

UNIVERSITY OF KWAZULU-NATAL

**EXPLORING THE ROLE OF SINGATHA INCUBATION
CENTRE IN PROMOTING YOUTH
ENTREPRENEURSHIP**

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the degree of Master of Commerce**

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DECLARATION

I, Samukelisiwe Ngwabe, declare that:

- (i) The research reported in this dissertation, except where otherwise indicated, and is my original work.
- (ii) This dissertation has not been submitted for any degree or examination at any university.
- (iii) This dissertation does not contain other persons' data, pictures, graphs, or other information, unless specifically acknowledged as being sourced from other persons.
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To God be the glory. It is indeed true that hard work and dedication pay off.

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To the University of KwaZulu-Natal Graduate School of Business and Leadership: I believe this study will make a significant contribution to the reservoir of knowledge in the local economic development space.

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ABSTRACT

The government and the private sector together have introduced incubation centres to boost entrepreneurship development amongst the youth, creating jobs, reducing unemployment and building wealth by promoting new businesses. The impact of the incubation centres and their mileage in assisting young entrepreneurs is indispensable. However, the types of service offerings, policies, and tools available within these centres have never been established.

This study seeks to influence the discourse around incubation centres as an institutional vehicle to promote local economic development and youth entrepreneurship in South Africa. This study focuses on the business incubation programme and youth entrepreneurship with the broad aims of assessing the role played by incubation centres in providing support to the young entrepreneurs in the incubation centres, and assessing the activities within these incubation centres, as well as their successes, failures and challenges.

The researcher chose a qualitative research method to do a thematic analysis and determine the complexity of incubation centres in relation to youth entrepreneurship and how incubation centres assist young entrepreneurs in growing their businesses. The qualitative research method assisted the researcher in answering the research questions using both respondents' experiences and data from the literature. Qualitative research was chosen as an appropriate method to be used for this research as it normally used to obtain the meaning and an understanding of the phenomenon by an individual or a group. The data was collected and analysed from the interviews, and documents to gather information from and in exploring the role played by Singata Incubation Centre in assisting young entrepreneurs. Respondents who participated in the study work for Singatha Incubation Centre and individuals with a direct interest in the area's development. The methods were selected because the researcher intended to discover the participants' approaches, opinions, and feelings to provide a rich description from the investigation.

The main finding indicate that incubation models seem to be effective, although they are engulfed by changes, most of which emanate from their sustainability and funding. This suggest that government should, through the relevant authorities, monitor existing incubation centres and ensure their sustainability by providing financial support, especially for incubation centres that have contributed to creating sustainable businesses over a considerable period. The findings also suggest that a link should be established between the key local economic sector and the local incubator. Incubation centres should focus mostly on businesses that provide services linked to key local economic sectors.

Key words: Incubation, Youth and Local Economic Development

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LIST OF ABBREVIATIONS

CoGTA	Department of Cooperative Governance and Traditional Affairs
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
IDP	Integrated Development Plan
ILO	International Labour Organisation
LED	local economic development
NDP	National Development Plan
NYDA	National Youth Development Agency
OECD	Organization for Economic Co-operation and Development
RNM	Ray Nkonyeni Municipality
RSA	Republic of South Africa
SALGA	South African Local Government Association
SEDA	Small Enterprise Development Agency
UNDP	United Nations Development Program

CHAPTER 1.

INTRODUCTION TO THE STUDY

This chapter introduced the background of the entire study and then outlines the problem or challenge the researcher sought to solve. It also provides the study's intents, objectives, questions it sought to answer, and the rationale behind the study. The research plan and methodology adopted, as well as the instruments used in compiling the relevant information to resolve the interrogations of the study, are presented within this chapter. The Ray Nkonyeni Municipality is introduced as the area of study. The structure of the whole study is outlined.

1.1 Background to the study

This study seeks to critically analyse the role of incubation centres in promoting entrepreneurship amongst young people. The government has shown unreserved interest in contributing to the growth of youth entrepreneurship as an economic growth tool aimed at curbing unemployment and poverty. Therefore, many small-business agencies were established, including the National Youth Development Agency (NYDA) and the Small Enterprise Development Agency (SEDA). Various policy frameworks, such as the National Development Plan Vision for 2030, have made it possible for the government to initiate cooperation between these agencies and tertiary and other higher education institutions with the intention of transforming this country into an economically active hub. These policy frameworks include concentrated efforts to offer funding and infrastructure to budding entrepreneurs (United Nations Development Program (UNDP, 2017).

According to *Economic Surveys South Africa (2017)* by the Organisation for Economic Co-operation and Development (OECD), increasing entrepreneurship and small business development can significantly increase jobs, decrease inequality, and support development. In different countries such as Nigeria and other Asian countries, start-up businesses and youth-owned businesses seem to be the main source of job opportunities and active economic growth (Criscuolo, Gal & Menon, 2014; OECD, 2015). Continuous efforts and strategies have been put in place to boost the employment and employability of young people. Entrepreneurship is one tool that has become popular and increasingly recognised as one of the strategies aimed at job creation and economic freedom for young people. Together with the private sector, the government has introduced incubation centres to create jobs, reduce unemployment, and build wealth by promoting new businesses.

This study analysed Singata Incubation Centre as a tool in promoting entrepreneurship amongst young people, particularly in South Africa. Business incubators are organisations focused on

assisting start-up businesses (Buys & Mbewana, 2014). The Department of Trade and Industry ([DTI], 2014) described an incubator as a physical or virtual facility that supports the development of small-business enterprises during the early stages of development by means of a variety of services.

Singatha ICT Incubation Centre was used as a case study. Singatha is an incubator centre that supports start-up and fledgling businesses with a variety of resources and amenities. It also promotes and guides entrepreneurs in using different mechanisms to shape sustainable businesses. Singatha offers skills development and training to young entrepreneurs as part of the incubation process. These skills are aimed at capacitating young entrepreneurs to develop and operate their businesses sustainably.

1.2 Research problem/problem statement

According to Lose (2014), an incubation process is a way of creating job opportunities and building the economy by fostering the growth and development of new businesses. Dey (2012) described incubator centres as successful for business start-ups, with various resources and services for new and start-up businesses. These kinds of support afford youth enterprises opportunities to create jobs and new technologies, increasing wealth, creating diversification of rural economies, and transferring skills. However, it remains unclear what the functions and the role of incubation centres are in promoting youth entrepreneurship. Also, the opportunities and barriers these incubation centres face in relation to youth entrepreneurs remain blurred.

The (NPC) National Planning Commission, (2011) argues that the policy and legislative environment is crucial in directing the establishment and effective running of incubation centres that deliver on their mandate. Adegbite (2011) provided a critical overview of the policy and legislative environment governing business incubators in Nigeria. It is important to note that the necessity of a conducive environment has been tested in recent policy directives in Nigeria. A case in point is Nigeria's Vision 2020 Strategy that was launched in 2009. A macro-economic framework is regarded as a recovery policy that promotes entrepreneurship and small- and medium enterprise (SME) development. Adegbite (2011) emphasised the importance of policy in governing incubation centres. His article recommends that every incubation centre should have a policy and a strategy that govern its processes.

The establishment of "local incubation centres is an important part of government's effort to support innovation and economic growth" (Ateljevic, 2013). The NDP and the Provincial Growth and Development Plan provide a tactical framework to position the economy on a new growth trajectory, with a strong emphasis on improving the capacity of emerging businesses in South

Africa and improving regional economic competitiveness (South African Local Government Association, 2013). Several small-business agencies were established, including the NYDA and SEDA.

Policies and frameworks, such as the NDP, have made it possible for the SA government to initiate partnerships between these state-owned agencies and tertiary and other institutions of higher education with the intention of transforming South Africa into an entrepreneurially active country (Department of Planning Monitoring and Evaluation, 2017). These frameworks include concentrated efforts to offer funding and arrangements such as loan services and incubation facilities to up-and-coming businesses (UNDP, 2017). In as much as these frameworks and policies lay a good foundation for incubation centres, the implementation and impact of these incubation centres remain unknown, which created a need for this study. This study will contribute to determining the extent, if any, to which these incubation centres assist up-and-coming businesses.

Several challenges have been identified in the implementation of incubation. These challenges involve chronic occupant overstay of SMME's within incubation. This means incubated SMME's gets comfortable within the incubation and doesn't want to leave, even after they have graduated incubation. Hausberg, Korreck & Sabrina (2020), agreed that incubator development is the core challenge of business incubation.

Mbewana (2011) further stated that incubator challenges are classified at different levels, but they are linked to the incubation process, which involves the nurture, entrepreneur, and coordination levels. Mbewana (2011), further stated that some of these challenges are commonly related to organisational characteristics, such as the structure and plan of incubators, their physical arrangement, assistances of the internal plan, types of service offered, best performance, acute foundations, and achievements of the incubators. This indicates that there is a gap within Singata Incubation Centre since there is no previous study on the organisational characteristics conducted before. The author closed this gap through this study.

