

Dissertation Title

Township incubator programs impact on entrepreneurial behaviour?

A Dissertation
presented to

The Master of Philosophy (MPhil)

Graduate School of Business
University of Cape Town

In partial fulfilment
of the requirements for the Degree of
Master of Philosophy in Inclusive Innovation

by

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August, 2020

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LIST OF ABBREVIATIONS / ACRONYMS

The following table describes the significance of various abbreviations and acronyms used throughout the thesis

Abbreviation	Meaning
BI	Business incubation
BBBEE	Broad-based Black Economic Empowerment (BBBEE) is an integration programme launched by the South African government to reconcile South Africans and address the inequalities of apartheid by attempting to compensate for land that was repossessed from Africans.
BCEA	Basic Conditions of Employment Act 75 of 1997
CSD	The Central Supplier Database maintains a database of organisations, institutions and individuals who can provide goods and services to government
COIDA	The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993 (COIDA) provides for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases.
CCMA	The Commission for Conciliation, Mediation and Arbitration (CCMA) is a dispute resolution body established in terms of the Labour Relations Act, 66 of 1995
COVID 19	COVID-19 is a disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease. Formerly, this disease was referred to as 2019 novel coronavirus or 2019-nCoV
CIPC	Registration of Companies, Co-operatives and Intellectual Property Rights (Trade Marks, Patents, Designs and Copyright) in South Africa.
CPI	Corporate private incubator
CSIR	Council for Scientific and Industrial Research – South Africa
Cooperative Act	Co-operatives Act 14 of 2005 – South Africa
GODISA	The Godisa initiative was launched in 2000 by the departments of Trade and Industry and of Science and Technology. The aim of the Godisa Programme has been to create technology-intensive small, medium and micro enterprises (MSME's) through the enhancement of technological innovation, improvement in productivity and accelerated international competitiveness. GODISA – Setswana name meaning to enlarge or grow.
IBI	Independent business incubator
IDC	The Industrial Development Corporation of South Africa Ltd (IDC) is a national development finance institution set up to promote economic growth.

ILO	International Labour Organisation
Township	In South Africa, the terms township and location usually refer to the often underdeveloped racially segregated urban areas that, from the late 19th century until the end of apartheid, were reserved for non-whites, namely Indians, Africans and Coloureds.
TENDER	A tender is an invitation to bid for a project or accept a formal offer such as a takeover bid. Tendering usually refers to the process whereby governments and financial institutions invite bids for large projects that must be submitted within a finite deadline.
SEDA	Small enterprise development agency of South Africa
SEFA	Small enterprise finance agency of South Africa
MSME	Micro, small and medium enterprises, term used in rest of Africa.
SMME	Small, medium and micro-enterprises, term used in South Africa this will evident in South African Literature on Entrepreneurship and government policy documents.
SARS	South African Revenue Services – South Africa
NEF	National Empowerment Fund – South Africa
NBIA	National Business Incubation Association
NBA	National Business Act of 102 of 1996 – South Africa
NC	Northern Cape
NYDA	National Youth Development Agency of South Africa
4 th industrial revolution	The Fourth Industrial Revolution is a way of describing the blurring of boundaries between the physical, digital, and biological worlds. It's a fusion of advances in artificial intelligence (AI), robotics, the Internet of Things (IoT), 3D printing, genetic engineering, quantum computing, and other technologies.

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CHAPTER 1: INTRODUCTION

Poverty, unemployment, drugs and alcohol, lack of Skills capacity are the biggest obstacles to growth of township in South Africa. Unemployment and poverty especially among the youth have remained major challenges threatening the economic growth and development. “Poverty Trends in South Africa” report, released by (Statistics SA 2017), cites that more than half of South Africans were poor in 2015, with the poverty headcount increasing to 55.5 percent from a low of 53.2 percent in 2011. In the Northern Cape 59 percent of the residents are classified as poor. It is very important to note the consequences of poverty such as increased crime, limited access to education and health issues” (Poverty Trends in South Africa” report, released by Statistics SA 2017). These problems therefore demand that the youth be empowered with creative entrepreneurial skills in order to make an invaluable contribution in the economy of the country. “The possession of entrepreneurial skills to create new knowledge based social enterprises is vital to addressing social and environmental issues effectively. Our nation cannot afford not take it seriously. Our tertiary institutions must respond fast and positively towards entrepreneurship education. This is because entrepreneurship has been vital to creating employment and therefore a special form of employability. Both the government and the academia have been attracted to it. In particular, universities are re-designing their curricula and the ways they operate to create opportunities for the training of their students in practical entrepreneurial skills” (UK Essays -November 2018). The Importance of Developing Entrepreneurial Skills Commerce Essay. Retrieved from <https://www.ukessays.com/essays/commerce/the-importance-of-developing-entrepreneurial-skills-commerce-essay.php?vref=1>).

We see a rise in entrepreneur incubation center’s in townships, which are largely sponsored by government and private companies. The following incubation centers have presence in the Northern Cape which witch is sample of this study – Northern Cape MSME Trust (Funded by Northern Cape Provincial Government), Galeshewe SMME Village (Sponsored by Sol Plaatje Local Municipality with assistance of De beers Mining Company and Droogfontein Solar Farm), Kimberley International Diamond and Jewellery Academy (Sponsored by Small Business Enterprise Agency and Northern Cape Provincial Government), Northern Cape Rural

College Incubation (Sponsored by Small Enterprise Development Agency with focus on construction), Angels Resources Centre (Non-Profit agency which is sponsored by various companies and individuals), Uppington Centre For Entrepreneurship & Rapid Incubator (Sponsored by Vaal University of Technology and Northern Cape Provincial Government) and De Beers Zimele Hub (Sponsored by De Beers). These incubations were established assist entrepreneurs with business skills training, funding, infrastructure or office space, mentoring and coaching in order to grow their businesses and make them sustainable. According to Stephens & Onofrei (2012) “business incubation programmes have emerged to enhance the important roles played by small and medium-sized enterprises (SMEs) in the economy and to minimize the failure rate of start-up enterprises” Stephens and Onofrei (2012:277). However, despite the rise these incubation Centre’s we don’t see their spin-off or benefit in society particularly in the Northern Cape. They have problems of management, poor infrastructure, poor access to funding for entrepreneurs, lack of entrepreneurial start up programmes, poor or lack of mentoring and coaching problems, and lastly lack to access networks.

With these problems in mind do we expect entrepreneurs to grow? Or to succeed in their entrepreneurial venture? Buys and Mbewana (2007) mentions set of eleven potential success factors for business incubation to succeed: access to science and technology expertise, facilities, comprehensive business plan, stringent selection criteria, availability of funding, quality of entrepreneurs, stakeholder support, Supportive government policies, Competent and motivated management, financial sustainability, experienced advisory board and networking. The bulk of entrepreneurial incubators lack the majority of these potential success factors. And, the management of these incubators don’t have knowledge on business incubation and how to make these centres succeed and ultimately impact entrepreneurs.

“A business incubator is an initiative that systematizes the process of creating successful new enterprises, by providing them with a comprehensive and integrated range of services, which include floor-space made available on a flexible and affordable, but temporary, basis; common services that include secretarial support and shared use of office equipment; hands-on business counselling; access to specialized assistance such as research and development support and venture capital; and networking activities operating as a reference point inside the premises among entrepreneurs and outside to the local community. Business incubation is a means by

which visions of new businesses are turned into reality with reduced risks. Incubators aspire to have a positive impact on a community's economic health, by maximizing the success of emerging companies" (Buys and Mbewana, 2007:356). This is a pure and ultimate objective of incubation to maximize the success of entrepreneurial ventures. Again, despite the rise in incubation centers why are they not maximizing the potential of entrepreneurial ventures or MSME's meaning micro, small and medium enterprises (MSME'S).

Voisey et al (2006) present a conceptual framework identifying the performance measures of business practice in incubators. The conceptual framework or model discusses what are the hard outcomes of business incubation? What are the soft outcomes of business incubation? How are hard and soft outcomes affect the process of incubation. The hard outcomes are sales turnover, profitability, growth of enterprise, Graduation to independently trading enterprises, entrepreneurial competitions, securing public funding and Customer retention. While the soft outcomes are increased client professionalism, improved business skills, increased confidence, increased and productive network with peers, customers and suppliers, increased client knowledge and positive publicity. Taking this model into consideration what makes incubation centers not to flourish? Is it because we put our focus on the hard outcomes of incubation while we ignore the soft outcomes?

What motivated this study is the level of failure of MSME's in the Northern Cape. I have seen potential MSME's die slow death not because they don't have brilliant idea or potential business idea. I have seen that with rise in incubation centers in townships theres mistake of relying heavily on the hard outcomes of incubation. These hard outcomes focus unfortunately destroyed many enterprises or MSME's not because they can't grow their business turnover or sales. I have discovered that soft outcomes of incubation as presented in Voisey et al (2006) are totally ignored. These soft measures such as confidence and business skills are extremely important in order for entrepreneurs to succeed. These soft measures are personal factors for success in an incubation process or as we discuss them in this paper entrepreneurial behaviours. This I believe where the problem lies in incubation, we don't understand the distinction between entrepreneur and entrepreneurship. Entrepreneurship is all about results or outcomes – sales growth, enterprise growth, job growth etc. whereas, entrepreneur is all about attitude – innovation, risk taking, self-confidence, ability to be opportunistic, and tolerance for

uncertainty. So why are we not concentrating on the personal growth and development of the entrepreneur?

The entrepreneur should be the unit of analysis or an important factor when it comes to incubation. “The incubator is the unit of analysis while incubation outcomes—measured in terms of incubatees growth and financial performance at the time of incubator exit—provide indicators of success. Our model of the incubation process and specification of the range of possible incubation outcomes offer implications for managerial practice and policy-making vis-à-vis incubator management and good entrepreneurial failure” (Hackett and Dilts, 2004:41). This analysis as presented in their theory of business incubation is problematic for me because the entrepreneur should be the unit of analysis. These incubation centers fail because they neglect the entrepreneur and concentrate outcomes of entrepreneurship which are mainly profit growth and sales.

The entrepreneur is important and the focus should be on developing entrepreneurial behaviour of entrepreneurs. The entrepreneurial behaviour will include innovation, creativity, self-confidence, desire to discover, opportunistic behaviour, risk taking, initiative, capacity and need for achievement. These issues are neglected in the process of incubation, there no enough personal development initiatives or training programmes within these incubators because they solely concentrate on the hard outcomes. Frederic Delmar (1996) in his model of entrepreneurial behaviour and business performance, brings forth the link between entrepreneurial behaviour and performance. “Entrepreneurial performance or behavior is defined by the actions taken by the entrepreneur to reach desired goals. Entrepreneurial performance is restricted to tasks that are or can be under the control of the entrepreneur, such as the role of the board, organization, decision making, and goals and strategies. The basic argument is that an understanding of entrepreneurial behavior is better understood by examination of behaviors that are under the control of the entrepreneur. Only when we understand the determinants of entrepreneurial performance can we link entrepreneurial behavior to business performance. Differently stated, we have to know what an entrepreneur does and why, and how these actions affect business performance” (Frederic Delmar, 1996:9). Yes, we need to know what the entrepreneur does and why in terms of behaviours (Soft outcomes) and how this affect business performance which is hard outcomes of incubation.

The problem with incubation is that entrepreneurs lack the entrepreneurial behaviours to succeed. The incubation centers have neglected the soft outcomes of incubation and haven't focused enough on the unit of analysis which is the entrepreneur. Does this explain the reason why these incubators fail to successfully exit these entrepreneurial ventures? In this research we will concentrate on the behaviours required to start and successfully manage an entrepreneurial venture. The unit of analysis is the entrepreneur in this study or the what we call the most important factor in incubation. Without out capable entrepreneurs these incubation centers will not succeed, there must be entrepreneurs with particular behaviours and incubation centers must also focus on developing entrepreneurial behaviour of these entrepreneurs.

The main question I am asking in this research, are these township incubation programs impact the entrepreneurial behaviour of entrepreneurs? As discussed in the introduction above and study Statistics SA (2017) the poverty levels in townships are increasing at an alarming rate. We also have number of challenges that entrepreneurs are facing in townships such as lack of financial support, poor location or infrastructure, lack of skills, high crime rate, inadequate information, access to markets or lack thereof, lack of resources and infrastructure including access to finance. Our townships offer potential business opportunities in mining, tourism, agriculture, retail, agriculture and renewable energy. Through this research we will also study how business incubators assist MSME's in the Northern Cape to grab these opportunities to ensure they create jobs and sustainable business ventures.

1.1 PROBLEM STATEMENT

Our townships have seen an increase in incubation centers as discussed in my introduction. These incubation center's assist entrepreneurs by providing services such as affordable space, shared offices and services, hand-on management training, marketing support and, often, access to some form of financing. Despite incubation center's having presence in townships or assisting township entrepreneurs we still see the level of entrepreneurship not improving. The township economy is not growing as expected with presence of incubation center's instead we see an increase in foreign owned shops and big retail/businesses moving in townships.

“The important test for business support programmes is to create an encouraging setting that allows entrepreneurs to grow their business and to create jobs. It is well documented in the literature that incubation and business support programmes play an important role in developing successful start-up and spin-off businesses” (Stephens & Onofrei, 2012:277). However, the major problem is how do we measure the impact of these incubation programmes? Or how do we verify that they impact the entrepreneurial behaviours of entrepreneurs? So, if this is case why are we not seeing change in entrepreneurial growth in townships? Why are young people not seeing entrepreneurship as solution to poverty, employment and/or acquire new skills related to entrepreneurship in townships? One could say that young people don’t have much information about entrepreneurship or they don’t have any products and/or services they can turn into supply and demand. Or they don’t understand the concept of Supply and Demand. As I mentioned that Foreigners and Big retailers are moving into township in an alarming rate could be that they have grasped the concept of demand and supply in townships or how to attract customers. More need to be done by incubation centers to increase the level of entrepreneurship in township.

1.2 RESEARCH OBJECTIVES

The objective of this study is as follow: The first aim is to establish whether participating in a township incubation program impact the entrepreneurial behaviour of entrepreneurs. The second aim of the study is to find out how entrepreneurs perceive their participation in incubation programs, and provide strategies / suggestions for entrepreneurs in incubation centers to improve their operations that will impact on entrepreneurial behaviour of entrepreneurs.

Fostering inclusive entrepreneurial growth is no easy task. However, given South Africa’s current economic climate, characterized by volatility, low growth and lack job creation, and COVID 19 challenges nurturing inclusive entrepreneurial growth it is of vital importance. This inclusive entrepreneurial growth will address the lack of entrepreneurial growth in townships and will present an opportunity for entrepreneurship to be career choice for the majority of youth in townships. Of course, entrepreneurship is just one of the many options available to the

youth but the importance of entrepreneurship and developing specific entrepreneurship skills cannot be overemphasized.

This research will impact government agencies responsible for economic growth including local municipalities, organizations involved in the field of entrepreneurship and incubation, and most importantly the township entrepreneur.

1.3 SIGNIFICANCE OF THE RESEARCH

This research is significant because it will potentially help increase the participation of entrepreneurs in incubation center's in townships. Moreover, by increasing the number of entrepreneurs participating in incubation centers this will assist in reducing unemployment in townships and provide more role models for the youth to enter or open entrepreneurial ventures in townships.

This study will contribute in many levels. Firstly, in academia as there is limited research or body of knowledge on the subject of entrepreneurship and incubation in townships. Secondly, on theoretical level albeit limited, this study will provide insights on the levels and standards of incubation in townships and particular the Northern Cape. It will contribute to policy makers and practitioners of incubations center's in townships. I trust and hope they will find these findings useful in order to address the weaknesses in their respective incubators.

1.4 RESEARCH QUESTIONS

The main research question: How does enrolling in entrepreneur incubation program impact entrepreneurial behaviour of township entrepreneurs?

The following are the sub research questions to answered in this study:

- I. How do entrepreneurs perceive as advantages and disadvantages of enrolling in an entrepreneur incubation programme?
- II. How can an incubation programs can improve their organizations and/or operations in order to attract entrepreneurs to their incubation programs?

CHAPTER 2: LITERATURE REVIEW

This chapter discusses the literature reviewed pertaining to the research topic at hand. It focuses on enterprise development as an economic development strategy aimed at supporting the development of Micro, small and medium enterprises (MSME's). Business incubators are identified as the tools for achieving enterprise development but the one thing missing is whether these business incubators increase the entrepreneurial behaviour of entrepreneurs or as it will be referred later in other models soft outcomes of incubation.

The literature on business incubation highlights the importance of a capable and skilled entrepreneur for the success of the entrepreneurial venture. The focus of this literature is on the entrepreneurs as unit of analysis. However, the literature reveals that there has been an over emphasis on the “tangible” or what we call evident aspects of business incubation and/or hard outcomes while the “intangible” or what is referred as undetected aspects and/ or soft outcomes of incubation remain relatively unexplored. The focus of this research is on the intangible or what we refer as the undetected aspects or as referred in other models the soft outcomes of incubation such as entrepreneurial behaviours which are mostly not explored when we look at the success of these business incubations. Research on business incubation reveals that mentoring and coaching could potentially increase the number of graduating incubatees. “Business support services such as coaching and training are crucial elements of learning within BIs. Coaching is typically mentioned as an important service that BI's provide to their tenants ‘Coaching’ refers to one-to-one support initiatives geared to accelerate tenants’ learning and skill development processes, generally involving tenant firms being assigned coaches or mentors, either for a fee or free of charge. Such coaching typically covers both scientific and managerial areas of expertise. Coaching interactions between the incubated company and BI management increases tenants’ understanding of buyer preferences. Business support also is critical to tenants’ timely graduation” (Bruneel et al, 2012:112). However, is it happening in these business incubations? If it's happening it is unclear as to which aspects of mentoring and coaching have an effect on success of business incubation and incubatees graduating this need to be researched more but what is clear mentoring and coaching play a very important part in incubation particularly when it comes to entrepreneurial behaviours.

Entrepreneurship research reveals that entrepreneurs share a similar mindset (Dollinger, 2008). This mindset allows them to seek opportunities for exploitation but what we see in the case of township entrepreneurs this mindset is lacking and this will be discussed in my review of the literature. This take us back to the concept of demand and supply, do entrepreneurs in townships particularly in the Northern Cape understanding this concept and how to exploit supply and demand of goods and services. Moreover, entrepreneurs that are likely to build successful ventures are those that have high levels of entrepreneurial behaviour and this will be demonstrated through my discussion in this literature review. This research therefore, seeks to measure whether participation in entrepreneur incubation centers increases the entrepreneurial behaviour of township entrepreneurs with particular context to the Northern Cape.

The key challenge that business support programs or business incubations face is to create a conducive environment that allows entrepreneurs to grow their business sustainably and to create lifetime jobs for communities. “It is well documented in the literature that incubation and business support programmes play an important role in developing successful start-up businesses” (Stephens and Onofrei, 2012:279). The challenge lies in how these incubation programmes should be best structured, implemented to support business growth and increase the entrepreneurial behaviours of their incubatees.

2.1 ENTREPRENEURSHIP

What is entrepreneurship? We continue to know very little even when governments and practitioners glorify the idea of entrepreneurship as solution to economic development. According to Dollinger (2008) entrepreneurship is a focussed activity to start, maintain and grow a profit oriented business. Yes, profit is the main objective of entrepreneurship as discussed in various literatures on entrepreneurship. The idea of non-profit enterprises is also taking centre stage, managing non-profit oriented enterprises as for profit enterprises. Cunningham et al (1991) justify entrepreneurship as a pursuit of an opportunity irrespective of existing resources. They argue that entrepreneurship is all about looking or pursuing an opportunity whether resources are there or not, opportunity is the buzz word in this definition.

Cunningham et al (1991) discussed that entrepreneurship is composed of “behaviours” that initiates and manages the allocation of economic resources and whose purpose is value creation through those means. The key words out of their article in journal of Business Venturing are – Behaviours, Initiates, manages, allocation of resources and value creation.

TABLE 1.1 Definitions of Entrepreneurship

SOURCE	DEFINITION
CUNNINGHAM (1991)	Entrepreneurs are organizers of an economic venture; they are people who organize, own, manage and assume the risk.
GARTNER (1985)	Creation of new organizations
BARRINGER AND IRELAND (2006)	The pursuit of opportunity without regard to resources currently controlled
HART, STEVENSON, AND DIAL (1995)	The pursuit of opportunity without regard to resources currently controlled, but constrained by the founders’ previous choices and industry-related experience
SHANE AND VENKATARAMAN (2000)	A field of business seeks to understand how opportunities create something new...
KURATKO AND HODGETTS (2004)	A dynamic process of vision, change and creation...
ALLEN (2006)	A mind-set or way of thinking that is opportunity focused, innovative and growth-oriented. Can be found in large corporations and socially responsible not-for-profits...

(Marc J. Dollinger, 2008:9 – Definitions extracted from Page 9)

From these definitions are discussed in Dollinger (2008) we can now see the following coming up from these definitions: creativity, innovation, opportunity comes again in these definitions,

resources and allocation, risk and uncertainty. He goes further to define entrepreneurship – “Entrepreneurship, then, is the control and deployment of resources to create an innovative economic organization (or network of organizations) for the purpose of gain or growth under conditions of risk and uncertainty” (Dollinger, 2008:9)

The ability to continually innovate and to engage in an ongoing process of entrepreneurial action has become the source of competitive advantage and a lack of entrepreneurial action in today’s global economy could be a recipe for failure. “The world is in the midst of a new wave of economic development with entrepreneurship and innovation as the catalysts” (Kuratko, 2009: p. 421). Entrepreneurship as a discipline has gained recognition across the world and is largely perceived as an important driver of economic development, poverty alleviation and employment creation. Universities around the world are restructuring their curriculum to make them more entrepreneur oriented and they have specialised courses in entrepreneurship.

Employment opportunities and economic competitiveness in the global market could be achieved through entrepreneurship. According to the Internal Labour Organisation report on youth employment trends “Around 497 million young people, or roughly 41 per cent of the global youth population, are in the labour force. Of these, 429 million are employed, while nearly 68 million are looking for, and are available for, work (these are defined as unemployed). More than half of young people – around 776 million – are outside the labour force, meaning that they are not in employment and are not looking and available for a job” (Global Employment Trends for Youth 2020, Page 22). Entrepreneurship as way of providing employment is a reality but it will totally depend whether the environment support the emergence of entrepreneurship.

Entrepreneurship is the drive of innovation, technical change, and it generates economic growth (Di Gregorio, Musteen, and Thomas, 2008). This has led many countries to create institutions to promote and encourage entrepreneurial activities or have initiated actions to increase the volume of entrepreneurial activities in order to benefit from the resulting economic growth (Mueller and Thomas, 2000). Yes, innovation is key when it comes to entrepreneurship. As it will be discussed later in this chapter innovation is major challenge when it comes to

entrepreneurs in townships. We will also discuss further whether incubation centres in townships encourage innovation.

With reference to the above definitions on entrepreneurship, then what is an entrepreneur? According to Kirzner (1996) “an entrepreneur is the one who perceived profit opportunities and initiated action to fill currently unsatisfied need” (Kirzner, 1996). In the introduction of this paper touched on the issue of supply and demand, in this definition Kirzner mentions another concept of unsatisfied need, the entrepreneur must establish need for particular product and/or service and satisfy that need. One could say that’s the main function or motivation of an entrepreneur. Belgrave and Hofer (1991) states that an entrepreneur is one who perceives an opportunity and create an organisation to pursue it. There comes again the word “opportunity”, another function of an entrepreneur is to find opportunity in the market to exploit. We could say without an opportunity for exploitation we won’t have entrepreneurs or entrepreneurship. There has to be an environment that enable the discovery of opportunities that entrepreneurs must exploit should we want to see rise in real entrepreneurship in townships.

2.2 BUSINESS INCUBATION

Enterprise development emerged as a result of a fundamental shift from a managerial to an entrepreneurial orientated economy that encourage entrepreneurship in communities (Gregg at al, 2004). Research indicated that to promote the development of Micro, small and medium enterprises (MSME’s) in an entrepreneurial economy, government policy should support enterprise development policies (Gregg at al, 2004). This section discusses business incubators, which are the tools for implementing enterprise development.

“Business incubators (BIs) are popular tools to accelerate the creation of successful entrepreneurial companies. There are about 900 BIs in the European Union (EC, 2002) and over 1400 in the US (Knopp, 2007), numbers showing a marked increase in recent decades. As BIs are often publicly funded (Lewis, 2001; OECD, 1999, 2010), this corresponds with a growing interest of policy makers in making BIs a central tool in economic rejuvenation programmes. BIs typically support new ventures in the hope they will later develop into self-sustaining, thriving companies. This support encompasses several dimensions such as office space, shared resources, business support, and access to networks” (Bruneel et al, 2012:1).

Incubators are organisations that facilitate entrepreneurship and early-stage start-up companies in an economy. “They are instrumental in accelerating the creation of successful entrepreneurial ventures” (Bruneel et al,2012:1). Since these incubators are instrumental in creating start up, what were they created for and for whom? “Incubators assist emerging businesses by providing a variety of support services such as assistance in developing business and marketing plans, building management teams, obtaining capital, and access to a range of other more specialized professional services. In addition, incubators provide flexible space, shared equipment, and administrative services. After the incubating period, it is intended that ventures graduate to become independent, self-sustaining businesses. While most incubators have certain common services and activities, however, they also offer distinct services that reflect their own customer-base as well as the specific resources available within their (respective) communities” (Grimaldia and Grandi, 2005:111). Throughout generations business incubators have evolved in several forms. These forms will be discussed and use this as benchmark to examine incubation centers that participated in this study.

Table 2: Evolution of Business Incubation

<p>First Generation</p> <ul style="list-style-type: none"> • Shared office Facilities • landlord-tenant relationship • Economies of scale
<p>Second Generation</p> <ul style="list-style-type: none"> • Coaching and training support • Advisory support • Administration support • Other support services
<p>Third Generation</p> <ul style="list-style-type: none"> • Access to funding • Access to technological and professional support • Mentoring and coaching activities • Access to external resources and networking • Co-venturing and access to new markets
<p>Four Generation</p> <ul style="list-style-type: none"> • Co-incubation • Virtual incubation and/online incubation • Innovation lab linkages

Bruneel J. et al, 2012:4

The service offerings offered by business incubators have evolved over the years as shown in the model above. “The first BIs were established in the USA in the 1950s (Adkins, 2002). The concept became widespread in the 1980s and spread to the rest of the world in a variety of forms (business centres, innovation centres, etc.). These first generation BIs offered affordable office space and shared resources (Barrow, 2001; Lalkaka and Bishop, 1996)”

(Bruneel J. et al, 2012: 2) These incubators in the first generation mainly offered subsidised office space or what we call subsidised rental to incubatees. The incubators had access to lower cost infrastructure/office and sharing cost with other entrepreneurs. The sharing of costs and office with other entrepreneurs is referred as the economies of scale. This means that entrepreneurs were being efficient and lowering the costs of doing business. “Shared resources such as reception, clerical services, meeting rooms, conference rooms or car parking (EC, 2002; McAdam and McAdam, 2008) often complement office space and are normally available in BIs” (Bruneel J. et al ,2012:2). This also entailed entrepreneurs using resources such as reception, meeting or conference rooms and clerical services as part of subsidised rental.

