growth in market share	1	2	3	4	5
6. Return on investment	1	2	3	4	5

3. Please circle one of the following as it relates to your business in the past 12 months:

	Decreasing	Holding Its own	Increasing slightly	Increasing moderately	Increasing significantly	Increasing rapidly
1. Sales	1	2	3	4	5	6
2. Market share	1	2	3	4	5	6
3. Cash flow	1	2	3	4	5	6

PART C: BUSINESS ENVIRONMENT

Please indicate the extent to which the following statements are true or untrue as it relates to the environment in which you operate your business.

1	2	3	4	5
Very untrue	Slightly untrue	Neutral (Neither true nor untrue)	Slightly true	Very true

In the business environment in which my business operates		Very untrue			Very true		
1	My business needs to change its market policies frequently	1	2	3	4	5	
2	The rate of products/ services obsolescence (going out of fashion) is very high	1	2	3	4	5	
3	Competitors actions are predictable	1	2	3	4	5	
4	It is easy to forecast consumer taste and demand	1	2	3	4	5	
5	Technology (products and services) are not subject to change	1	2	3	4	5	
6	There is not much threat to the survival of my business	1	2	3	4	5	
7	The investment and marketing opportunities are huge	1	2	3	4	5	
8	Keeping afloat in the industry is very difficult	1	2	3	4	5	
9	There are few competitors therefore my business can manipulate and control the environment to its advantage	1	2	3	4	5	
10	There is a high failure rate for businesses in my industry	1	2	3	4	5	
11	My industry is so risky that any wrong decision could make my business become non-viable	1	2	3	4	5	
12	Competition is high	1	2	3	4	5	
13	Customer loyalty is low	1	2	3	4	5	
14	There is severe price war	1	2	3	4	5	
15	There is a high profit margin	1	2	3	4	5	
16	My business can survive without any change	1	2	3	4	5	
17	There is no need for constant improvement/ changes or reinventing the business	1	2	3	4	5	
18	Government policies and numerous government-backed initiatives have been beneficial to my business and increased chances of success	1	2	3	4	5	
19	The nature of the environment is such that I have to constantly develop new skills to manage my business	1	2	3	4	5	
20	My customers/ clients are more satisfied now than when we first started	1	2	3	4	5	

PART D: YOUR VALUES

Please indicate the degree to which you agree with the following statements

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral (neither agree nor disagree)	Slightly agree	Agree	Strongly agree

In my opinion, the following statements clearly corresponds to my values;		Degree of agreement and disagreement						
1	You will understand me better when you see me with my group members	1	2	3	4	5	6	7
2	Pleasure to me is spending time with others	1	2	3	4	5	6	7
3	I help my relatives in financial difficulties only if it is within my means	1	2	3	4	5	6	7
4	I try not to disagree with my group members	1	2	3	4	5	6	7
5	I consult others before making a decision	1	2	3	4	5	6	7
6	My behaviour depends on where I am and who I am with	1	2	3	4	5	6	7
7	I respect people with authority	1	2	3	4	5	6	7
8	I prefer group tasks to individual tasks	1	2	3	4	5	6	7
9	I can make decisions based on my gut feelings and I am comfortable doing that	1	2	3	4	5	6	7
10	I constantly seek new ways to tackle problems	1	2	3	4	5	6	7
11	I often make spur-of-the-moment decisions	1	2	3	4	5	6	7
12	I like to know the outcome of a project before I embark on it	1	2	3	4	5	6	7
13	I like to have a definite sense of direction with any project	1	2	3	4	5	6	7
14	I do not need a detailed plan when embarking on a project	1	2	3	4	5	6	7
15	I prefer to look at a situation from different perspectives	1	2	3	4	5	6	7
16	I can make a decision based on a hunch	1	2	3	4	5	6	7
17	I value the input of my family in my decisions	1	2	3	4	5	6	7
18	I am constantly looking for change or evidence that there will be change	1	2	3	4	5	6	7
19	I encourage members of my family to participate in the running of my business	1	2	3	4	5	6	7
20	I desire for my business to be successful for the general good of my community	1	2	3	4	5	6	7

PART E: FIRM INFORMATION

1. Location of business (*please select the province*)

- ☐ The Eastern Cape ☐ The Free State ☐ Gauteng ☐ Kwazulu-Natal ☐ Limpopo
☐ Mpumalanga ☐ The Northern Cape ☐ North West ☐ The Western Cape

2. Where do you operate your business (*please select the location*)

- ☐ City Centre ☐ Township ☐ Rural area ☐ Suburb ☐ other (*please specify*).....

3. Your position in the company:

- ☐ Business Owner ☐ Business Partner ☐ Caretaker (*in family business*) ☐ other (*please specify*).....