Broad incubator style studies have been conducted with the purpose of outlining different incubator categories based on their purposes and services, the amenities they provide, and their role in improving economic growth.

Incubation has been studied by various authors. Allen and Rahman (1985) conducted a study that involved encouraging scenery for entrepreneurship in incubators. Cooper (1985) examined the role of incubators in encouraging growth in businesses. These studies revolved around the characteristics of incubators and the connection between incubators and small companies. Carroll (1986) conducted a study on a similar subject. Martin (1997) studied business incubator

succession, categories of financial assistance accessible for incubated businesses, assistance on incubation, and the incubator role in promoting new enterprises.

Tornatzky, McCrea, Lewis & Quittman, (1996), recommended business incubators as an effective business growth instrument, which should be supported by investment. These authors argued that business incubators provide an exceptional return on investment to local economies (Tornatzky *et al.* 1996). Okanga & Groenewald (2017) study indicates that innovation is what drives the culture of SMME's within incubation centres. Kowo, Solomon, Popoola & Mufutau(2021) conducted a study on the "Efficacy of Entrepreneurship Orientation and SMEs' Performance within incubation centres. Lose, & T. Miston, M. (2022), studied performance hindrances faced by business incubators in South Africa. Academy of Entrepreneurship Journal 1-13 states that regardless of the spectrum of research directed to business incubation, the available literature reveals that there have been few educational studies of incubation development in South Africa. Most studies focus on ICT incubation. Hence a need for further investigation was identified.

1.3 Aims and objectives

This study centred on the incubation programme and youth entrepreneurship. The research project focused on the importance of assisting young entrepreneurs to grow their enterprises, boosting the Port Shepstone local economy through the incubation process. The broad aim of conducting this survey was to assess the role played by incubation centres in supporting the young entrepreneurs in the incubation centre.

In ensuring that the study yielded the targeted results, the researcher based the discussion on set objectives. The study assessed the role played by Singatha Incubation centre in promoting youth entrepreneurship, and assessed the activities in these incubation centres, including the success and failures of incubation centres.

The set objectives were as follows:

- To explore the role of Singatha Incubation Centre in promoting youth entrepreneurship
- To analyse the opportunities provided by Singatha Incubation Centre for young entrepreneurs
- To understand challenges or barriers facing Singatha Incubation Centre in promoting youth entrepreneurship.

The study research questions were:

- What is the role played by Singatha Incubation Centre in promoting youth entrepreneurship?

- Are there any opportunities provided by Singatha Incubation Centre for young entrepreneurs?
- What are the challenges or barriers facing Singatha Incubation Centre in promoting youth entrepreneurship?

1.4 Rationale of the study

The establishment of “local incubation centres is an important part of government’s effort to support innovation and economic growth” (Ateljevic, 2013). The NDP and the Provincial Growth and Development Plan provide a strategic framework to position the economy on a new growth trajectory, with a strong emphasis on improving the capacity of emerging businesses in South Africa and improving regional economic competitiveness (South African Local Government Association, 2013). Different small-business agencies, including the NYDA and SEDA, were established. Policies and frameworks such as the NDP have made it possible for the South African government to initiate partnerships of these state-owned agencies with tertiary and other higher education institutions to transform South Africa into an entrepreneurial society (Department of Economic Development, 2012).

These frameworks include concentrated efforts towards offering funding and arrangements (e.g., loan services and facilities) to start-up businesses (UNDP, 2007 cited by Masutha & Rogerson, 2019). Although these frameworks and policies lay a good foundation for incubation centres, the implementation and impact of incubation centres remain unknown, which created a need for this study. This study assessed whether these incubators assist or not and to what extent they assist them.

The researcher was interested in investigating the synergy in and success of youth entrepreneurship through incubation processes, also bringing up questions about the functions of incubators in encouraging youth entrepreneurship. An understanding of the role played by incubation centres in promoting socio-economic development and youth entrepreneurship was sought. Therefore, an assessment of the role of an incubation centre and its contribution in assisting young entrepreneurs was essential. The types of service offerings, the opportunities available for young entrepreneurs, and the barriers and challenges faced by these centres, needed investigation. This study also sought to influence the dialogue around incubation centres as institutional vehicles to promote economic development and stimulate the entrepreneurship appetite among young people in South Africa.

Beneficiaries of this study are:

- the Singatha Incubation Centre

- the KwaZulu-Natal DTI
- small-business owners and hopeful business owners, as well as any other interested parties
- researchers in local economic development and the business incubation sector.

1.5 Study area

This study was conducted at the Ray Nkonyeni Municipality on the south coast of KwaZulu-Natal. The Ray Nkonyeni Municipality is a local municipality and a member of the family of municipalities under the umbrella of Ugu District Municipality. The Ray Nkonyeni municipal council was founded as per the local government legislation of the country (Department of Provincial and Local Government, 1998). In Ray Nkonyeni Municipality, local economic development is a crucial function of the Development Services and Town Planning Department, with overall policy guidance based on their long-term development strategy and policy adopted in 2017 (Ray Nkonyeni Municipality [RNM], 2017).

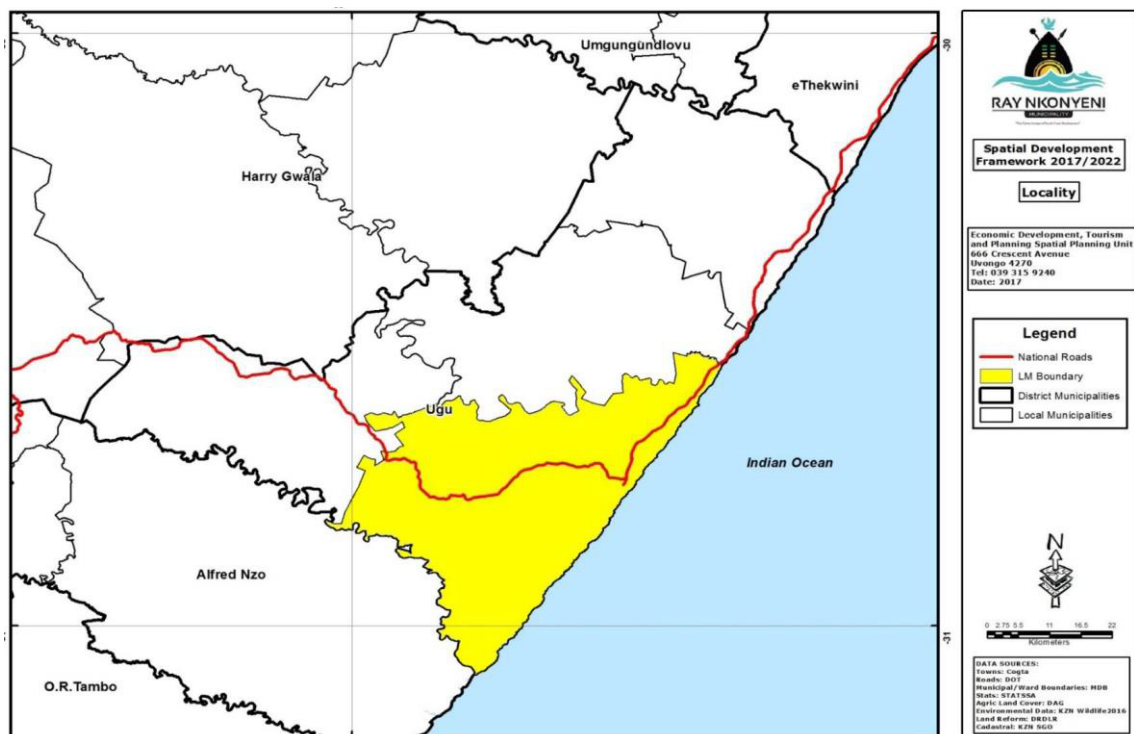


Figure 1-1 Map of Ray Nkonyeni municipal council

Source: RNM (2017).

1.5.1 Main economic contributors

The RNM's Integrated Developmental Plan 2017/2018–2021/2022 (2017) stated that it focuses on three main economic backers:

- manufacturing,
- agriculture; and
- tourism.

1.5.2 Other important economic activities

- small-, medium- and micro enterprises (SMMEs)
- informal economy
- ocean economy.

1.5.3 Some key facts about Ray Nkonyeni Municipality

Population:	348,553. The majority are the youth
Area:	1594 km ²
Population density:	120/km ²
Gross domestic product:	
Province:	KwaZulu-Natal
Capital:	Port Shepstone
Languages:	English, isiZulu, isiXhosa, Afrikaans,
Airport:	Margate Airport
Climate:	Average midday temperatures range from 22 °C to 26.6 °C, with the minimum winter temperatures at approximately 10 °C.