The concept of economies of scale according to Bruneel et al (2012) produces the following advantages for entrepreneurs: first, it reduces overhead costs – entrepreneurs benefit from not paying water, electricity, telephone, fax and cleaning costs as they are provided by Incubation centre. Secondly, entrepreneurs have access to resources such as conference, meeting rooms, parking and reception services they would normally not have if they operated their business somewhere. Thirdly, this allowed entrepreneurs to concentrate on their core services rather than worrying about landlord or running around dealing with different service providers such as municipalities etc.

The second generation business incubation more focus was on entrepreneurial support and coaching. “Governments in Europe and in the US were confronted during the 1980s with accelerating unemployment in mainstream sectors such as automobiles and heavy engineering (Reich, 1991). It became clear that innovation and technology were becoming the cornerstones of economic growth and that new strategies were necessary to revitalize economies. BIs became a popular tool to promote the creation of new technology-intensive companies.” (Bruneel J. et al,2012: 2). As these business incubators became the new tool governments in Europe realised that to achieve economic growth additional services were required in order for them to be

successful. “Nascent technology-intensive companies typically lack business experience and marketing skills and therefore may have limited chances for survival. BIs in this period reacted by including knowledge based services in their value proposition. As a result, this second generation of BIs already represented much more than just a physical arrangement for start-up companies” (Bruneel J. et al, 2012: 3). These firms were inexperienced meaning that their success was limited. “New firms often lack the necessary management skills and experience to cope with sudden environmental shifts and rapidly changing environments” (Bruneel J et al ,2012: 3). The second generation incubators from the 1980’s started providing access to business development services such as mentoring and coaching in conjunction with business professionals. “Business support services such as coaching and training are crucial elements of learning within BIs. Coaching is typically mentioned as an important service that BIs provide to their tenants” Hansen et al (2000); Mian (1996). ‘Coaching’ refers to one-to-one support initiatives geared to accelerate tenants’ learning and skill development processes, generally involving tenant firms being assigned coaches or mentors, either for a fee or free of charge (e.g. Barrow, 2001; Knopp, 2007)” (Bruneel J. et al, 2012: 3).

What are the benefits of coaching and mentoring in an incubation environment? Firstly, learning by doing it show according to Bruneel et al affect the behaviour and routines of entrepreneurs. These can be anything from strategies in the operation of entrepreneurial venture, rules, procedures etc. Secondly, through mentoring and coaching entrepreneurs are able to evaluate their actions, see how these can be improved and ultimately change behaviour within their companies. Thirdly, through mentoring and coaching entrepreneurs can develop particular routine and capabilities which they lacked if they only received generation one offering which is subsidised office space. Lastly, entrepreneurs will definitely benefit from coaching and mentoring, these entrepreneurial ventures will be able to avoid the process of trial and error and learn quickly. “Moreover, training sessions on relevant topics may contribute to increase ventures’ knowledge bases and therefore positively impact on their development and performance” (Bruneel J. et al, 2012: 3).

The coaching and mentoring will cover both management and scientific or core of their industry. According to Bruneel et al it shows that mentoring and coaching increases entrepreneurial performance and enhances the probability of incubatees graduating from the

incubation centre “Business support also is critical to tenants’ timely graduation (Peters, et al., 2004), via its impact on firm development (cf. Robson and Bennett, 2000). Training is also often available within BIs (Aerts et al., 2007; Barrow, 2001) and has been found to positively influence tenants’ performance (Pen˜ a, 2004)” (Bruneel J. et al, 2012: 3).

The third generation business incubations came into being during the 2000 which was period which brought a lot of change. In this generation the emphasis was more on networking, access to funding, again mentoring and coaching and co-venturing and new markets. During second generation incubation mentoring and coaching increased the knowledge and behaviours of entrepreneurs. This third generation more was required in order to support entrepreneurs. “Network exploitation by BIs provides tenants with preferential access to potential customers, suppliers, technology partners and investors (Hansen et al., 2000; Scillitoe and Chakrabarti, 2010)” (Bruneel J. et al, 2012: 3). Business networking is all about establishing beneficial relationships with other business people and customers. This also entail communicating with industry experts in your industry. “Hansen and colleagues posit that networking is the most important factor in successful BI programmes (2000), and empirical evidence suggests that access to networks is critical for BIs’ tenant companies’ development (McAdam and McAdam, 2008). In essence, facilitating access to external networks by BIs eases the acquisition of resources and specialized expertise, provides learning opportunities, and allows new firms to build up legitimacy faster” (J. Bruneel et al, 2012:3). This extremely helped new firms overcome their “resources scarcity”. “Research shows that these firms can over- come their resource constraints through networking, and thereby accelerate firm growth (Zhao and Aram, 1995)” (Bruneel J. et al, 2012:3).

The next dimension on the third generation incubators is the access to funding. Entrepreneurs can use these networks they have established to access financial resources they require for their business ventures. “BIs build networks with early stage investors such as business angel networks and venture capitalists, which reduce the search costs for tenant’s companies. Alongside providing necessary funds, venture capital investors can also play an important role in the professionalization of the venture (Gorman and Sahlman, 1989)” (Bruneel J. et al, 2012: 3).

What are the benefits of networking in third generation incubation? Firstly, “Networking with other companies also provides firms with greater legitimacy in the market place (Aldrich and Fiol, 1994) which in turn has a positive impact on their survival chances. Several studies have demonstrated that new firms have little organizational legitimacy, thereby limiting their opportunities for resource acquisition and reducing their survival propensity” (Bruneel J. et al, 2012: 3). This is also referred as co-venturing which essential for the survival new enterprises. In the study they mention venture capitalist which can be used as access to financial resources but as way of bringing specialised skills in the entrepreneurial venture. Secondly, this allow firms to gain legitimacy in the environments by showing access to specialised networks. These networks can be specialised professionals with capabilities in finance, commercialisation and technology including legal knowledge.

Business development services is also another dimension in third generation incubation centre which is an addition to subsidised rental. The entrepreneurs will have access to professional expert – technological, financial, product development, raising finance and raising finance for their venture and accelerating the success of the entrepreneurial venture.

As you have seen on the Evolution of Business Incubation model there are four generations of business incubation. The fourth generation incubator dimension in comparison with traditional incubators, virtual incubators offer no workspace or office support to incubatees. They mainly offer online access to their offerings. The current changes in the world with COVID19 pandemic leading the change is the importance of technological innovations. This pandemic has and changes in the world order taught us that we don’t need to be present to experience an activity rather we can use technology as way of communicating with each other. The incubators that are aligning themselves to fourth generation incubation use virtual incubation as way of incubating new or old incubatees. Virtual incubation is also another dimension of bringing other entrepreneurs in the fold of the incubation and those requiring business development service of an incubator rather shared office facilities. The other dimension is co-incubation, in this fourth generation the emphasis is on co-incubation working with other incubators or innovation labs to increase the service of an incubator. “Virtual incubators do not offer the positive effects of local synergy between similar start-ups companies obtained through face-to-face networking and problem-solution sharing. Also, start-ups do not have a running start to their business life,

with secretarial or infrastructure support. However, virtual incubators are able to offer a greater advisory network to their incubatees, better matching supply and demand of management and technical talent. This is often left to the initiative of the entrepreneur – the incubator merely provides the platform and the network” (Von Zedtwitz M, 2003:190).

Aernoudt 2004 in Article: Incubators: Tool for Entrepreneurship? Notes different types of incubators. As per table below each type of incubator tries to deal or cope with market failure and fill certain gap in the market. Different types of incubators reflect history of incubation or typology. At the beginning, incubators were meant to revitalize the declining manufacturing sector and they served as tool for re-vitalizing the manufacturing industry. The examples in table below and discussion show that the word incubation covers wide range of activities, services, approached and objectives. Different incubators have different missions or visions. In evaluating each incubator one has to take differences into consideration in order to make sense of incubator mission and vision.

Table 3: Typology of Incubators

	Main Philosophy: Dealing with	Main Objective	Secondary Objective	Sectors Involved
Mixed Incubators	Business gap	Create Start -ups	Employment creation	All sectors
Economic Development Incubators	Regional and local disparity	Regional development	Business creation	All sectors
Technology Incubators	Entrepreneurial gap	Create entrepreneurship	Stimulate innovation, technology start-ups and graduates	Focus on technology, IT, biotechnology etc
Social Incubators	Social gap	Integration of social categories	Employment creation	Non-profit sector
Basic Research Incubators	Discovery gap	Bleu-sky research	Spin-offs	High tech

(Aernoudt, 2004)

Mixed incubators

These incubators offered all kinds of services to all kinds of enterprises from tech, non-tech, manufacturing and services. These were created in the to deal with plant closures in the United States and Europe. These incubators were used as instruments to promote diversified regional economies and later became a tool for improving regional competitiveness.

Economic Development Incubators

These incubators focus on narrowness of regional development. They are dealing with regional and local disparities in order to ensure that development take place. They were created to create business in all sectors of the economy.

Technology Incubators

Their focus was on technology oriented firms. The trend was to develop specific technology incubators around specific industrial and technology clusters such biotechnology, Information Technology, environmental technology or speech technology. They created entrepreneurship through stimulation of innovation, technology start-ups and graduates.

Social Incubators

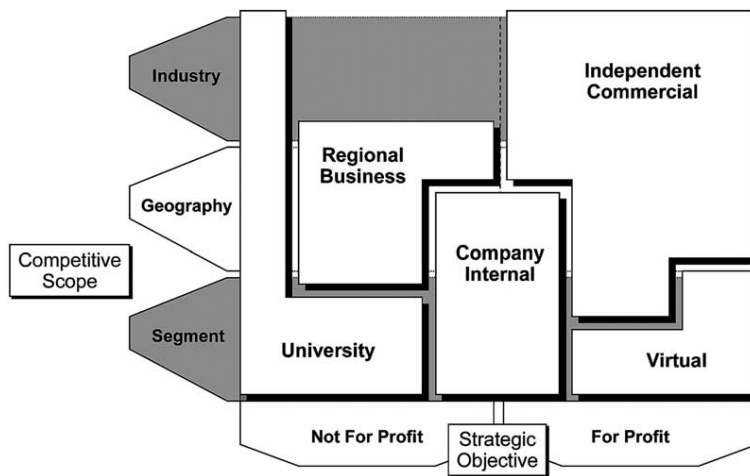
Social incubators aim to stimulate and support development, growth and continuity of companies employing people with low employment potential. They assist by bridging social gaps by increasing employment opportunities for people with disabilities, minimum guaranteed income beneficiaries and low skilled people. They create employment opportunities in all sectors of the economy and have integrated non-profit culture.

Basic Research Incubators

These incubators were trying to bridge the discovery gap by linking incubation principles to fundamental research, for example, research laboratories for the discovery and research before product is launched in the economy.

Von Zedtwitz (2003) identified what they referred to as the most common types of incubators as follows and as depicted in the table below. “Strategy is based on the creation and exploitation of competitive advantage, and the business model is an instrument to achieve this goal. What is a viable and sustainable business model for incubation? Is there a generic business model for all archetypes of incubation?” (Von Zedtwitz, 2003:184)

Table Four: Five archetypes of incubation.



Von Zedtwitz (2003)

- **Regional business incubators;**

“Regional business incubators are established by local governments or organisations with similar regional political and economic interests, to provide office space and start-up support for the local community. Their main objectives are public: to generate employment, improve local industry or improve public image. Commercial results, at least for the initiator of the regional incubator, are a secondary factor, the public mission is stronger than the profit objective” (Von Zedtwitz, 2003:186). These incubators focus on narrowness of regional development. They are dealing with regional and local disparities in order to ensure that development take place. They were created to create business in all sectors of the economy. This is similar to economic development incubators in the Typology of Incubators model.

- **University incubators;**

“Naturally, technical universities are hotbeds of new inventions and cutting-edge technologies. Until recently, however, most universities had no intention of capturing some of this value commercially. The first technology-transfer offices were established in the 1970s, amongst much debate about the extent to which academic institutions should ‘soil’ their hands with pecuniary interests. By early 2001, few of these offices had returned profits to their universities and their main mission had remained to support the transfer of technology rather than its commercialization” (Von Zedtwitz, 2003:187).

This is similar to Basic Research incubators in the Typology of Incubation model. These incubators were trying to bridge the discovery gap by linking incubation principles to fundamental research, for example, research laboratories for the discovery and research before product is launched in the economy. Universities are source of discovery and innovation.

- **Independent commercial incubators;**

“Pure, commercial, independent incubators are characterized by a strong profit or commercial objective, although this does not rule out motivations to generate benefits for the local community. Commercial incubators are generally spun off as entrepreneurial boot camps by venture capital firms or started by independent entrepreneurs as a place to help other entrepreneurs. Since commercial incubators are often established without the constraints of having to fit into an existing organisation, there is more freedom to develop an efficient incubation business model. The business model of an independent incubator is based on clear internal competencies and focuses on a given technology or industry (e.g., language recognition software) or target market (e.g., Japan)” (Von Zedtwitz, 2003:185). These are for profit incubators that commercialize the start-up business. These incubators have technical expertise that attract particular entrepreneurs, the incubator will fine tune the entrepreneur skills to ensure that they a competitive edge. In nutshell, the incubator enhances the possibility to leverage and benefit on each individual start up.

- **Company-internal incubators;**

“Company-internal incubation of new technologies has been a responsibility of corporate Research and Development for many years. There is plenty of literature on strategy and management concepts of how to improve innovation from Research and Development departments. Some of the most cited problems of Research and Development -based innovation include, among others: inability to cope with disruptive technologies, poor communication between technical and business functions, inflexible management and organizational structures, inability to align long-term vision with short-term needs” (Von Zedtwitz, 2003:188). These incubators focus on the internal

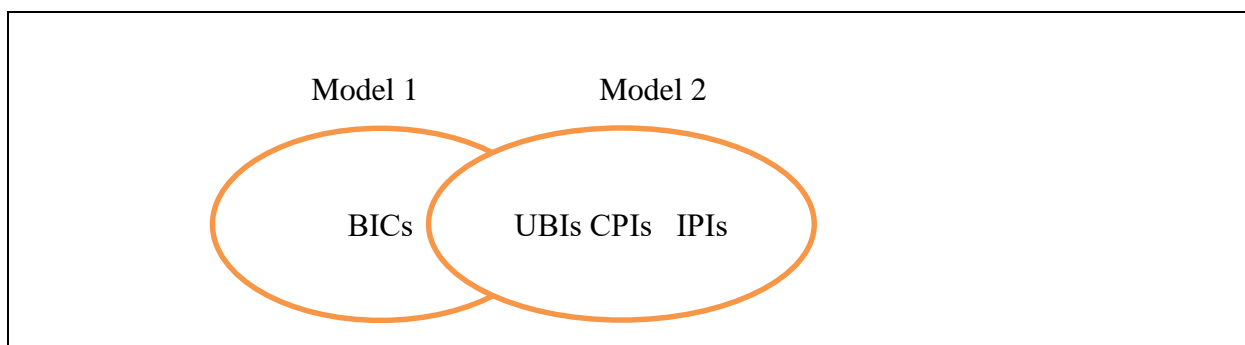
innovation within company in developing products and services that will increase the company offerings.

- **Virtual incubators.**

“In comparison with traditional incubators, virtual incubators offer no physical workspace or office support. Instead, they offer online access to a network of entrepreneurs, investors and advisors, as well as support to help match other entrepreneurial needs to professional advice” (Von Zedtwitz, 2003:190). These incubators are purely online without physical incubation of entrepreneurs.

Grimaldia and Grandi (2005) also mapped different types of incubators over the past 20 years. “Over the last 20 years, increasing importance has been attached to incubators as mechanisms for enhancing the economic and technological development of countries by promoting the rise of promising entrepreneurial ideas and encouraging the growth of newly established companies. Many local economic development agencies, government and other public institutions have adopted incubators as a tool to reduce the probability of failure and to speed up the process of business creation” (Grimaldia and Grandi, 2005:112). This map or model is more similar to the archetype model by Von Zedtwitz (2003).

Table 5: Incubating Models



Von Zedtwitz (2003).

- **Business Incubation Centres (BICs)**

“In Europe, the first and most popular public incubators were the BICs (Business Innovation Centres): their origin dates back to 1984, when the first Business Innovation Centre’s (BICs) were set up on the initiative of the European Commission. The

incubating activity of BICs consists in offering a set of basic services to tenant companies, including the provision of space, infrastructure, communication channels, and information about external financing opportunities, visibility, etc.” (Grimaldi and Grandi, 2005:112). These incubators will offer similar type of service as normal incubator and the public incubators by nature in that they receive funding from government.

- **University Business Incubators (UBIs)**

“Another example of public incubators is represented by University Business Incubators (UBIs). Government policy-makers increasingly view science as a vehicle for energizing national and regional economies and with increasing frequency ask universities to lend resources, faculty time and talent to economic development efforts” (Grimaldia and Grandi, 2005:112). Universities are major source of innovation and these UBIs were seen as key to unlocking innovation lacking in the economy. “Although the main goal of universities is education, they can still make substantial contributions to local economies through research leading to patentable inventions and discoveries, faculty spin-off ventures, and technology transfers” (Grimaldia and Grandi, 2005:112). These incubators are set up by universities willing to be involved in generating and spreading scientific knowledge in the economy.

- **Corporate Private Incubator (CPIs)**

“CPIs are incubators owned and set up by large companies with the aim of supporting the emergence of new independent business units (Piccaluga, 2000; Von Zedtwitz, in press). These new business units (corporate spin-offs) usually originate from research project spill-over (carried out within source-organizations) and happen to be the outcomes of diversification strategies. It is quite common for the source-organization company to control all the new ventures by holding equity stake. These incubators, in addition to corporate spin-offs, host more generic start-ups as well. Generally, these incubators (like university incubators) intervene during the early stages (business concept definition) of the business development cycle” (Grimaldia and Grandi, 2005:112). These CPI’s are major source of innovation for companies and they create new products of services.

- **Independent Business Incubators (IPIs)**

“IPIs are incubators set up by single individuals or by groups of individuals (companies too may be among their founding partners), who intend to help rising entrepreneurs to create and grow their business. They invest their own money in the new companies and hold an equity stake. Sometimes they are called accelerators, since they usually do not intervene during the business concept definition phase, but they do intervene when the business has already been launched and needs specific injections of capital or know-how” (Grimaldia and Grandi,2005:112). They provide seed capital to entrepreneurs. They will also provide advice and mentoring to ensure that their investment is protected. The major benefit is that the entrepreneur will be able to access the network of the incubator.

“Business incubators are mostly publicly funded, in accordance with government policy, making business incubators the primary enablers of economic development growth programmes” (Grimaldi and Grandi, 2005:31). “Business incubators provide support to new ventures with the intention that they will develop into sustainable ventures, and their support entails several dimensions such as office space, shared resources, business support, and access to networks” (Hackett and Dilts, 2004:60). With reference to the models above discussed these are basic services that incubators must provide to incubatees.

There are a number of obstacles that business incubators must overcome. These obstacles continuously force business incubators to adapt their operating strategies in order to ensure that (Von Zedtwitz, 2003). These obstacles are related to issues such as that there is a large number of organisations that provide similar assistance in the market providing similar services of incubation (Von Zedtwitz, 2003). This has led to the term ‘business incubator’ being loosely utilized to refer to all organisations that offer business related assistance (Aernoudt, 2004). “An incubator must know the unique value proposition of the services it combines in one package. If it is unable to define the value of a particular service in the context of the package, it might be better to outsource the service. For instance, some incubators have decided to outsource stock option planning to more specialized accounting firms. Most if not all of above services could be outsourced and merely aggregated by incubators” (Von Zedtwitz, 2005:102).

Incubators must understand their value proposition in order to ensure that stand out in the market.

Hackett and Dilts (2004) found that the intangible elements of a business incubator are as important as the alongside the tangible elements. Business incubators provide more than just facilities and support services, they provide an environment in which new ventures can learn and grow safely, gradually accumulating the confidence and credibility required for successful and sustainable business (Hackett and Dilts, 2004). The intangible elements are what differentiate incubators from other purely property-based initiatives (Hackett and Dilts, 2004). “It is reasonable to assume that in the attempt to satisfy the new expectations of companies, a new breed of incubators has emerged and has started providing new services (adding value to their tenants) while paying less attention or disregarding old ones. This shift of attention and the increasing focus on more intangible and high-value services (access to advanced competencies, learning experiences, knowledge, networking, synergies, etc.) have governed the emergence of a new incubating model” (Grimaldia and Grandia, 2005:113). The intangible services are the focus of this research, those services that are personal development in nature and build the confidence of the individual entrepreneur.

It has been observed that though incubators organisations were increasing in terms of their numbers, it was not clear whether incubators achieved their goals or what their impact was on the tenant. There was little evidence showing how incubated businesses thrive in the incubator, despite the fact that much entrepreneurial literature on new business development had been written (Voisey, Gornall, Jones, and Thomas, 2006). The issue here as discussed as well on enterprise development section is lack of benchmarking research or impact analysis of incubation services. Incubators do not involve themselves in research that allow them to see what is working and what is not? As result we constantly apply the strategies that ineffective and do not enhance the success of incubation.

The lack of evidence with regards to the contribution of business incubators can be attributed to the lack of theory building studies including research that can be used to consistently Analyse business incubators activities (Hackett and Dilts, 2004). Bruneel et al (2012) suggested that to

understand how the value proposition of the business incubator has evolved, it is important to Analyse and understand their contribution to the success of incubated ventures.

Entrepreneurship is the core foundation for sustainable and meaningful economic development for all level of economic development (von Zedtwitz, 2005). Business incubators have fulfilled a catalytic role for new venture creation and grow new ventures they assist ventures and by providing the new ventures them with business support and guidance in the process of venture creation and growth (Grimaldi and Grandi, 2005).

The notion that business incubators have fulfilled a catalytic role for new venture creation and growth could potentially be applicable to under developed economies. In under developed economies, incubatees could provide relief through their vast knowledge and experience. “The challenge and the opportunity in particular for advanced developing and transitioning economies is to evolve and possibly leap-frog from lower to middle income, knowledge-, technology- and know-how-importing and using countries to high and sustainable income, knowledge-, technology- and know-how-generating and exporting ones” Von Zedtwitz, (2005:96).

Incubators offer different services to the incubated ventures, these services depend on the incubator’s competitive scope, strategic objectives, and the type of services available (von Zedtwitz, 2005). Von Zedtwitz (2005) identified vertical scope, segment scope, geographical scope, and industry focus as the main elements of competitive scope. Incubators must identify themselves based on particular competitive scope. The scope dimensions identified by Von Zedtwitz (2005) are the main differentiators between incubators and other business support service providers, these also assist to differentiate between incubators themselves (Von Zedtwitz, 2005). Incubators also have different objectives for providing assistance to new ventures, their objectives could either be profit making or providing a non-profit. These objectives inform the operating model and competitive scope of the incubator and the incubator’s business plan (von Zedtwitz (2005). “Incubators that have a strong non-profit motive are the regional business incubators and university incubators. Incubators that have a strong for profit motive are independent commercial incubators, company-internal incubators

and virtual incubators” (Von Zedtwitz,2005:112). The long term objectives of all incubators are economic in nature which is to grow the feasibility and growth of enterprises.

Von Zedtwitz, (2005) identified the following services as central to incubation:

- **Access to physical resources:** Incubators offer office space, furniture, computer network, security and other amenities to do with physical infrastructure.
- **Office support:** In addition to infrastructure, incubators maintain efficient operation of basic office support such as secretarial and reception services.
- **Access to financial resources:** Incubators offer access to venture capital. This is normally a combination of private funds and outside capital, invested by business angels, venture capitalists or local institutions and companies.
- **Entrepreneurial start-up support:** Entrepreneurs may sometimes be stronger in technology and business vision, but could lack organizational, management and legal skills. Incubators guide entrepreneurs through the necessary steps a newly founded company must take. Incubators provide management coaching support, helping entrepreneurs develop and apply leadership and management skills. Many incubator managers, however, have not been able to provide real value added in start-up coaching.
- **Access to networks:** Incubators are able to identify and leverage key individuals for the success of their start-ups. Entrepreneurs usually do not have the network that an incubator has taken a long time to create. Incubators can bring in individuals with the right skills to a start-up’s business.

Von Zedtwitz (2003) provided a definition of incubators based on the services that incubators provide. Indicated that incubators that provide all of the five services should be considered as incubators in the word sense of the word or strong incubators. Those incubators that provide only four of the five services as incubators in the weak in a sense of the word incubator., which means they are weak Those organisations that provide less than four of the services should not be considered as incubators. In nutshell, incubators must understand their scope and ensure that they provide full range of services to entrepreneurs.

A modified definition of business incubators was proposed by Buys and Mbewana (2007), “business incubators are organisations that provide protected environments for business start-

ups” (Buys and Mbewana, 2007, p. 356). Buys and Mbewana (2007) agreed Von Zedtwitz (2005) that the term incubator describes a variety of organisations that assist entrepreneurs by providing them with an environment that enables them to create their ventures and to grow them into successful businesses.

Although there is a variety of organisations that are referred to as incubators, business incubators however are unique in terms of the services they provide. Business incubators provide a carefully designed systematic process that targets specific needs of the venture and the entrepreneur (Buys and Mbewana, 2007).

The business incubator may offer office space at affordable rates that needs to be vacated at an agreed point in time or at graduation, office assistance services that could be shared among the tenants, and access to venture funding or assistance with funding. Further service that are directed at the personal growth of incubatees may also be offered such as business counselling and mentoring, training, business support, venture capital, and networks (Buys and Mbewana, 2007).

Buys and Mbewana (2007) notes that not all incubators are successful, the conditions that contribute their success and also to their failure should be investigated. They listed eight primary factors that determine the success of the incubators in the South African context, which are strongly correlated with each other. The Godisa case study has shown that incubators that operate in conducive environments tend to be more successful than those that are not in such a setting. Buys and Mbewana (2007) listed the following as the primary success factors:

1) Availability of science and technology;

“Conducive environments for business incubation are located where access to scientific and technical knowledge and services and supporting infrastructure is readily available, either from universities or scientific institutions such as the CSIR and science councils” (Buys and Mbewana, 2007: 357). This according is primary success factor and it has been shown that university or tertiary institutions closer to incubation center will have tremendous impact on the success of the incubation center. This will be dimension of third generation incubation which emphasizes more on technology, co-venturing and

networks. This specialized knowledge of these institutions will greatly enhance the success of entrepreneurs. In terms of the study they concluded that business incubators must be located in environment conducive, access to scientific and technical knowledge and infrastructure.

