**Relationship between small business success and financial management competencies amongst African female entrepreneurs in Gauteng Province, South Africa**

**By**

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A research project submitted to the Wits Business School, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Management in Finance and Investment

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## ABSTRACT

**Background**: Small businesses, especially those run by black women, play a crucial role in the economy of Gauteng province in South Africa. However, for a few reasons, the reality is that a variety of these black businesses struggle to survive for more than three years.

**Objective:** This study aims to examine how critical financial management skills such as budgeting, planning, basic business governance and general management affect the success of black women-owned small businesses.

**Methods:** The study takes a quantitative research approach and uses factor analysis and regression analysis to analyse data collected through a survey of 83 participants, including owners, managers, and employees. The survey examines perceptions of the importance of budgeting, planning, governance and general management skills.

**Results:** The results indicate that financial management competencies (budgeting, planning, basic governance and general management) have a positive and significant influence on business success.

**Conclusion:** The results emphasise the interconnectedness of financial management skills and their importance to the success of small businesses run by women entrepreneurs. These findings have implications for business practices and policy development.

**Contribution:** This research provides valuable insights for women entrepreneurs, policymakers and researchers and highlights the critical role of financial management in the success of small businesses in South Africa. It lays the foundation for future research on the nuanced dynamics of financial management in this sector.



**Keywords:** Small business, Black women entrepreneurs, Financial Management skills, Business Governance**,** Planning**,** Budgeting and accountability**,** General Management, Business Success

## DECLARATION

I, Gail Mabusela, hereby declare that the research presented in this dissertation is my own work unless otherwise stated. This dissertation is submitted in partial fulfilment of the requirements for the degree of Master of Management in Finance and Investment at the University of the Witwatersrand, Johannesburg. I certify that this thesis has not been submitted in whole or in part for any other degree or diploma at any other university.

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## DEDICATION

I would like to dedicate this thesis to my mother Ms Martha Mashiane who dedicated her life and gave the little she had, working as a domestic worker to raise 3 beautiful girls by herself. Her efforts and struggles to ensure that her kids have opportunities she never had through education have not been in vain. You have taught me to be unique, and determined, to believe in myself, and to always persevere. I am truly thankful and honoured to have you as a mother.

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## LIST OF ACRONYMS AND ABBREVIATIONS

- BBGOC: Basic Business Governance Operations Competency
- CAPM: Capital assets pricing model
- CIPC: Companies and Intellectual Property Commission
- DTIC: Department of Trade and Industry and competition
- GDP: Gross Domestic Product
- GEM: Global Entrepreneurship Monitor
- IDC: Industrial Development Corporation
- MIWE: The Mastercard Index of Women Entrepreneurs
- NEF: National Empowerment Fund
- OLS: Ordinary Least Squares
- RSA: Republic of South Africa
- SASSA: South African Social Security Authority
- SEDA: Small enterprises development agency
- SMEs; Small medium enterprises
- SPSS: Statistical Package for Social Sciences
- STATSSA: Statistics South Africa
- VBMA: Value-based management accounting

## DESCRIPTION OF KEY TERMS

**Small business success** can be defined as the process of starting a small business and managing to sustain the running of that business by making a profit over a long period (Ehlers & Lazenby, 2014).

**Financial management competencies** are defined as the process that is more concerned with maintaining a firm's liquidity and solvency by providing the cash flows necessary to satisfy its obligations by acquiring and financing the current and fixed assets needed to achieve the goal of the firm (Nwankwo, 2017).

**Female entrepreneur:** Scarborough and Cornwall (2016), state that an entrepreneur is an individual who establishes a new business in the face of risk and uncertainty with the goal of achieving profit and growth. They identify significant opportunities and gather the necessary resources to capitalize on them. Women entrepreneurs can be defined as women or groups of women who take the initiative to start, organize, and run a business enterprise.

**Business governance:** The way the business is run in terms of its relationship with internal and external stakeholders.

**Planning:** The process of setting business objectives after determining the vision, mission, and environment of the business.

**Budgeting and accountability:** The clarity with which the business' resources are prepared to support business operations.

**General management:** The function of business that encompasses all the other functions to ensure that the business runs as a syste

# CHAPTER ONE: INTRODUCTION TO THE RESEARCH

## 1.1 Introduction

Africa has remained the poorest continent with women bearing the largest brunt of poverty. Small and medium enterprises (SMEs) have received much attention in recent entrepreneurship research because of their significant contribution to the economy of Africa. Eva Financial Solutions (2019) report indicates that the failure rate of small businesses in South Africa is about 50% within 2 years of start-up and about 70-80% within 5 years. The report goes on to say that the shortest life span of small businesses in South Africa is 3 years. Entrepreneurial success is important in South Africa because it helps to increase the economy's GDP, reduce unemployment, and improve people's standard of living. Countries that can replenish the stock of businesses and jobs and are able to balance volatility and turbulence in the business sector are in the best position to compete effectively (Fatoki, 2014).

Ehlers and Lazenby (2014) define small business success as the process of starting a small business and managing to sustain the operation of that business by making a profit over an extended period of time. The success and future of small businesses are usually measured by how much profit they can generate from their operations and whether the owner is able to secure finances in the long term. These are the challenges faced by every other entrepreneur, especially female, in the business world. In South Africa, various studies address the obstacles faced by female entrepreneurs (Kuzilwa, 2005). Some studies focused on the strategies of women entrepreneurs (Ewere et. al., 2015) and the influence of government support programs on women's business growth (Phillips et.al., 2014) conducted on the success of African women's small businesses. However, the strength of financial management and small business success remains a challenge. The South African economy has suffered from the well-known problem of high unemployment and low economic growth since democratisation in 1994. The success of SMEs is the key factor in reducing the unemployment rate and promoting economic growth.

By exploring this relationship, the study seeks to provide insights and suggestions that can help improve the financial management skills of African women entrepreneurs in the region, which will ultimately promote their success and the growth of the overall economy. This is an important and timely topic that has the potential to significantly impact the African entrepreneurial landscape.

This study is pertinent because when small businesses grow and succeed, it strengthens the economy and decreases the unemployment rate of the country. According to the World Bank (2015), female entrepreneurs make a significant contribution to economic growth and poverty reduction around the world. The Global Entrepreneurship Monitor (2021), states that South Africa ranked 11$^{th}$ out of 54 countries in terms of the percentage of female entrepreneurs in 2020. The report shows that 18.8% of adult women in South Africa are in the early stages of entrepreneurship, compared to 13.3% of men. The United States leads the way with twice the rate of women entrepreneurs, contributing $3 trillion to the economy and creating 23 million jobs. With an African population of 12.4%, of them, only 3% are women entrepreneurs and run their businesses.

South Africa, as one of the emerging markets, has shown some improvement with an increase of 11.1% in women engaging in early-stage entrepreneurial activities, but Uganda ranks first in Africa at 39.6% followed by Botswana at 38.5% and Ghana at 36.5% with the highest percentages of women in business (MIWE, 2021). This gap needs to be closed, sustainability and increasing the percentage of Black women entrepreneurs must be reconciled in South Africa. Despite these challenges, Black women in RSA have made significant strides in entrepreneurship in recent years. As per a report from 2017 by the Global Entrepreneurship Monitor, South Africa had the most significant proportion of female entrepreneurs in the world, with Black women making up most of these entrepreneurs (Global Entrepreneurship Monitor, 2017).

South Africa is a country with a high concentration of small businesses, particularly in the Gauteng province. Despite this, there is little research on the financial management skills of women entrepreneurs in this province and how these skills contribute to their business success. This study seeks to address this void by

examining the relationship between financial management skills and business success among Black female entrepreneurs in Gauteng Province, South Africa.
By identifying the specific financial management skills that are most critical to the success of Black female-owned businesses in the Gauteng region, this study can support the development of targeted training and support programmes, policies and initiatives that promote the growth and development of small businesses and support gender equality in entrepreneurship. Additionally, the findings of this study may be of interest to a range of stakeholders, including current and future women entrepreneurs and leaders, women's empowerment groups, the South African business community, financial institutions, and policymakers.

This study gathered information from a representative sample of SME managers to assess the financial management skills and business longevity of these managers. Ehlers and Lazenby (2014), stated that Small medium enterprises (SMEs) have a significant impact on employment generation and economic expansion in an emerging economy. The focus is on the question of whether skills and knowledge in financial and investment management play a role in firm success and investment decisions.

## 1.2 Background

Historically, there have always been small businesses in Africa. Black women entrepreneurs in South Africa have always faced significant obstacles when it comes to starting and growing businesses (Fatoki, 2014). The legacy of apartheid policies and economic inequality has meant that many Black women in South Africa have limited access to education, resources, and finance. The introduction of women's empowerment in 1994 gave hope and high expectations that most female entrepreneurs would be successful and run their own businesses. The prosperity of small enterprises run by African women entrepreneurs in South Africa has always been fraught with challenges. Previously, race has been one of the main causes of economic inequality in South Africa (Witbooi & Ukpere, 2011). Although women constitute 51% of South Africa's population, they still suffer from cultural disadvantages, skills development, and access to finance. Only 5% of chief executive officers of companies (CEOs) listed on the JSE are females (Faku, 2021), with the right education and training, women can play an overwhelming role in growing the entire South African economy.

Besides the risks entrepreneurs face, African women have the additional problem of competing in a male-dominated society and industry. The issue of running a household and balancing a successful business always comes with a work-life challenge. Women are not treated equally to their counterparts and these inequalities make it more challenging for women to establish businesses in the most innovative and profitable sectors and to pursue roles with greater prospects (Beede et al., 2011).

Education is a major contributing factor in all aspects of life, it addresses the important desiderata for sustained economic growth not only at a micro but also macro level; it provides the technical and analytical skills entrepreneurs need to start up and manage small businesses effectively.

In addition, research has shown that financial management skills are crucial to the success of small businesses, but many entrepreneurs lack these skills. This is especially true for women entrepreneurs in emerging countries who often have limited access to financial education and resources (Fatoki, 2014). The South African province of Gauteng is a region that has a high number of small businesses, including those owned by women, however, there is minimal research on the financial management skills of African women entrepreneurs in this region and how these skills contribute to their business success.

Therefore, this study aims to close this gap in the literature by examining the relationship between financial management skills and small business success among African women entrepreneurs in the Gauteng Province, South Africa. In this way, the study will contribute to the development of effective strategies to improve the financial management skills of women entrepreneurs in the region and contribute to the growth of the economy.

## 1.3 Problem statement

The quantity of unsuccessful small businesses run by women in South Africa is high, and yet, at an estimated rate of 20% per year (Irene, 2017) there is still limited research examining the link between business success and the skills of female business owners. Leitch et al., (2018) mentioned that more research has been done on gender differences in funding at the micro and individual level, but we know little about women's attitudes, behaviours and experiences both as entrepreneurs and funders in this area, and about the reasons for business failure and/or solutions to this dilemma.

Although the count of female entrepreneurs in South Africa's Gauteng province has increased, women-led businesses face more obstacles and have lower success rates than men-led businesses. Financial management skills have been identified as critical to small business success yet many entrepreneurs, especially women in developing countries, lack these skills and the effect thereof on business success has not been properly interrogated (Ehlers & Lazenby, 2014). Among the few relevant studies, only a limited number have been conducted specifically on the correlation between business success and financial management among women entrepreneurs in Gauteng, South Africa. A notable study by Akhalwaya (2012), focused on the barriers to success for women entrepreneurs in the region and highlighted the challenges faced by this population. Conversely, there is still a significant gap in understanding the specific role of financial management skills in the business success of women entrepreneurs in Gauteng.

Mitchelmore et al., (2014) conducted a similar study focusing on the relationship between financial literacy and women entrepreneurs and the success of their SMEs, but this research was conducted in Holland and dates back more than 5 years. Therefore, to depart from previous studies on this topic, the main research question of this study is whether the financial management skills possessed by South African women entrepreneurs can have a significant impact on the success of their SMEs? More specifically, to address the main research question and problem, this study aims to answer the following sub-questions:

- What is the influence of the financial management skill of *budgeting and accountability* on *business success* among African women entrepreneurs in South Africa?
- What influence does the financial management skill of *planning* have on *business success* among African female entrepreneurs in South Africa?
- What is the effect of the financial management skill of *basic business governance operation* on *business success* among African female entrepreneurs in South Africa?
- What is the effect of the financial management skill of *general management* on *business success* among African female entrepreneurs in South Africa?

Answering these research questions will shed light on the elements that contribute to the success of small businesses owned by African women entrepreneurs in Gauteng province, South Africa. The results of this study could inform the development of policies and programmes aimed at improving the financial management skills of women entrepreneurs in the region, addressing their business failure rate.

### 1.4 Research Purpose

This study aims to examine the financial management skills of African female entrepreneurs in South Africa to understand the extent to which these skills influence business success. The measurement of business success in this study is based on profit, sales, and the increase in employees of the business. Following earlier publications by Gitman et al., (2015), Atlas et al., (2019) and Zutter and Smart (2019), financial management skills constitute of basic business governance operation, planning, budgeting and accountability, and general management. These four skills under the broad category of financial management skills are applied in this research and consequently, form the specific objectives of the study.

### 1.4.1 Research objectives

The objectives of this study are as follows:

(i) To examine **business success** and its relationship to the financial management competence of **budgeting and accountability** among African female entrepreneurs in South Africa.

(ii) To assess **business success** and its relationship to the financial management skill of **planning** among African women entrepreneurs in South Africa.

(iii) To investigate **business success** and its relationship to the financial management skill of **basic business governance operation** among African female entrepreneurs in South Africa.

(iv) To examine **business success** and its relationship to the financial management competence of **general management** among African female entrepreneurs in South Africa.

### 1.4.2 Research Hypotheses

**Hypothesis 1: The role of budgeting and accountability skills**

There is no relationship between business success and the financial management competence of budgeting and accountability among African female entrepreneurs in South Africa.

**Hypothesis 2: The role of planning skills**

There is no relationship between business success and the financial management skill of planning among African female entrepreneurs in South Africa.

**Hypothesis 3: The role of basic business governance operation skills**

There is no relationship between business success and the financial management skill of basic business governance operation among African female entrepreneurs in South Africa.

**Hypothesis 4: The role of general management skills**

There is no relationship between business success and the financial management competence of general management among African female entrepreneurs in South Africa.

1. 5 Motivation of the study

Firstly, entrepreneurship has been identified as one of the primary catalysts of economic growth and development in South Africa, and Black women entrepreneurs represent a significant and growing segment of the entrepreneurial population. Nevertheless, despite their potential to contribute to the economy, Black women entrepreneurs face significant barriers to success, including limited access to finance, resources, and support (Kanyane et al., 2021).

Secondly, financial management skills are vital to the success and sustainability of small businesses. Effective financial management enables businesses to make informed decisions, manage cash flow and access funding and resources (Kerrin et al., 2017). Nonetheless, many small businesses, particularly those run by Black women entrepreneurs, struggle with financial management issues such as poor record keeping, inadequate financial planning and limited access to financial services. In summary, poor record keeping, inadequate financial planning and restricted access to financial services can limit the success of a business and make it difficult for entrepreneurs to grow and develop their businesses. Overcoming these challenges through effective financial management and access to financial services can be key to the success of small businesses, especially those run by women in developing countries like South Africa. It is thus of interest to understand the extent to which these financial skills may influence business success.

Through examining the relationship between financial management skills and business success among Black women entrepreneurs in South Africa, the research aims to identify strategies to promote small business success and sustainability. This could include developing targeted training and support programmes, addressing structural barriers to finance and resources, and promoting policies and initiatives that support small business growth and development (Phillips et al., 2011).

As discussed under the recommendations, the conduct of this study will be of benefit to various stakeholders, such as current and future women entrepreneurs and leaders, women's empowerment groups (Ministry of Women's Affairs, relevant International organisations that advocate for gender equality e.g., United Nations Development Programme, Southern African Women's Empowerment Foundation), the South African business community, financial institutions, The DTIC, NYDA, SEDA, Government/policymakers and Educational institutions, Business schools - e.g., to consider the importance of offering executive courses/programmes.

The study will guide various stakeholders on how to support and motivate women entrepreneurs to manage their money and understand the impact on their business if they do not have the necessary financial knowledge and skills. It is imperative and necessary for financial institutions and those responsible for government funding to revert to all women entrepreneurs who have received funding to run a small business and reassess whether they need to run their business professionally or need support in the form of training and development to avoid SME failures and collapses.

The financial and investment skills of African women entrepreneurs will help create more jobs and growth in the South African economy and improve the decline of businesses owned by women.

Having outlined the background, problem statement, objectives, and significance of this study, the next chapter will provide a comprehensive review of the existing literature relevant to the research topic. This will establish the theoretical and conceptual foundations necessary for understanding the study's context.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

The literature review offers a diverse discussion on the relationship between business success and financial management competencies. The information is derived from a variety of authors relevant to the area of study. This chapter examined the factors that determine the success of African women's small businesses in RSA and dissected the relationship between small business success and financial management.

The South African Economic Development and Department of Trade and Industry, on behalf of the government, established various support programmes for women entrepreneurs to meet the development and employment needs of the country's economic growth (Government Programmes, n.d.). Today, not only is South Africa's economic development collapsing, but half of the small businesses owned by women have also collapsed. Previous studies have shown various ways in which business success is related to financial management elements of business governance, planning, budgeting, and accountability as well as general management.

In this chapter, the structure is as follows: Section 2.2 offers an overview of female entrepreneurs in South Africa, section 2.3 reviews theoretical literature applicable to this study, and the insights regarding the topic from an empirical perspective and existing research gaps are detailed in Section 2.4. The concluding remarks for this chapter can be found in Section 2.5.