1.5.4 Comparative and competitive municipal advantage

The Ray Nkonyeni Municipality (RNM) is the ultimate economic booster of the entire district due to its location. Commercial farming and other several companies successfully export products to some of the exclusive regions around the country. Infrastructure development, education, health, and recreation contribute greatly. RNM is situated 112 kilometres from the coastline, giving the municipality a huge potential for maritime activities, promotion of experiences on vast beaches, some with blue flag status, adventure and tourism.

However, existing public transport infrastructure needs to be upgraded and extended. The railway line only offers passenger services as far south as Kelso, and the Margate Airport is currently

unable to accommodate low-cost airlines. The N2 road must be linked to national and provincial roads to increase accessibility.

1.6 Thesis structure

Chapter one

The background and introduction to the study, and its rationale, were put forward in this chapter. The aims and objectives were presented.

Chapter two

This chapter puts much emphasis on the available literature relevant to the study. All relevant theoretical frameworks for business incubation locally and nationally are presented. The theories that are employed in analysing findings are discussed.

Chapter three

The researcher outlines the methodology used for this study. The methods applied to this study were informed and guided by the literature and the aims and objective of the study. The study is qualitative in nature, with a qualitative research design and particular sampling methods. The data collection instrument and procedures for analysis are outlined in this chapter.

Chapter four

The findings from the primary data collected from respondents during interviews are discussed in this chapter. Themes were developed through data analysis, and the discussions centre around them.

Chapter five

The researcher summarises the findings and the contributions of this study and makes recommendations for further research in specific areas where there is not much existing literature. The chapter concludes the report on the research.

1.7 Chapter summary

Chapter One has explained the background of the study and the motive that triggered the investigation of the subject matter. The aims, objectives and the need for this study were presented in this chapter. The study area and its underlying economic factors were discussed.

The following chapter will review various pieces of literature and theories to enhance understanding of the topic of the study.

CHAPTER 2.

LITERATURE REVIEW

2.1 Introduction

The purpose of reviewing literature is to explain the theory or theories and conceptual framework supporting the study and afford the reader a broad analysis of the literature associated with the topic in question (empirical review). This chapter starts by defining ‘economic development’ as the main theme of this study, followed by definitions of ‘youth’. Then there are discussions of the context of youth, entrepreneurship, economic development, and incubation as a tool to boost the economy through entrepreneurship. The roles of incubation centres, success stories from different regions, and failures of incubation centres are presented. The opportunities available for young people through incubation processes are also highlighted.

2.2 Definitions

This study explored the role of incubation centres in promoting youth entrepreneurship. (The word ‘youth’ is interchangeably used with the words ‘young people’ in this study.) In different countries, the term ‘youth’ is defined differently. It is important that we use a holistic definition of youth that is acceptable in South Africa. There is a continuous debate on the definition or categorisation of ‘youth’ in Africa, which has caused confusion around this concept. Various authors have indicated that perceptions of ‘youth’ diverge traditionally and socially (Awogbenle & Chijioke, 2010; Gough, Langevang & Owusu, 2013). Chigunta (2013) commented that the definition of ‘youth’ seems to be contingent on which element of ‘youth’ receives superiority.

The United Nations stated that a ‘youth’ can be defined as an individual between the ages of 15 and 24, while the Youth Enterprise Development Strategy (DTI, 2013) stated that a ‘youth’ indicates anyone between the ages of 14 and 35. In Uganda, youth is classified from the ages of 12 to 30 years, whereas in Nigeria, young persons are between 18 and 35 years (International Labor Organization [ILO], 2005). This study uses the South African National Youth Policy 2009–2014 definition of a young person or youth, which states that anyone between the ages of 14 and 35 is considered a young person in South Africa (NYS, 2009).

The lack of formal job opportunities in most countries has motivated self-employment or micro-entrepreneurship. These have been regarded as assistants in producing ‘independent’ livelihoods for young people. The epidemic of unemployment amongst the youth has become a serious issue in South Africa (ILO, 2019; Curtain, 2000).

2.2.1 Youth unemployment

unemployment is a worldwide problem and more extreme in some economies. Unemployment is defined by Statistics South Africa as those people who do not work or have employment but they are actively seeking employment.) people South Africa is amongst the economies with intense levels of unemployment. South Africa is one of the sub-Saharan countries with the highest unemployment rate 24.7% (Nonyana and Njuho,2018) Unemployment can be manifested in three ways, which are referred to as frictional unemployment, cyclical unemployment, and structural unemployment (Mashau & Houghton, 2015). Mashau and Houghton (2015) argued that, amongst the structurally unemployed, the youth are most affected. There is a wide agreement that youth unemployment in South Africa is critical, with latest statistics confirming that one half of young people 15–34 years are unemployed by the broad definition¹ (Statistics South Africa, 2018). Youth unemployment increased to 63,9% for those aged 15-24 and 42,1% for those aged 25-34 years, while the current official national rate stands at 34,5%. (Stats SA, 2022). The statistics indicate that many young people are now entering the entrepreneurship space and are their own employers (Stats SA, 2018). The available estimations of the employment and unemployment rates have theoretical and strategic limitations of youth and employment enforced by definition and depth problems. The estimations indicate that the level of unemployment varies per country in sub-Saharan Africa, but these rates are normally double and sometimes triple the rate of unemployment among adults (YDN, 2017). Pastore, (2018) alludes to the fact that young people seem to be the most affected in numerous countries, particularly those currently faced with wars or recuperating from a war.

Various socio-economic groups of youths are said to be affected by unemployment in Africa. This involves both the well-educated youth and those with a minimal level of education, although it has mostly afflicted a considerable portion of young people from disadvantaged families and less educated groups in metropolitan areas. Unemployment is predominant amongst young women (ILO, 2017). The level of unemployment prevents young people from participating fully in local economic development unless they become entrepreneurs.

2.2.2 Entrepreneurship

There are a variety of definitions of the term ‘entrepreneurship’. Efimov, Ableeva, Salimova, Kovshov, Putyatinskaya, Siraeva, Lukyanova, Farrakhedinova, Kuleshova, & Faizov, (2019) argued that “the essence of entrepreneurship lies in the perception and exploitation of new opportunities in the realm of business. It always has to do with bringing about a different use of national resources in that they are withdrawn from their traditional use and subjected to new combinations” (Howard, (2021). Various authors have alluded to the fact that self-employment

reflects the elements of entrepreneurship (Audretsch, 2012; Parker & Van Praag, 2012; Svaleryd, 2015). Cedar and Budescu (2015) stated that entrepreneurship involves creativity, innovation, decision-making, and risk-taking in economic activities by a confident person who has a certain amount of capital; while Wright and Hitt (2017), argues that “entrepreneurship at its core is really a process of activities in the pursuit of venture creation”. The most-used terms to define entrepreneurship are “innovation, idea creation, opportunity recognition, achievement orientation, risk taking and resourcefulness” (Musara, 2020).

According to the OECD’s Economic Surveys South Africa (2017), the increase in entrepreneurship and small-business development has played an important role in increasing jobs, dropping inequality, and supporting growth. The growth of micro-, small- and medium enterprises was emphasised because it has shown much potential in generating employment opportunities and inspiring active citizens. In several countries, start-up businesses owned by young people have played a major role in creating employment opportunities and promoting development (OECD, 2015). Naude (2011) viewed entrepreneurship as a vital tool and factor of economic growth, where different institutions provide support and strengthen entrepreneurship to create job opportunities, alleviate poverty and inequality, and boost the local economy. Furthermore, Mashau and Houghton (2015) argued that entrepreneurship is the fastest way to create employment. Herman (2018) stated that entrepreneurship contributes highly to creating job opportunities.

However, the contribution depends on the level and size of the business, and the knowledge, mentorship, innovation, and support given to that business. Naude (2011) indicated that government institutions and other support structures remain critical in strengthening entrepreneurship. Zahra, Wright & Abdelgawad (2014) alluded to the increasing perception by business, the government sector, and communities that support young entrepreneurs can be a highly efficient means to reduce youth unemployment and promote local economic development.

The Singatha Incubation Centre is a government support structure that was established to assist entrepreneurs in growing their businesses and their entrepreneurial capacity.

2.2.3 Youth entrepreneurship

The Former President of South Africa, Nelson Mandela, mentioned in May 1999 that “young people remain the future of this country”. These words specify the importance of young people in building the nation. According to Bucharest (2014), youth constitute a high number of the country’s population. This means that, if a country invests in building entrepreneurial capacity amongst the youth, the country's future will be bright. Odeku and Rudolf (2019) asked If youth

entrepreneurship a necessity or an opportunity. This source analysed the differences between youth who become entrepreneurs by necessity or by chance and assessed the scope and quality of policies and programmes that governments, development agencies and civic society were implementing to support groups of new entrepreneurs.

