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Assessing skills gap among SMMEs as a barrier of business performance in Gauteng, South Africa

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Assessing skills gap among SMMEs as a barrier of business performance in Gauteng, South Africa

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A research proposal submitted in partial fulfilment of the requirements for the degree of Master of Business Administration.

Witwatersrand Business School

Faculty of Commerce, Law and Management

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Declaration

I Zethu Maduna declare that this dissertation for the degree of Masters of Business Administration, has:

i) been written by myself

ii) been the product of my own work

iii) not been used for any other degree

iv) Every information cited has been clearly identified and credited through references.

Signature: _____

Date: _____

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Abstract

This research investigates the skills gap among Small, Medium, and Micro Enterprises (SMMEs) in Gauteng, South Africa, and how they implicate business performance. Through a comprehensive analysis spanning literature review, data collection, and analysis, the study uncovers the challenges uncounted by SMMEs and offers recommendations on how to addressing them.

The research reveals significant correlations between factors such as entrepreneurial education, training, and experience, highlighting their importance in shaping business outcomes. However, it also became apparent that while these factors contribute to individual capacity building, they do not necessarily translate into strategic business competencies, underscoring the need for a more nuanced approach to skills development.

Moreover, the study identified challenges faced by SMMEs, including limited access to financial resources, market information, and support services. These obstacles pose significant barriers to growth and competitiveness, emphasizing the importance of targeted interventions to address structural constraints within the entrepreneurial ecosystem.

Several recommendations are proposed in response to some of the challenges identified. SMMEs are encouraged to prioritize continuous learning and development initiatives to enhance both operational and strategic competencies. Collaboration between entrepreneurs, industry associations, government agencies, and educational institutions is essential to facilitate knowledge-sharing and resource mobilization.

Through the adoption of programs and policies that are supportive of SMME development, policymakers play a critical role in fostering an environment that is favourable for their growth. This includes incentivizing skills development, streamlining regulatory processes, and providing access to funding and mentorship opportunities.

Educational institutions are urged to align their curricula with the practical needs of entrepreneurs, integrating hands-on learning experiences and fostering collaboration with industry partners. By equipping aspiring entrepreneurs with the necessary skills and competencies, educational institutions can contribute to the cultivation of a vibrant and dynamic entrepreneurial ecosystem.

Addressing the skills gap among SMMEs requires a multi-dimensional approach involving collaboration between stakeholders at the individual, institutional, and policy levels. By investing in skills development and fostering a supportive ecosystem, South Africa can explore its entrepreneurial talent and drive economic growth.

Table of Contents

CHAPTER ONE 9

1.1 Purpose Statement 9

1.2 Background of Study 9

1.3 Research problem 12

1.4 Research objectives 13

1.5 Rationale of the Study 14

1.6 Delimitations of the Study 15

CHAPTER TWO 16

2.1 Introduction 16

2.2 Failure of SMMEs 17

2.3 Skills development as a challenge that impacts SMMEs 18

2.4 Business performance 21

2.5 Hypothesis 23

2.5.1 Theoretical Framework: Resource-based Theory 23

2.6 Research gap 24

2.7 Conclusion 24

CHAPTER THREE 25

3.1 Introduction 25

3.2 Research design 25

3.3 Target Population and sampling 26

3.4 Research instrument 27

3.4.1 Questionnaire design 28

3.5 Data Collection 30

3.6 Data Analysis 31

3.7 Possible limitations and challenges of the study 32

3.8 Ethical Considerations 32

CHAPTER FOUR 34

4.1 Introduction 34

4.2 Analysis of the main survey results 34

4.3 Demographic profile 35
4.4 Reliability Statistics 40
4.5 Correlation Analysis 42
4.6 Factor Analysis: 44
4.7 Analysis of Variance (ANOVA) 49
4.7. Conclusion 53
CHAPTER 5 54
5.1 Introduction 54
5.2 General overview 54
5.3 Results 54
5.4 Implications of the Study 55
5.5 Limitations of the Study 57
5.6 Areas for Future Studies 58
5.7 Conclusion 58
References 60
APPENDIX 1: Questionnaire 69

List of Tables

Table 1: Factors to measure social entrepreneurship intentions

Table 2: Cronbach's Alpha Values

Table 3: Correlation Analysis

Table 4: Analysis of Variance

Table 5: KMO

Table 6: Time Variance

Table 7: ANOVA

List of Figures

Figure 1: SMMEs failure trends

Figure 2: Study details

Figure 3: Gender dynamics

Figure 4: Age groups

Figure 5: Designated groups

Figure 6: Level of education

Figure 7: Legal status of business

Figure 8: Employees

CHAPTER ONE

Introduction

1.1 Purpose Statement

This research aims to assess skills gap among SMMEs in Gauteng, South Africa and implications for business performance. This was achieved by identifying key areas where skills development challenges persist and proposing strategies to address these. This chapter begins by addressing the impact of SMMEs in the South African economy. It then presents the problem statement and draws a conclusion by highlighting the rationale of the study.

1.2 Background of Study

The establishment and growth of SMMEs is the hope for the South Affric's economy. Sitharam and Hoque (2016) indicate that a well-rooted SMME sector makes a significant contribution to the overall Gross Domestic Product (GDP) through job creation, skills development and poverty reduction. According to Ntsika (2002), SMMEs account for 56% of all employment in the private sector. and 36% to GDP. A small enterprise is defined as a "separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy" (Government Gazette of the Republic of South Africa, 2019).

The 2019 Annual Financial Statistics (AFS) as indicated by Statistics South Africa (STATS SA) (2020) gives an overall contribution of SMMEs in the South African Economy through the formal business sector. The report states that R10, 5 trillion was turned over by the formal corporate sector in 2019. Small enterprises contributed R2, 3 trillion out of the R10, 5 trillion. This equates to a 22% contribution while medium-sized businesses only contributed 10%. The

remaining 68% contribution was from established larger corporations. These figures give a clear indication that SMMEs are key drivers to South African economic growth.

Regardless of SMMEs contributions to the economy, they are faced with a number of challenges, affecting their growth and sustainability. Nkwabi and Mboya (2019) indicate that Small and Medium-sized Enterprises (SMEs) encounter various obstacles, including restricted financial resources, limited market access, low entrepreneurial knowledge, and bureaucratic barriers impeding their expansion. Kanayo et al. (2021) indicate that contextual factors influence the success of SMEs in South Africa; these factors relate to start-up capital and entrepreneurship skills. The skills and capabilities of entrepreneurs are essential for the success of SMEs. Entrepreneurial skills such as creativity, communication, and managerial abilities contribute to the growth and competitiveness of businesses.

Entrepreneurial skill impacts business performance which results to the growth a business. Cai and Szeidl (2018) describes business performance as the evaluation of how well a company is meeting its strategic objectives and operational goals. It encompasses various aspects of a firm's operations and outcomes, such as revenue generation, profitability, efficiency, and effectiveness in utilizing resources. Udriyaha et al. (2019) goes on to indicate that business performance is influenced by factors like market orientation, innovation, and competitive advantage, with these elements collectively contributing to the overall performance of the business.

Zarnadze et al. (2020) give an indication of skills that are considered important as they influence entrepreneurial motivation and can contribute to the success of entrepreneurial endeavours. First and foremost, taking risks is essential since those who are more willing to do so typically have more entrepreneurial goals and may launch a new company or expand an existing one. Second, creativity fosters the generation of fresh, practical ideas as well as the maintenance of an optimistic attitude throughout commercial dealings. Kanayo et al. (2021) recognise the importance of different business skills, such as leadership, communication, teamwork, work knowledge, and entrepreneurship knowledge as they contribute to the success

of SMEs. Olajide (2018) indicates that business owners require administrative, sales and marketing, self-motivation, time management, financial expertise, technical and human relationship skills.

In reviewing factors that contribute to business success, literature has provided guidance in assessing the contextual factors within the organisation. Panca et al. (2022) indicate that internal organizational resources and factors influence the extent of e-business use in SMEs. This includes the management of internal assets and capabilities, human resources, including the skills, knowledge, and expertise of employees to effectively use and manage e-business applications. Similar to the above, Turi et al (2019) provide guidance to the cognitive factors, which are important for organizational learning and development. Knowledge workers, leadership roles and styles, employee empowerment, corporate culture, structure, and strategy, performance evaluation methods, and training and development are some examples of contextual elements.

Having observed the contextual factors, Omolara (2018) indicates that business skills will not only increase sales and competitive advantages, but also pave a way for employment creation, grow new SMEs and accelerate economic growth. The importance of business skills cannot be underestimated as it contributes to the success of the business. Gavin (2019) indicates that such skills improve the economic standing of the business and ensures operational efficiency.

The South African Government understand that the establishment and development of SMMEs is crucial for economic growth. This resulted in the appointment of a Minster of Small Business Development in 2014 (BER, 2016). Balise (2020) states that government perceives SMMEs as a source of economic growth, wealth and employment creation and poverty alleviation. The Department of Small Business Development (2018) has set up the Rapid Incubation programme with an aim of taking in TVET graduates to stimulate their entrepreneurial mind-sets and increase their business theoretical knowledge. This programme provides aspiring student entrepreneurs with the required skills and strategies to establish their businesses, which will ultimately contribute to economic growth and job creation.