### 2.2 Overview of female entrepreneurs in South Africa

Female entrepreneurship in South Africa has experienced significant growth in recent years, with women-led businesses contributing to the country's economic development and job creation (GEM, 2021). Despite the progress, women entrepreneurs still face various challenges that limit their success and growth (Crittenden & Bliton, 2019).

Zizile and Tendai (2018) recently conducted a study on "the importance of entrepreneurial skills to the performance of women entrepreneurs in South Africa" and found that some of the main obstacles to the success of women entrepreneurs in RSA is the lack of access to finance, financial literacy, entrepreneurial skills and knowledge, a business balance sheet and record keeping and traditional discrimination. Dafna (2008) has shown that most women entrepreneurs are less successful in transforming their entrepreneurial performance into a profitable, successful enterprise.

Contrarily, according to Crittenden and Bliton (2019), women-led small businesses tend to have a higher chance of survival than men-led businesses. South Africa has seen an increase of 11.1% in women engaging in early-stage entrepreneurship (MIWE,2021). While women entrepreneurs play a crucial role in contributing to the success of economies globally, they face several obstacles that impede their entrepreneurial advancement. Moreover, women encounter adverse social and cultural perceptions, limited access to education and training, and instances of gender bias (Akhalwaya, 2012).

There are numerous inspiring female entrepreneurs in South Africa who have brought innovation and disruption to various industries. Despite the prevalent spotlight on male business leaders in South Africa, the contributions of female entrepreneurs are frequently overlooked (SME South Africa, 2023). Being an African female entrepreneur in South Africa has its own challenges, despite reaching 29 years of democracy women still experience encounters of discrimination, inequalities and lack of support programmes that provide financial literacy from the government. Women are still in the minority when it comes to the entrepreneurial landscape because while more than half of South Africa’s population is female, only 31% of entrepreneurs are women (SME South Africa, 2021).

Another obstacle encountered by women entrepreneurs in South Africa is limited of access to networks and mentoring opportunities. Networks are essential for business growth and women can face barriers due to societal expectations, lack of experience and gender bias. There are, however, several initiatives and programmes that aim to create networking and mentoring opportunities for women entrepreneurs, such as

Goldman Sachs' 10,000 Women Initiative and the SheEO programme (Goldman Sachs, n.d.).

**Gauteng Province**

Figure 1 depicts a map of Gauteng, which is the geographical boundary of this study. Gauteng is the largest province (by population) in South Africa and is regarded as the economic engine of southern Africa and gateway to conducting business on the rest of the continent (Sabinet African Journals, 2007). It is one of the nine provinces of South Africa, and the name means 'place of gold" in the Sotho-Tswana language. This province offers the greatest economic opportunities where women can benefit from running businesses. Below is the geographical map of the Gauteng province in South Africa.

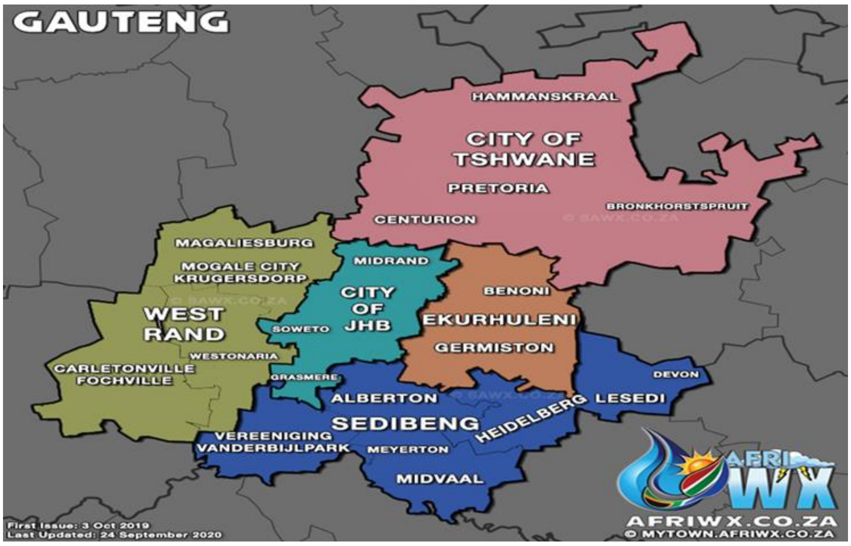


*Figure 1: Map of Gauteng Province*

***Source: SAWX (2023)***

2.3 Theoretical literature

The theoretical literature review is an essential part of this research study as it provides a solid foundation for understanding the main concepts, frameworks and theories related to the topic. This section focuses on a comprehensive analysis of existing scientific papers and academic studies dealing with small women-owned businesses and their financial management competencies.

The literature on small business success is examined to investigate the factors that contribute to their growth, sustainability, and overall performance. Various theories and models related to entrepreneurship, for example, the perspective provided by the resource-based theory, the theory of planned behaviour and the effectuation theory, are scrutinised to shed light on the determinants of business success.

### 2.3.1 Financial Management and business success

Illustrated in Figure 2 is a Corporate Financial Management Scope, which is applicable in this study as a theoretical framework regarding the importance of financial management competencies. The figure describes that the corporate governance part of financial management includes the part that enables the company to make financing, investment, and dividend decisions. Entrepreneurs and businesses that understand financing, investment and dividend decisions can help the company be more successful (Gitman et al., 2015).

Consequently, drawing critical insights from this Corporate financial management Scope, the current study seeks to analyse the role that the financial management skills of Black female entrepreneurs play in the success of their businesses. Corporate financial management is an area of finance that focuses on managing a company's financial resources to achieve its financial goals. It encompasses a range of activities such as financial planning and analysis, investment decisions, capital budgeting, risk management and financial reporting.

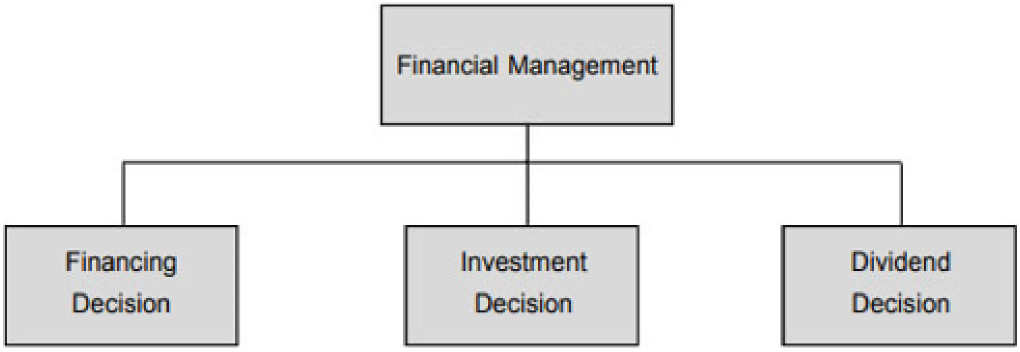


*Figure 2: Corporate Financial Management Scope*

***Source: Gitman (2015)***

Financial management is a critical aspect of a company's success. Effective financial management involves planning, organising, directing, and controlling a company's financial resources to achieve its objectives (Brigham, 2016). Financial management draws heavily on related disciplines such as economics and accounting. It is an applied discipline viewed from the perspective of the manager of a business. Correira (2015) goes on to state that it is crucial for business managers to understand the nature of the business itself to mitigate risks. This will not be possible if the owner of the business is not able to assess the risk and return of the business.

Effective financial management can help businesses improve profitability and increase profits (Titman et al., 2018). Similarly, Gitman et al., (2015) and Zutter and Smart (2019), highlighted that good financial management can help companies control expenses and minimise waste, which can improve their financial performance. Financial management provides companies with the data and insights they need to make informed decisions about their operations, investments, and strategic planning. Fundamentally, businesses need finance to start, grow and expand thus effective financial management helps businesses to obtain funding from banks, investors, and other sources.

It is crucial for African female entrepreneurs to comprehend the scope of financial management in a business because it is a fundamental element of running a successful business (Nwankwo, 2017). The author notes that by understanding the key areas of financial management, women entrepreneurs in Africa can better manage their financial resources, make educated investment decisions, and effectively deploy their capital to maximise their returns. In particular, understanding financial planning and analysis can help women entrepreneurs identify the financial strengths and weaknesses of their businesses and develop strategies to improve financial performance. Knowing how to evaluate investment opportunities and use capital effectively can help women entrepreneurs make wise investment decisions and maximise their returns (Palamida & Tsamakos, 2018).

The knowledge and ability to understand economic systems and principles are vital for a woman entrepreneur in the business sector. Business risks include all the uncertainties that surround the sector where the business operates (Correira, 2015) including the variability of turnover and the structure of costs. When potential investors want to invest in a company, they focus on business risk and financial risk (Titman et al., 2018). Small business owners can be successful if they improve their skills, assess risk, do extensive research, and prepare diligently.

More specifically, understanding financial planning and analysis can help entrepreneurs identify the financial strengths and weaknesses of their businesses and develop strategies to improve financial performance. Knowing how to evaluate investment opportunities and deploy capital effectively can help women entrepreneurs make wise investment decisions and maximise their return (Palamida & Tsamakos, 2018). Furthermore, risk management is a crucial aspect of financial management as it can help women entrepreneurs identify and mitigate risks that could negatively impact their business. Through effective risk management, women entrepreneurs can safeguard their financial resources and protect their businesses from potential financial losses.

Holistically, financial management is imperative to business success because it provides businesses with the tools and strategies, they need to effectively manage their finances and achieve their goals (Kaplan & Norton, 2005). Conclusively, it is pivotal for women entrepreneurs to understand financial reporting because it enables them to communicate their financial performance to internal and external stakeholders. This can help build confidence in their business and provide valuable insights into the financial health of the business (Nwankwo, 2017).

### 2.3.2 Value-based management accounting framework

Value-Based Management Accounting (VBMA) is a framework developed by Copeland, Koller and Murrin in their publication "Valuation: Measuring and managing the value of companies" published in 2000. The underlying idea behind VBMA is to shift the focus of management accounting from a purely cost-based approach to one that emphasises the creation and measurement of value for various stakeholders, including shareholders, customers, and other interested parties (Copeland et al., 2000).

Traditional management accounting methods often focus on cost control and financial reporting, which may not fully capture a company's true value creation potential. VBMA, on the other hand, aims to align a company's financial decisions and actions with the goal of maximising value for its stakeholders (Copeland et al., 2000). Demonstrated in Figure 3 is an approach to management accounting that focuses on creating and measuring value for shareholders, customers, and other stakeholders.

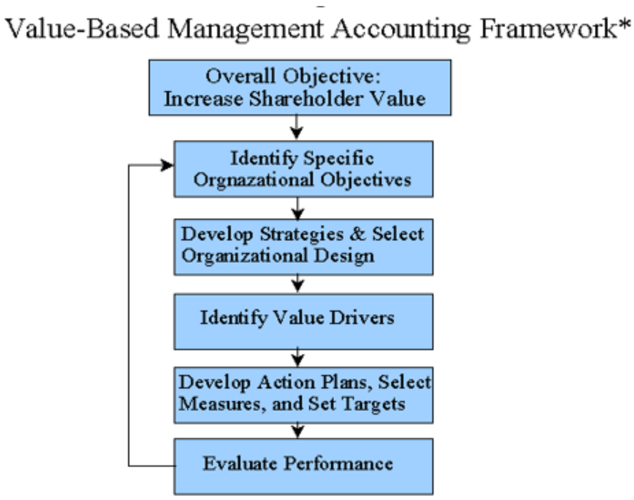


*Figure 3: Value-Based Management Accounting Framework*

***Source: Van den Berg and Pietersma (2009)***

The authors advocate that it is about measuring the financial impact of strategic decisions and aligning the interests of management with those of shareholders. VBMA can help companies succeed by providing a framework for making informed decisions that create long-term value. VBMA provides a framework for measuring and analysing financial and non-financial performance metrics. This enables organisations to identify opportunities for improvement and take corrective action to improve performance (Lipe & Salterio, 2000).

This theory elucidates that organisations must strive to enhance shareholder value, establish clear organizational objectives, devise strategies, determine organisational structure, recognise value drivers, create implementation strategies, choose metrics, establish objectives, and assess performance (Assen et al., 2009). If an organisation manages itself effectively, plans, budgets, and becomes accountable, as well as manages its functions in general, it will improve its value proposition through greater sustainability (Gitman et al., 2015).

In the context of the current study examining the correlation between financial management skills and the success of small black women-owned businesses in the Gauteng province of South Africa, the VBMA framework provides valuable insights. While traditional management accounting methods focus solely on cost control and financial reporting, VBMA emphasises the creation and measurement of value for various stakeholders, including shareholders and society.

Profitability, as measured in this research, remains an important aspect of value creation, particularly for shareholders. The VBMA framework broadens the perspective to include other stakeholders, such as society, by considering factors such as job creation and sales growth as indicators of value creation. By aligning financial decisions with the goal of maximizing value for all stakeholders, including shareholders, customers and society, women entrepreneurs can improve the sustainability and success of their businesses.

Incorporating VBMA principles into financial management enables women entrepreneurs to make more informed decisions that promote long-term value creation (Schaltegger & Burritt, 2010). By identifying and prioritizing value drivers such as planning, budgeting and accountability, and general management, women business owners can optimize resource allocation, improve cost management and identify new revenue opportunities (Eierle & Mayer, 2017). Ultimately, the adoption of a VBMA framework can empower African women entrepreneurs to build resilient and successful businesses that contribute positively to the economy and society at large (Eierle & Mayer, 2017). *Improved stakeholder engagement* - VBMA helps companies align their goals with those of their stakeholders, leading to greater engagement and acceptance by employees, customers, and suppliers. The author postulates that VBMA provides a framework for identifying and managing risks and helps companies mitigate potential threats to their value creation efforts.

## 2.4 Empirical literature

### 2.4.1 Business success and basic business governance operations competency

Basic Business Governance Operations Competency (BBGOC) refers to the capacity of entrepreneurs to implement and maintain basic business governance practices in their businesses, including financial management, accounting, regulatory compliance, and risk management (Zhang & Gao, 2018). In this literature review, we examine the relationship between BBGOC and business success, particularly among small and medium-sized enterprises (SMEs) in developing countries.

Success in business is generally measured by the ability of the business to produce profits over a prolonged period or in a sustainable manner (Ehlers & Lazenby, 2014). This measure of business success is applicable to profit maximization driven organisations. Roe and Vatiero (2015) assert that effective business governance is observed by looking at the correlation that exists between management and labour in the business organisation.

The longer the association that exists between management and labour, the more successful the corporate governance. Where management and labour fail to have long term stable relationships the business suffers from a weak ability to attract capital and the management of that capital (Roe & Vatiero, 2015). In other words, the success of that business will be curtailed. An organisation must be seen not only in terms of its products but also its corporate governance structure (Williamson, 1988). The author notes that the corporate governance structure is about people and without people the business organisation cannot achieve its product objectives.

This view is supported by the writings of Roe and Vatiero (2015) who corroborate that the ability to sustain human resources is key to business success. An effective corporate governance structure is thus required for the business to succeed. Although, one may argue that in small businesses, the corporate governance structure is not made up of many people and therefore does not play such a significant role in organisational success. Smit et al., (2013) declare that effective corporate governance is important towards organisational financial success.

A small business run by a few people can still benefit from effective corporate governance, Smit et al., (2013) note that good corporate governance is not only about relationships with internal organisational members but relationships with external stakeholders too. External stakeholders of a small business include customers, competitors, intermediaries, suppliers, and regulatory authorities. A good relationship with external stakeholders can help improve and maintain the sustainability of the business entity because the business will have support, for example, from customers (Ehlers & Lazenby, 2014).

Considering the role of the external environment, Bajpai and Mehta (2014) state that women-run organisations can thrive if more opportunities are availed to them. Opportunities include those in government related business supply chains, agriculture, mining, and services in Africa. In relation to women-owned enterprises, Smit et al., (2013) suggest that effective corporate governance internally can be enhanced by offering acceptable rewards (remuneration) to organisational members, however, small business entities may not be in a position to offer more acceptable remuneration to their employees due to their reduced capacity to create value (profit) from their operations. Bajpai and Mehta (2014) propose cooperation and information sharing as some elements that can be used by women-owned business entities to try to encourage employees within the work situation. Information sharing can help subordinates understand the financial position of the business and cooperate with management on ways to improve the work effort while simultaneously improving the remuneration in line with what the business can afford. Cooperation in the workplace is part of general management as well where the spirit of working together to achieve certain stated objectives is encouraged within the business.

Corporate governance refers to the rules, practices and processes used to govern to succeed in business (Mind Tools, 2022), several authors provide a variety of factors that help a business succeed. Profitability is a key determinant of small business success. The author continues to define profitability as the excess that is left when incomes are greater than the expenses of a business. To calculate the profit of the business the difference and understanding of income and expenses need to be accurate. This means that as a business owner, an effort needs to be made to understand the difference.

When incomes are less than expenses the business is generating a loss. A continuous loss will slowly lead to the depletion of the business which will inevitably affect the closure of the company. Finance criteria are usually considered to be the most appropriate measure of business success, as financial objectives may prompt different metrics for achievement, especially within small businesses (Walker & Brown, 2004). Basic business governance is crucial for most entrepreneurs to comprehend because it creates a system of rules and practices that determine how a company operates and how it aligns with the interests of all stakeholders.

Good business governance results in ethical business conduct, which strengthens financial viability. Corporate governance contributes to improved efficiency and effectiveness of the economic system (Vukčević, 2012). What is most valuable is for entrepreneurs to be capacitated to run, operate, and manage the daily activities of the business effectively and the ability of the manager to creatively manage the financial resources and use the financial tools in decision making and managing the business (Jan et al., n.d.).

