UNIVERSITY OF CAPE TOWN

Examining the impact of business incubation on the growth of tourism SMMEs: The case of Pilanesberg Business Incubator Programme (PBIP)

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by

Soza Sydney Simango

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Supervisor: Dr Latif Alhassan

DECLARATION

Soza Sydney Simango hereby declares that this dissertation is his original work except where acknowledgements so indicate. He further declares that neither the whole work nor any part of it will be submitted for another degree in another University in South Africa or any other elsewhere. Finally, Simango authorises the University of Cape Town to reproduce for academic and research purposes either the whole or any portion of this dissertation in any manner consistent with higher education policy.

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Signature: SS Simango Date: April 2022

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ABSTRACT

The Small Micro and Medium Enterprises (SMMEs) sector plays an important role in driving economic growth and development in both large and emerging economies. Direct benefits of SMME development include job creation, innovation and enhancing social justice in society. The tourism industry largely comprises small-scale firms with low barriers to entry and is a major contributor to entrepreneurial development, innovation, economic growth and job creation. There is, however, a 70% failure rate of SMMEs in South Africa despite available public and private enterprise support programmes within the small business ecosystem. In many sectors globally, business incubation is widely regarded as an economic development tool which is commonly used to assist fledgling small business to grow and eventually compete in the market on their own. This study used both qualitative and quantitative methods to investigate the impact business incubation makes on the growth and development of tourism SMMEs based on the state-funded Pilanesberg Business Incubation Programme (PBIP). The three-year business incubator enrolled 50 small-scale tourism enterprises comprising operators of accommodation and hospitality, travel and tour operators/agencies, events and attractions and arts and crafts businesses.

The results concur with existing studies that business incubation contributes to the growth of emerging enterprises. Incubatees of the Pilanesberg Business Incubation Programme did realise an upsurge in market exposure that resulted in increased demand, a marginal rise in revenue, the retention of jobs, the creation of new jobs and stimulated expansion in existing and new product/service offerings during and post the three years of incubation.

Key words: business incubation, SMME growth and tourism.

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LIST OF ACRONYMS

Acronyms	Full description
BB –BEE	Broad-Based Black Economic Empowerment
BER	Bureau for Economic Research
COVID-19	Coronavirus Pandemic
DSBD	Department of Small Business Development
DT	Department of Tourism
DTGS	Domestic Tourism Growth Strategy
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition
ESKOM	Electricity Supply Commission (South Africa)
GDP	Gross Domestic Product
IPAP	Industrial Policy Action Plan
MSMEs	Micro Small Medium Enterprises
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
NCR	National Credit Regulator
NDP	National Development Plan
NGP	National Growth Path
NT	National Treasury
NTSS	National Tourism Sector Strategy
OECD	Organisation for Economic Co-operation and Development
PBIP	Pilanesberg Business Incubation Programme
RSA	Republic of South Africa
SARB	South African Reserve Bank
SARS	South African Revenue Services
SATSA	Southern African Tourism Services Association
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMEs	Small Micro Enterprises
SMMEs	Small, Micro and Medium and Micro-sized Enterprises
Stats SA	Statistics South Africa
STR	State of Tourism Report
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
WB	The World Bank

CHAPTER 1: INTRODUCTION

1.1 Introduction

There are multiple benefits to economies from the business incubation of Small, Medium and Micro Enterprises (SMMEs). Allen (1986), Mian (1997) and Thierstein and Wilhelm (2001) contend that the positive impacts include regional development, economic restructuring and job creation. Brau, Lanza and Pigliaru (2004, 2007) have shown empirically that the economic growth rate in countries specialising in tourism is greater than that of other countries specialising in oil production and other sectors.

In addition, business incubators are viewed as effective in curbing entrepreneurial risk and the promotion of new ventures (Hongyi et al., 2007). Busler (2013) found that business incubation fosters technological innovations and industrial renewal. Business incubation programmes achieve these goals by providing a number of business development support services to entrepreneurs including affordable space, shared services, training seminars, mentorship, networking, access to finance and markets and other business services, such as specialised equipment (Mian, 2021).

In his study on the effect of business incubation on developing countries, Busler (2013) concludes that business incubators are socio-economic development entities designed to advise potential start-up companies and to help them establish and accelerate their growth through a comprehensive business assistance programme. He maintains that the main goal of business incubators is to produce successful small to medium businesses that will leave the program financially viable and freestanding (Busler, 2013). Many governments, local communities and private investors find it desirable to help weak but promising firms to avoid failure by incubating them until they have developed self-sustaining business structures (Hackett & Dilts, 2004). This view concurs with the theory of incubation which maintains that an incubator is a mechanism that enables a firm to master the competitive factors linked with effectiveness in particular industry settings (Lumpkin & Ireland, 1988).

Natural follow-up questions to this discussion on business incubation is why there is focus on the incubation of Small Medium and Micro Enterprises and not big business and, secondly, why SMMEs in the tourism sector? The simple answer is because the global economy is in trouble. The Medium Term Budget Policy Statement (MTBPS) shows a global economy that has not fully recovered from the effects of the 2008 financial crisis (National Treasury, 2018).

According to the World Bank, only a few of the advanced economies had recovered at the start of 2018, spurred by the growing momentum on global goods trade, manufacturing recovery and investment (World Bank, 2018). However, the Covid-19 pandemic has obliterated all hope of global and local economic recovery. The global economy is now experiencing the deepest recession since the Great Depression of the 1930s, with declines in GDP of more than 20% and a surge in unemployment in many countries (OECD, Economic Outlook, 2020).

Within this context, South Africa's battle with low economic growth, rising unemployment, inequality and poverty is bound to continue (World Bank, 2018). The World Bank (2018) further indicates that South Africa is one of the most unequal societies in the world with a Gini coefficient of 62.8%. The South African economy is estimated to contract by a record-breaking 7.2% in 2020 and unemployment is already above 30% (National Treasury Supplementary Budget Speech, 2020). Besides slow economic growth, unemployment and the economic impact of the Covid-19 health pandemic, South Africa is also facing a rising debt crisis and energy production challenges which affect investor confidence. The economy is facing a R761.7 billion budget deficit and a public debt of 88.8% of GDP (National Treasury, 2020). The question is: how does South Africa plan to turn the downward spiralling economic tide around?

In addition, the rising unemployment trend, more especially among the youth, is the second major challenge which comes against a projected 1.1% population growth from 57 million in 2018 to 65 million by 2030 (World Bank, 2018). In addition, the official unemployment rate, which has been on an upward trend since 1994, has risen from 27% in 2018 to over 35% in June 2021 according to the Quarterly Labour Force Survey (Statistics South Africa, 2021). It is against this backdrop that the NDP identified the creation of new jobs through faster economic growth as a priority (National Treasury, MTBPS, 2018). Against the NDP's noble yet ambitious goal of working towards full employment by 2030, it is very clear that the country's economic policies and plans are not bearing fruit (National Planning Commission, 2012).

In response to the economic challenges identified above, the NDP envisages an economy that is more inclusive, dynamic and serves the needs of all South Africans (National Planning Commission, 2012). It aims to build an economy that encompasses close to full employment, a skilled citizenry and more diverse ownership of the means of production, highly concentrated on black people and women by the year 2030. Specifically, the NDP aims to reduce the

unemployment rate to 6% by 2030, which would require the creation of 11 million jobs, and a 5.4% annual Gross Domestic Product (GDP) growth rate (National Planning Commission, 2012). The reality is that eight years after the launch of the NDP, South Africa still grapples with rising unemployment, a widening inequality gap and adverse poverty among her citizens.

Despite the bleak outlook for the future, small business incubation has been identified in the NDP as a central factor that can promote economic development and job creation in South Africa (National Planning Commission, 2012). The NDP states that the employment targets will be driven through the promotion and support of small-scale and expanding firms (National Planning Commission, 2012). This will be achieved by setting up business incubators, private sector partnerships, and early-stage entrepreneurship training across the country (National Planning Commission, 2012). Against this backdrop, it is, therefore, important to understand four key issues. The first is the role played by SMMEs in driving economic development and job creation. The second is the significance of business incubators in fostering the growth of SMMEs. Thirdly, the significance of the tourism sector in driving SMME development and job creation and the role of incubation as a development instrument in this regard. Lastly, understanding government's role in supporting enterprise development.

1.2 Statement of the research problem

Small, Medium and Micro Enterprises (SMMEs) are the backbone of a country's economy because of their ability to create more jobs and to contribute significantly to the Gross Domestic Product (GDP) growth (Finfind, 2017). SMMEs are also drivers of innovation and growth (Makina, 2015). In South Africa, SMMEs contribute 48% to employment and 64% to Gross Domestic Product (GDP) growth (Department of Small Business Development, 2016). In addition, 99.3% of South African businesses are SMMEs and they account for 53.9% of total employment and contribute 34.8% to GDP (Department of Small Business Development, 2012). Given South Africa's rising unemployment trend since 1994 and the dwindling GDP growth, the NDP is accurate in identifying the SMME sector as a driver of employment towards its 2030 development targets (The National Planning Commission, 2012).

Despite the South African Government's focus on small business development post-1994 and the country's 63% measure in financial inclusion, the SMME sector still faces numerous challenges that impede the growth of businesses (Mhlanga, 2021). These challenges, among others, include access to finance, access to information, access to markets and regulatory

barriers to entry (Makina et al., 2015; White, 2014). Given these key challenges, it is certainly not surprising that there is a 75% failure rate among emerging SMMEs and a significant reduction in the total number of small businesses in the country (Bureau for Economic Research, 2016; Small Enterprise Development Agency [SEDA], 2018).

Due to the centrality of new enterprise development to economic growth and development, many economies invest in supporting new enterprises through business incubation (Al-Mubaraki & Busler, 2012). Entrepreneurship breeds new ideas, companies, products and services in the marketplace (Schumpeter, 1942). Business incubators were, therefore, chosen as an instrument to leverage entrepreneurship and harvest its opportunities for the South African economy. Ratinho (2011) contends that governments and regional authorities regard business incubators as instruments to revitalise their economic architecture.

Furthermore, Ratinho (2011) cites the United Kingdom Business Association (2007) as saying; "Business incubators are a unique combination of people, space and business development processes". This is an appropriate summary of the key building blocks of a fully-fledged incubation programme. It is against these proven attributes to drive economic growth that the South African Government adopted business incubators as policy to drive small business development. The next question is: how does the tourism sector feature in small business development and incubation?

The travel and tourism sector holds a strategic advantage in helping the country to spur SMME growth and job creation (National Treasury, 2019). A time-series analysis conducted to test the impact of a tourism-led growth hypothesis on the economic growth of Spain, Mauritius, Greece, Turkey and Taiwan has concluded that there is a robust relationship between the two variables (Figini & Vici, 2010). According to the 2018 World Travel and Tourism Council (WTTC) report, travel is the largest and fastest growing sector globally and one of the top performing in the services export in the South African economy (World Travel & Tourism Council, 2018). The World Travel and Tourism Council indicates that the sector contributes 10.4% to global Gross Domestic Product (GDP) and one in ten jobs, up to 313 million jobs globally (World Travel & Tourism Council, 2018). In addition, tourism is overwhelmingly dominated by small-scale businesses (Thomas, 1998).

In South Africa, the sector contributes 3% to GDP and 10% in total employment (Statistics South Africa, 2018). The National Treasury's (NT) *Towards an Economy Strategy* discussion

paper identifies the importance of growing the services industry as a strategy to grow exports (National Treasury, 2019). The paper further highlights the value of tourism in sustainable labour absorption and rural economic development. It further refers to the small business nature of the tourism sector where entrepreneurs can operate small tourist-guiding events, accommodation and day-tour entities (National Treasury, 2019). The question that is raised is: what is the state doing to promote entrepreneurship and to support emerging enterprises in the tourism sector?

Over the past two decades, the Department of Environmental Affairs and Tourism (DEAT), and from 2009, the stand-alone Department of Tourism (DT), have always regarded support for small business as a critical area of development. Guided by the 1996 white paper, The Development and Promotion of Tourism in South Africa, which highlights the entrepreneurial opportunities hidden in the travel and tourism sector, the two departments launched full-scale enterprise development programmes (DEAT, 1996). A full complement of business development services ranging from advisory services, information provision, mentorship, business coaching, training and development, capital and operational funding and market access exposure were offered to SMMEs in tourism (Tourism Partnership Report, 2015).

In line with international trends on small business support approaches, the state-owned Small Enterprise Development Agency (SEDA) started rolling out business incubators in construction, technology, agriculture and other sectors across the country in the mid-1990s (Lose et al., 2016). To date, SEDA has launched over 70 business incubators across several sectors in South Africa with the exception of the tourism sector (Tshikwatamba, 2018). Until 2015, a 12-month business incubator hub programme was piloted in Sandton, Johannesburg offering co-working space, mentorship and access to funding and market exposure (Biz News, 2015). The pilot business incubator in the tourism sector was launched by the Tourism Enterprise Partnership (TEP), a strategic partner contracted by the Department of Tourism to deliver enterprise development services (Tourism Enterprise Partnership Report, 2015). In 2016, the Department of Tourism developed a Small Business Development Framework and Strategy against which it started to roll out to more business incubators for tourism SMMEs (Department of Tourism, 2015). To date, eight such business incubators have been set up and one of them concluded its three-year lifecycle in October 2019. Set in the Pilanesberg tourism node in the Bojanala District of the North West Province, the business incubator enrolled 50 tourism SMMEs for 36 months.

The research question, therefore, sought to determine the effectiveness of business incubation as a public policy instrument to support the growth and development of tourism SMMEs. It was a case study based research dissertation focused on investigating the results of the implementation of the Pilanesberg Business Incubation Programme (PBIP). The study measured the effectiveness of incubation as an enterprise development tool for small businesses in the tourism sector. The research had a mixed method approach based on key lessons from the case study, the literature review, interviews with key players and a questionnaire survey conducted with 36 randomly selected incubatees out of a total of 50 participants in the programme. The report unpacks the various typologies, purposes and structures or models of business incubation, their sectoral relevance and examines their impact on the growth of tourism SMMEs.

1.3 Research question

The research question addressed in this study:

- Is business incubation an effective business development support instrument for the growth of Small, Medium and Micro Enterprises (SMMEs) in the tourism sector?

1.3.1 Statement of research objectives

The objectives of the study were:

- To examine the impact of the Pilanesberg Business Incubation Programme's implementation on the growth and development of incubated Small, Medium and Micro Enterprises in the tourism sector.

1.4 Significance of the research findings to research stakeholders

Ahmad (2014) argues that current research on incubation focuses on understanding the social and fiscal contribution by government policy. He further states that less focus is placed on studying the true impact of business incubation through evaluation research, an area that requires a study of the process of incubation and the impact of specific interventions on new venture success (Ahmed, 2014). According to Ahmed (2014), the literature on the incubation process is biased towards the new venture creation theory, the resource based view, social network theory, dyadic theory and real options theory in conceptualising business incubation. The empirically grounded social mechanism-based business incubation research concept is viewed as a social theory which is concerned with the social process that enables human action

in the context of business incubation (Ahmed, 2014). Despite the large number of studies in this field, there is still the lack of a comprehensive framework for assessing the effectiveness of business incubation. The heterogeneity, definitional incongruence and wide variety of criteria for assessing the effectiveness of business incubation makes it difficult to establish the value added and the impact of incubation programmes (Theodorakopoulos, Kakabadse & McGowan, 2014). There is currently a focus on intangible factors and the social aspects of business incubation such as entrepreneurial networking, mentorship and coaching which uses human social capital to achieve the same objectives. Lastly, Theodorakopoulos et al. (2014) further contend that there are still significant gaps in our understanding of business incubation processes and management in the entrepreneurial development of incubatees. This, it is argued, is in part due to anecdotal research which does not embrace the perspective of the incubatees and deploys informal research designs with limited theoretical research focus (Theodorakopoulos et al., 2014).

The major factor that makes business incubation attractive to government is the rising of youth and women's unemployment rates and poverty (Statistics South Africa, 2020). The recent labour force survey shows that unemployment is at about 30% and women are the most affected at 31.3% (Statistics South Africa, 2020). The state is thus looking for ways in which youth and women can be absorbed into jobs and entrepreneurial activities. In its Draft Economic Transformation, Inclusive Growth and Competitiveness discussion document, the National Treasury identifies entrepreneurship and the service sectors as blueprints to spur growth and create much-needed jobs (National Treasury, 2019). To this effect, the National Treasury has set aside R7.7 billion for the development of the small business sector (National Treasury, 2020). According to the 2020 Estimates of National Expenditure (ENE) for the Department of Small Business Development (DSBD), the funds will also include the establishment of business incubators. Understanding the impact made by business incubators on the growth of small tourism firms thus becomes important information for policy formulation and implementation by the state.

1.5 Organisation of the dissertation

The dissertation is structured as follows: Chapter 1 presents the introduction and research objectives. Chapter 2 discusses the literature review on the concept of SMME growth, job creation potential, and the impact measurement of business incubators. It summarises all previous studies done and methods used and draws conclusions that provide context for this

study. Focus is directed on providing background on the policy landscape for enterprise development of SMMEs in South Africa. It also delves into the business incubation concept, its evolution globally and in South Africa and relevance or applicability to the tourism industry. Chapter 3 outlines the research methods used, data analysis tools, limitations of the study, validity and the sampling frame. Chapter 4 covers the presentation of the research results based on the questionnaire used and other qualitative techniques deployed for the study. Lastly, Chapter 5 summarises and discusses the results, recommendations, proposals on future research areas and presents a conclusion.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This section covers the five main aspects of the study which comprise a theoretical review of small businesses, a discussion on SMME growth indicators, discourse on the concept of business incubation, its structure and purpose, and a literary exploration on the concepts of measuring business incubation impacts. In addition, this chapter provides the global and local landscape of business incubation by defining the concept, discussing the historical evolution and underlying theoretical bases and major trends to date. It presents the academic definitions of various aspects of business incubators from definitions of the concept, theoretical basis of rationale, measurement of success, process of incubation, selection of incubatees and exit.

The chapter further focuses on defining Small, Medium and Micro Enterprises (SMMEs), discussing underlying motivations for people to embark on starting businesses, providing stylised facts about SMMEs in South Africa, and highlighting the constraints to the growth and development of the sector. The role of government and the policy framework is outlined, including the economic transformation role of SMMEs. The chapter concludes by focusing the discussion more closely on SMMEs in tourism, highlighting their development support needs, a brief history of state support, future plans and the role of business incubators.

Furthermore, the discourse is used to provide details on the chosen case study for the research, the Pilanesberg Business Incubator for tourism SMMEs. The discussion of the case study focuses on the background of the programme, how it started, its rationale, criteria for the selection of location, choice and graduation of incubatees or beneficiaries, the model and structure of the programme, governance, and monitoring and evaluation.

2.2 Defining business incubation

There is little consensus in literature on almost all aspects of business incubation and incubators, from their definition, start, shifts and evolution, conceptual framework or theoretical underpinning, typology or taxonomy, performance measurement or their role in the economy and structure. Bakkali, Messeghem and Sammut (2014) posit that there are varying definitions of business incubators used in different regions of the world which results in multiple typologies, ranges of sponsors, differences in objectives, development interests, and

variety in development interventions offered.

Hackett and Dilts (2004 cited in Kemp, 2013) explain that "there is no single definition of what a business incubator is or does because incubators have a number of functions, represent a range of stakeholders and deliver varied services to different clients". This lack of uniformity in definition, form and structure and content of what goes into a typical business incubator has a number of implications in terms of examining the impact of incubation services. First, given the peculiarity of each incubator, each programme needs to be assessed on its own merit and, therefore, the results from other incubator programmes cannot easily be compared. Secondly, it implies that business incubators have their own contextual framework, processes and ecosystem which determines their context and which needs to be closely considered when examining their impact on small businesses.

As for the origins of incubators, Kemp (2013) maintains that since their start in 1956 in Batavia, New York, following the closure of a Massey-Ferguson factory, there were over 4 000 business incubators globally in 2013. Citing an alternative date, other authors also indicate that business incubators started in 1959 in Batavia, New York (Ogutu & Kihonge, 2016; Meru & Struwig, 2011; Lewis, 2002).

In light of little conceptual consensus on the number of areas of business incubation, this section, therefore seeks to clarify the concept of business incubation as it has been applied in the tourism industry in South Africa. There are several definitions of the concept of business incubation. The National Business Incubator Association (NBIA), which is one of the foremost organisations in the United States, set up by industry stakeholders to lead incubation development, has weighed in on the matter of definition. According to Al-Mubaraki and Schrodl (2011), the NBIA defines a business incubator as a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with targeted resources and services. This definition starts by stating the outcome of incubation as the acceleration of successful development and it places emphasis on three key features but mainly on how business incubation is done, the process, rather than the physical structures or buildings. The second feature identified is the entrepreneur and the enterprise, who are the subjects or main beneficiaries of the process of incubation. Specifically, it posits that business incubators are for fledgling and start-up enterprises. Lastly, the definition highlights the inputs which are the resources and business development services that are deployed to achieve the outcome.

Alternatively, Hackett and Dilts's (2004) definition of business incubators places emphasis on physical facilities that offer entrepreneurs co-working space for the purpose of value-adding interventions, delivery and business assistance support. The outcome of this definition is not clear and the type of enterprise is generalised. In the United Kingdom, business incubation is viewed as a flexible package of business development processes involving infrastructure and people to support new and small or early-stage businesses for development and change (Ratinho, 2011). Ratinho (2011) further cites the European Commission's definition of business incubation which highlights the acceleration of small business growth in a systematic process to achieve success (European Commission, 2002).

In addition, definitions of business incubation are also differentiated based on type, for instance, technology incubators are seen as special property-based ventures that provide a range of services including office space, laboratories, management support, technical or research support, legal support, financing and networking support (OECD, 1997). In addition, business incubation has been defined within the technology space as technology incubators, technology innovation centres, technology business incubators and business innovation centres (Margues, Caraca & Diz, 2003). Each of these incubator types has been differentiated respectively by their focus on finishing partly developed ideas, technology research and development support, university-based tech enterprise support and infrastructure support to tech enterprise growth and development (Margues, Caraca & Diz, 2003).

In summary, there appear to be several definitions of the concept of business incubation which all point to an organisation set up to provide support to different sized SMMEs across multiple sectors. The features of this organisation are, however, similar: entrepreneur, enterprise, process of enterprise development, input or resources and services, growth and success as outcomes justifying the existence of the business incubation entity. What is critical here is to define the incubator used in this case study based on the research objective: The Pilanesberg Business Incubation Programme for tourism small businesses.

2.2.1 Typology of business incubators

Allahar, Brathwaite, Roberts and Hamid (2016) view business incubators as diverse and comprising a variety of types, models, development stages and maintain that the bulk services they offer reflect their sector and operating environment. Hackett and Dilts (2013) concur that business incubators have multiple functions, represent diverse stakeholders and deliver wide-

ranging services to different clients. Business incubators are also categorised based on their primary financial sponsors, type of tenants, the business focus of tenants and the focus of the incubation management establishment (Hackett & Dilts, 2004). Hannon (2004) proposes three types of incubation environments or development stages, namely, germination, incubator and accelerator. The three stages each refer to SMMEs in ideation, start-up phase and those under development and the growth phase of incubation (Hannon, 2004).

In addition, Allahar, Brathwaite, Roberts and Hamid (2016) identify five generations of incubators based on who they serve. The first is the entrepreneur-led incubator which assists individual business owners, followed by the technology-led incubator that accommodates mixed used business in the technology sector. Third are the university-led incubators which commercialise initiatives coming out of institutional research and development from students and staff. The fourth generation business incubators are virtual incubators that are based on light touch support enabled by technology and involve hand-holding and intensive business support to entrepreneurs. Lastly, the early-stage seed accelerators which provide funding and are dedicated to helping an enterprise achieve certain market opportunity and development goals within a specified time period (Allahar, Brathwaite, Roberts & Hamid, 2016).

Kemp (2013), however, indicates that there are many types of incubators and identifies venture capitalist-led business incubators which are set up to house firms that funders have invested in. The second type is industry or sector-specific and special purpose business incubators which are focused on fulfilling the specific business growth needs of a particular firm (Kemp, 2013). The Pilanesberg Tourism Business Incubation Programme is a tourism industry initiative dedicated to helping entities deal with their competitive challenges.

The final type of incubators mentioned is technology incubators, whose role is to promote the start, development and growth of technology-based firms that are mainly linked to universities and techno parks (OECD, 1999). Most technology incubators in South Africa are supported by the Small Enterprise Development Agency's (an agency of the Department of Business Development) Technology Programme and by the Innovation Hub (an agency of the Gauteng Provincial Government) and the Technology Innovation Agency (an agency of the Department of Science and Innovation) and are linked to several higher education institutions and technology centres (Small Enterprise Development Agency, 2018).

