



The effect of managerial competencies on the performance of small and medium enterprises in Makana Municipality, South Africa

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Abstract

Small, micro and medium enterprises (SMMEs) are important for economic development, poverty alleviation and employment creation in most developing countries. The primary objective of this study was to investigate the effects of managerial competencies on the performance of SMMEs in Makana Municipality, in the Eastern Cape Province of South Africa. The study followed a quantitative research approach. Data was collected using the survey method by way of a self-administered questionnaire, which was distributed to a sample of 96 SMME owners and managers in Makana Municipality. It was found that communication competencies, planning competencies, self-management competencies, and global awareness competencies have an effect on the performance of the SMMEs. However, teamwork and strategic action competencies did not show any effect on the performance of SMMEs. The study concluded that managerial competencies have an effect on the performance of SMMEs. Having established the effect of managerial competencies on the performance of SMMEs in Makana Municipality, recommendations are provided to the government, the municipality as well as to the owners and managers. The government and the local municipality should strengthen support structures that will help SMME operators to develop managerial competencies. The government should also help SMME owners and managers to access training or education in order to improve their managerial competencies. The SMMEs owners and managers should try to attend business seminars and relevant training to equip themselves with the managerial competencies. SMME owners and managers should be prepared to invest in their human capital through training and development, especially in aspects that will help improve their managerial competencies.

Keywords: managerial competencies, SMMEs, performance, communication, teamwork, planning.

Introduction and Background

Small, micro and medium enterprises (SMMEs) are regarded as important for economic growth worldwide (De Vita, Mari & Poggesi, 2013; Bruwer, 2013). They form 90% of businesses in both developed and developing countries, 99% of total enterprises in the European Union, 98% of total enterprises in the United States of America and 99% of all businesses in the United Kingdom (Sidek & Mohamad, 2014). It is very important to also note that SMMEs play a critical role in the development of countries in Africa. In South Africa, SMMEs are also regarded as a strong contributor to poverty alleviation, job creation, economic growth as well as equitable distribution of wealth.



It is said that the managerial competencies of both managers and owners have an effect on the performance of firms (Yahya & Elsayed, 2012; Rydehell, Isaksson, Lofsten, 2018; Shehnaz, Farhad, Zuhaid, Mahammad & Ramayah, 2018; Bushe, 2019). SMME owners and managers need management skills in areas such as financial management, personnel management, sales management and production management (Burritt, Herzig, Schalteggers & Viere, 2019). Yahya and Elsayed (2012) stated that SMME owners and managers do not perform well in many areas such as stock control, accounting, costing, production scheduling and communication. Thus, owners and managers of SMMEs in some cases do not even understand financial statements. Globalisation has also made managerial competencies the key for the survival of firms including SMMEs (Yahya & Elsayed, 2012; Bushe, 2019). A key competency for SMMEs today is training employees to be inclusive of cultural diversity (Nicolaidis, 2010) so as to be able to deal with arrange of foreign colleagues and clients.

SMMEs are defined differently in different countries. In South Africa, the government defined these ventures in the National Small Business Act 102 of 1996. This Act uses the total number of employees, annual turnover and the value of assets to categorise these ventures into small, micro and medium enterprises. A small business is one that has fewer than 50 full time employees and an annual turnover of 2 million South African Rands and gross fixed assets less than 10 million South African Rands. Medium enterprises have fewer than 200 full time employees, less than 30 million South African Rands and gross assets of less than 15 million South African Rands (Maduku, Mpinganjira & Duh, 2016).

According to Rosman and Rosli (2014), SMMEs play a key role in the South African economy as they form 91% of the country's enterprises. Bruwer and Coetzee (2016) stated that SMEs contribute about 80% of employment opportunities in South Africa and employ about 61% of all workforce in the economy. SMMEs contribute 30-57% of the gross domestic product (GDP) in South Africa (Bruwer & Coetzee, 2016). These ventures also play a critical role in South Africa as they help reduce poverty, unemployment and inequality (Rogerson, 2018; Kibuuka & Tustin, 2019).

