

Business Owner's Expertise, Employee Skills Training And Business Performance: A Small Business Perspective

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ABSTRACT

While researches on small businesses have grown substantially, there seem to be a paucity of researches that specifically investigate the effects of small business owner's expertise on employees' skills training and small business performance. In order to fill this void the current study examined the direct effects of small business owner expertise on small business performance and the mediating influence of employee skills training in this relationship. To empirically test the three (3) posited hypotheses, a sample data of 221 was collected from small business employees in Zimbabwe. The results indicate that small business owner's expertise positively influence employees' skills training and small business performance in a significant way. Managerial implications of the findings are discussed and limitations and future research directions are indicated.

Keywords: Expert Power; Employee Training; Business Performance; Small and Medium Enterprises

INTRODUCTION

It is empirically observed that of every 100 new small businesses, about 70% of them are likely not to succeed in the future (Ucbasaran, Westhead, Wright & Flores, 2010). As a result, there has been a surge of academic enquiry on this matter by researchers for the past decades. Today, the entrepreneurship and small business management literature is replete with conceptual propositions grounded in empirical accounts of studies that have investigated factors that contribute to the rampant small business failure (Pretorius, 2009; Zacharakis, Meyer & De Castro, 1999; Ritchie & Richardson, 2004; Balcaen & Ooghe, 2006; Ucbasaran, Westhead, Wright & Flores, 2010). Among these identified determinants of small business failure is the lack of requisite skills or expertise by small business owners and their employees (Davidsson & Honig, 2003; Rogoff, Lee & Suh, 2004). It is noted in the extant literature that the skills the small business lack by and large include management, entrepreneurial and marketing skills (Brinckmann, Grichnik & Kapsa, 2010). Management skills refer to competent supervision of resources such as human, financial and information (Cooper, Gimeno-Gascón & Woo, 1994; Rogoff, Lee & Suh, 2004). These resources require proficient planning, organising, implementation and control in order to offer a sustained competitive edge (Frese, Krauss, Keith, Escher, Grabarkiewicz, Luneng, Heers, Unger & Friedrich, 2007). The received wisdom is that without these requisite skills or expertise, it is almost difficult for small business to succeed in a highly competitive business environment dominated by large firms that are better resourced financially and with human capital (Brinckmann, Grichnik & Kapsa, 2010). However, it is ironic that despite this volume of research attention, consensus concerning these determinants of small business failure, researches targeted at investigating the extent to which the small business owner's expertise impact on the employees skills training and business performance remain scant (Frese, Krauss, Keith, Escher, Grabarkiewicz, Luneng, Heers, Unger & Friedrich, 2007; Davidsson & Honig, 2003).

Business or firm performance is an important organizational outcome that has attracted interest from both academicians and practitioners alike. Consequently, the existing management literature is awash with empirical researches on antecedents of business performance (e.g. Brinckmann, 2006; Lee, Kim & Kim, 2007; Watsona, Cooper, Pavur & Torres, 2011; Chang, Chang, Ho, Yen & Chiang, 2011). Nonetheless, a review of the extant

literature reveals three notable limitations. First, the vast majority of the studies have focused on large size firms and with the small business sector largely neglected. Second, even those that have researched on small business context, a considerable size of these studies have adopted a qualitative approach to empirically investigate the small business performance. The principal reason underlying this relates to the difficulties associated with obtaining accurate information in this sector. Finally, rarely can one find a research that particularly explores the small business owner's expertise – business performance relationship and the mediating role of employees' skills training in this relationship.

In attempting to address this research void, this paper has three objectives. First, the specific interest of this study is to examine the causal influence of small business owner's expertise on business performance. Second, the paper seeks to present an empirical investigation of the mediating role of employee skills training in this relationship. Finally, an attempt is made to apply the Resource-Based View (RBV) in this research context. This endeavor is considered to provide a strong theoretical grounding to the current research. On the whole, the findings of this study are expected to contribute new knowledge to the existing body of small business management literature, particularly on small business expertise and employees' skills training effects on business performance in addition to providing practical implications to entrepreneurs in the small business sector in the context of an African developing country such as Zimbabwe.