Another view, by Marques, Caraca and Diz (2003), describes incubators in a controlled

environment, as in farming, where they are used to maintain heated conditions conducive for fertilising eggs and in medicine to support infants in the first critical days of their lives. Incubators are viewed and categorised according to their aims and goals. An additional view is that the aim of incubators is to accelerate the growth and success of entrepreneurial firms through a suite of support services and resources (Marques, Caraca & Diz, 2003).

Marques, Caraca and Diz (2003) further argue that the goal of the incubator is to produce successful firms which will be financially viable, independent and survive the harsh market environment. In line with these definitions, various concepts have been used over the years to define incubators that include technology incubators, technology innovation centres, technology business incubators and business innovation centres (Marques, Caraca & Diz, 2003). Alternatively, Lewis, Harper-Anderson and Molnar (2011) categorised incubators according to those with walls, those without walls or virtual incubators, international incubators and accelerators, each with their own qualities. For instance, incubators with walls have facilities and are multi-tenant with on-site management whereas virtual incubators have no on-site space for clients and may not be located in a geographic space (Lewis, Harper-Anderson & Molnar, 2011).

In addition, there are international incubators whose role is to provide investment facilitation services in order for international firms investing in the country to soft land whereas business accelerators focus on supporting entrepreneurial graduates from incubators that are more mature and ready for external financing and market exposure (Lewis, Harper-Anderson & Molnar, 2011). In South Africa, there are different names used which refer to various forms of business incubators such as business places, centres for entrepreneurship, small business or innovation hubs, business labs and start-up or kick start-up programmes (Business Partners, 2016).

Lastly, Marques, Caraca and Diz (2003) categorise incubators into three categories: 1) technology incubators for the development of technology ideas into commercial opportunities and firms; 2) economic development incubators which stimulate specific economic development goals, such as job creation and industrial development; and 3) mixed purpose incubators which seek to promote continued industrial and economic growth in a region by supporting emerging and established businesses led by a local development agency. Since the focus of the tourism industry is on inclusive economic growth in South Africa as guided by the National Tourism Sector Strategy, the Broad-Based Black Economic

Empowerment Strategy and the Rural Tourism Strategy, tourism business incubators are focused on economic development in nature and form. Their strategic objective is to transform the tourism sector into an inclusive industry that will drive economic and job opportunities in rural tourism nodes.

2.2.2 Global evolution/trends of business incubation

Lewis, Harper-Anderson and Molnar (2011) believe that the business incubation industry began in the late 1950s, emerged in the 1980s and has grown steadily ever since. The National Business Incubation Association (NBIA) in the USA links the start and evolution of incubators to three trends or movements, firstly, the "real estate solution" which grew out of a desire to fill vacant factories and abandoned buildings in the economically depressed Northeast and Midwest American states (Kemp, 2013). It was this dispensation that facilitated the establishment of what is widely regarded as the first incubator in Batavia, New York, in 1959 (Adkins, 2002). In this initiative, emerging companies were housed in a deserted building and offered shared business development services, an idea that grew very popular in the 1980s and spread to Europe and India (Adkins, 2002).

The second trend was centred on the desire to drive innovation and entrepreneurship in universities, which led to many technology incubators. Finally, the last wave of incubators was sparked by the private sector's interest in new investment pathways that sought to commercialise their emerging technologies (Carrera, Meneguzzo & Messina, 2006). By 2011, there were well over 5 000 business incubators across the world, with North America, China, India and Australia dominating these (Al-Mubaraki & Busler, 2012). Both China and India credit their recent economic development to the role of business incubators in harnessing their technological innovations (Lalkala, 2003). Other regions, such as the Gulf Cooperation Council member states, have begun to embrace the concept of incubation for their own economic development initiatives (Al-Mubaraki & Busler, 2012). The last but significant trend of business incubation is the fact that most incubators are supported by government and its agencies. The US government's list of 1 400 incubators is a case in point (Knopp, 2007).

In addition, other scholars argue that the existence of business incubation lies in the economic theory of growth and entrepreneurship (Ratinho, 2011). Entrepreneurship and technology come into this equation because they drive economic progress through innovation and new product development and thus drive growth and development (Ratinho, 2011). Business incubators,

therefore, position themselves as the bridge between knowledge and the creation of markets (Ratinho, 2011). The market failure theory acknowledges that imperfect information, monopolies and other externalities could inhibit the formation of new firms and thus stifle development, hence the need for business incubation (Hackett & Dilts, 2004). This is a perfect reflection of the South African economy where large retail giants are stifling township-based corner shops (National Treasury, 2019). The travel and tourism trade markets follow a similar pattern. They are under the control of medium-sized national operators focusing on the major tourist attractions, cities and the Kruger National Park at the expense of rural tourist destinations (Statistics South Africa, 2018).

Ratinho (2011) further argues that business incubators are safeguarded environments where new firms are sheltered from rougher market competition to the point where they have reached some level of maturity to stand on their own. Sherman and Chappell (1998) cited in Ratinho (2011), maintain that incubators are economic development tools to revitalise communities and strengthen national economies. Incubation shields or protects small businesses from market aggression and improves the chances of survival of such enterprises. Incubation should be customised to the needs of each firm according to their stage of development. This is despite the fact that there are studies that argue that most firms fail to survive beyond three years after graduating from incubators (Schwartz, 2009). This is very important for the results and discussions of this case study since its analysis is based on data gathered during the three years of incubation and during the last month of incubation.

2.2.3 The emergence of incubators in South Africa

The emergence of business incubators as small business and economic development policy dates back to the late 1990s and was embraced by both private and public sector organisations (Business Partners, 2016). Masutha (2014) finds that business incubators emerged in the mid-1990s led by the Small Business Development Corporation and became entrenched with the launch of the SEDA Technology Programme in 2006. When the Department of Trade and Industry later introduced the Incubation Support Programme, the Enterprise Incubation Programme and the Incubation Development Framework, government's policy on incubation-based entrepreneurial support was made clear (Masutha, 2014).

Since then, there are well over 27 299 business incubation centres reaching over 56 000 SMMEs in a variety of sectors across the country that are supported by over 43 organisations

(Business Partners, 2016). The organisations range from commercial banks, government departments, development finance institutions, non-profit organisations and trusts, foundations, private business, universities, special purpose vehicles, professional bodies and economic development agencies, to mention but a few. The incubation programmes come in different forms and names, with some being called centres of entrepreneurship, tech or innovation initiatives, biz hubs, BizSpark or kick-start centres and business accelerators (Business Place, 2016).

Among the public sector players, SEDA is the leader and, by the end of 2019, had 76 business incubators in a number of sectors like construction, technology, agro processing and manufacturing (Rogerson, 2017). SEDA now manages the Enterprise Incubator Programme (EIP) which is a market-driven funding platform that supports the incubation of opportunities linked to supplier development (Tshikwatamba, 2019). The EIP is a further indication of the government's consideration of incubators as an integral component of innovation and the entrepreneurship ecosystem (Rogerson, 2017).

2.2.4 Incubator ecosystem, process, selection and governance structure

A business incubator ecosystem is a complex mixture of business development services, facilities that are provided within a physical space, through virtual links and also refers to all stakeholders that add value to the entire incubation process from sponsors, agents, tenants, financiers and trade (Allahar, Brathwaite, Roberts & Hamid, 2016). Accordingly, the incubation process refers to the work that goes into development support offered to SMMEs during the three phases of incubation, namely, pre-incubation, incubation and post-incubation (Allahar, Brathwaite, Roberts & Hamid, 2016). Process refers to the approach followed in administering the development required which takes into consideration the sector specific conditions that dictate the manner in which work is done (Allahar, Brathwaite, Roberts & Hamid, 2016).

Tenant selection practice is another business incubation process regarded as critical in firm survival rates (Ratinho, 2011), as business incubation requires appropriate selection criteria and exit policies to manage outcomes and stakeholder expectations. Since incubation tenants are heterogeneous, in other words, they are at varying stages of business cycles, they each require specific interventions in line with their own development needs (Vahora, Wright, & Lockett, 2004). Another critical aspect of business incubation is graduation. Rothaermel and

Thursby (2005) firmly propose that the timely graduation of tenants within a three-year period is critical.

The question that arises, therefore, is: how have the issues of the incubator process, tenant selection, and governance structure been handled in the case of the Pilanesberg Business Incubation Programme? None of these existed in detail for the tourism industry business before the launch of the Pilanesberg incubator in 2016. A one-on-one in-depth discussion with Maqwazima[1] revealed that the tourism business incubation model adopted by the Department of Tourism in rolling out the incubation of SMMEs can be best described as nodal or geographic in nature in line with available tourist destinations. Maqwazima maintains that a cluster approach was adopted where a mixed type of 50 tourism enterprises, ranging from accommodation establishments, tour operators, ground handlers, arts and crafts, creative and events owners and tourist attractions, were recruited to be part of the incubation programme. An intergovernmental structure comprising national departments, provincial and local government and local stakeholders was established to oversee the implementation and to enhance programme integration.

In terms of process, implementation of the programme was based on the principle that SMMEs were at different stages of development and thus required differentiated interventions to realise their own growth. Against this premise, the incubation process followed a procedure that started with a business diagnostic assessment of each enterprise followed by developmental needs that formed the basis for growth planning and the implementation of business support interventions. Regular monitoring and evaluation of project implementation was conducted by a specific internal functionary responsible for tracking service delivery and results.

2.3 Small, Medium and Micro Enterprises (SMMEs) – defining the concept

In South Africa, as in other countries, SMMEs are defined according to the number of employees, the size of turnover, the value of capital assets and sometimes by legal status. However, the National Small Business Act 102 of 1996 uses gross assets excluding fixed property to describe SMMEs (Department of Trade, Industry and Competition, 1996). An SMME is described as a separate and distinct entity or cooperative managed by one or more owners that complies with the proclaimed schedule of size and standard classification as

[1] Akhona Maqwazima, September 2020. Chief Executive, Emazweni Information and Communication Technology and Project head for the Pilanesberg Business Incubation Programme.

expressed in a country's business regulations (Olawale & Garwe, 2010). In South Africa, SMMEs are defined according to informality and formality in three categories, namely, the number of employees, the value of capital assets in line with the National Small Business Act 102 of 1996 and the newly revised SMME schedules (Trade, Industry and Competition, 1996).

The white paper on National Strategy for the development and promotion of small business in South Africa further categorised SMMEs into four main categories (Department of Trade, Industry and Competition, 1995). In the first category are the survivalist enterprises run by start-ups avoiding poverty and in need of sustenance and enterprises with limited opportunities for growth and viability. The second category includes micro enterprises which are very small, owner-run, with a maximum of two paid employees but lack formal business licences and tax registration, premises or operating systems (Department of Small Business Development, 2018). Thirdly, small enterprises which are mainly formal with business, tax registrations and licences that employ between five and 50 people. Medium-size enterprises that employ 50 to 200 people make up the fourth category, which lies between small and large businesses (Department of Small Business Development, 2018).

It is important to note, however, that small businesses are not homogenous but exist in various growth phases. Churchill and Lewes (1983) identified five stages of enterprise evolution, namely, existence, survival, success, take-off and the resource maturity phase. Alternatively, Moas and Herrington (2006) identify two phases of enterprise comprising the start-up phase and the established phase. A new SMME in South Africa is described as one that has been in operation for less than 42 months (Department of Trade, Industry & Competition, 1996). The start-up phase occurs in the first three months and involves the identification of products and services to be sold, resource mobilisation and business infrastructure set-up (Maas & Herrington, 2006). The second phase starts when the enterprise is between three and 42 months old and trading in the market. All enterprises 42 months and older are regarded as established (Bvuma & Marnewick, 2020). In order to assess the growth performance of enterprises, it is important to understand the full profile of the various small business categories and the factors that determine success or failure at each growth phase.

In terms of the number of SMMEs and variety, most SMMEs in South Africa are concentrated on the very lowest survivalist end of the pyramid (Berry et al., 2002). It is rather interesting to note that, of the 2.25 million SMMEs, over 75% operate in the informal economy sector which means they are not registered with the tax and company registration authorities (Bureau for

Economic Research, 2016). Growth in new enterprises has been sluggish in the South African economy. For instance, between 2008 and 2015, the number of SMMEs grew by 3% from 2.18 million to 2.25 million, a figure significantly less than the 14% cumulative expansion in GDP over the same period (Bureau for Economic Research, 2016). In an economy dominated by small firms, the question is: what were the main drivers of the GDP growth and what stunted the growth of SMMEs and their ability to create jobs?

2.3.1 Drivers/motivations for entrepreneurship

It is important to understand the underlying factors that encourage citizens to venture into entrepreneurship and how the different factors impact the success or lack thereof of their small businesses. These factors also have a bearing on understanding the impacts made by business incubators to SMMEs in general and, in particular, those in tourism, since the entrepreneur is the driving force behind the progress of a start-up or an emerging enterprise. Mitchell (2002) maintains that the success of a small business is largely dependent on the initiative of the owner. Locke (2000) posits that human action is a result of both motivational and cognitive factors such as ability, intelligence and skills. This is what Shane, Locke and Collins (2003) refer to as the human agency to pursue opportunities. Similarly, entrepreneurs in business incubators play a key role in the success of their own businesses notwithstanding the contribution of incubation services.

The actions of entrepreneurs are, however, not solely responsible for the results of a business enterprise under incubation as external factors, such as the status of the economy, availability of venture capital, the actions of competing businesses and government regulations, play a role in determining success (Shane, Locke & Collins, 2003). This point is crucial in assessing the impact of business incubation on SMMEs since these external factors have the potential to throttle the gains of incubation interventions. Shane, Locke and Collins (2003) further argue that, with all external factors being held constant, the actions of the entrepreneur play a critical role in the entrepreneurial development process and progress. Even in the case of incubators, it is important to understand the profile of business owners whose enterprises are receiving support when examining the impact of incubation interventions.

In terms of the motivations of people embarking on entrepreneurship, Zimmerman (2013) cites Kuratko, Hornsby and Nafziger (1997), who emphasise the need to identify an entrepreneur's motivation behind every decision they take as an important factor in understanding the

entrepreneurial process. Both internal and external factors of the entrepreneur, such as the desire for independence or autonomy, family security, self-fulfilment, personal growth, financial gain and opportunity recognition, have been found to be central in driving people into entrepreneurship (Kalyani & Kumar, 2011). Other motivations for entrepreneurship include a personal need towards philanthropy, social recognition or status, a personal quest for challenge and the desire to test one's skills and experience (Dubini, 1998; Shane, 1991; Buttner & Moore, 1997). This is evident in the South American country of Venezuela, where the desire to become one's own boss and to increase income are important factors (Zimmerman, 2013).

Among South Africans, entrepreneurship is increasingly perceived as a good career choice with 43% of adults showing interest. This is partly due to growing media awareness of opportunities in the SMME sector (Bosma, Schott, Terjesen & Kew, 2015).

2.3.2 SMME stylised facts and growth trends in South Africa

There are a few recent critical reports that inform the facts discussed in this dissertation. The first one, the 2016 Bureau for Economic Research (BER) study which looked at the SMME sector in South Africa, was commissioned by the Small Enterprise Development Agency (SEDA). The study established some key indicators for the SMME sector in South Africa. It found, for instance, that South Africa had 2 251 821 SMMEs, 75% of which operated informally and the remainder formally (Bureau for Economic Research, 2016).

To the tourism sector's credit, the study further established that 43% of the SMMEs operate in the trade and accommodation industry which include the majority of travel services except those attached to transport services (Bureau for Economic Research, 2016). Most SMMEs operate in the province of Gauteng, followed by KwaZulu-Natal, Limpopo, Western Cape, Eastern Cape, Mpumalanga, North West, Northern Cape and the Free State provinces. It is estimated that 58% of the SMME owners are female and 42% male (FinScope & FinMark Trust, 2015). A United National Development Programme Report has further defined the gender-based ownership pattern, maintaining that women are more dominant in ownership of survivalist and informal businesses than their male counterparts (UNDP, 2014). In addition, female-owned businesses are said to rely more on informal sources of funding, more likely to be financially excluded, employ fewer people, and female owners are less educated than male owners (UNDP, 2014).

It is clear that savings are low and most banked South Africans and SMMEs do not favour

commercial credit but would rather borrow from family and friends. This reality was confirmed by the Inaugural South African SMME Access to Finance Report which states that there was a credit gap of between R86 and R346 billion in the South African formal SMME market in 2018 (Finfind, 2018). Other studies estimate that between 45% and 48% of all formal and informal small businesses are excluded from the financial markets in South Africa (National Credit Regulator, 2011). Small businesses, usually start-ups and emerging entities, fail to meet the traditional credit risk assessment requirements and, therefore, are left out of the formal credit market (Finfind, 2018).

Lastly, there are various trends happening within the SMME ecosystem. First, there is a growing correlation between firm turnover growth and skills acquisition (UNDP, 2014). Firms that are doing well are investing in the development of management and staff. The second trend is the interconnectedness and integration of markets which heightens competition outside the borders of the country (UNDP, 2014). The nature of tourism is such that SMMEs already operate within the global marketplace since they thrive on choices made by travellers who have freedom of the internet to select their most desired destination. Finally, there is chronic unemployment among skilled young people in South Africa that presents an opportunity for business to employ and run more effective operations (UNDP, 2014). This is on condition the economy performs better and regulatory burdens and business hindrances are removed.

2.3.3 Job creation potential of SMMEs

One of the underlying goals of the NDP is to transform the economic landscape of the country by focusing on the development of SMMEs to drive jobs. Literature maintains that SMMEs contribute more to employment share and economic growth than large firms and more so in low-income economies (Ardic et al., 2012). Similarly, Peterholf, Romeo and Calvey (2011) claim that nine out of ten businesses are SMMEs and provide 60% of overall employment, 50% value-added globally and 80% of jobs in the developed world. The European Investment Bank (2016) indicates that SMMEs are an important driver of economic growth, employment and innovation in Europe and represent over 90% of businesses and two thirds of the active working population.

In addition, Meyer (2014) cites the World Bank and maintains that jobs are the cornerstone of economic and social development. Santios (2018) agrees with this view by maintaining that small and young firms have the largest share of job creation compared with other sizes of firms,

which are credited for having high productivity growth. In line with high SMME job creation, a study in Europe has found that the highest net job creation rates are among very small firms whereas small to medium-sized firms do not perform any better than large firms (OECD, 2019).

In further dissecting the phenomenon of the job creation potential of SMMEs, De Kok and De Wit (2013) use the dynamic classification method which analyses job creation within different SMME sizes or classes in 27 European Union member states. The study found that smaller firms contribute more towards job creation than larger firms and that net job creation rates decrease as firms get bigger (De Kok & De Wit, 2013). In the same vein, Banerjee (2014) finds SMMEs are engines of economic growth but start-ups, not small firms, are the main contributors to profit growth across advanced economies. However, SMMEs do not contribute as much to capital formation as they only contribute about 25% (Falkena et al., 2001).

On the contrary, Page and Soderbom (2012) maintain that focusing on SMMEs may not be the most productive deployment of development resources, given their low wages and high failure rate. An OECD Report (2019) concurs with this view by maintaining that the customary estimation of net employment growth conceals the separate processes of job creation and destruction because plants of all sizes incur both job gains and job losses. It is argued that, given this circumstance, a better use of resources would be to promote the growth of firms of all sizes (Page & Soderbom, 2012). Additionally, other studies maintain that, although small businesses create a significant share of jobs in an economy, they are low-wage jobs with no security and benefits, such as pension, compared to larger firms (Judd & McNeil, 2008).

Furthermore, existing literature on SMME jobs and job creation neglects the question of firms' survival and the quality of jobs. Page and Soderbom (2012) assert that enterprise surveys of nine African countries and panel data from Ethiopia shows three key critical issues on the matter of SMME jobs. First is the fact that, if SMMEs survive, they grow faster than larger firms and create more jobs (Page & Soderbom, 2012). However, SMMEs have a higher failure rate than larger firms which then creates a balance between the two sectors' employment creation (Fatoki, 2014). Secondly, larger firms are less likely to fail and they provide better job security and wages than SMMEs (Page & Soderbom, 2012). It is, however, argued that if SMMEs do not create stable and quality jobs, the focus should not be on them but rather on the deployment of resources on reducing constraints to growth on small enterprises because they are the lifeblood of many economies (Kalidas, Magwentshu & Rajagopaul, 2020).

Another critical view is that the job creation of the SMME sector to economies cannot be sustained without the creation and sustenance of new businesses (Fatoki & Odeyemi, 2010). Herrington and Maas (2006) view new SMMEs as the solution for South Africa's triple challenges of rising unemployment, inequality and poverty. The challenge is that the creation rate of new SMMEs in South Africa is at its lowest point (Herrington & Maas, 2006). This is worsened by the fact that 70% of new SMMEs created in South Africa fail within the first two years of operation due to various factors but mainly the lack of access to funding (Fatoki & Odeyemi, 2010). The SMME sector is nevertheless a significant growth area for the economy of South Africa and can enable government to deal with the triple challenge of unemployment, poverty and rising inequality as mentioned above.

2.3.4 General challenges facing SMMEs

Despite the fact that the South African government has introduced a number of strategic instruments to aid the growth and development of SMMEs over the past 20 years, the sector remains beset with a number of challenges. A study by the Bureau for Economic Research (2016) maintains that SMMEs face poor access to finance and credit, poor access to trade markets, poor access to business-related information and poor tourism business exposure. Other challenges are inadequate business management skills, acute low financial literacy and management skills, a low customer service culture due to the lack of training and insufficient business exposure (Bureau for Economic Research, 2016).

2.4 The South African SMME public policy framework

2.4.1 Public institutional arrangement for enterprise support delivery

Chapter 3 of the Constitution of the Republic of South Africa sets out the principles of national, provincial and local spheres of government which are distinct, interdependent and interrelated (Constitution of the Republic of South Africa, 1996). This means that the national, provincial and local government spheres have distinct but often cooperative roles to play in coordinating their support to small businesses. The Constitution further implies the function of small business development as concurrent between the three spheres of government when it declares the need for assistance and coordination between the spheres (Constitution of the Republic of South Africa, 1996). The distinct role of national government is to provide guidelines or a framework for development support in line with the country's macroeconomic blueprints

(Constitution of the Republic of South Africa, 1996).

In South Africa, the Department of Small Business Development (DSBD) succeeded the long standing Department of Trade, Industry and Competition (the DTIC) in 2009 as the command centre and driver of small business development policy and programmes. Established in 2009, the DSBD's mandate is to drive policy and programme development to support small businesses (www.dsbd.gov.za). SEDA and SEFA are the two agencies supervised by the DSBD in their respective delivery of non-financial and microfinance to SMMEs across all sectors.

In terms of provincial and local government departments and municipalities, their local economic development role is restricted by their area of jurisdiction. According to the white paper, The Development and Promotion of Tourism in South Africa (1996) in line with the Constitution of the Republic of South Africa (1996), provincial and local government structures are responsible for developing policy and programmes that are both aligned to national frameworks and which consider local context, service delivery priorities, budget frameworks and capacity constraints. In this regard, provinces have departments focusing on economic development and development agencies and municipalities have local economic development units and feasible, district economic development agencies. These state organs are the delivery mechanism for localised economic development programmes (DEAT, 1996).

The institutional structure for economic development and small business support in South Africa is played by sector departments and units across the three spheres of government. Sector departments also carry out economic development and SMME support functions over and above their industry development role. This is reflected in the basket of SMME support programmes, incentives, agencies and funds available within the South African ecosystem. Most sector departments have large staff establishments and budget appropriations for small business support, dedicated funds to support SMMEs in their sector and others have well-developed incentive schemes to promote market access, skills development and trade. The tourism department has a similar responsibility and set-up given its critical objective of driving inclusive growth, ensuring broad-based benefits and transformation of the sector (Department of Tourism, 2016).

Post-apartheid South Africa has always appreciated the contribution of small business development to economic growth and expansion (Department of Small Business Development,

2017). In the past, however, the apartheid regime focused on supporting resource-based sectors dominated by state-owned enterprises which led to the creation of large commodity-based entities like ISCOR and SASOL (Department of Small Business Development, 2017). The SMME policy landscape in South Africa is given expression in macroeconomic policies, sector strategies, Acts of Parliament, special youth and women programmes, regulations, framework documents and consultative summits.

In the macroeconomic space, post-apartheid South Africa started with the Reconstruction and Development Programme (RDP) which guided economic development from 1994 to 2004 (White, 2014). The RDP set goals to reduce poverty and inequality through job and wealth creation and identified Small, Medium and Micro Enterprise development as one of the vehicles to achieve this goal (White, 2014). Clearly, the SMME development agenda is the original intent of the South African Government as it was part of the formative framework agenda (RDP) of the 1994 new political dispensation.