The available literature indicates that policies tend to focus on formal employment and learning, overlooking informal means of curbing youth unemployment and fulfilling educational needs, and they disregard the levels at which young people are participating economically in the informal sector. Bezerra, Borges & Andreassi (2017) indicated that some organisations have introduced programmes that encourage entrepreneurship amongst the youth. Even so, it remains unknown how young people become entrepreneurs or how they can best be supported to gain employment (Mbuya,2021). Youth entrepreneurship has been a way of refining youth employment in unindustrialised areas, and many scholars and policymakers have recently put much effort into this research area (Awogbenle & Iwuamadi, 2010; Bailetti, 2011; Mueller, 2011; Dzomonda & Fatoki 2019 & Mbuya, 2021).

Bezerra, Borges & Andreassi (2017) argued that youth entrepreneurship was slowly becoming popular as a strategy in youth development. Serifat (2020) also stated that the collection of skills related to entrepreneurship includes an individual capacity to take advantage of and innovatively recognise opportunities. According to the OECD (2014), various countries have identified youth entrepreneurship as a significant tool for increasing economic effectiveness and promoting regional development. In other countries, entrepreneurship is fuelled by increasing youth unemployment. Therefore, youth entrepreneurship can be promoted to foster employment opportunities or address social exclusion and boost the economy. Bezerra *et al.* (2017) indicated that the sustainability of SMEs owned by young people requires financial support from both the private and the government sectors. Although there is an existing government policy for youth entrepreneurship, it seems short-sighted (Bucharest, 2014).

2.3 Historical background of business incubators

According to Hackett and Dilts (2004, cited by Sultana & Gupta 2020), the first incubator was the Batavia Industrial Centre, established in 1959 in Batavia, New York. However, Campbell and Allen (1987, cited in Ndabeni, 2008) claimed that the earliest business incubators were in the UK, and were established in 1972. Existing literature on these subject debates whether business incubation programmes are a viable tool in boosting economic growth through job and wealth creation (Naicker, 2015). This is evidenced by a series of explicit case studies involving business incubation, which show an increase in the number of SMMEs supported by incubators and an increase in the number of attractive new venture creations.

Bruneel, Ratinho, Clarysse & Groen, (2012) argued that numerous public and private sector organisations, research institutes, tertiary institutions, and research parks have shown unreserved interest in business incubation. This led to the accumulation of an extensive body of literature on business incubation (Centre for Strategy and Evaluation Services, 2002; Kae-Kuen & Hung-Shun, 2006; UKBI, 2003). The literature covers “lessons from European incubators” (Berger, 1984), “the business incubator as economic growth tool” by Carroll (1986), (Allen & McCluskey, 1990) and “emerging regional zones through business incubators” (Kang, 2012). The latest studies (e.g., Guckenbiehl, de Zubielqui, & Lindsay (2021) “concentrated on strategic knowledge of incubators, for instance in the biotechnology, biochemistry or pharmaceutical businesses”.

This study is focused on incubation centres, which are a tool used in fostering economic growth, but the next section discusses the background of local economic development and its history. It provides a brief definition of the concept. There are different actors involved in the space of local economic development and, in this section, they are discussed in connection with local incubation centres. The steps that are followed in establishing an incubation centre and the different forms of incubation are also discussed below.

2.4 Local economic development

According to Roberts-Tebejane (2021), local economic development (LED) “refers to continuous development of the economy in a particular area. This can be manifested through partnerships and development between different stakeholders around that area”. Naiker (2015) stated that LED can be effectively implemented by getting all stakeholders together. These stakeholders can be from the public, private and non-governmental sectors. They should gather to discuss how they can effectively use their local assets to improve LED by creating jobs, promoting investment, and establishing sustainable standards of living and a stable local economic future.

Venter (2014) yielded a rich profile of the South African experience of incubation centres. The author indicated that the Constitution of South Africa, 1996, specifies in sections 152 and 153 that “municipalities must be structured in such a way that one of their objectives is to promote social and economic development”. The White Paper on Local Government (1998) is recognised for outlining LED concepts in terms of developmental local government and acknowledging LED as a significant contributor to internal development (Department of Cooperative Governance and Traditional Affairs, 2012). This has been widely manifested by local government’s policy on LED. Furthermore, Venter (2014) indicated that LED is regarded as a tool that is used at a local level to create job opportunities through active participation by all the sectors involved.

According to Venter (2014), municipalities are frequently perceived as caterpillars of LED. Still, this appears to be a false perception because municipalities have not fully adapted to the LED mandate, and it has been a long struggle for them to foster the implementation of LED initiatives as per the policy (Mickibbin *et al.*, 2012). Furthermore, Venter (2014) shared his observations that society has become frustrated by the lack of LED and that this is evidenced by the numerous service delivery protests that are now part of our everyday lives. Cohen (2010) observed that the protests are worrying indications that municipalities are seeing a broad scope of challenges in LED coordination, facilitation, and implementation. According to Venter (2014), this may be ascribed to a lack of expertise and, to a certain extent, a deficiency of appropriate structural arrangements to improve and lead LED in municipalities.

Venter (2014) mentioned two pieces of South African legislation governing local government and municipalities in relation to LED: the Municipal Structures Act, No. 117 of 1998, and the Municipal Structures Amendment Act, No. 44 of 2003. These pieces of legislation mandate municipalities to assess possible external opportunities available and accessible for proper enrolment of LED activities (Venter, 2014).

2.4.1 Overview of the LED concept

The following paragraphs outline the history and background of LED and give clear definitions of LED. Various authors have stated that LED has been altering in three different phases since the 1960s. At some point, it was referred to as a “trend”, and LED practitioners became aware of the concept’s advantages and disadvantages (Canzaneli, 2001, in Pretorius & Blaauw, 2008; Mountford, 2009; Beer & Clower, 2019; Loewe, 2020; Capello & Lenzi, 2021). For the past few years, various pieces of literature from above authors have emphasised both the usefulness and the uselessness of the huge scale and risk appetite of the economic development encouragement against various recently developed strategies (World Bank, 2015).

Originally, LED was engrossed in marketing special sites (locations) through incentives and infrastructure development. Later, the focus moved to different economic aptitudes and put more emphasis on entrepreneurship, business preservation and development, and rural economic development. In the 1990s, more efforts were invested in an attractive and enabling environment for both business and community (Rogerson, 2014). This kind of environment inspired a focus on internal investment to support collective growth, networking and collaboration between communities, businesses, and the private sector. LED is aimed at enhancing individual business sustenance and providing a development-centred approach to sustain a business and community environment that is more conducive to economic development (Opp & Osgood, 2013; Rogerson, 2014).

LED was initially a result of policy, statutory developments and the integrated development plans (IDPs) of municipalities. However, since the 2000 elections, many changes have arisen over the years during which the country introduced municipal administration. This phase occurred during the transition phase of apartheid in local government. This era of government was expected to play a critical role in job creation, LED and ensuring that community needs are met (Rogerson, 2014).

2.4.2 Actors in local economic development

There are several different players in LED and arguments about their roles. Some believe that LED is a role of local government, while others believe that government at all levels should play a part in encouraging local or regional economic growth. Various government policies and regulations have seemed to imply that LED is only a government obligation. Nevertheless, when describing the different participants involved in LED, several authors have included the community, society organisations and the private sector as well as the government (Van der Waldt, 2014).

According to Lawrance (2013, cited by Capello & Lenzi, 2021), LED plays a clear role in an organisation, and it must be emphasised as:

an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackles market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms.

If the community, the public and the private sector are managed properly, they can effectively contribute to the financial gains and benefits for the organisation (Helsingr, 2017).

2.4.3 Overview of South African context of LED

The recitation of South African LED records an important broader perspective on the growth of LED in sub-Saharan African countries (Rogerson, 2018). Several observers and authors indicate that South African LED seems to be diverse and engulfed with challenges (Rogerson, 2018).

Local government has been at the centre of service delivery and economic development, and that centrality was manifested during the recent democratic period. Nel & Rogerson (2016) alluded to the Constitution of the Republic of South Africa, 1996, which clearly indicates that social and economic development remain a local government obligation. The Municipal Systems Act, 2000, presented the Integrated Development Planning System, which specifies the development of LED

sectoral plans as a mandatory practice for local government, while the Municipal Finance Management Act, 2003, outlines the operational and financial management duties of municipalities and how municipalities can access financial support.

The National LED Framework (2006–2011) laid a strong foundation for LED activities that should be launched at a municipal level and set in place pillars and LED areas of focus for local government (Rogerson, 2018). This charter further regards LED as predominantly encouraging “robust and inclusive local economies exploiting local opportunities, genuine potential and competitive advantages, addressing local needs and contributing to national growth objectives” (Department of Provincial and Local Government, 2016).

A few policies were recently introduced to influence the LED landscape, including the New Growth Path, “which promotes a sector-driven and production-led development trajectory” (Department of Economic Development, 2010; NDP, 2011).