4. How long have you been in this company?

- ☐ Less than 2 years ☐ 3-5 years ☐ 6-10 years ☐ 11-20 years ☐ above 21 years

5. How many employees are there in the company?

- ☐ Less than 20 ☐ 20-100 ☐ more than 100

6. How many hours of work do you put in per week?

- ☐ Up to 20 hours ☐ 21-40 hours ☐ 41-60 hours ☐ More than 60 hours

7. What industry do you operate in?

- ☐ Manufacturing ☐ Construction and Maintenance ☐ Import and Export
☐ Travel and Tourism ☐ Restaurant and Catering services ☐ Education and Training
☐ services ☐ Computer/related services ☐ Real Estate ☐ Arts and Entertainment
☐ Insurance ☐ Transportation and Logistics ☐ Technical and Engineering services
☐ Wholesale and Retail ☐ Telecommunications ☐ Hotel and accommodation
☐ Finance and investment ☐ Health and Beauty ☐ Other (*please specify*).....

8. Please indicate your annual business turnover:

- ☐ Below R12,000 p/a ☐ R12,001 to R150,000 ☐ R150,001 to R1,000,000
☐ R1,000,001 to R5,000,000 ☐ Above R5,000,000

9. What is the legal status of your business?

- ☐ Not registered ☐ Sole Proprietorship ☐ Partnership ☐ Close Corporation
☐ Limited Company (PTY) ☐ Business Trust ☐ Others (*please specify*).....

10. What is the current stage of your business?

- ☐ Introduction stage

(Products and services are unfamiliar to many potential users and industry-wide demand is only just beginning to grow)

☐ Growth stage

(Total industry-wide demand for products or services is growing at a rate of 10% or more annually)

☐ Maturity stage

(Products and services are familiar to the vast majority of prospective users and industry-wide demand is relatively stable)

☐ Decline stage

(Total industry-wide demand for products or services is decreasing at a more or less steady rate)

10. Please give your comment on what you consider to be factors leading to success:

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11. Please give your comments on skills you consider necessary to have as a woman running a small business in South Africa:

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12. Please give your comments on factors you consider to be barriers to the success of South African business women like yourself:

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13. Please give any other comment concerning skills and intervention programmes for South African female small business operators:

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PART F: PERSONAL BACKGROUND INFORMATION

1. Your current age:

☐ Under 20 ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 or above

2. Marital status:

☐ Single ☐ Married ☐ Civil partner ☐ Widowed ☐ Divorced ☐ N/A

3. Do you have children? ☐ Yes ☐ No

4. If yes what are their ages?

4 years or less ☐ child/children 5-12 ☐ child/ children 13-18 ☐ child/children ☐ 19 and above

5. Educational level

☐ Below Matric ☐ Matric ☐ National Diploma or Company based Diploma ☐ Bachelor's Degree
☐ Post graduate degree ☐ other (*please specify*)

6. Your age when you started your own business:

Under 20 ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ Above 61 ☐

7. Have you ever worked in any capacity prior to starting your own business? ☐ Yes | ☐ No

8. If yes, for how long did you work before venturing into your own business?

Less than 2 years ☐ 3-5 years ☐ 6-10 years ☐ 11-20 years ☐ above 21 years ☐

9. Did your previous work influence your choice of business/ industry in any way?

☐ Yes ☐ No Please give brief explanation:

10. Is your current business your first venture?

☐ Yes ☐ No If no, how long did your previous venture (s) last?

11. Prior to starting your business, did you have any formal business training?

☐ Yes | ☐ No

12. If yes, what kind of training?

- ☐ Business systems, procedures, processes & records
- ☐ Business linkages, industry clusters & networking
- ☐ Communication and access to relevant information
- ☐ Computer literacy and IT (ICT applications)
- ☐ Creativity, innovation and opportunity identification
- ☐ Financial Management including cash flow, forecasting, pricing and costing
- ☐ Human Resources Management and organizational planning
- ☐ Legal (Business registrations, government requirements, regulations and incentives)
- ☐ Life skills (problem solving, time management, decision making, ability to learn, change management)
- ☐ Literacy and learning
- ☐ Marketing, promotions, customer relations and competitor analysis
- ☐ Operations including quality control and production planning
- ☐ Research and development including technical, market and product development
- ☐ Risk taking
- ☐ Role models (Learning from others)
- ☐ Securing resources and finances to start, run and grow the business
- ☐ Self-motivation, commitment, resilience and confidence building
- ☐ Strategic development, business planning, contingency plans and organizational control
- ☐ Supplier, purchasing and inventory management
- ☐ Business plan writing
- ☐ Communication, relationship building and networking
- ☐ Others (*please specify*)

13. Do you have any form of informal training experience (e.g. apprenticeship, family business?) ☐ Yes | ☐ No

- ☐ Apprenticeship (how long) ☐ Family business (how long)

14. Cultural orientation (South African)

- ☐ Black | ☐ White ☐ Indian | ☐ Coloured

**THIS SURVEY ENDS HERE.
THANK YOU VERY MUCH FOR YOUR COOPERATION.**