### 2.4.2 Business success and planning competency

Planning competence pertains to the ability of entrepreneurs to develop and implement effective business plans, including setting goals, identifying resources, and creating action plans (Liao et al., 2003). The study examines the relationship between planning competence and business success, with a focus on small and medium-sized enterprises (SMEs). Planning is the process of developing goals that the business must achieve within the setting where it functions (Smit et al., 2013).

Business plans can be strategic i.e., they focus on long-term decisions, or they can be operational, i.e. they focus on short-term decisions. The goal of most businesses is to achieve financial stability, and in this regard, effective financial planning is required to help the business achieve sustainable financial success. Ehlers and Lazenby (2014), assert that planning from an organisational perspective involves developing a vision and mission, assessing the internal and external environment, and developing goals for the business. Companies that have a clear vision and mission, examine the environment, and formulate clear goals are likely to achieve greater financial success than companies that do not have clear visions and goals.

Planning competencies make it easier for organisations to follow a path that is predetermined to achieve their goals. Williamson (1988) acknowledges that governance in a business organisation is a by-product of human planning. It is the people in the organisation, especially the top management, who are responsible for developing a clear vision, mission, and goals for an enterprise behind which subordinates can rally. The sustainability of business success requires effective planning and the ability of managers to implement and control the plans (Ehlers & Lazenby, 2014).

There is a well-known statement that “a company that does not plan is in danger of failing” according to common business wisdom. Smit et al., (2013) declare that effective planning should end with setting goals for the business organisation while Bajpai and Mehta (2014) argue that while planning is important for the financial success of a business, it is also important for entrepreneurs to have access to capital. It can be debated that without capital, business success can be restricted as capital is required to pay for the start-up and running costs of the business. Ehlers and Lazenby (2014) uphold that setting goals is key to financial success because the business then knows what it can and cannot do. The authors divulge that through planning, the company can determine what it can do with the resources and opportunities that are available in its environment.

Bajpai and Mehta (2014) assert that planning is necessary when it comes to women-led enterprises and argue that government agencies need to plan to support women-led businesses because women bear the heavy burden of poverty and inequality across Africa. This calls for strategic plans aimed at supporting women-owned businesses and is validated by Chidau et al., (2022) who acknowledge effective business practises as a by-product of effective management planning skills.

Business planning takes place when the key players in a business sit down and determine all the objectives, strategies, and actions they intend to take to secure the survival, prosperity, and expansion of the business. Every entrepreneur needs a business plan, a blueprint of how their business is going to develop. As an entrepreneur, if you learn the principles of a business plan, you will not only have the knowledge and ability to run a business, but you will also understand why you started the business and how you intend to sustain it to reach its highest potential. Understanding budget and accounting terminology and how to apply it is critical to the success of a small business. Financial management skills include planning, organising, managing, and overseeing financial operations, including the acquisition and allocation of financial resources (Mitchelmore et al., 2014). These skills are essential because if a small business manager is unable to master them, they will have to outsource them for a fee. The costs must then be met out of the company's profits and can have a negative impact on the company's success.

### 2.4.3 Business success and budgeting and accountability competency

Budgeting and accountability are critical components for businesses of all sizes to effectively manage their finances. Budgeting involves the preparation of a financial plan that sets out estimated income and expenditure for a given period, while accountability refers to the processes and structures that ensure optimal resource utilization. The review of the literature examines the relationship between budgeting and accountability and business performance (O'Gorman, 2013). Budgeting and accountability can help the business in resource allocation (Ehlers & Lazenby, 2014). Budgeting involves planning on how to use a business entity’s financial resources while accountability has to do with openness in the budgeting process.

A proper corporate governance structure can develop competencies such as resource deployment (through budgeting) for the benefit of the business organisation. Williamson (1988) proposes the prioritisation of what he calls human actors who are committed to the cause of the business organisation and will be able to effectively deploy the financial and other resources of the business organisation.

Smit et al., (2013) define accountability as the ability that outsiders have in understanding how the organisation operates. Effective budgeting would need the buy-in of all as well as high levels of accountability to ensure that the human actors in the business organisation can support the financial objectives of the business, including budgeting on how to use the resources of the organisation. Williamson (1988) states that accountability is a by-product of effective corporate governance structures under the cooperation of all the human actors within and outside the organisation. Being accountable can help the organisation to elicit cooperation with its internal stakeholders (Bajpai & Mehta, 2014). When a business is accountable internally, it means that employees are aware of the financial position of the business as well as the resource utilisation needs of the organisation.

The budgeting process is multifaceted in business organisations. Some organisations follow a zero-budgeting method while others use an incremental budgeting system and while others use a variation of other budgeting methods (Gitman et al., 2015). The author is of the stance that the choice of budgeting methods depends on what the business strategy is. Budgeting must complement the objectives of the business in a manner that should help the business organisation achieve its goals. For women-owned business entities, it is paramount to practice effective budgeting where there are capital constraints in the organisation.

Bajpai and Mehta (2014) argue that women in Africa have a tendency of supporting their business operations with funds raised from their own savings due to the challenges that exist in accessing capital through formal banking channels. This means women-owned companies may find it harder to sustain their business operations if there are low profit levels. Budgeting and accountability also play an important role in sustaining business operations. Gitman et al., (2015) claim that seeking a second opinion using internal and external auditors can help the business in becoming more accountable for its financial affairs.

Valla (2001) declares that one aspect that complicates most female-owned enterprises in South Africa is the history of unemployment of the owners. This history of unemployment leads to a lack of experience in running a business enterprise as well as lower opportunities for raising capital. Women-owned business entities would need to practice effective budgeting of the resources that they have and be accountable to help the businesses overcome challenges of doubt among internal and external stakeholders. Elias and Etim (2017) highlight the critical role of budgeting within an organisation, compassing tasks such as setting objectives, exploring potential actions, assessing strategic alternatives, choosing courses of action, monitoring outcomes, and addressing deviations from the plan. Budgeting involves the communication between management and other departments, facilitating the planning of future revenues and costs for upcoming years (Anthony & Govindarajan, 2007).

Accountability refers to the governance model that is founded on organisations assuming responsibility for safeguarding privacy and information security effectively, thereby shielding individuals from the adverse consequences linked to security breaches. Cavoukian et al., (2010) assert that business managers need to understand the importance of budgeting and take accountability for any business failures that would adversely affect business performance. When owners of small businesses can calculate and analyse their own ratios and budget for future activities then it will be easier for the business to increase profits as the cost can be forecasted before it happens. This skill is highly recommended by various authors as one of the attributes of Financial Management.

#### 2.4.4 Business success and general management competency

The success of a company depends heavily on the competencies of the management team. General management competence refers to the ability to plan, organise, direct, control and leverage organisational resources to accomplish established objectives

(Gitman et al., 2015). Numerous studies have explored the relationship between general management competence and business success.

A study by Kusmintarti et al., (2021) examined the impact of entrepreneurial competencies, including general management competencies, on the success of micro, small and medium enterprises (SMEs) in Indonesia. The results inferred that general management competencies have a significant positive impact on business success. Another study by Norizan et al., (2021) assessed the relationship between managerial competencies and firm performance among SMEs in Malaysia. The findings indicated that management competencies, including general management competencies, have a significant positive impact on firm performance.

General financial management competency refers to the ability of the business to manage all its financial resources together with other functions of the business. Smit et al., (2013) contend that the operations of a business entity must be intertwined with effective general management of functions. Integrating functions can help in achieving success as each function ties up with others to achieve financial and business goals. Ehlers and Lazenby (2014) declared that general management competencies are critical in enhancing business success because all the functions of the business must operate in a systematic manner. The authors recommend the use of the systems theory to ensure that all the functions of the business work in a manner that allows for effective coordination and delivery of services. A systems theory supports that the entire business entity must operate as a system where the work of one department such as financial management impacts the other department in a manner that promotes the whole organisation wide business entity.

An effective corporate governance structure can enhance general management within a business organisation (Williamson, 1988). The author views being effective as doing what is right for the organisation in the eyes of its human actors both within and without the organisation. Focusing on the needs of stakeholders becomes another addition to the argument about business success and sustainability of operations in line with the stated business vision, mission, and objectives. Smit et al., (2013) insist that the general management function is an all-encompassing one including financial management.

These business functions require a systems approach to align them with the objectives of the business and enable sustained organisational success. General management overlooks all the functions including financial management (Gitman et al., 2015). Those who run businesses should be cognisant that there is always the possibility of new businesses entering the market, especially small businesses (Fatoki, 2014).

General management competency is necessary to sustain business operations. Fatoki (2014) affirms that effective general management is imperative in aiding the business deal with its internal as well as external environment. Women-run business organisations tend to suffer the challenges of financial inclusion. Competency in general management can help women-owned businesses to use their systems to enhance their chances of financial inclusion through learning and development. When a business entity operates as a system, it is possible to enhance knowledge on such issues and better prepare business plans which can help the business entity obtain finance capital.

Sivarat et al., (2021) state that an effective systems approach in business organisations can help enhance general management and vice-versa. Kanayo (2021) cited that despite improvement in more women-owned enterprises in South Africa with regards to profit, research still indicated that male-owned businesses are still more successful. The improvement in general management of women-owned enterprises may help sustain profits and business growth. General management can be described as the broad-based business and intrapersonal skills you need to master the general principles of management in a business (Colley et al., 2007).

Some of the tasks and responsibilities assigned to general management in business are to address the sources of income or revenue along with expenses, which are documented in the financial statements, with the disparity between the two indicating the extent of profit or loss. The primary responsibilities of the general manager include coordinating and harmonizing the operations of the various functional departments within the business. Colley et al., (2007) asserted that no business can succeed without proper management and decision-making. Financial management competencies involve the process of having unique abilities in the elements of finances which include investment decisions, the management of assets and making choices on how effectively to finance assets and maintain liabilities of the business.

#### 2.4.5 Research gaps and demarcation of the study

The existing literature on the relationship between financial management skills and business success in South Africa is sparse. While studies such as those by Akhalwaya (2012) and Ewere et al., (2015) have provided valuable insights, there remains a significant gap in understanding the specific dynamics in the South African context.

Most of the studies (i.e., Fatoki, 2014; Irene, 2017), carried out in the South African context were performed more than five years ago. Given the rapidly evolving business landscape and economic conditions, there is a need for more recent and up-to-date research to reflect the current realities faced by small, Black women-owned businesses in the Gauteng province.

Notwithstanding the extant research evidence, there is still no consensus on the impact of financial management skills on business success. While a few studies, such as Kanyane et al., (2021) have demonstrated a direct association between financial management and business success, others, such as Mkhize and Ndlovu (2019) have found no significant effect. The aim of their study was to investigate the relationship between financial management skills and small business performance specifically in the Johannesburg area of South Africa. Contrary to the expected results based on the international literature, their study found no significant positive correlation between financial management skills, including budgeting and financial planning, and key small business performance indicators such as profitability and growth. This unexpected discrepancy highlights the need for additional research and clarification within the existing literature.

This study focused exclusively on small, Black women-owned businesses in the province of Gauteng, South Africa. Although the findings may have implications for businesses in other regions, the emphasis is on understanding the specific challenges and opportunities faced by businesses in this geographical context.

To bridge the time gap in research, this study accentuated current data and findings. By focusing on current conditions and trends, the study intended to offer a more accurate picture of the current challenges and opportunities for small Black women-owned businesses in the Gauteng province. While previous studies have provided conflicting results regarding the relationship between financial management skills and business success, this study aims to provide clarity by employing robust quantitative methods such as factor analysis and regression analysis. In this way, the study aims to contribute to the current knowledge base and offer actionable insights for both practitioners and policymakers**.**

## 2.5 Conclusion of literature review

The literature review suggests a strong relationship between firm success and various competencies, particularly in the areas of governance, planning, budgeting, accountability, and general management. These competencies were found to significantly influence the business success of entrepreneurs, especially African women entrepreneurs in Gauteng Province, South Africa.

The outcomes suggest that small businesses that practise good governance seek better collaboration with internal and external stakeholders, leading to improved business sustainability. Similarly, small businesses that plan their activities effectively are better able to focus on the vision and mission of the business, leading to improved business performance. Moreover, small businesses that demonstrate effective budgeting and accountability make the best use of their resources, improving their efficiency and profitability. With effective general management, small businesses can integrate their operations into a successful system, which improves their sustainability.

The literature review highlights the importance for African women entrepreneurs in Gauteng Province, South Africa, to develop skills in financial management, planning, budgeting, accountability, and general management to improve their chances of success. It is evident that women entrepreneurs and managers need to acquire adequate knowledge and skills in these areas to run their businesses effectively.
This underscores the importance of training and development programmes that can equip entrepreneurs with the necessary skills for business success. While the

literature highlights the positive relationship between business success and financial management skills, there is a need to explore this relationship specifically in women-led businesses. It is also vital to recognise that in addition to the four identified elements, other factors may have an impact on and be related to business success. Therefore, the proposed research methodology will provide a comprehensive context and a deeper understanding of these issues.

In summary, by addressing the identified research gaps and conducting a thorough investigation into the correlation between competencies and the business success of Black African women entrepreneurs in Gauteng, this study aims to provide valuable insights for both academics and practitioners. The study will shed light on the significance of specific competencies and skills required for business success, thereby enabling policymakers, stakeholders, and entrepreneurs to make informed decisions and implement effective strategies to promote the growth and prosperity of this prime demographic.

This chapter has reviewed the relevant literature and identified key gaps in the current research. The next chapter will discuss the research methodology employed in this study, detailing the design, population, sampling techniques, and data collection methods used to address the research questions.

# CHAPTER THREE: RESEARCH APPROACH

## 3.1 Introduction

This chapter presents the research approach for the study. The research design, methodology, data collection methods and data analysis techniques used to achieve the research objectives are explained. The objective of this study was to investigate the relationship between financial management competencies and the business success of Black African women entrepreneurs in Gauteng, South Africa. By examining basic business governance, Planning Competency, Budgeting and Accountability Competency and General Management Competency, the study aimed to provide valuable insights for both academics and practitioners and to support decision-making to promote the growth and prosperity of Black African female entrepreneurs in Gauteng, South Africa.

The subsequent sections of this chapter are organised as follows: Section 3.2 offers a synopsis of the research philosophy, approach and strategy adopted in this study. Section 3.3 addresses the population, sampling methods and sample size relevant to the research context. The data collection procedures and analysis methods used in this study are explained in more detail in section 3.4 to provide insight into the topic under study. Reliability and validity assessment and ethical considerations are discussed in sections 3.5 and 3.6, respectively. The chapter concludes with a summary of the main findings and implications in section 3.7.

## 3.2 Research philosophy, approach, and strategy

### 3.2.1 Research purpose

The purpose of this study was to examine the relationship between small business success and the financial management skills of African female entrepreneurs in Gauteng Province, South Africa. The study aimed to identify the financial management skills that are most strongly associated with small business success among African women entrepreneurs, as well as the factors that may influence their access to financial services and resources. Saunders et al., (2007) mention the research purposes to include descriptive, exploration, explanatory and evaluative research purposes. The nature of this study is primarily descriptive and explanatory. Descriptive research aims to describe and document the characteristics of a population or phenomenon (Creswell & Creswell, 2017).

In the context of this study of the “Relationship between small business success and financial management skills of African women entrepreneurs in Gauteng Province, South Africa”, a descriptive research purpose could be to provide a detailed description of the financial management skills of African women entrepreneurs in Gauteng Province and to describe the level of small business success in this population. In addition to utilising descriptive research purpose, this study adopts the explanatory research as the main purpose that establishes the relationships between financial management skills and business success. Accordingly, this study uses description as a precursor to explanatory research.

Explanatory research, as described by Saunders et al., (2007), is a research design that focuses on explaining causal relationships and understanding the underlying mechanisms of a phenomenon. It goes beyond the mere description or exploration of a topic and seeks to provide explanations for observed patterns or relationships. Its main aim is to find out why certain phenomena occur, how they are connected or what triggers them. This form of research involves formulating and testing hypotheses using predominantly quantitative research methods (Creswell & Creswell, 2017).

Statistical analysis was employed to examine the relationship between variables and to determine the extent to which one variable influences or predicts another. Large samples and structured data collection methods are used to ensure statistical validity. In explanatory research, experimental or quasi-experimental designs are often used to manipulate and control variables to establish causal relationships. Systematic data collection is conducted using structured instruments such as surveys, experiments, or observations, whereby the data is obtained from a representative sample of the target population. The goal of explanatory research is to gain insights that can be generalised to broader populations or contexts and are consistent with the findings from previous data collected. By using rigorous research methods and sampling procedures, researchers aim to ensure that findings are applicable beyond the specific sample of the study. Explanatory research contributes to theory development by providing empirical evidence of causal relationships and offering explanations that build on existing theories or create new theoretical frameworks (Saunders et al., 2007).

### 3.2.2 Research philosophy

Research philosophy or paradigm refers to the beliefs and assumptions that underlie a researcher's approach to conducting research. It encompasses the researcher's worldview, epistemological and ontological assumptions, and attitude towards knowledge and reality (Bryman, 2016).

A research paradigm is a cluster of beliefs which guides scientists on how the research process would be undertaken (Du Plooy-Cilliera et al., 2014). This is important because not every research is the same or intended to achieve the same objectives. There are three research philosophies or paradigms, which are positivism, interpretivism, and pragmatism (Saunders et al., 2019). The positivist paradigm is more relevant to this study because the results can be quantified in terms of the relationship between business performance and financial management competencies.