The second major macroeconomic policy that defined the economic road map for South Africa from 1996 was the Growth, Employment and Redistribution (GEAR) strategy. The policy highlighted the importance of small business development in the growth of the economy (White, 2014). According to White (2014), GEAR did not specifically mention small-scale enterprise development but its focus on employment and redistribution could only be realistically achieved through continued support of the development of SMMEs.

In furtherance of increased enterprise development, another defining macroeconomic framework is the Accelerated and Shared Growth Initiative (ASGISA) which was launched in 2005. The policy sought to achieve accelerated and shared economic growth and development in order to address poverty and inequality by increasing GDP growth to 4.5% by 2010 and 6% in 2014 (Hirsch, 2005). Critical to these targets was the aim to reduce unemployment by 50% by 2020 by addressing skills shortage, driving inward investment and addressing bottlenecks to growth in the second economy (White, 2014).

In addition, South Africa adopted the New Growth Path (NGP) in 2011 which placed major focus on enterprise development and sought to enhance the promotion of small business and entrepreneurship by reducing red tape (Presidency, 2011). This strategy put forward practical proposals to promote small business such as the establishment of the One-Stop Shop and a single finance agency for SMMEs. Consequently, the NDP provides a long-term economic and

social development plan for the country to escalate small business development into the forefront of economic development in the country. It focuses on the issues of unemployment, GDP growth and labour force participation on the vibrancy of the small business sector (National Planning Commission, 2012). Further development of public and private business incubators was among the practical proposals made for supporting small businesses (National Planning Commission, 2012).

The macroeconomic frameworks discussed above set about the development of actual strategies and plans to enable the state to realise its goals and objectives. A notable one is the white paper on National Strategy for the Development and Promotion of Small Business in South Africa which was adopted by Parliament in 1995 (Parliament, 1995). This white paper led to the passing of the National Small Business Act 102 of 1996 which paved the way for the development of institutions that support small business (Parliament, 1996). Two critical institutions enabled by the Act were the establishment of a micro-finance agency dedicated to funding SMMEs and the formation of the National Business Advisory Council to help guide the development of the sector across the country (Parliament, 1996).

Lastly, the country further legislated various Acts through Parliament, sector strategies and policies to further the development of youth and women entrepreneurship cooperatives, an informal economy which is largely run by SMMEs, procurement policies and municipal by-law reforms (White, 2014).

2.5 Conceptual framework of the study

A conceptual framework plays a significant role in research as it provides a theoretical overview and structure for organising and systematically arranging abstractions (Weave-hart (1988, p.11). Kuhn (1962) finds conceptual frameworks paradigmatic due to the fact that they are subject to perceptions and interpretation. Specifically, Miles and Huberman (1984, p.33) define conceptual frameworks as “the current version of the researchers’ map of the territory being investigated”. Rudestam and Newton (1992, p.7) maintain that, “scientific generalisations are based on particular data observed and tied to a conceptual framework which leads to elucidation of further research questions and implications for additional study”. It is against this background that, despite limited research on business incubation and its conceptual framework, more especially applicable to the tourism sector, this study was developed.

2.5.1 Business incubation theory

The illustration in Figure 1 represents the conceptual status of the business incubation phenomena under investigation and their relationship to each other (Punch, 2000, p.54). It represents the three key focal areas of the research question, namely, business incubation, SMME growth and tourism sector development. In the study of the influence of business incubation in developing new enterprises in Australia, Kemp (2013) describes a few theories that explain the incubator concept. Without any theoretical justification, Marques, Caraca and Diz (2003) confirm the OECD's (1997) view that there are four factors which ultimately explain the existence of business incubators. These factors are: economic development, commercialisation of technology, development of property assets and entrepreneurship development.

In addition, another theory of business incubation is the real options driven theory which is based on the principle of initial and subsequent investment decisions that enable the process of options creation and exercise (Kemp, 2013). The process is impacted by uncertainty, asset values, irreversibility, exercise costs and competition (Kemp, 2013). This theory is applicable to tourism business incubation as implemented in South Africa. One of the most important requirements for the location of tourism business incubators is that the destination should have a thriving and vibrant cluster of tourism enterprises thus the selection process for the right nodal focus involves a viability study and extensive stakeholder engagement as Zondo[2] explained. The entire selection of the focal node or destination is a trade-off, given the many vibrant clusters across the country. The location of incubators in rural tourism nodes is influenced by the sector's drive to grow an inclusive tourism economy as outlined in the National Tourism Sector Strategy (Department of Tourism, 2017). The Rural Tourism Strategy plays a critical role in determining rural tourism nodes which is where investment in destination development is directed (Department of Tourism, 2012). The second selection process involves beneficiaries of the incubator and is also in line with the objective of achieving inclusivity and the transformation of the tourism industry, an option chosen by the government of the day as per the real options theory of Hackett and Dilts (2004, p.47).

The second theory applicable to business incubation in tourism is the social capital or network theory which focuses on the role of networking and social interaction in incubators (Kemp,

[2] Ursula Zondo is the Manager for the Business Incubation Programme of the Department of Tourism, interview in May 2020.

2013). This is critical for SMMEs in tourism. A study on the needs of small business tourism by the Department of Tourism (2015) found that one of their biggest barriers to trade was the poor packaging and cooperative marketing of products and services which are largely similar and complementary in nature. The main goal of nodal incubators and the cluster approach to tourism business incubation is to promote the cooperative marketing of destinations across the country which seek leverage from the social capital and networking of the small businesses involved.

Thirdly, the interdependent co-production modelling theory holds the view that the relationship between the incubation management agent and the tenant/incubate SMMEs determines the success of the programme (Rice, 2002). More financial investment and detailed regular one-on-one feedback mechanisms between the agent and an eager tenant or incubate creates effective co-production which ensures the growth and achievement of objectives (Rice, 2002). By nature, tourism SMMEs are never located in the same place which demands the incubator to do site visits to each of the product's locations. Therefore, both the agent and incubate have to make an effort to engage in their business objectives on a regular basis for growth or success to be achieved.

The emergence of industry-specific incubators brings to light the relevance of the third theory of business incubation, the structural contingency theory. This theory proposes that the configuration and structure of the incubation organisation and the external environment should be fit for the target group or the type of businesses in order to achieve success (Ketchen, Thomas & Snow, 1993). As the second ever tourism incubator and the first of its kind in South Africa, the structure, governance framework and process of the Pilanesberg Tourism Business Incubation Programme had to embrace the nodal and inclusive development approach of the tourism sector strategy. This explains the location of co-working space hubs at rural nodes where the businesses are based and inclusive stakeholder participation in its governance structure.

A fourth theory is the Resource Based View (RBV) theory which argues that fledgling firms lack the necessary resource bases to maximise their chances of survival (Ratinho, 2011). These are valuable, rare and irreplaceable resources which determine the competitive edge of a firm (Barney, 1991). This is evident in the widespread literature on challenges facing SMMEs including those in tourism which include access to finance, information, markets and business management skills (Rogerson, 2005). It is these resource scarcities that business incubators

address to facilitate growth. This is partly the reason why business incubators are established and supported, especially by state organisations, because it enables the maximisation of resource utilisation. Instead of benefitting one, many businesses share resources in their process of development and growth.

In addition, the new venture creation theory to business incubation views incubation as a rational entrepreneurial process that awards legitimacy, opens access and heightens community support for entrepreneurs (Campbell, Kendrick & Samuelson, 1985). An in-depth description of the venture creation theory of business incubation is explained by Gartner (1985), who espouses that four variables explain the theory. The variables are, namely, the individual entrepreneur, the organisation or entity, the operating environment and the new venture process or actions taken to start a new venture (Gartner, 1985). Ahmad (2012) thus argues that no venture creation process can be comprehensively accounted for unless all four factors – individual, organisation, environment and new venture process – are investigated together with the effects of their interaction. The new venture creation theory is, however, criticised by Ahmad (2012) for lacking adequate tools to undertake sophisticated multi-dimensional analysis. He further posits that the existing real options, resource-based view, dyadic interaction, venture creation and the social network theories of business incubation are confined to general definitions and possible conceptual outcomes (Ahmad, 2012).

In his synthesis of the business incubation theoretical review, Ahmad (2012) finds that research in this area is not explanatory but descriptive in nature and lacks theoretical treatment of incubation as a social process. Alternatively, he proposes the mechanisms based theory which provides an intermediary level analysis which refers to a set of interacting parts or elements that produce an effect not inherent in any one of them (Ahmad, 2012). The mechanisms based theory explains the outcomes and social phenomena of business incubation and does not predict (Davis & Marquis, 2005). The nature and structure of business incubation in the tourism sector, as piloted through the Pilanesberg Business Incubation Programme, as depicted in Figure 1, closely reflects the variables of the venture creation theory and the social process orientation of the mechanisms-based theory.

2.5.2 SMME growth theory

There is ample literature that supports the assertion that SMMEs create more jobs than large businesses (Masutha & Rogerson, 2014; Lose, Tengeh, Maziriri & Madinga, 2016). Despite

the high failure rate of SMMEs at 75%, Olowale and Gorwe (2010) maintain that new SMMEs are a significant solution to South Africa's rising unemployment, poverty and inequality trilemma. The ability of SMMEs to solve the challenges, however, depends on their growth potential. O'Farrell and Hitchens (1988) assert that, in order to improve policy design for SMME support, it is critical to understand and explain why and how small firms grow, and that change over time is relevant.

The conceptual framework's override on the SMME growth theory posits that business or enterprise growth is defined and measured using absolute or relative changes in sales, assets, employment, productivity and profit margins (Olawale & Garwe, 2010). It is maintained that sales data is assessed as an indicator of business performance by entrepreneurs and can measure the size, growth and market competitiveness of a firm (Olawale & Garwe, 2010). On the other hand, Gibralt's Law holds that all changes in size are due to chance (Ahiawdzi & Adade, 2010). The deterministic approach to firm growth, however, maintains that differences in rates of growth across firms depend on a set of observable industry and firm-specific characteristics (Bechetti & Trovato, 2002). The characteristics include sales growth, growth in assets and new jobs creation.

Wickham (1998) identifies three business growth areas, namely, financial, strategic and structural. The financial aspect covers asset value, capital, turnover and profit whilst the strategic growth area includes sales/production volumes, cost of sales/production and the client base. Lastly, the strategic business growth area embraces factors such as the number of full-time employees and changes in business premises (Wickham, 1998).

Other theories on firm growth abound. O'Farrell and Hitchens (1988) refer to the so called "industrial economics' small firm growth approach". The theory maintains that SMMEs commence production at a scale below minimum efficient size for their specific industry. It further posits that a firm's subsequent expansion depends on whether growth is a strategic goal for the firm and on its ability to meet the varying demands of the market place (O'Farrell & Hitchens, 1988).

In addition, other theories of small firm growth argue that the rate at which SMMEs grow depends on financial and demand factors, in other words, capital is needed to expand operations and customers are required to grow sales (Downie, 1958). The impact of capital on expansion was tested by Rungani and Potgieter (2018) who applied hypothesis tests and multivariate

regression and correlation analysis. The assessment showed that the level of financial support offered to SMMEs by both public and private sector financiers is the main determinant of SMME growth (Rungani & Potgieter, 2018).

In addition, it was further established that a business enjoys competitive advantage only if it has full control of unique resources that cannot be substituted, such as funding (Rungani & Potgieter, 2018). Davis and Cobb's (2010:21) resource-based theory concurs with this view as it suggests that business resources and capabilities influence the growth and performance of a business. The resources referred to include financial assets, equipment, brand name, technological knowledge, marketing know-how and management skills (Davis & Cobb, 2010:21).

Furthermore, Ahiawodzi and Adade (2012) examine the effect of access to credit on the growth of SMMEs where firm growth was used as a dependent variable and access to credit, total current investment, age of the firm, start-up capital, education level of the entrepreneur and firm turnover as independent variables. Using an econometric method, the study concludes that access to credit has a significant positive effect on the growth of SMMEs.

Additionally, Liedholm and Mead (1999) view job creation as an important social goal and development objective which makes it a critical measure of growth and success, including within business incubation. South Africa's National Development Plan goal of halving unemployment by 2020 is consistent with the measure of increase in the number of workers and the creation of new jobs as a measure of growth and success. According to the USAID (2002), change in the number of workers is regarded as a standard measure of firm growth. However, the seasonal nature of jobs created by small businesses weakens its singular use as a measure of firm growth. This justifies the consideration of other factors, such as the general performance of the economy, as possible independent variables to explain the unemployment rate in South Africa.

Small businesses are, however, beset with challenges and threats to their survival. Olowale and Gorwe (2010) identify two main challenges to small business growth, namely, internal and external factors. Finance and management are regarded as internal factors whereas economic conditions, such as access to markets and enabling infrastructure, are considered external inhibitors of business growth (Olowale & Gorwe, 2010). Business incubation can effectively deal with internal growth factors but may struggle to address external or environmental

business events critical for the growth of SMMEs. As a result, this study evaluates the impact or effectiveness of business incubation services on small business growth in these areas of performance with more emphasis on job creation and firm turnover.

In line with this SMME growth theory, Figure 1 below shows that properly implemented business incubation instruments drive SMME growth which leads to increased sector development, economic growth and development, as well as social stability. The study focused on investigating the effects of business incubation on tourism SMMEs in the implementation of the PBIP.

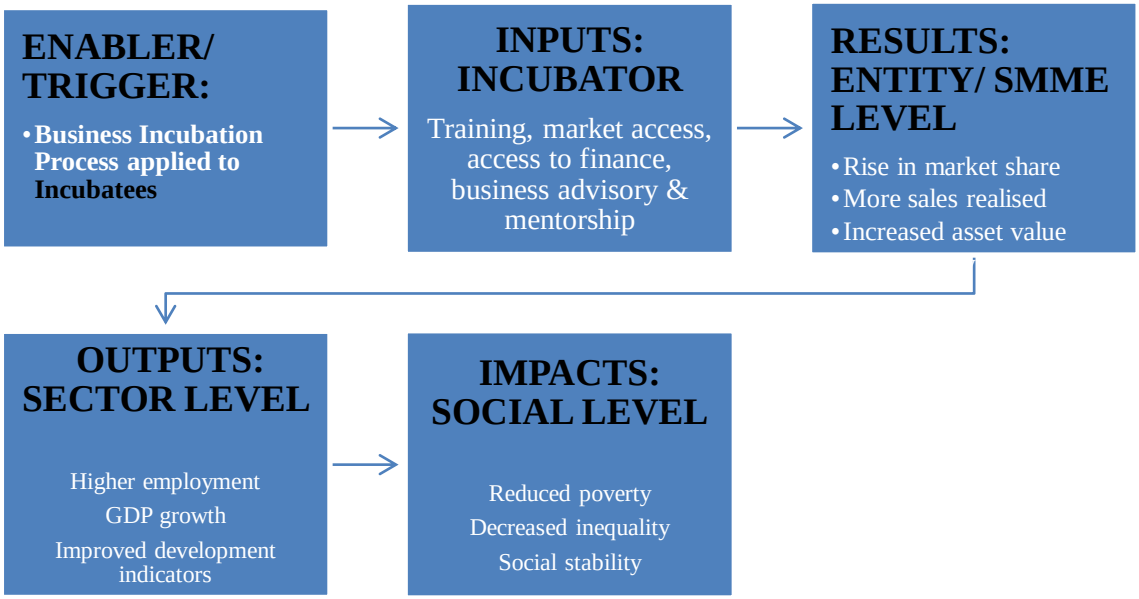

Figure 1: Conceptual Framework – Business Incubator

Source: Author's own conceptualisation from literature and interviews with programme management

2.5.3 The tourism multiplier effect concept

In tourism, the multiplier effect theory maintains that the industry does not only create jobs in the tertiary sector, but it also encourages growth in the primary and secondary sectors of the industry (Rusu, 2011). This neoclassical Keynesian economic growth theory further holds that "a change in public expenditure alters the product and the equilibrium income of the economy by an amount which is a multiple of the initial variation of its size" (Lagos, 2009). Although the study does not use the multiplier effect mathematical equation to prove the growth of SMMEs as a result of business incubation, descriptive statistics are provided and shed light on the multiplication of sales, assets, employment and profit margins or lack thereof. The tourism

multiplier effect can be output, income, employment, sales or transaction, government revenue or import based. This means that the multiplier effect could be based on the measure of additional production, commercial turnover and additional net public revenues, which indicates the size of additional income and the relationship between added tourism expenditure and new jobs that can influence the trade balance (Witt, Brooke & Buckley, 1991:15). The tourism sector is regarded as a growing economic driver in many economies due to the ability to multiply its impacts across the local economy and its low barriers to entry for SMMEs and job seekers (Kirsten & Rogerson, 2010).

In summary, multiple theories of business incubation, such as the resources based view, venture creation and the mechanisms based approach, relate to the PBIP structure and design. It has been found that most theories are more descriptive than explanatory and focus on indicators of SMME growth such as jobs, revenue, market share and asset value. A rise in these growth indicators represents an increase in the tourism multiplier effect and incubation success can be described through it, as well as overall economic impact.

2.6 Empirical review on measuring incubation impacts

Another important aspect of the literature is on the rationale for governments, the private sector and non-profit organisations' support for business incubation. Some authors have drawn the rationale from the way business incubators have been defined in literature. In Europe, for instance, the National Business Incubation Association (NBIA) views incubators as tools to facilitate the development of new technology from ideation, prototype development, market testing and commercialisation (Margues, Caraca & Diz, 2003).

Just as there is no consensus on the definition of the concept of business incubation, there is also none on the theoretical approach or underpinnings that explain the concept (Kemp, 2013). What has been established by research, which is critical in the discussion on incubation, is that start-up companies located in business incubators have a higher growth and survival rate than those that are not (Ferguson & Olofsson, 2004; Sherman, 1999; Lofsten, 2001; Lindelof, 2002). In a separate study on the relationship between a country's GDP growth and business incubation for Asia, America, Africa and Europe, it was found that the number of incubators in a country influences its GDP very strongly (Ogutu & Kihonge, 2013).

Using robust statistical data analysis methods, Lewis, Harper-Anderson and Molnar (2011)

conducted a study on the causal relationship between business incubation practices and incubate success with specific focus on post-graduate clients. The survey was based on responses from incubators that ran for five years and focused on start-up firms and offered business basics, networking, marketing assistance, finance literacy and access to capital to incubatees in the USA (Lewis, Harper-Anderson & Molnar, 2011). A total of 376 incubation managers responded with a 29% response rate. The following key findings were found: Firstly, success in business incubation cannot come out of a single policy, service or process since progress requires the synergy of multiple and critical building blocks. This requires an appreciation of the needs of each incubate based on sector, development phase and management skills of the entrepreneur to be considered in execution of incubation processes (Lewis, Harper- Anderson & Molnar, 2011).

Secondly, high performing and successful incubators have common qualities. The qualities include the regular collection of metric performance data on clients, public sector support, access to larger budgets, are not for profit, focusing on fostering job creation and entrepreneurship, sharing common incubation management processes and being managed by specialists in entrepreneurship (Lewis, Harper-Anderson & Molnar, 2011).

Lastly, Lewis, Harper-Anderson and Molnar's (2011) study found that business incubator success is closely tied to the outcomes of its clients and graduates. The study further maintains that the incubator's investment of funds, time, networks and trade exposure, training, technical assistance and professional business advisory services should yield a return on investment, hence the importance of measuring success. The study established empirical evidence to back the view that there is a correlation between incubator success and the best practices applied by the incubation manager (Lewis, Harper-Anderson & Molnar, 2011). The study used an econometric modelling system called IMPLAN to estimate economic impacts through the enterprise survival rate differential, public works evaluation and the baseline of equity percentages (Lewis, Harper-Anderson & Molnar, 2011). This highlights the critical role played by consulting firms and service providers often appointed by government departments and state-owned agencies to carry out the process of providing developmental support to beneficiaries or tenants of incubation programmes.

Alternatively, Voisey and Gornall (2006) contend, in their case study-based method of analysing the impact of a business incubator, that measurement of incubator success should be broader than a set of statistical outputs. They propose the measurement of both "hard and soft

outputs". Hard outputs refer to growth indicators of jobs and increases in revenue and the soft outputs to the more personal development of the entrepreneur (Voisey & Gormall, 2006). This study sought to come up with a model for the measurement of these broader business incubation impacts and acknowledges the fact that public-funded incubators are started as a strategy for regional economic regeneration, hence the need for broader impact assessment indicators (Voisey & Gormall, 2006).

In addition, a comparative analysis study among a database of businesses that graduated from a business incubator and those of businesses that had not been incubated was conducted by Amezcua (2010). The dataset was used to analyse whether incubated businesses outperformed their non-incubated counterparts in terms of survival, employment and sales growth (Amezcua, 2010). A total of 65 incubators and 1200 incubatees were reached through an email survey that yielded a 49% response rate. Data for SMMEs that were not incubated were randomly gathered and compared with those incubated through a national database of SMMEs (Amezcua, 2010). Results from the comparative study showed the following:

- the effect of incubation on the performance of incubated businesses is marginal in comparison to non-incubated ones meaning that the relationship between SMME survival, job creation, sales growth and new venture creation and incubation is minimal; and

- the survival rates of incubated SMMEs is marginally lower than that of non-incubated SMMEs, which thwarts the argument that incubation assists vulnerable start-ups to avoid failure (Amezcua, 2010).

The same study, however, shows that when new ventures are incubated and graduate, their overall employment growth increases by 3.5% and by 6.5% after graduation. In addition, growth in sales is said to rise by 2.15% during incubation and 5.1% after graduation (Amezcua, 2010). Similarly, Sehitoglu and Ozdemir (2013) use descriptive statistics and t-test research methods to test whether a Turkish technology business incubator model called TEKMERs helped SMMEs to overcome barriers to growth post-incubation. The study compared incubated and non-incubated firms and found that the former outperformed the latter both in employment and sales growth (Sehitoglu & Ozdemir, 2013).

In a study of Australian business incubation experiences, Abduh, D'Souza and Burley (2011) use quantitative and multivariate analysis to investigate the added value and effectiveness of

business incubation programmes in assisting the growth of incubatees. The study results show a high added-value contribution to firms in terms of the quality of service offering, entrepreneurial management skills and market awareness as perceived by the owners of incubated businesses (Abduh, D'Souza & Burley, 2011).

Furthermore, other studies have looked at the factors that stunt the growth of firms under incubation and the failure of incubators. Lose, Tengeh, Maziriri and Madinga (2016) used a survey among incubatees to generate quantitative feedback on the poor growth and failure of business incubators. They found that a poor selection of incubatees, a lack of SMME funding of credit facilities, stiff competition, crime, poor market access and inadequate business management skills of the entrepreneur are the main causes of failure. Results were established through a combination of structured and unstructured interviews with incubatees in the Western Cape, South Africa (Lose & Robertson, 2015). The study shows that the lack of sponsorship, production space and advanced technological facilities hinders the growth of SMMEs in tech-based incubators (Lose & Robertson, 2015). This case surely explains that the poor results of some business incubators are not simply the failure of the incubation process but arise out of the poor resourcing of incubation programmes.

2.7 Small Medium and Micro Enterprises and tourism development

Travel and tourism is one of the largest and fastest growing economic sectors globally (World Travel Council, 2018). The sector creates jobs, drives exports, and generated about 10.4% of global GDP in 2017 (World Travel & Tourism Council, 2018). Apart from creating a total of 313 million jobs, which accounts for one in every ten jobs globally, it is estimated that about 100 million additional jobs could be created in the sector in the next decade, provided the right regulatory and government support are in place (World Travel & Tourism Council, 2018). Spurred on by these exciting prospects and resilient growth trajectory, the industry continues to be prioritised and its programmes implemented by both established and emerging economies.

In sub-Saharan Africa, the South African economy is amongst the major beneficiaries of this global growth in travel and tourism. In 2018, over 10 million foreign arrivals and 44 million domestic trips were recorded, accounting for a combined sum of R93 billion or 3% of Gross Domestic Product (Statistics South Africa, 2018). A recent State of Tourism Report estimates that the tourism industry creates over 700 000 direct and indirect jobs, about 4.6% of total jobs

in the country (Statistics South Africa, 2018). This is surely one of the reasons the country's post-1994 national economic growth plans, such as the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the current National Development Plan (NDP), identified tourism as one of the priority sectors for economic growth and job creation (Presidency, 2010; Department of Trade, Industry & Competition, 2009; National Planning Commission, 2012). The NDP perceives the sector as a significant contributor to much-needed jobs and entrepreneurial opportunities (National Planning Commission, 2012).