Even with the support offered to SMMEs by the national government, many of these enterprises have been failing to grow or end up closing business within a period of 42 months after their establishment (Fatoki, 2014). According to Fatoki (2014), South Africa is one of the countries in the world with a high SMME failure rate, estimated at 70%-80% failing after a period of only two to three years of operation. In South Africa, lack of managerial competencies is stated as one of the main causes of SMME failure and poor performance (Herrington, Kew & Kew, 2014; Fatoki, 2014; Steyn, 2014). This leads to the development of the statement of the problem of this study.

Problem description and Objectives

Research has proved that SMMEs are important for the creation of jobs, poverty alleviation and equitable distribution of income. This means that with a strong SMME sector, South Africa will be able to solve these socio-economic challenges. However, most of the SMEs in South Africa fail within a period of five years (Cant & Wiid, 2013; Bruwer, 2013; Fatoki 2014). Makana Municipality is in the Eastern Cape Province, one of the poorest provinces in South Africa, with a poverty rate of about 35.7% (Akinwale 2014) and low waged employees, yet, more SMMEs still fail to grow and/or to survive.

Herrington et al. (2014) suggested that SMMEs in South Africa fail because of lack of managerial competences or poor management competencies. According to Fatoki (2014), managerial competencies are a crucial resource for the survival of SMEs. It is argued in some of the literature that the effect of managerial competencies on the performance of SMMEs is not well researched (Herrington et al., 2014; Fatoki, 2014). It is therefore important to know the effect of managerial competencies of owners and managers on the performance of SMMEs. Thus, this research aimed to answer the following question:



The primary objective of the study was to investigate the effect of managerial competencies on the performance of SMMEs in Makana Municipality. To achieve the primary objective, secondary objectives were formulated.

Secondary objectives

The following were the secondary objectives of this study:

- Determine the effect of planning competencies on the performance of SMMEs.
- Ascertain the effect of teamwork competencies on the performance SMMEs.
- Establish the effect of global awareness competencies on the performance of SMMEs.
- Investigate the effect of strategic action competencies on the performance of SMMEs.
- Establish the effect of self-management competencies on the performance of SMMEs.
- Establish the effect of communication competencies on the performance of SMMEs.

Hypotheses

The primary and secondary hypotheses were formulated from the objectives of the study.

Primary hypothesis

H₁: Managerial competencies have an effect on the performance of SMMEs in Makana Municipality.

Secondary hypotheses

H₂: Planning competencies have an effect on the performance of SMMEs.

H₃: Teamwork competencies have an effect on the performance of SMMEs.

H₄: Global awareness competencies have an effect on the performance of SMMEs.

H₆: Self-management competencies have an effect on the performance of SMMEs.

H₇: Communication competencies have an effect on the performance of SMMEs.

Significance of the study

This study focused on the investigation of managerial competencies (namely, strategic planning, teamwork, global awareness, self-management, and communication competencies) and their effect on the performance of SMMEs in all sectors of the economy in Makana Municipality, which is located in the Eastern Cape Province in South Africa.

The research will help contribute to the success of the SMME sector in South Africa, as the role of managerial competencies is investigated. The research will be useful to policy makers and other organisations that support SMMEs in South Africa since areas that need attention will have been highlighted.

This study will also be important to both SMME owners and managers as the researcher will provide recommendations that can be used to improve the performance of SMMEs. It is important to note that the study will open avenues for future research in the SMME sector as well as adding to the body of knowledge on factors affecting the performance of entrepreneurial ventures.



Literature Review

Importance of SMMEs

SMMEs are said to be foundations of innovation and new markets. According to Robu (2013), SMMEs are very important in promoting new products and techniques. They also provide competition in the market. Due to the importance of SMMEs, a large number of studies have been focusing on the contributions and performance of this sector. Therefore, studies on factors contributing to a firm's success and growth and barriers to business growth across countries are common (Sidek & Mohamad, 2014). The crucial role played by SMMEs in the economy and society is emphasised by many researchers (Akbaba, 2013) and these companies are acknowledged as most essential and significant contributors to economic development, employment creation, innovation, and income generation in most countries.