Saunders et al., (2007) expressed that the positivist paradigm is a philosophy which believes that science can enlighten people. Scientists under the positivist paradigm advocate for the application of natural science to various phenomena, including social phenomena. The positivist paradigm assumes that there is a single reality that can be objectively measured and observed. It is based on the idea that knowledge can be gained through empirical observation and scientific methods. Positivists believe that research should be objective, value-free and conducted using quantitative methods. In this paradigm, researchers try to identify cause-effect relationships between variables and use statistical methods to analyse the data. The main aim of positivism is to predict, control and manipulate phenomena in the natural and social.

### 3.2.3 Methodological choice

The choice of methodology refers to the overall approach used to conduct a research project. It involves making decisions about the specific research methods and techniques that will be used to collect and analyse data. The choice of methodology can include qualitative or quantitative methods as well as mixed methods (Creswell & Creswell, 2017).

Quantitative research is a research method in which numerical data is collected and analysed using statistical methods to identify patterns, relationships, and correlations between variables (Saunders et al., 2007). Brewerton and Millward (2001) define quantitative research as a type of research that is concerned with the measurement and quantification of data, often derived from an underlying hypothetic-deductive approach to a research question, i.e., it seeks to test an established theoretical standpoint. Quantitative research is also best suited for this study as it is aligned with the positivism philosophy that has been adopted. Quantitative data will be collected through a survey as described in the next sub-section.

Among the benefits of quantitative research is that it is often used to test hypotheses and generalise results to a larger population. It usually involves large samples and structured data collection methods such as surveys, experiments, and secondary data analysis. The results of quantitative research are often presented using statistical analyses such as mean, standard deviation, correlation, and regression analysis (Creswell & Creswell, 2017). The strengths of quantitative research include its ability to provide objective and accurate data, its generalisability to a larger population and its ability to test hypotheses. However, it may not provide an in-depth understanding of individual experiences and perspectives and may overlook contextual factors that influence the research topic.

### 3.2.4 Research Strategy

Research strategy entails the blueprint or methodology used to carry out research. This includes decisions about the research design, methods of data collection, techniques of data analysis, and interpretation of results (Creswell & Creswell, 2017).

Saunders et al., (2007) outline various strategies including experiments, surveys, archival and documentary research, case studies, ethnography, action research, grounded theory, and narrative inquiry are all methods commonly utilized in research to gather data and analyse phenomena. For the present study, we have selected the survey strategy, which is usually associated with a deductive research approach. It is a popular and common strategy in business research and is often used to answer the questions of what, who, where and how much. It is, therefore, more commonly used for explanatory and descriptive research.

Salkind (2018) explains that the survey technique is suitable for collecting data for quantitative research studies. Data collected employing a survey strategy can help identify potential explanations for relationships between variables and generate models to illustrate these relationships (Saunders et al., 2007). Overall, this strategy is well aligned with the quantitative research approach that is applied in this study, which is used to test hypotheses and make predictions.

### 3.2.5 Data collection instrument

Data was collected using a fully structured questionnaire to assess the success of small businesses and their financial management skills. This type of questionnaire was chosen for the following reasons:

- They ensure a high response rate.
- They require less time and energy for administration.
- They offer the possibility of anonymity.
- There is less possibility for bias.
- All questions in the questionnaires were closed.

The questionnaire was in English and consisted of sections A to F. Section A aimed to collect general data such as the size of the business, academic qualification, financial knowledge, etc. The researcher collected all the information from the business owners.

Section B aimed to measure business success. The questions were about the profitability of a business, turnover and growth. Section C evaluated the role of basic business management skills according to respondents, asking them to what extent they believe business management skills are important in a business. Section D focused on the role of planning skills, i.e., the importance of planning for business success, as assessed by the respondents. Section E assessed the role of budgeting skills in a company's success. Section F measured the role of general management skills in the success of a company. The questionnaire is presented in the Appendices.

A structured questionnaire ensures that each respondent receives the same questions in the same order, eliminating the possibility of interviewer bias or variability in survey completion. Structured questionnaires are usually easier and quicker to administer than unstructured questionnaires, allowing data to be collected from a larger sample in less time (Salkind, 2018). Structured questionnaires provide data in a format that is easily quantifiable, simplifying the analysis process. Responses can easily be converted into numerical data that can be analysed with statistical software. A fully structured questionnaire can increase response rates, as respondents are more willing to complete a survey if it is clear and logical. Salkind (2018) cited that a structured questionnaire is a cost-effective method of data collection as it reduces the need for interviewers and allows for large-scale data collection.

## 3.3 Target population, sampling, and sample size

### 3.3.1 Target population

The target population in a research study denotes the collection of individuals or entities, that the researcher intends to investigate or make inferences about. It is the entire group of persons, objects, or events to which the researcher wishes to generalise his findings (Creswell & Clark, 2017). The target population includes all Black women entrepreneurs who own and operate small businesses that are legally registered in Gauteng province, regardless of their age, education level or industry. The survey was conducted with 83 Black women entrepreneurs who participated in the study. These participants represent a subset of the larger target population of Black women entrepreneurs in the Gauteng province of South Africa. This means that the study is interested in understanding the financial management skills and business success of this group of people.

### 3.3.2 Sampling frame

A sampling frame serves as a comprehensive list or representation of the population or target group from which a sample is drawn for a research study. It includes all individuals, units or elements of the population that fulfil the criteria for inclusion in the study. The sampling frame plays a central role in defining the population and facilitates the identification and selection of a representative sample for the purposes of the study (Lohr, 2021). Essentially, it is a complete list of individuals or units that fulfil the inclusion criteria of the study. For the sample to accurately represent the population of interest, the sampling frame must be both thorough and precise. Any incompleteness or inaccuracy in the sampling frame can lead to bias in the results and distort the conclusions (Lohr, 2021).

The sampling frame used for this study consists of African women entrepreneurs who own small businesses in Gauteng Province, South Africa. Since there was no clear database from where the list of respondents could be drawn, the sampling frame was constructed using various sources and methods such as snowballing, online platforms and directories, and business networks and organisations.

In the snowball system, participants who meet the desired criteria are first identified and then asked to recommend other suitable individuals. For business networks and organisations, the aim was to find local business networks and entrepreneurship support organisations that can provide access to their membership databases. The researcher was able to join the Lioness of Africa networking group and the link was distributed to the members of the group. Online platforms and directories were used to target social media searches for small businesses and entrepreneurs in Gauteng province. These platforms and directories had features that allowed searching and filtering of businesses according to certain criteria such as ownership, location, and industry, thus helping to build the sample. This method was useful as it was difficult to obtain a comprehensive sample frame through traditional sources such as government databases and CIPC due to time constraints.

### 3.3.3 Sampling technique

Du Plooy-Cilliera et al., (2014) distinguish between two primary sampling methods: Probability and non-probability. Probability sampling involves random selection and is used when the aim is to generalise the results of the study. Non-probability sampling, on the other hand, as defined by Wiid and Diggines (2013), is utilised to analyse specific phenomena in more detail.

In this study, non-probability sampling was favored due to the lack of a comprehensive database that would facilitate the use of probability sampling. The snowball method, a non-random technique, was adopted, relying on referrals from initial participants to recruit additional respondents. According to Saunders et al. (2007), this method also known as chain or network samplings particularly suitable for researching hidden populations, sensitive topics, or social networks. Additionally, participants were selected using a convenience sampling strategy, as they were easily accessible to the researcher.

The snowball system works iteratively, i.e., participants recommend other people who have the desired characteristics relevant to the study. Although the snowball system is beneficial for accessing hard-to-reach populations, it introduces biases and limitations that can potentially distort the representativeness and perspectives of the sample.

### 3.3.4 Sample size

The sample size is a crucial consideration in statistical analysis and refers to the number of individuals or units selected from a population for a research study or survey. An important consideration in this research was to establish the appropriate sample size, which plays a vital role in the validity and reliability of the statistical conclusions. To ensure a representative sample, a sample size calculator available on the internet was used, which considered factors such as the target population, confidence level and margin of error.

Based on the calculations, the ideal sample size was estimated at 150 respondents. The sample size was based on a 95% confidence level, a 5% margin of error and a population of approximately 10,000. However, due to practical limitations such as a low response rate and the limited time available for data collection, a sample size of 83 women entrepreneurs from Gauteng Province was achieved in this study. Although this sample size falls short of the ideal size, it was considered adequate to achieve the objectives of the study with the resources available.

It is crucial to acknowledge that the smaller sample may limit the generalisability of the results beyond the specific population and context of the study. However, efforts were made to maintain a good response rate from the selected sample, as all were women entrepreneurs operating small businesses in Gauteng province. Although the small sample size poses certain limitations, the researchers are confident that the results nevertheless provide valuable insights into the relationship between financial management skills and business success among Black women entrepreneurs in Gauteng province.

## 3.4 Data Collection procedure and analytical method(s)

This section explains how data was collected from the African women entrepreneurs, followed by the method(s) used to analyse data.

### 3.4.1 Data collection procedure

Data collection procedure refers to the specific steps and methods used to collect data for a research study (Brewerton & Millward, 2001). In the context of the relationship between small business success and the financial management skills of African women entrepreneurs in Gauteng Province, South Africa, the data collection procedure included the following steps.

The researcher distributed the questionnaire to collect the primary data to all the selected programme participants through the drop-and-pick method.

The data was collected from women entrepreneurs who had operated and managed a business for at least 5 years between 2017 and 2021. The software used for data collection and recording was Survey Monkey and the link was distributed to participants who provided telephone numbers, email addresses and social media pages (see Figure 4). The survey was open for 30 days. This gave participants time to think about the questions before answering them. The survey was then closed for analysis after 30 days.

| CollectorID | Title | Date Created |
|---|---|---|
| 424287879 | Email Invitation 1 | 2023-01-14 12:23:00 |
| 424288223 | Web Link 1 | 2023-01-14 15:24:00 |
| 424288255 | Copy of Web Link 1 | 2023-01-14 15:40:00 |
| 424288270 | Social Media Post 1 | 2023-01-14 15:45:00 |
| 424303365 | Target Audience 1 | 2023-01-16 18:18:00 |
| 424410938 | Facebook Messenger 1 | 2023-01-24 12:29:00 |
| 425006740 | Web Link 3 | 2023-03-05 09:51:00 |
| 425006746 | Web Link 4 | 2023-03-05 09:56:00 |

*Figure 4: Online data collection options*

***Source: Survey Monkey (2023*)**

### 3.4.2 Analytical method

An analytical method is a research method that uses statistical or mathematical models to analyse data and test hypotheses. It is a quantitative research method often used in scientific research and business analysis (Mertens, 2014). The analytical method involves collecting and analysing data, identifying patterns and relationships, and using statistical techniques to assess hypotheses and draw conclusions. The analytical method involves several steps, including formulating a research question or hypothesis, collecting data through observation or experimentation, cleaning and organising the data, selecting the appropriate statistical method of analysis, conducting the analysis and interpreting the results (Mertens, 2014).

Data analysis is the process of transforming and interpreting raw data into meaningful information to support decision-making, problem solving or research objectives. It involves various techniques and methods used to examine, organise, and interpret data to discover meaningful patterns, relationships, and trends (Field, 2018). Data analysis can be divided into two main categories, descriptive analysis, and inferential analysis.

Descriptive analysis summarises and describes the basic characteristics of the data, such as the mean, median, mode and standard deviation. This type of analysis is often used to give an overview of the data and to identify possible trends or patterns. Once the data had been collected, it was organised and analysed. Statistical Package for Social Sciences (SPSS v26) for factor analysis while EViews was used to perform regression analysis.

#### 3.4.2.1 Multiple linear regression analysis

Multiple linear regression analysis is a statistical technique employed to explore the connection between a dependent variable and two or more independent variables. It expands upon simple linear regression analysis, which investigates the relationship between a dependent variable and only one independent variable (Tabachnick & Fidell, 2013).

Salkind (2018) defines multiple linear regression analysis as a statistical method that allows researchers to examine the relationship between a dependent variable and two or more independent variables simultaneously. The author goes on to state that the technique involves determining the strength and direction of the relationship between the dependent variable and each of the independent variables while controlling for the effects of the other independent variables in the model. Multiple linear regression analysis can be used for prediction, explanation, and hypothesis testing. It is widely used in the social and behavioural sciences, economics, finance, marketing, and other fields to identify the factors that influence a particular outcome and to predict future outcomes based on those factors.

In this study, multiple regression analysis was used to predict the values of business success given the values of financial management skills and control variables. The following estimated model is as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + \ldots + b_6X_6 + e \qquad (1)$$

$n = 1,2,3,4,5,6$

where:

Y is the dependent variable (Firm performance/Business success)

$X_1, X_2, X_3$ $and$ $X_4$, are the independent variables, which are basic governance of business, planning, budgeting, and general management, respectively. In addition, $X_5$, $and$ $X_6$ are control variables, which are firm size and qualification, respectively.

$b_0$ is the intercept (constant term) $b_1, b_2, b_3, b_4, b_5$ $and$ $b_6$ are the regression coefficients (also called slopes), which represent the change in Y when the independent variable is increased by one unit, all other independent variables remaining constant.

e is the error term (also called residual) to estimate Equation 1, the ordinary least squares (OLS) method is used.

#### 3.4.2.2 Ordinary Least Squares method

The ordinary least squares (OLS) method is a commonly used technique in regression analysis for estimating the relationship between one or more independent variables and a dependent variable. Dismuke and Lindrooth (2006) state that it is based on the principle of minimising the sum of squared residuals between the observed and predicted values of the dependent variable.

Where $\hat{\beta} = (X^T X)^{-1} X^T y$ (2)

where:

- β^ is the vector of estimated coefficients.
- X is the matrix of independent variables.
- y is the vector of the dependent variable.

The assumptions of OLS include linearity, independence, homoscedasticity, and normality of errors. Linearity assumes that there is a linear relationship between the independent variables and the dependent variable. Independence means that the errors in the model are not correlated with each other. Homoscedasticity means that the variance of the errors is constant across all levels of the independent variables. The normality of errors implies that the errors follow a normal distribution (Dismuke & Lindrooth, 2006). The strength of OLS lies in its simplicity and interpretability. It provides estimates of the coefficients that can be easily interpreted in terms of the direction and magnitude of the relationship between the independent variables and the dependent variable (Kilmer & Rodríguez, 2017).

It is also computationally efficient and can be used for a range of regression problems. The ordinary least squares (OLS) method has notable limitations despite its widespread use and acceptance in regression analysis. These include its sensitivity to outliers, which can significantly affect the coefficient estimates and the fit of the model, as well as the risk of biased and inefficient estimates due to assumption violations. Nevertheless, OLS was selected for this study because it is commonly used and suitable for research questions and available data. Its reliability and acceptability are emphasised by its frequent use in similar studies in various disciplines, including social sciences, economics, and business research.

#### 3.4.2.3 Specification tests

The following specification tests are considered after running a multiple linear regression model.

**(i) Serial correlation test**

The serial correlation test, also called the autocorrelation test, is a statistical method used to evaluate the presence of serial correlation in time series data. Serial correlation exists when the errors or residuals in a time series are correlated with each other over time, which violates the assumption of independence in many statistical analyses (Gujarati & Porter, 2009).

Serial correlation test measures the relationship between a variable's current value given its past values. A serially correlated variable indicates that it may not be random. Performing a test for serial correlation, the researcher can identify any serial correlation in time series data and adjust their statistical analyses accordingly. This can help to ensure the validity and reliability of the results obtained from the analysis (Hill et al., 2018). The Breusch-Godfrey test can be used test for serial correlation. This method is preferred in this study to ascertain the presence of autocorrelation. The test statistic is based on the sum of squares of the residuals from the regression model and is compared to a chi-square distribution (Gujarati & Porter, 2009).

The formula for the Breusch- Godfrey test statistic is:

$$BG=nR^2 \tag{3}$$

where:

- BG is the Breusch-Godfrey test statistic.
- n is the number of observations.
- $R^2$ is the coefficient of determination of the regression of squared residuals from the original regression.

#### (ii) Heteroscedasticity test

The heteroscedasticity test is a statistical procedure that tests for the presence of heteroscedasticity in a regression model. Heteroscedasticity is present when the variance of the residuals within a regression model does not remain uniform across all levels of the independent variable(s). This violates the assumption of homoscedasticity, which presupposes that the residuals remain consistent across all levels of the independent variable(s) (Gujarati & Porter, 2009). Heteroscedasticity can lead to biased or inefficient parameter estimates and affect the validity of statistical tests such as t-tests and F-tests. Therefore, it is important to test for heteroscedasticity and adjust the regression model accordingly.

One of the common methods for conducting heteroscedasticity tests is the White test. The White test is a widely used test for heteroscedasticity that tests whether the variance of the residuals in a regression model is proportional to a function of the independent variable(s). The test statistic is based on the sum of the squares of the residuals from a regression (Hill et al., 2018). It evaluates whether the variability of errors in regression depends on the values of the independent variables. Heteroscedasticity occurs when the standard errors of a variable are not constant over time. To check for heteroscedasticity, it is possible to examine the scatter plots of the residuals for the behaviour of heteroskedasticity, but it is often difficult to make a clear judgement.

The best test is the Breusch-Pagan-Godfrey heteroscedasticity test, which checks whether the variance of a regression depends on the values of the regressors (Gujarati & Porter, 2009). If no dependencies are found, then heteroscedasticity is not present and homoskedasticity is present. In this study, the Breusch-Pagan-Godfrey approach was then used to test whether the variance from a regression depended on the values of the regressors.