Auriacombe & van der Waldt (2020) speculated about the significance of South Africa’s theory of LED, which was endorsed by the World Bank, and whether South African LED has found manifestation in both the South African legislative framework environment and the practice of LED. However, tackling this speculation further continued to be an enormous challenge (Auriacombe & van der Waldt, 2020).

The introduction of local government in the early 2000s led to this challenge because it occurred after the phase of transformational legislation on local government, which came with several representational challenges linked to apartheid deficiencies, such as poor planning, service delivery challenges and infrastructure backlogs. This has resulted in some municipalities’ having difficulty balancing the demand for adequate service delivery with having to prioritise and support the environment for efficient economic growth.

Incubation centres were introduced as part of making meaningful inputs into local economic growth in South Africa (Bartlett, 2012). Incubators served as catalysts for LED in municipalities that had resilient leadership and operative systems in place, as well as capacity and funding.

Incubation centres in South Africa are recognised tools for fostering the growth of SMEs, Innovation and promoting a culture of entrepreneurship in communities. The DTI (2014) guidelines on incubators described the explicit role played by incubation centres and their functions. These functions include “support given to vulnerable or high potential SMEs at their early stages of development”. With respect to the incubator role in local governance and LED, the DTI guidelines identified the following as key functions of South African incubators:

- offering business development facilities aimed at strengthening the business ecosystem.
- drawing up a tactical course for SMEs.
- providing the office structure space, services, and resources essential for core business activities; and
- providing the funding required by SMEs for investment in growth.

The provincial government and municipalities should identify an incubation opportunity and take steps to ensure they deliver a market-driven incubation opportunity (DTI, 2014). These steps involve:

Step 1: Identify and prioritise sectors that present the most urgent opportunities in that region (DTI, 2014).

Step 2: Identify markets to assist in ensuring that the incubated SMEs have customers.

Step 3: Identify potential SMEs that may require incubation.

Step 4: Identify potential incubation opportunities. This is done to determine whether the previous three steps speak to each other, and whether there is a match between markets and SMEs.

Step 5: Identify existing incubators in the region. This exercise assists in avoiding duplication and identifying gaps.

Step 6: Identify incubation opportunities based on the research done in the previous steps, then establish an incubator based on the opportunities and needs identified.

2.4.4 Different forms of incubators in South Africa

Analysis indicates that there are three major inspirations and methods for the implementation of incubation. The first approach is to expand an existing incubator; the second is to adapt an existing business method and implement it in other sectors and locations; and the last approach is to start a new incubator with its own method.

2.4.4.1 Expanding an existing incubator

Literature indicates that South Africa has invested mostly in this approach. Ndabeni (2014) stated that a spurt of new expansions was introduced by the establishment of South Africa's SEDA. Since 2004, it has become a trend. Some of these incubation expansions are linked with academic institutions but funded by the SEDA. Define expansion The DTI (2014) stated that expansions are low risk in terms of incubation failure since the model already exists and has been found effective in another area. However, expansions may limit diversity in terms of incubation services.

2.4.4.2 Adapting an existing business model

Numerous surveys indicated that, in the past 15 years, South Africa increasingly intensified pledges to support business incubation as an extensive initiative meant to support small-, medium-, and micro enterprises economically (Rogerson, 2013). Most incubation centres are focused on technology (ICT). This model has spread throughout the country (Ndabeni, 2014). Most incubators are a result of adapting existing business models and implementing them in other sectors and locations. This approach is not a guaranteed success (DTI, 2014).

2.4.4.3 Starting a new incubator

Explain

Masutha and Rogerson (2014) indicated that the South African business incubator sector has grown tremendously, according to Tshikwantamba (SEDA, CEO), 2019, in partnership with the Department of Small Business Development they have grown the incubation footprint from 56 in 2016 to 76 at the end of the 2019 financial. The National Department of Industry launched an incubation support programme (Masutha & Rogerson, 2014a), whereby the provincial government and municipalities should identify an incubation opportunity and follow steps to ensure they delivered a market-driven incubation opportunity (DTI, 2014). This approach may be risky since there is no knowledge to rely on.

The Singatha Incubation Centre was established as part of starting a new incubator model.

2.5 Incubation centres

Incubation programmes is defined as a specific instrument to support SMEs (Abubakar-Sadeeq, Othman, Audu, Ramalan & Abdullahi ,2021). “Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services” (National Business Incubation Association [NBIA], 2015: 72). However, the data on the success of incubated businesses is non-existent. Business incubators are normally initiated at a local level by authorities or institutions of higher learning, with the intention of encouraging employment and marketing exploration.

According to Ghina& Sinaryanti,(2021) there are several incubator models. These include (a) first-generation incubators, which are known for real estate; (b) university incubators, specialising in promoting the development of new research and technology; (c) virtual incubators, which specialise in low fixed investments servicing SMMEs inside and outside their own facilities; (d) international enterprise centres, which provide a range of support services aimed at developing

knowledge-based enterprises; and lastly, (e) Dot-com incubators, which are characterised by strong venture capital and short incubation periods.

The government has worked with the private sector to introduce incubation centres as a way of boosting LED by creating employment opportunities, reducing unemployment, and building wealth by promoting new businesses (Department of Trade & Industry, 2014). Business incubators are now recognised as tools for stimulating local economic growth through entrepreneurship development and technical innovation at the small and medium enterprise level in both developed and developing countries.

Singatha Incubation Centre is based on both the university and the virtual incubation models, so it is characterised by high levels of investment in technology and research and by servicing SMMEs in its facilities. The services provided by Singatha include skills development programmes for entrepreneurs through workshops and training, venture capital/sourcing funding, office space and mentoring.

The incubator support programme has been recognised globally as a tool that focuses on providing an organised space shared by entrepreneurs, also providing incubatees with a resourceful, strategic and value-adding arrangement, monitoring and business support (Chen, Wong & Chandran, 2019). These services are provided at the early stage of business and give them the support they need to grow their businesses (NBIA, 2015). McIver-Harris & Tatum, (2020) described incubators as aimed at facilitating and linking resources together for the better development of new business ventures. It is assumed that an incubated business succeeds after graduating (Naicker, 2015). Furthermore, the well-resourced incubation facility should assist these small businesses with different types of service at no cost, such as business flexibility and creativity, and integrated services for business mentoring, such as secretarial support, operating space, office equipment, internet connection and telephone lines, research, and development.

The figure below, extracted from an article by Hackett and Dilts (2004), simplifies the incubation process. The processes start with community support.

Table 2-1: Business incubation logic model

Antecedents	Inputs	Activities	Outputs	Initial Outcomes	Intermediate Outcomes	Long-term Outcomes
Pre-venture Invitation Activities	Entrepreneurs	Assistance + Resource Munificence & Business Development + Selection + Monitoring New venture development + New Product Incubation:		Incubatee is surviving & growing profitably		Increased Organisation 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 growing and not profitable/margin-ally profitable	Dead/Dying Companies	
Events Increasing Individual Entrepreneurial Orientation	Strategic Technologies/ Innovations			Incubatee operations terminated while still in the incubator: losses minimised.		
Incubator Feasibility Study				Incubatee operations terminated while still in the incubator: large losses.		

Source: Hackett & Dilts (2004)

The business incubation logic model indicates that an incubator is not just a structure or communal space; there are many activities involved. Rogerson (2014) argued that the “incubator is a network of individuals and organizations together with the incubator manager and staff, incubator advisory board, incubatee companies and employees, local universities and university community members, industry contacts, and professional services providers”.

Similarly to Jones (2010), Dey (2012) indicated the model of incubation that is used in the United Kingdom is for the services of incubation centres to develop, obtain funding, and assist in marketing and strategy development.

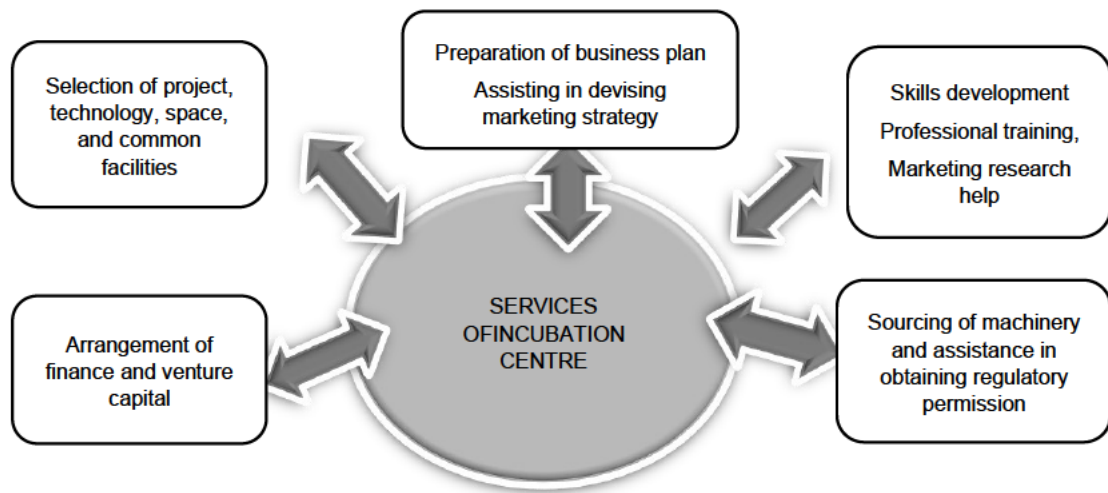


Figure 2-1: Hand holding services of a business incubator

Source: Dey (2012)

The above figure illustrates the services that incubation centres provide to their tenants. The author states that every successful incubation centre should be able to offer skills development, professional training, assistance in developing essential business strategies for businesses, and the arrangement of finance.