2) Access to Finance;

“Incubators must have the ability to help raise capital and provide business tax and risk management services for its clients. Conducive environments are those that have ready access to low-interest funding such as government grants and loans or angel and venture capital” (Buys and Mbewana, 2007: 358). This is another example of third generation incubators, the importance of access to funding. “BIs build networks with early stage investors such as business angel networks and venture capitalists, which reduce the search costs for tenant’s companies. Alongside providing necessary funds, venture capital investors can also play an important role in the professionalization of the venture (Gorman and Sahlman, 1989)” (J. Bruneel et al, 2012:119). According to Bruneel et al business incubators in third generation must provide resources such as venture capital to entrepreneurs in order to allow them to access funding. Venture capital or funders also provide network of resources that entrepreneurs can access such product development, marketing, legal and finance. These availability of resources will empower entrepreneurs in order to get them to repay money funded by these venture capital or funders. In nutshell, incubators must have the ability to raise funding and conducive environment that enable entrepreneurs to access low interest funding from government agencies.

3) Qualified entrepreneurs;

“Notwithstanding the fact that this research found a weak correlation between stringent selection criteria and incubator success, it did find that successful incubation depends on the quality of entrepreneurs being incubated” (Buys and Mbewana, 2007: 358). The important factor is that incubation centres must select appropriate entrepreneurs that will add value to the vision of the incubation centre. This will now take us to the point of selection criteria of entrepreneurs. “If BIs select their tenants from a variety of sectors, for example, then providing tailored infrastructure, business support services

and access to networks is more difficult than for a more homogeneous or sector-specific tenant population. Indeed, sector-specific BIs can achieve higher levels of economies of scale as their offerings are more specialized and tailored, with specialization increasing BIs' added value for tenant companies" (J. Bruneel et al, 2012:119). The entrepreneurs selected must have the entrepreneurial behaviour such as ability or be prepares to take calculated risks in order to successfully participate in the incubation. J Bruneel et all also emphasises the fact that incubation centres must specialise in order for them to offer tailored specialised services to entrepreneurs. The main objective of course must be entrepreneurial development but quality entrepreneurs must be selected to ensure that the incubation process succeed. This study concluded that entrepreneurs must have sufficient knowledge and ability, be prepared to take calculated risks, and have the desire to succeed. This further elaborate on the topic of this study which is incubation influencing the entrepreneurial behaviours of entrepreneurs.

4) **Involvement of stakeholder;**

Stakeholder support is very important for incubation process. The majority of these incubators are non-profit which means they are self-funded and require support of stakeholder in their mandate. "The involvement and support of stakeholders, consisting of sponsors drawn from the local business community, government, the broader community, venture capital providers, entrepreneurs and incubator management are vital for success. It is important that there is clarity, consistency and cooperation from its stakeholders that is consistent with the needs and capacities of the locality it is aiming to serve" (Buys and Mbewana, 2007: 358). According to Buys and Mbewana there should be agreement on the mission of the incubator and clear objectives to mission. They further to state that there is correlation between lack of stakeholder support and success of the incubation, "this could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of directors committed to the incubator's mission" (Buys and Mbewana, 2007: 358). This advisory board should be composed of all the stakeholders that support the incubation centre. "It is important that there is clarity, consistency and cooperation from its stakeholders that is consistent with the needs and capacities of the locality it is aiming

to serve. There should be consensus on a mission that defines the incubator's role in the community and quantifiable objectives to achieve the mission. Incubators should develop stakeholder support, including a resource network" (Buys and Mbewana, 2007: 358).

5) Conducive public policies;

"The success of services directed to entrepreneurship promotion depends largely on a broad-based consensus on economic and industrial policy" (Buys and Mbewana, 2007: 358). In the model Resourcefulness: A proximal conceptualisation of entrepreneurial behaviour I will be discussing later in this section emphasises on the dimension of entrepreneurial environment. This refers to the combination of external factors that influence entrepreneurial behaviour. Government policies and procedure is perfect examples it must be conducive to enhancing entrepreneurial culture. "Initiatives such as business incubators make sense only if the relationship between entrepreneurship and economic growth has been acknowledged at all levels of government" (Buys and Mbewana, 2007: 358). The government must acknowledge entrepreneurship as vehicle to economic growth and government policies must encourage entrepreneurship. Government policies should therefore be aimed at creating and sustaining environments that are conducive for business incubation, that is, having the characteristics described in this report as example of South Africa is the National Business Act and Cooperative Act which are designed to encourage entrepreneurship in the country.

6) Incubator management competence;

"The success of business incubators depends to a large extent on the quality of the management teams appointed to operate them. The team leader should have a business background and entrepreneurial skills, a flair for leadership and organization and be well networked in the community" (Buys and Mbewana, 2007: 358). The human resources dedicated or working in the incubation must skilled to the point that they are able to enhance the success of entrepreneurs. The incubator will have vision and mission and ensure that dedicated staff is provided with measurable objective to achieve the mission of the incubation centre. "Incubators must recruit and appropriately compensate management capable of achieving the mission of the incubator" (Buys and Mbewana,

2007: 358). The study conclude that this is an imperative in the success of the incubation process. It is essential that people dedicated to manage the incubation have the requisite qualification, skills and experience. These resources must also be well compensated based on the measurable objectives achieved.

7) Financial sustainability;

“Incubators should operate as viable businesses, with their own sources of sustainability such as taking equity, royalties and even ongoing subsidies” (Buys and Mbewana, 2007: 358). Just like the entrepreneurs they are incubating, incubation centres must be managed as proper businesses with feasible business plan, experienced human resources and financial ability. These incubators according to Buys and Mbewana they must be self-sustaining. “The ultimate test of success of an incubator is whether it can be self-sustaining. Incubators should be dynamic models of sustainable, efficient business operations. It is surprising that we found only a weak correlation between implementing a comprehensive business plan and success in incubation” (Buys and Mbewana, 2007: 358). The business plan of an incubator will also be main motivator for stakeholders to support their mission and advisory board must be in place to ensure the business plan objectives are achieved. They have found in the study that there is weak correlation between implementing comprehensive business plan of the incubator and success of incubation. Their impact must be felt in order for the incubation to receive full stakeholder support.

8) Access to networking.

“Partner networks contribute to incubator successes through sharing of the wisdom reaped from both achievement and failure. Networking is also important in expanding market opportunities for entrepreneurs and graduates” (Buys and Mbewana, 2007: 358). This will include wide range of networks from professionals to universities. This is also discussed in the third generation incubator with emphasis on providing services via networks. “Network exploitation by BIs provides tenants with preferential access to potential customers, suppliers, technology partners and investors” (J. Bruneel et al. 2012:119). Accessing expert technological, financial and professional knowledge capabilities is extremely important in third generation.

Buys and Mbewana (2007) combined these variables into a single independent variable and renamed it ‘conducive environment’ They also introduced three other variables namely:

1) The incubator business plan must be detailed;

“Incubators should operate as viable businesses, with their own sources of sustainability such as taking equity, royalties and even ongoing subsidies. The ultimate test of success of an incubator is whether it can be self-sustaining. Incubators should be dynamic models of sustainable, efficient business operations. It is surprising that we found only a weak correlation between implementing a comprehensive business plan and success in incubation” (Buys and Mbewana, 2007:358). The incubators as a prerequisite according to Buys and Mbewana must have strong business plan with clear vision of empowering entrepreneurs. The one thing that set successful incubators apart from unsuccessful ones is the strong business plan and the ability to attract stakeholder support and financial.

2) The selection criteria of the incubator must be stringent;

As discussed above quality entrepreneurs is a prerequisite for successful incubation. The selection criteria of the incubation must stringent in ensuring that they select entrepreneurs that have the ability to take risks and improve their entrepreneurial behaviour to ensure they exit or graduate from the incubation successfully.

3) The incubator must select an experienced advisory board.

“This research found only a weak correlation between support from an experienced advisory board and incubator success. This could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of directors committed to the incubator’s mission” (Buys and Mbewana, 2007:358). The advisory board should compose of stakeholder relevant to the vision and mission of the incubation. The stakeholders can include government – local or provincial, business, funders, expert in field of entrepreneurship, tertiary institutions and relevant individuals with skills. “This research found only a weak

correlation between support from an experienced advisory board and incubator success. This could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of director” (Buys and Mbewana, 2007:358).

Their study was conducted in a different context, compared with the study by Lichtenstein et al (2004). However, both studies highlighted the important role of the entrepreneur in the success of enterprise development although they were not specific regarding the role.

Incubation Process Model

There are three types of incubation processes - First, an incubation process involves the diagnosis and treatment of business problems, with the aim of lowering the early-stage failure rate. Second, an incubation process aimed at creating new businesses through the development of new entrepreneurs. These entrepreneurs want to develop/ commercialize their talent and ideas. Third, the incubation process, which involves spin-offs. In this case, the incubatees may have left a company either permanently or on sabbatical with the aim of developing a product or service with the company, which is complementary or supplementary to the product or service being provided by his or her original employers (Hackett and Dilts, 2004).

“The incubator is an entrepreneurial firm (Rice and Matthews, 1995) that performs a bridging function by sourcing and “macro-managing” the innovation process within emerging, weak-but-promising intermediate potential organizations, infusing them with resources at various developmental stage-gates while containing the cost of their potential failure” (Hackett and Dilts, 2004:43). The general incubation process above clearly encompasses bringing entrepreneurs and developing their businesses while the incubation center contains the possibility of entrepreneurial failure by developing the entrepreneurial behaviour of entrepreneurs. The business incubation logic model and incubation process model as depicted by Hackett and Dilts, (2004) clearly demonstrate the process of incubation and will discussed further in this chapter.

Incubators have a special role to play in the economy and that to capacitate entrepreneurs with skills and resources to succeed in their entrepreneurial venture. “Rather, incubators tend to incubate intermediate potential ventures in their early stages of development. These ventures have the potential to generate jobs beyond the position created by and for the founder; annual revenues can range from negative income up to 10 million dollars. According to the National Business Incubation Association (NBIA), average incubation cycle times are between two and three years” (Hackett and Dilts, 2004:43). Once these businesses have been incubated they need to graduate and introduce their concepts or products to the economy. Hackett & Dilts, 2004 goes further to state “the extent that an incubator is the operationalization of a community strategy to promote the survival of new firms, an incubator is an enabling technology, rather than a critical or a strategic technology” (Hackett and Dilts, 2004:43). Incubators are enablers which means they create and support the environment of entrepreneurship in the economy.

In discussing the business incubation logic model, the view is that “the incubator functions as a place where resources can be rationally invested in stages in selected incubatees that fail quickly, cheaply and often at various stages of the development path to success or terminal failure. Because most incubators do not take equity positions in most incubatees—relying instead on rental and services income as well as public and private subsidies—they are able to select and nurture ventures that have a greater likelihood of failure in proportion to upside potential than either a venture capitalist, or a firm engaging in corporate venturing would be willing to select, thereby resolving market failure in the intermediate potential venture marketplace” (Hackett and Dilts, 2004:43). This pure mission of incubation and the business incubation logic model clearly demonstrate the logic of incubation. However, the further explaining an incubator as an enabler, Hackett and Dilts (2004) further states that mere existence of an incubator does not necessarily means that entrepreneurs will be plenty and incubation Centre’s will significantly contribute to the development of entrepreneurs. “business incubator does not, in and of itself, necessarily translate into the development of critical and strategic technologies embedded in the products and/or services of innovative new firms; a lack of inputs such as capable entrepreneurs and/or critical or strategic technologies for commercialization might go a long way toward explaining why many incubators perform so poorly” (Hackett and Dilts, 2004:43).

The logic of incubators-incubation is below clearly shows the logic of incubation as discussed above. The model starts by clarifying the conditions of incubation called Antecedents, this takes us back to Buys and Mbewana (2007) model of entrepreneurial behaviour as will be discussed later in this chapter with conditions such as stakeholder support for entrepreneurship and activities in the economy that support process of incubation. The second dimension is inputs – which is clearly entrepreneurs who are the most important variable in the process of incubation, enabling technology which is critical to the functioning of an incubator and critical innovation. The third dimension will be activities which is the incubation process – new business development or new product development, development, selection, monitoring, business assistance and provision of resources for entrepreneurs to succeed in their entrepreneurial ventures. The Fourth dimension output – this will be the outcome of incubation. The end results Initial outcome – business growing profitably, incubatees surviving not necessarily making profit, incubatees operations terminated and losses minimised while in incubation or incubatees operations terminated with large losses. The intermediate outcomes are incubatees business becoming viable or company dying (closing down). The final will be long-term outcomes increased organisation population churn or what is called increase in entrepreneurial activity in the population. This model emphasises that incubation is a means to an end and not an end in itself as some theorists will like us to believe (Hackett and Dilts, 2004). The incubation is just one tool in the environment to support the increase and success of entrepreneurship in the economy.

Table 6: Business Incubation Logic Model

Antecedents	Inputs	Activities	Outputs	Initial Outcomes	Intermediate Outcomes	Long-Term Outcomes
Pre-venture Initiation Activities	Entrepreneurs	Incubation: New venture Development + New Product Development + Selection + Monitoring & Business Assistance + Resource Mutilicence		Incubatee is surviving & growing profitably.		Increased Organization Population Churn
Community Support for Entrepreneurship	Enabling Technologies / Innovations (including Incubator)		Incubated Companies	Incubatee is surviving and growing but not yet profitable.	Viable/Becoming Viable Companies	
Exogenous Conduct of Basic Research	Critical Technologies / Innovations			Incubatee is surviving but not growing and not profitable/marginally profitable.	Dead/Dying Companies	
Events Increasing Individual Entrepreneurial Orientation	Strategic Technologies / Innovations			Incubatee operations terminated while still in the incubator; losses minimized.		
Incubator Feasibility Study				Incubatee operations terminated while still in the incubator; large losses.		

Hackett and Dilts (2004)

The second model by Hackett and Dilts (2004) is the incubation process model. This model is further description of value added contribution of business incubation. “Briefly, the model indicates that incubatees are selected from a pool of incubation candidates, monitored and assisted, and infused with resources while they undergo early stage development. Outcomes refer to the survival or failure of the incubatees at the time it exits the incubator” (Hackett and Dilts, 2004:44). This model describes simple process of incubation and its contribution outcomes. As discussed in business incubation logic model above incubation is a means to an end and not an end in itself which means there are other controls that will ultimately impact on the success of the incubator. These controls are population size, state of the economy, incubator size and level of incubator development. These controls will greatly impact on the outcomes of incubation and let’s discuss them further as there is clear interaction of these controls with process of incubation.

Population size

The size of the population will greatly affect incubation process as more entrepreneurs in the economy that will increase the demand in incubation. The demand will also depend whether there are enough resources with the incubation to meet that demand? The resources such as financial, human resources, technology and physical are they enough to cater for the population size of entrepreneurs. Those against the process of incubation argue that incubation is only benefit selected few entrepreneurs and that it is not concerned about those entrepreneurs with insignificant ideas. However, the resource availability and allocation will be another variable that will impact the number of entrepreneurs that will be incubated in the population.

The state of the economy

Entrepreneurs create jobs not just for themselves but for others as well. The state of the economy is one dynamism that will impact on incubation particularly when it comes to resources. In model of entrepreneurial behaviour as will be shown later demonstrate that entrepreneurial environment is the influence of external factors on entrepreneurial behaviour. The political and economic state of the economy will definitely impact on incubation process.

Incubator Size

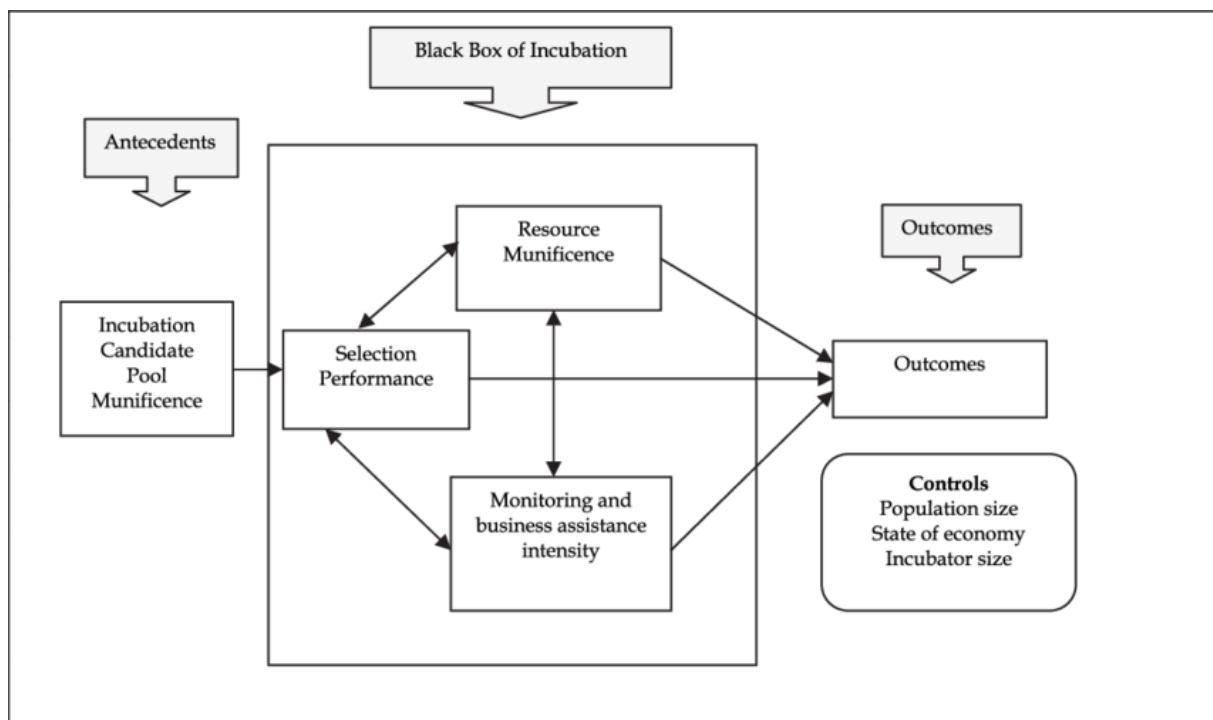
The incubator size is another control that we really don't know whether it affect the incubation process positively or not. The size of the incubator model will be dependent on the resources availability, are there enough resources to ensure that the incubator ultimately achieve its mission and objectives.

Level of incubator development

This is another dynamism which play crucial role in the success of incubation. In this chapter I discussed Buys and Mbewana (2007) primary success factors of incubation and one of them capable resources and viable business plan. The level of incubator development will definitely affect the number of entrants and services offered by the incubator. There is were Buys and Mbewana (2007) discusses the differences between weak and strong incubators, this clearly comes to the level of development of the incubator, whether it is fully fledged incubator or providing limited services.

“Controls include regional differences in economic dynamism, level of incubator development and size of incubator. The model is a temporal with arrows in the model indicating the relationships amongst the constructs. The arrows that lie between constructs represent the fact that we do not know whether these constructs overlap; because no one has conducted research using these constructs the possibility for interaction must be depicted. Arrows going backward from outcomes to the constructs of interest indicate feedback loops that occur over time and through experience, suggesting organizational learning effects” (Hackett and Dilts, 2004:44). As the Hackett and Dilts (2004) the relationships between the controls and outcomes of incubation require further research. We see a lot of external factor affecting the process of incubation, does the current state of economy with COVID19 impact incubation and its outcomes. This model gives us another direction on incubation research.

Table 7: Incubation Process Model



Hackett and Dilts, 2004

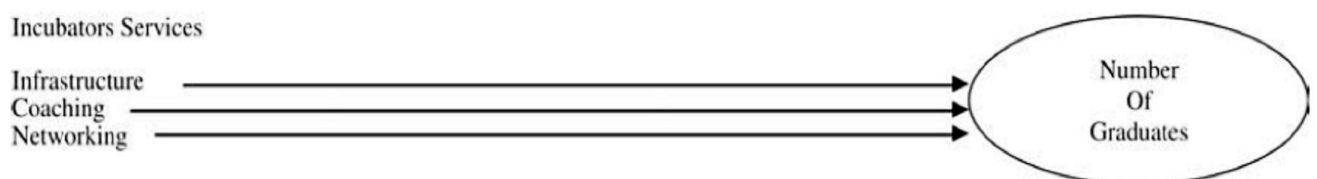
Stephens and Onofrei (2012) affirm the work done by Buys and Mbewana (2007) and Lichtenstein et al (2004). Business incubation policy and practice are primarily focused on developing a supportive environment by providing access to opportunities, resources and

support services (Stephens and Onofrei, 2012). Poor management practices and a lack of capital are the main reasons for the failure of business start-ups (Stephens and Onofrei, 2012).

Hackett and Dilts (2004) proposed that efforts directed at studying the functioning of the incubator must adopt a holistic approach. These efforts must consider that incubators are more than office space or infrastructure providers, they must include a network of individuals and organisation that facilitate the process of incubation to ensure it succeed. In order to adequately measure the outcomes of an incubator on the incubatees, it is important to consider the complexities brought about by the process itself and the network of both individuals and organisations involved. Stephens and Onofrei (2012) confirmed the findings of Hackett and Dilts (2004) that incubators must provide more than just facilities to incubatees, the services provided by the incubator must have an impact on the profession and personal growth of the incubatees. The impact of incubator on the professional and personal development of the incubate needs to be measured and utilized to inform the design of the incubation process (Stephens and Onofrei, 2012). The purpose of this study is clear on the personal development of incubatees hence the focus on entrepreneurial behaviours that incubatees must demonstrate at the exit of the programme.

Peters et al. (2004) proposed a model that explained how incubators facilitate the entrepreneurial process. Their model focused on the impact of the services offered by incubators. Whilst they did not address all the services offered by the incubator, the included infrastructure, coaching, and networks on their model. The model investigated the graduation rates of incubatees given the presents of the incubator services. They tested their model among three different types of incubators namely for-profit, non-profit, and university based incubators.

Table 8: Relational model explaining factors affecting the graduation rate of tenants in incubation Centre's



Peters et al. (2004)

Peters et al (2004) found that there was a significant difference in the number of companies graduating among the three types of incubators with different governance structures, with the highest number of graduates observed among the non-profit incubators. Maybe it could be that the majority of incubatees are in public incubators while profit incubator the selection and exit requirements are stringent. Coaching and access to networks were found to be the main distinguishing factors of the success of the incubators. This is the Generation two and three incubators as these focus on the personal development of the incubatees through mentoring and coaching.

Measuring incubation outcomes

Researchers agree on the role of incubators in providing an environment conducive to start-ups that want to grow into successful ventures. However, there is also a view that the benefits of business incubators are mostly claimed by its practitioners or academics and that there is a lack of peer-reviewed studies on the benefits to both the venture and the entrepreneur. The following section highlights research conducted on the outcomes of business incubation.

Whilst proven to be challenging, efforts to measure the impact of business incubation on the incubatees present opportunities for improving the incubation outputs or outcomes. These efforts were further frustrated by the lack of peer reviewed studies on the subject (Hackett and Dilts, 2004). Research conducted on the impact of business incubation tended to focus on the incubator and the incubation process itself and has neglected the impact of incubation on the incubatees (Hackett and Dilts, 2004). The incubatees is an important variable in the incubation process because without a capable entrepreneur the incubation process will fail.

Voisey et al. (2006) proposed that business incubators create other outputs or outcomes in addition to profit and cost improvements that were termed ‘hard’ measures in the models of incubations, rather concentrate on the termed ‘soft’ measures or outcomes to ensure that personal development of entrepreneurs is prioritized. The soft measure of business incubation relates to the personal and professional development of the incubatees. They include business skills, networking and coaching. Furthermore, they suggested that the soft measures are difficult quantify and assess and are subjective which is the truth but one thing certain is if we

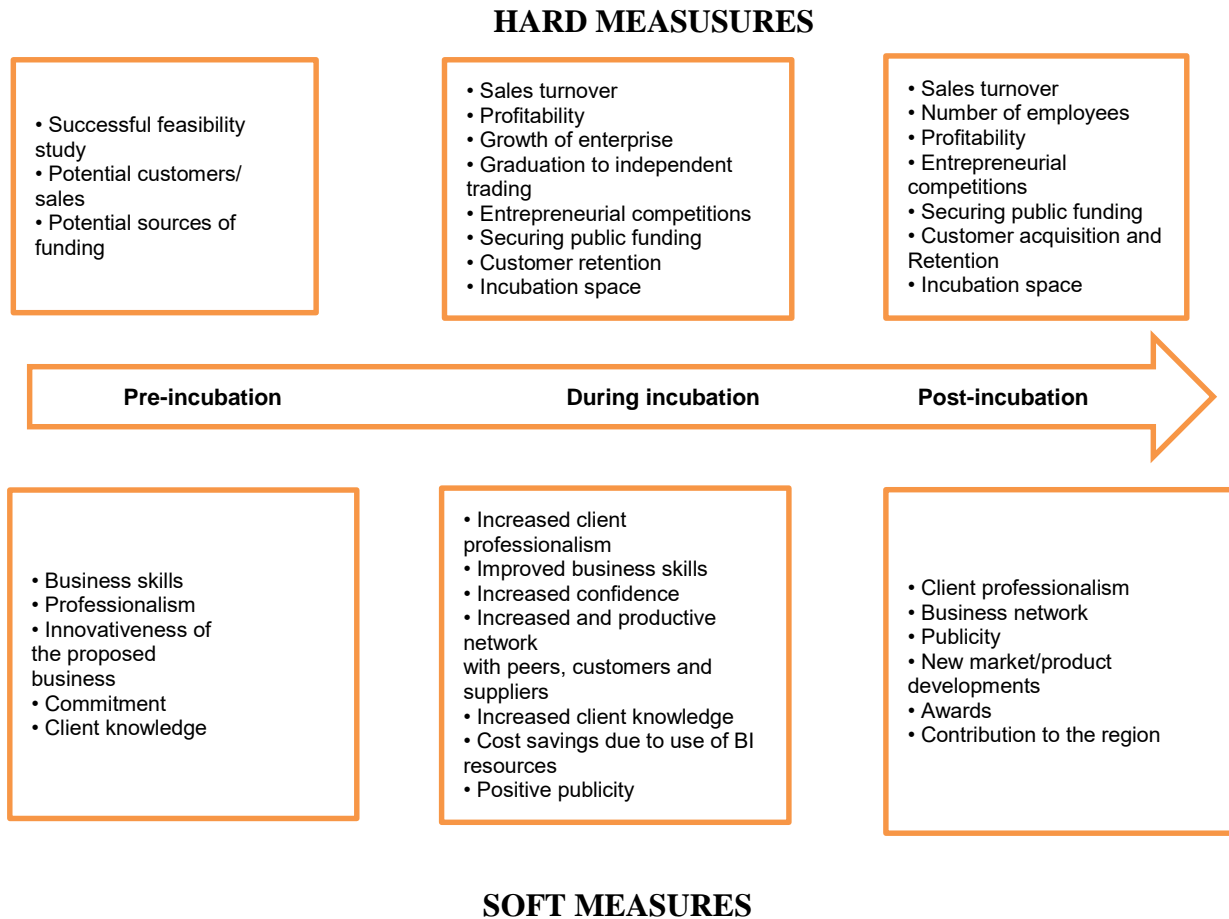


only look at the hard measure the majority of entrepreneurs succeed during incubation but fail once they have exited the incubation programme.

Stephens and Onofrei (2012) found in their study that the majority of the respondents noted that it is difficult to quantify the soft benefits of business incubation, however these benefits supplement the business development process. They therefore concluded that there is a need to measure the soft benefits of business incubation. Their study found that the personal development of incubatees is an important feature of business incubation as hard outcomes of incubation.