Sitharam and Hoque (2016) indicate that SMMEs can transform the country through the redistribution of productive assets amongst the previously disadvantaged, ultimately resulting in economic growth. Maduku and Kaseeram (2021) argue that there is a continuous failure of SMMEs in developing countries, resulting in limited contribution towards GDP. While this is a valid point to consider, Maholwana (2019) shows how SMMEs have a competitive market and can adapt fast to changing trends. Adeniran and Johnston (2011) argue that the failure rate of SMMEs in South Africa is estimated at a shocking rate of 70% - 80%. Globally, including South Africa, people generally understand the importance of proper training for small businesses growth and success.

The South African Accounting Academy (2018) mentions that many entrepreneurs have no formal business training and are ignorant to the importance of conducting business plans. Bruwer and Smith (2018) indicate that one of the main micro-economic factors that negatively impacts the long-term success of South African SMMEs is the absence of fundamental business skills.

Having reviewed the existing literature, the study explores the limited development of essential business skills among SMMEs. This contributes to an understanding of why SMMEs do not make it through their infant stage and show a low or zero growth potential. The study aims to contribute to existing literature, provide guidance to policy makers and impact business owners.

1.3 Research problem

The high rate in which SMMEs fail in South Africa negatively impacts the country's economic growth. The purpose of this study is to investigate the causes of the high failure rate of SMMEs in South Africa and the implications for business success.

Bhorat et al. (2018) indicates that it's difficult for SMMEs to grow and do well because of internal and external challenges beyond their control. Internal issues include not having enough money and skilled people, making it hard for SMMEs to grow and become efficient. External

issues include competition from large established companies, historical problems, lack of government involvement, and the regulatory environment. These factors can create barriers to entry, limit market access, and impede business growth. Existing research has shown that one contributing factor to this issue is the limited development of essential business skills among entrepreneurs (Bruwer & Smith, 2018).

Employees in a business should consistently engage in ongoing learning or embrace lifelong learning to either enhance or sustain their skill levels. Human resource development is crucial in fostering employee growth. Therefore, CPD achieved through continuous learning ensures that organizations maintain a stable and proficient workforce, providing them with a competitive edge.

This problem poses challenges for SMMEs in achieving sustainable growth and overcoming obstacles in a highly competitive business environment. The lack of crucial business skills may hinder effective decision-making, resource allocation, strategic planning, and overall business performance, leading to higher failure rates and reduced contributions to economic development and job creation in the country.

Therefore, the research investigates factors impacting to the limited development of essential business skills among SMMEs in Gauteng, South Africa and the extent of government involvement. By exploring this problem, the study aims to provide insights that can inform policy decisions, support SMME owners, and ultimately contribute to the growth and success of these enterprises.

1.4 Research objectives

The below objectives have been set for the study.

1.4.1 Primary Objective:

The main objective for the study was to understand the impact of business skills on SMMEs performance in Gauteng. This study analyses the following factors that contribute to business skills: education, entrepreneurial experience, entrepreneurial training, and strategic competencies.

1.4.2 Theoretical objectives: To attain the main objective in this study, the following theoretical objectives were highlighted:

- Conduct literature review on SMMEs,
- Conduct literature review on skills gap and development,
- Conduct literature review on business skills,
- Conduct literature review on skills gaps and government involvement in skills development.
- Conduct literature review on business performance

1.4.3 Empirical objectives

The following empirical objectives were identified:

- Identify factors which contribute to skill gaps amongst SMMEs,
- Understand the level of interest business owners have towards skills development as it accounts to business, economic growth and the factors thereof,
- To identify relationships between the identified factors.

1.5 Rationale of the Study

Over the years, economic updates and literature have indicated that SMMEs are essential for South Africa's economic growth. Research by Sitharam and Hoque (2016) indicate that SMMEs can reduce the high unemployment and increase the country's real GDP. This is difficult to achieve if SMMEs continue to fail and have a slow growth rate due to limited skills development.

This study adds to the body of information already available about pertinent obstacles to SMME development. By uncovering the effects of low business development as a limitation on decision-making, resource allocation, and strategic planning within SMMEs, the study aims to provide actionable recommendations to enhance skills development and create an enabling environment for SMME success. This will then guide business, policymakers and stakeholders in establishing solutions to address SMMEs turnover challenges due to lack of skills development. In so doing, most businesses will grow, last longer in the market, and ultimately improve the South African economy.

1.6 Delimitations of the Study

The following delimitations regarding the study are indicated below:

i. The study concentrates solely on SMMEs operating within the geographical boundaries of Gauteng.

ii. The study looks at different industries such as Financial services, Information technology, Health, Retail, Real estate, Legal.

iii. It excludes business that are focused only on Government tenders.

iv. It excludes informal traders.

v. It excludes the culture of corruption and impacts of corruption on businesses.

CHAPTER TWO

Literature review

2.1 Introduction

This chapter reviews literature that investigates the impact of SMME's in the South African economy, highlighting limited business skills as a contributor to business failure.

While SMMEs contribute to the economy, a number of barriers prevent them from reaching their full potential (Ador & Quartey, 2010). Sitharam and Hoque (2016) attribute the failure of SMMEs to internal and external factors in an organisation. This indicates that there are various factors hindering the growth of SMMEs in South Africa. Bhorat et al. (2019) state that SMEs are faced with endogenous and exogenous challenges, which translates into internal and external challenges. One other challenge picked up from the study is the limited access to finance and the informal running of SMMEs. Informality of SMEs can result from lack of awareness and understanding of government initiatives and policies, posing a challenge for SMMEs (Botha, 2020). Although SMMEs are affected by many external factors, they face significant challenges internally, in areas of marketing, management, social concerns, human resources, and finances and skills development (Cant & Wiid, 2013). Bruwer and Smith (2018) emphasise that one of the primary micro economic factors that negatively affects the sustainability of SMMEs in South Africa is the absence of fundamental business expertise.

Makwara (2019) gives an indication of various challenges faced by SMEs. First, limited access to financial resources and funding options, which hinders their growth and expansion. Second, the lack of access to markets and limited market opportunities, making it difficult for SMEs to compete with larger businesses. Third, the limited access to skilled labor and difficulties in attracting and retaining qualified employees.

2.2 Failure of SMMEs

A study by Titus (2008) indicates that failure transpires when an institution lacks the ability to fulfil its obligations to relevant stakeholders, such as consumers, suppliers, employees, and shareholders. In light of this, business failure results in the end of an entrepreneurial project that did not achieve its objectives. Subsequent to this, failure can also transpire when a company has severe capital losses that ultimately result in the closure of the business.

Drawing from the Bureau of Labour Statistics, Cater (2021) shows that approximately 20% of SMMEs fail in their first year of operation, 30% fail before they reach the end of their second year and by the end of year five, about half would have failed. Only 30% of enterprises will still be around at the end of the decade, representing a 70% failure rate. In South Africa, over 70% of SMMEs fail within five years of establishment (Friedrich, 2020).

Figure 1 gives a clear reality of how the current failure trend and highlights the desired failure trends. Once all problems have been identified, business owners, government, economics, researchers, and the market will have a clear understanding and work together to establish suitably.

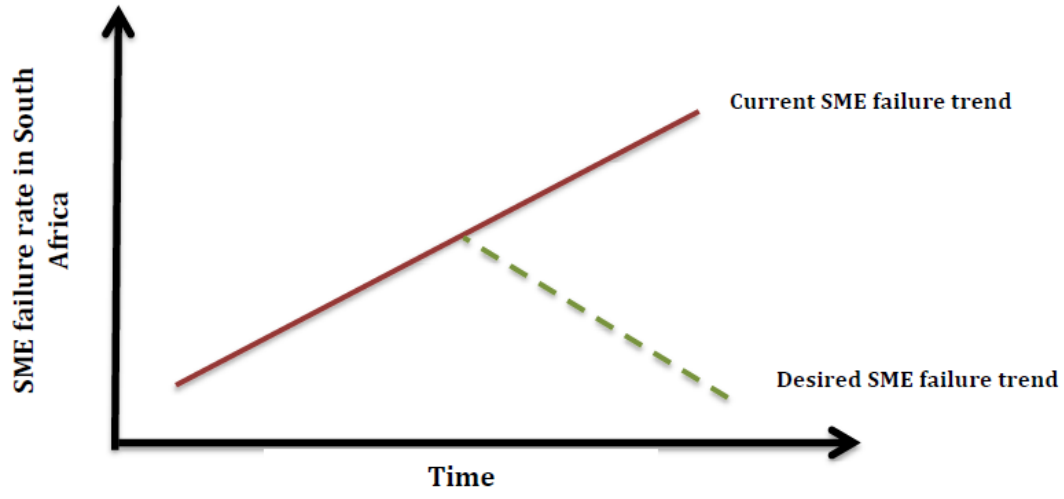


Figure 1 SMMEs failure trends (Leboea, 2017).

The high failure rate in South Africa has a detrimental effect on SMME's in making a significant contribution to job creation, economic growth, and more equitable income distribution (Fatoki, 2014).

2.3 Skills development as a challenge that impacts SMMEs

Al-Tit et al. (2019) propose four categories of challenges faced by businesses. The first category relates to the extreme difficulties pertaining to financial resources and obtaining funding and loans. The second one is linked to the lack of knowledge in understanding and interpreting the local, regional, and international markets. The third one is related to the inability of business owners to effectively market their businesses. The fourth and final category focuses on entrepreneurs' lack of managerial skills in areas such as human reassurance, finance, and administration.

Abor and Quartey (2010) link these challenges to lack of access to technology, limitation to international market penetration, laws and regulations, inadequate institutional strength, insufficient training, management expertise, and financial resources. In the South African context, addressing scarce skills requires the development of various abilities that are considered vital to the national economy. Among these scarce skills are fundamental business skills (Bruwer & Smith indicate, 2018).

