International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2025, 15(1), 159-167.

Business Skills, Corporate Governance, and Competitiveness of Small Businesses in South Africa

Sthembiso Eugine Rodney Nkwinika*, Lawrence O. Obokoh

Johannesburg Business School, University of Johannesburg, South Africa. *Email: sthembison@uj.ac.za

Received: 08 August 2024 **Accepted:** 12 November 2024 **DOI:** https://doi.org/10.32479/irmm.17064

ABSTRACT

This study investigates the relationship between small business competitiveness, business skills, and corporate governance in South Africa. Business skills deficiency hinders the competitiveness of SMMEs in South African manufacturing. The SMME sector continues to operate in a highly unpredictable market due to the skills gap; this significantly affects small businesses' competitiveness. The high failure rate of small businesses in South Africa is partly attributed to the skills gap and poor corporate governance practices. Resources need to be adequately managed in small businesses, contributing to subpar performance. The study adopted a quantitative research approach. Survey Monkey collected data from 462,972 small business owners or managers. The collected data were analysed using SPSS. The study's findings revealed that small businesses' competitiveness in their early years of operation is interdependent on good governance practices such as strategy, risks, and stakeholder interactions, which have been highlighted as a tool to enhance the sustainability of small businesses in South Africa. The study concludes that business skills associated with corporate governance improve small businesses' competitiveness in their early years of operation. The study recommends that to boost their competitiveness and sustainability in South Africa, small businesses should supplement with proper corporate governance practices, such as strategy, reporting, risks, and stakeholder interactions.

Keywords: Business Skills, Corporate Governance, Competitiveness, Deficit, Strategy
JEL Classifications: M100

1. INTRODUCTION

South Africa is listed by Tindiwensi et al. (2020) as a nation having a well-acknowledged series of skills gaps; the entrepreneurial foundational abilities needed to launch and expand a business are constructed from the skills gap. Ngibe and Lekhanya (2019) indicate that the deficiency has severely hampered businesses in South Africa experience skills deficiency and the SMME sector. Duan et al. (2023) suggest that the lack of skills is a barrier to the competitiveness of the SMME sector in South Africa. Zhang and Wang (2021) state that the proportion of businesses that decline from their first to the 2nd year of operation is high compared to the number of businesses that transact. The decline is related to business capacities, owners' degree of expertise, and suitability of business skills, all of which have a role in whether small businesses survive their first few years of existence in South Africa. Both Ngibe and Lekhanya (2019) and Duan et al. (2023) concur that the lack of entrepreneurial education at the country's primary education and training institutions is blamed for the high failure rate of small businesses in South Africa. Adeola et al. (2021) assert that the high failure rate of small businesses in South Africa is primarily due to a lack of basic business skills. Due to a lack of managerial skills, small businesses find it challenging to respond during the first few years of operation to changes in the external environment, such as interest rates, inflation, and technological improvements. The failure of small businesses in South Africa to react to external variables has a detrimental effect on their survival and competitiveness during the first few years of operation. Bushe (2019) articulated a high correlation between deficiency in business skills and small businesses' survival in South Africa. This study's objective was to investigate the relationship between business skills, governance, and competitiveness of small businesses in South Africa.

2. LITERATURE REVIEW

The South African government reportedly founded the Department of Small Business Development (DSBD) in May 2014, per Graham et al. (2019). The DSBD conceptualised framework was designed to eliminate the fragmented business landscape, insufficient assistance for the SMME sector, a lack of intensive, specialised help with limited resources, and the high failure rate of small businesses. Joseph and Dhanabhakyam (2022) indicate that an abnormally high percentage of small businesses are closing their doors compared to the total number of businesses operating. A contributing element to the survival of small businesses is the decline in business competencies, owner expertise, and the sufficiency of financial resources. In addition, Bodenhorn (2020) shows that most South African small businesses confront fierce competition and resource limitations when seeking to penetrate new markets, threatening their ability to remain competitive and sustainable. Small businesses' capacity to compete and survive depends on their level of business expertise and how easily they can acquire finance. Shen and Sun (2023) coincide with Bodenhorn (2020); these businesses continue to operate in a highly volatile market due to skills deficiency. Olarewaju and Msomi (2021) point out that poor decision-making and ineffective resource management are two factors that contribute to poor business skills and insufficient technical skills in small businesses in South Africa. Small businesses' high business failure rate is due to a need for business skills. Business management, reporting, and governance are among the business abilities lacking in small businesses.