The paper by Voisey *et al* “on the measurement of success in a business incubation project” aims to address three research questions: what are the *hard* outcomes of business incubation for incubatees? What are the *soft* outcomes of business incubation for incubatees? How do the *hard* and *soft* outcomes change, pre-incubation, during incubation and post-incubation? The tables below show the hard and soft outcomes of business incubation.

Table 9: conceptual framework of hard and soft measures for evaluation before, during and after the incubation process.



With reference to the table above during the pre-incubation process the incubatees lack or have deficiencies the following: Successful feasibility study, Potential customers/ Sale, Potential sources of funding. The process of incubation must develop these deficiencies and as we have seen in the models discuss throughout this literature review the following will be developed and enhance: sales turnover, profitability, growth of enterprise, graduation to independent trading, entrepreneurial competitions, securing public funding, customer retention and incubation space. According to Stephens and Onofrei (2012) these are factors that must be developed during the incubation process. The outcomes must be sales turnover, number of employees must have increased, profitability increased, entrepreneurial competitions the entrepreneurs must be able to compete in the environment, securing public funding, customer acquisition and retention. These are the final outcome that an incubation must be able to demonstrate.

The soft measures of incubation focuses on the personal development factor of the incubatees. The following will be lacking or incubatees will demonstrate deficiencies: business skills, professionalism, innovativeness of the proposed business, commitment and client knowledge. The process of incubation must develop these deficiencies as follow: increased client professionalism, improved business skills, increased confidence, increased and productive network with peers, customers and suppliers, increased client knowledge, cost savings due to use of BI resources and positive publicity. The final outcomes of incubation will be: client professionalism, business network, publicity, new market/product developments, awards (of course this is not aim of incubation), contribution to the region in terms of employment and growth of the business. These soft measure they are the factors that motivated the need for this study as the majority of time concentrate purely on the economic outcomes of incubation and neglect the personal development requirements of incubators.

Furthermore, Voisey P. et al (2006) differentiated incubators into three categories the good, bad and ugly. Interesting categorisation indeed and I found it interesting as it takes us to how we measure an incubation programme or centre. Good Incubators “Good” incubators are said to have a minimum of 3,000 square metres net leasable space, are primarily identified by the sponsor’s clientele and the staff as deliverers of locally unique service programmes (community problems such as education, safety and security, access to money, labour force supply, housing, crime, etc.). They have healthy cash flows from rentals, utilities, fees for businesses support services and other contributions” (Voisey P. et all, 2006:458). These are healthy incubators that contribute to the development of incubatees and all stakeholder are impressed with progress. Bad Incubators “Failure is attributed to lack of comprehensive business support, predominantly service rather than manufacturing-based clients, and badly designed or specialist incubation premises. These factors affect the amount of income the incubator is able to generate” (Voisey P. et al, 2006:458). As discussed in second generation incubator business support is key issue as entrepreneurs require coaching and mentoring. Ugly incubators “The “ugly” may have financial problems related to the physical premises in which they operate, such as the need for remedial work on buildings (environmental, historic, legislative), and escalating utility bills. Clearly, as a European-funded project supporting start-up businesses on a no-fee basis, the GTi project would not fall into any of these categories” (Voisey P. et al, 2006:458). These are badly

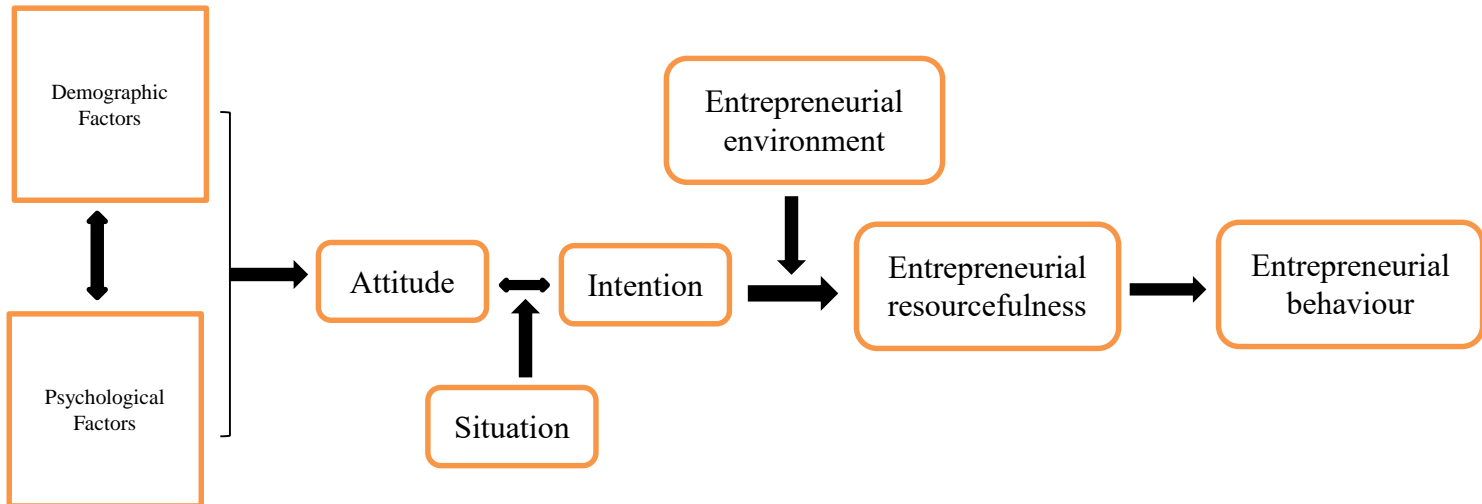
managed incubators, poor management, poor building, incubatees not paying rental for their office, they are in dire financial support.

2.3 ENTREPRENEURIAL BEHAVIOUR

The previous section discussed business incubation as it influences both the venture and the individual entrepreneur. It revealed that the intangible aspects of business incubation that pertain specifically to the individual entrepreneur are not well researched and understood, however it highlights that programmes could be designed that will equip entrepreneurs with the intangible aspects of business incubation.

Entrepreneurs can be differentiated from non-entrepreneurs on the basis of behaviour, but behaviour is not always translated into performance that produces entrepreneurial outcomes. It is proposed that an alternative basis for differentiation is cognitive style (preferred approach to information processing). In this section we put essence on the model “Entrepreneurial Resourcefulness: A Proximal Conceptualisation of Entrepreneurial Behaviour” by Misra and Kumar (2000). This model helps us to understand numerous factors that direct the behaviour of entrepreneurs. “The model elaborates three entrepreneurial competencies – cognitive, affective and action oriented. Various details of these competencies are elaborated to explain the behaviour pattern of an entrepreneur. The model treats the behaviour of an entrepreneur as an outcome variable and acknowledges that there are significant variations in the behaviour of one entrepreneur from the other” (Misra and Kumar, 2000:135). This framework influenced my studies and my research questionnaires were based on the model.

Table 10: Entrepreneurial Resourcefulness: A Proximal Conceptualisation of Entrepreneurial Behaviour



The brief review of the above model is explained below:

- I. **Background Factors** – this will include demographic factors such as family background, education, marital status, work experience education and sex etc.
- II. **Psychological Factors** – This is about psychological characteristics similar to entrepreneurs such as personality traits – in the model they mention need for achievement, power and affiliation of entrepreneurs.
- III. **Attitude** – This refers attitude that differentiate entrepreneur from non-entrepreneurs such as innovation, risk taking, self-efficacy, ability to be opportunistic with a strong sense of control.
- IV. **Situation** – Does situation have an impact in one starting an entrepreneurial venture. This according to model may trigger the desire for one to start business such retrenchment, unhappiness with work situation and in some cases economic circumstances may also contribute.
- V. **Intention** – “Bird define intentionality to be a state of mind that directs a person’s attention towards a specific goal or path in order to achieve something” (Misra and Kumar, 2000: 142). Intention is very crucial point in starting an entrepreneurial venture, one must have entrepreneurial intentions in order to create new venture.

“Entrepreneurial intentions are influenced by the attitude towards entrepreneurship, mediated by the situation factors” (Misra and Kumar, 2000:142).

VI. Entrepreneurial Environment – In this model they mention five areas that are important for an entrepreneurial environment: Government policies, Socio-economic conditions, Entrepreneurial and business skills, financial support for businesses and non-financial support. According to the author these factors influence entrepreneurial activity.

VII. Entrepreneurial Resourcefulness – “refers to the ability to self-regulate and directs one’s behaviour to successfully cope with difficult stressful and challenging situations” (Misra and Kumar, 2000:143). Entrepreneurial resourcefulness is all about the capability to identify opportunities in an environment, control and direct behaviour to effectively start and manage an entrepreneurial opportunity. This takes us back to definitions of entrepreneurship on the issue of opportunity and ability of an entrepreneur.

According to entrepreneurial resourcefulness comprises of three competencies – Cognitive, affective and action oriented.

Cognitive Competence

- Ability to analyse and make sense of large volumes of information
- Ability to take risks
- Innovation
- Ability to perceive and make sense of equivocal realities
- Tolerance for uncertainty
- High effort outcome expectancy

Affective Competence

- Ability to control feelings of withdrawal and depression
- Competitive desire to excel
- Ability to persevere
- High central life interest
- Dissatisfaction with status quo

Action Oriented competence

- Ability to make charge and lead employees
- Ability to influence external agencies
- Ability to find, marshal and control resources
- Ability to establish strong networks.

- I. Entrepreneurial Behaviour** – “entrepreneurial behaviour is the constellation of functions, activities and actions involved in the perception of opportunities and the creation of organisations” (Misra and Kumar, 2000: 149). In this model entrepreneurial behaviour is outcome variable. “Entrepreneurial behaviour is the function of entrepreneurial resourcefulness” (Misra and Kumar, 2000:149).

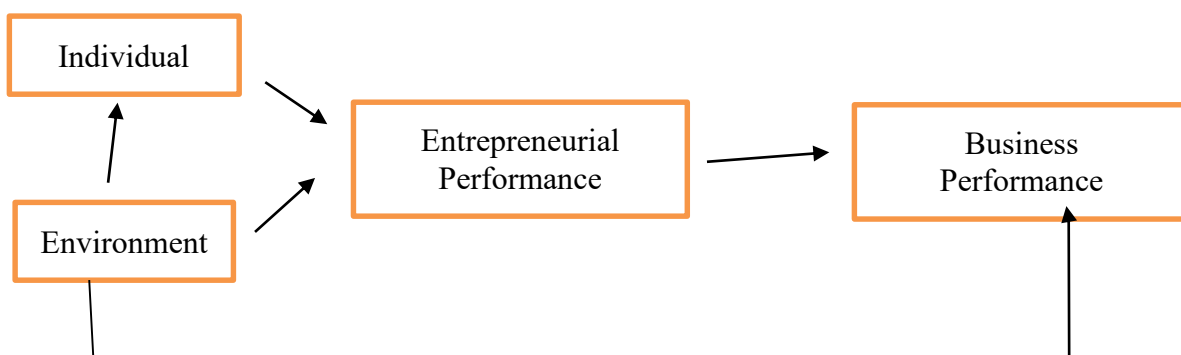
Entrepreneurial behaviours include innovations, creativity, creative, organization, values, qualities of an entrepreneur. Among these, innovation is the main characteristics of entrepreneurial behaviour, simulator of changes, possesses the abilities to operate new combinations and acts as a tool to search for new opportunities.

Following are the features or characteristics of entrepreneurial behaviour as discussed in Misra and Kumar (2000):

1. Innovation
2. Facing Uncertainties
3. Positive Self-Thinking
4. Bearer of Balanced Risks
5. Freedom
6. Use of Feedback
7. Initiative
8. Self Confidence
9. Firmness
10. Dynamic Tendency
11. Capacity and Need for Achievements
12. Flexibility
13. Stress Bearer
14. Organizing Capabilities
15. Desire to Discover
16. Motivator
17. Future Oriented
18. Analytical Ability

Frédéric Delmar (1996) article: Entrepreneurial Behaviour and Business Performance – he brings forth the link between entrepreneurial behaviour and business performance. The argument presented is that entrepreneurial behaviour and process as factors that determine the outcome of a business venture. In model of “Entrepreneurial Behaviour and Performance” there are four major concepts dealt with: Business performance, entrepreneurial performance, the individual (Motivation and ability) and the environment.

Table 11: A Model of Entrepreneurial Behaviour and Performance



1.- Business performance – “is determined by the response of the environment (i.e., market) to the actions of the entrepreneurs. Differently stated, the business will perform well if there is a demand for the products or services offered by the business” (Frédéric Delmar, 1996: 8). As you can see on the model business performance is dependent on entrepreneurial performance. The actions of both the individual and environment will impact entrepreneurial performance. He goes further to say entrepreneurial performance is separate from business performance (Frédéric Delmar, 1996: 8). The entrepreneur could be performing excellently but his/her business performing badly. “Business performance is here either measured as the ability to survive or to grow. Growth is seen as a direct indication of entrepreneurship. Survival is per se not sufficient as an entrepreneurship indicator, but it is an indicator of durability on the market (Frédéric Delmar, 1996: 8).

2.- Entrepreneurial performance or behaviour “is defined by the actions taken by the entrepreneur to reach desired goals. Entrepreneurial performance is restricted to tasks that are or can be under the control of the entrepreneur, such as the role of the board, organization, decision making, and goals and strategies” (Frédéric Delmar, 1996:9). These are behaviour

under the control of the entrepreneur and will eventually determine business performance. According to the author we must understand what the entrepreneur does and why, the action that they take on daily basis affect business performance.

3.- **The environment** – “is divided into the internal organization and the surrounding context” (Frédéric Delmar, 1996:9). The internal organisation will be the organisation or venture the entrepreneur created and surrounding context this can including socio-economic and regulatory environment.

4.- **The individual** is “defined by the entrepreneur's dispositions, i.e., ability and motivation” (Frédéric Delmar, 1996:9). The ability is all about the possession of the means or skills to do a particular task. While motivation as cause of performance, is about initiating and maintaining goal oriented behaviour. It is what cause one to act to do something.

This model of course is based on assumptions of psychological performance theory. However, it does present certain understanding of entrepreneurial behaviour such ability required to start and manage business and motivation to persevere in this entrepreneurial venture. The environment plays a huge role in entrepreneurship, similar to Entrepreneurial Resourcefulness: A Proximal Conceptualisation of Entrepreneurial Behaviour Model Government policies, Socio-ecomic conditions, Entrepreneurial and business skills, financial support for businesses and non-financial support will affect the environment in which the entrepreneur act.

Entrepreneurial performance as determinant of business performance highlights the importance of entrepreneurial behaviour as major cause of business performance. These are behaviours that are under control of the entrepreneur. However, it must be noted that an entrepreneur can perform excellently while their business performance is suffering. It this case the entrepreneur need to revisit the environment in which they operate and determine what really is affecting business performance i.e. market or government policy in South Africa. Perfect example in current context is that business performance is suffering for majority of micro and small business in South Africa not due to entrepreneurial performance but the environment – COVID 19 and government lockdown regulations which have forced business to close down. This model shared an interesting perspective on entrepreneurial behaviour and performance.

The Model of Entrepreneurial Decision-making as presented in the article: Entrepreneurial Behaviour: Transforming an Innovative Idea into an Entrepreneurial Product (An Open Textbook Adaptation by Textbook Equity, 2011) present another similar dimension of entrepreneurial behaviour. They have identified 14 entrepreneurial characteristics successful enterprise or venture which they usually come up in research. They admit that entrepreneurs may not possess all the characteristics but felt that strength in one may compensate for weakness in others.

Behavioural Characteristics of Entrepreneurs

1. Drive and energy
2. Self-confidence
3. High initiative and personal responsibility
4. Internal locus of control
5. Tolerance of ambiguity
6. Low fear of failure
7. Moderate risk taking
8. Long-term involvement
9. Money as a measure not merely an end
10. Use of feedback
11. Continuous pragmatic problem solving
12. Use of resources
13. Self-imposed standards
14. Clear goal setting

Article: Entrepreneurial Behaviour: Transforming an Innovative Idea into an Entrepreneurial Product (An Open Textbook Adaptation by Textbook Equity, 2011: 16).

2.4 CONCLUSION

This chapter has highlighted the important definition of entrepreneurship from the perspective of several and theorists. One thing they all agree on is that entrepreneurship is about exploitation of an opportunity to create an organisation. Whether the organisation is profit or non-profit id does not matter as the entrepreneur have creativity, innovation, resource allocation, risk and uncertainty.

Enterprise Development was discussed in detailed and acknowledged as catalyst for economic growth. We discussed several factor that impede on enterprise development and suggested strategies that will enhance or promote enterprise development. We touched briefly on the development in South Africa with regards to the National Small Business Act and Cooperative Act which are legislations within South Africa that promote conducive environment for enterprise development.

Business Incubation which is tool for implementing enterprise development was discussed in detail. We touched on the evolution of business incubation, which is different generation of business incubation and their offerings. The typology of business incubation which is different types of incubators in existence. In addition, the different types of incubators and scope as suggested by Von Zedtwitz (2003) were also highlighted including the services that are central to incubation. Buys and Mbewana (2007) took us further in this literature review by listing the eight primary factors of success for any incubation programme and introduced us to other three variables which they renamed “conducive Environment”. We also discussed the different incubation process models and how they affect the outcomes of incubation. We briefly discussed the conceptual framework on hard and soft measures of incubation, which took us to the next section which is entrepreneurial behaviours which I consider as soft outcomes measures of incubation.

Entrepreneurial Behaviour introduced us to the model of Entrepreneurial Resourcefulness which ultimately lead to entrepreneurial behaviour that enhances the entrepreneurial ambition of an entrepreneur. Furthermore, the model of entrepreneurial behaviour and performance brought the link between behaviour and performance of an entrepreneur.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter focuses on the research methodology used in this research to explore whether entrepreneur incubation programmes impact the entrepreneurial behaviour of township entrepreneurs. This study explored whether participating in entrepreneur incubation programme impact the entrepreneurial behaviour of entrepreneurs.

3.1 RESEARCH STRATEGY AND APPROACH

The method of research used in this study is Qualitative research. “Qualitative research makes sense of situation where we know in advance what the variables are, and are able to devise reasonable ways of controlling or measuring them” (Blanche et al, 2014:272). And Klave, in (Casell and Symon, 2004:11) explain qualitative research interview as “an interview, whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena. The goal of any qualitative research interview is therefore to see the research topic from the perspective of interviewee, and to understand how and why they come to have this particular perspective”. This qualitative research method has guided me to understand this phenomenon of incubation and entrepreneurial behaviour.

Inductive research “involves the search for pattern from observation and the development of explanations – theories – for those patterns through series of hypotheses” (Denzin and Lincoln 2009:266). This approach aims to generate meanings from the data set collected in order to identify patterns and relationships to build a theory; however, inductive approach does not prevent the researcher from using existing theory to formulate the research question to be explored. This reasoning is based on learning from experience, Patterns, resemblances and regularities in experience (premises) are observed in order to reach conclusions (or to generate theory).

This research explored the influence of entrepreneur incubation in increasing entrepreneurial behavior of township entrepreneurs. The interaction between the researcher and the participants will consist of a dialogue where both will share similar experiences and where multiple truths will be investigated (Denzin and Lincoln 2009).

According to Denzin and Lincoln (2009) a research methodology or strategy is determined by the nature of the research question and the subject being investigated. As a result, the research format used in an investigation should be seen as a tool to answer the research question. This research is aimed at exploring and understanding the meanings constructed by the participants. The study does not aim to provide the ultimate truth about the research topic but rather to investigate a particular way of looking at and deriving meaning on the phenomenon under investigation. This study will be guided by the following research questions:

The main research question: How does enrolling in entrepreneur incubation program impact entrepreneurial behaviour of township entrepreneurs?

The following are the sub research questions to answered in this study:

- I. How do entrepreneurs perceive as advantages and disadvantages of enrolling in an entrepreneur incubation programme?
- II. How can an incubation programs can improve their organizations and/or operations in order to attract entrepreneurs to their incubation programs?

A qualitative research approach was chosen as the methodology because this approach underpins an understanding and interpretation of meaning as well as intentions underlying human interaction. Data will be collected using in-depth interviews.

Justification for using qualitative research

Denzin and Lincoln (2008) define qualitative research “as a multifaceted research method involving an interpretative, naturalistic approach to subject matter. The multifaceted nature of qualitative research enables researchers to develop a holistic view of the phenomenon in question”. Qualitative research is considered suitable for this research project as the purpose of this study is to explore the views of a group of entrepreneurs on their participation in entrepreneur incubation centers. The research aim is to explore a particular meaning without presenting the findings as the absolute truth but as one way in which entrepreneur incubation centers are built.

The research is heuristic or exploratory from the beginning, since it is aimed to bring new understanding and meaning to the topic of entrepreneur incubation.

I conducted semi-structured interviews which were my main method of data collection. The semi-structured interviews facilitated an understanding of the problem from the perspective of the participants under investigation.

3.2 POPULATION

The focus was on micro, small and medium enterprises in townships enrolled in business incubation programme. Durrheim and Painter (2014:133) refer “the population is larger pool from which our sampling elements are drawn, and to which we want to generalise our findings. Theoretically speaking, the population encompasses all the elements that make up our unit of analysis”. We all know that the size of the population makes it unrealistic to include all members of the population in research project thus only sample population is studied. In this research data obtained from sample of population. The population studied include micro and small enterprises in township enrolled in business incubation programme.

I studied micro, small and medium enterprises (MSME’s) in Kimberley, De Aar, Upington and Jan Kempdorp town of the Northern Cape. These MSME’s have enrolled in entrepreneur incubation programme in their town.

3.3 SAMPLING

The method of non-probability sampling was used in this study. Durrheim and Painter (2014:139) define Nonprobability sampling as “any kind of sampling where selection of elements is not determined by statistical principles of randomness. Researchers often use convenience samples of undergraduate students or people who volunteer to participate in their research. They also make use of purposive samples, which means that sampling depends not only on availability and willingness to participate, but that cases that are typical of the population selected”. A common purposive sample was used to study the subject at hand.

According to literature and evidence there are few incubation centres in the Northern Cape. Masutha and Rogerson (2014) mention only the SEDA Jewellery Academy in the Northern Cape. And most of these incubation centres are what is referred to as weak incubators according to my literature review. They don't provide host of services in order to be classified as an incubator. There are only four public incubators in the province and no private incubation centres.

The participants in the study were MSME's participating in entrepreneur incubation programme in the Northern Cape. The participants met the following criteria of the study to be part of the sample:

- South African – African Black or Colored.
- Live in township in Northern Cape
- 21 years and over.
- Have a registered business in operation for more than two years.
- Currently participating or registered in an incubation programme. Exception was also made for those entrepreneurs that graduated from incubation programme in the last six months as their participation also contributed to answering the research question.

The sample was also expanded by asking the identified professionals within MSME's Sector (Managers of incubation centers, business development coordinators) relevant to the research topic particularly those in incubation centers.

A total of 45 semi-structured interviews were conducted. The interviews were conducted using tape-recorder to ensure that we don't miss any crucial information during the interview. I reached point of data saturation which basically means there was no new themes coming up during my interviews. "Theoretical saturation marks a point where one stops collecting new material because it no longer adds anything to ones unfolding analysis. At the point of theoretical saturation, additional cases no longer provide new information that challenges or add to the emerging interpretive account, and there is a sense that the theoretical account is nearing a complete and adequate form" (Kelly, 2014:288-289). Data saturation was actually achieved at interview 22 but kept 45 participants in order to maintain representative sample. I

also kept the sample to ensure that the information and quotations from other interviewees is considered in my data analysis as to compare themes arising from my data collection. Keeping further interviews I must say did provide me with insight into state of business incubation in the Northern Cape and its impact on entrepreneurs including communities were they are based.

The duration of the study was two (2) months. This allowed us to check for problems and/or challenges during the study and rectify.

TABLE 12: SAMPLE SIZE

Incubator	Number of Participants	Manager/Staff	Average length of interview
Incubator 1	15	1	25 minutes
Incubator 2	12	1	22 minutes
Incubator 3	15	1	25 minutes
Incubator 4	3	0	25 minutes

As per my table 1, the three incubators boast one manager while the one incubator didn't have manager but service provider was appointed to manage the facility. In my sampling I interviewed each manager and service provider managing the one incubator. The managers and incubates in this samples were able to state the services provided by the incubation and what was lacking in these offerings.

The non-probability sampling allowed for the selection of participants based on predetermined criteria as discussed above in order to reduce variations and develop a more focused research or investigation.

3.4 DATA COLLECTION

Business incubators in the Northern Cape were approached and provided list of Entrepreneurs participating in their incubation programme. The issue of gate keeping is key in research process, I had to ask permission from managers of incubation centres and in return they

informed relevant entrepreneurs of my study. In other words, consent had to be provided before research commenced. Each business owner was provided with letter detailing the purpose of the research, issue of confidentiality, contact details of the researcher, supervisor and faculty.

Kelly (1996:287) “Qualitative researchers want to make sense of feelings, experiences, social situations, or phenomenon as they occur in the real world, and therefore want to study them in their natural settings”. Concepts such as “real world” as discussed in quotation is exactly what attracted me to conduct this study, this phenomenon of incubation as it is currently, is it effective and developing entrepreneurial behaviours of entrepreneurs in townships.

The data was collected through semi-structured interviews. This method was perfect for finding out if business incubation centres impact entrepreneurial behaviours of township entrepreneurs. These interviews were also helpful in connecting with entrepreneurs rather than getting them to fill out questionnaire. Interviewing is an Interpretive Approach according to Kelly (1996:97) “Interpretive approaches see it as a means to an end (namely, to try to find out how really people feel about or experience particular things), and will therefore try to create an environment of openness and trust within which the interviewee is able to express herself or himself authentically”. Consequently, semi-structured interviews I can probe further in order to get more information from interviewees, because we are not confined to any specific questions or responses.

The pilot test was conducted to verify the whether the questions were relevant to the research study. There were changes made to the questions after the pilot test to ensure the participants understand the questions and purpose of the study. This pilot study used the semi-structured face-to-face setting with single participant at a time.