The role of travel and tourism in job creation and economic growth is indisputable, but critical to the research question is the sector's role in the growth of Small, Medium and Micro Enterprises and entrepreneurship development in general. Four key performance areas of the 1996 white paper, The Development and Promotion of Tourism in South Africa, are cited as the tourism sector's catalytic and strategic advantages to the economy and small business development (DEAT, 1996). These four advantages are: the tourism industry's low barriers to entry for jobseekers and Small, Medium and Micro Enterprises (SMMEs), its ability to spur entrepreneurial opportunities, its use of a multiplicity of skills and its labour or job absorption nature (DEAT, 1996). The sector's low barriers to job and SMME entry and its labour absorption need for a multiplicity of skills' sets explains the over 700 000 total job numbers achieved by the industry in 2017 and justifies the estimated 100 million global jobs target for the next decade.

A further motivation for the choice of tourism sector SMMEs as a case study for this dissertation is the government's commitment to grow the small business industry as expressed in the National Tourism Sector Strategy and other sector strategies. The Department of Tourism has also invested efforts in SMME development through the SMME Programme Development Framework, the Long Term Enterprise Development Framework and a study focusing on understanding the support needs of tourism SMMEs (Department of Tourism, 2019a). The National Tourism Sector Strategy seeks to drive the increased contribution of tourism to GDP by supporting small enterprises into sustainable businesses through partnership development and by addressing access to finance (Department of Tourism, 2016).

Through the guidance of the Rural Tourism Strategy, government is able to focus on rural tourism nodes and fledgling rural enterprises with minimal support and access to resources and networks. The main aim of the strategy is to drive tourism development to less-visited areas of the country to ensure a geographic spread of visitors and economic benefits (Department of

Tourism, 2012). The survivalist small enterprises located in remote nodes, therefore, have inherently higher barriers due to limited resources, markets and networks. According to Tengeh and Choto (2015), business incubators that support small survivalist businesses face a peculiar set of challenges in terms of geography, skills base, access to funding, the quality of the entrepreneurs, stakeholder support, government involvement and the quality of mentorship.

Furthermore, supporting tourism SMMEs remains critical for economic growth and development because of the multiplier effect of tourism spend. The concept explains the ability or impact of the tourism rand to stimulate growth within the wider community where it is spent. According to Rusu (2011), the tourism multiplier is most effective when injections (the amount of foreign income spent and circulating in the local economy) are greater than leakage or foreign income spent domestically on foreign goods and services. Through the multiplier effect, a rand spent within a destination goes a long way in alleviating poverty and unemployment as it circulates within the local economy.

One of the main developmental challenges facing the travel and tourism industry in South Africa is that it remains non-inclusive. In other words, ownership of productive assets, management control and economic benefits are still enjoyed mainly by white male South Africans (Department of Tourism, 2019b). Despite the fact that black, Indian and coloured citizens comprise the majority of the population in the country, they remain on the periphery of tourism commerce and industry. It is for this reason that the amended Tourism Broad-Based Black Economic Empowerment (B-BBEE) Codes have identified three delivery areas for the sector to focus on, namely, ownership, management control and skills development (Department of Tourism, 2014). The objective of the tourism transformation programme, which is driven through the tourism B-BBEE charter, is to achieve inclusive economic growth. This objective places business incubators, as an instrument of transformation, at the centre of tourism's economic development agenda.

In addition, the amended Broad-Based Black Economic Empowerment (B-BBEE) legislation and Codes of Good Practice are geared towards empowering emerging black enterprises specifically on enterprise and supplier development as the core focus areas (Department of Tourism, 2014). This development highlights the increasing importance of small businesses in South Africa's tourism economy.

In 2015, the Department of Tourism further showed interest in supporting tourism SMMEs by

conducting a countrywide study to understand the support needed by tourism SMMEs. The study showed that SMMEs across the various tourism subsectors require support in gaining access to business information, market exposure, access to capital for operational and business expansion, access to information technology, mentorship and business management skills (Department of Tourism, 2015a).

In 2016, the Department of Tourism embarked on an extensive stakeholder engagement and literature review that culminated in the development of an SMME support framework. The SMME Programme Development Framework identified a harsh operating environment for tourism SMMEs, characterised by overregulation of businesses, prohibiting norms and compliance standards, lack of adequate and relevant support instruments, private sector reluctance to empower emerging enterprises, poor payment culture by travel agents and threats to the viability of existing businesses (Department of Tourism, 2016). To provide a solution to these challenges, the Framework proposed the establishment of a dedicated tourism development and support programme. The programme would be established within a line function and would focus on market access, rescue funding for struggling businesses, business tools, grant products, the development of tourism-centric funding guidelines, start-up support instruments and business incubators (Department of Tourism, 2016).

Tourism and related sectors' SMMEs are dominant in South Africa. A recent study by the Bureau for Economic Research indicates that South Africa has 2.25 million SMMEs with a split of 70% and 30% operating in the informal and formal economy respectively. The trade and accommodation sector in which tourism is accounted for, had nearly a million (944 467) SMMEs in 2015 with a split of 85% and 15% between informal and formal composition (Bureau for Economic Research, 2016). It is a global phenomenon that most businesses in the travel and tourism sector are Small, Medium and Micro Enterprises. According to the Australian Indigenous Business Sector Strategy, the SMME sector makes up 95% of all businesses and generates 68% of total tourism revenue in Australia (Australian Government, 2018). The Southern African Tourism Services Association (a foremost industry association for travel businesses) has indicated through its Board Chairperson on public platforms, that 80% of its members are SMMEs and that the statistic is representative of the structure of tourism in the country. The tourism industry, therefore, offers a good case to study the effect

of business incubation on their growth and development.[3]

The needs of SMMEs in the tourism sector are not different from those in other sectors. This was confirmed by a study conducted by the Department of Tourism in 2015 which involved discussion groups with key industry stakeholders, a survey whose results were based on a self-completed questionnaire by SMMEs across the country and a literature review. The main challenges centred on access to markets, inadequate financing, poor business-related information and a lack of industry networking opportunities (Department of Tourism, 2015b).

2.8 Tourism sector SMME support programmes

Since the establishment of the Department of Tourism in 2009, to date, more initiatives to support SMMEs and community-based enterprises have been implemented. The initiatives are all aimed at assisting SMMEs with local and international market access (Domestic and International Market Access Support Programme and Hidden Gems), development funding for infrastructure product development (Tourism Transformation Fund) and retrofitting of existing establishments with energy efficient electric equipment, water-saving devices and renewable energy sources (Green Tourism Fund). Other initiatives are the Working for Tourism Programme which helps communities with setting up community-based tourism establishments.[4]

In responding to some of these challenges, the Department of Environmental Affairs and Tourism intervened. For several years, leading to 2016 (when an Enterprise Development Programme was established and state-sponsored and run tourism business incubators began), the Department of Tourism had been investing in the growth and development of tourism SMMEs through its partnership with a private partner called Strategic Tourism Partners (STP) trading as Tourism Enterprise Partnership (TEP). The STP would develop a development programme, sign a service level agreement with the Department and then deliver services to SMMEs.

On 1 August 2015, the Tourism Enterprise Partnership (TEP) launched the first ever physical tourism enterprise incubator in Sandton's business district, Inanda Greens office complex in Wierda Valley, Johannesburg (Biz News, 2015). The centre featured fully kitted workstations,

[3] Mr David Frost, Board Chairperson of the Southern African Travel Services Association (SATSA) said this at the launch of the Soweto Tourism Association at the Soweto Hotel, Johannesburg in November 2018.
[4] Interview with Ursula Zondo, Manager; Business Incubation – Department of Tourism

offices for mentors and facilitators, and meeting rooms with the capacity to take 16 people and enrolled an initial intake of nine small tourism businesses (Siddo, 2015). The aim of the incubator was to support young and emerging enterprises to accelerate their growth, increase their chances of becoming sustainable and graduate them into the mainstream economy (Siddo, 2015). The performance of the incubator was monitored and evaluated through mechanisms that measured the impact of services on jobs created, as well as turnover growth generated by incubatees. This also included an aftercare programme which was to be put in place to monitor SMMEs after they have graduated out of the incubator (Biz News, 2015).

The TEP incubator operated during the week and offered a basket of targeted and focused business development services comprising advisory services, coaching, mentoring, skills development training, market access facilitation, and access to finance through TEP. The Small Enterprise Finance Agency (SEFA) and the Ikwezi Tourism Facility provided financing of up to R5 million per successful applicant (Siddo, 2015). The programme design and capacity allowed entrepreneurs to be enrolled for a period from six months to a full year, depending on the requirements of the enterprise being incubated (Biz News, 2015).

To date, the Department of Tourism has launched four regional focused business incubators in the following tourism hubs: Pilanesberg, Manyeleti, Mier and Phalaborwa. The incubators support a total of 200 small tourism businesses in accommodation, tour operations, guiding, events and attractions subsectors. Samora Nqweniso[5] highlighted during an interview that another tourism-related business incubation programme funded by Tourism KwaZulu-Natal (TKZN) and implemented with a private implementing agent is in operation in KwaZulu-Natal Province.

According to Aarti Panday,[6] in the technology incubation space, the Technology Innovation Agency (TIA) in partnership with the Innovation Hub have supported over 13 tech business ideas that are aligned to tourism. The ideas include mobile applications that can enhance visitor safety during travel, online platforms that increase access to information for unique destinations that are off the beaten track and activities for visitors and other internet-based visitor enhancing applications. Aarti further indicated that plans between the Department of Tourism and the TIA to launch a dedicated tourism technology business incubator are at an advanced stage. She

[5] Samora Nqweniso is the Transformation Manager at Tourism KwaZulu-Natal (A Provincial/State owned Entity) responsible for SMME development.
[6] Aarti Panday is the Business Development Manager at the state-owned Technology Innovation Agency (TIA) – A State Funded Development Finance Institution for tech entrepreneurial development.

stated that the partnership will enlist and support 20 new tech ideas to progress businesses, ranging from ideation, development, market testing and commercialisation phases involving other development and commercial funding institutions.

Since TEP's 2015 Sandton pilot incubator programme, there is now a total of four known tourism business incubation programmes in the country including the TEP, TKZN, Department of Tourism's geographic nodal incubators and the tech incubators under TIA and Innovation Hub as depicted in Figure 2.

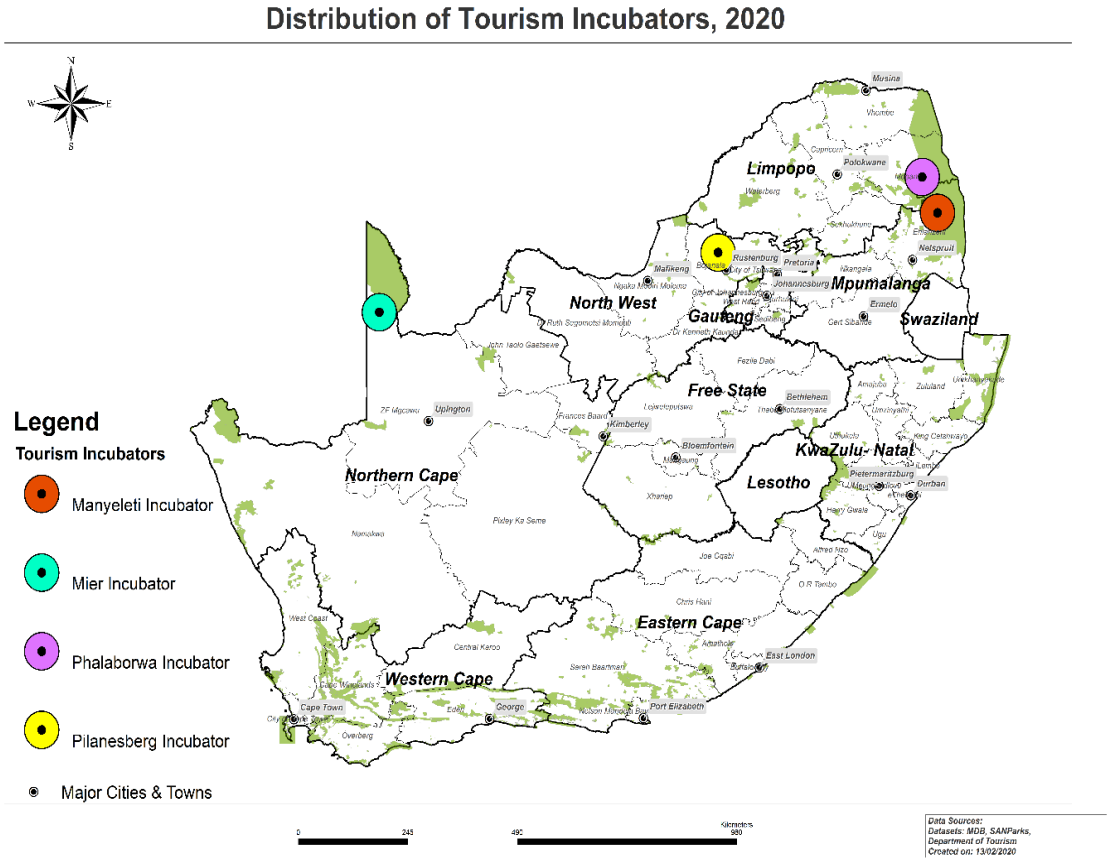

Figure 2: Geographic location of tourism-related business incubators

Source: Author commissioned map; Department of Tourism

Since the establishment of the Department of Tourism in 2009, to date, more initiatives to support SMMEs and community-based enterprises have been implemented. The initiatives are all aimed at assisting SMMEs with local and international market access (Domestic and International Market Access Support Programme and Hidden Gems), development funding for infrastructure product development (Tourism Transformation Fund), retrofitting of existing establishments with energy efficient electric equipment, water-saving devices and renewable energy sources (Green Tourism Fund) and the Working for Tourism programme which helps

communities with setting up community-based tourism establishments.

2.9 The case of the Pilanesberg Business Incubation Programme (PBIP)

2.9.1 Overview – Pilanesberg Business Incubation Programme

Autio and Kloftsen (1998) maintain that describing the configuration of a business incubator, its design, support systems, facilities, budget organisational structure, geographic location and institutional links helps in ascertaining its critical success factors. Figure 3 below illustrates the governance configuration of the Pilanesberg Business Incubation Programme. The business incubator dedicated to small tourism businesses was launched in October 2016 by the former Minister[7] of Tourism as an initiative to implement needs-based development of tourism SMMEs in the Bojanala District of the North West Province as shown in Figure 4 (Department of Tourism, 2016). The initiative meets all the main features identified in the business incubation discussed above except it was not a permanent organisation but existed through the operation of a private partner funded by the Department of Tourism. The incubator empowered 50 emerging enterprises in local tourism, facilitating access to networks, trade and finance to incubatees.

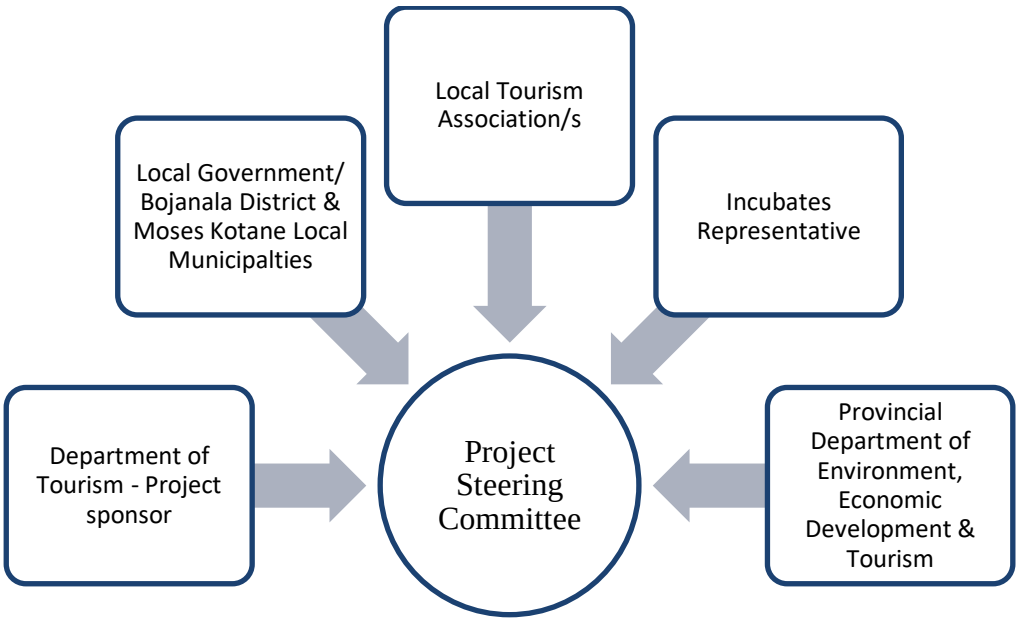

Figure 3: Governance structure of the PBIP

Source: Author's own conceptualisation from interviews with programme management

[7] Speech by former Minister of Tourism (Derek Hanekom) on 16 November 2016 at the launch of the Pilanesberg Business Incubation Programme.

The incubator had a governance system which brought together the sponsor, provincial and local government partners, Local Tourism Association (LTA) members and representatives of the incubatees. Quarterly Project Steering Committee (PSC) meetings were held regularly to ensure the flow of information and provision of solutions to operating challenges.

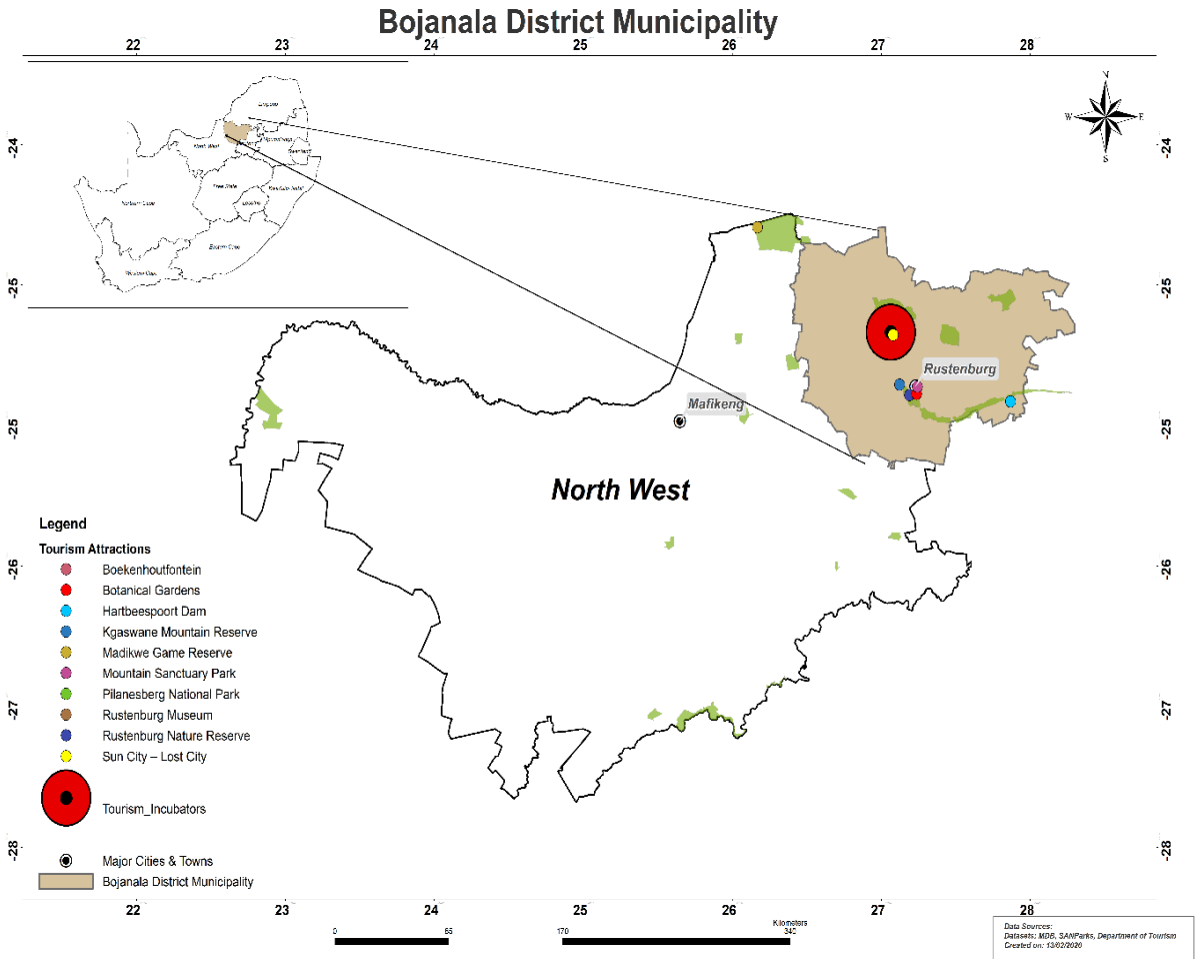

Figure 4: Tourism destination location of Pilanesberg Business Incubation Programme

Source: Author commissioned map from the Department of Tourism

2.9.2 PBIP Selection criteria and exit policy

The selection of beneficiaries for the Pilanesberg business incubation was based on the objective of reducing the failure rate of SMMEs. The selection, therefore, focused on enterprises that had at least two years' operational experience, belonged to a local tourism association, were owned by a South African resident and operated in the travel or hospitality sectors of tourism.

The ecosystem of a business incubator is a complex mixture of business development services,

facilities that are provided within a physical space through virtual links and also refers to all stakeholders that add value to the entire incubation process that include sponsors, agents, tenants, financiers and trade (Allahar, Brathwaite, Roberts & Hamid, 2016). Some of the success factors include tenant selection practices which are said to have a critical effect on firms' survival rates (Ratinho, 2011) as such business incubation requires appropriate selection criteria and exit policies to manage outcomes and stakeholder expectations. Small businesses under incubation are heterogeneous, in other words, they are at varying stages of the business cycle and thus require specific interventions in line with their own needs (Vohora, Wright & Lockett, 2004). Another critical aspect of business incubation is graduation and Rothaermel and Thursby (2005) firmly propose that timely graduation of tenants within a three-year period is critical.

2.9.3 Core offerings and achievement of the PBIP

The Pilanesberg Business Incubation Programme has a dedicated physical office fitted with information technology (IT) and online equipment, meeting rooms and access to business advisors (Maqwazima, 2019). The incubator offers various business support services ranging from training on various business topics, one-on-one mentorship and business coaching, advisory services, facilitation of business financial support from external funders, website and online technical development, access to networks and exposure to market dynamics and travel trends (EICT, 2019).

Business incubators offer infrastructure through the provision of co-working space, printing facilities, office space, meeting rooms, business support services such as training, mentorship, coaching and advisory services – the main mechanism through which business knowledge is transferred to tenants. Lastly, there is a network of contacts with trade markets, business to business opportunities and linkages to financial institutions (Ratinho, 2011).

2.9.4 Business incubation process at the PBIP

All the 50 incubatees in the Pilanesberg Business Incubation Programme underwent a similar entry and business incubation process as shown in Figure 5. The first process was a transparent and open selection advertised on the Department of Tourism website and with local media in the area where the incubator was based. The second step was one-on-one diagnostic needs assessments which informed the next process of development of a business growth plan

between the implementing agent and the incubate. Once growth plans were finalised, incubatees signed a cooperation agreement with the agent and the roll out of business development services started. The services targeted improving the business skills of the entrepreneur, increasing the competitive edge of the enterprise, preparing the enterprise to take advantage of market opportunities in its environment and financial readiness. The activities that were done to achieve these attributes included entrepreneur skills training, personal business mentorship and coaching, business advisory services, exposure outreach programmes, business financial tools and systems development, online platform development and business-to-business and trade networking (Emazweni Information & Communications Technology, 2019). During the implementation process, the Department of Tourism conducted project monitoring services to ensure that roll out was in line with agreed project milestones.[8] Lastly, incubatees would exit the programme once they were happy with their development or if they felt they had derived minimal value in the process.