Effects of managerial competences on the performance of SMMEs

Hellreigel et al. (2004) stated that managerial competencies are a set of observable or potential behaviours by which managers, as individuals, may demonstrate knowledge, skills, and attitudes, or the synergy between them as personal attributes, adding value and better results for themselves. Brits and Veldsman (2014), described competencies as a composite of the skills, attributes and knowledge needed to perform a specific job. There are sets of knowledge, skills, behaviours and attitudes that a person needs to be effective in a wide range of positions and various types of organisations (Pareek, 2014) and they include planning competencies, teamwork competencies, strategic action competencies, global awareness competencies, self-management competencies and communication competencies.

Strategic action competencies

Strategic action competencies refer to the manager's abilities to grasp the overall strategy of the company and ensure employees' efforts are in line with the strategy. Strategic action competencies require visionary leadership to bring together industry knowledge, organisational skills and strategic aptitude. SMME managers with strategic action competencies can steer and help their companies through hurdles and help them grow. According to McFarlin (2019), the key factors in strategic action are forecasting and anticipating the actions of your competitors.

Self-management competencies

Self-management competencies refer to important personal qualities and abilities that help in building up personal strength and enhancing an individual's effectiveness in performing certain challenging tasks such as managing their own business (Vijay & Ajay, 2011). This may include determination and self-belief (Thompson, 1996), emotional intelligence and self-awareness (Vijay & Ajay 2011), self-control and stress tolerance, self-motivation (Vijay & Ajay, 2011) and self-management (Vijay & Ajay, 2011). These competencies have a strong linkage with personality traits and are less directly observable (Bird, 1995), yet, they can be obvious from the way entrepreneurs deal with problems and challenging situations that they encounter in business. Possessing these competencies may assist entrepreneurs in building up their personal strengths to face challenges in operating their businesses.

Communication competencies

According to McFarlin (2019), communication competencies are essential for the managers and owners of any business. Managers and owners of businesses should have the necessary communication skills to communicate effectively in the business world. There are different types of communication competencies, namely verbal, nonverbal and written communication competencies (McFarlin, 2019).



Teamwork competencies

Teamwork refers to a group of people working or willing to work together to achieve a common aim. According to Fitzgerald and Theilheimer (2013) and Hellreigel et al. (2004), teamwork competencies enable individuals to showcase their ability as part of a multifunctional team to meet the aims or goals of the team. Simply put, it means to show understanding of the concept of collaborative efforts for collective goals.

Planning competencies

According to Bhardwaj and Punia (2013), planning competencies refer to the ability to plan effectively for what needs to be achieved, to coordinate properly and to involve all relevant stakeholders. It also includes being able to determine the necessary sequence of activities and required level of resources to achieve both short and long-term goals.

Global awareness competencies

According to Steyn (2014), global awareness competencies refer to managers' ability to draw human, budgetary, data and material assets from numerous societies. Trends related to globalisation and increased cross-border business activity require managers to be knowledgeable in social contrasts (Steyn, 2014). The managers or owners of SMEs should be open and sensitive to how others think, conscious of social manners and learn different dialects (Muhammad, 2013). Measurements of global awareness skills incorporate social information, understanding, and social transparency (Hellreigel et al., 2004).

Performance

Generally, firm performance refers to how well or poorly a firm performs relative to the set objectives of the business. According to Velu and Manxhari (2017), business performance can be measured using both financial (sales growth, profitability) and non-financial (market share, new products, product quality, market effectiveness and value added) measures. In order to improve firm performance, SMEs depend on competitive advantage against their rivals, (Sidek & Mohamad, 2014).

Measuring performance of SMMEs is more subjective and complicated than measuring that of large firms. In large firms, performance can easily be measured using objective (and financial) methods such as assessing profitability and sales growth, while such information is not always available in small businesses. SMME performance can be measured by assessing employment changes, changes in turnover and the profitability of the firm (Chimucheka, Dodd & Chinyamurindi, 2018). This study used both financial and non-financial measures to measure SMMEs' performance.

The relationship between managerial competencies and firm performance

Researchers argue that there is a positive relationship between managerial competencies and performance of a firm (Akande, 2011; Velu & Manxhari, 2017). The success or failure of SMMEs can be attributed to good managerial competencies or lack thereof respectively (Bhardwaj & Punia, 2013). According to Bhardwaj (2016), effective and efficient managers are vital for improving business performance mainly because human resources or people are the most important resource for any organisation. To be an effective, managers should develop several competencies that enable them to perform competently. Hellriegel et al. (2004), stated communication competencies, teamwork competencies, strategic action competencies, self-management competencies, global awareness competencies and planning competencies as important to all managers.