2.1. Business Management Deficiency

In particular, for small businesses to survive in their initial few years of operation in South Africa, Kalonda and Govender (2021) indicate that management qualities are one of the critical success factors. Lack of management competence, especially among small businesses in South Africa, prohibits SMMEs from surviving, growing, and improving, as highlighted by Mkhonza and Sifolo (2022). For small businesses in the first few years of operation, the deficit has an exaggerated effect on the process and is detrimental to its competitiveness. The majority of small business owners in South Africa have good technical skills. Still, a lack of management capabilities cripples business competitiveness because management abilities are the key to conducting an adequate break-even analysis, obtaining sufficient economic orders, and reducing competitive intensity. Poor customer relationship management, insufficient financial records, and an inability to handle and interpret data are all consequences of deficient management abilities. Ladzani (2022) found that poor debt management and the inability to access crucial information on corporate governance and environmental variables are caused by small businesses' inadequate management abilities. Inefficiencies that impact internal failures and are further aggravated by environmental unpredictability are caused by small businesses' lack of managerial skills during their early years of operation, pointed out Mmbengeni et al. (2021). Due to low management skills among small businesses in their initial years, there are poor permutations of opportunities and resources, including financial and information resources. Incompetence in managing scarce resources and a poor combination of opportunities and resources results in a high failure rate.

A need for more managerial abilities broadly affects the creation of subpar business plans and their use in small businesses (Enaifoghe and Ramsuraj, 2023; Alawi, 2024). Small businesses Ayandibu et al. (2021) report having liquidity problems due to poor cash inflows and outflows management. However, these factors, such as high failure rate and limited access to funding, are also contributing factors. Liquidity constraints frequently correlate with poor management abilities and impact businesses' expansion, viability, and profitability. Due to poor long-term business vision, strategic management, and planning, Khan (2022) found that small businesses need more management abilities. Masingili (2022) indicates that the managerial deficit is detrimental to small businesses' governance in South Africa.

2.2. Inadequate Governance

Serumaga-Zake and Van der Poll (2021) assert that insufficient governance made resource expropriation possible, leading to inefficient management. Ineffective management had several adverse effects, including poor performance, a decline in the value of the business, and an increase in the risk of borrowing money, all of which hurt a small business's ability to be competitive in its first few years of operation. Business management capabilities to develop, manage, and develop resources through knowledge, skills, financial resources, and the improvement of the survival of small businesses have led to the accumulation of governance capability to improve governance, manage structures, and develop resources. Small businesses Mulaudzi and Schachtebeck (2022) all failed due to the owners' poor management abilities. Masingili (2022) indicates that poorly run small businesses are predicted to be less profitable, more vulnerable to bankruptcy risks, have lower valuations, and be less beneficial to shareholders. In contrast, well-run small businesses are anticipated to have higher profits, lower bankruptcy risks, higher valuations, and be more helpful to shareholders. Singh (2020) defines governance as the collection of interactions and relationships between the management of the business and other stakeholders, such as directors, creditors, salaried staff, customers, suppliers, and shareholders. Ngatno et al. (2021) indicate that in South Africa, more than half of small businesses fail within the first few years of operation. This failure is attributed to inadequate governance, making it difficult for small businesses to access the capital needed to survive and grow.