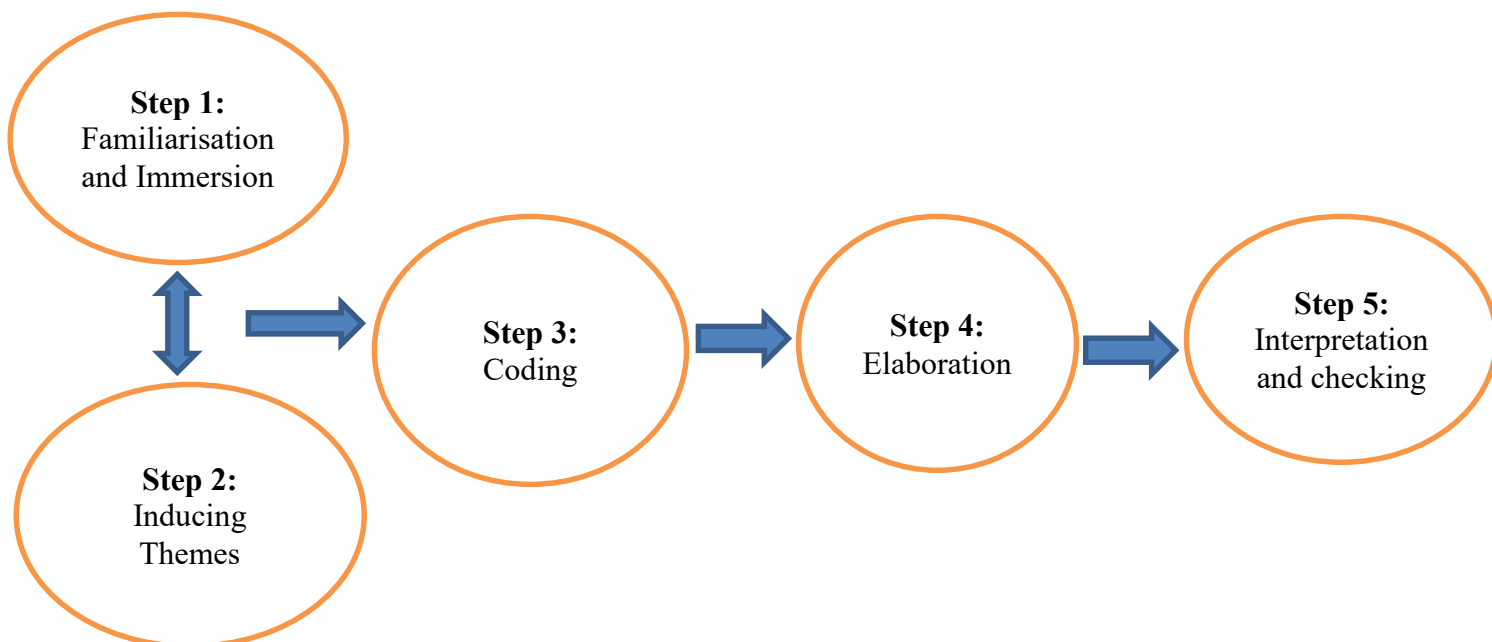
As per sample size in the table above, I interviewed 45 participants for this study. The participants are enrolled in the incubation centres in the northern cape. The interviews were audio taped and as researcher I made observations which I noted down. In some cases, interviews were conducted in local language – Afrikaans or Setswana as some were not comfortable in expressing themselves in English. Each interview lasted about 20-25 minutes and data was collected over period of 4 weeks. The semi-structured interviews enhanced my

study by allowing for the researcher conducting interviews to rephrase questions and/or translate questions into alternative languages for participants with low literacy levels. As mentioned above English is not the spoken by all participants as re researcher I had to switch between English, Afrikaans and Setswana. The duration of the data collection was two (2) months.

3.5 DATA ANALYSIS

The interpretive analysis method of qualitative was applied in analysing my data. According to Blanche et al (2004:321) “the purpose of interpretive analysis is to provide ‘thick description’, which means a through description of the characteristics, processes, transactions, and contexts that constitute the phenomenon being studied, coached in language not aligned to phenomenon, as well as an account of the researcher’s role in constructing this description”. This is done to connect real-life situations with phenomenon into perspective.

The following process was followed in analysing data in this study (Blanche et al, 2004):



Step 1: Familiarisation and Immersion

During this stage one should already have preliminary understanding of the data. “What you need to do now is in the data analysis stage is to take all your material and immerse yourself in it again – this time working with texts (fields notes, interview transcripts) rather than with lived reality” (Blanche et al, 2004: 323). This is stage to know and understand your data thoroughly and likely interpretations to come from it. Listened to the recordings and transcribed the data.

Step 2: Inducing Themes

This entails labelling of categories using language of interviewees and information from transcripts. I came up with as many themes as possible to ensure I don’t lose the essence of my research topic. This also involved classifying the data and breaking it up and bringing together again. Reconciliation between patterns identified in the literature review as well as in the data helped a lot with this activity.

Step 3: Coding

According to Blanche et all (2004: 324) “during the activity of developing themes, you should also be coding your data. This entail marking different sections of the data as being instances of, or relevant to, one or more of your themes. You might code a phrase, a line, a sentence, or a paragraph, identifying these textual ‘bits’ by virtue of their containing material that pertains to the themes under consideration”. I used codes, sub-codes, developed them into categories and sub-categories which translated into themes and finally Assertion or theory.

Step 4: Elaboration

In this step I explored themes more closely, which is mainly to capture the essence of meaning behind the codes developed in Step 3. This stage is a thorough analysis to ensure I can give good account of my data. According to Blanche et all (2004: 326) “keep on coding, elaborating and recording until no further significant new insights appear to emerge”.

Step 5: Interpretation and checking

This is the final and last step in the process of data analysis where I developed my interpretation of the data and write up was done according to main themes which are directly linked to the

research question. I also went through each themes to check anything missing or fix weak point on my analysis. I also reflected on my own role in collecting this data – was I objective or not? I checked my objectivity thoroughly to ensure that my personal involvement in the research does not affect the results.

3.6 VALIDITY AND REALIBILITY IN QUALITATIVE RESEARCH

In qualitative research validity is determined by the extent to which the data obtained from the participants has been consistently checked to a point where the data analysis process becomes self-correcting (Blanche et al,2004) and the researcher is able to “identify when to continue, stop or modify the research process” (Blanche et al, 2004:324). In order for research to be reliable it has to be credible, transferable dependable and conformable (Morse, Barret, Mayan, Olson and Spiers, 2002:17). We have included participants from different geographical areas within the Northern Cape.

In this research process, I was constantly on the lookout throughout the process for any evidence of the data obtained that became repetitive or irrelevant relative to the research question. This process helped me as researcher to determine when to stop or continue with the data collection, literature review and data analysis. The Validity and reliability in this regard was measured by technique known as response validation. This technique involves analysis initial results with participants to see if they still reflecting what they said during the interviews. This was also crucial as we translated some of the interviews from tape-recorder, checking initial responses with participants was important.

3.7 RESEARCH ETHICS

This research didn't involve any psychological and socially sensitive matter to avoid emotional harm to participants in this study. Given the importance of ethics in conducting research and the challenges around conducting research, universities go to great lengths to protect the dignity and safety of research participants. Ethical clearance was granted by the UCT Ethics committee in September 2019.

3.8 CONCLUSION

In this chapter I have discussed the research methodology and design I have undertaken in my research. The reason for choosing the said design and methodology was provided and the importance thereof.

There were no major problems encountered in gathering of data despite the COVID-19 lockdown in the country. The small businesses interviewed responded positively to the research and felt that COVID-19 presented an opportunity for incubation centres to improve their services to entrepreneurs.

CHAPTER 4: FINDINGS AND DISCUSSION

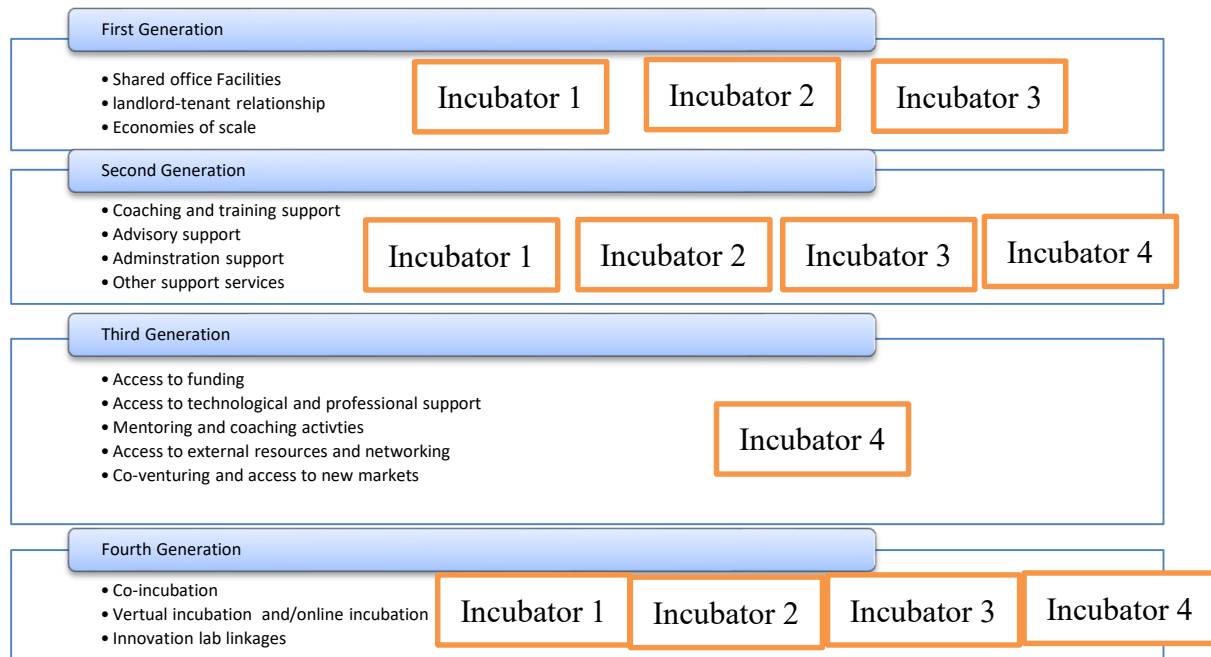
This study explored whether participating in entrepreneur incubation program impact the entrepreneurial behaviour of entrepreneurs. This chapter reports and details the findings of the interviews conducted and provides an examination of the data. As discussed in my research methodology, data was analysed in themes which were listed categorically to according to frequency of occurrence during data collection and mostly resultant from the literature review I have conducted on the topic on hand.

4.1 INCUBATION SERVICES IN THE NORTHERN CAPE

Incubators are vehicles that facilitate entrepreneurship and success of early start up's. They are also instrumental in creating successful business ventures but not as means to an end. As discussed in the literature review the basic services that incubators provide are: access to subsidised infrastructure or office which entrepreneurs can conduct their businesses, access to office support, access to financial resources, start-up support including skills and development and lastly accesses to networks. These are the basic services that incubators need to provide in order to be classified as an incubator in real terms according to literature.

In literature review we discussed the evolution of entrepreneur incubation centres over the decades. Where do the incubators in the Northern Cape fall in term of generations of incubations?

Table 13: Incubation Services in Northern Cape



The first generation incubators are purely about tenant-landlord relationship. They provide entrepreneurs with affordable and low cost infrastructure and facilities. The tenants will share costs among themselves. The one thing these first generation incubators lack is to empower entrepreneurs. The data collection and observation confirmed that incubator one, two and three provide first generation services which is affordable office infrastructure. The tenants are accommodated in shared office spaces or individually rented office space which allow them to cut down on rental costs. The other services that these incubators provide are water, refuse, cleaning ablution and electricity to all their tenants. This is one service these incubations provide excellently and the tenant appreciate the office space provided by these organisations.

Once tenants have been accepted in the programme and provided with affordable office space or infrastructure the incubator now has to think about their development. All the incubators that participated in the study provide some form of second generation business incubation. These services include coaching and training support, mentoring, administrative support and other services. In incubator one and two, the second generation services were very poor or weak due to lack of management in the incubator. The incubators didn't have managers and fully functional advisory board to ensure that these essential services are provided to entrepreneurs. Incubator three, the advisory support and training were prioritised for entrepreneurs. The

entrepreneurs received all the essential services of second generation incubator. In comparison to incubator four, their incubation model is to support entrepreneurs with strong technological innovation and provided training and coaching including mentoring. Incubator four, was extremely strong when it comes to second generation services as they were linked to university of technology which provided support to entrepreneurs.

In terms of the model above, incubator one is the only incubator in the Northern Cape that is providing third generation incubation services. The incubator is linked to university of technology and see innovation as key to unlocking capable entrepreneurs and those entrepreneurs that have special inventions. Access to funding is another important dimension to this generation of incubation, the incubator form partnership with funders and develop these entrepreneurs by mentoring them to be funding ready. This will include product development, business plan development, providing accounting services to ensure the business books are in order, mentoring and coaching entrepreneurs. Incubator four is also strong in terms of co-venturing, this incubator formed partnership with technology institutions to collaborate and ensure that entrepreneurs are able to access other services from innovation organisations.

As you have seen on the Evolution of Business Incubation model there are four generations of business incubation. I have added the fourth generation incubator dimension. The current changes in the world with COVID19 pandemic leading the change is the importance of technological innovations. This pandemic has and changes in the world order taught us that we don't need to be present to experience an activity rather we can use technology as way of communicating with each other. The incubators that are aligning themselves to fourth generation incubation use virtual incubation as way of incubating new or old incubatees. Virtual incubation is also another dimension of bringing other entrepreneurs in the fold of the incubation and those requiring business development service of an incubator rather shared office facilities. The other dimension is co-incubation, in this fourth generation the emphasis is on co-incubation working with other incubators or innovation labs to increase the service of an incubator. We see lot of incubators taking this direction and from our study they use virtual incubation as means of bringing more entrepreneurs in the incubation centre. The current incubatees don't want to exit incubation programme in the Northern Cape due to fear of losing subsidised office which is predicament to incubators as they want to impact more entrepreneurs

in their economy. Virtual or on-line incubation is regarded as ideal means by the incubators in the study to access entrepreneurs outside the incubation centre and this will also assist them to identify pool of entrepreneurs should they have space in incubation programme. Co-incubation is another way incubators stretch their resources by partnering with other incubation centres and innovation lab including universities in offering services they are unable to provide to their incubatees. All incubators in some form apply fourth generation incubation characteristics.

The incubators in the Northern Cape provide mix of services and they are evolving as they educate themselves about the concept of incubation.

In the table above we discussed different types of incubators in the Northern Cape in terms of first, second and third generation. We are now reflecting on the typology of incubators. Incubators were meant to revitalize the declining manufacturing sectors in the 1980's and they served as tool for re-vitalizing the manufacturing industry. The examples in table below and discussion show that the word incubation covers wide range of activities, services, approached and objectives. Different incubators have different missions or visions. In evaluating each incubator one has to take differences into consideration in order to make sense of incubator mission and vision.

Table 14: Typology of Business Incubation in Northern Cape

	Main Philosophy: Dealing with	Main Objective	Secondary Objective	Sectors Involved	Incubators in Northern Cape
Mixed Incubators	Business gap	Create Start -ups	Employment creation	All sectors	One and Two
Economic Development Incubators	Regional and local disparity	Regional development	Business creation	All sectors	Four
Technology Incubators	Entrepreneurial gap	Create entrepreneurship	Stimulate innovation, technology start-ups and graduates	Focus on technology, IT, biotechnology etc.	Three and Four
Social Incubators	Social gap	Integration of social categories	Employment creation	Non-profit sector	None
Basic Research Incubators	Discovery gap	Bleu-sky research	Spin-offs	High tech	None

Mixed incubators

These incubators offered all kinds of services to all kinds of enterprises from tech, non-tech, manufacturing and services. These were created in the to deal with plant closures in the United States and Europe. These incubators were used as instruments to promote diversified regional economies and later became a tool for improving regional competitiveness. The incubator One and two are in this study are mixed incubators. They cover all the sectors of the economy and entrepreneurs. Their missions are pure creation of start-ups which is will eventually stimulate the economy of the Northern Cape and create jobs.

Economic Development Incubators

These incubators focus on narrowness of regional development. They are dealing with regional and local disparities in order to ensure that development take place. They were created to create business in all sectors of the economy. From our research we discovered that incubator four main focus was on regional economic development of the Upington in Northern Cape. The Namaqua area is rising quickly in terms of development of Solar Energy, Mining and Technology. Incubator four main focus is on innovation within technology, mining and energy. The partnership with University of technology ensured that the incubator has the best available resources such as expert knowledge to ensure development of regional entrepreneurs to take up opportunities in the economy of Namaqua.

Technology Incubators

They focus on technology oriented firms. The trend is to develop specific technology incubators around specific industrial and technology clusters such biotechnology, Information Technology, environmental technology or speech technology. They create entrepreneurship through stimulation of innovation, technology start-ups and graduates. Incubator Three and four are perfect examples of technology innovators. Incubator three focuses mainly on development of Diamond and Jewellery Manufacturing. While incubator four focus is on focus is on Solar Energy, Mining and Technology. The focus of these incubators is to ensure that specific sector within the economy of the Northern Cape is rejuvenated and entrepreneurship or entrepreneurs within this sector of the economy are developed to grab all the opportunities available to them.

Social Incubators

Social incubators aim to stimulate and support development, growth and continuity of companies employing people with low employment potential. They assist by bridging social gaps by increasing employment opportunities for people with disabilities, minimum guaranteed income beneficiaries and low skilled people. They create employment opportunities in all sectors of the economy and have integrated non-profit culture. There are no social incubators in the Northern Cape. However, all the incubators have a strong non-profit motive as they mostly depended on funding from the Northern Cape Provincial government, department of Economic development, Small Enterprise Development Agency (SEDA) and private funders such as mining companies, solar energy companies and universities. The ultimate objective of these incubators is economic development of entrepreneurs and creation of job opportunities for communities.

Basic Research Incubators

These incubators were trying to bridge the discovery gap by linking incubation principles to fundamental research, for example, research laboratories for the discovery and research before product is launched in the economy. There are no basic research incubators in the Northern Cape. We hope that the new university of the Northern Cape – Sol Plaatje will ensure that in the future research incubator is established for discovery of new innovations and developments within the province.

These incubators offer different services to incubatees, the services offered will totally depend on the incubators competitive scope, strategic objectives and the type of services available. In the next discussion of my findings we will look into details on factors that contribute to the success of these incubators. We have discussed different types of incubators and their typology in the Northern Cape. In literature review, we discussed these factors of success and now let benchmark the incubations in the Northern Cape in terms of how they measure up to these success factors as per Buys and Mbewana (2007):

Availability of science and technology

“Conducive environments for business incubation are located where access to scientific and technical knowledge and services and supporting infrastructure is readily available, either from universities or scientific institutions such as the CSIR and science councils” (Buys and Mbewana, 2007: 357). This according is primary success factor and it has been shown that university or tertiary institutions closer to incubation center will have tremendous impact on the success of the incubation center. This will be dimension of third generation incubation which emphasizes more on technology, co-venturing and networks. This specialized knowledge of these institutions will greatly enhance the success of entrepreneurs. In terms of the study they concluded that business incubators must be located in environment conducive, access to scientific and technical knowledge and infrastructure. In the Northern Cape there is new build university which is five years old the hope is that this university will improve the environment when it comes to science and technology. Incubator four relationship with university of technology’s as partner in the incubation process is major progress in term of ensuring that this support makes science and technology available. Incubator one, two and three are working purely on their own with support of government. We hope that in the future they form co-incubation partnership with science and technology institutions.

Access to Finance;

“Incubators must have the ability to help raise capital and provide business tax and risk management services for its clients. Conducive environments are those that have ready access to low-interest funding such as government grants and loans or angel and venture capital” (Buys and Mbewana, 2007: 358). This is another example of third generation incubators, the importance of access to funding. “BIs build networks with early stage investors such as business angel networks and venture capitalists, which reduce the search costs for tenant’s companies. Alongside providing necessary funds, venture capital investors can also play an important role in the professionalization of the venture (Gorman and Sahlman, 1989)” (J. Bruneel et al. 2012:119). According to Bruneel et al all business incubators in third generation must provide resources such as venture capital to entrepreneurs in order to allow them to access funding. Venture capital or funders also provide network of resources that entrepreneurs can access such product development, marketing, legal and finance. These availability of resources will empower entrepreneurs in order to get them to repay money funded by these venture capital or

fundings. In nutshell, incubators must have the ability to raise funding and conducive environment that enable entrepreneurs to access low interest funding from government agencies. The incubators in the Northern Cape are fraught with difficulty in accessing finances for their incubatees. These incubators themselves have non-profit motives and solely depend on government for their operational costs. The majority of incubatees in these incubation centre has not been able to access funding of any type. All these are weak when it comes to access for funding but they do assist their entrepreneurs to be funding ready should they wish to approach external funding agencies.

Qualified entrepreneurs;

“Notwithstanding the fact that this research found a weak correlation between stringent selection criteria and incubator success, it did find that successful incubation depends on the quality of entrepreneurs being incubated” (Buys and Mbewana, 2007:358). The important factor is that incubation centres must select appropriate entrepreneurs that will add value to the vision of the incubation centre. This will now take us to the point of selection criteria of entrepreneurs. “If BIs select their tenants from a variety of sectors, for example, then providing tailored infrastructure, business support services and access to networks is more difficult than for a more homogeneous or sector-specific tenant population. Indeed, sector-specific BIs can achieve higher levels of economies of scale as their offerings are more specialized and tailored, with specialization increasing BIs’ added value for tenant companies” (J. Bruneel et al. 2012:119). The entrepreneurs selected must have the entrepreneurial behaviour such as ability or be prepares to take calculated risks in order to successfully participate in the incubation. J Bruneel et all also emphasises the fact that incubation centres must specialise in order for them to offer tailored specialised services to entrepreneurs. The main objective of course must be entrepreneurial development but quality entrepreneurs must be selected to ensure that the incubation process succeed. This study concluded that entrepreneurs must have sufficient knowledge and ability, be prepared to take calculated risks, and have the desire to succeed. This further elaborate on the topic of this study which is incubation influencing the entrepreneurial behaviours of entrepreneurs. Through my research I have discovered that the process of entering the incubation programme is not stringent for incubator one, two and three. All they require is for prospective incubatees to have registered business, registered with SARS, submit Annual returns to CIPC and basic business plans. If office space is available and entrepreneur

has all these regulatory documents, they be enrolled in the incubation programme. Incubator four has more stringent process, the prospective incubatees might not have had their business registered or have regulatory documents but the idea that is innovative. The emphasis is on the innovative business idea of the entrepreneur and they required to make presentation to panel to determine on the feasibility of their ideas. Once the entrepreneur has demonstrated the feasibility of their innovative idea they will be supported through all process of formalising their business.

Involvement of stakeholder;

Stakeholder support is very important for incubation process. The majority of these incubators are non-profit which means they are self-funded and require support of stakeholder in their mandate. “The involvement and support of stakeholders, consisting of sponsors drawn from the local business community, government, the broader community, venture capital providers, entrepreneurs and incubator management are vital for success. It is important that there is clarity, consistency and cooperation from its stakeholders that is consistent with the needs and capacities of the locality it is aiming to serve” (Buys and Mbewana, 2007: 358). According to Buys and Mbewana there should be agreement on the mission of the incubator and clear objectives to mission. They further to state that there is correlation between lack of stakeholder support and success of the incubation, “this could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of directors committed to the incubator’s mission” (Buys and Mbewana, 2007: 358). This advisory board should be composed of all the stakeholders that support the incubation centre. “It is important that there is clarity, consistency and cooperation from its stakeholders that is consistent with the needs and capacities of the locality it is aiming to serve. There should be consensus on a mission that defines the incubator’s role in the community and quantifiable objectives to achieve the mission. Incubators should develop stakeholder support, including a resource network” (Buys and Mbewana, 2007: 358).

This is one area that incubators in the Northern Cape are weak on, stakeholder involvement. The incubators do not have advisory boards composed of stakeholders in their environment neither proper management structures. The buy-in of stakeholder is essential to the success of

an incubation centre and without it your mission might be hopeless. These incubators must work on bringing the contribution of stakeholders particularly government, business and community to ensure they succeed in enhancing entrepreneurship.

Conducive public policies;

“The success of services directed to entrepreneurship promotion depends largely on a broad-based consensus on economic and industrial policy” (Buys and Mbewana, 2007:358). In the model Resourcefulness: A proximal conceptualisation of entrepreneurial behaviour I will be discussing later in this section emphasises on the dimension of entrepreneurial environment. This refers to the combination of external factors that influence entrepreneurial behaviour. Government policies and procedure is perfect examples it must be conducive to enhancing entrepreneurial culture. “Initiatives such as business incubators make sense only if the relationship between entrepreneurship and economic growth has been acknowledged at all levels of government” (Buys and Mbewana, 2007:358). The government must acknowledge entrepreneurship as vehicle to economic growth and government policies must encourage entrepreneurship. Government policies should therefore be aimed at creating and sustaining environments that are conducive for business incubation, that is, having the characteristics described in this report as example of South Africa is the National Business Act and Cooperative Act which are designed to encourage entrepreneurship in the country.

Government policies particularly the National Business Act and Cooperative act have created a conducive environment for entrepreneurship to flourish. Incubators must ensure that buy in from Government and business is high priority to ensure the survival of these centres and success of entrepreneurs.

Incubator management competence;

“The success of business incubators depends to a large extent on the quality of the management teams appointed to operate them. The team leader should have a business background and entrepreneurial skills, a flair for leadership and organization and be well networked in the community” (Buys and Mbewana, 2007:358). The human resources dedicated or working in the incubation must skilled to the point that they are able to enhance the success of entrepreneurs. The incubator will have vision and mission and ensure that dedicated staff is

provided with measurable objective to achieve the mission of the incubation centre. “Incubators must recruit and appropriately compensate management capable of achieving the mission of the incubator” (Buys and Mbewana, 2007:358).

The study conclude that this is an imperative in the success of the incubation process. It is essential that people dedicated to manage the incubation have the requisite qualification, skills and experience. These resources must also be well compensated based on the measurable objectives achieved. Yes, once the advisory board has been established they need to ensure that staff with education and experience are appointed to manage these centres. The human resources or managers must have keen interest in entrepreneurship and developing entrepreneurs.

Financial sustainability;

“Incubators should operate as viable businesses, with their own sources of sustainability such as taking equity, royalties and even ongoing subsidies” (Buys and Mbewana, 2007:358). Just like the entrepreneurs they are incubating, incubation centres must be managed as proper businesses with feasible business plan, experienced human resources and financial ability. These incubators according to Buys and Mbewana they must be self-sustaining. “The ultimate test of success of an incubator is whether it can be self-sustaining. Incubators should be dynamic models of sustainable, efficient business operations. It is surprising that we found only a weak correlation between implementing a comprehensive business plan and success in incubation” (Buys and Mbewana, 2007:358). The business plan of an incubator will also be main motivator for stakeholders to support their mission and advisory board must be in place to ensure the business pan objectives are achieved. They have found in the study that there is weak correlation between implementing comprehensive business plan of the incubator and success of incubation. They impact must be felt in order for the incubation to receive full stakeholder support.

The incubators centres that participated in the study didn’t have self-sustainable business plans with exception of incubator one. The business plans for incubation one, two and three are outdated. Incubator three have strategic plan 2019-2021 but business plan was last updated 2017.

The managers must bear in mind that these centres are business institutions and must be managed as efficient business.

Access to networking.

“Partner networks contribute to incubator successes through sharing of the wisdom reaped from both achievement and failure. Networking is also important in expanding market opportunities for entrepreneurs and graduates” (Buys and Mbewana, 2007: 358). This will include wide range of networks from professionals to universities. This is also discussed in the third generation incubator with emphasis on providing services via networks. “Network exploitation by BIs provides tenants with preferential access to potential customers, suppliers, technology partners and investors” (Bruneel J. et al. 2012:119). Accessing expert technological, financial and professional knowledge capabilities is extremely important in third generation.