Chye et al. (2010) pointed out that managers ought to be good organisers, coordinators, administrators and communicators to improve the performance of their businesses. Chyle et al. (2010) emphasised that managerial competencies are business practical aptitudes that



have been assuming an undeniably critical part in the improvement of SMEs. However, Sparl et al. (2013) could not find the association between managerial competencies and the performance of enterprises when they conducted a study in Austria pointing out that there may also be other factors that affect the performance of firms besides managerial competencies, and managerial competencies do not always have an effect on the performance of firms.

These managerial competencies can influence the performance of each SMME manager or owners. Management includes completing work through other individuals (employees). In this manner, communication skills are fundamental for viable managerial performance and they incorporate casual correspondence, formal correspondence and negotiation (Steyn, 2014).

According to Louw, Louw and Lategan (2014), planning and administration also include determining what should be done, how it ought to be done and the allocation of available resources. Managers or owners need to strategise well in order to achieve the firm's goals. According to Bhardwaj (2016), planning and administration competencies are primary skills that every manager or owner needs to perform their task.

Literature suggests that in terms of performance, groups generally perform better compared to individuals and managers ought to be better prepared to work with groups and teams (Mkhize, 2017). Teams, if properly managed, can be effective in improving the performance of any firm.

Global awareness competencies influences a manager's performance and ultimately the performance of their organisations as this allows managers to interact with other managers, peers and different workers from various societies (Steyn, 2014). This varied interaction is particularly important in South Africa which has a diverse population, with people who differ in terms of sex, age, race, ethnicity and dialect (Louw, Louw & Lategan, 2014).

Louw, Louw and Lategan (2014) affirmed that self-administration competencies allow managers, owners and employees to control their own conduct by defining their own particular objectives. Research directed by Penceliah (2003) attests that self-administration competencies will empower managers to be more versatile to work with different people or groups.

Theoretical Framework

The job competence model and the resource-based view are discussed as they provided a theoretical basis for this study.

Job competence model

Job competencies model is relevant to this study as it explain the importance of competencies in improving performance of both individuals as well as organisations. According to Asumeng (2014), in the job competence model (Mansfield & Mathews, 1985), competencies are seen as comprising three basic components, namely tasks, task management and the job environment. Tasks consist of skills needed in a routine way to achieve specific outcomes. Task management involves the use of skills that are needed when two or more tasks have to perform together. Job environment is concerned with skills needed to cope with a particular work environment or a critical situation. The model attempts to show how these components interact with each other. For example, Mansfield and Mathews (1985) argued that the job environment component appears to be closely linked to personal effectiveness.

Resource-based view

Managerial competencies can be viewed as an intangible and very useful resource for organisations. It is for this reason that the resource-based view was seen as relevant in this study.



According to Bohnenkamp (2013), the resource-based view was initially developed in the late 1980s and 90s, while later being adjusted with extensions. With paying attention to the achievement of a competitive advantage through internal resources, the resource-based view became one of the grand theories of economics. According to Barney (1991), “the resource based view examines the link between a firm’s internal characteristics and performance”. As the basis for a competitive advantage, the resource-based view considers the application of a bundle of tangible and intangible resources. In order to make competitive advantage sustainable, resources are required to be heterogeneous and immobile.

Research Methodology

Both primary and secondary data was used in this study. Secondary data sources included peer-reviewed journals and textbooks. For primary data, the study adopted a positivist paradigm and followed a quantitative research approach which allows for data to be collected through self-completion questionnaires. Quantitative research is objective, and it is a systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques (Vogt, Vogt, Gardner & Haeffele, 2014).

The study focused on SMMEs operating in the Makana Municipality. A sample of 96 SMMEs was drawn from SMMEs operating in Makana Municipality using purposive sampling. Data was collected from SMME owners and managers using the survey method. A self-administered questionnaire was used as the data collection instrument. In the quantitative research approach, it is important to ensure validity and reliability of the research instrument. Reliability refers to the possibility to measure or observe something repeatedly and produce the same or similar results. Reliability refers to the extent to which results are stable and consistent (Longest, 2014). To ensure reliability, the researchers used Cronbach’s alpha which measures internal consistency of the data collection instrument and the results are presented in Table 1.