Umarhodjaeva (2020) states that small businesses without implementing corporate governance practices are erroneously interrelated with red tape barriers, have a misapprehension perception of the relevance of corporate governance to superior businesses, and only refer to publicly traded and owned businesses that are governed by state-endorsed codes. Masingili (2022) asserts that adequate governance practices and managerial capabilities contribute to South Africa's high rate of small business failure in the first few years of operation. Ladzani (2022) highlights that poor governance, which results from a lack of managerial abilities, directly impacts a business's performance, development, and sustainability. Alkaraan et al. (2022) point out that poor governance practices because of optional requirements for good governance practices on small businesses in the first few years of existence are a secondary cause of the bad performance of small businesses in the first few years of operation. The efficacy, growth, and development of small businesses in South Africa during their first few years have been severely hampered by this occurrence. Bushe (2019) indicates that the lack of knowledge and management skills about the importance of business boards and non-executive directors is to blame for small businesses' inadequate implementation of corporate governance. Additionally, due to a lack of understanding, businesses had difficulties incorporating responsibilities for a larger group of stakeholders during their first few years of operation.

2.3. Business Management Skills

Ngatno et al. (2021) described management skills as a process that impacts people and guides the accomplishment of organisational goals by organising, directing, and regulating the business's resources. As stated by Khan (2022), for a business to thrive and last in the market, it is essential to have business skills such as strategic planning, marketing, finance, technical, and management. Tindiwensi et al. (2020) point out that management skills are among the most critical factors in determining whether a business will survive, particularly for small businesses. Management skills assist small business owners in planning strategically for the business. Schiavone et al. (2021) stipulate that management abilities fall under technical, interpersonal, conceptual, and communication skills. Technical skills are further separated into managerial skills and technology skills. Serumaga-Zake and Van der Poll (2021) define technical knowledge as the ability to carry out operational business goals. Technical abilities are knowledge and aptitude in a particular area of activity that aids in creating new product lines. The skills include performing tasks in a specific field, analytical capability, and applying the appropriate tools and approaches. The main areas of attention for management technical skills are the break-even analysis for planning or the capacity to create and organise the business's activity. Interpersonal competence assists small business owners with the capacity to lead people and gives them the ability to inspire employees, settle business disputes, and engage with employees. For small businesses to survive, management development is identified by Umarhodjaeva (2020) as a source of continuous, compelling competitive advantage. The governance of business owners affects how well businesses are managed.

2.4. Skills to Improve Business Competitiveness

This section discusses the impact of business skills on a small business's ability to survive its first few years of operation. Rashid and Ratten (2021) state that business skills give business owners the entrepreneurial competencies they need to succeed, particularly small businesses. Shahzad et al. (2021) discovered a direct association between these two criteria, emphasising that business skills development is essential to guaranteeing long-term competitiveness and the capacity for innovation. Business knowledge is crucial since it typically has long-term sustainability Mmbengeni et al. (2021). Kalonda and Govender (2021) indicate that business skills are essential to preparing small businesses for their first few years of operation through the ability to envisage possible risks and mitigate future risks. These skills empower small business owners to make adequate business decisions that contribute to their survival. To effectively manage business resources and achieve corporate goals, business skills are necessary by Nakku et al. (2020). As the literature develops, it becomes clear that business skills help improve a small business's survivability during its first few years of existence. In the early years of a business's existence, Enaifoghe and Ramsuraj (2023) argue that business management and corporate governance are crucial to its survival.

2.5. Corporate Governance

Omar et al. (2020) state that management and governance skills are intimately tied to business dynamics, inventiveness, and an acceptable social environment. Mkhonza and Sifolo (2022) agree that a business's ability to compete heavily depends on how it develops, organises, and manages its resources. It is believed that governance develops, establishes, and contains resources through knowledge, business acumen, capital acquisition, an improvement in managerial familiarity, and the effective use of technology. Since competency guarantees small businesses' survival, resource allocation through governance is necessary to achieve competitiveness. Managers, shareholders, and the board of directors are the stakeholders Ayandibu et al. (2021) identified as active in governance. Nakku et al. (2020) and Umarhodjaeva (2020) broaden the definition of governance to include matters connected to the division of business authority and the procedures that define decision-making supremacies. Mulaudzi and Schachtebeck (2022) state that effective governance promotes cooperation and interaction between public and private company ownership. This control system offers a synergistic dynamic that removes obstacles to collaboration. Effective governance improves a small business's first few years of operation in South Africa. Bushe (2019) defines corporate governance as the framework that controls and directs business operations. The corporate governance framework lays out how the board, management, shareholders, and other stakeholders in the business are to be allocated rights and responsibilities, and it also outlines the methods for making decisions on pressing business issues. Olarewaju and Msomi (2021) state that corporate governance emphasises the internal organisational frameworks and practices that control the company's decision-making, accountability, and management practices. Additionally, Shen and Sun (2023) note that governance has a role in a small business's ability to survive its first few years in South Africa. In South Africa, implementing effective governance increases operating income, which is crucial for small businesses during their first few years.