The remainder of this article will review the literature on small businesses in Zimbabwe, the Resource-Based View (RBV), then propose a conceptual research model and develop the research hypotheses. The study will also provide the research methodology, analyze data and present results. Finally, results are discussed, implications provided and limitations and future research directions highlighted.

LITERATURE REVIEW

Small Businesses in Zimbabwe

The Zimbabwe's Small Enterprise Development Cooperation and the Ministry of Small and Medium Enterprise Development, defines small business or small and medium enterprises (SMEs) as those enterprises registered under the Companies Act or the Cooperative Companies Act with employment levels not exceeding 100 employees. A cursory survey of the small businesses in Zimbabwe indicate that there are in almost every facet of the local economy, such as food processing, toiletry making, garments, leather, rubber, metal fabrication, furniture manufacturing, construction, art and so on (Chinomona, Lin, Wang & Cheng, 2010). Under the auspices of Ministry of Small and Medium Enterprises Development and Small Enterprise Development Corporation (SEDCO), the Government of Zimbabwe supports small business for instance, with start up capital and training. This is because of the realization by the Government of Zimbabwe that small businesses or SMEs are the engine of economic growth and major instruments for employment generation in the country. However, the decade of economic decline in Zimbabwe, saw some large size firms closing down or downsizing and in the process retrenching a sizeable number of skilled manpower, who some ended up starting their own small businesses. Nevertheless, it is not known whether expertise or skills acquired by some of these business owners has had influence on their employees' skills training and consequently business performance, hence the need for this study.

The Resource-Based View

Resource-Based View refers to the way in which internal resources contribute toward a firm achieving sustainable competitive advantage (Barney & Arkan, 2001; Barney, 2001; Priem & Butler, 2001; Merrilees, Rundle-Thiele & Lye, 2011). Resource-based view (RBV), initially introduced by Wernerfelt (1984), realises the firm as a bundle of resources and capabilities that combined develop competencies. Resources and capabilities constitute the base for the formation of sustainable competitive advantage (Priem & Butler, 2001; Progoulaki & Theotokas, 2010). Resources can be physical capital resources, organisational capital resources and human capital (Merrilees, Rundle-Thiele & Lye, 2011). Capabilities can be defined as the skills a firm needs to take full advantage of its assets while competencies can be defined a set of observable performance dimensions, including individual knowledge, skills, attitudes, and behaviours, as well as collective team, process, and organisational capabilities that are linked to high performance, and provide the organisation with sustainable competitive advantage (Way, 2002;

Progoulaki & Theotokas, 2010). The resource-based view has been used as the theoretical grounding within most of the research that posits that human resources management can have a positive impact on business performance (Wright, Dunford & Snell, 2001). Within this line of research scholars have concluded that a firm's workforce can be a source of sustainable competitive advantage (e.g., Delery, 1998; Wright, McMahan & McWilliams, 1994; Way, 2002; Progoulaki & Theotokas, 2010). It is believed by many scholars that, the inability of small firms to select, develop, retain, and motivate a competent workforce has produced major barriers to firm success and is a leading cause of firm failures within the small business sector (e.g., Deshpande & Golhar, 1994; Hornsby & Kuratko, 1990; McEvoy, 1984). Relating RBV to the current study this research accordingly submits that the small business owners' expertise and their employees' skills constitute resources that when fully exploited can offer small businesses sustainable competitive edge over rivalries. Eventually, this competitive advantage leads to improved small business performance.

Small Business Owner Expertise

Although various definitions of expertise exist, there tend to be distinct views of this concept – a cognitive based view and a performance based view (Reuber, 1997). A cognitive-based view defines expertise as the possession of an organized body of conceptual and procedural knowledge than can be readily accessed and used with superior monitoring and self-regulation skills. A performance-based view defines expertise as the ability, acquired by practice, to perform qualitatively well in a particular task domain (Reuber, 1997). Drawing from the RBV, this study utilizes the performance-based view which is in line with the definition used in this study. Thus, expertise in the current study refers to the knowledge, skills and abilities owned by the small business owner and that potentially leads to superior performance when utilised. In this regard, the small business owner might possess management expertise or special skills related to some field of operation. If for instance, the small business owner possesses management expertise, then that should be demonstrated by effective management performance in the small business (Reuber, 1997; Zhao, Huo, Flynn & Yeung, 2008). A review of the extant literature shows that there have been limited researches that explored the effects of small business owner's expertise on small business performance (Chinomona, Lin, Wang & Cheng, 2010). This is perhaps unfortunate considering that small businesses' lack of expertise is often cited as one of the main obstacles to their growth (Chinomona & Pretorius, 2011).