Accessing network of expert and capable resources including funding and angel funders must be priority for these incubators. Particular attention should be paid to networking with universities and co-incubation with organisations in the private sector. All the incubators in this study demonstrated weak ability to network as way of enhancing the resources for their organisations.

The incubator business plan must be detailed;

“Incubators should operate as viable businesses, with their own sources of sustainability such as taking equity, royalties and even ongoing subsidies. The ultimate test of success of an incubator is whether it can be self-sustaining. Incubators should be dynamic models of sustainable, efficient business operations. It is surprising that we found only a weak correlation between implementing a comprehensive business plan and success in incubation” (Buys and Mbewana, 2007:358). The incubators as a prerequisite according to Buys and Mbewana must have strong business plan with clear vision of empowering entrepreneurs. The one thing that set successful incubators apart from unsuccessful ones is the strong business plan and the ability to attract stakeholder support and financial.

These incubators have outdated business plans. These needs to be taken into consideration immediately as their vision, mission and objectives are outdated.

The selection criteria of the incubator must be stringent;

As discussed above quality entrepreneurs is a prerequisite for successful incubation. The selection criteria of the incubation must stringent in ensuring that they select entrepreneurs that have the ability to take risks and improve their entrepreneurial behaviour to ensure they exit or graduate from the incubation successfully.

The selection criteria as discuss in question ten (10) of the interview guide with exception of incubator four. All incubators regard company registration documents such as CIPC certificates, SARS and basic business plan as major criteria for entrance in incubation programme. In incubator four, prospective incubatees must demonstrate viable business idea and make presentation to selection committee. The entrepreneur should be important variable and strong entrepreneurs must be selected and ensure that incubatees graduate from incubation programme.

The incubator must select an experienced advisory board

“This research found only a weak correlation between support from an experienced advisory board and incubator success. This could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of directors committed to the incubator’s mission” (Buys and Mbewana, 2007:358). The advisory board should compose of stakeholder relevant to the vision and mission of the incubation. The stakeholders can include government –local or provincial, business, funders, expert in field of entrepreneurship, tertiary institutions and relevant individuals with skills. “This research found only a weak correlation between support from an experienced advisory board and incubator success. This could simply be that advisory boards have not yet made an impact because of the early stage of incubation in South Africa, or it might indicate that advisory boards are currently ineffective. Incubators need to appoint effective boards of director” (Buys and Mbewana, 2007:358).

Their study was conducted in a different context, compared with the study by Lichtenstein et al. (2004). However, both studies highlighted the important role of the entrepreneur in the

success of enterprise development although they were not specific regarding the role. The advisory board will definitely play role in ensuring the management of the incubator meet the objectives and mission of the incubation programme. All the incubation demonstrated weakness when it comes to advisory board meaning either they don't have boards or are not functioning as they supposed to.

The table below of success factors demonstrates which areas incubators have received perfect score and or not based on the data collected.

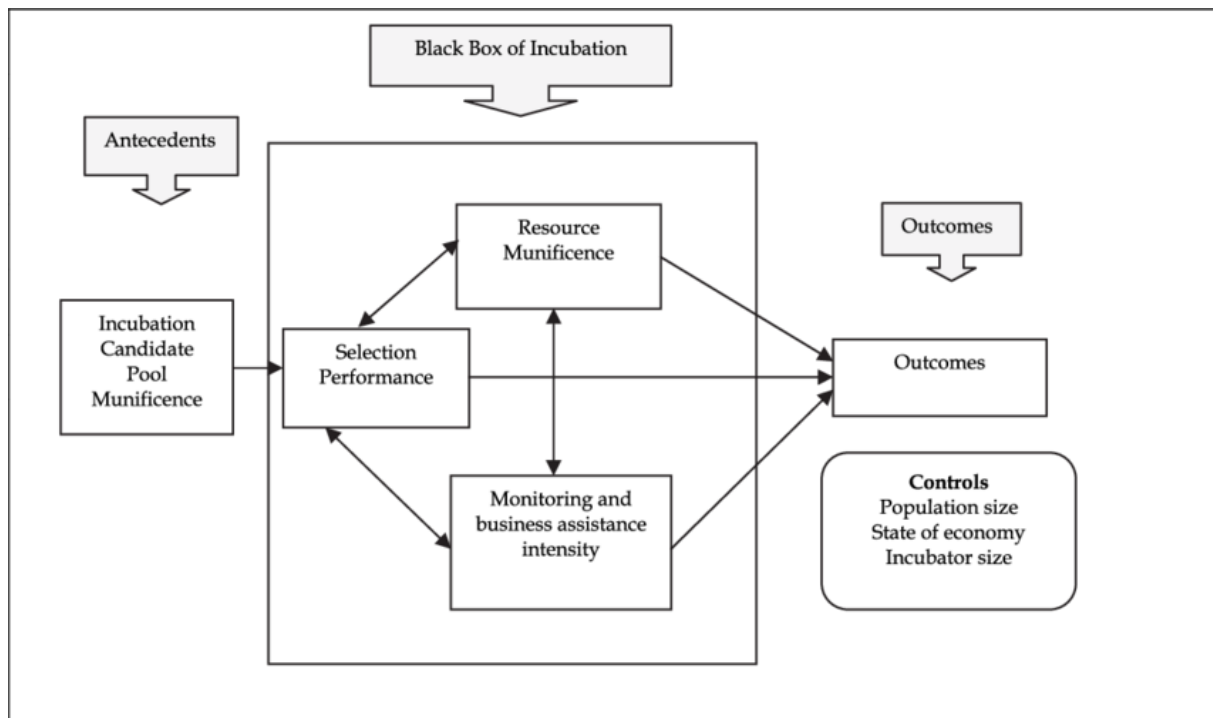
Table 15: Incubators Success Factors

Element / Area	Incubator 1	Incubator 2	Incubator 3	Incubator 4
Availability of Science and Technology	×	×	×	✓
Access to finance	×	×	×	✓
Qualified entrepreneurs	✓	✓	✓	✓
Involvement of stakeholders	×	×	✓	✓
Conducive Public Policies	✓	✓	✓	✓
Incubator Management Competence	×	×	✓	✓
Financial Sustainability	×	×	✓	✓
Access to Networking	×	×	✓	✓
Viable Business Plan	×	×	✓	✓
Selection Criteria	×	×	✓	✓
Experienced Advisory board	×	×	✓	✓

4.2 INCUBATION MODEL IN THE NORTHERN CAPE

The Incubation Process Model by Hackett and Dilts (2004) further elaborate the process of incubation. This model is further description of value added contribution of business incubation. “Briefly, the model indicates that incubatees are selected from a pool of incubation candidates, monitored and assisted, and infused with resources while they undergo early stage development. Outcomes refer to the survival or failure of the incubatees at the time it exits the incubator” Hackett & Dilts (2004:44). This model describes simple process of incubation and its contribution outcomes that all incubators participated in the study employ or the strategies align to. The Incubation Process Model – table 16, is the general model adopted by all the incubators in the sample and surveyed.

Table 16: Incubation Process Model



Hackett and Dilts (2004)

Antecedents

This is the incubation pool available from host of entrepreneurs in the environment. From our study we see that there is enough pool of entrepreneurs but the problem is with quality

entrepreneurs. Incubators must recruit entrepreneurs with ideas that have potential to succeed post the incubation exit. In the Northern Cape there are plenty of entrepreneurs but the problem is the ideas most of the time are not viable enough to start business. These incubators just end up recruiting entrepreneurs that offer services rather than manufacture or develop products for the market. The hope is that once these entrepreneurs enter the incubation programme, they can be developed and be creative to develop new products for the markets they operate in.

Blackbox of incubation

This refers to the incubation process from selection, resource munificence, monitoring and evaluation. The selection process must be stringent and concentrate on those entrepreneurs or those ventures that have the potential to create jobs beyond the position created by the founding entrepreneurs. In question 9 and 10 of the semi-structured interview we asked questions on reason for enrolling in an incubation and the process followed to enter the incubation programme. Incubator one, two and three do not have stringent process for entrepreneurs to enter the incubation programme. The basic entrance requirements are company registration documents, South African Revenue Services registration, bank account and basic business plan. Incubator four in addition the entrepreneur must have viable business idea or product that can be developed. The product must be of manufacturing nature and innovation. The entrepreneur must make presentation to panel and convince them of the creation and selection will be made by committee based on the viability of the idea.

Once selected the entrepreneurs will be allocated office space or shared office in the incubator. During the process of incubation services such as training and skills development, mentoring and coaching, networking will take place. This will also include monitoring of incubatees business performance and business assistance intensity based on the monitoring feedback.

Outcomes (Incubated Outcomes)

This is the exiting of the incubation programme. The average cycle of times for incubation is between two and three years. The incubator creates an enabling environment for entrepreneurs to succeed. The outcomes can either be business surviving and growing profitably or, incubatees business surviving but not growing and profitable, and/or incubatees business dying / terminated while in the incubators.

The astonishing information discovered during our study is that entrepreneurs never leave or exit the incubation programme. The majority entrepreneurs enter the incubation programme purely to benefit from office space or infrastructure the incubator is offering. The business that participated in the study in incubator one, two and three have been in the incubation programme for more than four years. These businesses are not viable as they are waiting on government contract or someone to save them. The majority of tenants do not have the intentions of vacating their office space and from what I discovered no manager or incubator staff can make them leave or exit their office space. The lease agreements have expired, the rental contribution agreed in rental / incubator agreement is not paid, and incubatees don't care about their development as entrepreneurs.

As discussed in business incubation logic model in the literature review incubation is a means to an end and not an end in itself which means there are other controls or issues that will ultimately impact on the success of the incubator. These controls are population size, state of the economy, incubator size and level of incubator development. These controls will greatly impact on the outcomes of incubation and let's discuss them further as there is clear interaction of these controls with process of incubation.

Population size

The size of the population will greatly affect incubation process as more entrepreneurs in the economy that will increase the demand in incubation. The demand will also depend whether there are enough resources with the incubation to meet that demand? The resources such as financial, human resources, technology and physical are they enough to cater for the population size of entrepreneurs. Those against the process of incubation argue that incubation is only benefit selected few entrepreneurs and that it is not concerned about those entrepreneurs with insignificant ideas. However, the resource availability and allocation will be another variable that will impact the number of entrepreneurs that will be incubated in the population. There are plenty of entrepreneurs in the environment but they don't get opportunity to participate because incubatees are not exciting incubation programmes. We have seen entrepreneurs with viable business idea and incubator two manager said "we can't put any more entrepreneurs because

the old tenants don't want to leave their offices. So we rather incubate them as virtual tenants and comes to incubation Centre on specified dates or to attend coaching and mentoring”.

The state of the economy

Entrepreneurs create jobs not just for themselves but for others as well. The state of the economy is one dynamism that will impact on incubation particularly when it comes to resources. In model of entrepreneurial behaviour as will be shown later demonstrate that entrepreneurial environment is the influence of external factors on entrepreneurial behaviour. The political and economic state of the economy will definitely impact on incubation process. The economy is going through difficult patches – high unemployment rate, fall in tax earnings for government, GDP on negative growth, the economy not growing as expected. All the control will impact whether entrepreneurs survive. We also discovered that entrepreneurs see incubation service of rental or office infrastructure as way of minimizing their business loss.

Incubator Size

The incubator size is another control that we really don't know whether it affect the incubation process positively or not. The size of the incubator model will be dependent on the resources availability, are there enough resources to ensure that the incubator ultimately achieve its mission and objectives. The size of the incubator is purely depended on the financial capacity or financial injection they receive from funders. From the study we discovered that incubators are struggling financially as government has cut their subsidy drastically, tenants or incubatees are not paying rental fees and private sector contribution is limited. We also realized that management of the incubator is weak or non-existent. The manager at incubator one mentioned that solar company pulled out their funding of the incubation center due to organizational structure of the incubation center. The funder wanted the incubator to be separate entity registered as non-profit organisation with well function board. This didn't materialize as result funder backed out of funding the incubator.

Level of incubator development

This is another dynamism which play crucial role in the success of incubation. In this chapter I discussed Buys and Mbewana (2007) primary success factors of incubation and one of them capable resources and viable business plan. The level of incubator development will definitely

affect the number of entrants and services offered by the incubator. There is were Buys and Mbewana (2007) discusses the differences between weak and strong incubators, this clearly comes to the level of development of the incubator, whether it is fully fledged incubator or providing limited services.

“Controls include regional differences in economic dynamism, level of incubator development and size of incubator. The model is a temporal with arrows in the model indicating the relationships amongst the constructs. The arrows that lie between constructs represent the fact that we do not know whether these constructs overlap; because no one has conducted research using these constructs the possibility for interaction must be depicted. Arrows going backward from outcomes to the constructs of interest indicate feedback loops that occur over time and through experience, suggesting organizational learning effects” (Hackett and Dilts, 2004:44). As the Hackett and Dilts (2004) the relationships between the controls and outcomes of incubation require further research. We see a lot of external factor affecting the process of incubation, does the current state of economy with COVID19 impact incubation and its outcomes. This model gives us another direction on incubation research and clearly these control factors have role to play in the success of these incubation programmes.

Measuring incubation outcomes

Researchers agree on the role of incubators in providing an environment conducive to start-ups that want to grow into successful ventures. However, there is also a view that the benefits of business incubators are mostly claimed by its practitioners and that there is a lack of peer-reviewed studies on the benefits to both the venture and the entrepreneur. How do incubators measure incubation outcomes of entrepreneurs as discussed in the models in literature review and data collected? How do we know that the entrepreneur has developed and can now exit the incubator?

The table below discuss or measure the incubators in terms of good, bad and ugly categorization. All the incubators that participated in this study are not following under the ugly categorization despite some of them having quite a lot to be done to ensure that their facilities meet the health and safety requirements. Incubator one and two have scored low when it comes to most of the areas of discussions. Incubator three and four have done very well in terms of the elements in the table below.

Table 17: Success Factors in terms of Good and Bad Categorization

Element / Area	Incubator 1	Incubator 2	Incubator 3	Incubator 4
Availability of Science and Technology	Bad	Bad	Good	Good
Access to finance	Bad	Bad	Good	Good
Qualified entrepreneurs	Good	Good	Good	Good
Involvement of stakeholders	Bad	Bad	Bad	Good
Conducive Public Policies	Good	Good	Good	Good
Incubator Management Competence	Bad	Bad	Good	Good
Financial Sustainability	Bad	Bad	Good	Good
Access to Networking	Bad	Bad	Good	Good
Viable Business Plan	Bad	Bad	Bad	Bad
Selection Criteria	Bad	Bad	Good	Good
Experienced Advisory board	Bad	Bad	Good	Good

Hackett and Dilts (2004), the soft measure of business incubation relates to the personal and professional development of the incubatees. They include business skills, networking and coaching. Furthermore, they posited that the soft measures are difficult to quantify and assess and are subjective, and these measures they are referring to are entrepreneurial behaviours which are the subject of this study.

Stephens and Onofrei (2012) found in their study that the majority of the respondents noted that it is difficult to quantify the soft benefits of business incubation, however these benefits augment the business development process. They therefore concluded that there is a need to measure the soft benefits of business incubation. Their study found that the personal development of incubatees is an important feature of business incubation. Yes, and let's see from findings of this study the personal development or rather the entrepreneurial behaviours of entrepreneurs.

4.3 THE PERCEPTION OF ENTREPRENEURS ABOUT INCUBATION SERVICES

Through the collection of my data, one of the objective was to research the presence or absence of critical services within business incubators in the Northern Cape. Out of the 4 incubators that participated in the study, the findings are as follow:

Access to subsidised infrastructure or office

When we talk about incubation the one service that all incubators are expected to provide or should at least provide is office space, furniture, computer network, security and other amenities to do with physical infrastructure. All the four incubators identified in this research provided office space or infrastructure to their incubatees. The office space is at a subsidised amount as most of these incubates cannot afford to pay normal estate fees for office rentals. These incubates will then sign incubation agreement which is for limited period. All the incubation in the study offered incubates three-year incubation agreement which included use of office space at subsidised rate and the incubates will graduate at the end of the three years.

The startling fact discovered during the study is that the majority of these incubates do not leave the incubation programme at the end of their incubation contract or three years. They remain but according to literature review conducted incubates must graduate in order for us to be able to measure the impact of the incubation. According to one tenant:

“Why should I leave this place? They are providing me with office space. They should have provided me with business incubation helping me with my business but they did not. We are getting cheap rent so I’m not gonna leave”. Incubator 1, Participant 8.

Yes, rent is cheap but in town is too expensive which 5 times the amount I’m paying now. I only pay for electricity which is prepaid. Incubator 2, Participant 17.

The analysis from the data and observation during the interviews is that incubatees use the service of physical resource or office space to lower the overheads which is mainly to ensure that their business survive. In Northern Cape and particularly Kimberley rental office space can

be quite expensive starting from R6000 per month to R35 000.00 according to property 24 website. This could be the main reason incubatees do not leave the incubation programme and stay in their incubation office forever. The one manager of the incubation had this to say during the interview:

“The main challenge is to convince entrepreneurs that their incubation contract has ended and they must now vacate their office. They do not understand that incubation is for limited period which at the end you must graduate. When we send them letters of notification that they must vacate we are threatened by councillors or ANC people”. **Incubator 2, Participant 16**

The issue of office space in these incubator is big deal and one of the main motivator for enrolling in an incubation programme. According our analysis, the majority of tenants or incubatees certainly not graduate or leave the incubation programme as they have nowhere to go. They regard these office space as their ultimate survival of entrepreneurship and only leave when their business dies or doesn't exist anymore. Oh finally, one interviewee said which shows that family and friends will use this space should business not exist anymore:

“should I not have this business anymore my friend will use this office. I won't give it away” **Incubator 1, Participant 10**

Access to office support

In addition to infrastructure, incubators maintain efficient operation of basic office support such as secretarial and reception services. These office support services will include administrative support such as telephones, printing and copying including faxing facilities, internet and Wi-Fi. In incubators identified for this study, the additional administrative support are reception services and secretarial support in some instances. All the incubators in the study provided Wi-Fi, printing, reception and some secretarial support those tenants that need it. These are just some of the comments from the participants:

“I'm provided with free Wi-Fi, I like searching the internet for tenders and access my emails. I can make telephone calls but there is limit so I make the most important calls to clients. I'm grateful because I don't always have data or airtime so this place is really helpful to me”
Incubator 2, Participant 27.

Incubator three offered secretarial support as well as reception services as these entrepreneurs are working in workshop designing and manufacturing their jewellery.

“they assist me with admin which is my weakness as I don’t have staff or people working for me. I don’t have laptop and depend on computers of the centre to do most of my work. They help with typing my documents, emailing and most of the time I just take my stuff there they help me”

Incubator 3, Participant 39.

In incubator one, two and four these services of administrative are not provided but basic reception like directing clients and answering centres telephone which most entrepreneurs use as their landline, receiving message for entrepreneurs and sending them report on who was looking for them.

Access to financial resources

Incubators offer access to financial resources such as seed capital, venture capital finance, loans and grants. The main objective of this funding is for the business growth of an enterprise. In most instances entrepreneur enrolling in incubation programmes will immediately require financial assistance in order for them to realise their economic objective.

Incubator one, two, three and four which means all of them do not provide any form of financial assistance to their incubatees. They mostly rely on other funders coming on-board to such as provincial government, National Youth Development Agency, Small Enterprise Finance Agency (SEFA) and private organisation to financially assist entrepreneurs.

“Yho...its struggle as I got no work and I have to borrow money from my informal people which they normally want 50% interest – Loan sharks. The banks don’t provide us with loans or money to start our businesses. It would have been helpful if our incubator was helping us financially because we are really struggling”

Incubator 3, Participant 32.

The majority receive contracts from government and municipalities but the most the time they are unable to honour these contracts due to financial difficulties or they just have to settle for informal financiers such as loan sharks charging them exorbitant interest rates. Incubator one

according to the manager they used to provide grant for incubatees but the private solar companies withdrew the funding of the centre due to poor governance as a result the incubatees are the ones suffering.

The specialised service these incubators provide to their incubatees is assistance with accessing financial or funding opportunities for external funders. They specifically indicated these funders as National Youth Development Agency, Small Enterprise Finance Agency (SEFA), Industrial Development corporation (IDC), Department of Trade and Industry funding opportunities. It is clear from the observation and data collected that most of the funding applications have not been successful. The majority of these business in incubation only received grant from National Youth Development Agency which they used to buy equipment's but not from other agencies as their funding requirements are very stringent.

“I have been applying for funding to these government institutions and submitting business plans including my registration papers. None of us have received funding so far, they advertised that we must come and apply but its years nothing have been received by us” Incubator 1, Participant 8.

Start-up support including skills and development

Entrepreneurs may sometimes be stronger in technology and business vision, but lack organisational, management, marketing support, accounting and bookkeeping, legal skills, business planning and business development support. Incubators guide entrepreneurs through the necessary steps a newly founded company must take. Incubators provide management coaching support, helping entrepreneurs develop and apply leadership and management skills. Many incubator managers, however, have not been able to provide real value added in start-up coaching.

“this centre need to get skilled staff that can assist us as entrepreneurs. The manager and staff does not have business development skills or qualifications. In order for you to provide something you must have skill in it and be an expert. I have also picked up that they don't know what they are talking about” Incubator 3, Participant 36

“the thing is I'm creative and design my clothing so I'm not into business admin thing. I don't understand the basics like marketing, booking or financials. I design and make clothes so there are no people here helping

*me with managing my books or telling me if I'm doing them correctly. I'm here at the incubation but there is no service so basically they just giving me office space...Yho its terrible” **Incubator 1, Participant 6***

In incubator four they did provide an acceptable service such as technically advising entrepreneurs but other service such as accounting or business plan have been of poor standard.

*“they have assisted me with my product and appointed business developer to help with my app. This person helped me a lot with development of my app. But there just one thing you get stuck with books and these funders want to see your books, the accountant doesn't understand oh isn't she supposed to be an expert? I'm technician but I need someone here with accounting background and qualification to help me with my books”
Incubator 4, Participant 42*

Of the four incubators in this study, none of them have specialised skilled staff to deal and advice incubatees. These specialised skills may include technical support for product and services, marketing, human resources management, accounting and most important business planning.

Mentorship was another key theme that came up during data collection. Entrepreneurs require mentors to guide them through process of entrepreneurship. Mentorship is supposed to be provided by experienced person or entrepreneur with experience and/or qualification relevant to the entrepreneur. This is what I found to be lacking in these incubators, lack of mentorship and guidance which is greatly impacting on the success of these incubatees.

Training and skills development should have been major offering in these incubators. Due to lack of funding to compensate experienced resources to conduct training these incubators just hire companies without requisite skills to come and conduct training for entrepreneurs. Yes, they did offer training but the quality of training provided was not good according to these entrepreneurs. Some just attend these sessions to sign register and keep their space in the incubator. During our data collection we have found that entrepreneurs lack basic computer skills, even basic financial management, marketing, human resources and lastly the key one business planning. They can't even draft their own business plan which is one of the important contributor to success of entrepreneurs.

“oh yes they provide me with cheap space to rent. But there is no development in this space, we don’t even attend trainings to help us entrepreneurs. The only benefit is cheap space for my office to work”
Participant 31, Incubator 3

Access to networks

Incubators are able to identify and leverage key individuals for the success of their start-ups. Entrepreneurs usually do not have the network that an incubator has taken a long time to create. Incubators can bring in individuals with the right skills to a start-up’s business. The majority of these incubatees do not have networks that can support them in their entrepreneurial journey so they rely on the managers and staff of these incubation centres to assist them through this process of creating networks. These networks can include government officials dealing in supply chain management and business development, fellow entrepreneurs, customers network and even incubator to incubator networks. During the course of my data collection I haven’t heard one incubatee mention they have had networking session or facilitate one to introduce entrepreneurs to potential customers.

“the last time we had meeting was when they called government, I think department of economic development for us to do presentation on our business so they know us. But nothing has happened after that, they even promised us funding, nothing” **Participant 28, Incubator 2**

Incubators three and four did manage to facilitate networking prospects to their incubatees. This was in form of sponsoring position at exhibitions at national markets. They also on monthly basis have local exhibition for all entrepreneurs, weekly network or meet up sessions with potential clients etc.

Table 18: Northern Cape Incubators offerings

Element	Incubator 1	Incubator 2	Incubator 3	Incubator 4
Access to subsidised infrastructure or office space	✓	✓	✓	✓
Access to office support	x	x	✓	✓
Access to financial resources				
Start-up support including skills development	x	x	X	✓
Access to networks	x	x	✓	✓

The majority of entrepreneurs interviewed in this study were women, 30 to be exact in percentage it will be 67%. In the model of resourcefulness, the background factors that could impact on entrepreneurial behaviour have been divided into two: Demographic and Psychological.

The demographic characteristics encompasses features such as family background, age, educational levels, sex, marital status, and previous work experience. The majority of participant interviewed were women and in three of the incubators in study the incubatees were women. The question is why do more women and men see entrepreneurship as attractive? The majority of them commented that entrepreneurship was the only solution for income as they couldn't secure job, others mentioned that they lost their jobs through retrenchment and they saw entrepreneurship as their only solution.

"I was retrenched from the factory that was manufacturing clothes, I have the skills to do clothes but didn't have the qualification. I came here to the trust so they help me with training on how to be an entrepreneur"

Participant 17, Incubator 2

Due to lack of employment opportunities and poverty these entrepreneurs saw entrepreneurship as the only vehicle for them to escape poverty. The other characteristics that was key for me was the fact that 27 out of 45 entrepreneurs did not have matriculation certificate or school leaving certificate. That is 60% of entrepreneurs didn't have Grade 12 certificate, so what about education, does it have impact on the success of the entrepreneur venture? In the model the authors mention that educational background does have an impact. The entrepreneurs interviewed mentioned that just because one is not educated should not stop them from pursuing entrepreneurial journey. They have self -taught themselves most of the skills they have today.

"at my last job at Chinese factory I teaches myself how sew clothes. During the time I was working there I made sure I learned whatever I can, I didn't have education but that was the only way for me to survive"

Participant 16, Incubator 2

There is not study that have solely concluded that demographic factors such as age, sex and education influence entrepreneurship. From my judgment during the interviews is that demographic factors such as sex, education, age and economic circumstances such as

unemployment and poverty do influence the personality of the entrepreneur. These factors don't determine who will be an entrepreneur but mould or influence the personality traits of a prospective entrepreneur. Yes, from the data collection demographics do have an impact on entrepreneurial behaviour of entrepreneurs and the majority have admitted that who they are influenced them to join the entrepreneurial journey.

The psychological factors which is one area that I didn't touch on during this study. "This line of enquiry began with the work of McClelland, who explored the need for achievement, power and affiliation of entrepreneurs. This was the approach of many American researchers who attempted to set apart entrepreneurs from the general populace on dimensions such as achievement motive, locus control, risk taking and values" (Misra and Kumar, 2000:141). From the data collection conducted with 45 entrepreneurs the one psychological trait that dominated was the motive for achievement. All the entrepreneurs interviewed wanted to achieve something with lives, change their circumstance and family and make difference in their communities by creating jobs. However, even if I didn't research this psychological aspect of entrepreneurs it does provide one with perspective on the psyche of the entrepreneur as this will ultimately have an effect on the entrepreneurial behaviour.