## 3.5. Reliability and validity analyses

### 3.5.1 Validity analysis

When discussing questionnaires, internal validity pertains to the questionnaire's capability to accurately measure the intended variables or constructs (Saunders et al., 2007). According to Wild and Diggines (2013), information is valid if it measures what it is supposed to measure and reliable if it is possible to obtain more or less the same results when similar instruments are used by different authors on the same topic. The validity of this study is to ensure the correspondence between the theoretical concepts and the measurement instruments used in this study. Instrument validity is "the extent to which a measurement instrument measures what it intends to measure" (Bordens & Abbott, 2011). Content validity pertains to the extent to which a research instrument incorporates items from the topic area being studied, including not only cognitive topics but also behavioural (Gray, 2021). To achieve content validity, the questionnaires included a variety of questions about respondents' skills and knowledge related to business success and financial management.

The questions were formulated carefully designed on the findings gathered from the literature review to ensure their representativeness and relevance to the study's objectives of what employees of organisations should know about organisational success and its management. Content validity was also ensured by the consistency of the questionnaires. The questions were formulated in simple language so that they were clear and easy to understand. The subjects were given clear instructions. Some participants responded to the questionnaires in the presence and under the supervision of the researcher, others chose to participate via the web link, social media link and SMS link. External validity was ensured. Gray (2021) refers to external validity as the extent to which research findings can be generalised to the whole population. All companies that were invited to participate in the study completed the questionnaires. None of the respondents approached refused to participate. Generalising the results to all members of the population is therefore justified.

It can be difficult to find subjects willing to participate in a study, especially if the study requires a large investment of time or other forms of investment on the part of the subjects. If the number of people approached to participate in a study decreases, it is not easy to justify generalising the results to all members of a population. The study must be planned in such a way as to limit the investment required by the subjects to increase participation.

### 3.5.2 Reliability analysis

To measure reliability, the test this study uses the Cronbach alpha. Reliability analysis is used to assess the internal consistency of the questionnaire. Reliability will be ensured in this study by the fact that the questionnaire will be designed and administered according to conventionally accepted procedures, with the items used being from recognised authors and the data collection also conventionally recommended statics. Cronbach's alpha serves as an indicator of the degree to which a set of questions are interrelated, offering insight into the measurement accuracy or reliability of the group of items (Saunders et al., 2015).

Bordens and Abbott (2011) refer to reliability as a measure or questionnaire that produces the same or similar responses when the same or similar instrument is used more than once. The questionnaires answered by small, medium, and large enterprises showed consistency in feedback. Reliability can also be guaranteed by reducing sources of measurement error, such as data collector bias. Data collector bias was minimised by ensuring that the researcher was the only one completing the questionnaires and by standardising the conditions, e.g. by giving all respondents similar personal characteristics, such as friendliness and support. The data collection environment was optimised for comfort, both physically and psychologically, by ensuring privacy, confidentiality, and overall physical comfort. Respondents were instructed not to include their names on the questionnaires to maintain confidentiality.

### 3.6 Ethical considerations

Undertaking research demands expertise, diligence and ethical conduct, prioritizing honesty and integrity while safeguarding the rights of participants. Upholding ethical standards entails respecting and protecting subjects, rights to their autonomy, anonymity, confidentiality, and informed consent. Before conducting the study, the student was cleared and granted ethical approval with ethics protocol certificate number WBS/FI2457654/617 from the Faculty of Commerce, Law and Management at Wits Business School and obtained full consent from participants before collecting data from them (Wiid & Diggines, 2013).

Before the subjects completed the questionnaires, their consent was obtained. Bordens and Abbott (2011) define informed consent as agreeing to act as a research participant after being informed of the nature of the research and the rights and responsibilities of the participant. The participant usually reads and signs a form stating the purpose of a study, the methods to be used, the requirements for participation, the costs, and benefits of participating in the research, the voluntary nature of participation and the possibility of withdrawing from the study at any time. Participants were informed about the purpose of the study and the procedures for collecting the data and were assured that there were no potential risks or costs involved.

In this research, anonymity was ensured by not mentioning the participant's name on the questionnaire and research reports and by separating the written consent from the questionnaire. Participants must be assured that all data collected will be kept securely locked away or stored in a computer database that can only be accessed with a password; that the information provided will remain confidential and participants will remain anonymous (unless they request otherwise); and that participants have the right to withdraw from the study at any time without explanation (Clifford et al., 2016). The ethical principle of self-determination was also maintained.

Participants were regarded as independent agents by informing them about the study and giving them the opportunity to voluntarily decide for or against participation. Finally, information about the researcher was provided in case of further questions or complaints. Manipulation of the data was not possible because the supervisor and an independent statistician entered the data from the questionnaires into the SPSS computer programme. The statistician produced the results independently of the researcher to avoid subjective collaboration. The analyses conducted by the statistician were also checked for credibility by the supervisor.

In collecting the data, the student researcher ensured that every participant was provided with a consent form to guarantee informed consent. No force was used when collecting the data as all the participants were asked to fill in the information at their own convenience. All the participants were willing and informed of the reasons why the data was being collected. No respondent was misled. All the data that was collected was collected anonymously and no information about respondents was shared or will be shared with any third parties without the consent of the participants/respondents. Those participants who require sharing of the results will be afforded the opportunity.

## 3.7 Conclusion

The researcher followed a positivist philosophy that adopted a quantitative research approach and survey strategy. The study focused on investigating the relationship between small business success and financial management skills among African women entrepreneurs in Gauteng Province, South Africa. A structured questionnaire was used to collect data on demographics, planning and management, and entrepreneurial success and skills. Due to resource and time constraints, a sample of 83 women entrepreneurs was achieved using the non-probability method.

Descriptive and inferential statistics were employed to analyse the data. Frequency tables were used to summarise and interpret the data. The objectives were addressed through, multiple linear regression analysis using the OLS method. After running the multiple linear regression model, several specification tests were performed, including, serial correlation tests and heteroscedasticity tests. These tests help to ensure the robustness and validity of the regression model and its results. Having discussed the methodological aspect of this study, the next chapter presents the results drawn from the analysis.

With a clear understanding of the research design and methodology, we now turn our attention to the analysis and interpretation of the collected data. The following chapter will present the results of the study, including descriptive and inferential statistics that illuminate the relationships between the key variables.

# CHAPTER FOUR: PRESENTATION, INTERPRETATION AND DISCUSSION OF RESULTS

## 4.1 Introduction

This chapter provides a comprehensive analysis of the research findings dealing with the intricate relationship between financial management skills and business success among African female entrepreneurs in the province of Gauteng, South Africa. The empirical investigation is based on a quantitative research approach in which a structured questionnaire was used to collect data from the participants.

The primary aim of this study was to comprehend the impact of financial management skills, particularly in the areas of budgeting skills, planning skills, general management skills and basic business management skills. Additionally, the perceived importance of budgeting, planning, governance and general management is explored to decipher the nuanced dimensions of financial capability and its impact on organisational performance.

Control variables such as company size and qualifications were included in the study. These variables are critical to understanding their potential influence on firm performance and provide a nuanced view of the complex interplay between management capabilities and firm performance.

The collected data was rigorously organized, coded, and analyzed using econometric tests in SPSS package version 26.0 and EViews 12. Descriptive statistics, correlation analysis and multiple linear regressions were used to uncover patterns, trends, and relationships to provide an in-depth interpretation of the implications of the study.

In this chapter, the results of the study are presented, followed by an in-depth interpretation and discussion. Each financial management competency and control variable is carefully analysed and its respective role in influencing firm performance is highlighted. Unexpected results were thoroughly examined and avenues for further research were identified. The resulting discussion is not only crucial for academics but also has significant implications for policymakers, business support organisations and women entrepreneurs. The rich insights from this chapter pave the way for the following section, which offers practical implications and policy recommendations.

## 4.2 Preliminary analysis

### 4.2.1 Reliability and Validity analysis

A critical examination of the reliability and validity of the research instruments used. The assessments of reliability and validity serve as an important postscript to the statistical analysis and provide information about the robustness and authenticity of our measurements. In the following sections, we explore the refined details of our reliability and validity assessments to offer a thorough comprehension of the integrity and trustworthiness of our research instruments.

### 4.2.2 Reliability tests

Cronbach’s alpha was used to test reliability. Testing reliability is a crucial step in ensuring the trustworthiness of measurement scales. In this study, a comprehensive reliability analysis was conducted to assess the internal consistency of both the overall scale, which includes all items, and the individual subscales. The reliability results are presented in Table 1. A six-part questionnaire was sent to 83 participants. The overall scale, which consisted of 62 items, showed an exceptionally high internal consistency with a Cronbach's alpha of 0.951. This result indicates that the items of the scale are very dependable and consistently measure the intended construct. The subscale comprising the dependent variables had a Cronbach's alpha of 0.730, indicating moderate internal consistency.

*Table 1: Reliability Test*

| Item | Cronbach's Alpha | No, items |
|---|---|---|
| Overall Scale (All items) | 0.951 | 62 |
| *Sub-scales* | | |
| Dependent Variables | 0.730 | 15 |
| Independent Variables | 0.962 | 41 |

*Source: Authors' computation*

While this is within an acceptable range, it does indicate some variability in the reliability of the items in this category. Further examination of the specific items contributing to this variability could be informative in filtering the subscale. In contrast, the subscale comprising the independent variables had an excellent Cronbach's alpha of 0.962. This exceptionally high value indicates a robust internal consistency of the 41 items in this category and is strong evidence of the reliability of the measurement scale.

### 4.2.3 Validity analysis

Validity pertains to the precision and authenticity of the conclusions drawn from the data (Saunders et al., 2015). In this study, content validity was ensured by consulting with experts in the field to ensure that the questions were relevant and appropriate. Construct validity was ensured by using established measures and scales for the variables of interest. For example, financial management competencies were measured using a scale developed by the Association of Chartered Certified Accountants (ACCA).

In addition, face validity was ensured by testing the questionnaire with a small group of participants to ensure that the questions were clear and understandable. Finally, criterion-related validity was tested by comparing the results of the financial management competency scale with the actual financial performance data of the companies. In the dynamic landscape of organisational research, a nuanced understanding of key constructs such as firm performance, managerial skills and perceptions is paramount. This study utilizes factor analysis to explore the latent dimensions underlying the crucial variables and presents a comprehensive analysis of the relationships within the data. Tables 5 to 13 provide an overview of the factor analysis conducted on firm performance indicators, management skills and stakeholder perceptions of planning, budgeting, governance and general management. The component matrices provide information on the strength and nature of the associations between the variables and the extracted factors, while the cumulative percentages of variance provide information on the collective explanatory power of these factors.

Kaiser-Meyer-Olkin tests (KMO) and Barlett tests determine the suitability of the data for factor analysis and validate the robustness of the analysis performed. In the subsequent validity analysis, the results of the factor analysis serve as a basis for a differentiated understanding of the underlying structures and correlations in the data set. The cumulative variance and factor loadings will be of central importance in assessing the validity and reliability of our measurement instruments, shedding light on the subtleties of firm performance, management skills and stakeholder perceptions in organisational contexts.

### 4.3 Descriptive analysis

Descriptive analysis is a statistical method used to summarise and describe the most important characteristics of a data set or variables. Table 2 contains the most important summary statistics for various key figures on firm performance, which provide information on the growth dynamics of profit, sales, and number of employees. The data set, with each variable, comprising 83 observations, provides valuable insights into the key trends, variability and distribution patterns of these indicators.

Understanding the mean, mode and standard deviation for each variable provides a comprehensive overview of the average growth, frequency of occurrence and degree of variability across the companies studied. This statistical snapshot serves as a basic reference for analysing the financial and operational dimensions of the companies studied and forms the basis for a more in-depth examination of their performance characteristics.

***Table 2: Firm performance measures***

| *Variables* | *Growth in Profit* | *Growth in Sales* | *Growth in Employees* |
|---|---|---|---|
| Mean | 4.0843 | 4.0602 | 3.4458 |
| Mode | 4.0000 | 4.0000 | 4.0000 |
| Std. Dev | 0.8294 | 0.9153 | 1.2421 |
| Total | 83 | 83 | 83 |

*Notes: Std. Dev denotes standard deviation.*

*Source: Authors' computations*

The average profit growth of the participants from 2017 to 2021 was positive with a mean value of 4.08, indicating a robust financial performance of the respondents. In addition, a prevailing growth mode of 4.00 indicates that a significant proportion of participants experienced overall profit growth during this period, indicating consistent and significant performance improvements in their respective businesses.

In line with the profit trends, participants recorded positive revenue growth with an average growth rate of 4.06. The prevailing growth rate of 4.00 emphasises a steady and remarkable increase in revenue among the participants surveyed. While a moderate standard deviation indicates some variability in revenue growth rates, overall participants experienced positive revenue growth. In addition, a mode of 4.00 emphasises that a significant number of participants reported a growth in the number of employees. However, a higher standard deviation indicates greater variability in headcount growth rates, suggesting that some participants experienced significant headcount expansion while others experienced more modest changes.

On average, the participants recorded positive growth in profit, sales, and number of employees. The predominant mode values of 4.00 indicate widespread and significant growth rates in all areas. However, the standard deviations show differences between the participants, particularly in the growth of the number of employees. These results shed light on the different performance trends observed in the companies surveyed.

*Table 3: Levels of skills possessed*

| *Item* | *N* | *Mean* | *Mode* | *Std. Dev* |
|---|---|---|---|---|
| Owner governance skill | 83 | 3.3012 | 3.0000 | 0.8516 |
| Manager governance skill | 83 | 3.2771 | 3.0000 | 0.9014 |
| Employee governance skill | 83 | 3.0602 | 3.0000 | 0.9019 |
| Owner planning skill | 83 | 3.3373 | 3.0000 | 0.8593 |
| Manager planning skill | 83 | 3.2771 | 3.0000 | 0.8739 |
| Employee planning skill | 83 | 3.0602 | 3.0000 | 0.8883 |
| Owner budgeting skill | 83 | 3.3133 | 3.0000 | 0.9618 |
| Manager budgeting skill | 83 | 3.1807 | 3.0000 | 0.9126 |
| Employee budgeting skill | 83 | 3.0000 | 3.0000 | 0.9627 |
| Owner general management skill | 83 | 3.3253 | 3.0000 | 0.8569 |
| Manager general management skill | 83 | 3.2048 | 3.0000 | 0.8662 |
| Employee general management skill | 83 | 2.9639 | 3.0000 | 0.8475 |

*Notes: Std. Dev denotes standard deviation.*

*Source: Authors' computations*

Table 3 provides a comprehensive overview of the level of skills possessed by the various actors in the participants surveyed. The skills examined include governance, planning, budgeting and general management, with a focus on owners, managers and employees. The table includes key metrics such as mean, mode and standard deviation, which provide insight into the central tendency, the most frequently occurring values and the variability of skill levels.

Owners reported a mean competency level of 3.30, with a mode of 3.00, indicating moderate competency in this area. Managers reported a similar average level of 3.28, with a mean of 3.00. Employees reported a slightly lower average level of 3.06, with a mean of 3.00. The standard deviations indicate some variability and show that owners and managers have relatively consistent skills, while there is greater variation among employees. Like planning, owners reported an average level of planning skill of 3.34, with a mean of 3.00, indicating a moderate level of planning skill. Managers indicated a similar mean level of 3.28, with a mode of 3.00. Employees indicated a mean level of 3.06, with a mean of 3.00. The standard deviations infer moderate variability, with owners and managers showing more consistent planning skills compared to employees.

For budgeting skills, managers reported a slightly lower mean of 3.18, with a mean of 3.00. The standard deviations show some variability, with owners demonstrating more varied skills compared to managers and employees. For general management skills, employees reported an average level of 2.96, with a mean of 3.00. Managers reported an average level of 3.20, with a mean of 3.00. The standard deviations indicate some variability, with owners demonstrating more variable skills compared to managers and employees.

The results show that owners, managers and employees have different levels of competence in financial management skills such as budgeting, planning and general management. Owners and managers tend to have more uniform skills in these areas than employees, as indicated by their lower standard deviations.

***Table 4: Perception concerning the importance of possessing the skill and training***

| *Variables* | *N* | *Mean* | *Mode* | *Std. Dev* |
|---|---|---|---|---|
| The owner possesses governance skill | 83 | 4.3614 | 4.0000 | 0.6910 |
| Employee possesses governance skill | 83 | 4.3494 | 4.0000 | 0.6331 |
| Train owner on governance | 83 | 4.4096 | 4.0000 | 0.6633 |
| Train employees on governance | 83 | 4.3494 | 4.0000 | 0.6705 |
| Owner possesses planning skill | 83 | 4.3855 | 4.0000 | 0.5372 |
| Employee possesses planning skill | 83 | 4.3133 | 4.0000 | 0.5163 |

| | | | | |
|---|---|---|---|---|
| Train owner on planning | 83 | 4.3373 | 4.0000 | 0.5245 |
| Train employees on planning | 83 | 4.3373 | 4.0000 | 0.5245 |
| Owner possesses budgeting skill | 83 | 4.3494 | 4.0000 | 0.5507 |
| Employee possesses budgeting skill | 83 | 4.2892 | 4.0000 | 0.5528 |
| Train owner on budgeting | 83 | 4.3614 | 4.0000 | 0.5314 |
| Train employees on budgeting | 83 | 4.2530 | 4.0000 | 0.6017 |
| Owner possesses gen management skill | 83 | 4.2169 | 4.0000 | 0.6448 |
| Employees possess gen mgt skill | 83 | 4.1687 | 4.0000 | 0.4638 |
| Train owner on gen mgt skill | 83 | 4.2289 | 4.0000 | 0.4506 |
| Train employees on gen mgt skill | 83 | 4.1807 | 4.0000 | 0.4457 |

*Notes: gen mgt stands for general management.*

*Source: Authors' computations*

Table 4 looks at the perceptions of the importance of certain skills and the need for training and provides valuable insights into the mindset and attitudes of business owners and employees. The variables considered include governance, planning, budgeting, and general management skills.