3. METHODOLOGY

3.1. Research Philosophy and Design

Research philosophy, according to Sekaran and Bougie (2016), is the way a researcher sees the world. Study philosophy provides an overview of how the researcher's perspective might skew the study results. Positivism was used as a research philosophy to comprehend the scope and direction of business abilities as well as the competitiveness of small businesses. Myers (2013) asserts that the initial development of the quantitative research strategy was to explore natural occurrences in the natural sciences. The numerical data represents values, theoretical level concepts, and constructs; the interpretation of the numbers is seen as scientific solid proof of the use of a phenomenon. To enable an understanding of the essential direction and strength of business skills as well as the competitiveness of small businesses, a quantitative method was utilised in knowledge construction.

3.2. Target Population, Sampling, and Research Instruments

The study's target population consisted of South African businesses registered with the Companies and Intellectual Property Commission (CIPC) during the first quarter of 2021. Small Business Development Agency (2021) estimated that there were 462,972 businesses registered with CIPC overall at the time. 210 small businesses were included in the study's sample. The study employed simple random sampling. Using the Monkey survey, which eased the administration of Internet- and intranet-based surveys, the study purpose and suitable questionnaire completion instructions were presented. All gatekeepers received an email containing the survey hyperlink as soon as it was generated. The questionnaire underwent slight modifications based on the pre-test results, which assessed the wording and vocabulary used. As stipulated in Table 2, Cronbach's Alpha was used to gauge the reliability of all research question sections. The instrument successfully measured the targeted variables, and the responses from the respondents were reliable.

3.3. Quantitative Analysis

A Statistical Package for Social Science software (SPSS) was used to obtain quantitative results and efficiently and effectively analyse the data. Business skills and competitiveness of small businesses were linked with reliability and consistency utilising statistical methods provided by the computer-aided program SPSS. Inferential statistics were used to evaluate the relationship between business skills and the competitiveness of small businesses.

3.4. Validity

Factor analysis was performed with construct validity to validate the study's constrained objectives and identify the items best suitable for the study objective.

3.5. Reliability

The intercorrelations between the items measuring the concept were tested using interitem consistency with Cronbach Alpha. SPSS was used to calculate Cronbach alpha coefficients. The Cronbach alpha coefficient determines whether or not items were connected, with a closer value indicating stronger internal consistency dependability.

3.6. Ethics Considerations

The project complied with the University's Code of Conduct for Research, and incubators provided letters from gatekeepers.

4. FINDINGS

Descriptive statistics in frequency, percentage, mode, cross-tabulation tables, and inferential statistics in correlation analysis were computed to compare variables in the research objective.

Table 1: Reliability statistics

Research objectives	Cronbach's alpha	No of items
Strength and direction of the relationship between business skills deficit and competitiveness of small businesses	0.702	4

Table 2: Frequency distribution of business skills and competitiveness

Questions	Scale (%)				
	1	2	3	4	5
1. Sustaining business strategies	0.7	3.2	13.7	53.5	28.9
2. Developing new product lines	2.0	4.0	16.4	36.6	41.0
3. Creating a niche market	2.0	3.2	13.7	42.5	38.3
4. Adequately positioning the business in the market	1.7	3.0	15.7	39.6	39.8

4.1. Reliability of Questionnaire Instrument

Table 1 shows that the respondents' responses to each question were reliable and that the present instrument accurately measured the variables it was intended to evaluate.