Employee Skills Training

There is growing evidence in the small business literature linking training to improvements in productivity, sustained competitive advantage, and ultimately to firm performance (Litz & Stewart, 2000; English 2001; Lattimore et al. 1998; Reid & Adams 2001; Loan-Clarke, Boocock, Smith & Whittaker, 1999). As a result, some governments in various countries have invested considerable resources into programs targeted at small business management and employee training (Patton, Marlow, & Hannon 2000; Lattimore, Madge, Martin & Mills, 1998; Westhead & Storey 1996). Drawing from the extant literature, training is regarded a powerful agent to the development of capabilities and to the growth and profitability of the firms (Cosh, Duncan, & Hughes 1998; Chandler & McEvoy, 2000). For instance, Ibrahim and Ellis (2003) suggested that training enhances the survival rate of small firms while small business failure has been linked to poor management skills (Lattimore et al. 1998; Jennings & Beaver 1995). In addition, Reid & Harris (2002) noted that the most successful SMEs provide more employees training than average, while Litz & Stewart (2000) found a link between employee training and superior firm performance. By and large, it is therefore, submitted in the extant literature that a major distinguishing factor between high growth and low-growth small firms is the education, training, and experience of the senior managers or small business owners and their employees (English 2001; Lattimore et al. 1998; MacRae, 1991). However, despite the professed importance of small business managers' expertise and employee training to small business performance, there is a paucity of researches targeted at establishing a causal relationship between and among these variables particularly in Africa, hence the need of the current study.

Small Business Performance

Business performance has been extolled as the ultimate dependent variable in empirical terms (Aggarwal, 2001; Durand & Coeurderoy, 2001) and yet how to measure it has remained a contentious issue in the management

literature. The conventional approach to business performance assessment has been to emphasize profitability, most frequently measured by return on investment as a test of success (Reese & Cool, 1978, p. 28). However, the validity of return on investment as a sole indicator of business performance has been criticized (e.g. Kaplan & Norton, 1996), hence contemporary knowledge suggest a multidimensional measure of business performance that combines accounting-based issues and market-based assets in order to obtained a composite assessment of business performance (Srivastava, Shervani & Fahey, 1998; Otley & Pollanen, 2000). As a result, there has been a recent tendency toward suggesting that financial performance is at the core of the business performance. Yet still, in order to measure business performance some researchers have currently adopted a market performance measure that define a broader conceptualization of business performance and focuses on factors that ultimately lead to financial performance (Vorhies & Morgan, 2005). Therefore, accordingly the current study utilizes a market performance measure epitomized by sales, growth and market share (Homburg & Pflessler, 2003; Hooley et al., 2005; Wong & Merrilees, 2007) to represent small business performance.

CONCEPTUAL MODEL AND HYPOTHESIS DEVELOPMENT

In order to empirically test the interrelationships between small business owner’s expertise, employee’s skills training and small business performance, a conceptual model is developed premised on the reviewed entrepreneurship and small business management literature. The conceptual model is grounded in the Resource – Based View which provides a solid foundation for the current study. In this conceptualized model small business owner’s expertise is the predictor while employee’s skills training is the mediator. Small business performance is the single outcome variable. Figure 1 depicts this conceptualized research model. The hypothesized relationships between the research constructs will be discussed thereafter.