Alkahtani et al. (2020) mention that governments promote the SME sector through different types of support, including financial, tax reliefs, and social support, which can enhance the performance of SMEs and facilitate skills development.

Running a business is dependent on the ability of the owners, partners and stakeholders to steer its operation to success. With limited business skills and knowledge, most businesses struggle to reach their goals and grow accordingly. Reynolds (2019) gives guidance to achieving success in business, which involves a combination of soft skills such as leadership and communication, along with hard or technical skills like financial accounting. The absence of such skills will ultimately result in stagnation and business failure.

Sitharam and Hoque (2016) indicate that good management has a good influence on the running and impact of a business. Lack of effective management is seen as the reason for SMME failure (Martin & Staines, 2008). According to Brink and Cant (2003), the main reasons why SMME failures occur are a lack of financial expertise, functional understanding in areas like marketing and human resources, and a lack of managerial abilities.

The Department of Trade and Industry (2008) rsee that lack of business skills and restricted capacity for entrepreneurship pose as challenges. As SMMEs expand, they need to improve their managerial competencies. The venture's growth needs evolving managerial skills and a requirement for new leadership qualities (Fatoki, 2014).

2.3.1 Business skills

South Africa is faced with a large shortage of skills (Adcorp Group, 2022). Tiso foundation (2018) states that this is due to the outcomes of the country's expensive and ineffective skills delivery system. Although numerous small business owners are highly passionate about their ventures, they frequently face a shortage of practical business skills (Peek, 2023). Herrity (2022) states that entrepreneurial skills refer to a wide range of abilities that an individual need to be a successful entrepreneur. These skills include knowing how to do specific tasks, being a good leader, managing a business effectively, and creative thinking. The element of skills development plays a crucial role in shaping entrepreneurship.

Mbuya et al. (2016) show that there is a distinction between business skills and entrepreneur skills. Entrepreneurial skills is made up of essential attributes like creativity, education, risk-taking, goal setting, and the ability to identify opportunities, all of which contribute to a heightened entrepreneurial awareness. Business skills involve managing human capital, knowledge, and technical expertise, which are crucial for the success of an entrepreneur. Fatoki and Garwe (2010) give direction that internal factors can be managed by the business itself. Some of the internal challenges are managerial, skills, limited financial knowledge and the lack of business management training (Sitharam & Hoque, 2016). Critical failure factors for

SMMEs, according to Phaladi and Thwala (2008), include ineffective management, subpar financial management, entrepreneurial skills, inadequate training, resources, technical skills, contractual and managerial skills, and the inability to secure credit from suppliers and banks.

According to Rasmussen and Sorheim (2006), entrepreneurship education can be understood in two ways: first, as learning about entrepreneurship as a concept or phenomenon, and second, as acquiring practical skills to become an entrepreneur. They further suggest that the purpose of entrepreneurship education is to create a conducive environment to the development of new ventures and the strategic growth of regional SMMEs. This involves fostering the convergence of viable business ideas, entrepreneurial individuals, resources, and a supportive environment.

Botha and Bignotti (2017) state that there is a higher level of education associated with a positive correlation when it comes to goal orientation and entrepreneurial intention. However, there are conflicting views on the relationship between the levels of education and entrepreneurial intention. Some studies suggest a negative relationship, indicating that education may deter individuals from pursuing entrepreneurship. Abdelfattah et al. (2023) argue that entrepreneurial education helps individuals build entrepreneurial abilities, recognize opportunities, and enhance their confidence in aspiring entrepreneurs. They advocate for the inclusion of entrepreneurship education in the academic curriculum as a means to motivate young graduates to pursue entrepreneurship. The study also highlights that academic knowledge about entrepreneurship, along with effective training, may be more helpful in encouraging graduates to take part in the entrepreneurship process (Belas et al., 2018).

Nkwabi and Mboya (2019) suggest that a lack of business training is a constraint that hinders the growth of SMEs in Tanzania. They recommend that government organizations, such as the Small Industries Development Organization (SIDO), provide business training to SMEs to facilitate business knowledge and growth. Gamage et al. (2020) further suggest that orientation and educational programs should be executed for SME owners to develop their management skills and abilities to face global challenges and gain sustainable competitive advantage. Balise et al. (2017) mention that the inclusion of entrepreneurship education in the academic

curriculum is a means to motivate young graduates to pursue entrepreneurship. Furthermore, Cowling et al. (2017) expresses that entrepreneurial experience did not have any substantive effects on small business performance after the global financial crisis.

One metacognitive resource that affects how an entrepreneur interacts with their surroundings and formulates intentions is goal orientation. Higher levels of education improve the positive association between goal orientation and entrepreneurial intention. The relationship between goal orientation and entrepreneurial intention is found to be modulated by education level (Botha & Bignotti, 2017).

In this study, the researcher will focus on examining the significance of four factors selected from the aforementioned list. These include entrepreneur education, entrepreneur experience, entrepreneurial training and strategic competencies. The identified factors allow for measurement of business performance and how skills development and the lack thereof can impact the growth of a business. The inclusion of entrepreneur education, entrepreneur experience, entrepreneurial training, and strategic competencies is based on their direct and substantial impact on the internal capabilities of the entrepreneur, which in turn significantly influences business performance. These factors are within the control of the entrepreneur, making them actionable areas for improvement. By focusing on these four factors, the study aims to provide actionable insights that can lead to tangible improvements in the performance of SMMEs in Gauteng, South Africa.

Other factors, while important, are often influenced by external conditions and do not directly relate to the intrinsic skills and capabilities of the entrepreneur. Therefore, they were excluded from this focused analysis to maintain a clear and actionable research scope.

2.4 Business performance

Business performance refers to the measurement and evaluation of how effectively an organization achieves its objectives and goals over a specific period. It encompasses various

aspects such as financial performance, operational efficiency, customer satisfaction, market share, innovation, and overall competitiveness (Tembe, 2018).

Udriyaha et al (2019) states that Business performance indicators can include key metrics like revenue growth, profit margins, return on investment, customer retention rates, employee productivity, and market expansion. Evaluating business performance involves analysing both quantitative data (financial statements, sales figures) and qualitative factors (customer feedback, employee engagement) to assess the overall health and success of the organization.

Cai and Szeidl (2018) is of the view that effective business performance management involves setting clear goals, monitoring progress, identifying areas for improvement, and implementing strategies to enhance performance and achieve sustainable growth. Business performance is essential for decision-making, resource allocation, strategic planning, and ensuring the long-term viability and success of the organization in a dynamic and competitive business environment.

Bhorat et al. (2018) indicates that access to finance is a crucial factor influencing business performance, as small businesses often face challenges in obtaining affordable financing, impacting their growth. The education and skills of entrepreneurs play a significant role, with a lack of necessary skills acting as a constraint for SMMEs and hindering their growth potential. It is also important to understand that adequate infrastructure, such as operational space, communication facilities, electricity, and transportation, is essential for business performance; insufficient infrastructure can limit operational efficiency and growth opportunities. External factors such as regulatory frameworks, including tax policies, labour regulations, and business licensing, can also impact business performance, as policy uncertainty and regulatory burdens may hinder SMMEs' growth and operational effectiveness.

2.5 Hypothesis

The hypothesis suggests that in Gauteng, the skills gap significantly contributes to the high failure rate of SMMEs. This shortage of essential business skills, such as management, financial expertise, and entrepreneurship knowledge, hampers SMMEs' ability to overcome challenges and achieve long-term success. Additionally, the research hypothesis proposes a relationship between factors like education, entrepreneurial experience, entrepreneurial training, and goal setting among SMME owners as they may influence business performance and resilience, thus impacting growth and economic contribution of SMMEs.

2.5.1 Theoretical Framework: Resource-based Theory

The issues that SMMEs face both internally and externally can be examined using a variety of theoretical frameworks. The resource-based view (RBV), which contends that a firm's resources and capabilities are essential for creating competitive advantage, is one such framework (Barney, 1991). The internal resources and capacities that help SMMEs overcome difficulties including access to finance, a shortage of skilled labour, and inadequate infrastructure can be examined using the RBV framework. The application of this theory is that South Africans can assist SMMEs by leveraging local networks and knowledge of the market to create a competitive advantage. This will also give light into identifying what resources a business has available and needs. Having identified such resources, the business will get more clarity regarding resource needs and factors contributing to failure or success.

The use of the RBV Theory is useful to investigate the problems at hand. These set theories will provide a theoretical framework for strategic management and identify internal and external challenges faced by SMMEs. This will enable SMMEs in South Africa to make informed decisions and formulate effective strategies in the business environment to accelerate growth and minimise failure.

2.6 Research gap

Research gap identified relates to the involvement of government in developing Africa countries such as South Africa in relation to curbing skills gaps that affects SMMEs performance. In China, the government has made SMMEs a big part of its plans to help the country grow and improve people's lives. This means they have developed policies to help these smaller businesses to grow (Muriithi, 2018).

Muriithi (2018) continues to argue that many African governments have not paid enough attention to SMEs development and growth, despite their significant contribution to innovation, job creation, and poverty eradication. Journeault et al. (2021) state that there is insufficient support in terms of training, analysis, coordination, specialized knowledge, and financial resources from government, which can lead to overcoming barriers to sustainability adoption in SMEs.

2.7 Conclusion

Chapter two examined the literature inlight of to the importance of SMMEs in the South African economy, their failure, and how limited business skills impact the growth of SMMEs. It also viewed how the primary objective of owning a business is to foster business growth and create job opportunities, yet this is seen as a downslope due to high unemployment and each individual wanting to start a business in a limited market.