In conclusion demographic factors have huge Impact on entrepreneurial behaviour of entrepreneurs particularly sex, background and previous work experiences of the entrepreneurs interviewed. These factors came up from answers regarding why these entrepreneurs started their business and the main motivator of an entrepreneurial journey.

This also collaborate with attitude of an entrepreneur. "Attitude towards entrepreneurship is a function of the demographic and psychological characteristics and their interaction (Misra and Kumar, 2000:141). In addition, the authors also look at the issue of situation that motivated the start of an entrepreneurial venture.

*Due to losing my job at the mine I had to do something to make living. I used my pension money to start my business in order for me to make living for myself and family. If I didn't we will go hungry and suffer. **Participant 20 Incubator 2***

From these entrepreneurs the situation of unemployment and poverty motivated them to start their own business or as Misra and Kumar, 2000 say it was "trigger" that stimulated the

intention to start business. “Shaver et al, have found that the motivation for attempting to found a business is frequently personal, such as the desire to work for oneself” (Misra and Kumar, 2000:142). Yes, I wholeheartedly agree and we could add that to work for oneself after experiencing an event of retrenchment most of these entrepreneurs want to work for themselves.

What about intentions? “Entrepreneurial intentions are influenced by the attitude towards entrepreneurship, mediated by the situational factors” (Misra and Kumar, 2000:142). From the data collected during my study and observation I discovered that intention is a very important aspect. I will discuss it later when I deliberate on the relationship between participating in an incubation and entrepreneurial behaviour. All the entrepreneurs interviewed had intentions to start their entrepreneurial business. Of course their factors like economic condition, family circumstances, and community situation but the intention was major factor as well that influence them to start their entrepreneurial journey.

4.4 ENTREPRENEURIAL BEHAVIOUR

As discuss in the literature review, entrepreneurial behaviour is the outcome variable which means it is the end result of demographic and psychological factors, attitude, situation, entrepreneurial environment and entrepreneurial resourcefulness. “Entrepreneurial behaviour is the constellation of functions, activities and actions involved in the perception of opportunities and the creation of organisation” (Misra and Kumar, 2000:149). It’s all about behaviours that encourage entrepreneurial venture creation, opportunity recognition or spotting, launching one’s products and services, making sense of what the venture is all about, and growth of the entrepreneurial venture.

The model clearly state that entrepreneurial behaviour is a function of person-situation interaction. Yes, this is clearly the truth with demographic and psychological factors including entrepreneurial environment which plays a huge role in enhance entrepreneurial behaviour. From the data and observation during the interview one could clearly make judgement that the entrepreneur and situation including entrepreneurial environment influence each other. The behaviour is the outcome of the entrepreneurial resourcefulness model and these are behaviour that affect or influence entrepreneurship in society according to the model.

During our study we used this model as an example of entrepreneurial behaviour and influences the types of questions asked to the participants. The question fifteen (15) on the questionnaire clearly asked the participants what behaviours they lacked before enrolling in an incubation programme. Question sixteen, seventeen, and eighteen really focused on the entrepreneurial behaviour that the entrepreneurs developed during their incubation period and in particular those behaviours that influence them to be successful entrepreneurs. In the next part of this discussion we are now going to discuss those behaviours highlighted by the participants.

Professionalization of the business

From the data collected and observation during interviews, 52% of business that enrolled in an incubation programme were not formally registered. These business were operating informally without any license or registration. Incubation one and two it is not requirement for business to be formally registered in order to participate in their incubation programme. While incubator three and Four it is an entrance requirement with tax clearance certificate required for you to enrol.

So how do we professionalise business in South Africa and these are the basic requirements to professionalise business:

- I. Register with companies and intellectual property commission (CIPC). Through this process the company will be registered with name and company registration number. You will also select business structure of your business – Private company, close corporation or Non-Profit. There are also annual returns to be done with CIPC to confirm that business is in operation. If this is not done CIPC will follow the process of deregistering your business.
- II. Open company Bank account
- III. Register your business with South African Revenue Services (SARS) and receive tax clearance certificate. This was crucial during the COVID19 lockdown as funders including government required tax clearance certificate and proof of SARS Filing before grants can be paid to business owners.
- IV. Develop business plan which will entail product and services, customers, marketing and financial requirements to start business.

- V. Register on the Central Supplier Database of government, this will be for those entrepreneurs that want to do business with government.
- VI. Register for Unemployment Insurance Fund this will include Compensation for Occupational Injuries and Disease Act (COIDA). This has become such an important requirement in South Africa during the COVID-19 Lockdown as only businesses that were UIF compliant were able to access government grants.

The main purpose of Incubator one and two is to incubate informal businesses in order to make them professional and succeed. In South Africa it is clear that in order for an entrepreneur to access opportunities and funding they have to professionalise their business as per points above. Unfortunately, those entrepreneurs that do not follow this route suffer and their business don't survive in this harsh economic environment of stiff compliance with government policies and procedures. All the incubation centres in this study assist entrepreneurs and business owners to be compliant. The entrepreneurial environment and in particular government policies and procedures dictate that entrepreneurs be compliant with all the laws of the country dealing with Small Medium and Micro enterprises. As one entrepreneur said:

“they paid for my business registration, helped me open bank account and register with SARS. I was able to get catering business from the department now because I have all the papers they require to make money for my business” **Participant 5 Incubator 1**

“We train and coach entrepreneurs on formalising their business. We take lot of time on this topic as they cannot access government tenders. Some of the topics we cover are:

- *Registration of a business and complying with legislations*
 - *What is required to register a sole trader/proprietor*
 - *What is required to register a close corporation (CC)*
 - *What is required to register a private company*
- *What is required to register a partnership agreement”* **Participant 1 Incubator 1**

Financial Management

Financial management in business or enterprise composed of bookkeeping, budgeting –capital and operational, forecasting financial requirements and raising financed for the business. The

majority of business die slow death in South Africa due to the reason they don't know what is happening financially in their businesses. Some of them regards their business finance as their personal possessions which they freely use as they like. In all the incubators in the study they regard financial management as crucial component or dimension to the survival of entrepreneurs. In question 19 of the questionnaire we asked participants about the tools and process of the incubation centre. In incubator One and two they start off entrepreneurs with training module on Financial management. Incubator One allocate incubatees mentors that will visit their business on weekly basis and coach them in financial management for 14 weeks. The topics covered during the coaching on financial management.

“the financial management module consists of the following:

Module 2: The module consists of 8 topics and it's the longest module in the programme and consists of the following...

...Keeping and organizing records: This section is about having financial documentation and keeping it safe such as, slips, invoices, bank deposit, withdrawal slips copies of receipts. Keeping this kind of information helps the EEs find the information easily. This give the EE and understanding of how the business is doing financially.

...Money in/ Money out: This helps the owner to understand the importance of how much the business spend and how much money come into the business, this also help with the planning of money coming in (e.g. sale of goods and services) and money going out (e.g. Business expenses such as rent, transport, telephone etc.)

...Income and Expenditure: This section covers and explains Fixed and variable expenses. Income, sales and profit.

...Money for running the business: Is about getting money for the business, the importance of money in the business. Money owed by the business if any, money owed to the business and different types of banking etc.

...Separate money: The importance and impact of separating personal finances and business finances.

...Cash flow: is all about the movement of money and the forecast of what will or might happen. Cash in the business, cash flow forecast, adapting business practices, planning for unexpected cash payments, managing cash flow and stock/inventory levels.

...Dealing with stock: Stock in and out, smart buying, like buying in bulk, comparing suppliers and products when purchasing stock and the importance of being able to manage your stock.

...Budget: The following will be covered

- (a) *What budgeting is.*
- (b) *Why is a budget important?*
- (c) *What should be in a budget?"*

Participant 1 Incubator 1 – Project Manager of the Incubation Centre

They also provided incubatees with templates that assist or help them with managing the financial aspect of their businesses. These templates the entrepreneurs will complete them during course of their incubation which is fifteen months and submit them as prove that they understood.

“the templates they gave me really helped me a lot. There is this one template – money in money out, it helped me to monitor the amount of money coming in and out of the business. Even R10 taxi fare to go buy supplies is considered as money out because I’m spending. I will use these templates forever in my business and it show I don’t need expensive accounting system or accountant to manage my money I can do it myself”

Participant 8 Incubator 1

In question seventeen I asked participants should they leave the incubation programme tomorrow will they be able to grow their business without the support of the incubation. The quote above from participant 8 greatly demonstrate that this entrepreneur will be survive outside the incubation. The templates and tools provided have empowered this entrepreneur to grow their business, this is a clear contribution of an incubation programme.

The final aspect that was emphasised during the data collection with regards to financial management was the issue of bank accounts. About 45% of entrepreneurs that participated in the study confirmed that they didn’t have separate business bank accounts for their businesses. Which means there was no separation between personal finance and business finance which is reality for many of informal businesses in this country of South Africa. The incubation training emphasised that entrepreneur must open separate bank accounts for the business where they’ll be able to monitor their incomes and expenditures. According to entrepreneurs this assisted them greatly in proper financial management of their businesses.

Business Planning

Business planning is all about the entrepreneur detailing what their business, or describing the nature of their business. In this country and through my data collection for this study I realised that when we talk about business planning we mean a business plan. A business plan is like a

road map that you can look at to check if you are on the right path to get where you want to be. It sets out the goals you wish to achieve. A business plan is not just for new businesses; every business should have a business plan that gets updated every year and I realised that during my observation that most entrepreneurs believe that business plan is a once off exercise. No it is not, business plan must be updated every year and should be aware of the market forces that changes every year and impact the business. Writing a business plan one actually learn a lot of skills that will help in running a business such as: Planning your business activities, organising information, researching to find out information, budgeting and forecasting income and expenditure and thinking about problems that could occur and how you can deal with them or avoid them completely. The incubation centres concentrate a lot of time in training and coaching entrepreneurs in writing their business plans. The main requirement for accessing funding in South Africa is a business plan, without one you will not be able to convince funders that you have a bankable business.

“We put tenants through training on business plan. They must be able to write it themselves not rely on consultants. The majority of funders want you to make presentation on your business when you request funding from them that’s why we cover the following topics in our training.

- *Collate business plan sections*
- *Put sections of a business plan together and ensure that they work together.*
 - *Complete a final business plan*
 - *Develop business background...*
- *Come up with a vision for your business.*
- *State what your goals are for the business.*
 - *Develop the following...*
 - *Executive summary*
 - *Cover sheet*
 - *Marketing strategy*
 - *Operations*
 - *Human resources*
 - *Financials*

Participant 16 Incubator 2 Incubation Manager

The entrepreneurs participating in incubation programmes will definitely learning this important dimension of running and managing a business. From our data collection and observation, I can truly say that this is one behaviour that all these incubators develop in their

incubatees. The reality is that entrepreneurs must have this document to secure funding for their business but they must also use it as an instrument for operation.

Managing Employees

Managing employees is easier said than done. It is the most challenging skill or behaviour that most entrepreneurs struggle with. However, difficult or challenging it is one has to view employees as crucial to the success of the business and as an entrepreneur you have to get it right. The participants interviewed acknowledged that managing employees is a challenge for them and realised that as entrepreneurs that cannot do everything themselves in the business, they have to bring other people to assist them realising their dream of entrepreneurship and their businesses.

“in the training Human Resource Management covers the following...

- *Hiring an Employee*
- *Basic conditions of employment.*
- *Managing Employees*
 - *Code of conduct*
- *Terminating Employment*
- *Prepare and Implement Staffing Plan*

We ensure that entrepreneurs know and understand every part of managing employees. We have seen business owner taken to CCMA by their employees because they didn't follow proper procedures. Our jobs here at the centre is to ensure that our tenant understand legislation on managing people and use it to grown rather than kill their business”

Participant 16 Incubator 2 Incubation Manager

“I hired four people to help me in my business with catering. But I didn't have contract for them, I was just paying them as I like. This training at the centre opened my eyes, I hired one on permanent employment and the other three on part-time basis with agreed pay. I have also learned about basic condition of employment and us it to manage them through this. I registered them for UIF and compensation in case they get hurt I just claim for them. If the business close or they lose their jobs they can also claim from UIF.

Participant 19, Incubator 2

The incubation centres realised that managing employees is an important behaviour in entrepreneurship hence they developed training in managing employees. The majority of these business attract contracts from mines and solar power companies which means they have to employ a lot of people in their communities to execute these contracts successfully. As part of professionalising their businesses entrepreneurs must register these employees for UIF and

COIDA and these clients demand these certificates from business owners before they award them contracts. All incubator in the study have provided their incubatees with some form of training in managing employees which I believed impacted greatly on the success of these businesses.

Strategic Management

Strategic management is composed of setting objectives, analysing competitiveness in the environment and market, evaluating internal workings of the entrepreneur business, evaluating strategies that have been employed in the business so far, and ensuring that the objectives results in growth of the entrepreneurial venture. During the data collection two entrepreneurs discussed this issue at length. The entrepreneur highlighted the importance of strategic planning and this was done through training where tenants had to review the workings of their business.

“we attended business canvas training, B2B where we were taught strategic planning. The facilitator took us through process of us reviewing every part of our business to establish what is working or not. This exercise helped me to look at my business, goals and structure from there I designed new strategy on how I’m going to grow my business. Some people think that this is business plan but I think it’s about me looking what has worked and not and planning new ways of doing things” **Participant 44 Incubator 4**

There is huge mistake about entrepreneurs to think that business plan process and strategic plan process are the same. In simpler terms strategic planning is about strategies you put in place to support business functions and operations. This is different process from business plan but it will feed later into the business plan of the business venture. This is one of the key behaviours that I think in Incubator four they did sterling job in instilling in their incubatees.

Marketing and Customer Service

Marketing and customer service are the essential measurement of an entrepreneurial business. I once attended training by one of the funding organisation and facilitator mentioned that one element in business plan he judges harshly is the marketing plan. Because marketing plan must clearly detail how you going to attract customer to come and buy in your business, how you will communicate with your key clientele and the image you want to portray of your entrepreneurial venture.

The customer not the entrepreneur is the most important in the establishment of an entrepreneurial venture. That's why the main objective of marketing plan should be to influence customer to buy products and services of an entrepreneurial venture. In all incubation centres they have provided training on customer service and marketing to their incubatees. These training were to empower entrepreneurs to penetrate the markets they operate on. The additional trainings provided were export and import training particularly for agricultural and manufacturing businesses. The incubatees were encouraged to explore other market and some were even send to national and internal exhibitions as in the example of incubator 3.

“the marketing and sales training consisted of the following:

- *What is good customer care (principles and practices)?*
- *Why is customer care important (benefits/ consequences)?*
 - *Product vs service*
 - *Meeting customer requirements.*
 - *Prepare a tender*
- *Prepare and Implement a Marketing Plan. This training really helped these entrepreneurs as we realistically looked at their product and service to establish if there is really a need for them in the community. **Participant 1 Incubator 1 Project Manager***

From the data collected and observation during the interviews I can make conclusion that marketing if done the correct way will definitely grow the business. The marketing and customer service behaviour is one thing any entrepreneur cannot run away from of they want to be successful. Incubatees in incubator 1 are pure examples of an incubator that stressed marketing to ensure that incubatees understand their target markets and their needs. Business is all about meeting the needs of the customer, and if that's done wrong the entrepreneurial venture will not survive.

Risk Management

Risk management is an important entrepreneurial behaviour. Its defined as process of identifying, assessing and controlling those risk that have threat to an entrepreneurial venture. These risks could be anything from legal problems in the selling or implementation of products and services, errors in course of business, natural disasters, crime or theft in case of business premises of entrepreneurs. As discussed in the literature review the risk management is

composed of five steps: Identify risk, analyse the risk, evaluate and rank the risk, treat the risk, monitor and review the risk. This is the behaviour that any entrepreneur should be able to apply in their business and entrepreneurial ventures.

The current crisis as COVID19 and lockdown implemented by government the majority of MSME's in townships never thought of risk of government shutting down the economy or business continuity insurance. Unfortunately, it has happened and the majority of business are losing money. The other issue raised which is major risk during the study is the issue of crime. About 40% percent of entrepreneurs interviewed for this study mentioned that crime is badly affecting their income- crime from theft of stock by employees, break-ins and armed robbery. In terms of staff, it was mentioned that crime is an inside job by staff that feel that their wages or salaries are not enough. These MSME's are vulnerable to crime and is huge security risk which means they might not be able to recover financially.

Risk management process should be applied by all entrepreneurs, they should know what risk are threat to their business and treat them. The incubator managers interviewed acknowledged that risk management is one behaviour that most of their entrepreneur's lack and should form part of their future training or skills development initiatives. In the words of entrepreneur below if they have made risk analysis of their business they would have realised they need alarm and business continuity insurance in case of theft or disaster.

“they broke into my office in the centre and stole all the supplies for my catering. I was supposed to cater that morning and when I arrived to cook all my things were gone. I had to borrow money in order deliver food to client just so they don't blacklist me” Participant 34 Incubator 2

Innovation

In the literature review we discussed the issue of innovation as one of the key behaviours that entrepreneurs require to be successful in their entrepreneurial ventures. So what is innovation? It is an act of transforming an idea or services or product into something of value which the customers will pay for. This innovation must satisfy the needs of the customer and must be economical. The purpose of this study was to establish whether incubation programme will enhance the entrepreneurial behaviour of entrepreneurs. From the data collected one can make

assumption that entrepreneurs are not innovative and there is little to show that the incubation centres make innovation one of their key objectives. In the introduction of my paper I mentioned that entrepreneurs in townships are struggling and worse big retail companies including foreign owned business are taking over township economy.

In all the entrepreneurs interview innovation is last on their list but they complain that customers are not buying their products and/or government is using suppliers outside the townships instead of empowering them. The issue here is that entrepreneurs in township must understand that no one including government owes them anything, they need to roll their sleeves and work on making their products and services innovative.

Ability to search for Funding

Business funding is important for the survival of any business. Funding can be from family members, own cash, banking institution, government or seed capital, no matter its form it will drastically enhance the success of an entrepreneurial venture. During the study I realised that majority of entrepreneurs about 75% struggle with ability to search for funding. The question that keeps on coming up is how do I find potential funders? And what do funders look for?

“the last time we had meeting was when they called government, I think department of economic development for us to do presentation on our business so they know us. But nothing has happened after that, they even promised us funding, nothing” Participant 28, Incubator 2

Entrepreneurs in township struggle with funding for their businesses. The one thing that came from my observation and data collection is that these businesses are not professional – lack of business plans, financial history non-existent, their products and/or services don't show evidence of generating substantial revenue, lack of legislative compliance such as tax clearance and CIPC annual return, UIF status not complaint.

The incubation centres need to speed up the empowerment of entrepreneurs in townships. The first thing is how can these enterprises make their product innovative, understand the concept of demand and supply, how to create demand for one's product in the market and lastly how to professionalise business of incubatees. Entrepreneurs are now demanding that financial

institution of government reveal who they are actually finding because they are not getting funding, they feel that there is corruption within these institutions.

“how many Northern Cape businesses has received funding I past 24 months from IDC, SEFA and NEF? How many were unsuccessful? Why were they unsuccessful? What practical interventions are being made to facilitate funding access readiness for business?”

*Applying for funding is tiresome and extremely intense. Paperwork is intimidating and it can also be very expensive for small business, many mew applicants get stuck in this phase” **Participant 13 Incubator 1***

Yes, it is true that searching or applying for funding can be tiresome. The incubation centres in the Northern Cape have lot of work ahead in order to ensure that their incubatees businesses are funding ready. From my observation of business plans of some participants in this study there’s no way any funder will provide them with funding. Their businesses have been in existence for more than three years but no financial statement or prove of financial viability? No bankable business plan, their annual returns with CIPC have not been submitted some of them their business are at de-registration stage. In order of these business to survive post COVID19 and lockdown they must go back to the drawing board as the economy or market will not be forgiving to businesses that are innovative and compliant. Incubation centres must create strong networks and partnerships with govern non-financial institutions such as SEDA and financial institutions such as IDC, SEFA and NEF. Through these partnership organisations can start to empower townships business to survive the harsh economic environment currently experienced businesses world-wide including South Africa.

Stress Tolerance

Stress tolerance is the ability of an individual to sustain pressure and insecurity without becoming negative, for example bitter, hostile or disheartened. It is said that people that are strong in stress tolerance can withstand anything. Entrepreneurs need to have strong sense of stress tolerance and ability to tolerate stress. During the course of the study the participants mentioned stress as one their weakness, 37% of participants mentioned that they struggle with stress that come with being an entrepreneur.

*“when I have to deal with stressful situation, I just switch off. I can’t handle these tough things they break me. I really hope this place will help to deal and be able to deal with stressful situations” **Participant 30 Incubator 2***

Handling stressful situations is one of the key entrepreneurial behaviour of entrepreneurship. Entrepreneurs should have that ability to deal with these tough situations. The incubators must concentrate on soft-skills such as stress management for their incubatees to ensure that they are able to handle tough situations.

Initiative

Entrepreneurs should be able to handle things independently and act on their own before other people do or force them to do something. Initiative as an entrepreneurial behaviour is all about doing things without being told, establishing what you need to know as entrepreneur, keep on going when things are not going your way or are tough and lastly taking advantage of opportunities available. The one observation I have made during data collection is that township entrepreneurs interviewed lack initiative. They expect things to come their way, they don't find means to get opportunities for themselves. This goes back to the issue of funding; entrepreneurs should be the one's showing initiative by searching the market for funding opportunities but they wait on government to provide them with funding opportunities.

Incubators must instil behaviour on entrepreneurs as its key to whether the entrepreneurial venture will be successful.

Analytical Ability

The same as initiative, analytical skills is the ability to collect information, analyse the information and make decision for the benefit of the entrepreneurial venture. Entrepreneurs are going to experience plenty of problems in their entrepreneurial life, so analytical ability is very important. This is also regarded as one of skills of the 21st century not just for entrepreneurs.

Incubators are don't really encourage this behaviour among their incubatees. Entrepreneurs have been spoofed all the times they need to show initiative and analytical ability in their problem solving within their enterprises.

Lifelong learning

This is the process of learning throughout your life and it doesn't just mean formal education but informal as well. This came up with one entrepreneur that said "one must not wait for the

incubation to provide them with training, we receive free internet and computer why not do free online training or watch videos on the internet about business plan or managing people. The resources have been provided”. This is pure example that learning doesn’t have to be in the class room but technology has shown us that we can anywhere. The current COVID19 Lockdown rules on social distance have really stressed the point of 4th industrial revolution where our people including entrepreneurs must be computer literate to be able to use technology the world has to offer.

Entrepreneurs in township must accept the responsibility for their own learning. This will include creating learning goals and out those goals into actions. Incubators must also design their skills development initiatives in way that entrepreneurs can access them anywhere and have system or online presence with content entrepreneurs can use to empower themselves. All the incubators don’t have system or online system they depend on physical contact with entrepreneur to empower them. This is another area that incubators in the Northern cape need to improve on fast.

Ability to deal with situation of uncertainty

Calmness is the buzz word in dealing with uncertain situations. Entrepreneurs need to remain calm at all times in dealing with situations of uncertainty. Literature tells us that breathing constantly might be another of dealing with situation of uncertainty. This entrepreneurial behaviour has great impact as most entrepreneurs are fearful of dealing with uncertain situations.

“when I have to deal with stressful situation, I just switch off. I can’t handle these tough things they break me. I really hope this place will help to deal and be able to deal with stressful situations” Participant 30 Incubator 2

This is perfect example of how entrepreneurs are fearful and stress too much about uncertainty. Entrepreneurs need to embrace what they can’t control and accept what they know and don’t know. I do hope same as above behaviours the incubation centres will put more emphasis on developing the ability to deal with uncertainty.

Self Confidence

What is the importance of self-confidence in entrepreneurship? Why should entrepreneurs be self-confident? Well, self-confidence is all about how you feel about your ability. This takes us back to entrepreneurial behaviour discussed above risk taking and dealing with uncertainty. When you are an entrepreneur you are not scared from taking risks, exploring unexplored areas and making difficult decisions. Entrepreneurs must be confident as most the decisions they make must convince them that they have the ability to succeed no matter the circumstance. The majority of entrepreneurs that participated in this study about 50% lacked the confidence or self-confidence in their abilities. The majority of township entrepreneurs believe that they have to wait for someone to save them or provide them with solution in order for them to succeed in their entrepreneurial ventures. They have even lost hope in themselves mainly because they waiting on an external force to come save them.

*“this is my last year in this place, I’m rather going to look for job. There is no support from government even the municipality is using people from outside for the work we can do. They feel that we are useless that’s why they never look at us. I’m done just pray God give me job so I take care of my family. **Participant 19 Incubation 2***

These entrepreneurs have lost all hope in their abilities and the question is how can we make these entrepreneurs confident? Or make them believe that they have something special to share with the world? Entrepreneurs in township from my observation during the study must stop looking for validation from external sources. Seeking validation is what kills most of the dreams – waiting on government to prove or verify that your product or service is good enough, people laughing at you that you mad you can make as an entrepreneur while they have failed. Entrepreneurs need to believe in themselves, the ability and their dreams. You were not born to be average but to make difference in life of yourself and community.

Incubators in township must now have networking sessions where entrepreneurs can be confident enough to make conversation with other entrepreneurs including stakeholders and make numerous presentation on their businesses. Public speaking and networking must be one skills that must be imparted in these incubators which is definitely lacking. They must trust in themselves and their teams, as one staff member of the participant that raised this issue of confidence said “she doesn’t believe in us, she listens to other people from outside, when we

advise her she say what do we know?” Believing in the ability of your team is another important component as these are the people already there to support your vision.

Entrepreneurs need to take life-long learning as discussed above and learn new skills. The only way to improve your confidence is make learning your priority and ensure that they improve their abilities. One you are self-confident as an entrepreneur you will definitely be self-motivated you won't need any validation from outside or external sources.

Capacity and need for Achievement

The need for achievement means that you must start having the confidence in your abilities as an entrepreneur. There must be a desire for something significant or high standards or bigger. Entrepreneurs must have capacity and need for achievement because it is one entrepreneurial behaviour that feed the other ones. If the entrepreneurs do not have need to achieve something why would they want to learn, why would they want to complete their business plan, why would they want to improve their products and services? This need for achievement must be something that comes from inside. I discovered that entrepreneurs lack role models that they can look up to in their communities. During the study most felt that entrepreneurship should be about putting food on their table, so I asked why food? Why not take you out of circumstance of poverty? Some feel that entrepreneurship is only solution as there are no jobs available so they don't put much energy in their entrepreneurial venture.

Incubators training or skills development initiatives must focus now on soft skills rather than hard skills like business plans. Soft skills such as confidence, need for achievement and ability to take risks are extremely significant in the life of entrepreneurs. If we want to see entrepreneurs succeed we must concentrate on these traits before we deal with issues of business planning or searching for funding for your business venture.