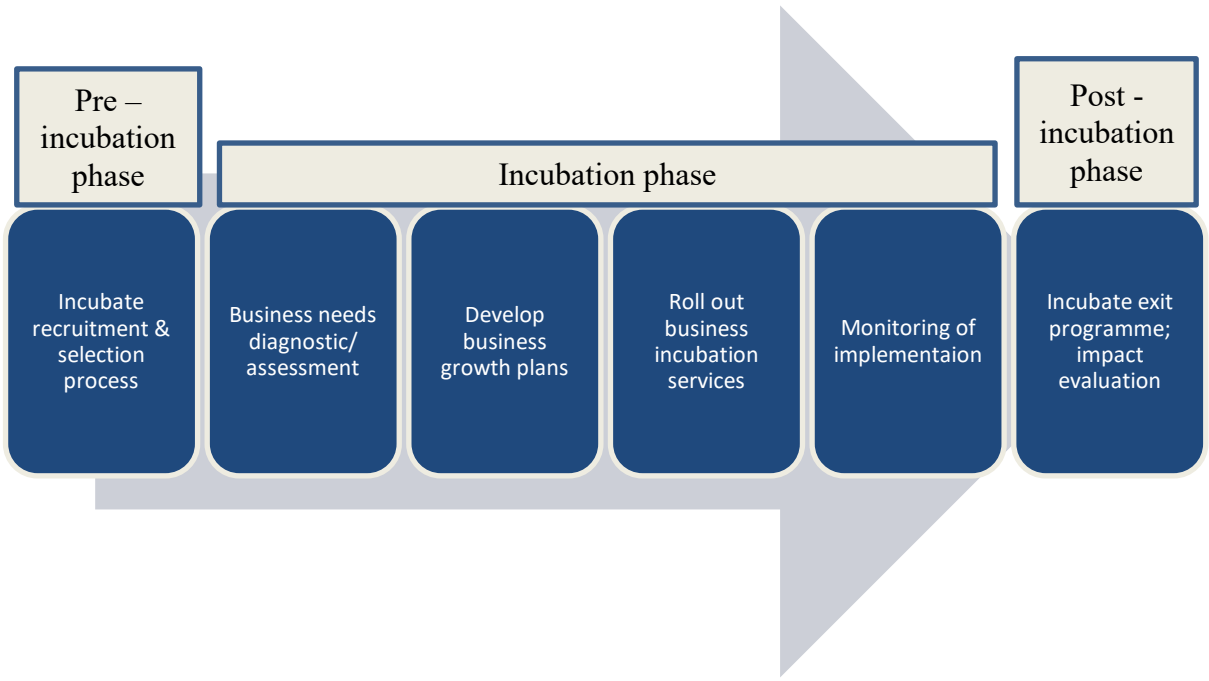

Figure 5: PBIP business incubation process map

Source: Author's own conceptualisation from interviews with programme management

2.9.5 Activities of Pilanesberg Business Incubation Programme

The incubator exit report provides key headline results based on ongoing monitoring, business performance data collection and interviews managed by the project management company. In

[8] Ursula Zondo is the Manager for the Business Incubation Programme of the Department of Tourism, interview in May 2020.

summary, the results show that, of the 50 businesses that started with the programme in 2016, only seven dropped out, mainly due to migration into other business forms, full-time employment of the entrepreneur, relocation of owners and unsustainable performance (Emazweni Information & Communications Technology, 2019). The report further shows that the businesses realised a 15% cumulative revenue increase, 41% new jobs were created, 99% staff retention, 10% increase in "bums on beds and seats" and half of the enterprises that started without financial management accounts had been assisted to develop them.

In addition, other results reported included an increase in the use of online marketing platforms, more especially social media and websites. In total, incubatees were exposed to 20 diverse business management training, empowerment and capacity building programmes that yielded 85 training days in three years. Training programmes ranged from website development, social media activations, occupational health and safety, financial management and international market readiness to digital marketing. What stood out was the 18-month financial management training and mentorship of 25 incubatees by the South African Institute of Chartered Accountants (SAICA) which addressed one of the key challenges facing SMMEs – financial readiness and illiteracy.

Among the key success stories that were shared orally during the survey interviews with Maqwazima[9] and Zondo[10] was that SMMEs moved from ideation to operations, increased occupancy rates due to incubator website presence and expanded their capacity in terms of rooms, vehicles and offerings. A cumulative 62 full-time and 132 temporary construction jobs were created, 15 businesses built websites, 43 new bedrooms were erected, five boardroom and meeting rooms were built and 18 tour vehicles were purchased by all incubatees. The impacts also inspired other businesses to offer new core hospitality services and supporting services. For instance, five swimming pools were built, investment into two health spas was made and another incubate saw an opportunity in offering laundry services for fellow operators.

2.10 Conclusion

This study sought to examine the ability of business incubators to facilitate the growth of tourism small businesses based on the case study of the Pilanesberg incubator. As a result, the

[9] Akhona Maqwazima, September 2020. Chief Executive, Emazweni Information and Communication Technology and Project head for the Pilanesberg Business Incubation Programme.
[10] Ursula Zondo is the Manager for the Business Incubation Programme of the Department of Tourism, interview in May 2020.

literature first focused on explaining the concept of small business growth, the theoretical basis of business incubation and to review previous studies in the areas of impact measurement for incubators. With regard to these issues, it has been strongly shown that SMME growth is influenced by a business's ability to perform on two key elements, internal and external factors. Internal factors refer to the role played by the incubate to grow their own business and external factors to general economic and sector performance, business confidence and other conditions in the local business environment.

Literature empirically demonstrates that incubated SMMEs realise on average 3.5% and 6.5% growth respectively during and post-incubation (Amezcua, 2010). Since the main question for this study was to determine if there was any growth realised in the Pilanesberg Business Incubation Programme, survey results need to highlight growth in job numbers, revenue growth and market exposure. Equally, the success of the incubator should also be measured against how much the programme has done to alleviate the challenges confronting small businesses as identified above. This requires a comparison of the profile of the SMMEs pre- and post-incubation.

Furthermore, the discussion on the conceptual framework and theories of business incubation highlighted the various motivations or rationales for incubation programmes. It has been shown that the central rationale for this business incubation was economic development, job creation and entrepreneurship. The tourism industry business incubation programmes as currently implemented are economic development tools aimed at supporting inclusive economic growth in economically depressed tourism destinations. This is achieved by providing support to clusters of small businesses in the tourism sector. Outcomes of the Pilanesberg incubator, as presented in the programme exit report,[11] are based only on the view of the implementer. The results of the survey provide information that either corroborates the claims or invalidates them.

Lastly, the review of the South African policy landscape shows the importance of SMMEs in driving economic growth and development. The integration of small business development functions in various sectors, resource allocation and the establishment of a dedicated Department for Small Business Development (DSBD). In terms of business incubation, the Department of Trade and Industry has developed a framework on the establishment of business incubators. SEDA has, to date, rolled out over 70 business incubators across the country in

[11] Exit Report for the Pilanesberg Business Incubation Programme is an unpublished Report on the roll out of the incubator authored by the Implementing Agency/ service provider.

multiple sectors which support hundreds of jobs and has plans to increase this number (Tshikwatamba, 2019).

Although business incubation for tourism has not been its focus, there is now momentum driven by the Department of Tourism and more incubation programmes are starting to emerge in the sector. The next chapter outlines the research design and methodology applied in the study in the quest to prove the impact of business incubation on SMME growth and economic development.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This dissertation investigated the effectiveness of business incubation in supporting the growth and development of tourism Small, Medium and Micro Enterprises. Specifically, the research focused on three objectives which were to examine the impact of the Pilanesberg Business Incubation Programme implementation on the growth and development of tourism Small, Medium and Micro Enterprises. The second study objective was to describe the profile of tourism SMMEs that are incubated under the Pilanesberg Business Incubation Programme. This chapter covers the research approach, design, sample frame, case selection rationale, data collection, analysis, validity, ethical considerations and the limitations of the study.

3.2 Research approach

Complex research questions require a mixed method approach to decipher phenomena using both quantitative and qualitative techniques (Newman, Ridenour, Newman & DeMarco, 2003). The study used a mixed method approach which combined both quantitative and qualitative techniques (Creswell, 2003). The reason for the choice of mix methods was because determining the impact of business incubation on SMMEs in a specific sector is not simple. It requires both scientifically sound baseline data on enterprise performance and factual accounts of perceptions of this impact by both beneficiaries and participating stakeholders (Johnson et al., 2007, p.123). The consideration of perceptions by involved enterprises and stakeholders underscores the use of Pilanesberg Business Incubator Programme (PBIP) case study analysis results to support the study.

3.2.1 Research design

Mixed method research relied on either of the three known techniques, namely, convergent parallel design, explanatory and exploratory sequential techniques. From the three mixed method research techniques, the convergent parallel design enables a researcher to integrate and produce a comprehensive analysis since it entails the simultaneous collection of both quantitative and qualitative data (Creswell, 2003). The research design used in this study, to a large extent, used the parallel design as it collected both qualitative and quantitative data through a single questionnaire, from data collected on the performance of enterprises, and interviews conducted with implementers, state officials and industry leaders involved in the

programme under investigation. Both the explanatory and exploratory sequential methods have also been used, more especially due to the fact that one available case study was used. The multiple methods and data sources have thus provided for deeper analysis through the comparing and contrasting of the main questionnaire-based findings.

3.2.2 Case study selection/justification

The Pilanesberg Business Incubation Programme was a state sponsored business development programme and it was chosen as a case study for the purposes of this dissertation. The case study research method was chosen for a number of reasons. Firstly, it is a robust method which enables exploration and understanding of complex issues in a holistic and in-depth manner (Zainal, 2007). Secondly, the case study is regarded as suitable because most state sponsored programmes are investigated thoroughly and was, therefore, deemed effective in ascertaining the efficiency of public funded programmes (Grässel & Schirmer, 2006).

In addition, the most critical rationale for use of the case study method in this study was that it goes beyond the quantitative and statistical results into contextual and behavioural conditions within which phenomena occur (Zainal, 2007). The business incubator in case is the first of its kind within the tourism industry in South Africa; it involves inputs from multiple stakeholders and operates differently from technology incubators. The use of the case study method was thus necessary to enable the researcher to delve into both the process and outcome of phenomena using observation, reconstruction and analysis of cases under investigation (Tellis, 1997). Yin (1984:23) further finds this method to be an empirical form of inquiry that investigates contemporary phenomenon in a real life context where multiple sources of evidence are used. This quality of the methodology augurs well with the multi-stakeholder nature of the project which requires engagement and often yields contrasting perspectives on the same programme.

On the contrary, it is noted that the single case method of inquiry is criticised for a number of reasons such as its inability to allow a researcher to reach scientific generalisations and conclusions due to the small number of participants (Yin, 1984:21). The case study method is also seen to have a biased influence on findings and conclusions and produces a massive amount of documentation that requires systematic organisation. However, Grässel and Schimmer (2006) maintain that results from a single case study can be triangulated with other methods to confirm the validity of the process and results. To counter the single case critique,

the dissertation also conducted analytical data based on the employment status and revenue generation for the businesses under incubation at the start of the programme until it closed.

3.2.3 Unit of analysis

The primary unit of analysis critical for a deeper understanding of the research question are the entrepreneurs and enterprises that were selected to participate in the business incubation programme for three years. Two ways were used to establish quantitative data on the bottom line of the enterprise. The first was revenue generation, employment numbers and staff turnover, market share movements and asset growth of enterprises. The second was more qualitative and involved understating the perceived value by entrepreneurs, role players, implementers and linked businesses through a local network.

The strategy for investigating the research question for the study identified three key informants critical for casting light on the research question. These were the incubatees or SMME beneficiaries of the programme, Department of Tourism officials with the responsibility to monitor the project and key officials of the company hired to implement and manage the daily operations of the incubator.

3.3 Population and sampling

The population for the research was defined within the total number of 50 incubatees under the PBIP, and 10 project implementation team, combined with a few tourism and incubation industry leads. A random sampling framework was used where questionnaires were sent to all identified potential respondents and appointments set up on confirmation of interest by the interviewees. In addition, data were collected across the three years of business incubation from all 50 incubatees by the implementer. In this case, all incubatees provided information on their revenue, market performance and job numbers on a quarterly basis.

3.31 Quantitative population - sampling, data collection and analysis

3.3.1.1 Sampling

The case study used two sources of data – the quarterly submission of enterprise data by the incubatees to the implementing agency and the answers of the completed questionnaires. The entire population available for these data sources were N = 50, reflecting the total number of incubatees under the Pilanesberg Business Incubation Programme. For the questionnaire

survey, simple random probability and cluster sampling methods were used to determine the sample frame. In filling out the questionnaire, each incubate had the same chance of being included in the sample, based on their willingness and availability for one-on-one sessions in which the interviews were carried out (Welman & Kruger, 2001). Cluster sampling draws pre-existing heterogeneous groups or clusters and all the members of the selected cluster form part of the sample frame (Welman & Kruger, 2001).

3.3.1.2 Data collection

Meetings were set up with all 50 incubatees of the Pilanesberg Business Incubation Programme but only 36 took place. This means that 36 questionnaires were administered which equated to a 72% response rate of the entire sample population. This is a representative frame of almost two thirds of the entire population and mirrors all the incubatees (Welman & Kruger (2001). The data collected focused on the enterprise and entrepreneur demographics and the specific area of performance improvement of the business arising from business incubation support.

The cluster random sample frame was used when quarterly enterprise performance data was collected from incubatees. The total list of incubatees was secured and, as part of performance measurement, all programme participants/incubatees were expected to submit data on the number of jobs created or lost, turnover and occupancy rates to the implementer. The data comprised three-year longitudinal data collection on estimate firm revenue, jobs, bookings and asset valuation. A 100% response rate was achieved in the collection of the data as it was managed through the local office of the programme implementer via permission from the Department of Tourism (Appendix D).

3.3.1.3 Data analysis

The survey questionnaire focused on gathering data on three core areas – the demographic information on the entrepreneurs, the state of the enterprise pre- and post-incubation and lastly the perceptions of the entrepreneur on the impact of the business incubation services offered. The data gathered were analysed through Excel where responses were mainly ranked and percentiles given in order to determine perceptions. For data on the demographics of the entrepreneurs, which mainly offered ranges on the questionnaire, the data were aggregated and averages produces via Excel. Information from the data was produced through graphs depicting the averages on each of the questions posed. The data were also analysed in the same way to provide information on the performance of particpating SMMEs before incubation which can

be compared to performance at closure of the incubation programme. These questions (attached in Appendix B) covered the demographics of the entrepreneurs and the enterpise under incubation, the level of development of various aspects of the enterprise pre- and post-incubation, access to business support pre-incubation and gauged the perceptions of the entrepreneurs on the impact of incubation on their enterprises.

Data were also collected on enterprise performance in terms of sales and job numbers from the 50 beneficiaries over the three-year period. The main aim of the analysis was to establish whether there was any significant difference on sales and the number of jobs for SMMEs as a measure of growth prior to the incubation programme and thereafter. The study first assessed the distribution of the two performance measurement metrics. The Shapiro-Wilk test (Hanusz et al., 2016) was computed as per the equation (1) below:

$$W_0 = \frac{(\sum_{i=1}^{n} a_i x_{(i)})^2}{\sum_{i=1}^{n}(x_i - u_0)^2} \qquad (1)$$

where $x_1 \leq x_2 \leq \cdots \leq x_n$ are the ordered values of a sample $x_1, x_2, \ldots, x_n$, a_i are tabulated coefficients, u_0 is the expected value of X, and W is the statistic used to test the null hypothesis that $x_1, x, \ldots, x$ follows a normal distribution, formally stated as $H_0: x \sim N(u_0, \sigma^2)$. The null hypothesis is rejected when $W_0 < W_0(\alpha, n)$, where $W_0(\alpha, n)$ is the critical value at α significance level. Post computing the Shapiro-Wilk test, which rejected the null hypothesis, the Wilcoxon signed-rank test was computed, and this is defined as per the equation (2) below.

$$W = \sum_{i=1}^{Nr} [sgn(x_{2,i} - x_{1,i}).R_i] \qquad (2)$$

where W is the test statistic, Nr is the sample size, excluding pairs where $x_1 = x_2$, sgn is the sign function, $x_1, x2$ are corresponding ranked pairs from two distributions and R_i is the rank i. Descriptive statistics were computed to enhance the interpretation of the Shapiro-Wilk test. Measures commonly used for both normally (mean and standard deviation) and non-normally (median and interquartile range) distributed data were computed (for comparative purposes). Since the non-parametric test (Shapiro-Wilk test) was used, the later set of descriptive statistics was harnessed in interpreting the overall results.

3.3.2 Qualitative population – sampling, data collection and analysis

3.3.2.1 Sampling

To gather data and perceptions on the qualitative aspects of the research question, a simple random sample method was used since some of the questions were built into the questionnaire given to 36 of the 50 incubatees. A cluster sample frame was again used to select interviewees, who were involved in the project from the Department of Tourism, implementing agencies and industry officials. Five individuals with a close understanding of the project were identified via their connection and interest to the project.

3.3.2.2 Data collection

The questionnaire also carried qualitative questions for incubatees and the answers were used to understand the perceptions of the beneficiaries' impact of the business incubator. Oral consent was entered into before the start of each engagement with the incubatees where the researcher filled out the questionnaires based on input from the incubatees. Secondly, unstructured interviews were held with key department officials responsible for managing the project. Similar interviews were held with a key official of the implementing service provider hired to manage the daily operations of the incubator by the department. The questions focused on incubation processes, daily operations, management of results and impact, challenges and experiences from the three-year pilot project.

The survey questionnaire and interview questions were first emailed and then administered personally on a one-on-one basis with the respondents. The questionnaire (Appendix B) was designed and randomly distributed to the 50 members of the Pilanesberg business incubator. Thirty-six (36) of the 50 enterprises in the Pilanesberg business incubation responded and a one-on-one completion of the survey was conducted at the business sites. Notes were taken by the researcher during both questionnaire and interview sessions and a synthesis of notes was completed soon after the engagements. The focus of the questionnaire was on understanding the profiles of the various businesses, their stage of development at the start of the incubator compared to where they were at the end of the incubation programme. In addition, the perceived role played by incubation interventions in business growth and development was probed. The one-on-one engagements also enabled the survey to gather qualitative feedback emanating from discussions with beneficiaries of the programme which showed the beneficiaries' perceptions of the impact of the programme.

3.3.2.3 Data analysis

The survey conducted with incubatees gathered qualitative responses on the perceptions of the beneficiaries about the business incubation services rendered by the programme management company. Responses from five interviewees also yielded information on the experiences of the interested stakeholders from the sponsor, project implementers and observers. Detailed notes were taken during the interviews and from the questionnaires administered personally by the researcher. Information was delineated according to themes, where similar perceptions on various topics were put together and contrasting views placed separately. The fact that questionnaires were administered first helped with insights for the interview sessions. Lastly, general themes were identified and ideas formulated and corroborated with findings coming out of the descriptive analysis.

3.4 Reliability and validity

The study essentially relied on the degree to which changes in the dependant variable (incubate or business) came about as a result of actions or inputs by the independent variable or the implementer (Welman & Kruger, 2001). This is the biggest test of the study aligned to the research question which seeks to investigate whether business incubation leads to the growth of tourism SMMEs. The challenge is that success in business depends on multiple factors. For instance, the desire of the entrepreneur, the operating or business environment and other factors outside the conditions created by the incubation programme (Ratinho, 2011). Despite the use of the single case study methodology, which is often criticised for lack of comparison and rigour, the triangulation of the outcome of these results with jobs and revenue data and the outcome of the qualitative interviews strengthened the internal and external validity of the study. The 72% response rate to the questionnaire of the total sample population was sufficient for the scientific generation of conclusions for the study (Welman & Kruger, 2001).

3.5 Ethical issues

Since the Pilanesberg Business Incubation Programme was a funded initiative of the Department of Tourism, approval for the collection and use of data gathered from the project was sought and granted by the Department's Knowledge Management Unit (Annexure D). A structured questionnaire survey (Annexure B) was conducted on a voluntary basis with the beneficiaries of the programme. Lastly, structured interviews (Annexure C) were conducted with a few programme managers and implementers after collection of questionnaire-based data

with entrepreneurs whose enterprises were incubated.

3.6 Limitations of the study

Business incubation for tourism SMMEs is new in South Africa and the world. There is, therefore, limited literature on the subject and very few case studies to compare and contrast the results against. At the time of finalising this dissertation, the PBIP was the only incubator for tourism SMMEs that had launched and completed its business development programme. There were, therefore, no comparative case studies in the market. This also applied to a shortage of experts with experience on the incubation of tourism small businesses. Another challenge, which arose with the participants or incubatees in the Pilanesberg Business Incubator Programme, was their fatigue from the many requests made to them for information. This resulted in some being reluctant to fill out and return the online questionnaires. It is for this reason that one-on-one sessions were conducted and answers to the questionnaires were recorded by the researcher during these interviews.

CHAPTER 4: FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

The results presented in this chapter comprise of feedback from three sources of data. The first source are the inferential statistics which summarise the business profiles of entrepreneurs and enterprises in terms of demographics and typology. The information was derived from a survey questionnaire conducted through one-on-one interviews with incubatees. Descriptive statistics that were analysed came from a random sample survey of 36 of the 50 incubatees of the Pilanesberg Business Incubator Programme are presented and discussed. The analysis that followed then focused on illustrating the revenue and jobs trends of the incubatees using the first year of the start of incubation services as the baseline and the final year as the trend line. Data on employment and revenue trends were collected monthly over the three-year period of the incubation programme and was representative of the 50 incubatees on the programme. Feedback from the qualitative survey questions which was collected from one-on-one interviews is presented and discussed. The analysis draws the main conclusions, compares and contrasts outcomes from the three research methods and aligns such to the research question and objectives.

4.2 Descriptive statistics

This section presents descriptive statistics which focus on providing an average profile of the entrepreneurs' demographics including information on the business owners' age and gender, type of business incorporation and comparative business processes, tools and performance pre- and post-incubation.

Age of business owners

Figure 6 below measures the age of the entrepreneurs. A total of 68% are between 35 and 64 years old, 27% are youths between 18 and 34 years old, and 5% are over 65 years of age. The majority of the participants were energetic, young to middle aged individuals with resolute commitment to the development activities in the programme. Most incubation programmes focus on youth-owned enterprises as the primary area of support as a way of energising local economies and bringing fresh ideas into the ecosystem.

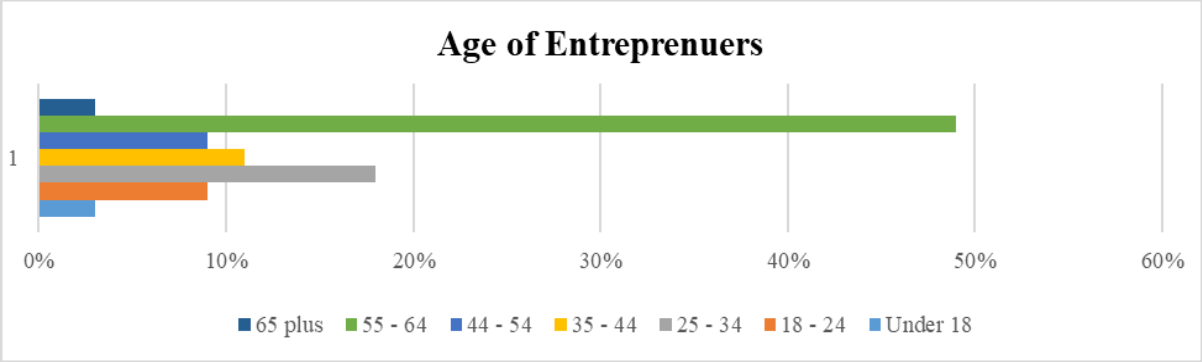

Figure 6: Age of entrepreneurs

Source: Author's own design from research data

Gender split of business owners

The incubator has more women beneficiaries at 62% than males at 38%. Gender is also a key development indicator for state entrepreneurial programmes such as the programme under investigation. It has also been shown in literature that women-owned enterprises have a higher success rate than male run businesses due to their higher entrepreneurial capital and desire to start businesses and to succeed (Buttner & Moore, 1997).

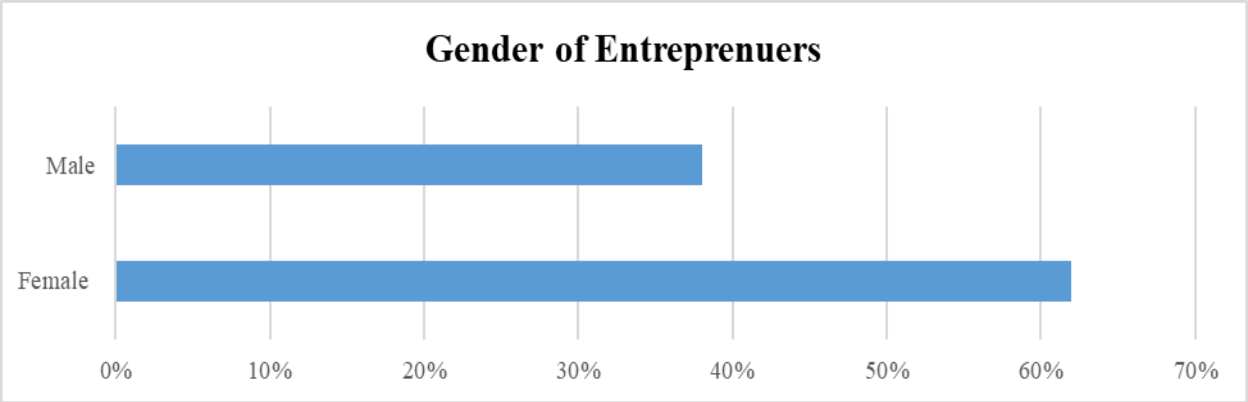

Figure 7: Gender of entrepreneurs

Source: Author's own design from research data

Business owners' level of education

The business owners in the Pilanesberg Business Incubator had post-matric and graduate education which is a good starting point for capacity-building and training programmes. Almost 78% of owners had graduate education and 8% post-graduate education while 14% had secondary-level education. Success factors in business is a complex phenomenon which

includes a number of factors including education and training which have social capital that influences access to resources, creates positive attitude and the desire to succeed (Henry, Hill & Leitch, 2005). These are some of the critical determinants of success in a programme such as this and needs to be understood in the analysis.