CHAPTER THREE

Research Methodology

3.1 Introduction

Chapter three highlights the research methodology adopted so to attend to the research question at hand. A huge focus of the paper was to investigate the failure of SMMEs and how this negatively impacts the South African economy. The research approach adopted a quantitative research design to investigate SMMEs challenges. This approach looks at the systematic collection, analysis, and interpretation of numerical data to address the research questions effectively. The chapter details the research design, target population, sampling, data collection procedure and the analysis techniques. This stood alongside the ethical consideration to be consider before the research is to be conducted.

3.2 Research design

Sekaran and Bougie (2013,) describe research design as "a blueprint or plan for the collection, measurement, and analysis of data, created to answer a research question." With the guidance from literature (see figure 2 below), this study elected to undertake a survey research using questionnaires as a research strategy. This strategy yielded benefits to the data collection process such as:

- Having a targeted survey
- The means of digital platforms will allow the distributed surveys to be easily accessible
- Fast response and results with ease of completion
- Can allow for anonymous data collection
- Inexpensive

While this is beneficial to the study, it poses various disadvantages such as different interpretation of questions and participants skimming through the questions resulting in superficial responses.

Having understood the benefits and minor setbacks encountered, a descriptive research design was favourable as a thoughtfully designed survey was used to gather data and a large amount of data was collected from a wider group of participants.

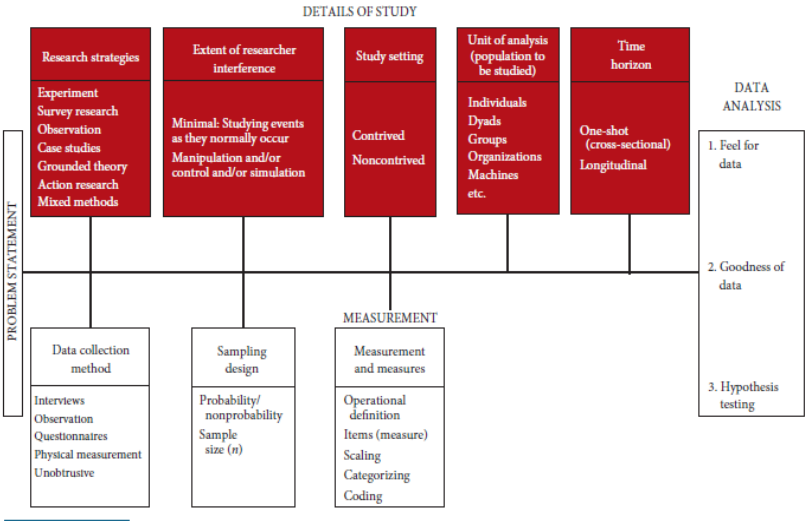


Figure 2: Study details (Sekaran & Bougie, 2013).

3.3 Target Population and sampling

Target Population

Target population refers to the actual people or objects the research focuses on (Saunders et al., 2012). The targeted population in this study was entrepreneurs, those that run successful business and those that had encountered an unfortunate shutdown in their business.

Sampling

McCombes (2019) describes a sample as "a group of individuals who will actually participate in the research." A clear distinction between probability and non-probability sampling should be made and the ideal one selected for this study. Saunders et al. (2019) indicate that probability sampling is the process of giving the entire target population an opportunity of being selected. Additionally, probability samples are used in research since they are based on known probabilities for each instance to be chosen from the target population (Malhotra, 2019). As a result, researchers can estimate and respond to research questions regarding the characteristics of the population based on the sample.

Malhotra (2019) expresses that non-probability samples differs from probability, stating that the likelihood of a particular examples will be chosen from the target population is unknown. Based on these samples, when looking at non-probability, it is impossible to draw statistical conclusions to research inquiries concerning the population. This study plans to adopt a probability sampling technique.

The sample size was 102 participants. This size was determined by the number of respondents who completed the survey out of the targeted 150 participants. A number of criteria were taken into consideration while determining the 102 participants in the study, with the goal of guaranteeing the validity and trustworthiness of the research findings. First, considering the diversity within the Gauteng population, the sample size was judged adequate to reflect the population of interest. Furthermore, the sample size balanced the necessity for accuracy with realistic limitations like time, money, and participant access. It also provided for a respectable margin of error and confidence level in the findings.

3.4 Research instrument

With the quantitative approach to research, the data was collected by means of a survey. The survey instrument used in this research is a structured questionnaire designed to collect quantitative data from participants. The questionnaire was assembled through the use of google forms. Each section of the questionnaire addresses specific aspects relevant to the research

inquiry. Each question serves a specific purpose in characterising the demographic profile of the respondents, their businesses, industry of operation as well as business experience.

Malhotra (2019) gives indication of a Liker scale, which was considered in this study. The Five or seven pointer scales permits the respondent to give a response on how strongly they agree or disagree with a selected topic. In addition to how they feel, the respondent can have a neutral response. Additionally, according to Wakita et al. (2012), for the Likert scale to successfully measure the psychological qualities under investigation, the psychological differences between the categories must be equal.

The statement from the questionnaire was followed by a space for respondents to express how much they agree with each statement. These comments may either be positive, neutral or negative and the respondents had to select one of five options: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree.

3.4.1 Questionnaire design

A questionnaire was developed to gather data from targeted participants. To ensure that the study measured the lack of skills development, various studies relating to skills development were consulted to give guidelines (Madela, 2019). The questionnaire was divided into two sections: Section B created pertinent elements to measure entrepreneurial talents, and Section A allowed respondents' demographic information to be collected.

Each factor in section B represents different dimensions of business skills and competencies that individuals may possess. Understanding and assessing these factors provided insights into the strengths and weaknesses of business owners in terms of their preparedness and capabilities in running a successful business.

Table 1 provides a summary of the factors used to measure social entrepreneurship intentions.

Table 1: Factors to measure social entrepreneurship intentions.

Factors	Questionnaire Section	Source
Entrepreneur education	B1.1-B1.4	T Madela 2019
Entrepreneurial training	B2.1-B2,4	T Madela 2019 Sharmilee Sitharam 2014
Entrepreneurial experience	B3.1-B3.4	Geraldina Silveyra Angel Herrero Andrea P´erez
Strategic competencies	B4.1-B4.2	Geraldina Silveyra Angel Herrero Andrea P´erez

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Entrepreneur Education

Entrepreneur education refers to the formal training and knowledge acquisition related to business management and entrepreneurship (Radipere & Dhliwayo, 2014). This factor focuses on the educational background and preparation of individuals in terms of business management principles and practices.

Entrepreneurial Training

Entrepreneurial training involves practical exposure that helps individuals to learn the important skills and abilities they need to succeed in starting and running their businesses

(Sitharam, 2014). This factor looks at how much training people have had in different areas that are important for being successful as entrepreneurs.

Entrepreneurial Experience

Entrepreneurial experience examines the practical knowledge an entrepreneur has and has received from the running of an SME (Cowling et al., 2017). This factor looks at what people have learned from their experiences regarding starting and running businesses, as well as how well they know their industries and market.

Strategic Competencies

Strategic competencies refer to the skills and capabilities necessary for developing and executing strategic plans and initiatives within an SMME (Donker et al., 2017). This factor assesses individuals' ability to think strategically and make informed decisions to achieve long-term objectives.

3.5 Data Collection

Dalati and Marx Gómez (2018) express that research data can be conducted in one or two ways, through primary and secondary data. For the sole aim of resolving the researcher's study topic, primary data is information that was created for the first time by the researcher through personal efforts and experience. Secondary data refers to information that has already been obtained through other sources (Surbhi, 2020).

Primary data was used in this study by means of self-administered questionnaires, which were distributed online through various secured platforms. After completion of the questionnaires, it was possible to gather sizable samples of respondents without having to be physically present.

3.6 Data Analysis

There are stages that play an important role in arranging the data, which was later analysed and interpreted. These stages form part of the data preparation phase within the analysis process (Saunders, Lewis & Thornhill, 2009). It is important to check for data mistakes within the processes in order to verify if the data and results are not being misrepresented. The Statistical Package for Social Sciences (SPSS) version 28 software analysing tool was used for this study to both enter and analyse the data.

The data was analyses using the below methods so to provide a detailed, reliable, and statistically significant understanding of the entrepreneurial factors affecting SMEs in Gauteng province.

Demographic Analysis: To understand the characteristics of the sample population through frequency distribution and percentage analysis, providing a clear overview of participants' gender, age, ethnicity, education level, business legal status, and number of employees, which is crucial for contextualizing the findings.

Reliability Analysis (Cronbach's Alpha): To assess the internal consistency of the survey items by calculating Cronbach's Alpha for different factors, ensuring the survey items reliably measure the intended constructs, with a value of 0.5 or higher indicating acceptable reliability.

Correlation Analysis: To examine the relationships between different entrepreneurial factors (education, training, experience, strategic competencies) using Pearson correlation coefficients, identifying significant associations between variables and helping to understand how different aspects of entrepreneurship interact with each other.

Factor Analysis: To identify underlying structures among the survey items using Principal Component Analysis (PCA) with the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test, simplifying data by grouping related items into factors and making it easier to interpret and analyse complex data sets.

Analysis of Variance (ANOVA): To compare the mean scores of different groups and test for significant differences using one-way ANOVA, determining whether there are significant differences in entrepreneurial factors between groups (e.g., by gender), providing insights into group-specific variations.

3.7 Possible limitations and challenges of the study

There are various challenges that arose during the study.