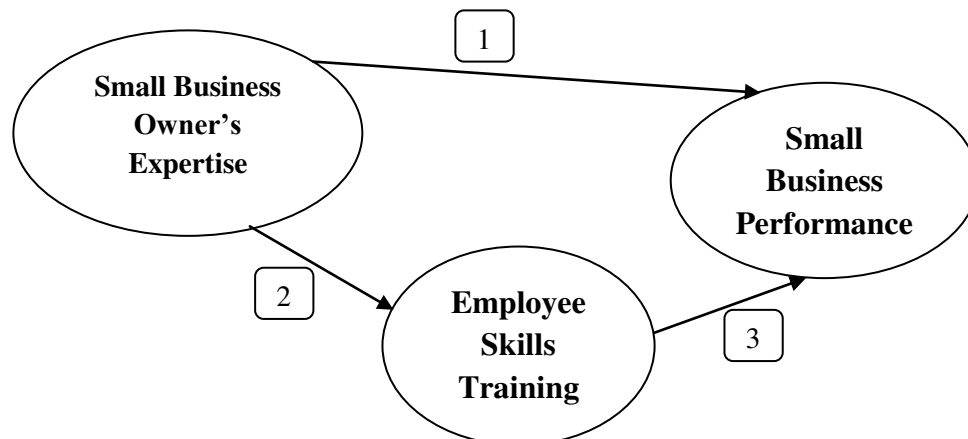


Figure 1: Conceptual Model

Small Business Owner’s Expertise and Business Performance

Deducing from the Resource-Based view, the small business owner’s expertise can be regarded as a strategic capability that when utilized offers the owner the competency to super-perform (Zhao, Huo, Flynn & Yeung, 2008). For instance the small business owner might possess management expertise or special marketing skills. In such a case, management expertise will ultimately lead to performance effectiveness and efficiencies (Wright et al., 1995; Speed, 1993) hence superior business performance (Chinomona & Pretorius, 2011), while special marketing skills will eventually culminate in increased market share, sales volumes and financial performance for the small business (Covin & Slevin, 1991; Zahra, 1993). Thus, the small business owner’s expert knowledge of a specialized area leads to high levels of business performance (Venkatraman, 1989; Chinomona, Lin, Wang & Cheng, 2010; Chinomona & Pretorius, 2011). In light of this view and also drawing from Resource-Based View, small business owner’s expertise is expected to impact positively on a small business performance in Zimbabwe. Such a relationship has also been supported in prior empirical studies (e.g. Hart & Banbury, 1994). Accordingly this study posits that:

H1: A small business owner's expertise is positively related to the small business performance.

Small Business Owner's Expertise and Employee's Skills Training

Growing evidence in the extant small business literature seem to be indicating that small business owners are more likely to adopt a personal approach to managing their business entities when compared to larger enterprises (Sirmon & Hitt 2003). However, this study premised on the RBV, submits that out of the small business owner's understanding of the importance of relevant training to employees' job performance and the business at large, he/she would consider attending to the employees' training and development needs. Such employee training according to Lyman (1991) is likely to be informal and on-the-job. Thus, this kind of tacit and informal knowledge transferred through direct exposure and experiences (Lane & Lubatkin 1998) provide small business employees a deeper level of firm-specific knowledge than they can receive elsewhere (Sirmon & Hitt 2003). In this regard, owner's expertise and appreciation of the positive outcomes related to skills training is likely to motivate his/her desire to train the employees with requisite skills in small business. Previous studies have also supported a positive relationship between management expertise and employees' skills training (c.f. Matlay, 2002). Therefore, deducing from the Resource-Based View and empirical evidence, this study posits that:

H2: A small business owner's expertise is positively related to employee skills training in small businesses.

Employee's Skills Training and Business Performance

A firm's level of business performance can be dependent upon the extent to which the organization is endowed with human capital (Ibrahim & Ellis, 2003). Indeed, employee skills training has been linked to improvements in productivity, sustained competitive advantage, and ultimately to firm performance (Litz & Stewart, 2000; English 2001; Lattimore et al. 1998; Reid & Adams 2001; Loan-Clarke et al. 1999). Therefore, training is regarded a powerful agent to development of capabilities and to growth and profitability of the firms (Cosh, Duncan, & Hughes 1998; Chandler & McEvoy, 2000). Accordingly, it is submitted in the current study that higher levels of employees' skills training in the small business context the higher the expected small business performance. Moreover, a positive relationship between employees' skills training and small business performance has also been supported previously in the extant management literatures (Reid & Harris, 2002; Litz & Stewart, 2000; Ibrahim & Ellis, 2003). Drawing from the foregoing discussion, this study therefore, proposes the following hypothesis:

H3: Small business employees' skills training is positively related to the small business performance.