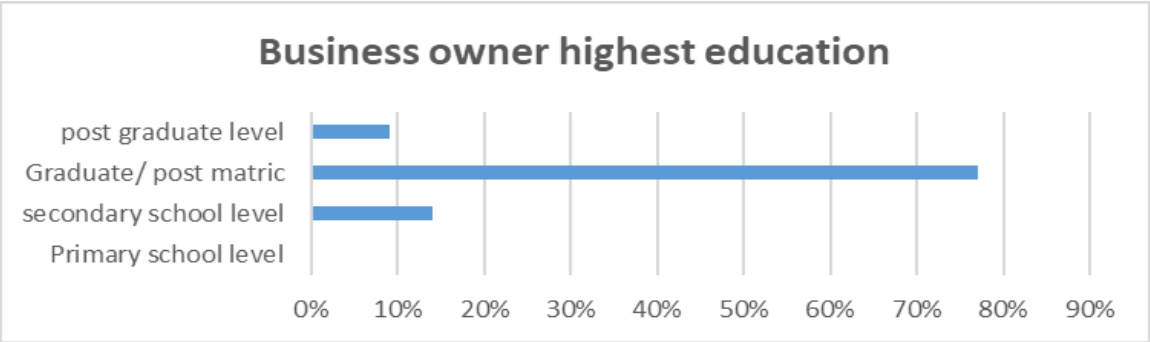

Figure 8: Business owners' highest education

Source: Author's own design from research data

Types of business operations

All the businesses under the Pilanesberg Business Incubation Programme are formal and are mainly incorporated as Pty Limited companies, followed by sole proprietors and close corporations (Figure 9 below). This provides a very good start for business development support because it is clear that the owners have a good level of awareness of business regulations and compliance, some of which they may have already met.

Figure 9: Type of business incorporation/registration

Source: Author's own design from research data

Year of incorporation and start of operations

Most of the businesses were operating informally before they became formal businesses or registered with the Companies, Intellectual and Property Corporation (CIPC), meaning they started informally and graduated to formal enterprises. About 46% of the businesses had been in operation for one to three years, 40% for three to five years, 20% for six to nine years and 14% for 10 years and more.

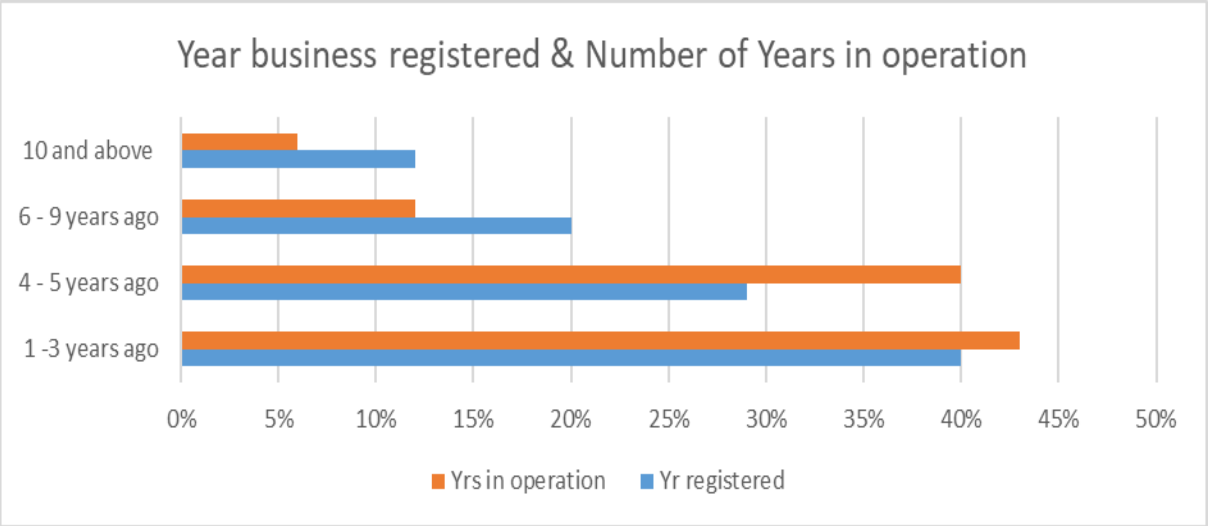

Figure 10: Entities' year of registration and start of operations

Source: Author's own design from research data

Management type of each enterprise

Over three quarters of all businesses are owner-managed, 20% by a family member and only 9% employ a manager. This clearly shows the size and personal touch of Small, Medium and Micro Enterprises, an attribute often associated with sole proprieties and close corporations. It also means human empowerment interventions like training and capacity building focus directly on the person who takes business decisions on a daily basis which is more effective than hired staff.

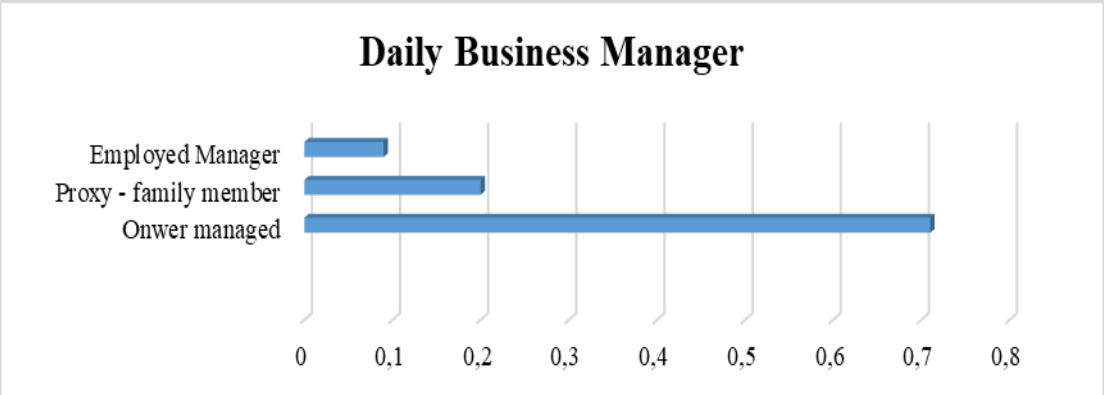

Figure 11: Daily Business Manager

Source: Author's own design from research data

Types of businesses incubated

The study showed the four types of enterprises which were dominant under incubation as being bed and breakfast services (34%), guesthouses (39%), tour operators and tour guides (28%). The beneficiaries also included arts and culture enterprises such as retailers in arts and crafts, cultural performers, sports and events, outdoor activities and events comprised about 25% with food and beverage facilities at 8% as depicted in Figure 12 below. This was especially challenging for the business incubator because one-size-fits-all solutions do not satisfy all businesses with different types of needs. The incubator thus sought a process that would take into consideration the needs of each type of business and the need for each group's business typology in order to address the constraints and unblock growth challenges.

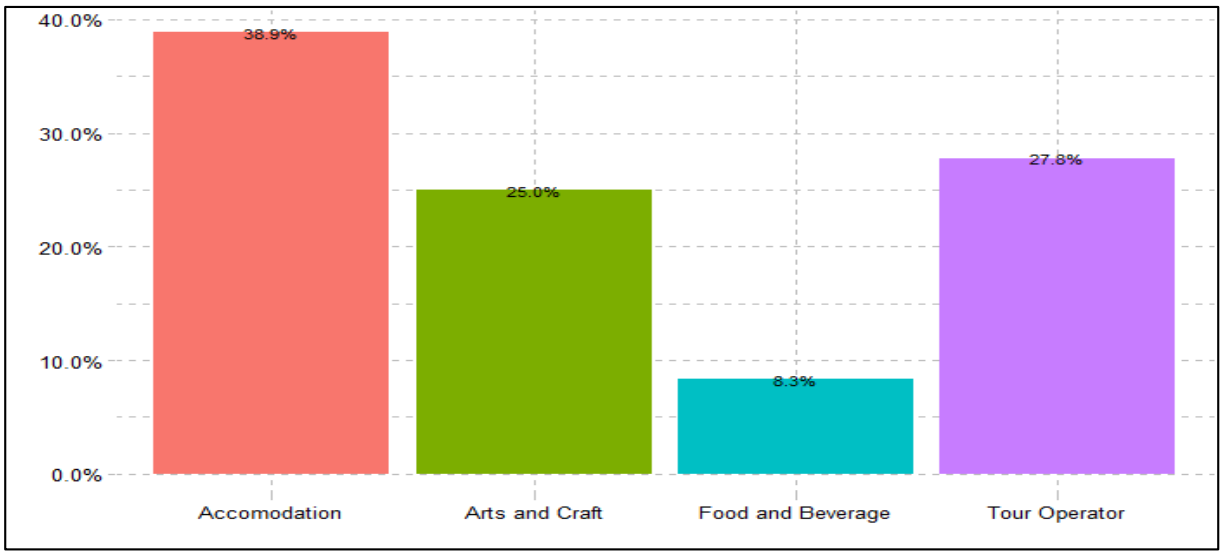

Figure 12: Business typologies amongst incubatees

Source: Author's own design from research data

Business risk cover taken by businesses

The businesses are aware and use various types of business-related insurance cover. Building insurance, public liability, unemployment insurance, vehicle insurance and public drivers' permits are among the highest types of cover taken out, due to the fact that the businesses are mainly for accommodation and tour operations. Fewer businesses had occupational health cover and liquor licences due to awareness and the lack of liquor services on their facilities.

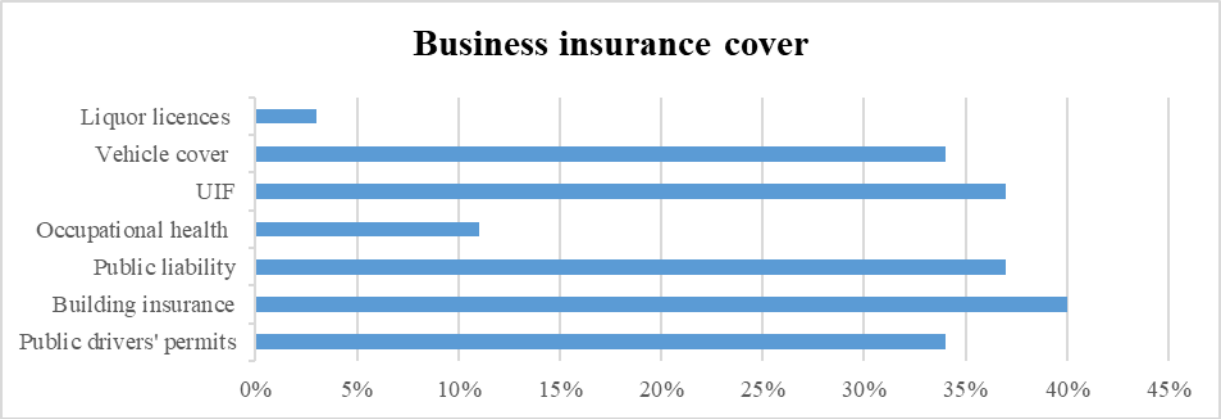

Figure 13: Business insurance cover

Source: Author's own design from research data

Business tools use pre- and post-incubation

The survey also asked questions on access to business tools pre- and post-incubation. Figure 14 below shows the contrast between the SMMEs' state of business tools pre- and post-incubation. There was generally a 30% to 40% increase in access to online platforms, websites, star grading, domestic trade shows and access to relevant business information. There was also a marginal increase in SMMEs' access to commercial and development finance loans. There were no business closures or filings for bankruptcy among the firms surveyed.

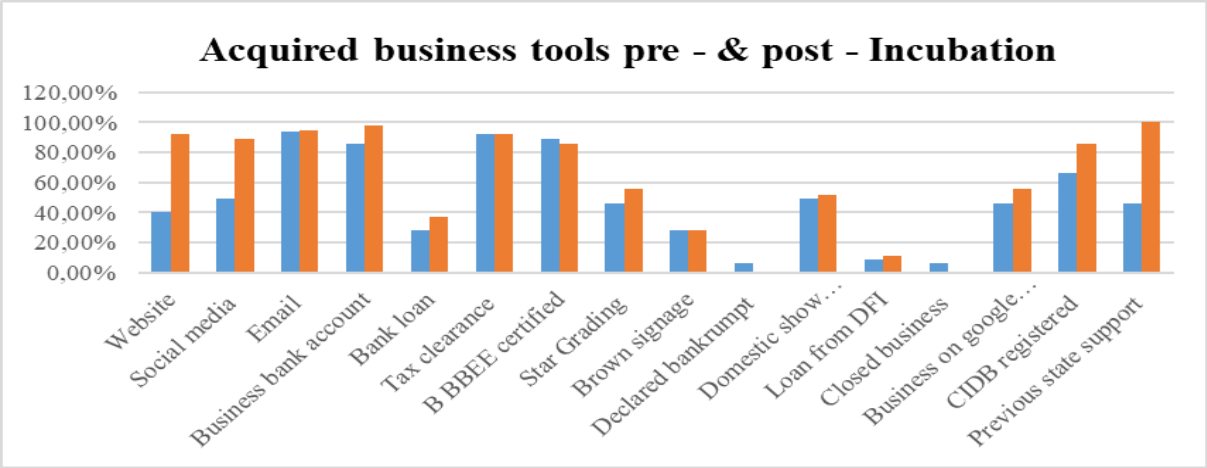

Figure 14: Business tools used pre- and post-incubation

Source: Author's own design from research data

Marketing tools utilisation pre- & post-incubation

Figure 15 below shows pre- and post-incubation exposure to marketing platforms by the SMMEs. Social media, websites and trade show promotions were used less in the beginning

and have grown significantly, whilst use of promotional brochures/pamphlets remained almost constant.

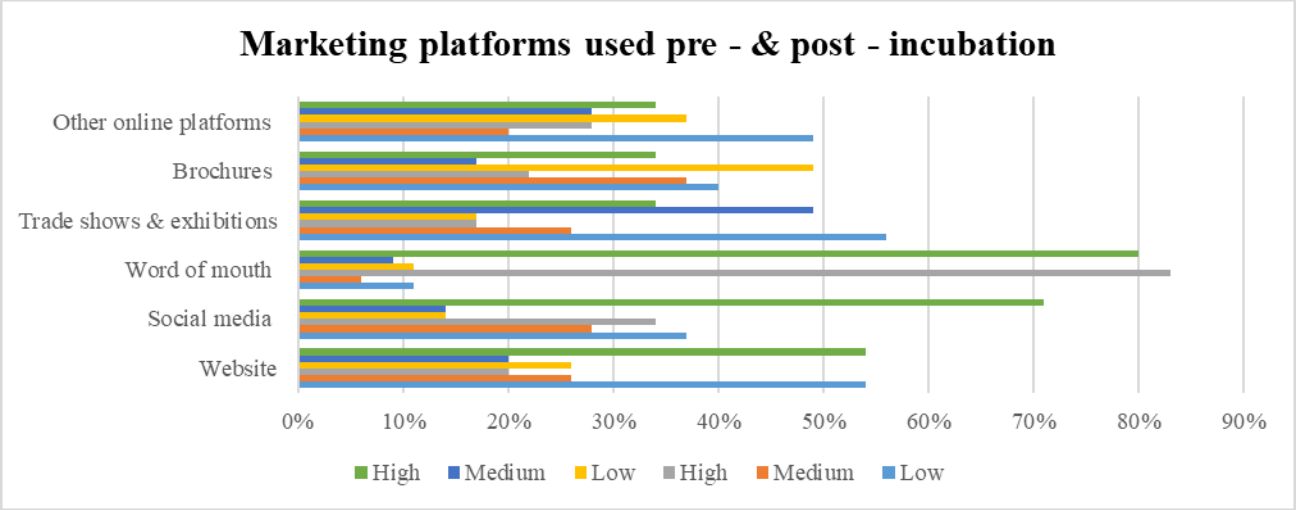

Figure 15: Marketing platforms pre- and post-incubation

Source: Author's own design from research data

Business access to accounting services

With regard to the amount of use of business financial services, only 13% of SMMEs use tax advisors, 14% use bookkeepers, 22% compile an income statement and balance sheet and 29% maintain an income statement. Poor use of tax advisors and bookkeepers might explain high levels of financial illiteracy or unaffordability to access these services.

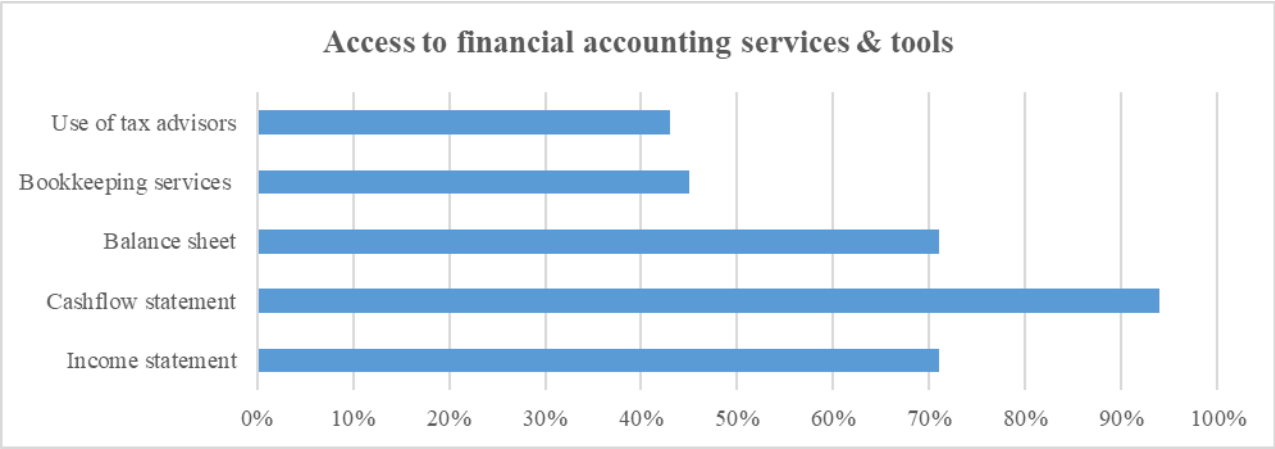

Figure 16: Access to accounting services and tools

Source: Author's own design from research data

Pre- and post-incubation occupancy/booking rates

The occupancy rate at accommodation establishments and for tour operators refers to the

volume of bookings and tours confirmed by travellers. At the start of incubation, bookings were averaging between zero to 49% and by the end of the incubation period, occupancies were at 60% and above as illustrated in Figure 17 below. For the first time post-incubation, most businesses hit the 70% mark in occupancy levels.

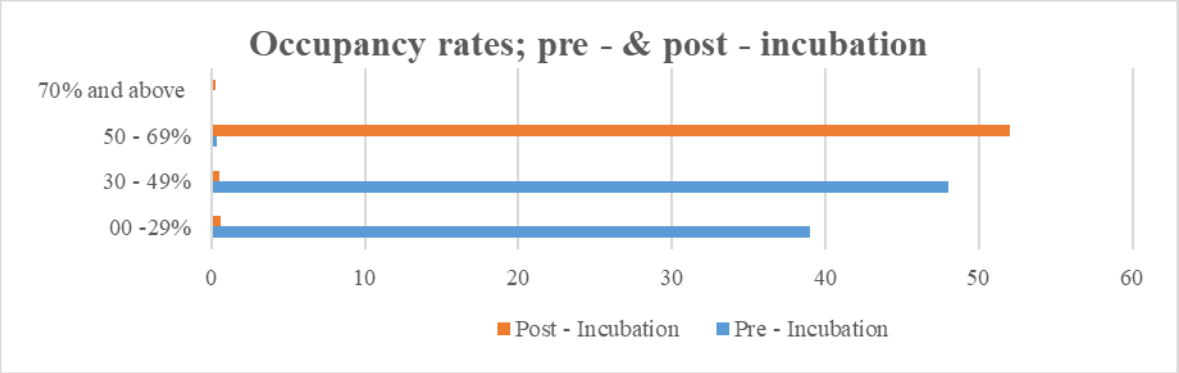

Figure 17: Occupancy rates pre- and post-incubation

Source: Author's own design from research data

Access to financial support and incentives

Access to finance is critical in the sustainability of SMMEs. However, incubatees still struggled to get support from the Small Enterprise Finance Agency (SEFA), the Industrial Development Corporation (IDC) and from some of the incentives run by the Department of Tourism such as the Tourism Transformation Fund (TTF) and the Green Tourism Incentive Programme (GTIP). Figure 18 below shows that incubatees were able to access some support from both the grading incentive and non-financial support from the Small Enterprise Development Agency (SEDA), as well as market access support from the Hidden Gems and the Africa Travel Indaba and Meetings Africa trade shows, and from the International Trade Market Access Support (ITMAS) programme. Support from commercial banks and the National Empowerment Fund (NEF) was very limited.

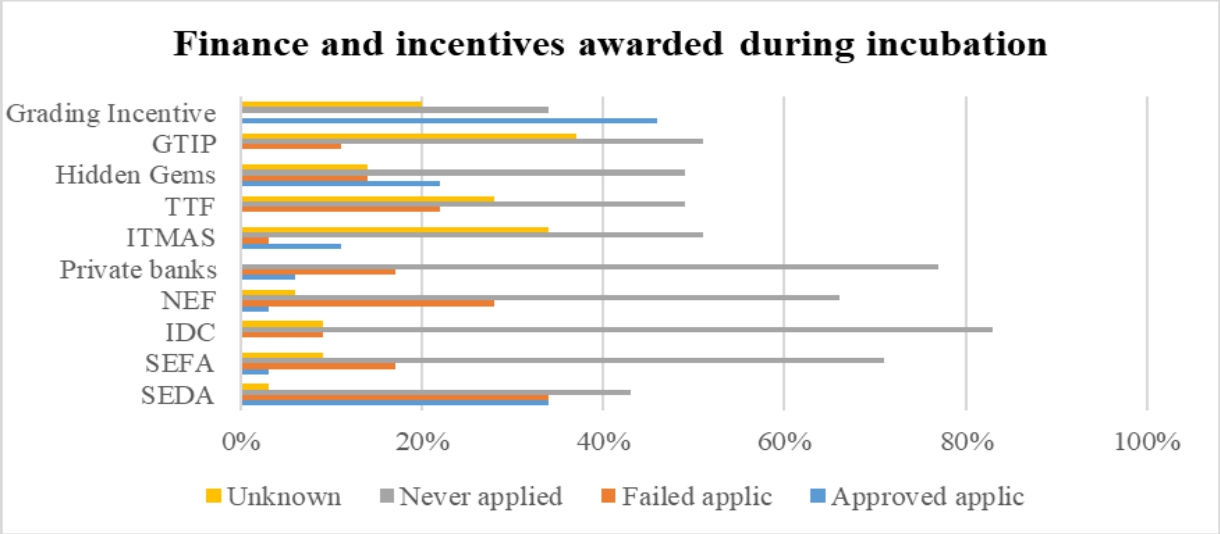

Figure 18: Access to financial and incentive support

Source: Author's own design from research data

Capital investment in the past three years

Figure 19 below shows that incubatees were investing in the expansion of their own businesses. Over 70% of enterprises reinvested in their businesses in rand values between R1.00 to over R1 million. This is another indication of positive confidence and sound financial growth amongst SMMEs despite the stagnant national economic growth of less than 1.5% (National Treasury, 2019).