2.5.1 International perspective on incubation centres

The available literature suggests that cities and regions across the board are reacting to economic globalisation. This is evidenced by the commonalities that cities and regions utilise to compete in global markets by promoting themselves in those markets and developing region-specific strategies for economic development. It is widely accepted that these first steps take place under the protective covering of a LED agency or control panel whose membership is drawn from both private enterprise and the public sector (Obaji, Onyemerela & Olugu, 2015).

It has been acknowledged that a business incubation programme started back in 1959, and was first established in the United States of America (USA). The USA had both successes and failures

in implementing the incubation process. However, its impact was not really recognised until the 1980s (Obaji *et al.*, 2015).

Asian countries have successfully implemented incubation processes because the governments of these countries have played an important role in the inception of business incubation; young people actively participate in creating job opportunities through entrepreneurship with the help of incubation centres (Lalkaka, 2011 cited by Shekapure & Shekapure, 2022). China is ranked in the top five for the effective implementation of business incubation processes. (Bubou & Okrigwe, 2011).

The following sub-sections look at business incubation centres in the USA and Asia.

2.5.1.1 Business incubation centres in the USA

Existing literature states that the USA is the inventor of the business incubation model. Several authors have indicated that the USA incubation model dates to 1959, but its impact was not recognised until the 1980s (Obaji, Onyemerela & Olugu, 2015). Shekapure & Shekapure (2022) asserted that the incubation centres in the USA are normally initiated as local enterprises by economic development agencies. Federal agencies, including the US Department of Commerce and Economic Development Administration, Agriculture, the Departments of Housing/Urban Development, Health/Human Services, and regional development authorities, are the main agencies assisting with business incubation funding and research. The USA has invested much in ICT incubators, which are linked to tertiary institutions and research parks.

Stephens & Lyons (2022) states that USA incubators play a huge role in promoting economic development. They are funded by the government and serve as tools for employment, economic development, and the commercialisation of learning institutions' innovations (Campbell & Allen, 2017).

Adelowe *et al.* (2012) expressed the view that the US government's strong investment in business incubation has enabled the rapid growth of incubators. They further stated that the promotion of cultural changes from 'socialist' to 'market' and the development of a national strategy have also enabled incubators to grow.

2.5.1.2 Business incubation in Asia

Lalkaka and Bishop (1996) are amongst the distinguished sources of articles that served to trace developments pertaining to incubation centres in Asia. Their article considered the critical factors that determined the formation of business incubation centres in Asia. Asian governments, too, played a role in the creation of an incubation model to achieve regional economic stability. Asian

governments have a desire to create a vibrant incubation environment for SMEs in their regions (Asia Pacific Incubation Network [APIN], 2011; Shekapure & Shekapure,2022).

The APIN (2011) specifies the aims of the Asian incubation model as:

- progression of systems and services
- organisation of education stages, incubation and incubatee lists
- endorsing and steering events and plans
- establishing an incubator helpline for guidance on practices, policies and banners
- offering incubation clients assistance, such as referrals and facilitation
- ensuring the financial viability and sustainability of the incubation centre.

According to Ramar, Muthukumar, Manida, Nandhini & Parkavi (2020) Asia currently has two successful examples of business incubation: the first being the Tianjin Women's Incubator, established in 1988, which promotes incubation of women throughout China; and the second being the Truchirappalli Regional Engineering College at the Science and Technology Entrepreneurs Park. Both initiatives appear to have assisted Asian governments in the emancipation of enterprise development and sustainable regional growth. Mubarak and Bustler (2011) alluded to Asian business incubators as critical drivers of socio-economic development because they promote innovation and entrepreneurship. According to Al-Mubarak *et al.* (2012, cited by Baskaran, & Chand, 2019) there are several key performance indicators of incubators in Asian countries, including “target, sectors, objectives, jobs creation, and years in operation with description for each incubator and total percentage of each key performance”. The authors outlined seven objectives of incubation programmes as follows: “entrepreneurship, profitable enterprises, business creation, research commercialization, income generation, policy influence and export revenues”.

The table below shows the targets of incubation centres in Asian countries.

Table 2-2: Summary of incubators in Asian countriesKey performance	Descriptions	%
1 – Target	1 – Youth	90
	2 – Rural poor	80
	3 – Women	75
	4 – Urban poor	58

Table 2-2: Summary of incubators in Asian countriesKey performance	Descriptions	%
2 – Sectors	1 – Technology 2 – Agriculture 3 – Mixed use 4 – Clean technology 5 – Biotechnology 6 – Manufacturing 7 – Textile	82 68 66 46 42 40 26
Objectives	1 – Entrepreneurship 2 – Profitable enterprises 2 – Job creation 4 – Research commercialisation 5 – Income generation 6 – Policy impact 7 – Export revenues	96 92 82 80 64 58 44
4 – Job creation	1 – Jobs (>61) 2 – Jobs (46-60) 3 – Jobs (31-45) 4 – Jobs (16-30)	60 10 10 20
5 – Years in Operation	1 – >10 years 2 – 7-9 years 3 – 4-6 years 4 – 0-3 years	82 30 60 52

Source: Al-Mubarak *et al.* (2012 cited by Baskaran, Chandran& Ng, 2019)

China is placed third amongst states with success stories about business incubators (Wang, 2021). A survey by Tang, Walsh & Baskaran (2021) positioned China second among emerging economies, with 550 incubators helping diverse business systems. This survey suggests that Chinese incubation centres are fully funded by the government and receive support from non-government actors. Tang *et al* (2021) further indicated that an irregular incubator in China is the International Business Incubator. The authors provided evidence that, in 1996, the Chinese designed an international business incubation (IBI) programme aimed at supporting international technology-based companies and Chinese scholars with modern incubation facilities (Tang *et al* (2021)). Wang (2021) confirmed that the IBI programme assisted local companies with exporting their products, services, technology, and investments into local markets.

The above evidence indicates that the USA was the inventor of business incubation. The USA government played a significant role in supporting business incubation as a major tool for fostering entrepreneurship and LED. However, China seems to have the best incubation model, with a strong focus on technology businesses and a high level of intervention by policymakers that have influence in research and development. Governments have been key in the proper

implementation of business incubation. The focus has been on ensuring that young people participate in LED through entrepreneurship and incubation.

The following section looks at incubation centres in Africa and South Africa. Nigeria was selected because it seems to be the most successful country in Africa in implementing an incubation programme. South Africa can follow Nigerian best practices in incubation models.

2.5.2 African perspective on business incubation

Underdeveloped and developing countries have introduced policies to support SMEs and give them guidance on how they can effectively play a role in socio-economic development. Several studies such as Lose, (2019), Munywoki, (2021) and Ramraj, (2018) indicate that South Africa is a comparative latecomer to the business incubator programme, while Nigeria is recognised as performing best in business incubation in Africa. Akhuemonkhan (2013) stated that business incubation has played a major role in assimilating Nigeria's economy. Government support and intervention have made it possible for Nigerian businesses to thrive.

2.5.2.1 Business incubation centres in Nigeria

The first incubation centre in Nigeria was adapted from the USA in 1993 in Lagos, the commercial city of Nigeria (FMST, 2005). Currently, there are more than 30 incubation centres in Nigeria (Jibrin, Makoyo & Amony, 2013). The role of such centres in Nigeria is well captured in a journal article by Akhuemonkhan (2013). The article begins by recognising that entrepreneurship development through the supportable advancement of SMEs is essential for the state's economic wellbeing. Moreover, the article states that the Nigerian federal government is passionate and pre-emptive about entrepreneurship. This has been manifested by the introduction of several developments, professional training, and the growth of SMEs to decrease poverty, illnesses, job losses and youth restlessness in disadvantaged communities (Akhuemonkhan, 2013).