RESEARCH METHODOLOGY

Sample and Data Collection

The data for this research was collected from Harare, the largest city in Zimbabwe. The research sampling frame was the Small to Medium Enterprise Association of Zimbabwe. The database of the SMEs (small businesses) was obtained from the Ministry of Small to Medium Enterprise Development in Zimbabwe. Students from the University of Zimbabwe were recruited to distribute and collect the questionnaires after appointments with target small businesses were made by telephone. Of the total of 280 questionnaires distributed, 221 usable questionnaires were retrieved for the final data analysis, representing a response rate of 78.9 percent.

Measurement Instrument and Questionnaire Design

Research scales were operationalized on the basis of previous work. Proper modifications were made in order to fit the current research context and purpose. Some five-item scales adapted from Chinomona & Pretorius (2011) previous works were used to measure "small business owner's expertise". "Employees' skills training" used a three-item scale measure adopted from Brown, Reich & Stern (1993), while "small business performance" used a four-item scale adapted from Rivard, Raymond & Verreault (2006) and Merrilis, Rundle-Thiele & Lye (2011). All the measurement items were measured on a five-point Likert-type scales that was anchored by 1 = *strongly disagree* to 5 = *strongly agree* to express the degree of agreement.

Respondent Profile

Table 1 presents the profile of the participants. The profile indicates that more than half of the participating small businesses employed 20 or fewer workers (61%), while more than a quarter had a workforce between 21-50 employees (29%) and less than a quarter of them had between 51-100 employees (9.5%). More than half of the participants had less than 5 years working experience (63%), more than a quarter of the participants had 5-10 years working experience (27%), and less than a quarter had above 10 years working experience (9.5%). About half of the participating employees earned a monthly salary that was between US\$200 and US\$400 (49.8%), while more than a quarter earned a monthly salary that was more than US\$400 (34.4%) and the remainder earned a salary that was less than US\$200 (15.8%). The study also indicated that the majority of the participants belonged to the service sector which occupied 53.8%, while the manufacturing sector occupied the remainder.

Table 1: Sample Demographic Characteristics

Gender	Frequency	Percentage
Male	121	54.8%
Female	100	45.2%
Total	221	100%
Age	Frequency	Percentage
≤30	120	54.3%
31-60	89	40.3%
≥ 60	12	5.4%
Total	221	100%
Marital status	Frequency	Percentage
Married	105	47.5%
Single	116	52.5%
Total	221	100%
Number of Employees	Frequency	Percentage
≤20	135	61.1%
21-50	65	29.4%
≥ 51	21	9.5%
Total	221	100%
Participants Working Experience	Frequency	Percentage
≤ 5 years	140	63.3%
5-10 years	60	27.2%
≥ 10 years	21	9.5%
Total	221	100%
Monthly Salary in US Dollar	Frequency	Percentage
≤ US\$200	35	15.8%
US\$200-US\$400	110	49.8%
≥ US\$400	76	34.4%
Total	221	100%
Industry	Frequency	Percentage
Manufacturing	119	46.2%
Service	102	53.8%
Total	221	100%

DATA ANALYSIS AND RESULTS

The measurement and the structural models were tested using structural equation modelling (SEM). The component based partial least squares using Smart PLS statistical approach was performed in order to evaluate the psychometric properties of measurement scales and to test research hypotheses proposed in this study. SEM enables the simultaneous examination of both the path (structural) and factor analysis (measurement) models in one model. Partial Least Square (PLS) combines a factor analysis with linear regressions, and makes only minimal assumptions, with the goal of variance explanation (high R-square). In addition, as a component based approach, PLS is preferred over the covariance based approach because it is considered to be more appropriate and good for small sample size. For this study, the sample size is 221 and therefore the PLS befits this purpose. Moreover, because the PLS focuses

on prediction of data and is better suited for exploratory models and theory development, it is considered to be more adequate for this study. The Smart-PLS Version 2.0 software package was used for the estimations.

Measure Validation

Construct Reliability

Reliability which is concerned about issues of stability and consistency in this study refers to the likelihood that construct measurement procedure that has been utilized will yield the same description of a given phenomenon if the measurement is repeated. The current study assessed construct reliability using Cronbach’ alpha, Composite reliability (CR) and Average variance extracted (AVE). As indicated in Table 2, the Chronbach’s alpha for the research constructs ranged from 0.782 to 0.926 and therefore surpassed the recommended threshold suggested by Byrne (2006). The CR values also ranged from 0.85 to 0.944 while the AVE values ranged from 0.600 to 0.782 again achieving the recommended benchmark of 0.600 (Nunnaly, 1978). All in all, the constructs’ reliabilities are acceptable and therefore, a good measure of the model.