4.2. Descriptive Statistics

Data were analysed in the study using a frequency distribution. Several intervals during which various subcategories of a specific phenomenon occur are discussed in frequency distribution; also, the percent and cumulative percent of the events are undoubtedly determined. The questionnaire was divided into groups that mirrored the study's goal, and categorical data summarised how frequently respondents responded.

The frequency responses for the correlation between business skills and the competitiveness of small businesses are shown in Table 2. In the first question, 53.5 percent of respondents articulated that sustaining business strategies is essential, followed by 28.9 and 13.7 percent who rated this relationship as extremely and moderately important to small businesses' sustainability. The remaining 3.2 and 0.7 percent of respondents articulated little or no association between small businesses' sustainability in the first few years of operation. The second question revealed a nearly equal distribution of participants, with 41.0 and 36.6 percent citing the development of new product lines as significantly and highly, respectively, related to a small business's ability to be sustainable in its first few years of existence. 16.4 respondents articulated that creating new product lines was only somewhat related to a small business's ability to be sustainable in its first few years of operation. The remaining 3.2 and 2.2 percent of respondents articulated that creating new product lines only marginally related to a small business's ability to be sustainable in its first few years.

To create a niche market linked to a small business's sustainability in its first few years, 42.5 and 38.3 percent of respondents indicated extremely and highly, respectively; the distribution was nearly evenly distributed in the third question. 13.7 respondents articulated that finding a niche market moderately impacted whether a small business would be sustainable in its first few years of operation. The remaining 3.2 and 2.0 percent of respondents said that developing a niche market minimises a small business's

Table 3: Correction of business skills and competitiveness

Objectives	Sustaining business strategies	Developing new product lines	Creating niche market	Positioning of the business in the market
Sustaining business strategies				
Pearson Correlation	1	0.367**	0.366**	0.441**
Sig. (2-tailed)		0.000	0.000	0.000
N	402	402	402	402
Developing new product lines				
Pearson Correlation	0.367**	1	0.315**	0.390**
Sig. (2-tailed)	0.000		0.000	0.000
N	402	402	402	402
Creating niche market				
Pearson Correlation	0.366**	0.315**	1	0.336**
Sig. (2-tailed)	0.000	0.000		0.000
N	402	402	402	402
Positioning of the business in the market				
Pearson Correlation	0.441**	0.390**	0.336**	1
Sig. (2-tailed)	0.000	0.000	0.000	
N	402	402	402	402

**Correlation is significant at the 0.01 level (2-tailed)

Table 4: KMO and Bartlett‘s tests

Construct	Kaiser-Meyer-Olkin	Sig.
Relationship between Business Skills and Competitiveness	0.769	0.000

sustainability ability in its first few years. Proper positioning of the business in the market is related to the sustainability of small businesses, as indicated in the fourth question, where 39.8 and 39.6 percent of respondents rated it extremely and highly. 15.7 respondents articulated that a small business's ability to be sustainable in its first few years of operation is marginally correlated with its ability to position itself effectively. The remaining 3.0 and 1.7 percent of respondents said that successful business positioning was only marginally and unrelated to a small business's ability to be sustainable in its first few years of operation.

4.3. Inferential Statistics

Pearson correlation analysis was used to comprehend the relationship between business skills and the competitiveness of small businesses. Subsequently, linear regression analysis was applied, and the significance level was set at $p < 0.05$ for all tests.

4.3.1. Correlations analysis

Person correlation analysis was used to indicate the direction, significance, and strength of bivariate relationships between business skills and the competitiveness of small businesses.