Validity is defined as the effectiveness of the tool or instrument that is used to conduct a study or a test. In this study, validity was achieved through consulting a statistician and seeking expert advice in developing the questionnaire. Pre-existing and validated scales were also used in the study. The scales to measure managerial competencies were adopted (although revised) from Mkhize (2017) and Hellreigel, et al. (2004). The scale to measure SMME performance was adopted from Chimucheka, Dodd and Chinyamurindi (2018). The questionnaire was also pre-tested in a pilot study where 15 respondents participated. It is during the pilot study that the researchers noted that the questionnaire could be understood by the respondents.

Table 1. Reliability of the scales used

Scales	Number of items	Source	Cronbach’s alpha
Communication competencies	10	Mkhize, (2017); Hellreigel, et al. (2004)	0.81
Planning competencies	14	Mkhize, (2017); Hellreigel, et al. (2004)	0.95
Teamwork competencies	10	Mkhize, (2017); Hellreigel, et al. (2004)	0.87
Strategic action competencies	13	Mkhize, (2017); Hellreigel, et al. (2004)	0.92
Self-management competencies	14	Mkhize, (2017); Hellreigel, et al. (2004)	0.95
Global awareness competencies	9	Mkhize, (2017); Hellreigel, et al. (2004)	0.78
Performance	10	Chimucheka, Dodd and Chinyamurindi (2018)	0.98

The Statistical Package for Social Sciences (SPSS) Version 22 was used to analyse data. Multiple regression analysis and correlation are the statistical tests that were used to analyse



data. The relationship between variables was tested using the correlation. The study has one dependent variable (performance) and six independent variables, namely communication competencies, planning competencies, teamwork competencies, global awareness competencies, strategic action competencies and self-management competencies.

Ethical Considerations

According to Cilliers et al. (2014), ethics is a code of conduct that sets standards for attitude and behaviour. The researchers informed the participants their rights to voluntary consent and confidentiality (Nkosi, Bounds & Goldman, 2013). The researchers also ensured that the respondents' information remained confidential. The researcher conducted the research guided by the rules and regulations of the University of Fort Hare, which include that every respondent has to sign a consent form, that the respondent has the right to withdraw from the research, and that researcher should seek permission to conduct the research from the University, in the form of an Ethical Clearance Certificate. Thus, the researcher applied for ethical clearance from the University of Fort Hare.

Research Findings

Questionnaires were distributed to 96 respondents but only 73 questionnaires were returned and used in this study. This provided a response rate of 76% which is relatively high when compared with other studies of the same nature. Males constituted 73% of the respondents, while females constituted only 27%. Thus, the majority of SMMEs in Makana Municipality are operated by males. Twenty-five percent of the respondents indicated that they were owners, 30% managers and 45% stated they were acting as both owners and managers of their ventures. This indicates that the majority of SMMEs in Makana Municipality are managed by their owners. Only 19% of the respondents were between the ages 20 to 30. A total of 35% of the respondents were between 30 and 40 years of age while 46% were above 40 years of age at the time of the study. All the respondents had formal education. Only 8% had a postgraduate qualification, 33% indicated that their highest qualification was a university degree, while 47% had college diplomas and the rest had either secondary education or only primary education. Regarding length of time in business, 80% of respondents indicated that they had been in business for more than three years and only 29% indicated that they had been in business for more than five years. A total of 55% of respondents said they operate companies, 27% said they operate partnerships, while only 18% stated they operate as sole traders.

Regarding the sectors they operate in, 45% of the respondents stated they are in the trading sector, 40% said they are in the service industry, 10% said they are in the construction industry, while only 5% indicated they are in the manufacturing sector. This shows that the majority of SMMEs in Makana Municipality are in trading and the service industry. Regarding number of employees, 23% of the respondents indicated they operate businesses employing one to five employees, 73% said they operate businesses employing six to 50 employees, while only 4% stated they operate businesses employing between 51 and 200 full-time employees.