Construct Validity

Construct validity is interested in the degree of which the construct itself is actually measured (Hair, Anderson, Tatham, & Black, 1998). In this study convergent validity and discriminant validity are used to confirm construct validity. Convergent validity refers to the degree to which a measure of a construct is correlated or related with other measures of the same construct that is theoretically predicted to correlate or relate to (Anderson & Gerbing, 1988). Discriminate validity means that the measurement instrument must be able to discriminate or differentiate the construct being studied from other similar constructs (Hair, Anderson, Tatham, & Black, 1998).

Convergent Validity

Individual item loadings together with AVE captures the convergent validity of each of the measures for constructs that are modelled reflectively (Anderson & Gerbing, 1988). Table 2 shows all reflective measurement items have high and significant loadings as they surpass the recommended benchmark of 0.5 recommended by Fornel & Larcker (1981) and therefore, indicating their significant contribution to the measured construct. The AVE for all constructs exceeded 0.50 (ranging between 0.600 and 0.782), and thus, supporting the convergent validity of the measurement items (Fornell & Larcker, 1981).

Table 2: Accuracy Analysis Statistics

Research Construct	Sample Mean	Standard Deviation	Standard Error	T-Statistics	Cronbach’s α value	C.R. Value	AVE Value	R-Square	Factor Loading
BOE	0.678	0.062	0.062	10.937	0.926	0.944	0.772	0.000	0.907
									0.886
									0.896
									0.865
									0.838
EST	0.374	0.086	0.086	4.256	0.860	0.915	0.782	0.466	0.858
									0.911
									0.883
SBP	0.500	0.080	0.080	6.271	0.782	0.855	0.600	0.639	0.865
									0.814
									0.713
									0.687

Note: BOE = Business Owner Expertise; EST = Employee Skills Training; SBP = Small Business Performance. C.R.: Composite Reliability; AVE: Average Variance Reliability. * Scores: 1 – Strongly Disagree; 3 – Neutral; 5 – Strongly Agree

Discriminant Validity

Three approaches were used to confirm discriminant validity. First, the study checked if the correlations between research constructs were below a unit value (1.0). The maximum correlation value between constructs is

0.736, and therefore, is lower than the value of 0.8 that was recommended by Fraering & Minor, (2006), as evidence of discriminant validity. Second, the study checked if the values of the square roots of the AVE are all greater than the inter-construct correlations. The results presented in Table 2 and Table 3 indicates that all measures have appropriate discriminant validity. Finally, an additional test of discriminant validity assesses each measurement item to ensure that it has a higher loading on its assigned factor than on the other factors (Chin, 1998; Gefen et al. 2000). Again as indicated in Table 2, each measurement item loads higher on the appropriate construct than on any other construct therefore, providing additional support as to the discriminant validity of the measures. All in all, the study provides sufficient evidence that the measurement scales used are reliable and valid.

Table 3: Correlations between Constructs

Research Constructs	SBOE	EST	SBP
Small Business Owner Expertise (SBOE)	1.000		
Employees Skills Training (EST)	0.683	1.000	
Small Business Performance (SBP)	0.710	0.753	1.000

Note: BOE = Business Owner Expertise; EST = Employee Skills Training; SBP = Small Business Performance. * Scores: 1 – Strongly Disagree; 3 – Neutral; 5 – Strongly Agree

Hypotheses Testing

To estimate the structural model paths coefficients and the statistical significance of each path, this study uses Smart PLS 2.0 with bootstrapping as a resampling technique (200 random samples). In particular, the path coefficients and the R² are jointly used to evaluate the model while the error estimates and t-values were used to check the statistical significance (Chin, 1998). Figure 2, Table 2 and Table 3 presents the PLS analysis results. The statistical significance of the path coefficients allows us to see which hypotheses were supported. R² represent the amount of variance explained by the independent variables. As recommended by Chin (1998) a minimum t-statistic value of 2 is used a benchmark to indicate significance.