Table 3, which measures the strength and direction of business skills on the competitiveness of small businesses, is the correlation between business skills and competitiveness. The market positioning of the business was positively and moderately correlated with sustainable business strategies, with a Pearson correlation coefficient of 0.441 and a statistical significance of 0.000. Compared to sustaining business strategies, developing new product lines and creating niche markets are positively poorly correlated with Pearson correlation coefficients of 0.367 and 0.366, respectively, and statistically significant at 0.000. The Pearson correlation coefficients of 0.367, 0.315, and 0.390, respectively, with a statistical significance level of 0.000, show a positively weak link between developing a niche market, introducing new product lines, and positioning a business in the market. The Pearson correlation coefficients of 0.366, 0.315, and 0.336, respectively, with a statistical significance level of 0.000, indicate a positive weak correlation between developing a niche market and maintaining business strategies, adding new product lines, and positioning the business in the market. The Pearson correlation coefficient for sustaining business strategies is only 0.441 for the business's positioning in the market, with a statistical significance level of 0.000. With a statistical significance of 0.000, the Pearson correlation coefficients for building a niche market and adding new product lines are both positively weak.

4.4. Factor Analysis

Factor analysis was conducted on a correlation matrix to identify factors that potentially impact the competitiveness of small businesses.

4.4.1. Kaiser-Meyer-Olkin

The Kaiser-Meyer-Olkin test compared the observed correlation coefficients' magnitudes to the partial correlation coefficients' extents. KMO values higher than 0.5 are regarded as appropriate, and greater than 0.8 is good due to correlations between variables (potential factors) that other variables can characterise. Table 4 shows the relationship between business skills and competitiveness, which has a value of 0.769.

4.4.2. Regression analysis

Table 5 demonstrates the strength of the association between sustaining business strategies, developing new product lines, and creating niche markets that help small businesses survive. Supporting business strategies, developing new product lines, and creating niche markets are sometimes described as ways to maintain a small business in its first few years. Therefore, developing abilities in sustaining business strategies, developing new product lines, and creating niche markets is crucial to a small business's competitiveness in its first few years of

Table 5: Multiple regression analysis

Model	Dependent variable	Independent variable	Beta coefficient	F-calculated	P-value
1	Positioning of the business in the market	Sustaining business strategies	0.321	50.299	0.000
		Developing new product lines	0.205	50.299	0.000
		Creating niche market	0.164	50.299	0.000

operation. As shown in Table 5, the F-test was used to evaluate the model's overall significance. All the F grades for sustaining business strategies, developing new product lines, and creating niche markets are a little too high. High F values, excellent beta coefficients, and low corresponding p values indicate the model's significance.

5. DISCUSSIONS

A score of 0.702 indicated a strong correlation between business acumen and first-year performance of small businesses. Through correlation analysis of the association between business skills and performance deferred in Table 3, the validity and dependability of the internal consistency of evaluating the relationship between business skills and the implementation of small businesses were tested. The strength and direction of business skills about a business's performance during its first year of operation are moderately positively connected with its market positioning and ability to maintain its business strategy. The strength and direction of business skills are instead associated with business performance in the first year of operation, with 53.5 and 39.8 percent, respectively, from the frequency distribution classified as strongly and severely in Table 2. From both analyses (correlation analysis and frequency distribution), the strength and direction of maintaining business toward the performance of small businesses strategies are articulated positively. The results align with those of Olarewaju and Msomi (2021), who found that business strategy is crucial for successfully managing resources and accomplishing goals. This implies that the effectiveness and direction of sustainable business plans impact how healthy organisations succeed. As formed in the literature, sustaining business strategies focuses on a business strategy role competency to manage business resources successfully. According to the findings above, supporting business strategies, abilities, strengths, and direction positively correlate with a business's survival ability.

The degree and direction of the relationship between maintaining business strategy, producing new product lines, and cultivating a niche market are favourably weakly connected with how healthy businesses perform—building niche markets based on market-segment prospects in the marketplace, as pioneered in the literature, and adding new product lines. Despite the weak positive relationship between maintaining business strategies, creating new product lines, and creating niche markets, 53.5, 41.0, and 42.5 percent of respondents in frequency distribution Table 2 expressed their opinions as highly and significantly regarding the performance of small businesses.