The results deduce that owners and employees consider it important to have financial management skills and to be trained in these skills, as shown by the mean values in Table 4. A mean of 4 entails that respondents consistently believe in the importance of financial management skills, and the high mean scores for training in this area indicate that the need for continuous improvement in this area is recognized. Thus, the respondents unanimously believe in the importance of possessing and being trained in all four management skills.

Overall, the results suggest that participants agree on the importance of having and training in these key competencies, particularly in the areas of governance, planning, budgeting and general management. This underlines the significance of investing in training programmes aimed at improving these skills for both owners and employees.

### 4.4 Factor analysis

Factor analysis was used in this study for two main purposes. First, for the combination of constructs: Constructs measuring similar aspects were identified and combined into a new single variable. This process was conducted to improve the clarity and simplicity of the variables used in the subsequent regression model. Secondly, for validity analysis: Factor analysis was integrated into the validity analysis to ensure the robustness of the measurement model.

The component matrix and commonalities emerge as key components that provide insight into the relationships between constructs. The component matrix provides information about the strength and nature of the relationships, with higher loadings indicating stronger relationships. The commonalities indicate the proportion of variance explained by common factors, and higher commonalities indicate significant explanatory power. In examining the results, the identified factors serve as a window into the underlying constructs that shape the landscape of financial management competencies in small, Black women-owned businesses. The factors, derived from the amalgamation of various constructs, provide a nuanced perspective on the key dimensions that drive the trajectory of our study.

Tables A1-A9 in Appendix A show the results of the factor analysis for the different constructs. Each table is associated with a new variable created by the factor analysis that helps to refine and consolidate the measurement variables. A brief description of these tables is provided in the next sub-sections (4.4.1 – 4.4.9)

#### 4.4.1 Firm performance measures (Table A1)

The factor analysis conducted in this section aimed to uncover latent constructs related to firm performance. The results show a strong relationship between the variables 'Profit', 'Sales' and 'Employees', which led to the creation of a new composite variable called '*Firm Performance'*. This newly derived variable will serve as the central dependent variable in the regression analysis. The results of the factor analysis for firm performance in Table A1 Appendix A, show clear patterns in the relationship between the key variables. Both profit and sales show strong positive associations with the first principal component (PC1), emphasizing their significant contribution to the common underlying structure. The high similarities in profit and sales mean that a significant proportion of their variances are explained by common factors. On the other hand, the number of employees also makes a positive contribution to PC1, albeit to a lesser extent, as indicated by moderate loading and lower commonality. The cumulative percentage of variance explained by PC1 of 70.879% emphasises the effectiveness of this component in capturing the variability of the data set. The KMO test indicates a moderate fit model, and the significance of Bartlett's test speaks to the appropriateness of using factor analysis. Overall, these results provide valuable perceptions into the interplay of profit, sales and employees in shaping firm performance.

#### 4.4.2 Level of budgeting skill possessed (Table A2)

The results of the factor analysis for the level of budgeting skills as per Table A2, Appendix A, show a robust relationship between the different skill levels amongst owners, managers and employees and the underlying factor represented by the first principal component (PC1). Each item, regardless of whether it relates to owners, management, or employees, has a high positive loading on PC1, indicating a coherent relationship between these variables. The high similarities between the individual skill levels indicate that a significant proportion of their variance is accounted for by common factors. The cumulative percentage of variance explained by PC1 of 85.103% proves that it effectively summarizes the common variability within the data set. The KMO test for budgeting ability indicates a moderate fit model, and the significance of Bartlett's test confirms the suitability of factor analysis for assessing budgeting competencies. These results contribute to a differentiated understanding of the interrelatedness of budgeting skills across different organisational levels.

#### 4.4.3 Level of planning skill possessed (Table A3)

Table A3 in Appendix A contains the results of the factor analysis for planning competence and shows a coherent pattern of positive associations between the different levels of competence particularly for owners, managers, and employees. Each item has significant positive loadings on the first principal component (PC1), indicating a common underlying factor influencing planning competence across organisational roles. The high commonalities for each element of planning skills mean that a significant proportion of their variances are explained by common factors. The cumulative percentage of variance explained by PC1 is 85.302%, highlighting its effectiveness in capturing the interrelated nature of planning skills. The KMO test for planning skills indicates a reasonably good model fit, while the statistical significance of Bartlett's test confirms the appropriateness of using factor analysis to assess the planning skills. These results contribute to a more nuanced understanding of the relationships between planning capabilities at different organisational levels.

#### 4.4.4 Level of governance skill possessed (Table A4)

Factor analysis results in Table A4 in Appendix A illustrate the intricate relationships between the governance capabilities in the different organisational roles. It is noteworthy that each skill level, whether for owners, managers or employees, has robust positive loadings on the first principal component (PC1). This consistent pattern suggests a common underlying factor influencing leadership skills across hierarchical positions. The high commonalities emphasise the considerable proportion of variance explained by common factors overall and highlight the interrelated nature of leadership skills. The cumulative percentage of variance explained by PC1, which reaches 84.691%, highlights its effectiveness in capturing the interrelated dimensions of governance capabilities. The results of the KMO test indicate a reasonably good model fit, while the statistical significance of Bartlett's test supports the appropriate application of factor analysis to assess governance capabilities. These results contribute to a more refined understanding of the interdependence of governance capabilities in different organisational contexts.

#### 4.4.5 Level of general management skill possessed (Table A5)

In this section, we look at the results of the factor analysis for general management skills (Table A5), which show a consistent and positive association across different organisational roles. The significant positive loadings for each skill level point to a common underlying factor indicating a coherent influence on general management skills. The high communalities emphasise the considerable variance explained by the common factors and illustrate that the general management skills are interrelated. With a cumulative percentage of variance explained by the first principal component (PC1) of 76.932%, the factor analysis effectively captures the critical dimensions of general management skills. The KMO test indicates a reasonably good model fit and the statistical significance of Bartlett's test suggests an appropriate application of factor analysis in the assessment of general management skills. These results shed light on the interdependence of general management skills across different organisational levels.

#### 4.4.6 Perception regarding the importance of the budgeting skill (Table A6)

The results of the factor analysis for perceptions of planning abilities are depicted in Table A6, as indicated in the component matrix, and show strong and positive loadings on the first principal component (PC1). The numbers in the matrix for each item representing perceptions of planning capabilities for owners, managers and employers are remarkably high and show robust agreement in the perceived importance of planning capabilities across different organisational roles. Commonality, which measures the proportion of shared variance explained by common factors, emphasises the significant and consistent recognition of the importance of planning skills. The values in the commonality column for each item are substantial and stress the extent to which the observed variance is captured by the common factors underlying perceptions of planning skills.

As for the KMO test (Kaiser-Meyer-Olkin test), the value of 0.844 indicates a high-fit model for factor analysis, underlining the suitability of this statistical technique for assessing perceptions of planning skills. The high statistical significance of the Bartlett's test (574.613) also underlines the validity of using factor analysis in this context. Taken together, these figures confirm a strong consensus and common understanding regarding the importance of planning capabilities among the company's owners, managers, and employees.

#### 4.4.7 Perception regarding the importance of the planning skill (Table A7)

The results of the factor analysis illustrate the common perception of planning capabilities in Table A7 by the various stakeholders in the company. Each item representing the perception of planning capabilities of owners, managers and employees has robust and positive loadings on the first principal component (PC1). These results indicate a coherent understanding and alignment of perceptions of planning skills across different organisational roles. The high levels of commonality reflect the considerable amount of shared variance explained by common factors, highlighting the consensus in perceived importance. With an impressive cumulative percentage of variance explained of 94.792%, the factor analysis effectively captures the nuanced dimensions of perceptions of planning skills. The KMO test indicates a high-fit model, and the statistical significance of Bartlett's test underscores the appropriateness of using factor analysis to assess perceptions of planning skills. These findings shed light on the consistent perceptions of owners, managers, and employees regarding planning skills.

#### 4.4.8 Perception regarding the importance of the governance skill (Table A8)

Table A8 presents the results of the factor analysis for the perception of governance capabilities and shows a positive agreement in the perceived importance of governance across different organisational roles. The component matrix figures for each item representing perceptions of governance capabilities for owners, managers and employers show strong and consistent loadings on the first principal component (PC1). The commonalities, which indicate the proportion of shared variance explained by common factors, emphasise the robust recognition of the importance of governance capabilities. While the commonalities among owners and managers are substantial, the lower commonalities among employers suggest that the importance of governance skills is viewed less unanimously in this group.

The KMO (Kaiser-Meyer-Olkin test) value of 0.659 infers an acceptable fit of the factor analytic model and confirms its suitability for assessing perceptions of governance capabilities. In addition, the statistical significance of the Bartlett's test (385.493) supports the validity of using factor analysis in this context. Overall, these results show that owners and managers agree in recognizing the importance of governance capabilities, although perceptions vary among employers.

### 4.4.9 Perception regarding the importance of the general management skill (Table A9)

The results of the factor analysis for the perception of general management skills in Table A9 on Appendix A show remarkable patterns in the perceived importance of these skills in the different organisational roles. The component matrix figures illustrate consistent and robust loadings on the first principal component (PC1) for each item representing perceptions of general management skills for owners, managers, and employers. Commonalities indicating shared variance explained by common factors reinforce the overall recognition of the importance of general management skills. While owners and managers have significant commonalities, the lower commonalities for employers indicate some variability in perceptions of the importance of general management skills.

The KMO (Kaiser-Meyer-Olkin test) value of 0.631 indicates an acceptable fit of the factor analytic model and confirms its suitability for assessing the perception of general management skills. The statistical significance of the Bartlett's test (273.378) underlines the validity of the factor analysis in this context. In summary, these results underline that the importance of general management skills is consistently recognized by owners and managers, although perceptions differ among employees.

## 4.5 Main econometric tests: Regression

This section presents and discusses the key results of the study regarding the effects of various financial management skills on firm performance. The role of each type of skill on firm performance is analysed using two sets of constructs. The initial set measures the level of financial management skill possessed by the owner, managers, and employees. As mentioned earlier under factors analysis, the various constructs about the level of each of the skill types (planning, budgeting, governance, and general management) were combined to create a single measure that can be used in the regression model. The second set of measures is meant to ascertain the perceptions of the owners, managers, and employees regarding the importance of each skill to the firm. The next subsection discusses the key results of the study.

4.5.1 Regression results

In line with the research objectives of the study, the effect of each skill on firm performance is discussed in this section. The results concerning the role of the level of a particular skill that is possessed are shown in Table 5 while those about the perceptions of the importance of each of the skills are presented in Table 6.

***Table 5: Management skills and firm performance***

| Independent Variables | Model 1 (*Budgeting*) | Model 2 (*Planning*) | Model 3 (*Governance*) | Model 4 (*General Mgt*) |
|---|---|---|---|---|
| Skills levels possessed | | | | |
| Budgeting | 0.5359*** | ---- | ---- | ---- |
| Planning | ---- | 0.5971*** | ---- | ---- |
| Governance | ---- | ---- | 0.4646*** | ---- |
| General Management | ---- | ---- | ---- | 0.3331*** |
| Control variables | | | | |
| Firm size | 0.1059*** | 0.0125*** | 0.1178*** | 0.2194*** |
| Qualification | -0.0327*** | 0.0405*** | 0.1663** | -0.0973** |
| | | | | |
| Number of Obs. | 83 | 83 | 83 | 83 |
| **Specification checks** | | | | |
| F-statistics: | 11.6244 | 13.3346 | 10.2082 | 8.2200 |
| (P-value) | (0.0274) | (0.0102) | (0.0000) | (0.0142) |
| R-squared | 0.4785 | 0.5904 | 0.4879 | 0.5033 |
| Breusch-Godfrey F-statistics (Autocorrelation) | 0.0984 | 0.0141 | 0.1833 | 0.0334 |
| (P-value) | (0.9532) | (0.9633) | 0(.8971) | (0.8668) |

| | | | | |
|---|---|---|---|---|
| Breusch-Pagan-Godfrey F- Statistics (Heteroscedasticity) | 1.0593 | 1.1528 | 1.8948 | 0.8558 |
| (P-value) | (0.3793) | (0.3259) | (0.0867) | (0.5421) |

*Note: Firm performance is the dependent variable. '***', '**' & '*' imply significance at the 1%, 5% & 10%, respectively. Mgt means management.*
*Source: Authors' computations*

***Table 6: Perception of the importance of management skills and firm performance***

| Independent Variables | Model 1 (*Budgeting*) | Model 2 (*Planning*) | Model 3 (*Governance*) | Model 4 (*General Mgt*) |
|---|---|---|---|---|
| Perception of the importance | | | | |
| Budgeting | 0.3332*** | ---- | ---- | ---- |
| Planning | | 0.4021*** | ---- | ---- |
| Governance | | ---- | 0.4727** | |
| General Management | | ---- | ---- | 0.2737*** |
| Control variables | | | | |
| Firm size | 0.0556*** | 0.0069*** | 0.0030*** | 0.0680*** |
| Qualification | 0.1728*** | 0.0981*** | 0.2712*** | 0.0949** |
| Number of Obs. | 83 | 83 | 83 | 83 |
| **Specification checks** | | | | |
| F-statistics | 8.2916 | 8.6560 | 12.8938 | 8.5371 |
| (P-value) | (0.0006) | (0.0000) | (0.0000) | (0.0956) |
| R-squared | 0.4363 | 0.4834 | 0.5462 | 0.5128 |

| | | | | |
|---|---|---|---|---|
| Breusch-Godfrey F- statistics (Autocorrelation) | 0.0984 | 0.0982 | 0.2725 | 0.0892 |
| (P-value) | (0.9197) | (0.9473) | (0.8314) | (0.886) |
| Breusch-Pagan-Godfrey F- statistics (Heter) | 1.0593 | 0.0732 | 0.5615 | 0.4374 |
| (P-value) | (0.8325) | (0.6386) | (0.7848) | (0.8944) |

Note: Firm performance is the dependent variable. '***', '**' & '*' imply significance at the 1%, 5% & 10%, respectively.

*Source: Authors' computations*

4.5.1.1 Objective 1: Effect of the budgeting skill level on firm performance

The coefficient for budgeting skills (0.5359) is statistically significant at the 1% level, indicating a positive relationship between the level of budgeting skills and firm performance. This result supports the idea that better budgeting skills are associated with better performance. The control variables (company size and qualification) also show significant relationships. Similar to Table 6, the coefficient for perception of budgeting skills (0.3332) is statistically significant at the 1% level, indicating a positive influence of perceived budgeting skills on firm performance. The control variables also show significant correlations. The results from both tables consistently underline the positive influence of budgeting knowledge on company performance. Regardless of whether the actual existence of budgeting knowledge or the perceived importance is measured, there is a strong and statistically significant relationship with firm performance. The control variables "company size" and "qualifications" also play a significant role and underline the complexity of the factors that influence firm performance.

Budgeting is an indispensable tool for companies, playing a central role in both forward planning and the skillful handling of unforeseen expenses (Smith, 2020). Without a well-structured budget, companies operate in a landscape of uncertainty and lack the foresight to plan for the future and manage unexpected costs. The author emphasised that the lack of budgeting not only hinders the ability to anticipate and manage unforeseen challenges, but also jeopardizes the overall development of the company. In essence, budgeting is a cornerstone of strategic financial management. It provides companies with the necessary framework to plan ahead and promote sustainable growth.

The findings are consistent with those of Elias and Etim (2017) who demonstrated that budgeting plays an important role in an organisation, but also including the ability to setting goals, determining potential courses of action, evaluating different strategic options, selecting alternative courses of action, monitoring actual results and responding to deviations from the plan. They emphasised the critical role of budgeting in financial management and its impact on the overall success of the organisation.
The coefficient for budgeting skills is statistically significant in both Model 1 Table 5 and Model 1 Table 6 (perception) ($p > 0.001$), which supports Hypothesis 1. This means that there is indeed a relationship between business success and budgeting/accounting skills among African women entrepreneurs in South Africa.

#### 4.5.1.2 Objective 2: Effect of the planning skill level on firm performance

The observed coefficient for planning capabilities (0.5971) is highly statistically significant at the 1% level, indicating a positive relationship between the level of planning skills and firm performance. Highly statistically significant means that it is very unlikely that the observed relationship between planning skills and business performance is due to chance. A positive relationship means that company performance increases with the level of planning skills. In other words, it is to be expected that companies with a higher level of planning skills also achieve better results. In line with the results in Table 6, the coefficient for the perception of planning competence is also statistically significant at the 1% level (0.4021), supporting the notion of a positive relationship between perceived planning competence and company performance; the higher the planning competence, the more positive the impact on firm performance.

These findings are consistent with the established economic literature. The respected authors Barringer (2019) and Scarborough et al., (2018) further confirm the results of the study. Their extensive work in entrepreneurship and small business management emphasises the central role of business planning in achieving entrepreneurial goals, sustaining growth, and increasing overall business success and emphasise the central role of effective planning in business success. Overall, the coefficient for planning skills is statistically significant in both Tables 5 and 6 (perception) (p 0.001), which confirms Hypothesis 2. This indicates that there is a relationship between business success and planning skills among African women entrepreneurs in South Africa.