As indicated in Tables 2 and Figure 2, R² for “Employees Skills Training” (EST) and “Small Business Performance” (SBP) are 0.466 and 0.639 respectively. This implies that these dependent variables (i.e., “Employees Skills Training” (EST) and “Small Business Performance”) explain at least about 46.6% and 63.9% of the model respectively. The t-statistics for “Business Owner Expertise”, “Employee Skills Training” and “Small Business Performance” provided in Table 2 are 10.937, 4.256 and 6.271 respectively. All in all, these measures are considered statistically significant and therefore, confirming that all the posited relationship paths presented in Figure 2 and Table 4 are positive and supported.

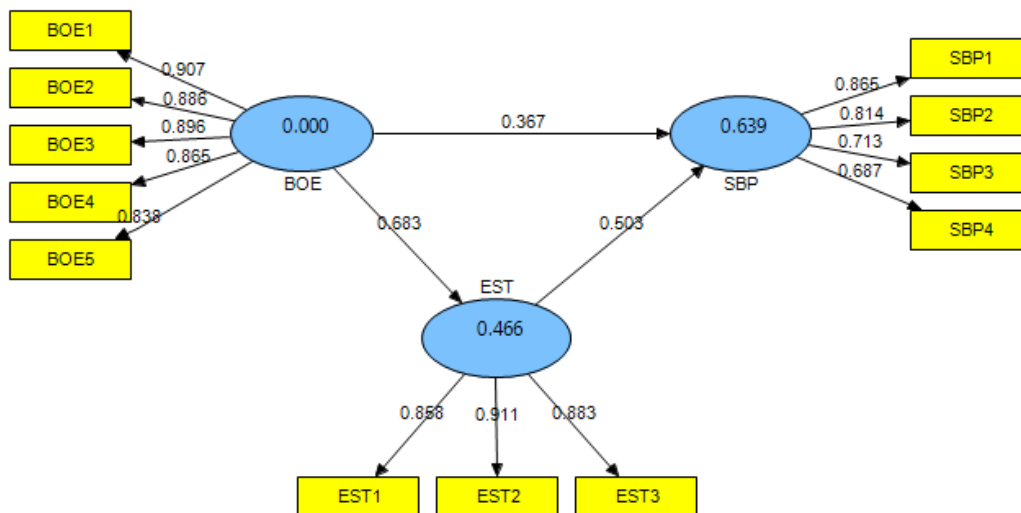


Figure 2: Measurement and Structural Model Results
 Note: BOE = Business Owner Expertise; EST = Employee Skills Training;
 SBP = Small Business Performance

Following formulae provided by Tenenhaus, Vinzi, Chatelin & Lauro, (2005), the global goodness-of-fit (GoF) statistic for the research model was calculated using the equation:

$$GoF = \sqrt{AVE * R^2}$$

The calculated global goodness of fit (GoF) is 0.40, which exceed the threshold of GoF > 0.36 suggested by Wetzels, Odekerken-Schröder & van Oppen (2009). Thus, this study concludes that the research model has a good overall fit.

Table 4: Results of Structural Equation Model Analysis

Proposed Hypotheses	Hypothesis	Path Coefficients	Rejected/Supported
Business Owner Expertise (BOE) → Small Business Performance (SBP)	H1	0.367	Supported
Business Owner Expertise (BOE) → Employee Skills Training (EST)	H2	0.683	Supported
Employee Skills Training (EST) → Small Business Performance (SBP)	H3	0.503	Supported

DISCUSSION OF FINDINGS

In particular, Hypothesis (H1) posited a positive direct relationship between “Business Owner Expertise” and “Small Business Performance”. The results shown in Figure 2 and Table 4 support the hypothesis with a strong and significant relationship (0.367). This result supports the belief that increased levels of small business owner expertise enhance the small business performance.

Hypothesis 2 (H2) predicts that increased levels of small business owner expertise enhances the employee skills training. The results shown in Figure 2 and Table 4 again support this hypothesized relationship with a robust and significant relationship (0.683). This finding provides support for a positive relationship between business owner expertise and employee skills training in the small business context.

Hypothesis 3 (H3) posited a positive relationship between employee skills training and small business performance. The results in Figure 2 and Table 4 show a strong and significant relationship (0.503) and therefore, support the theorized relationship. This finding highlights the key role of employee skills training in driving performance of small business in Zimbabwe.