This means that while creating niche markets and adding new product lines indicated a positive strength and direction towards the survival of businesses in the first year of operation, these business skills could have been more directly influential in sustaining business strategies. Masingili (2022) and Khan (2022) assert a connection between percentages (41.0 and 42.5 in frequency distribution Table 2) and that they have contributed to business competitiveness by delegating competitive offerings to the market's underserved segment. According to the data above, establishing new product lines and carving out a niche market does not directly correlate with a business's survival ability.

The strength and direction toward the performance of businesses, between building a niche market and sustaining business strategies and positioning the firm in the market, are equated positively poor. As stated in the literature, making new product lines and niche markets was founded on enhancing a business's ability to compete. Despite the weak positive relationship between creating a niche market and positioning the business in the market, developing new product lines, and sustaining business strategies, 41.0, 53.5, and 42.5 percent of respondents in frequency distribution Table 2 expressed their opinions as highly and significantly regarding the performance of small businesses. This means that maintaining business strategies, developing a niche market, and positioning the business in the market indicated a positive strength and direction towards the survival of businesses in the first year of operation, not directly influential business skills about maintaining business strategies. Masingili (2022) asserts a connection between 53.5 and 42.5 percent from a frequency distribution Table 2 and contributes to business competitiveness by helping to produce competitive products for the market's underserved market. According to the research above, developing a specialised market and positioning a business in the market has little to do with a business's ability to survive its first year of operation in terms of sustaining business strategies.

The strength and direction toward the performance of businesses between generating a niche market and sustaining business strategies, producing new product lines, and positioning the firm in the market are positively equated weak. Maintaining business strategy, creating new product lines, and positioning the business in the market all highlight enhancing the business's competitive strengths.

Despite the weak positive correlation between developing a niche market and sustaining business strategies, creating new product lines, and positioning the business in the market, 42.5, 53.5, 41.0, and 39.8 percent of respondents in a frequency distribution Table 2 expressed their opinions as highly and significantly regarding the performance of small businesses. This means that while maintaining business strategies, creating new product lines, and positioning the business in the market showed positive strength and direction towards the survival of businesses in the first year of operation, it was not directly related to maintaining business strategies.

Khan (2022) asserts a connection between creating business competitive capabilities and 53.5, 41.0, and 39.8 percent from a frequency distribution Table 2. According to the data above, establishing new product lines and the business's positioning in the market is unrelated to a business's ability to survive its first year of operation in sustaining business strategies. The strength and direction of business skills are favourably moderately connected with the placement of the business in the market and long-term business strategies for the performance of businesses. The strength and direction of business skills are moderately associated with business performance in the first year of operation, with respective scores of 39.8 and 53.5 percent from the frequency distribution denoted as highly and significantly in Table 2. Both analyses (correlation analysis and frequency distribution) clearly show the strength and direction of the business positioning in the market toward the success of small businesses. The results are consistent with Olarewaju and Msomi's (2021) arguments about the necessity of a firm's market positioning.

This indicates that in contrast to sustaining business strategies, the strength and direction of a business's positioning in the market have less of an impact on its performance during its initial year of operation. According to the literature, a business's market positioning focuses on effectively communicating its competitive offerings to customers. According to the data above, positioning a firm's market abilities, strength, and direction are unrelated to a business's ability to survive its first year of existence in terms of sustaining business strategies. The strength and direction toward the operation of businesses in the first year between the firm's placement in the market, the development of new product lines, and the creation of niche markets are equated positively poor. The focus of generating new product lines and growing niche markets is on the business's competitive capabilities, as is common in the literature. Despite the weak positive correlation between positioning a business in the market, creating new product lines, and finding a niche market and the performance of small businesses, 39.8, 41.0, and 42.5 percent of respondents in a frequency distribution Table 2 expressed their opinions as highly and extremely favourable. This means that while creating niche markets and adding new product lines indicated a positive strength and direction towards the survival of businesses in the first year of operation, these business skills were not directly influential in sustaining business strategies. A frequency distribution Table 2 percentages of 41.0 and 42.5 percent and competitive capacities are linked, according to Masingili (2022). According to the data above, establishing new product lines and carving out a niche market have little to do with a business's ability to survive its first few years. Strength and direction are also unrelated to long-term business plans.