- Sampling Bias: The entrepreneurs selected for the study might not accurately represent the entire spectrum of industries and business types in South Africa, therefore the results might not be applicable to all kinds of enterprises there.
- The results could be influenced by factors that changes in the economy, politics, or society during the research period, making it difficult to attribute the observed outcomes solely to the factors being studied.

3.8 Ethical Considerations

Ethical consideration are principles put in place to guide and assist the researcher in terms of their research design and practise (Bhandari, 2021). This was important as it gave some comfort to all participates knowing that the research will be conducted in an ethical way without causing any harm. Below is a list of ethical considerations which were implemented over the duration of this study:

- Informed consent was obtained from all participates.
- Ethical clearance was obtained from the University of the Witwatersrand's Human Research Ethics Committee (Non-Medical) before engaging any subjects and administering the survey.

- Avoidance of any conflict of interest with organisation and data collection.
- The purpose and objective of the research were made known to all participants.
- All participants were made anonymous in the study.

3.9 Conclusion

In conclusion, this research aims to shed light on the barriers faced by SMMEs in South Africa and their impact on economic growth. By employing a quantitative research design, conducting surveys, and analysing data using SPSS, the study aims to generate meaningful findings. Ethical considerations were prioritized to protect participant rights and ensure the integrity of the research. Ultimately, the results contribute to a better understanding of the factors affecting the success of SMMEs, thus informing potential strategies and interventions to support their growth and enhance the overall economic landscape in South Africa.

CHAPTER FOUR

Presentation of analysis and interpretation of results

4.1 Introduction

This chapter analyses and discusses the data collected. It starts by giving an overview of the layout, and provide general details of the research population. A questionnaire was sent out to gather data and to guide the discussions of the phenomenon being researched. A quantitative study was adopted as it is used to validate or test a hypothesis through the collection and analysis of data (Sreekumar, 2023).

The chapter starts by explaining the data received from participants. This will then be preceded by critically analysing the data collected. Statistical tools such as Cronbach's Alpha, correlation Analysis, factor analysis and analysis of Variance (ANOVA) were used in the study and to conduct the data analyses, Statistical Package for Social Sciences (IBM-SPSS version 28) was used.

4.2 Analysis of the main survey results

The study was conducted in Gauteng province, South Africa. A link was sent out to various potential respondents and the target was 150 participants. However, only 102 participants responded- and these responses are accounted for in the analysis.

The analysis was presented as follows:

- Demographic results of the data
- Cronbach's Alpha Test
- Correlation Analysis
- Factor analysis

- Analysis of Variance (ANOVA)

The data collected has been constructed using factors to highlight and measure business skills. The following factors have been formulated:

- B1) entrepreneur education
- B2) entrepreneurial training
- B3) entrepreneurial experience
- B4) Strategic competencies

4.3 Demographic profile

Section A of the survey sought to illustrate the sample's demographic profile, including gender, age, designated group, educational attainment, business legal status, and number of employees per business. The information provided was able to indicate the demographic profile of the respondents. The below figures were adopted from the online google forms feedback received from respondents.

4.3.1 Gender

When starting the survey, participants were given the opportunity to indicate their gender. Out of the 102 respondents, 48% (49) were females and 52% (53) were males.

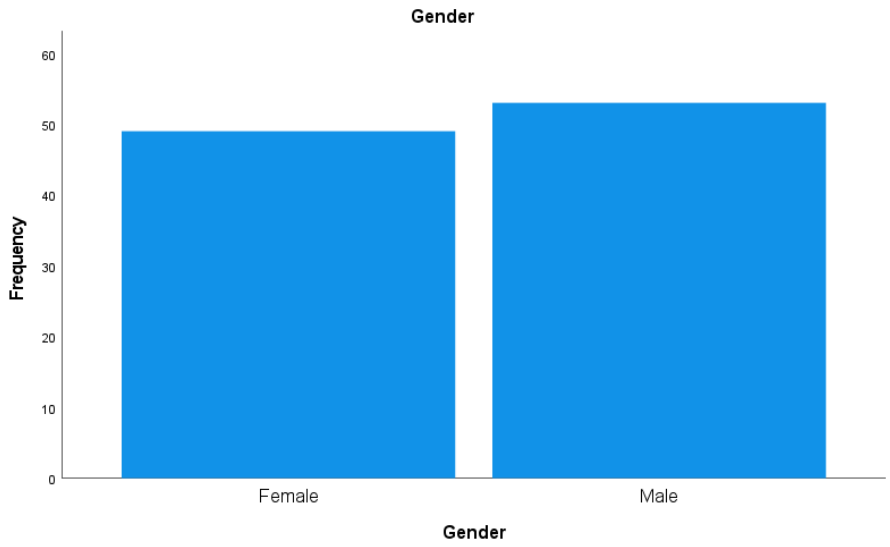


Figure 3: Gender dynamics

4.3.2 Age groups

With 102 responses, the age range of 26–34 made up the largest group, accounting for 55.9% of the total. Ages 36 to 45 came next, with a contribution of 33.3%, followed by 18 to 25 years (6.9%), 46 to 55 years (2.9%), and 56 years and over (2.9%).

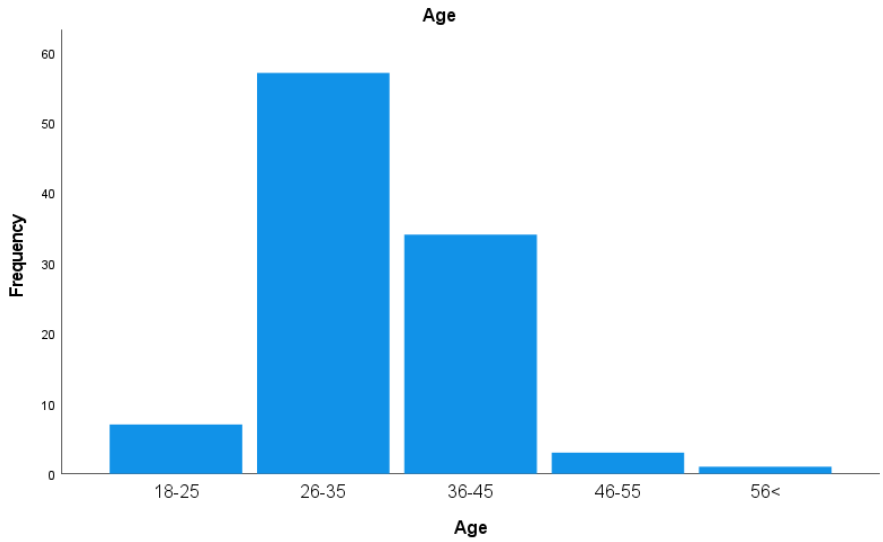


Figure 4: Age groups

4.3.3 Designated Group

Participants were given the opportunity to indicate their ethnicity. Of the total respondents, 91.2% identified as Black, 2.9% as White, 2.9% as Coloured and 2.9% as Indian. Figure 5 shows the distribution of the participants according to their designated groups.

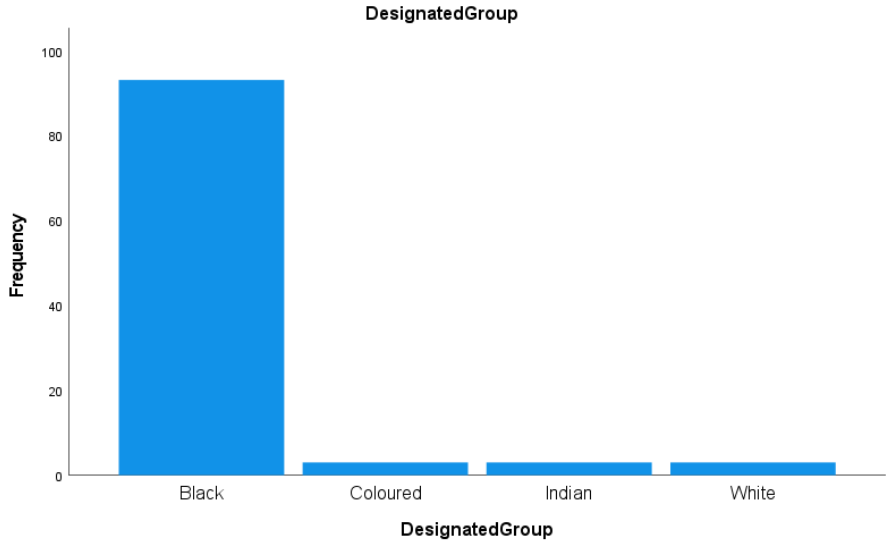


Figure 5: Designated group

4.3.4 Level of education

Participants were required to indicate their level of education. Of the total respondents, 50% reported having postgraduate qualification. 22.5% had an undergraduate degree, 13.7% had a certificate/diploma, 12.7% had matric and 1% (1) had no formal education.