CONCLUSIONS

This current study sought to examine the impact of small business owners’ expertise on employees’ skills training and small businesses performance and in order to provide a theoretical grounding for the conceptualized framework, the Resource-Based View (RBV) was employed. Specifically, the current study postulated three hypotheses and in order to test these hypotheses, data were collected from small businesses in Zimbabwe. The empirical results supported all the postulated research hypotheses in a significant way.

Drawing from the findings of this research small business owners’ expertise has stronger influence on employees’ skills training (0.683) more than it does on small business performance (0.367). Furthermore, the impact of employees’ skills training on small business performance is robust (0.503). This finding is interesting. It implies that a small business owners’ expertise has more impact on the performance of small businesses via employees’ skills training than the direct effects on the same (0.367).

IMPLICATIONS OF THE STUDY

The current study makes important academic and practical contributions to the small business literature and practice. To commence with, this study is a pioneering research on small business owners’ expertise, employees’ skills training and small businesses performance relationship in Zimbabwe’s small business sector. Since the small business sector is deemed the engine of economic growth and vehicle for employment generation in Zimbabwe, useful implications for both academicians and practitioners are derived.

On the academic side, a contribution regarding the impact of small businesses owners' expertise on employees' skills training and small businesses performance from an often most neglected research context, (i.e. small businesses sector) in a developing country of Southern Africa is made to the small business and entrepreneurship literature. By and large, the current study findings add on supportive empirical evidence to the existing large firm management literature from developed countries that owner/ management expertise has significant positive impact on employees' skills training and business performance in the small business setting. In addition, a successful attempt was made to apply the Resources–Based View in order to explain the importance of small business owners' expertise and employees' skills in the small business context.

On the practitioners' side, the eminence of small business owners' expertise as a precursor to improved employees' skills training and small businesses performance is confirmed. Given that high business performance implies high revenue and profitability to a small business, indeed entrepreneurs are encouraged to acquire expertise relevant to their line of business or business interest and as well as facilitate their employees' skills training in their small businesses. There is some growing disturbing evidence from the small business literature indicating that some small business owners may deliberately fail to train their employees because of fear that they may be threats or may challenge the way they run their businesses and the fear that the employees might decide leaving their company upon completion of the skills training (e.g. Westhead & Storey 1996; MacMahon & Murphy, 1999; Hill & Stewart 2000; Smith, Boocock, Loan-Clarke & Whittaker, 2002; Kotey & Slade, 2005; Kotey & Folker, 2007). These notions run contrary to the spirit and findings of the current study. This study finding is a clear manifestation of the important contribution of small business owners' expertise and employees' skills as strategic resources crucial to foster small businesses performance.

The fact that employees' skills training is found to have stronger effects on small businesses performance than the small business owners' expertise on the same, highlights the significance of employees' skills training in the small businesses. Premised on this finding, small business owners are accordingly encouraged to train their employees in requisite skills, for that contributes more value towards their company performance. Above and beyond, it is imperative that the small businesses accordingly adjust for instance, their organizational culture and invest in human capital skills development in tandem with their small business requirements.

In a nutshell, this study submits that the small business owners can successfully improve their business performance by investing in their employees' skills training and also to some extent by continuously enhancing their own expertise. Eventually, the superior business performance is expected to generate more revenue for the small businesses, hence their profitability and survival in Zimbabwe's current difficult economic conditions.

LIMITATIONS AND FUTURE RESEARCH

While this study makes significant contributions to both academia and practice, it has its own limitations, which therefore provide avenues for future research directions. First, the data were gathered from the small business employees' side. The results would be more informative if data from both sides of the dyad were compared. Future studies may be conducted by using paired data from both the small business owners and employees sides. Second, the current study was limited to small businesses in Zimbabwe. Subsequent research should contemplate replicating this study in other developing countries for results comparisons. Future studies can also extend the current study conceptual framework by studying the effects of a larger set of variables. For instance, the influence of small business owners' expertise and employees' skills training on the employee's job satisfaction, workplace spirituality and citizenship behaviors could be investigated. Above and beyond, this will immensely contribute new knowledge to the existing body of small business management literature in developing countries which happen to be neglected research contexts in academics.

AUTHOR INFORMATION

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