#### 4.5.1.3 Objective 3: Effect of the governance skill level on firm performance

The coefficient for governance capabilities (0.4646) is highly statistically significant at the 1% level, indicating a positive relationship between the extent of governance capabilities implemented and firm performance. This is the estimated impact or effect of the "governance capabilities" variable on the dependent variable i.e. firm performance. The positive relationship implies that as the level of governance capabilities increases, firm performance improves accordingly. Companies with stronger governance tend to have better overall performance. The control variables in the perceptions model also show significant correlations with the coefficients for firm size as (0.1178) and qualifications as (0.1663), suggesting that factors such as firm size and qualifications continue to play a role in influencing the relationships observed in the perceptions model.

Governance capabilities prove to be a critical factor influencing organisational performance, both from a possession and perception perspective. The positive correlations underline the importance of effective governance for corporate success. The study's assertion highlighting the critical role of financial management skills and effective governance in small business success is supported by various authors and researchers in the field of corporate governance and entrepreneurship.

Authors such as Richard et al., (2008), Nolan and Croson (1995) emphasise the importance of financial management in knowledge-based businesses and its impact on overall success. Apart from the technical aspects, the qualitative aspects of governance, including ethical considerations and transparent decision making, are likely to contribute to improved business performance, and control variables continue to play a central role, highlighting the intertwining of leadership capabilities with other organisational dimensions. Overall, the coefficient for governance capabilities is statistically significant in both Models (perception) ($p > 0.01$), which supports Hypothesis 3. This indicates that there is indeed a relationship between business success and governance skills among African women entrepreneurs in South Africa.

#### 4.5.1.4 Objective 4: Effect of the general management skill level on firm performance

The findings of the analysis confirm the hypothesis that general management skills are of central importance for the success of a company. The results do not refute this assertion, but rather support it. They show a positive and statistically significant coefficient for general management skills (0.3331) at the 1% level. This underlines the significance of these skills for organisational performance. It suggests that organisations that lack a solid general management foundation are more vulnerable and have a higher risk of failure. These findings underscore the critical role of general management skills in managing the complexity of the business landscape and promoting sustainable success. In the perception model, the coefficient for the perceived importance of general management skills also remains statistically significant at the 1% level (0.2737). This confirms the positive influence of perceived competence in general management on organisational performance.

In addition, the control variables show a remarkable relationship. General management skills prove to be a key factor that influences organisational performance and include crucial aspects such as decision making, coordination and integration of different organisational functions. Scholars such as Fatoki (2014) emphasise that effective general management is essential for organisations to effectively manage their internal and external environments. The coefficient for general management skills is statistically significant in both Model 4 Table 5 and Model 4 Table 6 (perception) ($p > 0.001$), which supports Hypothesis 4.

#### 4.5.1.5 Control variables: Effect of firm size and qualifications on firm performance

For each model, there are control variables, "company size" and "qualifications". The coefficients for these control variables vary from model to model. In all models, "company size" shows a statistically significant positive relationship with firm performance, which means that larger companies tend to have a higher level of performance. In Model 1 (Budgeting), for example, "company size" is statistically significant at the 1% level (***). The coefficient is 0.1059 with a p-value of 0.0006, indicating that each unit increase in firm size leads to a corresponding increase in firm performance. The effect of "skill" on firm performance varies across models. In Models 1 and 2, it is statistically significant, indicating that a certain level of managerial skill is associated with firm performance. In Model 3, the relationship is still significant but weaker, and in Model 4, it is no longer statistically significant, suggesting that higher skill levels of individuals within organisations contribute to improved firm performance in different areas of managerial skills.

The results show that investing in the training and development of employees, managers and owners can contribute to better overall organisational performance. Qualified staff are likely to have the skills and knowledge required for effective decision-making and management, thus increasing the organisation's productivity and competitiveness.

The inclusion of control variables such as "firm size" and "qualification" level proved helpful in refining our understanding of this dynamic. The inclusion of qualification as a control variable underscores the importance of educational attainment and expertise in influencing business performance. Black women entrepreneurs with higher levels of qualification show a tendency to perform better, possibly due to their better skills, knowledge and decision-making ability. The results suggest that firm size is not necessarily a significant determinant of firm performance for Black women-owned firms. Although larger firms are often thought to have advantages such as economies of scale, greater market presence, and better resource allocation, our research did not find a consistent relationship between firm size and performance. This suggests that factors other than size, such as general management skills, innovation, and market positioning, may play a more important role in the success of Black women entrepreneurs, regardless of the size of their businesses.

4.5.2 Specification/Diagnostics tests

In this section, we assess the adequacy of the statistical inferences drawn from the model on Table 5 and 6. In this analysis, we conduct specification tests for four different models, each examining the relationship between a different managerial capability and firm performance. The tests include examining the F-statistics for the significance of the overall model, Breusch-Godfrey tests for autocorrelation and Breusch-Pagan-Godfrey tests for heteroscedasticity. The results of these tests provide information on the appropriateness of the models and the validity of the regression analyses and ensure that the results can be interpreted reliably.

For the perception models (budgeting, planning, governance, general management) and the management capability models, the F-statistics are all statistically significant ($p < 0.1$), indicating that these models have overall explanatory power. For all models, the p-values of the Breusch-Godfrey tests consistently exceed the significance level (between 0.8314 and 0.9633). This indicates that there is no autocorrelation, which means that the residuals for both model series show no systematic pattern over time. For both model series, the p-values of the Breusch-Pagan-Godfrey tests are mostly high (between 0.086 and 0.8944), indicating homoscedasticity. The variance of the residuals remains relatively constant across the observations, which contributes to the stability of the models.

In the perceptual models, each model (budgeting, planning, governance, general management) individually shows statistical significance, with R-squared values indicating a considerable amount of explained variance in organisational performance. For the management capability models, the F-statistics are significant, and the R-squared values indicate a considerable proportion of the explained variance. The Breusch-Pagan-Godfrey F-statistics are not statistically significant, which means that there is no evidence of heteroscedasticity in the residuals of the model in the analysis. This is considered a desirable feature as it means that the assumptions regarding the variance of the errors in the regression model are met.

The specification tests for all models show that the assumptions of no serial autocorrelation and homoscedasticity are fulfilled, which ensures the reliability of the regression results. The models are statistically significant, which indicates that the included variables together explain a substantial part of the variance of the dependent variable. Both the perception and competence level models pass important statistical tests of validity and reliability. These results suggest that the relationships identified between perceptions of management ability, skill level and firm performance are statistically sound, giving researchers and practitioners confidence in the results.

### 4.7 Conclusion

In conclusion, the possession and perceived importance of budgeting capabilities has shown a positive and statistically significant impact on organisational performance. Organisations with a strong focus on budgeting tend to exhibit better overall performance. Similar positive associations were found for planning skills, suggesting that organisations that value and possess effective planning capabilities experience higher performance. Both the possession and perceived importance of planning capabilities have a positive and significant impact on organisational performance.

Furthermore, governance capabilities have a moderate but significant impact on organisational performance. The possession of governance skills and general management skills shows a positive relationship with firm performance, albeit at a moderate level. Nevertheless, it is important to note that general management skills, which encompass a broad range of competencies, have a positive impact on firm performance. This underlines the importance of a holistic management approach that considers the interaction between corporate governance, general management and the overall success of the company.

As for the control variables, “qualifications” and “size” tend to play a role in firm performance. The results confirmed the significant role of organization size in firm performance. The qualifications of owners, managers and employees were identified as relevant factors influencing business performance. Higher qualifications correlate with better business results, and so does the increased size of a firm.

Some studies have emphasised indicators such as return on assets (ROA) and return on equity (ROE) as primary measures on firm performance. In our studies, we opted for profit, sales, and employees as proxies for firm performance in the factor analysis. Other studies have used larger samples that allow for a broader representation of the population; due to limited data availability, a relatively small sample was used, which may limit the generalisability of the results. The choice of measures of firm performance can significantly influence the results.

Different indicators may capture different dimensions of performance, which may lead to divergent results. However, the results underline the strategic importance of specific management skills for small businesses run by women. Managing the identified skills contributes positively to business success. Furthermore, recognizing the importance of business size and qualifications in this context can guide future business development initiatives.

In conclusion, this study serves as a foundation for exploring the nuanced interplay between financial management competencies and the success of small, women-owned businesses. The insights gained pave the way for further research, policy formulation and practical interventions aimed at fostering a thriving ecosystem for women entrepreneurs and building sustainable economic growth that will benefit future generations of women entrepreneurs in South Africa.

This chapter has detailed the results of our data analysis, providing insights into the patterns and relationships found in the study. In the final chapter, we will discuss the implications of these findings, draw conclusions, and offer recommendations for future research and practical applications.

## CHAPTER FIVE: SUMMARY, CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

### 5.1 Introduction

This final chapter summarizes the main findings, draws overarching conclusions, identifies the limitations of the study and makes recommendations for future research and practical applications. The culmination of this research aims to provide a holistic understanding of the intricate relationship between financial management skills and business success among African women entrepreneurs in the dynamic landscape of Gauteng, South Africa. This chapter aims to contribute to the existing body of knowledge in the fields of entrepreneurship, gender studies and business management while providing practical insights for policy makers, business support organisations and women entrepreneurs alike.

### 5.2 Summary

The study looked at budgeting, planning, governance, and general management competencies and sought to decipher their influence on business performance. Through quantitative analysis, including regression and factor analysis, a nuanced understanding emerged that highlighted the central role of these competencies in shaping business success.

Examination of budgeting skills revealed a robust relationship that underscored their importance in managing financial complexity. Planning skills were found to be a key success factor, underlining the strategic importance of effective organisational foresight. Governance skills showed a positive effect and underlined the critical role of sound governance practices. General management skills demonstrated their impact on business success and confirmed their importance in driving favorable business performance.

The critical role of possessing budgeting, governance, planning and general management skills was also confirmed by the perceptions of the owners, managers, and employees regarding the importance of possessing and getting training in these skills. The subsequent sections of this chapter address the overarching conclusions from the study, recognize its limitations, and provide recommendations for future research and practical applications. These findings are intended to inform policy, empower support institutions, and guide women entrepreneurs in improving their financial management skills for sustainable business growth and success.

## 5.3 Overall conclusion regarding the objectives

The study has successfully achieved its objectives by shedding light on the intricate relationship between financial management skills and the business success of African women entrepreneurs in South Africa. The main conclusions are as follows:

**Objective 1:** The study found a statistically significant relationship between business success and the financial management skills of budgeting and accountability, among African women entrepreneurs. Effective budgeting practices and financial accountability were identified as critical factors in the success and sustainability of small businesses.

**Objective 2**: It is established that there is a strong positive relationship between business success and planning skills. The results underlined the importance of planning for achieving business goals, for sustainable growth and for increasing the overall success of African women entrepreneurs.

**Objective 3:** The results suggest a significant relationship between business success and capabilities related to basic governance practices. Effective governance practices, both internal and external, were identified as essential for transparent and responsible management of financial resources that contribute to business success.

**Objective 4:** The study found statistically significant evidence of a relationship between general management skills and firm performance. This highlights the importance of coordination of activities, decision making skills and financial management for the success of women-owned small businesses.

The findings of this study support the earlier findings of Sarker and Palit (2014) who studied the success factors of women entrepreneurs in Bangladesh. A similar study by Kerrin et al., (2017) conducted in South Africa concluded that the management skills needed by entrepreneurs are financial management, human resource management, business start-up, interpersonal and social skills, leadership skills, personality, marketing, technical and business management skills. Both studies used a quantitative research approach. The authors agree that financial management is the skill that hinders business success and should be paid attention to.

In summary, the study provides a comprehensive insight into the central role of financial management skills, including budgeting, planning, governance and general management, in the success of small women-owned businesses in South Africa. The findings contribute to the existing body of knowledge on entrepreneurship and financial management and highlight the importance of these skills for sustainable business growth and success.

## 5.4 Recommendation

The recommendations discussed here are based on the results of the hypothesis tests conducted in this study. This will be useful for various stakeholders, e.g., current and future women entrepreneurs and leaders, groups working for women's empowerment (Ministry of Women's Affairs, relevant international organisations working for gender equality, e.g. the United Nations Development Programme, the Southern African Women's Empowerment Foundation), the South African business community, financial institutions, THEDTIC, NYDA, SEDA, governments/politicians, policymakers and educational institutions - e.g. in relation to the importance of offering courses/programmes for leaders. The following recommendations are provided:

***First: Financial Management Literacy***

Improve financial management skills: The results clearly indicate that a lack of financial knowledge significantly impairs business performance. They highlight that budgeting and business management are the most fundamental aspects of running a business. Without this basic knowledge, it becomes challenging to achieve business success. Entrepreneurs should focus on developing skills related to finance, including investing, budgeting, monitoring and variance analysis. This can lead to better financial decision making and resource utilization. Government arms (Industrial Development Corporation (IDC), in South Africa that promote entrepreneurship should provide training tools to equip women businesspersons with the necessary financial management skills. THEDTIC, NEF and all other government agencies should provide adequate information to black women entrepreneurs about the programmes they offer and be accessible to black communities. For example, they should partner with local public colleges and business schools near black communities and offer free basic financial literacy courses to all legally registered women entrepreneurs. Providing easily accessible information would benefit entrepreneurs and the economy by supporting businesses in the long term and preventing small businesses from failing.

***Second: Strengthen business management skills*:** It is still advisable to focus on improving general management skills. Improving knowledge and understanding of the legal and regulatory framework, compliance and ethical business practices can contribute to effective decision-making and overall business performance as shown in the study by Oseifuah (2010). Participants indicated that basic business knowledge is critical for owners, managers and employees. As our results illustrate, fundamental business management is crucial for sustaining a business, regardless of whether it is small, medium, or large. Encouraging business owners to invest in developing holistic business management skills will not only improve their ability to overcome challenges but also the overall performance and sustainability of their business. In addition, advocating for accessible training programmes and resources tailored to the specific needs of Black women entrepreneurs can further promote their growth and success in the business world. Government agencies offering financial assistance should require entrepreneurs who lack general management skills and governance skills to attend training before qualifying for funding. This will minimise the misdirection of funds and the business. The lack of education from the results is consistent with saturation.

***Third: Emphasise planning skills*:** Planning skills have been shown to play a statistically significant role in predicting the success of small businesses as indicated by the results. To improve business performance, entrepreneurs should prioritise the development of sound planning processes. This includes setting clear goals, identifying strategies, creating action plans and regularly monitoring progress toward goals. Provide training to create comprehensive business plans that outline growth strategies, market analyses, financial projections and operational plans. A well-structured business plan is a roadmap for scaling the business and attracting investors. And make sure they follow and stick to their business plan. Encourage business owners to prioritise the development of sound planning skills, which include aspects such as setting clear objectives, forecasting market trends, identifying opportunities and mitigating risks. Emphasise the importance of creating comprehensive business plans that include short- and long-term goals and actionable strategies to achieve those goals. Additionally, advocate for continuous evaluation and adjustment of plans in response to changing market dynamics. Providing accessible training and mentorship programmes that focus on planning skills can empower Black women entrepreneurs to make informed decisions and lead their businesses to success.

***Fourth: Create mentoring programmes:*** THEDTIC and other government agencies that provide entrepreneurial support should introduce mentoring programmes where experienced entrepreneurs or industry professionals provide advice and support to aspiring or early-stage small entrepreneurs most importantly for women. Mentors can share their knowledge, insights, and experience to help mentees overcome challenges, make informed decisions, and develop their entrepreneurial skills. Mentoring programmes can be organised through local business associations, chambers of commerce or specific mentoring initiatives and non-profit organisations and NGOs. Considering that it can be difficult to start and run a business without any skills and knowledge, it is advisable that government agencies provide financial support to businesses and financial institutions to assist entrepreneurs with mentorship programmes and support for at least 2-3 years until the business is viable and can generate profits. It is insufficient to just provide money because some entrepreneurs get the funds for the wrong reasons. A mentor is a professional businessperson who has the experience to support and encourage aspiring entrepreneurs to develop their own skills and insights. Monitoring will help entrepreneurs focus more on their business and stop using funds for their own personal benefit.

***Fifth: Create transnational learning networks:*** The Department for Small Business Development (DSBD) of the Republic of South Africa and the Small Enterprise Development Agency (SEDA) should create networks or platforms that facilitate the exchange of knowledge and skills between entrepreneurs and business people from different African countries. These networks can provide opportunities for virtual or face-to-face interactions where individuals can share their expertise, exchange best practices and discuss challenges and solutions related to financial management in their respective environments. Online platforms, webinars and digital resources can also be valuable sources of business knowledge and skills development. It would be beneficial for women entrepreneurs in South Africa to share their knowledge and experiences with other African countries as Uganda ranks first in Africa with the highest proportion of women entrepreneurs.

***Sixth: Benchmarking:*** Entrepreneurs should compare the financial practices, governance practices, planning practices and general management of the companies under review with industry benchmarks or best practices. Identifying areas where companies lag or excel in these practices can allow for targeted actions to improve overall performance. Compare financial metrics such as profitability, liquidity and efficiency ratios to industry standards to assess financial health and identify areas for improvement. Evaluate governance structures, policies and procedures against recognized standards or industry benchmarks to ensure transparency, accountability and compliance. Evaluate strategic planning processes, including goal setting, resource allocation and risk management, against industry best practices to improve long-term sustainability and competitiveness. Compare management practices related to leadership, decision-making and organisational culture against industry norms to identify areas for leadership development and organisational improvement.

***Seventh: Support black women entrepreneurs in Townships:*** It is imperative that the government protects and promotes the interests of black women entrepreneurs, especially black women working in the townships. It is vital to encourage local communities to support black-owned businesses and provide them with marketing and networking opportunities. Recognising the pivotal role of black women entrepreneurs in Gauteng and South Africa is important because it is evident that their success is a sign of resilience, innovation and progress. Black women entrepreneurs not only contribute to economic growth but also play an important role in building communities. They serve as mentors, inspire others and promote self-determination within society. Therefore, it is essential to provide them with the support and protection they need to thrive and realise their full potential.