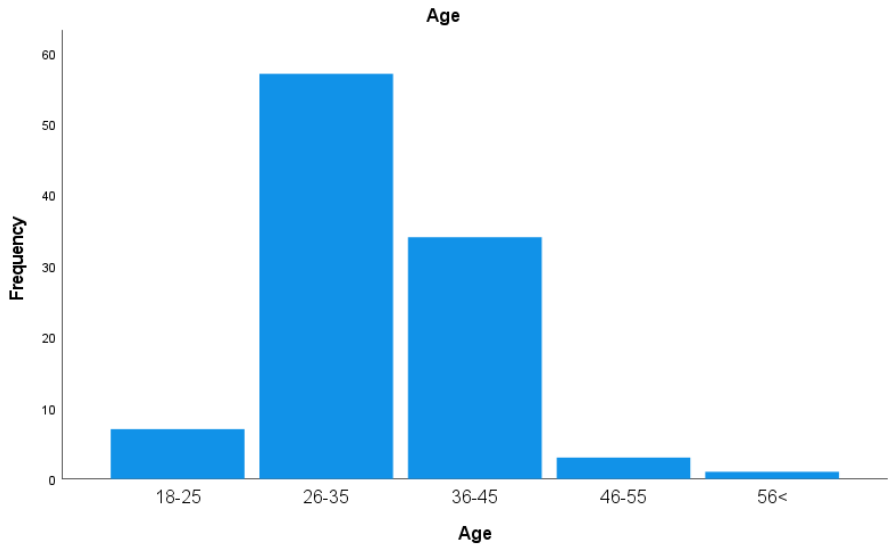


Figure 6: Level of education

4.3.5 **Legal Status**

Participants were required to indicate the legal status of their business. Out of the 102 respondents, 74.5% indicated their business operates as a registered private company. This was followed by 14.7% who operate as a Sole Proprietor, 7.8% as Close Corporations and 2% partnership company.



Figure 7: Legal status of business

4.3.6 **Employees**

Participants were required to indicate the number of employees employed by their businesses. Out of the 102 respondents, 76.5% indicated that they have less than five employees. This was followed by 15.7% who indicated they have between five and twenty employees, 2.9% have

between 51-100 employees, 2.9% have more than 100 employees and 2% have between 21-50 employees.

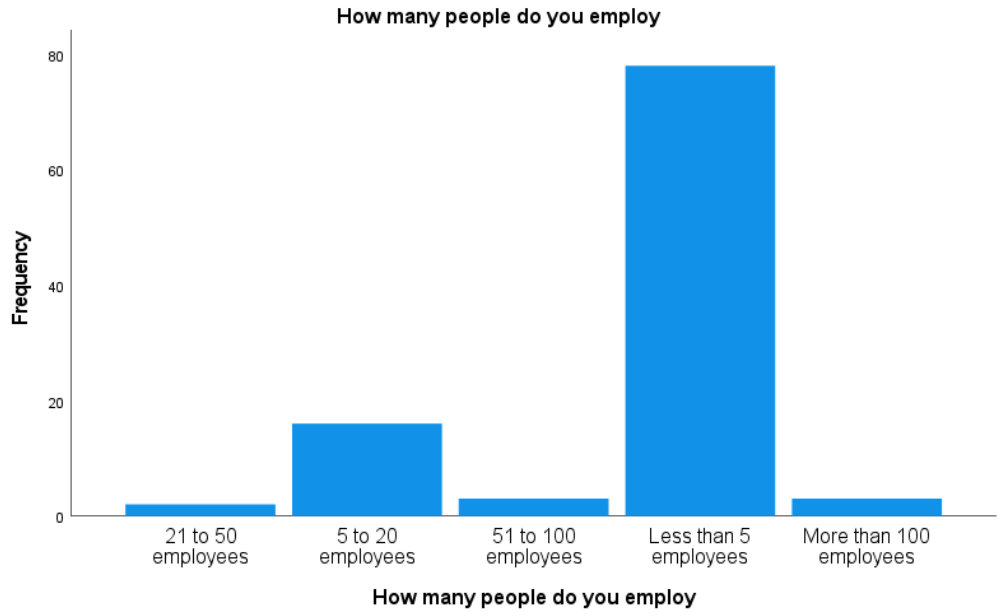


Figure 8: Employees

4.4 Reliability Statistics

This section reports on the reliability and validity of the data collected from respondents. Cronbach alpha test was used to achieve this. This confirms the correlations of statements that were put together to form factors. The use of Cronbach alpha helped figure out if a group of questions was reliable in measuring the same thing. It gives us a score between 0 and 1 to show how much the questions relate with each other. A higher score means the questions are more consistent in their measurement (Frost,2022). A high Cronbach's alpha suggests that the items in the scale are consistently measuring the same underlying construct, while a low alpha indicates that the items may be measuring different constructs or that the scale may be unreliable. A Cronbach's Alpha value of 0.5 or higher will be considered as a good sign that the factors in the study are consistent and reliable.

Table 2: Cronbach's Alpha values

Factors	Statements Forming factors	Cronbach's Alpha	Mean	Standard Deviation
B1) Entrepreneur education	B1.1- B1.4	0.695	3.4338	0.91260
B2) Entrepreneurial training	B2.1-B2.4	0.719	3.1471	0.97452
B3) Entrepreneurial experience	B3.1-B3.4	0.677	3.6863	0.81575
B4)Strategic competencies	B4.1-B4.5	0.816	3.5118	0.86772

Overall, the Cronbach's Alpha values for the factors range from 0.677 to 0.816, suggesting varying degrees of reliability. These results provide insight into the consistency and trustworthiness of the data collected regarding different aspects of SMMEs.

The mean provides an overall assessment of respondents regarding each factor under consideration. Based on the mean provided in table 2, it is clear that entrepreneurial experience and strategic competencies are the leading barriers to the limited skills amongst SMMEs in the Gauteng province. A mean of around 3.5 suggests that, on average, respondents rated the importance or effectiveness of strategic competencies relatively high. Conversely, mean scores below 3.5 indicate that respondents, on average, rated factors like entrepreneurial training slightly lower.

The observation that entrepreneurial experience and strategic competencies are identified as leading barriers is consistent with the literature, which emphasizes the significance of management skills and practical knowledge in driving business success (Sitharam and Hoque, 2016). The outcomes of the study align with (Iqbal et al, 2021) that SMEs thrive by fostering entrepreneurial orientation and strategic planning, which drives innovation and boosts business performance.

4.5 Correlation Analysis

These correlation coefficients represent the relationships between different factors related to entrepreneurship: entrepreneur education, entrepreneurial training, entrepreneurial experience, and strategic competencies. The interpretation is indicated in the table below.

Table 3: Correlation analysis

Correlations					
		entrepreneur education	entrepreneurial training	entrepreneurial Experience	Strategic competencies
Entrepreneur Education	Pearson Correlation	1	.687**	.629**	-0.059
	Sig. (2-tailed)		0.000	0.000	0.558
	N	102	102	102	102
Entrepreneurial Training	Pearson Correlation	.687**	1	.502**	-0.033
	Sig. (2-tailed)	0.000		0.000	0.746
	N	102	102	102	102
Entrepreneurial Experience	Pearson Correlation	.629**	.502**	1	-0.002
	Sig. (2-tailed)	0.000	0.000		0.986
	N	102	102	102	102
Strategic Competencies	Pearson Correlation	-0.059	-0.033	-0.002	1
	Sig. (2-tailed)	0.558	0.746	0.986	
	N	102	102	102	102
**. Correlation is significant at the 0.01 level (2-tailed).					

Entrepreneur Education vs. Other Factors

Positive correlations exist between entrepreneur education and both entrepreneurial training (0.687**) and entrepreneurial experience (0.629**). This suggests that individuals with higher levels of entrepreneur education tend to also have higher levels of entrepreneurial training and experience.

However, there is a weak negative correlation between entrepreneur education and strategic competencies (-0.059), although this correlation is not statistically significant (p = 0.558).

Entrepreneurial Training vs. Other Factors

Similar to entrepreneur education, entrepreneurial training shows positive correlations with both entrepreneur education (0.687**) and entrepreneurial experience (0.502**). This indicates that individuals who have received more entrepreneurial training also tend to have higher levels of entrepreneur education and experience.

Again, there is a weak negative correlation between entrepreneurial training and strategic competencies (-0.033), but it is not statistically significant (p = 0.746).

Entrepreneurial Experience vs. Strategic Competencies

There is no significant correlation between entrepreneurial experience and strategic competencies (correlation coefficient of -0.002, p = 0.986). This suggests that having more entrepreneurial experience does not necessarily correlate with possessing better strategic competencies.

Strategic Competencies vs. Other Factors

Strategic competencies show weak negative correlations with both entrepreneur education (-0.059) and entrepreneurial training (-0.033), but these correlations are not statistically significant (p > 0.05). This indicates that there is no significant relationship between having

higher levels of entrepreneur education or training and possessing better strategic competencies.

Overall, these correlations provide insights into how different factors connected to entrepreneurship are related to each other. They suggest potential areas where investments in education and training might improve entrepreneurial skills, but they also highlight areas where these skills may not necessarily overlap or improve in tandem.

4.6 Factor Analysis:

Factor Analysis is a statistical method used to analyze a group of variables together, aiming to identify distinct subsets of variables that are relatively independent from each other (Shrestha,2021).

4.6.1 The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity

In order to measure the suitability of data, the KMO test must has been adopted. The KMO test measures adequacy of the sample size, measuring sampling adequacy for each variable in the model and for the complete model (Shrestha,2021). The test gave an outcome of a 0.786 indicating that the variables in the dataset are moderately well suited for factor analysis. Bartlett's Test of Sphericity evaluates whether or not the correlation matrix is an identity matrix (i.e., whether the variables are uncorrelated in the population). The significant chi-square value ($p < 0.001$) indicates that correlations between variables are sufficiently large for factor analysis to be appropriate ((Shrestha,2021). The table below indicates the results of the KMO test.

Table 4: KMO

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.786	
Bartlett's Test of Sphericity	Approx. Chi-Square	924.257	
	df	136	
	Sig.	0.000	

4.6.1 Eigenvalues and percentage of variance

Table 5 below gives information on eigenvalues and the percentage of variance explained by each component in a factor analysis. The initial eigenvalues display each component's eigenvalues prior to rotation while the eigenvalues show how much of each component's variance is explained.