Future Oriented

When you drive in townships you'll see entrepreneurs or what is called “Tenderpreneurs” driving expensive cars, living in mansions, living life that most people desire not that I'm saying there is something wrong with that picture. The point I am trying to bring forth is that entrepreneurs need to be future oriented, we need to delaying gratification or temporary

enjoyment and rather invest in the future. During my interviews I realised that 60% of entrepreneurs come into this journey of entrepreneurship because they want to live certain life style, they want to score tenders from government. If you ask what product they provide or what is the actual need in the community that motivated, you to be an entrepreneur? They purely answer you they want to be rich. There is no sense that one has to establish need and satisfy that need that what we call business or entrepreneurship. The culture of entrepreneurship in our townships in the Northern Cape is not forward thinking.

Entrepreneur must believe that they can control their future. Again self-confidence comes into play in this scenario. They must believe in their ability to change their communities, be future oriented, become innovators and make achievement their most important trait as they wrestle with the challenges of entrepreneurship.

As discussed in the literature review, government policies and procedures in terms of eliminating barriers to entry for entrepreneurs, ease of doing business and business registration. The department of small business development noted on their website notes the National Small Business (NSB) Act as guidelines for organs of state to promote small businesses and the establishment of the National Small Business Council and Small Enterprise Development agency which are supposed to promote the interest of small business and advanced policies and supportive mechanisms. The cooperatives ACT promote the establishment of primary, secondary and tertiary cooperatives

The structure of the SMME Act and Cooperative Act are clearly outlined in respective acts. The Small Business development Agency (SEDA) was designed to provide non-financial support to entrepreneurs. This is one of the dimension of the entrepreneurial environment, which is to provide support services to entrepreneurs including counselling and mentoring. SEDA as an institution is providing that environment of non-financial support to entrepreneurs.

Financial support for entrepreneurs in the entrepreneur environment is also one of the dimensions. Financial support through loan, grants, venture capital, see capital including banking finance is an important in the entrepreneurial environment. It is reality that many entrepreneurs grapple with in South Africa – finance to start and manage their businesses. The

government through these acts have created Industrial Development Cooperation (IDC). Small Enterprise Finance Agency (SEFA), National Youth Development agency (NYDA), banking financial instruments and private funders in the environment. The entrepreneurial environment in South Africa have plenty of funding available for entrepreneurs but the main issue in our country is lack of entrepreneurs to access funding available.

Why are entrepreneurs not able to access funding for their business? The majority of entrepreneurs in this study confessed that they haven't received any funding from government to start or manage their businesses.

“the last time we had meeting was when they called government, I think department of economic development for us to do presentation on our business so they know us. But nothing has happened after that, they even promised us funding, nothing” Participant 28, Incubator 2

The institutions such as SEDA were created to ensure that support is provided to entrepreneurs to access these funding opportunities but this has not really materialised. There has to be an impact study conducted of these institution to verify their contribution to the entrepreneurial environment.

The other dimension in the environment is the entrepreneurial and business skills. Entrepreneurship is an important phenomenon in South Africa and as discussed in the literature review government see it as solution to economic development. The literature is plenty on the importance of entrepreneurial and business skills. In early days of entrepreneurship and before the acts established there was critical shortage of skills for entrepreneurs in terms running and managing their businesses. The institutions such as SEDA, NYDA, SEFA, Government departments and Private institutions provides plenty of training on entrepreneurship. The main reservation I have is whether these training have an impact and some of the trainings are quality is not worthy of the financial contribution. There are enough training programmes for entrepreneurs and even during COVID 19 lockdown there has been on-line resources or training to empower entrepreneurs.

Lastly on the entrepreneurial environment is the socio-economic condition including attitude towards entrepreneurship by community, presence of entrepreneurs in the environment, and conditions such as poverty and unemployment. These conditions must be satisfactory in order for the environment to support the enhancement of entrepreneurship. In data collection we see lot of entrepreneurs struggling not because of their ability but because the environment is not supportive, community not buying their product and believing that entrepreneurs produce quality products and services.

Entrepreneurial Resourcefulness “refers to the ability to self-regulate and direct one’s behaviour successfully cope with difficult, stressful and challenging situation” (Misra and Kumar, 2000:143). In this model of entrepreneurial resourcefulness which is part of entrepreneurial behaviour there are three concepts that comes up: (i) coping strategies to successfully deal with demands and adapt to the environment, (ii) the idea of resourcefulness will differ among entrepreneurs in terms of their experiences and socialisation, lastly, (iii) self-regulation which is key to the behaviour of entrepreneurs, what makes them to act and to do in their entrepreneurial journey. (Misra and Kumar, 2000) goes further to explain that entrepreneurial resourcefulness as the ability to identify opportunities in the environment and regulate and direct behaviour to successfully cope with the task of creating and managing an organisation to pursue the opportunity” (Misra and Kumar 2000:144).

there are three competencies under entrepreneurial resourcefulness: Cognitive, affective and action oriented. I will not repeat them rather discuss them and link them to data collection.

Cognitive Competence

The research question 15 on the questionnaire presented to participants – Now let’s talk about entrepreneurial behaviours, what were you lacking before you entered the incubation programme? Business planning, Risk management, entrepreneur self-care, Team management, learning innovation etc.

The majority of the entrepreneur’s interview highlighted the one competence they lack and was main contributor for them to enrol in incubation or join entrepreneurial was journey was lack of innovative, uncertainty and risk taking. These competences were their main weaknesses as

they did not have information about their products, were to find funding for their business, how market their products. These weaknesses created lots of uncertainty for these entrepreneurs.

Cognitive competence in the model is about having the abilities to make sense of large information take risks, be innovative and tolerance for uncertainty which the majority of entrepreneurs said they lacked before they entered incubation.

Affective Competence

The majority of entrepreneurs in this study felt that their current situation was not detrimental to their livelihood, they were poor or retrenched from their employment and happy with their current status quo in life. On the affective competence I must say the entrepreneurs interviewed rated high on desire to excel, ability to persevere, high central life interest and dissatisfaction with status quo. These are important signs for successful entrepreneurial behaviour.

Action-Oriented Competence

Entrepreneurship is all about action, or ability to do something or achieve your goals. This competence is about the ability to take charge, establish networks, lead employees and influence external agencies. Unfortunately, on these actions oriented competencies the entrepreneurs scored low, the majority of them mentioned that they require immense assistance in developing these competences. As discussed in the in access to network in incubation the entrepreneurs are struggling with establishing networks for themselves, they also can't arrange and manage their resources, human resources management – managing and leading employees is also big problem for them. We can say that participating in an incubation centre will increase the action-oriented competence of entrepreneurs. The incubation centres main objective is to develop the action oriented competence of their incubatees or tenants.

4.5 CONCLUSION

It can be concluded from the results of my data collection that incubation impact the entrepreneurial behaviour of entrepreneurs in townships. According my analysis some of the incubators are weak in their offerings or services they offer to township entrepreneurs. There appear to be total lack of understanding from side of incubators and incubatees on what these incubators must achieve or their purpose. The staff or managers managing these incubators

don't have requisite skills or understanding of incubation in order to ensure that these centres function optimally. The participants have reported that services were of good quality but not consistent most of the time. In the next chapter I will present my conclusions and recommendations based on the research conducted.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The main objective of this chapter is mainly to summarise and draw conclusions regarding the main findings of my research. Recommendation will also be made future research as well as to share with the incubators that participated in my research.

5.1 CONCLUSION

INCUBATION SERVICES IN THE NORTHERN CAPE

There is confusion among managers of incubations within the Northern cape regarding the services they should be offering as incubators or the typology of business incubation based on their mission and vision. The one thing certain is that this has affected the level of service these incubators are offering to incubatees. However, the majority of incubatees reported that quality of service to be good when it comes to office space or infrastructure but not business support services such as training, mentoring, coaching, funding access and networking.

From the literature review and research, it is clear that incubators in the Northern Cape provide service offerings across all the generation incubators. They might not be offering all the services but there is a mixture of services from Generation one to four. These incubators are evolving as they educate themselves about the concept of incubation.

The other important aspect is the typology of incubators. One thing clear, an incubator can't be everything, there need to be speciality of scope. Incubator Three is specialising in mining and Jewellery making. This competitive scope will allow it to offer services that enhance incubatees within mining and Jewellery making industry. Incubator One and Two they are mixed incubators as result must play leading role promoting entrepreneurship within Northern Cape. They need to develop an entrepreneurial community in which everyone- community, civil society organisation, business and government think and act entrepreneurially. Incubator four is regional economic development incubator with focus on technology, mining, energy and construction within the ZF Mgcawu and Namakwa Districts or the Upington/ Springbok

corridor. This incubator is providing excellent service as commented by the incubatees and their focus is on economic development of the Upington Corridor. The Northern Cape is in dire need of Basic Research incubators and Technology incubators. Incubators must really re-look at their service offerings and decide on their speciality scope in order to ensure that capable entrepreneurs are incubated in the province.

I. Availability of Science and Technology

The Northern Cape is a vast and dry province within South Africa. There is huge distance as well between towns, places of significance and markets. Business incubations must be located within areas with access to scientific and technical knowledge. As discussed in literature review university or tertiary institutions closer to incubation centres will potentially have tremendous impact on the success of the incubator. Regrettably, the research discovered that access to science and technology is dream for the incubation centres that have participated in this study. The expert resource supporting these incubators have to be sourced from Gauteng or Western Cape at great expenses.

II. Access to Finances

Incubators must have the capacity to provide funding or enable incubatees to access funding. The research has discovered that access to finance is major challenge to incubation and incubatees. The incubators that participated in this study do not offer financial assistance of any sort to incubatees. The service offered to incubatees is training and support on how to access funding or how to be funding ready as an entrepreneur. This is major problem as we have discovered these incubatees businesses die while they are in process of incubation due to lack of funding.

III. Qualified entrepreneurs

There are qualified entrepreneurs within the Northern Cape and some of them participated in this study. The weakness is the type of services and/or typology of incubators to support these qualified entrepreneurs. Of particular concern is entrepreneurs with technological and scientific innovations, these incubators do not the capacity to ensure that their innovations are developed and commercialized. In the

process we lose these qualified entrepreneurs because there is nothing the incubator can do to support their ambitions. Well, there is enough supply of qualified entrepreneurs but the system is broken and unable to support their ambition.

IV. Involvement of stakeholders

Stakeholder support is crucial in the process of incubation. The involvement of stakeholders is a very concerning matter that came up during the data collection and research. Stakeholders are not part of the incubation process neither is there buy-in of their vision and mission of the incubation by stakeholders. Stakeholders are only being thought of when funding is required or support on particular issue. There is also lack of involvement of Governmental agencies such as NYDA, SEDA, SEFA and IDC and Business such as mining companies, retail companies and solar companies. The civil society contribution is also non-existent when it comes to incubation of entrepreneurs. These incubation centres must work with these stakeholders to ensure that they get involved in the incubation process.

V. Conducive Public Policies

The National Small Business act, Cooperative Act, and Revenue Services Act and including policies by Department of Small Business including Department of Trade and Industry have created conducive environment for entrepreneurial activity to flourish. What is required is the involvement of all stakeholders in building entrepreneurial communities. Government must support incubators in their objective of developing entrepreneurs in communities. The scene has been set by government through public policies, what is lacking is support for incubators and enterprise development agencies.

VI. Incubator management competence

The success of incubation depends on the quality of the management team. Unfortunately, Incubator one depends on service providers which has not been managing the facility due to non-payment. Incubator two management it seems is not committed to the development of entrepreneurs as there are no support programmes in place to develop entrepreneurs. Incubator three and four have suitable management

teams which are really regarded as providing good quality service according the incubatees. The issue of competent management is crucial if we want to see these incubators making inroads in creating jobs and developing the economy of the province. Stakeholders must ensure that management has experience and qualification in enterprise development, incubation services and business administration. Experienced personnel with ability to network and ensure buy-in in the incubation programme by stakeholders must be sourced.

VII. Financial sustainability

Incubators must operate as viable businesses. From my research I discovered that incubators are not financially sustainable. Funding is drying up from government side, private funders are not contributing and incubatees / tenants are not paying their rental fees. A lot of work has to be done by these incubators to ensure that they are sustainable. Additional revenue streams must be established by these incubators.

VIII. Access to Networking

Networking is important for expanding market opportunities for entrepreneurs and incubatees. This is not the case in incubation centres. There is lack of access to network of funder, experts and relevant organisations that can assist incubation centres and their incubatees.

IX. Incubator business plan

Incubators must operate as viable businesses and that has been thoroughly discussed in literature review. The incubators don't have business plan that demonstrate that they are operating as viable units. There is difference between proposal/ strategic plan and business plan. The business plan demonstrates mission, vision and long term objectives of the incubator. This is lacking hence we see lack of buy-in from stakeholder as these organisations or incubators are not managed as professional organisations. The business plan will also show how the incubator plan to be self-sustainable financially but that's not the case with incubators in the Northern Cape.

X. Selection criteria of the incubator must be stringent

The selection of quality entrepreneur is another key issue. Incubator three and four have stringent selection policies and procedures. While incubator one and two selection policies and procedures are very weak. Incubators need to revisit their entrance requirements to ensure that only incubatees with bankable business ideas are selected. Other entrepreneurs must be incubated through virtual incubation until they are ready for incubation. We see a lot of entrepreneurs or incubatees that don't have viable business ideas being incubated while quality entrepreneurs that serious and really need the assistance are left outside.

XI. Experienced advisory board

The presence of an experienced advisory board is major benefit for an incubation centre. During my research I discovered that a funder withdrew their funding support for an incubation centre due to absence of board and lack of independence of the incubator. The presence of an experience board will ensure that capable management is recruited, business plan developed and incubation policies and procedures are in place. This will in nutshell, professionalise the incubation centre and make it attractive to funders.

INCUBATION MODEL

The incubators must adopt incubation model that is relevant to their objective and this is not evident on the business plan of some incubators. The model must clearly state pre-entre, incubation and exit/post incubation process of the incubator. What really happens? How are things done? These need to be clear and this will feed into the business plan of the incubator. This is another dimension which need more research to determine if particular model affect the successful exit of incubatees. Nonetheless, any models selected or determined must be customised based on the needs and circumstances of the community or stakeholders. There should not be one size fits all in incubation, incubators must ensure that needs of the community are taken into consideration in the selection of the model. What works in Johannesburg or Cape town might not work in Kimberley. Customisation is the key if we want to incubation succeeding in the Northern Cape.

INCUBATION SERVICES

I. Access to subsidised infrastructure or office

All the incubators are providing this service and the infrastructure is of a quality according to incubatees. The entrepreneurs are paying subsidised rental and sadly some of them are not paying this rental fee which is jeopardising the ability of incubator to maintain the buildings. There must be a clear contract that stipulate the occupation and incubation period to ensure that incubatees exit the incubation programme. This will allow other capable entrepreneurs to enter the programme.

II. Access to office support

Some of the incubators provide this service particularly reception services. This services need to be expanded in some incubators as these incubatees are struggling with technology and equipment's. Services such as Wi-Fi, printing, faxing must be added as support features as these entrepreneurs need these services constantly.

III. Access to financial resources

We have already demonstrated that these incubators lack the ability to access financial resources for their incubatees. Partnerships must be established with funders and ensure that they are part of the incubation programme.

IV. Start- up support including skills development

This is crucial and non-negotiable in the process of incubation. Training in business skills is important for entrepreneurs to develop important skills in managing their businesses. Mentoring and coaching is another important component which is lacking and must be prioritised if we want to develop the entrepreneurial behaviours of entrepreneurs. This has affected the entrepreneurial behaviour of incubators as there has been more concentration on hard outcomes of incubation rather than combination with soft outcomes of incubation. Incubators must improve on the business support services to ensure that incubatees exit and are able to flourish post incubation.

ENTREPRENEURIAL BEHAVIOURS

Entrepreneurial behaviours which is subject of this study is all about behaviours that encourages entrepreneurial venture creation, opportunity recognition or spotting, launching one's product and services, making sense of what the venture is all about and the growth of the business. We have discussed different models of entrepreneurial behaviour and performance to show the link between the entrepreneurial environment, entrepreneurial resourcefulness and entrepreneurial behaviour.

We can conclude that the entrepreneurial environment affects the entrepreneurial behaviour of incubatees. The policies with regards to MSME's create an environment that allow entrepreneurship to flourish. In the case of South Africa government has created conducive environment by enacting National Small Business and Cooperative Acts, these legislation guides and promotes entrepreneurship. The entrepreneurial environment will also include socio-economic conditions; these conditions must be satisfactory in order for the environment to support the enhancement of entrepreneurship. In nutshell, the environment must be supportive and enhance entrepreneurship. From the government in terms of policy it's happening, what is required is practical support to entrepreneurs and incubators.

Entrepreneurial resourcefulness is all about the about the ability to identify opportunities in the environment and direct one's behaviour to successfully cope with task of entrepreneurship. We discussed the thought process which is called cognitive competence. The incubators must take charge in assisting entrepreneurs in developing their cognitive competence. The incubatees must demonstrate during pre-incubation drive to start business but incubators can additionally support them in developing risk management, innovation, managing information and ability to deal with uncertainty. The second competence discussed is affective, which is the management of emotional stimulation. The majority of incubatees that enrol in incubation programmes are not emotionally mature to deal with journey of entrepreneurship. Incubators must help through mentoring and coaching support incubatees with depression, withdrawal, ability to excel, perseverance, and dissatisfaction with status quo. Mentoring and coaching must play crucial role in incubation and unfortunately it is underestimated. The third competence is action-oriented, the importance of intentions and acting on those intentions. Through training and

development incubators can assist incubatees with managing employees, networking and art of influencing external agencies, discovery and control resources and managing their business in totality. Entrepreneurial resources is all about the support incubators provide to incubatees and in most of these incubation centres unfortunately this support is lacking. This brings us back to the issue of hard and soft outcomes of incubation, incubators don't understand the distinction between these outcomes and how they can be used to ensure that incubators produce an incubatees that are competent and live high expectations of entrepreneurship.

Entrepreneurial behaviour is the function of entrepreneurial resourcefulness. If the incubator didn't have programmes such as mentoring, coaching and training during the incubation process unfortunately the entrepreneurial behaviour of incubatees will be affected. I can conclude from literature review and research conducted that entrepreneur incubation centres impact on the entrepreneurial behaviour of entrepreneurs. The problem in the Northern Cape and from my study is that these incubation centres have done bad job in supporting entrepreneurs. When it comes to mentoring, coaching and skills development incubators are weak. This could be that there are no expert resources available to assist entrepreneurs during process of incubation and they purely concentrate of providing office or infrastructure while neglecting the soft outcomes of incubation. Incubators have neglected the personal development of incubatees hence we see incubatees unable to graduate from these incubation programme and able to stand on their own. Incubators have created sense of self-reliance by offering only office space and office support without developing entrepreneurs to ensure that they exit programme to becomes successful entrepreneurs. The behaviours we expect incubatees to exhibit are professionalism, financial management, business planning, managing employees, strategic management, marketing and customer service, risk management, innovation, ability to secure funding, stress tolerance, initiative, analytical, lifelong learning, self-confidence, capacity and need for achievement and future oriented. These behaviours are extremely and crucially important for incubatees / entrepreneurs to succeed in their entrepreneurial journey and may potentially enhance performance of their business.

5.2 RECOMMENDATIONS

The findings of my research provide an important insight I believe on the state of business incubation in townships. The purpose of incubation is to create job, alleviate poverty, create entrepreneurs and stimulate economic development. These are challenges I highlighted in my introduction of my thesis. Given the problems, issue and challenged identified in this study and based on my conclusions, I will make recommendations on how we can improve on the service level of incubation in the Northern Cape. This study explored whether participating in an entrepreneur incubation centre develop the entrepreneurial behaviour of entrepreneurs in the Northern Cape. We have seen from my findings and concluding that incubators are weak when it comes to developing entrepreneurial behaviours of entrepreneurs in the Northern cape and have discussed their major shortfalls.

I. System approach to incubation

Incubation must operate as system that brings all the stakeholders – community, government and business together. We have seen that incubation cannot succeed in isolation from government, business or community. The only way well achieve maximum impact of incubation is if we work as system.

We must hold each other accountable, practitioners, government, business and communities must work together to ensure that process of incubation succeed. From the data collected we saw that community, government, business and civil society are working together to ensure that township entrepreneurs succeed. The board of township incubation centres should be composed of all the role players in entrepreneur eco-system. The Board must include entrepreneurs, civil society, community they serving, government and business. This board must ensure that there is a system approach to supporting entrepreneurs.

II. Adopt incubation model that focus on the needs and circumstance of community

The incubation model and process adopted by the incubation must take the needs and circumstances of the community or the landscape. The practitioners must adopt needs

analysis of the community and align their models / processes based on those needs. Let us move away from one size fits all mentality and rather concentrate on developing entrepreneurs and they must be our focus. The main objective of incubation is to transform community and support entrepreneurs. The model adopted must make it easier for entrepreneurs to enter and exit the incubation program. The data collected shows that incubation centre's adopt specific model but they don't customise it to the needs of the community.

III. Incubator Business Plan

The business plan must be compulsory for incubators. The business plan will detail the vision, mission, short term to long term objectives of the incubator. We cannot any longer afford to have incubators that don't have plans or just existing for the sake of existing. There must be clear model of incubation that is align to the needs of the community, process model that shows clearly what the process of incubation entail within the incubator, short term to medium term planning including viable business that must be signed off by all stakeholders. The buss word is accountability and these plans must be clear in order for us in system of incubation we keep each other accountable. The incubators must have business plan as point of departure before any funding can be provided by government, business and civil society.

IV. Financial Sustainability

Incubators must be financially viable and reduce their reliance on state funding. The focus must be on developing additional sources of revenue for the incubator. Private funders are available in the market but incubators must demonstrate their competitive scope and be well managed. The incubators that participated in the study are not creative in sourcing additional funding for their programs. Incubators must ensure that rental, services they offer even if discounted are paid by tenant entrepreneurs. The financial sustainability of these township incubators is crucial and will further help other entrepreneurs in the community.

V. **Advisory Board**

The incubation centres that participated in this study do not have advisory boards that are functional. The appointment of an advisory board composed of experts/practitioners, government, business, community and civil society organisation will ensure that the management of the incubation centre are effective in managing incubation program. The advisory board will professionalism the operations of the incubator and demonstrate that the incubator is independent. The advisory board will sing-off on the business plan, strategic plan/model and discuss incubator performance. Lastly, advisory board will bring outside perspective and objective professionals in the incubator.

VI. **Incubator Management**

Business incubators must recruit professional personnel including consultants and service providers. We must bring in professionals with knowledge and experience of MSME's development, business management and expert professional in various fields. All consultants and personnel must have practical experience in marketing, sales, bookkeeping, financial management, technical, legal and personal development of entrepreneurs. Regrettably, if we don't ensure that resources with correct skills and qualifications in their fields are occupying these positions in incubation sorry we can expect that these incubators will perform badly or poor.

VII. **Mentoring and Coaching**

Mentoring and coaching should be performed throughout the lifecycle of incubation. This process of mentoring and coaching must be done by people that are experts in their fields and have experience in entrepreneurship or understand the mind-set of an entrepreneur. Unfortunately, if we don't take mentoring and coaching seriously the process of incubation will fail and the outcomes whether hard or soft will be poor. The model of incubation must incorporate mentoring and coaching as one of the key elements of incubation.

VIII. Skills Development

We have discovered during data collection that little training was happening in township incubation centre's. Training is very crucial in the process incubation and must be implemented in conjunction with mentoring and coaching. Entrepreneurs and incubatees must be trained on hard and soft skills. As the subject of this thesis is entrepreneurial behaviours which means we must put lot of emphasis on the personal development and growth of entrepreneurs.

IX. Physical Resources

Incubators must provide space for incubatees that have Wi-Fi, printing, telephone and fax service with proper receptionist that can manage front desks. The physical resources and services offered must support incubatees in ensuring that they purely concentrate on developing their business ideas and access the markets to grow their enterprises.

X. Co-incubation

The Northern Cape is dry and enormous province with lack of access to science and technology. Co-incubation or partnerships among incubations in the province and even outside the province will benefit incubators and incubatees. The perfect example, Entrepreneurs with idea in production of chemical can be incubated at both Northern Cape incubator and CSIR. CSIR will work with the entrepreneur to develop the product and testing to ensure it reach stage of commercialisation. The northern cape incubator will be training entrepreneur in business skills and mentoring including coaching. This is the only way I believe we can grow as incubators in the province of the Northern Cape.

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APPENDIX 1

Research Interview Questionnaire

Research Title

Investigate whether entrepreneur incubation centres impact the entrepreneurial behaviour of township entrepreneurs in the Northern Cape.

Dear Responded

You are invited to participate in an academic research study conducted by Daniel Tshepo Moitse student (Student No: MTSDAN000) from the University of Cape Town Graduate School of Business.

The purpose of the study is to establish whether participating in an incubation programme increase the entrepreneurial behaviour of entrepreneurs in townships with particular focus on the Northern Cape.

Please note the following:

- The results of the study will be used for academic purpose only. I will provide you with summary of my findings on request.
- Your name will appear on the questionnaire but your answers will be treated as strictly confidential.
- Your participation in this research is important to me as Master of Philosophy in Inclusive Innovation student. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer all questions honestly.

Contact the following faculty personnel if you have any questions or comments regarding this research.

Supervisor: Associate Professor Mikael Samuelson mikael.samuelsson@gsb.uct.ac.za

Faculty: Associate Professor Warren Nilsson warren.nilsson@gsb.uct.ac.za

Dr Badri Zolfaghari badri.zolfaghari@gsb.uct.ac.za

1. Name of Interviewee:

2. Name of Business:

3. Address and Location of Business:

4. When was business Registered:

5. What products and/or services do you provide? Background information about the business, Start up or small enterprise, prior entrepreneurial experience, level of education, work experience? If it's a team start up or not?

6. Are you participating in an incubation programme? Business incubation programme are often sponsored by private companies or municipal entities and public institutions, such as universities. Their goal is to help create and grow young businesses by providing you with necessary support and financial and/or technical services.

If you have answered yes in 6 you may continue further to answer the next questions. If answered no unfortunately the interview will not continue further as the purpose is to study township entrepreneurs in an entrepreneurial incubation center.

7. What is Name and Location of the Incubation Programme:

8. Who is funding the incubation Programme:

9. Why did you want to enter the incubation Programme? How was your business before incubation?

10. Describe the process you followed to enter the incubation programme:

11. What support services is the incubation programme providing you as entrepreneur:

12. What is the duration of your participation in the incubation programme:

13. Tell me about your experience in the incubation Programme:

14. How has this experience changed you as entrepreneur? Has the experience made you any better as an entrepreneur? Self-Assessment of entrepreneur's achievements.

15. Now let's talk entrepreneurial behaviours, what were you lacking before you entered the incubation programme? Behaviours: Business Planning, Risk Management, Entrepreneur Self-care, Team Management, learning, innovation etc.

16. Since you entered the incubation programme, what has changed with regard to your entrepreneurial behaviours?

17. Should you leave the incubation programme tomorrow, will you be able to grow your business without the support of the incubation programme?

18. With reference to question 17, what behaviours that you developed during the during of the incubation that you think will assist you an entrepreneur in township?

19. We have spoken a lot of about your participation. Now let's discuss the tools and processes of the incubation?

20. What is logic behind these tools and process? What do they intend to achieve within the incubation programme?

21. Any other additional comments or questions?

Thank you for your participation

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