The success of small businesses, especially those run by women, is of great benefit to the South African economy. Access to finance and educational support would benefit the economy. By supporting and protecting black women entrepreneurs, the government would benefit from economic growth, create employment opportunities and promote sustainable development in the townships and beyond.

***Eight: Adoption of Financial Technologies*****:** The use of financial technologies (FinTech) can simplify complex financial tasks and provide real-time financial insights. Entrepreneurs should be encouraged to use tools such as accounting software, mobile banking apps and digital payment platforms to optimise their financial management processes. Financial planning software helps to create budgets and forecast future financial performance. These tools offer scenarios and simulations that help with strategic decision-making. Integrating the tools into the business will help business owners save time and focus more on building the business. Policy makers should also include training and the use of FinTech as part of the support in financing entrepreneurs as this will improve the business most importantly small businesses.

## 5.5 Limitations

This study is subject to certain limitations, the researcher encountered several problems in conducting the research. For example, THEDTIC's inability to publish the list of successful women small business owners is due to time constraints. This limitation may have affected the representation and participation of certain individuals, resulting in a biased sample. However, it is important to note that time constraints are common in research studies and that alternative methods of participant selection can still provide valuable insights.

The exclusion of other races of women entrepreneurs in Gauteng Province, South Africa, may limit the generalisability of the findings to women entrepreneurs of other races. It is important to be aware of this limitation and recognise the need for future studies that explore the experiences of women entrepreneurs from different racial backgrounds.

Limited generalisability to other African women and rural areas. As the study focused specifically on Black women entrepreneurs in the Gauteng province, the findings may not fully represent the experiences of African women entrepreneurs from other provinces or rural areas. This limitation highlights the need for more comprehensive research efforts to capture the diversity of African women entrepreneurs' experiences.

Reliance on electronic survey platforms: Conducting the survey through electronic platforms may have limited the researcher's ability to observe participants' non-verbal cues and expressions as they completed the survey. This limitation should be considered as face-to-face interactions may provide additional insights into participants' perspectives.

Exclusion of unregistered street businesses: The fact that women entrepreneurs who run small shops on the street could not be included because they are not legally registered could lead to a possible bias in the sample. This limitation is important as it may affect the representation of a certain segment of women entrepreneurs.

## 5.6 Scope for future research

Additional studies should be conducted to identify what challenges women face in starting a small business and why many businesses do not reach the 3rd birthday. Conducting a comparative analysis of the financial management skills and business success of women entrepreneurs from different regions or countries would also be beneficial as this would provide a broader understanding of the factors that contribute to business success in different contexts. Moreover, it is important to conduct a longitudinal study to examine the long-term impact of financial management skills on business success by following a cohort of women entrepreneurs over time and tracking their financial management practises and business performance to determine the sustainability of their success.

Future studies could also supplement the quantitative results with qualitative research methods such as in-depth interviews or focus groups. Along with investigating the experiences, challenges and strategies of women entrepreneurs in developing and applying financial management skills in their businesses and exploring the role of technology and digital tools in improving women entrepreneurs' financial management skills and business success. Examining the adoption and use of financial management software, online resources and e-commerce platforms in their businesses. Furthermore, it could be advantageous to develop and evaluate intervention programmes or training initiatives aimed at improving the financial management skills of women entrepreneurs and evaluating the effectiveness of such programmes in improving business performance can help identify the specific components that contribute to success. Future research may also consider investing businesses that are run by both black women and men. It can also be expanded to exploring other factors beyond financial management skills that might impact business success.

Having discussed the findings and their implications, concluded the study, and provided recommendations, we have reached the end of this research. The appendices section that follows contains supplementary material such as the questionnaires and detailed data tables used in this study.

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## APPENDICES

Appendix A - Factor Analysis

**Table A1 Factor Analysis for Firm Performance**

| **Item** | **Component Matrix** | **Communalities** |
|---|---|---|
| | **PC1** | **Extraction** |
| Profit | 0.927 | 0.859 |
| Sales | 0.917 | 0.842 |
| Employees | 0.652 | 0.426 |
| *% of Variance* | | |
| Cum | 70.879 | |
| KMO test | 0.595 | |
| Barlett test | 115.569 | |
| (P-value) | 0.001 | |

Source: Authors' computations

**Table A2 Factor Analysis for Budget Skill**

| **Component Matrix** | | **Communalities** |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Level of Budgeting Skill for Owners | 0.923 | 0.852 |
| Level of Budgeting Skill for Management | 0.952 | 0.907 |
| Level of Budgeting skill for Employers | 0.891 | 0.795 |
| *% of Variance* | | |
| Cum% Budgeting | 85.103 | |
| KMO test Budgeting Skill | 0.716 | |
| Barlett test Budgeting Skill | 178.892 | |

Source: Authors' computations

**Table A3 Factor Analysis for Planning Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Level of Planning skill for Owners | 0.912 | 0.831 |
| Level of Planning skill for Managers | 0.962 | 0.925 |
| Level of Planning skill for Employers | 0.896 | 0.802 |
| *% of Variance* | | |
| Cum % Planning | 85.302 | |
| KMO test Planning Skill | 0.682 | |
| Barlett test Planning Skill | 187.961 | ` |

Source: Authors' computations

**Table A4 Factor Analysis for Governance Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Level of Governance skill for Owners | 0.922 | 0.851 |
| Level of Governance skill for Managers | 0.964 | 0.929 |
| Level of Governance skill for Employers | 0.912 | 0.832 |
| *% of Variance* | | |
| Cum% Governance | 84.691 | |
| KMO test Governance Skill | 0.705 | |
| Barlett test Governance Skill | 202.839 | |

Source: Authors' computations

**Table A5 Factor Analysis for General Management Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Level of General Management skill for Owners | 0.88 | 0.774 |
| Level of General Management skill for Managers | 0.947 | 0.897 |
| Level of General Management skill for Employers | 0.878 | 0.77 |
| *% of Variance* | | |
| Cum% General Management | 76.932 | |
| KMO tests General Management Skill | 0.676 | |
| Barlett tests General Management Skill | 148.546 | |

Source: Authors' computations

**Table A6 Factor Analysis of the perception regarding Budget Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Perception on Planning for Owners | 0.953 | 0.909 |
| Perception on Planning for Managers | 0.974 | 0.948 |
| Perception on Planning for Employers | 0.984 | 0.968 |
| *% of Variance* | | |
| Cum % Planning | 94.792 | |
| KMO test on Planning perception | 0.844 | |
| Barlett test on Planning perception | 574.613 | |

Source: Authors' computations

**Table A7 Factor Analysis on the perception regarding Planning Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Perception on Budgeting for Owners | 0.928 | 0.861 |
| Perception on Budgeting for Management | 0.921 | 0.899 |
| Perception on Budgeting for Employers | 0.948 | 0.848 |
| *% of Variance* | | |
| Cum % Budgeting | 86.293 | |
| KMO test on Budgeting perception | 0.744 | |
| Barlett test on Budgeting perception | 378.813 | |

Source: Authors' computations

**Table A8 Factor Analysis on the perception regarding Governance Skill**

| Component Matrix | | Communalities |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Perception on Governance for Owners | 0.952 | 0.905 |
| Perception on Governance for Managers | 0.95 | 0.903 |
| Perception on Governance for Employers | 0.942 | 0.692 |
| *% of Variance* | | |
| Cum % Governance | 87.061 | |
| KMO test on Governance perception | 0.659 | |
| Barlett test on Governance perception | 385.493 | |

Source: Authors' computations

**Table A9 Factor Analysis on the perception regarding General Management Skill**

| **Component Matrix** | | **Communalities** |
|---|---|---|
| **Item** | **PC1** | **Extraction** |
| Perception on General Management for Owners | 0.946 | 0.894 |
| Perception on General Management for Management | 0.866 | 0.87 |
| Perception on General Management for Employers | 0.933 | 0.563 |
| *% of Variance* | | |
| Cum % General Management | 81.398 | |
| KMO test on General Management perception | 0.631 | |
| Barlett test on General Management perception | 273.378 | |

Source: Authors' computations

**Appendix B - Survey Questionnaire**

## SMALL BUSINESS SUCCESS AND FINANCIAL MANAGEMENT SKILLS

The purpose of this questionnaire is to obtain feedback from you, as an African woman entrepreneur based in Gauteng Province, South Africa, on the relationship between the success or failure of your business and your financial management skills. The information from this survey will be used strictly for academic purpose and the participants will remain anonymous. The results will be used to determine the importance of financial management and investment skills in the business. Thank you for taking the time to complete this survey. Should you have any further questions, please feel free to contact the researcher, Gail Mabusela: Email: 2457654@students.wits.ac.za, Mobile: +27 72 851 5436.

## SECTION A: GENERAL INFORMATION

1.1 Please indicate the size of your business from the following options:

| | |
|---|---|
| Small (1-10 employees) | 1 |
| Medium (11-49 employees) | 2 |
| Large (50+ employees) | 3 |

1.2 Please indicate your highest academic qualifications below:

| | |
|---|---|
| No Matric | 1 |
| Matric | 2 |
| Diploma | 3 |
| Degree | 4 |
| Higher than degree | 5 |

1.3 Please indicate your level of finance knowledge from the list below:

| | |
|---|---|
| Poor | 1 |
| Fair | 2 |
| Good | 3 |
| Very good | 4 |
| Excellent | 5 |

## SECTION B: MEASURING BUSINESS SUCCESS

2. Objective: To investigate business success and its relationship to the financial management skill of basic business governance operation among female entrepreneurs in South Africa.

2.1 Was your business **profitable** in each of the years that are shown below:

| Financial year | No | Yes |
|---|---|---|
| 2017 | 1 | 2 |
| 2018 | 1 | 2 |
| 2019 | 1 | 2 |
| 2020 | 1 | 2 |
| 2021 | 1 | 2 |

2.2 Were the **sales** of the business increase in each of the years that are shown below:

| Financial year | No | Yes |
|---|---|---|
| 2017 | 1 | 2 |
| 2018 | 1 | 2 |
| 2019 | 1 | 2 |

| | | |
|---|---|---|
| 2020 | 1 | 2 |
| 2021 | 1 | 2 |

2.3 Were the **employees** of the business increased in each of the years that are shown below:

| Financial year | No | Yes |
|---|---|---|
| 2017 | 1 | 2 |
| 2018 | 1 | 2 |
| 2019 | 1 | 2 |
| 2020 | 1 | 2 |
| 2021 | 1 | 2 |

2.4 Indicate the degree to which you agree or disagree that your business has been successful.

| Business success statements | | Strongly Disagree | Disagree | Neither disagree nor | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| 2.4.1 | In general, my business has been successful in terms of **profitability** | 1 | 2 | 3 | 4 | 5 |
| 2.4.2 | In general, my business has been successful in terms of **sales growth** | 1 | 2 | 3 | 4 | 5 |
| 2.4.3 | In general, my business has been successful in terms of increase in the **number of employees** | 1 | 2 | 3 | 4 | 5 |

## SECTION C: THE ROLE OF BASIC BUSINESS GOVERNANCE SKILL

3. 1 Indicate the degree to which you agree or disagree with each of the following statements.

| Belief concerning the role of basic business governance skill | | Strongly Disagree | Disagree | Neither disagree nor agree | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| 3.1.1 | I believe basic business governance is a critical skill **business owners** should possess | 1 | 2 | 3 | 4 | 5 |
| 3.1.2 | I believe basic business governance is a critical skill **employees** should possess | 1 | 2 | 3 | 4 | 5 |
| 3.1.3 | I believe **business owners** need to be trained about business governance | 1 | 2 | 3 | 4 | 5 |
| 3.1.4 | I believe **employees** need to be trained about business governance | 1 | 2 | 3 | 4 | 5 |

3.2 Indicate the level of the **business governance skill** possessed by the key stakeholders of the business:

| Level of basic business governance skills possessed by key stakeholders of my business | | Novice | Advance beginner | competent | Proficient | Expert |
|---|---|---|---|---|---|---|
| 3.2.1 | Level of business governance skill possessed by the **business owner** | 1 | 2 | 3 | 4 | 5 |
| 3.2.2 | Level of business governance skill possessed by the **manager(s)** of the business | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3.2.3 | Level of business governance skill possessed by the **general employees** of the business | 1 | 2 | 3 | 4 | 5 |

## SECTION D: THE ROLE OF PLANNING SKILL

4. Objective: To assess business success and its relationship to the financial management skill of planning among female entrepreneurs in South Africa

4.1. Indicate the degree to which you agree or disagree with each of the following statements:

| Belief concerning the role of planning skill | | Strongly Disagree | Disagree | Neither disagree nor | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| 4.1.1 | I believe planning is a critical skill **business owners** should possess | 1 | 2 | 3 | 4 | 5 |
| 4.1.2 | I believe planning is a critical skill **employees** should possess | 1 | 2 | 3 | 4 | 5 |
| 4.1.3 | I believe **business owners** need to be trained about planning | 1 | 2 | 3 | 4 | 5 |
| 4.1.4 | I believe **employees** need to be trained about planning | 1 | 2 | 3 | 4 | 5 |

4.2 Indicate the level of the **planning skill** possessed by the key stakeholders of the business:

| Level of the planning skill possessed by key stakeholders of my business | | Novice | Advance beginner | competent | Proficient | Expert |
|---|---|---|---|---|---|---|
| 4.2.1 | Level of planning skill possessed by the **business owner** | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4.2.2 | Level of planning skill possessed by the **manager(s)** of the business | 1 | 2 | 3 | 4 | 5 |
| 4.2.3 | Level of planning skill possessed by the **general employees** of the business | 1 | 2 | 3 | 4 | 5 |

## SECTION E: THE ROLE OTHE ROLE OF BUDGETING SKILL

5. Indicate the degree to which you agree or disagree with each of the following statements

| Belief concerning the role of budgeting skill | | Strongly Disagree | Disagree | Neither disagree nor | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| 5.1.1 | I believe budgeting is a critical skill **business owners** should possess | 1 | 2 | 3 | 4 | 5 |
| 5.1.2 | I believe budgeting is a critical skill **employees** should possess | 1 | 2 | 3 | 4 | 5 |
| 5.1.3 | I believe **business owners** need to be trained about budgeting | 1 | 2 | 3 | 4 | 5 |
| 5.1.4 | I believe **employees** need to be trained about budgeting | 1 | 2 | 3 | 4 | 5 |

5.2 Indicate the level of the **business budgeting skill** possessed by the key stakeholders of the business:

| Level of budgeting skills possessed by key stakeholders of my business | | Novice | Advance beginner | competent | Proficient | Expert |
|---|---|---|---|---|---|---|
| 5.2.1 | Level of budgeting skill possessed by the **business owner** | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5.2.2 | Level of budgeting skill possessed by the **manager(s)** of the business | 1 | 2 | 3 | 4 | 5 |
| 5.2.3 | Level of budgeting skill possessed by the **general employees** of the business | 1 | 2 | 3 | 4 | 5 |

5.3 Indicate the degree to which you agree or disagree with each of the following statements:

| | Strongly Disagree | Disagree | Neither disagree nor agree | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 5.3.1 Budgeting is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.2 Setting up a cash budget is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.3 Setting up a manufacturing budget is key in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.4 Setting up an operational business is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.5 Setting up a marketing budget is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.6 Setting up a sales budget is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.7 Drafting a salary budget is important in my business | 1 | 2 | 3 | 4 | 5 |
| 5.3.8 Setting up an investments budget is important in my business | 1 | 2 | 3 | 4 | 5 |

## SECTION E: THE ROLE OF GENERAL MANAGEMENT SKILL

6.1 Indicate the degree to which you agree or disagree with each of the following statements:

| Belief concerning the role of general management skill | | Strongly Disagree | Disagree | Neither disagree nor agree | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| 6.1.1 | I believe general management is a critical skill **business owners** should possess | 1 | 2 | 3 | 4 | 5 |
| 6.1.2 | I believe general management is a critical skill **employees** should possess | 1 | 2 | 3 | 4 | 5 |
| 6.1.3 | I believe **business owners** need to be trained about general management | 1 | 2 | 3 | 4 | 5 |
| 6.1.4 | I believe **employees** need to be trained about general management | 1 | 2 | 3 | 4 | 5 |

6.2 Indicate the level of the **general management skill** possessed by the key stakeholders of the business:

| Level of general management skill possessed by key stakeholders of my business | | Novice | Advance beginner | competent | Proficient | Expert |
|---|---|---|---|---|---|---|
| 6.2.1 | Level of general management possessed by the **business owner** | 1 | 2 | 3 | 4 | 5 |
| 6.2.2 | Level of general management skill possessed by the **manager(s)** of the business | 1 | 2 | 3 | 4 | 5 |
| 6.2.3 | Level of general management skill possessed by the **general employees** of the business | 1 | 2 | 3 | 4 | 5 |

6.3 Indicate the degree to which you agree or disagree with each of the following statements:

| Key importance of general management in my business | Strongly Disagree | Disagree | Neither disagree nor | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 6.3.1 General management is key in my business | 1 | 2 | 3 | 4 | 5 |
| 6.3.2 General management planning is important in my business | 1 | 2 | 3 | 4 | 5 |
| 6.3.3 General management organising is key in my business | 1 | 2 | 3 | 4 | 5 |
| 6.3.4 General management leading is important in my business | 1 | 2 | 3 | 4 | 5 |
| 6.3.5. General management control is key in my business | 1 | 2 | 3 | 4 | 5 |

**THANK YOU FOR YOUR PARTICIPATION!**