The extraction sums of squared loadings display the entire variation, both in absolute terms and as a percentage of the overall variance. The squared loadings rotation sums summaries resemble extraction summaries but have been modified for improved readability upon rotation. Additionally, it gives the absolute and percentage share of the total variance explained by each component following rotation.

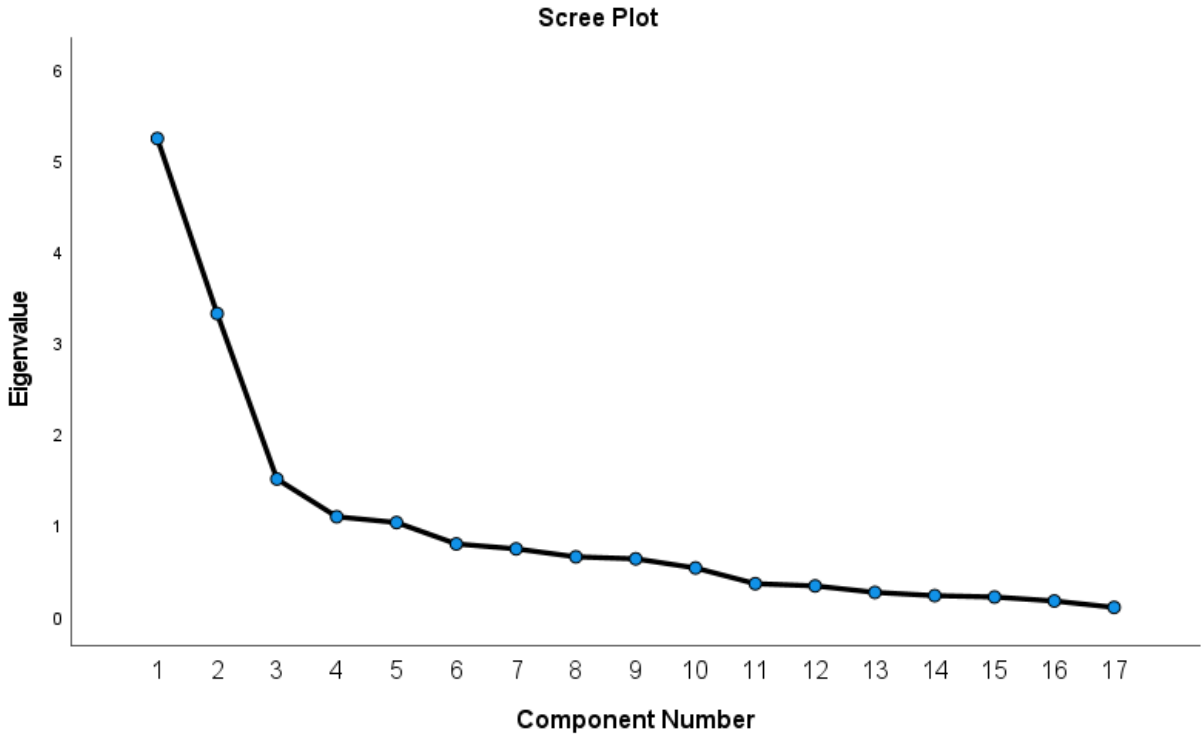
Table 5: Time Variance

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.225	30.734	30.734	5.225	30.734	30.734	3.518	20.692	20.692
2	3.307	19.453	50.187	3.307	19.453	50.187	2.464	14.494	35.186
3	1.494	8.788	58.975	1.494	8.788	58.975	2.215	13.029	48.214
4	1.081	6.356	65.331	1.081	6.356	65.331	2.134	12.551	60.766
5	1.017	5.985	71.316	1.017	5.985	71.316	1.794	10.551	71.316
6	0.783	4.605	75.921						
7	0.729	4.286	80.208						
8	0.642	3.774	83.982						

9	0.620	3.644	87.626						
10	0.519	3.056	90.681						
11	0.347	2.042	92.723						
12	0.323	1.899	94.622						
13	0.252	1.481	96.103						
14	0.216	1.272	97.375						
15	0.201	1.184	98.559						
16	0.158	0.927	99.485						
17	0.087	0.515	100.000						
Extraction Method: Principal Component Analysis.									

4.6.3 Scree test

Cattell (1996) introduced a graphic method to ascertain the appropriate number of factors in a dataset. This technique involves plotting eigenvalue magnitudes on the vertical axis against the corresponding eigenvalue numbers on the horizontal axis, forming a scree plot (Shrestha,2021). The eigenvalues are represented as points on the graph, connected by a line. The purpose of this test is to determine the ideal number of factors to extract before the unique variance outweighs the shared variance structure.



4.7 Analysis of Variance (ANOVA)

The descriptive statistics and ANOVA results provide insights into the mean scores and variations in scores across different factors related to entrepreneurship, namely entrepreneur education, entrepreneurial training, entrepreneurial experience, and strategic competencies.

When observing the descriptive statistics for each factor, the mean scores and standard deviations are provided separately for females, males, and the total sample. These statistics give an overview of the average reported levels of each factor among females, males, and the overall sample. They also indicate the variability or spread of scores within each group.

The ANOVA tests assess whether there are statistically significant differences in mean scores among groups (e.g., between genders) for each factor. For all factors, the F-statistic, degrees of freedom (df), mean square, and p-value (Sig.) are reported. The p-value indicates the probability of obtaining the observed results if the null hypothesis (i.e., no differences between groups) were true. A p-value less than a chosen significance level (e.g., 0.05) suggests that there are significant differences among groups.

For entrepreneur education, entrepreneurial training, entrepreneurial experience, and strategic competencies, the ANOVA results show that the p-values are all greater than 0.05 (0.143, 0.209, 0.695, and 0.704, respectively). This shows absence of statistically significant differences in mean scores among groups (e.g., between genders) for any of the factors. In other words, the observed differences in mean scores between females and males (or any other groups) for each factor are likely due to random variation rather than meaningful differences between the groups.

Table 6: Analysis of variance

Descriptive									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
entrepreneur education	Female	49	3.2959	0.76831	0.10976	3.0752	3.5166	1.75	5.00
	Male	53	3.5613	1.01894	0.13996	3.2805	3.8422	1.00	5.00
	Total	102	3.4338	0.91260	0.09036	3.2546	3.6131	1.00	5.00
entrepreneurial training	Female	49	3.0204	0.85974	0.12282	2.7735	3.2674	1.00	5.00
	Male	53	3.2642	1.06452	0.14622	2.9707	3.5576	1.00	5.00
	Total	102	3.1471	0.97452	0.09649	2.9556	3.3385	1.00	5.00
entrepreneurial Experience	Female	49	3.7194	0.70088	0.10013	3.5181	3.9207	2.00	5.00
	Male	53	3.6557	0.91492	0.12567	3.4035	3.9078	1.00	5.00
	Total	102	3.6863	0.81575	0.08077	3.5260	3.8465	1.00	5.00
Strategic competencies	Female	49	3.4776	0.81937	0.11705	3.2422	3.7129	1.60	5.00
	Male	53	3.5434	0.91683	0.12594	3.2907	3.7961	1.60	5.00
	Total	102	3.5118	0.86772	0.08592	3.3413	3.6822	1.60	5.00

Table 7: ANOVA

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Entrepreneur education	Between Groups	1.793	1	1.793	2.179	0.143
	Within Groups	82.322	100	0.823		
	Total	84.116	101			
entrepreneurial training	Between Groups	1.513	1	1.513	1.602	0.209
	Within Groups	94.406	100	0.944		
	Total	95.919	101			
entrepreneurial Experience	Between Groups	0.103	1	0.103	0.154	0.695
	Within Groups	67.107	100	0.671		
	Total	67.211	101			

Strategic competencies	Between Groups	0.110	1	0.110	0.145	0.704
	Within Groups	75.935	100	0.759		
	Total	76.046	101			

Entrepreneur Education

With a corresponding p-value (Sig.) of 0.143, the F-statistic is 2.179. This suggests that there is no statistically significant variation in the groups' mean scores for entrepreneur education (i.e., varying degrees of training or education).

Entrepreneurial Training

With a corresponding p-value (Sig.) of 0.209, the F-statistic is 1.602. Likewise, there is no statistically significant variation between the groups' mean scores for entrepreneurial training.

Entrepreneurial Experience

With a corresponding p-value (Sig.) of 0.695, the F-statistic is 0.154. Once more, there is no statistically significant variation in the groups' mean ratings for entrepreneurial experience.

Strategic Competencies

With a corresponding p-value (Sig.) of 0.704, the F-statistic is 0.145. Comparably, there is no statistically significant variation in the groups' mean ratings for strategic abilities. All factors' p-values are higher above the typical significance level of 0.05 overall. As a result, the null hypothesis cannot be rejected, suggesting that the mean scores for each entrepreneurship-related characteristic do not differ statistically significantly between groups.

Put another way, rather than reflecting significant differences across groups, the observed disparities in mean scores are probably the result of random variation.

4.7. Conclusion

This chapter analyses the data collected from 102 SME owners in South Africa's Gauteng province. The demographic profile reveals key characteristics, such as age, education, and legal status of business. Notably, participants aged 26-34 with postgraduate qualifications dominate, and most operate as registered private companies.

The chapter also explores business training, highlighting varied responses on formal education's impact on business skills. The industry experience section indicates a substantial proportion with prior entrepreneurial experience and strategic capabilities. These results emphasize the significance of industry knowledge and strategic skills among SME owners.