Testing of hypotheses

Each hypothesis for the study was tested and discussed starting with the primary hypotheses.

Primary hypothesis

H₀₁: Managerial competencies do not have an effect on the performance of SMMEs in Makana Municipality



Regression analysis was used to test the combined effect of managerial competencies on the performance of SMMEs. The summary of the simple linear regression model is presented in Table 2.

Table 2. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.846 ^a	.716	.712	.597	2.514

a. Predictors: (Constant), Managerial competencies

b. Dependent variable: Business performance

The results in Table 2 above show that it can safely be accepted that the model perfectly fits the data. In this case, the adjusted R Square was used to determine how well a regression model fits the data. $R^2 = 0.712$, suggesting that the independent variables (managerial competencies) explain 71.2% of the variability of the dependent variable (performance).

Table 3. ANOVA statistical significance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	63.981	1	63.981	179.313	.000 ^b
	Residual	25.334	71	.357		
	Total	89.315	72			

a. Dependent variable: Business performance

b. Predictors: (Constant), Managerial competencies

The *F*-ratio presented in Table 3 above tested whether the actual regression model used in this analysis is fit for the available data. The results presented show that the predictor variables statistically and significantly predict the dependent variable, $F(1, 71) = 179.313$, $p < 0.000$. That is “the regression model is a good fit of the data”.

Table 4. Statistical significance of the independent variables model coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig. (P-Value)
	B	Std. Error	Beta		
(Constant)	.601	.250		2.407	.019
Managerial competencies	.877	.065	.846	13.391	.000

a. Dependent variable: Business performance

Assuming a prediction (probability) of $p < 0.05$, there is a significant relationship between the dependant variable and independent variable. The results presented in Table 4 above show that managerial competencies are statistically significant at prediction (probability), $p < 0.05$ ($B=0.877$; $p= 0.000$) meaning the null hypothesis is rejected. Therefore, it can be concluded that there is a statistically significant relationship between managerial competencies and SMMEs’ performance. These results are consistent with Herrington et al. (2014), Lotich (2015) and Steyn (2014) who argued that managerial competencies have a positive effect on the performance of SMMEs.

Secondary hypotheses

In order to determine the association between different managerial competencies and performance of SMMEs, the multiple regression was done. The summary of the multiple linear regression model is represented in Table 5.



Table 5. Statistical significance of the independent variables

Model		Un-standardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.371	0.251		1.481	0.143
	Planning competencies	0.396	0.101	0.458	3.923	0.000
	Communication competencies	0.314	0.140	0.341	2.236	0.029
	Teamwork competencies	-0.042	0.123	-0.043	-0.341	0.734
	Strategic action competencies	-0.128	0.110	-0.133	-1.159	0.251
	Global awareness competencies	0.188	0.092	0.108	2.055	0.044
	Self-management competencies	0.264	0.129	0.280	2.040	0.045

a. Dependent variable: SMME performance

Assuming a prediction (probability) of $p < 0.05$, it is suggested that there is a significant relationship between the managerial competencies and SMMEs' performance. It has to be noted however, that teamwork competencies and strategic action competencies were found not to have an effect on the performance of SMMEs in Makana municipality.

Hypothesis 2

H₀₂: Planning competencies do not have an effect on the performance of SMMEs.

According to results presented in Table 5, the planning competencies are statistically significant at prediction (probability), $p < 0.05$ ($B = 0.396$; $p = 0.000$). Thus, the null hypothesis is rejected. Therefore, it can be concluded that there is a statistically significant relationship between planning competencies and SMMEs' performance. These results are consistent with Louw, Louw and Latengan (2014) and Hellreigel, et al. (2004) who also found a relationship between planning competencies and the performance of firms.

Hypothesis 3

H₀₃: Communication competencies do not have an effect on the performance of SMMEs.

Based on the results presented in Table 5 above, the communication competencies are statistically significant at prediction (probability), $p < 0.05$ ($B = 0.314$, $p = 0.029$). Thus, the null hypothesis is rejected and it can be concluded that there is a statistically significant relationship between communication competencies and SMMEs' performance. These results are consistent with Gubbitta, Gerli and Tognazza (2011), Mkhize (2017) and Steyn (2014) who stated that communication competencies are essential for SMMEs' performance.