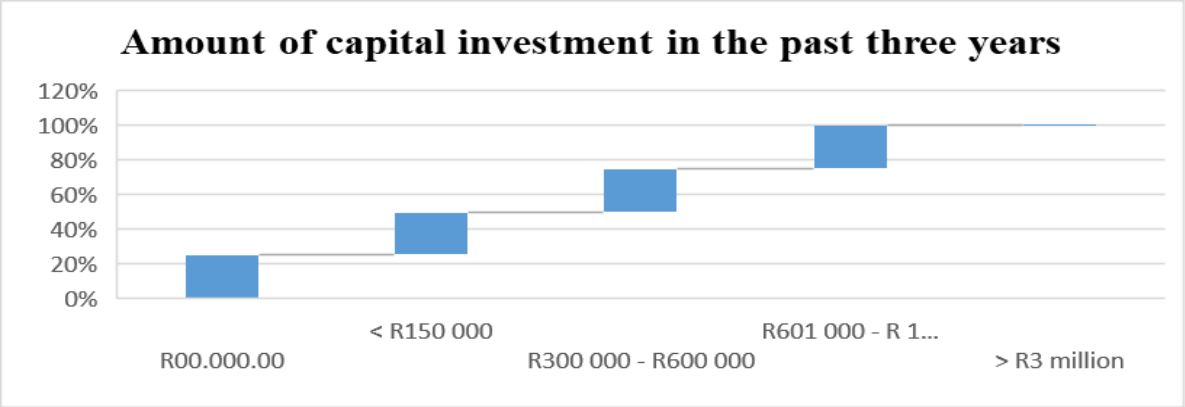

Figure 19: Amount invested in business expansion

Source: Author's own design from research data

Pre- and post-incubation revenue averages

Incubatees were asked to indicate what their annual turnover was pre- and post-incubation. Results show that 71% of the SMMEs were making less than R500 000, 20% over R500 000 and 9% over R1 million per annum at the start of the incubator. At end of the incubator period,

figures show a 43% increase in revenue above the R500 000 to R3 million range as shown in Figure 20 below. This could be attributed to increased marketing exposure, networking and participation in trade shows and exhibitions by most of the beneficiaries.

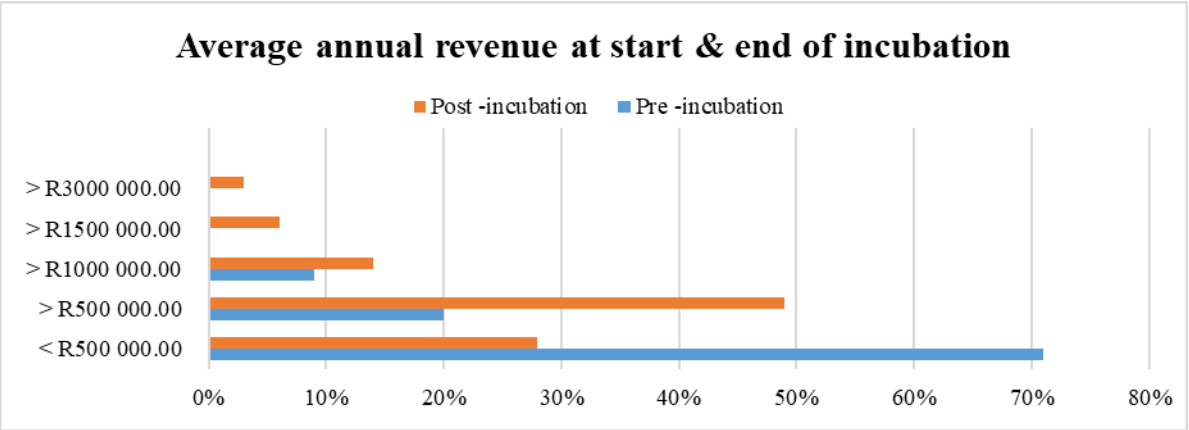

Figure 20: Average revenue pre- and post-incubation

Source: Author's own design from research data

Rating of programme performance by the incubatees

The incubates largely felt that the business incubator played a minimal role in assisting them to access funding and capital for business operations and expansion and in business plan development. The incubation services that were rated highly effective were the business advisory and personal development programmes driven mainly by training and development and market access through the Hidden Gems programme and other local platforms. This agrees with the question regarding incentives and the most accessible financial assistance programmes available to the incubatees. The Hidden Gems programme was highly rated. Figure 21 below shows the details of the findings.

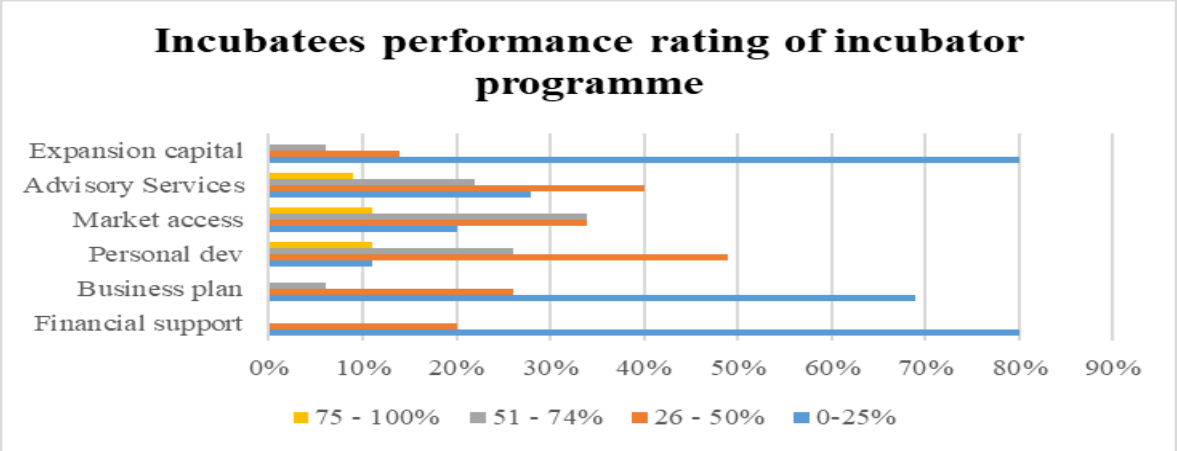

Figure 21: Incubatees performance rating of incubator programme

Source: Author's own design from research data

Rating of incubator's programme project coordinator by the incubatees

The general rating of the incubation management company shows that the incubatees felt that the project manager performed fairly well in implementing business growth interventions as shown in Figure 22 below.

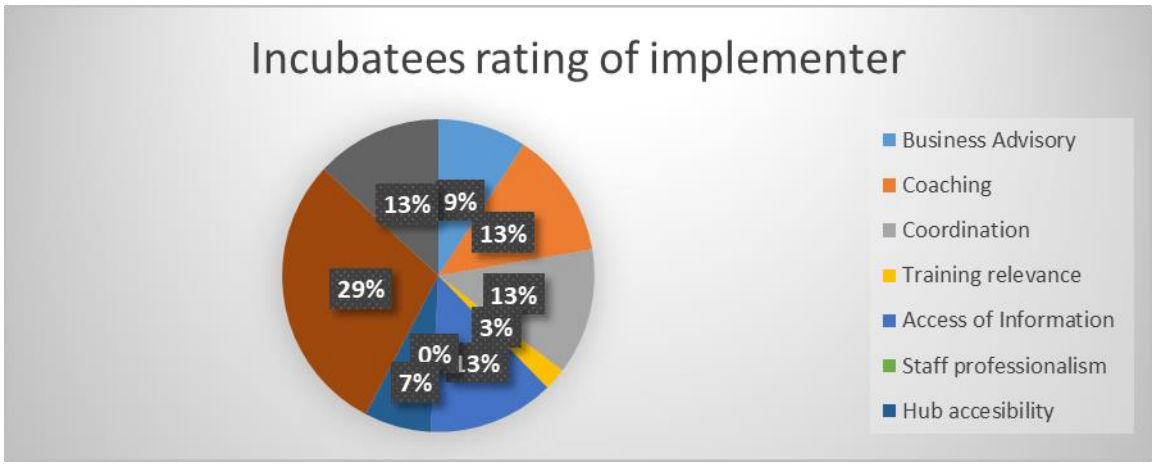

Figure 22: Rating of implementer by incubatees

Source: Author's own design from research data

4.3 Inferential statistics

Revenue trend analysis- SMMEs' performance between 2017 (before) and 2019 (after)

In terms of the impact of the incubation programme on the incubatees' performance over three years (2017–2019), data on revenue and employment collected from the incubatees over the period was analysed. Firstly, the study established whether the participants' sales and number of jobs were normally distributed or not. As such, the histograms were constructed to show the distribution of the incubates' sales and number of jobs before and after the incubation period as per Figure 23 below.

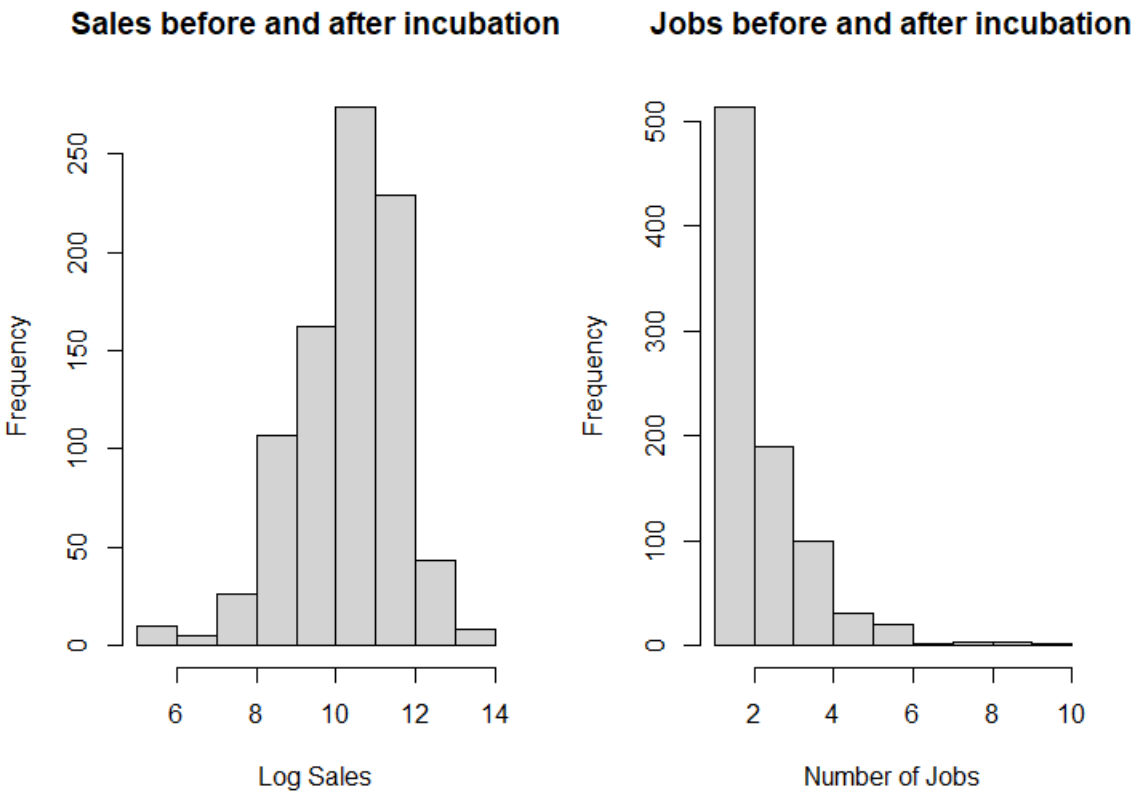

Figure 23: Sales and jobs bell curve distribution

Source: Author's own design from research data

The histograms above show that the distributions of the two main metrics of interest (sales and jobs) are not normally distributed. Sales, which were log transformed, first indicated a left-skewed distribution, whilst the number of jobs showed a right-skewed distribution. However, the histograms tend to provide an informal basis for conclusion on the distribution of the data. As such, the Shapiro-Wilk test was computed to formally establish whether the incubates' sales and number of jobs are normally distributed or not. Table 1 below shows that both metrics are not normally distributed at 5% level of significance.

Table 1: Significance of level of distribution

Sales	W = 0.61774, p-value < 2.2e-16
Jobs	W = 0.83969, p-value < 2.2e-16

Source: Author's own design from research data

The result, therefore, indicates that non-parametric techniques are more ideal to conduct further assessments to establish if there is any difference on the performance of incubatees before and

after the incubation programme. In this light the Wilcoxon signed-rank test, which relaxes the normality assumption was harnessed.

The SMMEs' performance comparison before and after the incubation programme

Table 2 below shows the overall comparison of the incubatees' sales and number of jobs performance before and after the incubation programme. The descriptive statistics were computed first followed by the Wilcoxon signed-rank test to establish if there was indeed a significant difference between pre- and post-incubation performance of incubated SMMEs. Since the non-parametric test was used, the descriptive statistics included the median and the interquartile range computations which are usually utilised for non-normally distributed data. The traditional mean and standard deviation metrics were computed for comparative purposes as well.

Table 2: General comparison of sales and jobs of SMMEs pre- and post-incubation

Sales	Year	Count	Mean	S.D	Med	IQR
	2017	432	10.3	1.44	10.5	1.62
	2019	432	10.3	1.24	10.5	1.61
	V = 44426, p-value = 0.6207					
Jobs	Year	Count	Mean	S.D	Med	IQR
	2017	432	2.66	1.65	10.5	3
	2019	432	2.28	1.03	10.3	1
	W = 101116, p-value = 0.02333					

Source: Author's own design from research data

The results as per Table 3 below show that there was no significant difference between the pre- and post-incubation performance in terms of SMMEs' sales performance. The SMMEs median values before and after going through the incubation programme. However, the picture differs when the number of jobs is considered, showing that at a 5% level of significance, there was a decline in the number of jobs created by SMMEs post the incubation programme.

Comparison of SMMEs' performance by sector pre- and post-incubation

The analysis presented in Table 3 below shows the comparison between the pre- and post-incubation performance of SMMEs filtered by sector. SMMEs were categorised into three main

groups, Arts and Craft, Accommodation/Food and Beverages and Tour Operators.

Table 3: Comparison of sales and jobs of SMMEs pre- and post-incubation

Sales revenue	
Arts and Craft	Year Count Mean S.D Med IQR 2017 108 10.0 1.89 10.5 1.90 2019 108 9.58 1.11 9.63 1.85 W = 7606.5, p-value = 0.0001116
Accommodation/Food and Beverages	Year Count Mean S.D Med IQR 2017 204 10.3 0.983 10.5 1.20 2019 204 10.6 0.795 10.6 1.23 V = 7969, p-value = 0.008256
Tour Operators	Year Count Mean S.D Med IQR 2017 120 10.4 1.61 10.5 2.87 2019 120 10.5 1.65 11.1 2.30 V = 3008.5, p-value = 0.1368
Number of Jobs	
Arts and Craft	Year Count Mean S.D Med IQR 2017 108 1.70 1.13 10.5 1 2019 108 1.73 0.860 9.63 1 W = 5265.5, p-value = 0.1682
Accommodation and Food and Beverages	Year Count Mean S.D Med IQR 2017 204 3.18 1.65 10.5 2 2019 204 2.49 0.914 10.6 1 W = 26165, p-value = 1.818e-06
Tour Operators	Year Count Mean S.D Median IQR 2017 120 2.62 1.69 10.5 2 2019 120 2.4 1.17 11.1 1 W = 7399, p-value = 0.6997

Source: Author's own design from research data

Table 3 shows that enterprises in the Arts and Crafts, as well as the Accommodation/Food and Beverages sectors experienced a significant change post the incubation period compared to prior participation in the programme, as indicated by the Wilcoxon Test for both sectors, p-value = 0.000 and p-value = 0.008 respectively. The major difference in this case is that Arts and Crafts experienced a negative decline in sales revenue post incubation compared to prior, whilst the latter experienced a slight positive increase as captured by the respective median values. On the other hand, the Tour Operators sector did not experience any significant change because of participating in the incubation programme. In terms of jobs, the duo of Arts and Crafts (p-value = 0.168), as well as Tour Operators (p-value = 0.700), SMMEs did not experience any significant change in the number of jobs after participating in the incubation programme. Only the Accommodation/Food and Beverages sector (p-value = 0.000)

experienced a significant decline in the number of jobs post the incubation programme.

The analysis above arises out of the data on revenue and jobs trends over the three-year period of incubation compares the distributions of the incubatees' average jobs and turnover over the three-year period. The analysis shows that the incubatees generally experienced a decline in employment and insignificant turnover/sales growth between 2017 and 2019. This is contrary to the findings from the questionnaire-based descriptive statistics which showed increases in market exposure which translated into increased bookings, revenue and jobs. The varying results is centred on the reliability of the revenue and jobs trend data. In his experience, the project manager[12], who was responsible for collecting the data during incubation, small business operators often misrepresent their true business performance to state-sponsored programmes for fear of contradicting themselves when filing their tax returns. Therefore, there may be a likelihood of misrepresentation of facts in the revenue and jobs trend data collected.

4.4 Outcomes of the qualitative engagement

The thematic analysis of the interviews for the qualitative questions for incubatees to get their recommendations on programme design and execution for better results are discussed below.

4.4.1 Incubatees' perceptions - impacts on enterprises

The question enquired if in the Incubatees experience the incubator added value into their business and what were the weaknesses and strengths of the incubation programme? The responses from this question provided both positive and negative feedback on areas that were well implemented and aspects that could have enhanced impacts and benefits had they been implemented. Overall, incubatees felt that the incubator added value to businesses through information support, promotional website development, financial education and training but was weak on support with basic business equipment and compliance. Other areas of impact included quality and standards assurance awareness, market access, management development, training and development and the relevance of implemented interventions to operational realities.

[12] Akhona Maqwazima, September 2020. Chief Executive, Emazweni Information and Communication Technology and Project head for the Pilanesberg Business Incubation Programme.

4.4.2 Incubatees' observations on the performance of the programme management team

A critical review given by incubatees is well captured in feedback given by Mofokeng (February, 2020), who said "the implementing agent's industry knowledge was poor and as a result roll out lacked business type focussed interventions but relied on one-size-fits-all business solutions". In short, generalisation of business advisory services, poor feedback to entrepreneurs, choices of training programmes and other interventions which gave little regard to diverse business typologies and needs.

The training support bias, stated one of the incubatees, happened because the initial business diagnostic/needs assessment and individual enterprise growth plans were not followed up throughout the mentorship and incubation programme. Interventions offered were not in line with the needs identified and feedback from entrepreneurs and thus missed the mark in terms of supporting the growth needs of the enterprises. As a result, the programme focused on group interventions and neglected individual business needs analysis and growth plans developed at the beginning of the programme.

Lastly, the interviews revealed opposing views from accommodation owners and tour operators; the former felt that training and development efforts were mainly relevant to tour operators and the latter vice versa.

4.4.3 Recommendations by incubatees

The popular opinion amongst incubatees was that the programme should have focused on building financial literacy skills and compliance to operating standards for service excellence and competitiveness. Secondly, it was felt that the programme should have also focused on start-ups and walked the growth journey closely with the incubatees.

Furthermore, there were minority views that advocated for support with land acquisition for business expansion. Commercial banks and development finance institutions' criteria for lending is deemed to be prohibitive to inclusion and the incubator could have focused on this area too.

Despite all the identified downside areas of the programme, most incubatees felt that the exposure the incubator gave them was critical as it opened up market access opportunities within the tourism and hospitality sectors.

4.5 Quantitative Results' Analysis

4.5.1 Enterprise and entrepreneur demographics

The incubatees of the Pilanesberg Business Incubation Programme comprised of over 60% accommodation owners, 24% tour operators and ground handlers and attractions and activity operators. Most of the businesses are formal owner-run enterprises that have been operating for five years and above. An analysis of the ages of entrepreneurs showed that 68% of the SMME owners are aged between 34 and 64 years, 62% are females and most of them have a post-matric educational qualification. Most of the owners are aware of business risk and are covered for buildings, public liability and all tour operators have public operating licences and vehicle permits to carry passengers.

4.5.2 Enterprise performance – pre- and post-incubation

The survey-based descriptive statistics showed a marked increase in access to online marketing support, social media use, website-based bookings, and trade shows among the incubatees. This is validated by the increase in market share which averaged 50% and below at the start of the programme and well above 60% by the closure of the programme. Certainly, the rise in average market share can be linked to more market exposure and explains the rise in revenue generation by SMMEs. At the start of the incubator, most SMMEs declared turnover earnings far less than R500 000 per annum, but by the end of the incubator period enterprises earned R500 000 and above per annum whilst about 7% percent of them surpassed the R1 million to R3 million mark. The revenue increase makes logical sense because new jobs created rose by 50% as a result of stimulated demand. This was mainly driven by increased access to markets through social media, website and trade show attendance. Over half of the SMMEs in the Pilanesberg Business Incubation Programme were supported largely by the Department of Tourism's Hidden Gems Domestic Market Access Programme and through other provincial and local government support mechanisms.

4.5.3 Impacts of rise in market share on business expansions

The rise in occupancy rates and bookings is also validated by yet another result that emerged from the descriptive statistics, the amount of capital invested in expanding business operations and the resultant construction jobs. According to Figure 19, 25% of the businesses invested between R150 000 and R1 million in expanding their business operations. Interviews with

incubatees have shown that 43 new bedrooms, five meeting rooms and boardrooms, five swimming pools and two health spas were built during the period of incubation. This resulted in 132 construction jobs and a number of temporary jobs.

4.5.4 Impacts on jobs

On the question of jobs, there is a startling dichotomy on the findings of the two methods used in the research. The questionnaire-based survey has clearly shown that over 50% of new jobs were created during the incubation period. However, the cross-sectional monthly jobs data captured by the incubation programme management team as shown in Figures 26 to 28 show that jobs declined in the second and final year of the programme. When engaging the programme management team on this issue, it appeared that incubatees were, as part of the agreement to be part of the incubator, expected to submit monthly performance data on jobs and revenue to management. According to the programme management team, there was no system to verify the quality and validity of the data received together with poor compliance in the submission of such data by most participants. The programme management team suspected that due to the Pilanesberg Business Incubation Programme being a state-sponsored initiative, business owners may have been underreporting for fear of attracting the tax and labour authorities to their operations.

Two scenarios, therefore, appear to have taken place on the issue of data submission. Firstly, incubatees submitted to the programme management team poor financial performance reports of their businesses so that they would appear to fall under the tax threshold with the Receiver of Revenue Services. Secondly, incubatees shared information more openly on the questionnaire survey because it was clearly communicated to them that all information gathered is not linked to the identity of their businesses and it was purely for study purposes. It can thus be concluded that the more positive outlook on financial performance reflects a version closer to the real state of enterprise performance.

4.5.5 Impact of business incubation on enterprise growth

Whilst it is now clear that business incubation does contribute to the growth of tourism SMMEs as shown in the case of the Pilanesberg Business Incubation Programme, the question that remains is, could there be other factors besides business incubation that contribute to the increase in market share, revenue growth, capital expenditure and new jobs? In other words,

the association between incubation services and the realised results needs to be investigated. In a nutshell, the question that arises is, do incubatees or the SMMEs that benefit from incubation programmes associate their growth in revenue, market access and all other achievements to the services of the incubator? In the case of the Pilanesberg Business Incubation Programme, incubatees rated market exposure services highly, followed by personal development, training and business advisory services initiatives. It can thus be argued that the incubator played a significant role in market exposure which led to an increase in demand, and an upsurge in revenue. The demand for new beds, boardrooms, swimming pools and expansion into added services like health spas and laundry services has likely been stimulated by new demand.

In the final analysis, the key findings of the study according to the questionnaire results is that market exposure was the most significant game changer for incubatees and that this had a marked influence on the demand and increase in occupancy rates and bookings. Based on the acquired management capabilities of entrepreneurs, together with marketing tools and the various platforms discussed above, it is clear that the interventions of the incubator were, to a greater extent, certainly attributable to the revenue and jobs growth experienced by SMMEs during the period of incubation.

4.6 Qualitative Results Analysis

Feedback from incubatees on the impact of the business incubation services and the performance of the implementing agents shows reasonable satisfaction and a very critical review on the structure and focus of the programme. The most significant part of the review points to the need for a programme redesign in terms of alignment of purpose, structure, interventions and resourcing of business incubators.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main research question of this study sought to examine the impact of business incubation in supporting the growth and development of Small, Medium and Micro Enterprises in the tourism sector. The objective of the research was to examine the impact to the SMMEs' growth achieved in the roll out of the Pilanesberg Business Incubation Programme. In line with the research area, Voise, Gornall, Jones and Thomas (2006) maintain that focusing only on statistical outputs and indicators when measuring the success of business incubators is short-sighted and posit that consideration of broader qualitative inputs to capture the softer side of outcomes should be included in the analysis. Hackett and Dilts (2008) reinforce this view and posit that studying the success of an incubator comes out of investigating the "black box of the incubator" or the process of incubation. Analyses of statistical outputs or indicators of growth from the incubation of SMMEs would require a breakdown of financial ratios and asset movements in line with Wickham's (1998) theory of financial, strategic and structural factors to business growth. Qualitative, strategic and structural growth indicators would highlight changes in entrepreneurial skills or management capability, growth in market share and escalation in full-time employment (Wickham, 1998).