CHAPTER 5

Conclusion and Recommendations

5.1 Introduction

A summary of key results in the study and discusses their implications for the performance and growth of SMMEs in Gauteng, South Africa. The research aimed to assess the skills gap among SMMEs and its impact on business performance, with a focus on identifying areas where skills development is lacking and proposing strategies to address these challenges.

5.2 General overview

The objective of this study was to identify and assess the skills gaps among SMMEs as a barrier of business performance in Gauteng, South Africa. Chapter 1 started by giving the background of the study, indicating the problem statement, research objectives and the rational of the study. Chapter 2 provided a literature review indicating reelevate theoretical framework and highlighting the research gap. Chapter 3 outlined the methodology adopted to carry out the study. It discussed the research design, target population, sampling technique, research instrument and data collection methods. Chapter 4 analysed and discussed the data collected. It provided an overview of the research population and examined the results obtained through statistical analysis. This section presents the results derived from the data analysis conducted in Chapter Four. These results are used to formulate recommendations aimed at addressing the challenges identified in the study.

5.3 Results

The results in the study indicate that there is a significant relationship between entrepreneur education, entrepreneurial training, and entrepreneurial experience. However, these factors do not appear to have a strong correlation with strategic competencies, suggesting that while education and training are important, they may not directly translate into strategic business

capabilities. The demographic profile of the respondents suggests a young, educated group of entrepreneurs who are actively engaged in the management of their businesses.

While a significant proportion of respondents had received formal education, particularly at the postgraduate level, there were indications of gaps in entrepreneurial education and training. Despite the availability of educational qualifications, respondents highlighted the need for more targeted training programs focusing on practical business skills.

Entrepreneurial experience emerged as a critical factor influencing SMME success. Respondents with prior experience in entrepreneurship demonstrated a better understanding of industry dynamics and market conditions, highlighting the importance of learning through practical experience.

Strategic competencies were identified as essential for SMMEs to develop and execute long-term plans effectively. Respondents emphasized the need for strategic thinking and decision-making skills to navigate competitive markets and sustain business growth.

Access to financial resources, market information, and support services emerged as significant challenges for SMMEs. Many respondents reported difficulties in accessing funding, identifying market opportunities, and accessing relevant business support services, hindering their ability to grow and compete effectively.

5.4 Implications of the Study

The recommendations and implications of this study are multi-faceted. For policymakers, the research highlights the critical role of government support in fostering a conducive environment for SMME development. Educational institutions are encouraged to tailor their programs to match the practical needs of entrepreneurs, focusing on both soft and technical skills that are directly applicable to business management and growth.

Based on the research findings, several recommendations are made:

5.4.1 Recommendations for SMMEs

SMMEs should engage in continuous learning and development programs to enhance both business and strategic competencies. This will allow for an investment in strategic planning processes that identify market opportunities, assess competitive threats, and development of long-term growth strategies.

Entrepreneurs should prioritize financial management practices, including budgeting, cash flow management, and investment planning, to ensure financial sustainability and resilience. They should seek assistance from financial advisors, accountants, and business mentors to strengthen financial literacy and management capabilities.

There should be high levels of collaborations between SMMEs, industry associations, government agencies, and other stakeholders to promote knowledge sharing, resource mobilization, and collective action. They are encouraged to start business networks and clusters to foster innovation, collaboration, and market expansion.

5.4.2 Recommendations for Policymakers

Government should implement policies that incentivise skills development and provide support structures for SMMEs, such as funding for training programs and mentorship opportunities. Policies that foster a conducive environment for SMME growth should be developed and implemented. This could include streamlined regulatory processes, tax incentives, and access to non-rigorous government procurement opportunities.

Policy makers can also establish robust monitoring and evaluation mechanisms to track the implementation and impact of SMME support initiatives. They can adopt and use data-driven insights to refine policies and programs to address evolving challenges and opportunities.

5.4.3 Recommendations for Educational Institutions

There should be a continuous review and update of entrepreneurship education curriculum to align with industry needs and emerging trends. Integrate practical, hands-on learning experiences, such as internships, case studies, and entrepreneurial projects, to equip students with real-world skills and competencies.

Institutions could adopt a collaborative approach with industry associations, other academic institutions, and private sector partners to deliver tailored training initiatives. On campus entrepreneurship centres or incubation hubs can be established to provide students with resources, mentorship, and networking opportunities to launch and grow their ventures. An offering of incubation programs, accelerator initiatives, and seed funding to support student entrepreneurs at different stages of the start-up lifecycle should be established.

5.5 Limitations of the Study

• **Sampling Bias**: The study's results may not be representative of all SMMEs in Gauteng province due to the limited sample size and sampling method used. Future research could employ larger and more diverse samples to improve generalizability.

• **Self-Reported Data**: The reliance on self-reported data from survey respondents may introduce response bias and social desirability bias, impacting the accuracy and reliability of the findings. A qualitative data could enhance the validity of the results.

•**Contextual Specificity**: The study focused on SMMEs in Gauteng province, limiting the generalizability of the results to other regions or contexts. Future research could explore variations in SMME challenges and opportunities across different geographical areas and economic sectors. The study could also focus on a specific industry to get their overview as industries may differ in their approach.

•**Data Collection Method**: The use of online surveys may have excluded SMMEs with limited internet access or technological literacy, potentially biasing the sample towards digitally savvy businesses. Combining online surveys with other data collection methods, such as interviews or focus groups, could enhance inclusivity and diversity in future research.

5.6 Areas for Future Studies

•**Comparative Studies**: One can compare SMME challenges and opportunities across different provinces, industries, and organizational contexts to identify contextual factors influencing business performance and resilience.

•**Qualitative Investigations**: There could be a qualitative study conducted using in-depth interviews and case studies as tools to gain richer understanding of SMMEs experiences, perspectives, and decision-making processes.

•**Policy Evaluation**: The study could evaluate the effectiveness of policy interventions and support programs aimed at promoting SMME development, assessing their impact on business outcomes, innovation, and job creation.

•**Emerging Trends**: A study that explores emerging trends and disruptors shaping the SMME landscape, such as digitalization to anticipate future challenges and opportunities for small business owners.

5.7 Conclusion

The study underscores the importance of addressing the skills gap as a barrier to the performance and success of SMMEs in Gauteng, South Africa. By investing in skills development and creating a supportive ecosystem for entrepreneurs, there is potential to enhance business performance, stimulate economic growth, and contribute to the reduction of unemployment in the country.

In response to these findings, actionable recommendations have been put forth. SMMEs are urged to prioritize ongoing learning and development initiatives, enhancing both operational efficiency and strategic foresight. Policymakers are called upon to enact supportive measures, including incentivizing skills development, streamlining regulatory processes, and expanding access to funding and mentorship opportunities. Simultaneously, educational institutions are implored to align curricula with the practical needs of entrepreneurs, fostering collaboration with industry partners to equip aspiring business owners with the requisite skills and competencies. Through concerted efforts across these fronts, South Africa stands poised to unlock the full potential of its entrepreneurial ecosystem, driving economic growth, innovation, and job creation for years to come.

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APPENDIX 1: Questionnaire

Section A:

A1 Gender	Male	Female			
A2 Age	18-25	26-35	36-45	46-55	56<
A3 Designated group	Black/African	White	Coloured	Indian	
	Other (Specify):				
A3 Please indicate your level of education	No Formal Education	Matric / Grade 12	Certificate / Diploma	Degree	Postgraduate
A4 Please indicate the legal status of your business	Private Limited Company	Close Corporation	Partnership	Sole Proprietor	Other:
A5 How long has your company been in operation?	Less than 3 years	Between 3 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Over 15 years
How many people do you employ?	Less than 5 employees	5 to 20 employees	21 to 50 employees	51 to 100	More than 100

Section B:

Questions	Strongly Disagree	Disagree	Neutral	Strongly Agree	Agree

B1.1) I invest much time and energy in studying the latest developments in business management	1	2	3	4	5
B1.2) I have received some entrepreneurial education or training.	1	2	3	4	5
B1.3) I have a lot of knowledge about management (entrepreneurship).	1	2	3	4	5
B1.4) School education gave me skills and know-how that enabled me to run a business.					

Questions	Strongly Disagree	Disagree	Neutral	Strongly Agree	Agree
B2.1) I have received formal business management training.	1	2	3	4	5
B2.2) The lack of mentorship and guidance is a cause of the lack of growth and expansion.	1	2	3	4	5
B2.3) I have formal training in financial management and planning?	1	2	3	4	5

B2.4) I Have formal training in marketing?	1	2	3	4	5
B2.5) I have formal training in bookkeeping and accounting?	1	2	3	4	5

Questions	Strongly Disagree	Disagree	Neutral	Strongly Agree	Agree
B3.1) have some sort of previous entrepreneurial experiences	1	2	3	4	5
B3.2) I am familiar with a certain industry	1	2	3	4	5
B3.3) I am familiar with the market					
B3.4) I have previous experience managing a business am familiar with the market	1	2	3	4	5

Questions	Strongly Disagree	Disagree	Neutral	Strongly Agree	Agree
B4.1) I am able to develop and establish longer	1	2	3	4	5

term directions for the firm, e.g. on the business scale, objectives, goals or projects.					
B4.2) I am able to determine long-term issues, problems, or opportunities	1	2	3	4	5
B4.3) I am capable of monitoring progress toward strategic goals	1	2	3	4	5
B4.4) I am capable of evaluating results against strategic goals	1	2	3	4	5
B4.5) I am able to determine strategic actions by weighing costs and benefits	1	2	3	4	5