Government strategies have played a vital role in implementing and adopting incubation in Nigeria. The government introduced several pieces of legislative framework and policies as interventions in development programmes to establish business incubation centres. However, since the Nigerian incubation model was adopted from the USA, the country later had challenges adapting it to a non-western environment (Obaji *et al.*, 2015). Obaji *et al.* (2015) indicated that Nigeria has been consistent since the 1990s in adopting and implementing incubation practices.

A comparative study on global best practices for incubation centres by Adelowo and Olaopa (2012) noted a comprehensive gap in procedures and management of centres, which leads to the incubation centres' failure to attain their goals.

2.5.2.2 South African perspective on business incubation centres

Since the 1990s, the South African government has consciously established incubators across the country and provided financing to ensure that small businesses are strengthened. The Departments of Trade and Industry, Economic Development, and Higher Education have all provided public financing to sustain these initiatives. The South African government has also recognised the demand for backing small businesses. Business incubation's primary purpose is to develop small businesses and assist them in their formal governance. The constitution of the SEDA in 2004 sought to aid people to establish SMMEs but this did not solve the challenges of SMME start-ups.

According to Ndabeni, Rogerson and Booyens (2017), incubation processes were first demonstrated in South Africa in the mid-nineties, when the Small Business Development Corporation introduced "hives of industry". The incubation centres started to spread in South African townships, affording small entrepreneurs developed infrastructure such as internet links, telephone and operating premises (Rogerson, 2013). Since then, there has been evidence of a growth in business incubators in South Africa (DTI, 2013).

Rogerson (2013) indicate that, for more than 15 years, South Africa progressively intensified its pledge to support business incubation as part of extensive support initiatives for small- medium- and micro enterprises. Masutha and Rogerson (2014) indicated that the South African business incubator sector grew tremendously from 3 to 31 incubation centres between 2001 and 2011, with 12 more incubation centres launched in 2012. Tengeh, 2015).

Masutha & Rogerson (2014) conducted a research project in a form of an audit indicated that there are 51 incubators in South Africa of which 42 are public incubators and nine privately owned. Lose (2016), states that South African universities are not really involved in business incubators, although some few might have incubators, a web search didn't deliver any findings regarding university-run incubators in South Africa. Other authors indicated that South Africa has two types and perceptions of business incubators: those operating under the state and those under the ownership of the private sector (Masutha, 2014; Masutha & Rogerson, 2014; Ramluckan & Thomas, 2011; Ravjee, 2010). South Africa have majority of public sector incubators in South supporting only black owned SMMEs. Incubators are mostly non-profit organisations, funded by government through the Department of Trade and Industry, the Incubation Support Programme and SEDA Technology Programme (Lose, 2016). Furthermore, public sector incubators are said to mostly focusing on small and micro enterprises with an annual turnover of R 250 000 and below and the primary objective is to broaden economic participation of SMMEs by creating job opportunities and skills transfer of while private sector incubators main objectives and focus is

on growing small businesses on maximizing their profits (Masutha & Rogerson, 2014). The public sector incubators emphasis upon black owned and women owned businesses while the private sector incubators recruit the group of high growth and high impact enterprises with an annual turnover of above R 5 million. Furthermore, Private sector incubators also keep more accurate record of their graduates than public sector incubators (Lose,2016).

The background to the different types of development is seen as significant. These developments were introduced through the following programmes (Figure 2-2):

- the “hives of industry programme” during the pre-incubation era
- the Godisa programme, under which here SME development agencies, such South Africa’s SEDAs, were formed
- the incubation support programme introduced by the DTI in 2012 (Masutha & Rogerson, 2014).

There are six stages in the incubation process commonly found in South African incubation centres (Masutha, 2014; Masutha & Rogerson, 2014a, 2014b). To be deemed successful in their incubation programme, incubatees must undergo the following stages.

Stage one: Applicants submit a standardised application form

Stage two: Applicants undergo skills assessment and business plan evaluation

Stage three: Assessment process of the applicant

Stage four: Successful candidates are requested to submit to a contractual arrangement and officially incubated

Stage five: Incubatees obtain the necessary documentation, skills, training, and services to develop their businesses

Stage six: Completion and graduation phase whereby successful incubatees exit.

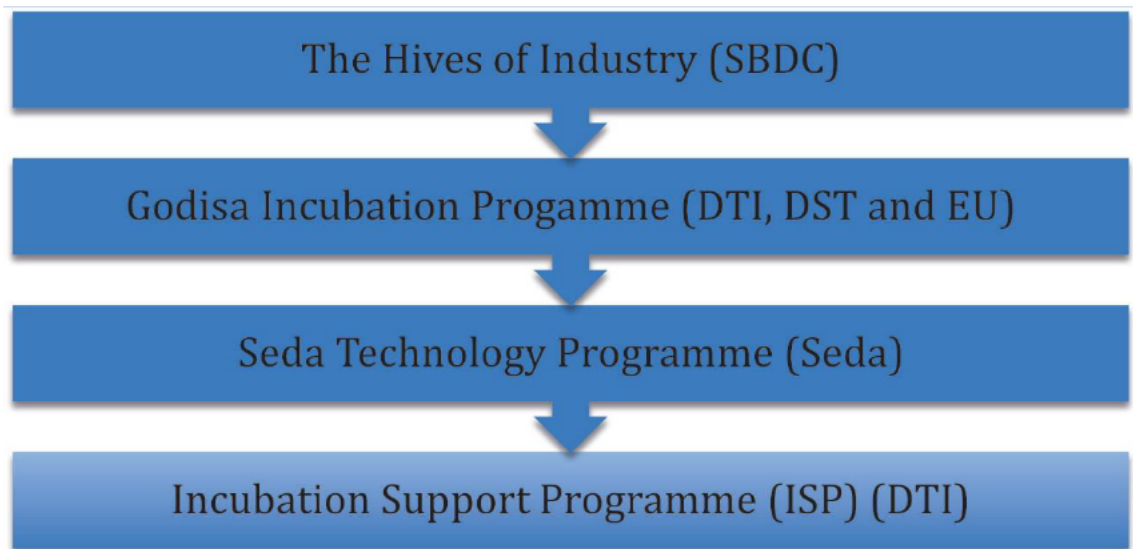


Figure 2-2: *The significance of the different stages of the incubation industry*

Source: Masutha et al. (2014)

Lalkaka (2011) showed that the South African government invested much effort in the brooding process of incubation programmes through several government departments, tertiary institutions, and European Union sponsorships. Masutha and Rogerson (2014) confirmed that South African business incubators are mostly linked to tertiary institutions and research parks (Lalkaka, 2011).

Ndabeni (2011) indicated the different services South African incubation centres offered to young entrepreneurs. These services are similar to those of other countries' incubation processes, which are mostly characterised by consistency and focus on sectors and age groups that seem to be more interested in entrepreneurship. South Africa has learned from and adapted the international perspective on business incubation. Like the Nigerian government, the South African government's intervention in and focus on supporting youth entrepreneurship in poor rural areas has been a most effective tool in creating job opportunities.

However, the sustainability of incubation centres has been a challenge in African countries because their incubation programme models were adopted from other countries.

2.5.3 Functions of incubation centres in South Africa

According to the DTI (2014), the incubation process is aimed at fostering growth and support, providing services aimed at strengthening the capacity of incubatees' businesses so that they can grow and soon operate on their own. Another component of the business incubation process is nurturing small entrepreneurs and enhancing their growth and stability by offering them a range of services at no or low cost.

The NBIA (2014) stated that the incubation period can be two to three years. Services that are normally offered by incubators include:

- (a) a clean and secure working environment
- (b) access to server and website
- (c) boardroom facilities and business advisor support
- (d) business development and growth support, and mentoring
- (e) business management guidance and technical assistance
- (f) business skills development
- (g) fully furnished office and office management facilities
- (h) IT support
- (i) permanent high-speed internet connectivity
- (j) reception, message taking and secretarial services.

Figure 2-3 below by Jones (2010) indicates more clearly what transpires at each stage of the incubation process. It shows that the success and sustainability of incubated businesses rely mostly on the general and relevant support they receive during the incubation period.

According to Hackett and Dilts (2004), a business can be classified under four stages/types of incubation processes. These stages are mentioned in the Figure 2-3, and they are as follows: pre-incubation, early stage, classical stage, graduate programme.

Promotion of Entrepreneurship	Drop-in premises without support	Incubation		Own frontoffices	General and Relevant Business Support Program
	Less than 1 Year	About 1 Year	About 3 Years	1 year	
	Pre-incubation	Early State Incubation	Classical Incubation	Graduate Programme	
	Research support Training Planning	Accommodation Accounting Advice Funding access Marketing Mentoring Networks	Accommodation Funding access Networks Advice Mentoring	Close support into general business programmes	

Figure 2-3: The Jones Value Chain Model

Source: Jones (2010)

Wambeti (2014) advised that business incubation should offer a supportive and nourishing environment for new and young businesses. Business incubation policy and practice mainly concentrate on building up a supportive environment by supplying access to opportunities, resources and livelihood services. Regrettably, just a minority of businesses survive from start-up to maturity.