Hypothesis 4

H₀₄: Teamwork competencies do not have an effect on the performance of SMMEs.

Based on results presented in Table 5, statistically, teamwork competencies are not a predictor of performance of SMMEs. It is not significant at prediction (probability), $p < 0.05$ ($B = -0.042$, $p = 0.734$). Therefore, it can be concluded that there is no statistically significant relationship between teamwork competencies and SMME performance. Although other researchers found a relationship between teamwork competencies and SMMEs' performance, the results of this research do not show a significant relationship. These results are consistent with Hellreigel, et al. (2004), Steyn (2014), Lotich (2015) and Louw, et al. (2014) who also found a weak relationship between teamwork competencies and the performance of SMMEs.

Hypothesis 5

H₀₅: Strategic action competencies do not have an effect on the performance of SMMEs



Based on the results presented in the Table 5, strategic action competencies are not statistically a predictor of performance of SMMEs. It is not significant at prediction (probability), $p < 0.05$ ($B = -0.128$, $p = 0.251$). Thus, the null hypothesis is not rejected and it can be concluded that there is no statistically significant relationship between strategic action competencies and SMME performance. Other researchers found a relationship between strategic action competencies and SMMEs' performance. These results contradict the findings of Steyn (2014) who found a positive relationship between the strategic action competencies and SMMEs' performance.

Hypothesis 6

H₀₆: Global awareness competencies do not have an effect on the performance of SMMEs.

The global awareness competencies are statistically significant at prediction (probability), $p < 0.05$ ($B = 0.188$, $p = 0.044$), and hence the null hypothesis is rejected and it can be concluded that there is a statistically significant relationship between global awareness competencies and SMME performance. These results are consistent with Muhammad (2013) and Steyn (2014) who stated that global awareness competencies are very important for SMMEs to succeed.

Hypothesis 7

H₀₇: Self-management competencies do not have an effect on the performance of SMMEs

From the results presented in Table 5, self-management competencies are statistically significant at prediction (probability) $p < 0.05$ ($B = 0.314$, $p = 0.029$). The null hypothesis is thus rejected and it can be concluded that there is a statistically significant relationship between self-management competencies and SMMEs. These results are consistent with Hellreigel et al. (2004) and Steyn (2014) who stated that self-management competencies will make managers more productive and improve the performance of any firm.

Conclusion

The study concludes that planning competencies, self-management competencies, global awareness competencies and communication competencies have an effect on the performance of SMMEs in Makana Municipality. However, teamwork competencies and strategic action competencies do not have an effect on the performance of SMMEs in Makana Municipality. Based on the results of this study, it is concluded that managerial competencies have an effect on the performance of SMMEs in Makana Municipality. It is important to note that these competencies are essential for every manager or owner if they are to improve the performance of their businesses.

Practical managerial implications and recommendations

Having established the effect of managerial competences on the performance of SMMEs in Makana Municipality, recommendations are provided to the government, the municipality as well as to the owners and managers of these small and medium enterprises in Makana Municipality.

The government and the local municipality should strengthen support structures that will help SMME operators to develop managerial competencies. The government should also help SMME owners and managers to access training or education in order to improve their managerial competencies. The SMMEs owners and managers should try to attend business seminars and relevant training to equip themselves with the managerial competencies. SMME



operators should always take responsibility for the success of their businesses. They should be prepared to invest in their human capital through training and development, especially in aspects that will help improve their managerial competencies.

Delimitations

This study only focused on SMMEs registered in Makana Municipality, Eastern Cape Province of South Africa. Although there are many other categories of managerial competencies as may be found in literature, this study only dealt with the effect of strategic action competencies, planning competencies, self-management competencies, global awareness competencies, teamwork competencies and communication competencies on the performance of SMMEs.

Areas of further research

The researchers suggest that a similar study be conducted in other provinces to investigate if these competences will be found to have the same effect of SMMEs' performance. It is also important that comparative studies be conducted and where possible, and a qualitative research approach can be followed to gain more insights regarding the effect of these managerial competencies on the performance of SMMEs.

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