KMO was used to examine further the validity of the internal consistency of assessing the association between business skills and the success of small businesses to identify any significant underlying variables. The link between business skills and the performance of businesses deferred in Table 3 has a sample adequacy score of 0.769, which is regarded as average. The correlation matrix in Table 5 was measured and confirmed to be an identity matrix using Bartlett's test of sphericity. The score postponed in Table 3 is 0.000, demonstrating the correlation between skills. The linked skills were minimised by analysing and spotting patterns of correlations between skills within the measurement. All factors more significant than one were kept using eigenvalues. Sustaining business strategies are the relationship's eigenvalues between business skills and performance.

6. CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

In the study, business skills and governance were compared to the competitiveness of small businesses in their initial years of operation, which the literature indicates are positively correlated with sustainability. The sustainability, long-term viability, and competitiveness of small businesses are all impacted by business skills. This study's finding inspired the researcher to investigate the connection between small business competitiveness in South Africa, governance, and business skills. Questionnaires were given to assess the degree to which business skills, governance, and the competitiveness of small businesses in South Africa are related. The investigation revealed that business skills connected to governance enhance small businesses' competitiveness in their early years of operation.

6.1. Recommendations

To boost their competitiveness and sustainability in South Africa, small businesses should supplement with proper corporate governance practices, such as strategy, reporting, risks, and stakeholder interactions, according to King IV (2016).

6.1.1. Strategy

South African small business owners can ensure that strategy development articulates the business's essential principles. Three time periods—short, medium, and long-term—can be used to split the development of the corporate plan. Owners of small businesses can define the scope and timetable of their short-, medium-, and long-term business strategies. Developing the business strategy's triple context can consider both the business's potential and risks and the availability of its resources. Business owners assert that the impact on the business's resources can also be felt when creating a triple-context business plan. Small business owners can ensure that their operational procedures and policies incorporate all three business strategy phrases. Ngibe and Lekhanya (2019) assert that for small business owners to achieve high-performance systems, the strategy can be open-system-based and adaptable to the business environment. The open system strategy helps the small business become a renewing or transformational management, particularly in the first few years of operation. King IV (2016), South African small business owners should consider the relationship between their operational practices and corporate strategy.

6.1.2. Risks governance

The owners of small businesses can administer risks and potential new business ventures connected to the formulation and implementation of business strategy. Both adverse and advantageous consequences of risks on the accomplishment of business objectives should be considered while governing risk.

The owners should decide how much risk is acceptable and how much information is disclosed. The owners should ensure that risk assessments are carried out consistently and that frameworks and processes are established to improve the likelihood of foreseeing new business opportunities.

6.1.3. Internal audit

The owners should draft an internal audit charter that outlines the capabilities, functions, and obligations of internal audit, as well as how internal audit standards and collective assurance play a part. The owners are required to ensure that the internal audit is designed adequately around risks. An examination of the effectiveness of the business's internal controls and risk management can be administered through an internal audit. To accomplish business goals, internal audits should be strategically positioned.

6.2. Limitations

- A primary limitation of the study was measuring a linkage between business skills, governance, and competitiveness of small businesses. The study of business skills focused on managerial skills and excluded leadership style, which is influential on the competitiveness of small businesses.
- The second limitation was the study only focused on business skills and excluded technical skills. Even though technical skills supplement small businesses' competitiveness, they play a significant role in particular governance of small businesses.

6.3. Recommendations for Future Studies

- Future research should focus on additional non-financial characteristics that may affect performance and competitiveness and how they connect to small businesses' use of corporate governance.
- Although much research on corporate governance focuses on listed large businesses, the results show the excellent benefits applicable to SMMEs. As a result, there are fewer studies on the requirements for corporate governance for SMMEs, creating a significant research gap that widens the governance practices divide between large and small businesses.

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