Using mixed method quantitative and qualitative techniques through a semi-structured questionnaire, structured interviews with incubatees, implementers, departmental officials and industry stakeholders, a solid causal link between the incubation process and SMMEs growth was established. The results have also given a clear profile of the tourism SMMEs that participated in the incubation programme. These were generally owner-managed, registered and tax complaint micro and small businesses with an average turnover of R5 million and below. Most had been in operation for five to ten years and the majority are operated by women entrepreneurs 35 years and above. This was largely a cohort of existing businesses with relative exposure to the industry, with very few young entrants, and focussed more on building enterprise competitiveness than providing support for start-ups.

The descriptive statistics have clearly shown growth in market share for enterprises over the three years of incubation. The increase in market share has led to a rise in revenue, the expansion of business assets and the creation of new permanent jobs, as well as temporary construction work arising out of the need to expand by participating SMMEs. However, the

findings of the enterprise performance show that there was generally no significant difference between the pre- and post-incubation performance in terms of SMMEs' sales and jobs performance. The reliability of the data submitted by incubates, however, casts serious doubts on the validity of the revenue and jobs results given fear amongst entrepreneurs of drawing the attention of the Revenue Services.

In the final analysis, it can be argued, based on the descriptive statistics from the questionnaire as presented above, that the Pilanesberg Business Incubation Programme resulted in more market exposure for the incubatees. The programme helped more enterprises and built the management capacity of owners through training and development which translated into better financial management and more effective business management. As a result, the interventions implemented have addressed both internal factors (management capability and external market access) which are in Olowale and Gorwe's (2010) words, critical challenges to enterprise growth.

Clearly, there are other factors equally or more critical for growth which the programme fell far short of addressing due to programme design and capacity issues. These include factors such as access to finance and support in the development of business plans, quality assurance and other operational guidelines. The results of the Pilanesberg Business Incubation Programme have, however, provided sufficient evidence to support the view that business incubation is an effective tool to support the growth of tourism SMMEs in South Africa. The lack of alternative tourism case studies to compare these results with could be identified as a limitation although not sufficient to invalidate them. The results were triangulated with questionnaire data, jobs and revenue data and with qualitative input from interviews all of which demonstrate a clear improvement of growth indicators for jobs, market share and revenue.

Lastly, the PBIG was conceptually an economic development business incubator established to build the competitiveness of SMMEs within a tourism geographic hub. This approach lends itself within the Resource Based View (RBV) theory wherein incubation is introduced to assist fledgling firms with requisite resources to maximise their chances of survival (Ratinho, 2011). The incubation process which started with SMME needs analysis, the development of growth plans, mentorship and training and networking exposure were valuable resources which determined the competitive edge of participating firms at the end of the process (Barney, 1991).

In conclusion, the tourism business incubation framework also had the hallmarks of a structural

contingency approach which proposes that the configuration and structure of the incubation organisation and the external environment should be fit for the target group or the types of business in order to achieve success (Ketchen, Thomas & Snow, 1993). Since this was amongst the first business incubators for the tourism sector in South Africa, with no local or international benchmark, the geographic or hub approach was conducive for the sector. It enabled the location of the incubator in a thriving tourism destination with a good variety and mix of tourism operators. This set up enabled forward and backward business linkages within the tourism value chain and enhanced the multiplier effect that permeated into the local economy.

5.2 Recommendations

Hackett and Dilts (2004) sustain the argument that the main question to ask in a business incubator impact study is whether a new or emerging enterprise could have survived or grown in the absence of such incubation. Small, Medium and Micro Enterprises generally and those in the tourism sector operate within a dynamic macroeconomic environment of the global and national economy, and within the regional and local contexts, such as the impact of the Covid-19 pandemic. Equally, the 50 SMMEs supported through the Pilanesberg Business Incubation Programme were exposed to opportunities and threats in the national and regional institutional support infrastructure, the private sector and had equal opportunity to exploit markets within the Pilanesberg tourism node.

Without robust and universally accepted methods and indicators to measure business incubation outcomes, it becomes almost impossible to produce a conclusive impact study of a programme such the Pilanesberg Business Incubator. The results presented can still be contested as outcomes of support of the same SMMEs by other government programmes, commercial banks and other private partners or the general well-being of the economy. Vanderstraeten and Matthyssens (2000) identified this dilemma when they posited that, despite the development of several measurement systems, there is no definitive measuring instruments to gauge the real impacts of business incubation, let alone in the tourism sector which has only recently started to incubate tourism enterprises in South Africa.

The recommendation of this study is that there should be further studies in the development of universally accepted business incubation impact and performance measurement indicators, methods and systems. Success measures should not only focus on statistical methods, but give due regard to qualitative techniques to measure aspects arising out of business incubation such

as the personal development of entrepreneurs, impacts on local economies and regional development indicators. These can be built into the programme design and integrated into the continuous project reporting systems with monitoring and evaluation protocols from inception of the programme to completion. In developing the performance measurement and impact methods, due regard should be given to the variety in modalities and programme designs of business incubation in line with sector or industry dynamics.

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APPENDIX A: TEMPLATE OF JOBS AND REVENUE DATA SOURCE

Company name	Month	Year	Turnover	Jobs	Type of Business	Owner Gender
1	January	2017	75000	4	Accommodation	F
2	February	2017	55800	4	Accommodation	F
3	March	2017	65000	4	Accommodation	F
4	April	2017	30000	3	Accommodation	F
5	May	2017	23075	1	Accommodation	F
6	June	2017	53740	1	Accommodation	F
7	July	2017	36619	2	Accommodation	F
8	August	2017	50125	1	Arts and Crafts	M
9	September	2017	51900	1	Arts and Crafts	F
10	October	2017	66440	1	Accommodation	F
11	November	2017	55295	2	Accommodation	M
12	December	2017	59537	1	Accommodation	F
13	January	2018	26120	1	Accommodation	F
14	February	2018	18732	1	Accommodation	F
15	March	2018	81580	2	Accommodation	F
16	April	2018	75412	2	Accommodation	F
17	May	2018	33427	3	Accommodation	F
18	June	2018	18413	3	Tour operator	M
19	July	2018	75456	3	Tour operator	M
20	August	2018	70764	3	Tour operator	M
21	September	2018	55798	3	Tour operator	M
22	October	2018	90114	3	Tour operator	M
23	November	2018	46442	3	Tour operator	M
24	December	2018	67523	3	Attractions	F
25	January	2019	25000	3	Arts and Crafts	M
26	February	2019	30000	3	Tour operator	M
27	March	2019	39543	3	Tour operator	M
28	April	2019	42000	3	Tour operator	M
29	May	2019	55000	2	Tour operator	M
30	June	2019	72000	2	Tour operator	M
31	July	2019	80000	2	Tour operator	M
32	August	2019	85000	2	Tour operator	M
33	September	2019	94000	2	Accommodation	M
34	October	2019	37324	2	Accommodation	F
35	November	2019	37324	2	Tour operator	F
36	December	2019	37324	2	Arts and Crafts	F

APPENDIX B: SURVEY QUESTIONNAIRE

Pilanesberg Tourism Business Incubation impact Questionnaire

* 1. What type of a business do you operate?

- PTY Ltd
- Cooperative
- Sole proprietor
- Non Profit Company
- Family Trust
- Other (please specify)

* 2. What type of business do you run?

- B&B
- Guesthouse
- Game Lodge
- Conference venue
- Tour operator
- Tourist Guide
- Tourist attraction, event organiser
- Travel agency, wholesaler
- Ground handler

Other (please specify)

* 3. When was the company registered with CIPC?

- 1 to 3 years ago
- 4 to 5 years ago
- 6 to 9 years ago
- 10 and above

* 4. How long has the company been operating?

- 1 to 3 years
- 4 to 5 years
- 6 to 9 years
- 10 and above

* 5. What was the annual revenue of your business at the start of incubation?

- less than R500 000
- Over R500 0000
- 0ver R1 million
- Over R1.5 million
- over R3 million

* 6. Who operates or manages the business on a daily basis?

YES	NO
○ Owner managed	○ Owner managed
○ Proxy - family member	○ Proxy - family member
○ Employed business manager	○ Employed business manager

* 7. What is the owner's highest education qualification? w 0

○ Primary school level

○ Secondary school level

○ Graduate degree/diploma or post matric

○ post graduate education

* 8. What is the business owner's age?

○ Under 18

○ 18-24

○ 25-34

○ 35-44

○ 45-54

○ 55-64

○ 65+

* 9. What is the owner's gender?

○ Female

○ Male

* 10. What is the annual revenue of your business now at the end of incubation?

○ less than R500 0000

○ Over R500 0000

○ Over R1 million

○ Over R1.5 million

○ Over R3 million

* 11. Does your business have the following financial management accounts?

Yes	○ Income statement	○ Cash flow statement	○ Balance sheet	○ Cash management and record keeping system	○ Use tax advise and bookkeeping services
No	○ Income statement	○ Cash flow statement	○ Balance sheet	○ Cash management and record keeping system	○ Use tax advise and bookkeeping services

* 12. Does your business have insurance relevant to its services?

YES	NO
○ Public Drivers Permit	○ Public Drivers Permit
○ Building Insurance	○ Building Insurance
○ Public Liability	○ Public Liability
○ Occupational Health and Safety	○ Occupational Health and Safety
○ Unemployment Insurance Fund	○ Unemployment Insurance Fund
○ Vehicle cover	○ Vehicle cover
○ Liquor license	○ Liquor license
○ TGCSA grading	○ TGCSA grading

YES	NO
Tourist guiding/ operating license	Tourist guiding/ operating license

* 13. If your enterprise does business with the State, what is the average time you receive payment for services rendered?

- less than 30 days
- 31 - 60 days
- 61 - 90 days
- over 90 days

* 14. At the start of the incubator in 2016, did your firm have the following business tools in place?

Yes	No
Website	Website
Social media profile	Social media profile
Experience in domestic trade shows	Experience in domestic trade shows
Experience in international trade shows	Experience in international trade shows
Email system	Email system
other Online marketing platforms i.e. booking engines	other Online marketing platforms i.e. booking engines
Business bank account	Business bank account
A loan with a commercial bank	A loan with a commercial bank
A line of credit by a Micro or Development Finance organisation	A line of credit by a Micro or Development Finance organisation
Tax clearance certificate	Tax clearance certificate
A B- BB EE certificate	A B- BB EE certificate
Star grading by the TGCSA	Star grading by the TGCSA
Registration with the Central Supplier Database or any tender system	Registration with the Central Supplier Database or any tender system
Physical tourism signage for own property	Physical tourism signage for own property
Known Google maps coordinates for own property	Known Google maps coordinates for own property
Support from other government entities	Support from other government entities
Declared bankrupt or insolvent	Declared bankrupt or insolvent
Closed business operations for whatever reasons	Closed business operations for whatever reasons

* 15. How many people did your business employ at start of incubation? w 0

1 - 5

6 - 10

11 - 15

16 and above

* 16. If you received support from government prior incubation, please specify what kind of support it was?

- [ ] Grant Funding
- [ ] Grant, Loan and equity funding
- [ ] Business advisory support
- [ ] Mentorship and or coaching
- [ ] Marketing materials development support
- [ ] Business management skills training
- [ ] Tax services
- [ ] Business information support
- [ ] Business incubation
- [ ] Other (please specify)

* 17. What were your expectations at the start of the incubation programme?

	Low	Medium	High	critical	Extremely critical
Personal entrepreneurial skills development	○	○	○	○	○
Increased market access, bookings and occupancy for business	○	○	○	○	○
Access to personal business mentor and coach	○	○	○	○	○
Professional business advisory services	○	○	○	○	○
Start up and expansion capital support	○	○	○	○	○

Other (please specify)

* 18. What were your most critical business support needs at the start of the incubator?

	low	Medium	High	Very high	Extremely critical
Business management training	○	○	○	○	○

low	Medium	High	Very high	Extremely critical
Grant funding	Grant funding	Grant funding	Grant funding	Grant funding
Debt funding	Debt funding	Debt funding	Debt funding	Debt funding
Access to more and new markets	Access to more and new markets	Access to more and new markets	Access to more and new markets	Access to more and new markets
Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods
Business plan	Business plan	Business plan	Business plan	Business plan

Other (please specify)

* 19. What were your most critical business support needs at the start of the incubator?

low	Medium	High	Very high	Extremely critical
Support with relevant business information	Support with relevant business information	Support with relevant business information	Support with relevant business information	Support with relevant business information
Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure
Proper business financial management accounts	Proper business financial management accounts	Proper business financial management accounts	Proper business financial management accounts	Proper business financial management accounts
Trading license	Trading license	Trading license	Trading license	Trading license
Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA
Access to the GDS system	Access to the GDS system	Access to the GDS system	Access to the GDS system	Access to the GDS system

Other (please specify)

* 20. How many people does your business employ now at end of incubation?

1 - 5

6 - 10

11 - 15

16 and above

* 21. What was your occupancy rate at the start of incubation, 2016?

- between 0 and 29%
- 30% and 49%
- 50 to 69%
- 70 and above

* 22. At the start of the incubator, how did you market your business?

	low	medium	high
Website			
Social media			
Word of mouth			
Trade shows and exhibitions			
Distribution of brochures/ marketing materials			
online platforms			

* 23. Does your business use a booking engine to process travel bookings and arrangements?

- Yes
- No

Other (please specify)

* 24. Have you attended a local or international trade show/s during the incubation period, please specify which ones?

- Yes
- No

Other (please specify)

* 25. If you received funding from commercial bank or development finance institutions before or during incubation, what was it for?

Yes	Yes Asset finance - Acquisitions	Yes Opex Finance - fund operations	Yes Capex finance - fund business expansions & infrastructure	Yes Trade Finance - funding by value chain member
No	No Asset finance - Acquisitions	No Opex Finance - fund operations	No Capex finance - fund business expansions & infrastructure	No Trade Finance - funding by value chain member

* 26. Have you ever applied and received assistance from the following business support agencies?

	successfully applied	Failed application	Discouraged/ never applied	Never heard of such entity
Small Enterprise				

	successfully applied	Failed application	Discouraged/ never applied	Never heard of such entity
Development Agency (SEDA)	○	○	○	○
Small Enterprise Finance Agency (SEFA)	○	○	○	○
Industrial Development Corporation (IDC)	○	○	○	○
National Empowerment Fund (NEF)	○	○	○	○
Commercial Banks	○	○	○	○

Other (please specify)

* 27. Have you ever applied and received assistance from the following tourism business support incentives?

	Successfully applied	Failed Application	Discouraged/ never applied	Never heard of such programme
International Market Access Support (ITMAS)	○	○	○	○
Tourism Transformation Fund (TTF)	○	○	○	○
Hidden Gems	○	○	○	○
Green Tourism Incentive Programme (GTIP)	○	○	○	○
Grading Incentive Grant	○	○	○	○

Other (please specify)

* 28. How much investment went into your business expansion operations in the past 3 years?

- ☐ Under R150 000
- ☐ R300 000 - R600 000
- ☐ RR601 000 - R1 million
- ☐ over R3 million
- ☐ Not applicable

* 29. Did your enterprise shed jobs in the 3 years of incubation?

- ○ Yes
- ○ No

If yes, how many jobs?

OK

Question Title

* 30. Has your enterprise created any new jobs in the past 3 years? w 0

- Yes
- No

If yes, please provide the number new jobs.

* 31. At the end of the incubation programme, 2019; What remained your most critical business support needs?

	low	Medium	High	Very high	Extremely critical
Business management training	Business management training	Business management training	Business management training	Business management training	Business management training
Grant funding	Grant funding	Grant funding	Grant funding	Grant funding	Grant funding
Debt funding	Debt funding	Debt funding	Debt funding	Debt funding	Debt funding
Access to more and new markets	Access to more and new markets	Access to more and new markets	Access to more and new markets	Access to more and new markets	Access to more and new markets
Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods	Business promotion, trade shows and other methods

Other (please specify)

* 32. At end of the incubation programme in 2019, What remained your most critical business support needs? w 0

	low	Medium	High	Very high	Extremely critical
Support with relevant business information	Support with relevant business information	Support with relevant business information	Support with relevant business information	Support with relevant business information	Support with relevant business information
Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure	Business rescue due to unstainable debt, threat of bankruptcy & closure
Proper business financial management accounts	Proper business financial management accounts	Proper business financial management accounts High	Proper business financial management accounts	Proper business financial management accounts	Proper business financial management accounts
Trading license	Trading license	Trading license	Trading license	Trading license	Trading license
Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA	Star grading of facility TGCSA

	low	Medium	High	Very high	Extremely critical
	Access to the GDS system	Access to the GDS system	Access to the GDS system	Access to the GDS system	Access to the GDS system

Other (please specify)

* 33. By the end of the incubation period in 2019, how much were your expectations met from the activities of the programme?

	0 - 25% expectations met	26 - 50% expectations met	51 - 74% expectations met	75 - 100% expectations met
	Business financial support 0 - 25% expectations met	Business financial support 26 - 50% expectations met	Business financial support 51 - 74% expectations met	Business financial support 75 - 100% expectations met
	Assistance with business plan 0 - 25% expectations met	Assistance with business plan 26 - 50% expectations met	Assistance with business plan 51 - 74% expectations met	Assistance with business plan 75 - 100% expectations met
	Personal entrepreneurial skills development 0 - 25% expectations met	Personal entrepreneurial skills development 26 - 50% expectations met	Personal entrepreneurial skills development 51 - 74% expectations met	Personal entrepreneurial skills development 75 - 100% expectations met
	Increased market access, bookings and occupancy for business 0 - 25% expectations met	Increased market access, bookings and occupancy for business 26 - 50% expectations met	Increased market access, bookings and occupancy for business 51 - 74% expectations met	Increased market access, bookings and occupancy for business 75 - 100% expectations met
	Access to personal business mentor and coach 0 - 25% expectations met	Access to personal business mentor and coach 26 - 50% expectations met	Access to personal business mentor and coach 51 - 74% expectations met	Access to personal business mentor and coach 75 - 100% expectations met
	Professional business advisory services 0 - 25% expectations met	Professional business advisory services 26 - 50% expectations met	Professional business advisory services 51 - 74% expectations met	Professional business advisory services 75 - 100% expectations met
	Start up and expansion capital support 0 - 25% expectations met	Start up and expansion capital support 26 - 50% expectations met	Start up and expansion capital support 51 - 74% expectations met	Start up and expansion capital support 75 - 100% expectations met

Other (please specify)

* 34. At the end of the incubator in 2019, does your business have the following business tools?

	Yes	No
	Website	Website
	Social media profile	Social media profile
	Promoted at a domestic trade show	Promoted at a domestic trade show

Yes	No
Promoted at an international trade show	Promoted at an international trade show
Email access	Email access
Access to online booking engines	Access to online booking engines
Business bank account	Business bank account
Tax clearance certificate	Tax clearance certificate
B- BB EE certificate	B- BB EE certificate
Star grading by the TGCSA	Star grading by the TGCSA
A valid registration with the Central Supplier Database	A valid registration with the Central Supplier Database
Physical tourism/brown signage for own property or business	Physical tourism/brown signage for own property or business

* 35. Do you attribute your business achievement of new business tools to incubation services?

- A great deal
- A lot
- A moderate amount
- A little
- None at all

* 36. What is your occupancy rate at the end the incubation; 2019?

- between 0 and 29%
- 30% and 49%
- 50 to 69%
- 70 and above

* 37. Do you attribute your business achievement in bookings to marketing tools provided by incubation services?

- A great deal
- A lot
- A moderate amount
- A little
- None at all

* 38. At the end of the incubator, how do you market your business?

low	medium	high
Website	Website	Website
Social media	Social media	Social media
Word of mouth	Word of mouth	Word of mouth
Trade shows and exhibitions	Trade shows and exhibitions	Trade shows and exhibitions
Distribution of brochures/ marketing materials	Distribution of brochures/ marketing materials	Distribution of brochures/ marketing materials
online platforms	online platforms	online platforms

* 39. Do you attribute your new business marketing platforms to support from incubation services?

- A great deal
- A lot
- A moderate amount
- A little
- None at all

* 40. How would you rate the quality of services provided by the project management company/ service provider?

poor	fair	good
Business advise	Business advise	Business advise
Business coaching	Business coaching fair	Business coaching
Programme coordination	Programme coordination	Programme coordination
Training variety and relevance	Training variety and relevance	Training variety and relevance
Information access	Information access fair	Information access
Staff professionalism	Staff professionalism	Staff professionalism
Incubator hub accessibility	Incubator hub accessibility	Incubator hub accessibility
Online access reliability	Online access reliability	Online access reliability
fair treatment of beneficiaries/ incubatees	fair treatment of beneficiaries/ incubatees	fair treatment of beneficiaries/ incubatees

Other (please specify)

* 41. How well would you say the Pilanesberg Business Incubator has met its business development objectives?

- Extremely well
- Very well
- Somewhat well
- Not so well
- Not at all well

* 42. In your experience, would you say the incubator has added some value into your business? What were the weaknesses and strengths of the incubation programme?

APPENDIX C: ORAL INTERVIEW QUESTIONS

MCOM: DEVELOPMENT FINANCE

INTERVIEW QUESTIONS

The purpose of this interview is for studies only and as an interviewee, you have the right not to answer questions you are not comfortable with.

Your honest response to the questions are welcome. Please note that the information you provide will be treated with the utmost confidentiality.

Organisation……Interviewee:……

Contact details (Tel/cell):……Email address:……

Structured interview questions:

- ✓ What was the purpose of the programme?
- ✓ Do you have and/or did you use any standard guideline on how to conceptualise and develop the Tourism Incubator Programme?
- ✓ How long did it take to set up the Pilanesberg Tourism Incubator Programme? please include the business planning phase.
- ✓ What criteria was used for enrolment of the incubatees in the Programme?
- ✓ Do you think the programme was effective in meeting the needs of the SMMEs? please elaborate?
- ✓ How effective were the coordination/working arrangements between the Department of Tourism and the Service Provider?
- ✓ What methods did you use to monitor the performance of the incubatees themselves?
- ✓ What challenges did you experience that hindered effective project implementation?
- ✓ To what extent was the Programme implemented as planned to achieve the expected targets? Please give reasons if implementation was not according to plan.
- ✓ What kind of incubation services have been particularly useful to the incubatees? Please elaborate?
- ✓ What do you say are the impact of Programme to participating SMMEs?
- ✓ What other lessons did you learn from implementing the Programme?
- ✓ Please indicate three (3) things that you would change (if any) in order to improve the outcomes of the Programme?
- ✓ How did the Pilanesberg Tourism Incubator Programme contribute to Local Economic Development in the area?
- ✓ Are there any other comments you would like to share based on your experience in this Programme?

THANK YOU FOR YOUR PARTICIPATING

APPENDIX D: ETHICS APPROVAL LETTER

tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

Private Bag X424, Pretoria, 0001. Tourism House, 17 Trevenna Street, Sunnyside, Pretoria, 0002
Tel +27 (0)12 444 6000, Fax +27 (0)12 444 7000, Call Centre: 0860 868 747, www.tourism.gov.za

Enquiries: NF Siluiwane
Tel: 012 444 6402
Email: nsiluiwane@tourism.gov.za

Research Ethics Committee
University of Cape Town – Graduate School of Business
CAPE TOWN

Dear Chairperson

APPROVAL FOR MR SOZA SIMANGO TO USE THE PILANESBERG BUSINESS INCUBATOR PROGRAMME TO CONDUCT HIS ACADEMIC RESEARCH PROJECT.

Mr Soza Sydney Simango is a Director responsible for Enterprise Development in the employ of the Department of Tourism and understandably a Masters Commerce student at your institution. As part of his job, Mr Simango oversees the implementation of business incubators for the Department. Your student has made a request to the Department to conduct research using one of the Pilanesberg Business Incubator Programme as his research site. His research topic examines the impact of business incubation on the growth of tourism SMMEs using the Pilanesberg Business Incubator Programme as a case study.

The work will entail generating primary data and secondary information through interviews, a questionnaire survey and use of unpublished internal programme reports. Mr Simango is a bursar on this programme and in line with our training and development policy, we have granted him permission to conduct this research. The normal conditions of access to and use of departmental data for the research will apply.

Sincerely,

Director-General
Letter Signed by: Ms Aremé Malan
Deputy Director-General: Tourism Research, Policy and International Relations
Date: 5 November 2020

Departement van Toerisme · UMnyango Wezokuvakasha · ISebe lezoKhenketho · umNyango wezokuVakatjha Litiko Letekuvakasha · Kgoro ya Boeti · Lefapha la Bojanala · Lefapha la Bohahlaudi · Ndzawulo ya VupfhumbaMuhasho wa Vhuendelamashango