Van Schalkwyk and Dubihlela (2014) recognised 11 functions that, they contended, every successful incubation centre should have:

- (a) access to funding
- (b) complete business plan
- (c) inflexible selection criteria for clients
- (d) networking
- (e) provision of technological skills and facilities
- (f) skilled consultative board
- (g) stakeholder engagement
- (h) successful entrepreneurs
- (i) supportive government policies
- (j) sustainability and financial plan
- (k) vibrant and committed management.

Similarly, Ndabeni (2008, cited in Masutha ,2014) indicated six factors that determine the success of business incubators (Figure 2-4). These factors can be used to evaluate its contribution to promoting youth entrepreneurship. Ndabeni's (2008) success factors are: accessibility and

geographical proximity to SMMEs, existence of a social network, financial support, incubators and enterprises, policies and legal framework and a society that is open to innovation.

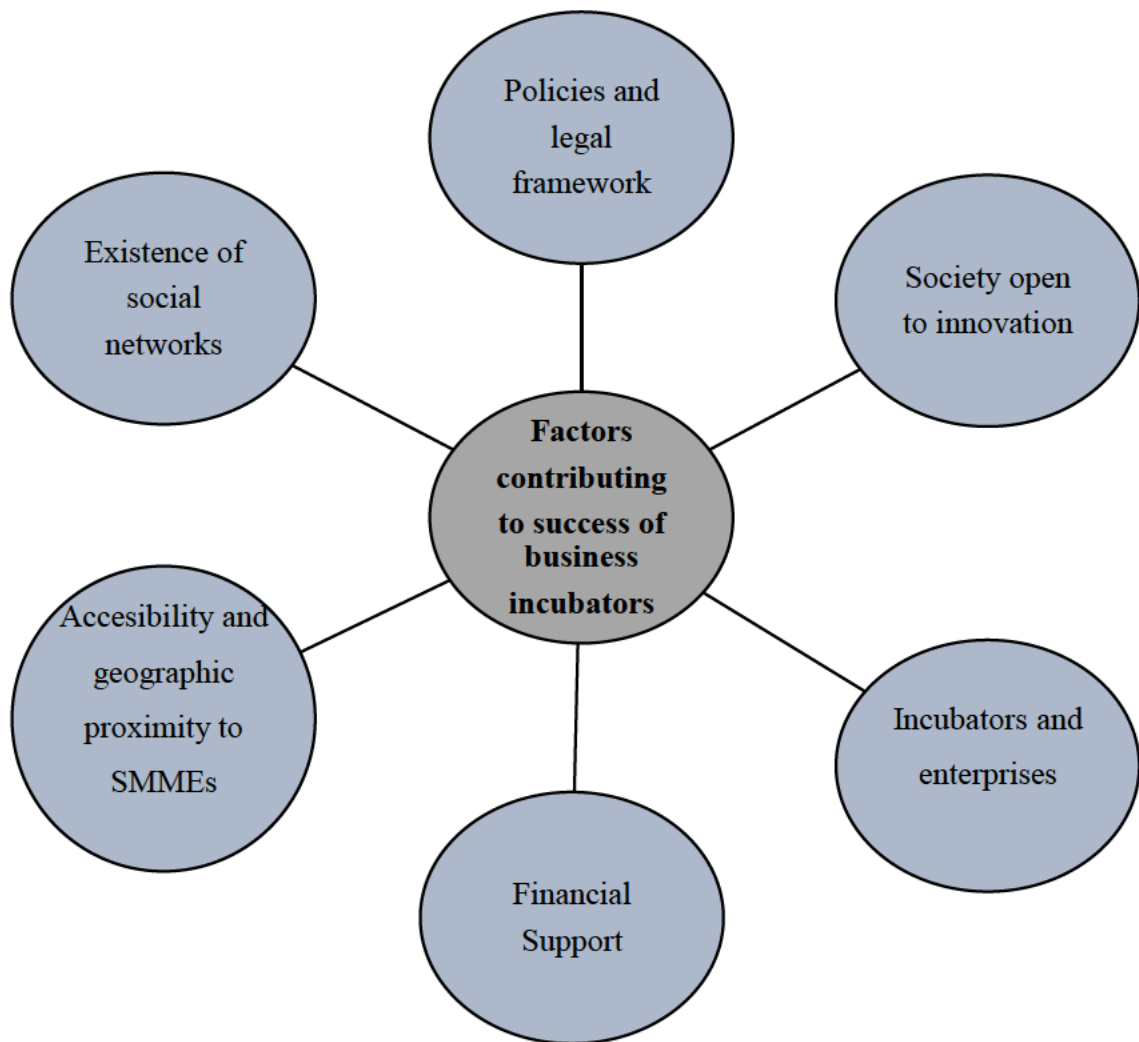


Figure 2-4: Factors contributing to the success of business incubators

Source: Ndabeni (2012)

All the above clearly indicates that the success of an incubation process relies on many factors. A successful business incubation centre should be able to demonstrate the ability to offer its incubatees an enabling environment guided by relevant policies, access to funding, mentoring, innovation, a skilled advisory board and management, and a network, and it should be easily accessible to SMMEs.

The following section discusses the opportunities that are available inside incubation centres. The opportunities assist in benchmarking the services offered and establishing best practices and how young people can benefit.

2.5.4 Opportunities available for young people in incubation centres

Albort-Morant and Oghazi (2016) indicated that, over time, incubation centres help young people to obtain knowledge, achievements and an understanding of the business world through the incubation process. The young people gain wealth during the post-incubation process (Lose, 2016).

Studies by Cubukcu & Gulsecen (2018) and Lose (2016) determined how entrepreneurs' ages affect their entrepreneurship activities. Their findings agree that young entrepreneurs are likely to be more exploratory, passionate, and energetic than their elders. Therefore, supporting youth entrepreneurship should be at the apex of each developing country's vision.

2.5.4 Opportunities provided by incubation centres for young entrepreneurs

Lalkaka (2011) discussed the various benefits incubation centres offer to incubatees. He declared that incubation centres are not only beneficial to small businesses but that they are also beneficial to the government and other stakeholders. Author Further described the benefits youth owned SMMEs within incubation centres as follows:

For incubatees: Benefits from an incubator may vary for different participants: residential incubatees have the potential of increasing their business growth, reliability, skills, and partnership amongst their peers; they receive mentorship and opportunities to access seed funding and information.

For government: Incubation centres contribute to improving market steadiness, promote local and regional economic development, provide job opportunities, contribute to business through income and taxes, and they display political commitment to the growth and development of SMEs.

For the local community: Incubation centres encourage an entrepreneurial culture in communities. They also lift the local economy because most graduated businesses do not vacate their residential area.

For the international community: Incubation centres provide local businesses with opportunities for global trade. Expertise transfer between incubated companies and an incubator provides a clear understanding of business principles, and simplified knowledge and experience through organised groups and coalitions.

The above links and opportunities are an indication that several sectors benefit from incubation, and young people can easily be linked with the benefits and opportunities that are generally

available in these centres because they are dominated by young SMMEs. The success of each and every incubation process relies heavily on this system or factors of it (Siyanbola, 2011). Their strong and active involvement can lead to a useful entrepreneurship ecosystem.

This study investigated the Singata Incubation Centre ecosystem to determine whether this incubation centre has a strong ecosystem that supports youth entrepreneurship.

Integrated opportunities offered by incubator development have the following features:

- (a) “Post-incubation support for recent vision of a conducive business environment at subsidized cost objective of becoming long-run self-sustaining grads to help integrate them into the unprotected business environment” [sic] (Al-Mubarak & Busler, 2010, 2012; Al-Mubarak, Busler, Al-Ajmei & Aruna, 2013)
- (b) dedicated mentorship programme aimed at supporting SMEs in their early stages until they blossom
- (c) funding for venture capital
- (d) a holistic, combined support and business service in one central place (i.e., telephone, secretariat, booking, reception, etc.)
- (e) managerial support available instantly with the required knowledge to provide solutions for a new business during its start-up period using a specialised system
- (f) marketing and atmosphere for management
- (g) skills development.

Evidently, incubated enterprises are not the only beneficiaries of incubation: Various sectors of the community also benefit from the incubation process.

The experience and benefits of incubation centres vary from one country to another. Sub-Saharan African countries have good stories about the incubation process but, internationally, countries have success stories to tell.

2.5.5 Best practices of business incubation

The incubator experience may differ from country to country but, despite those differences, a global study performed by the World Bank (2014) indicated that the success of each business incubation centre relies on three main best practices. These practices are related to the core practices of business incubators, the international functioning of the incubator, the output produced during the incubation process, and the flow of activities aimed at assessing the performance of the business incubation (Masutha *et al.*, 2014).

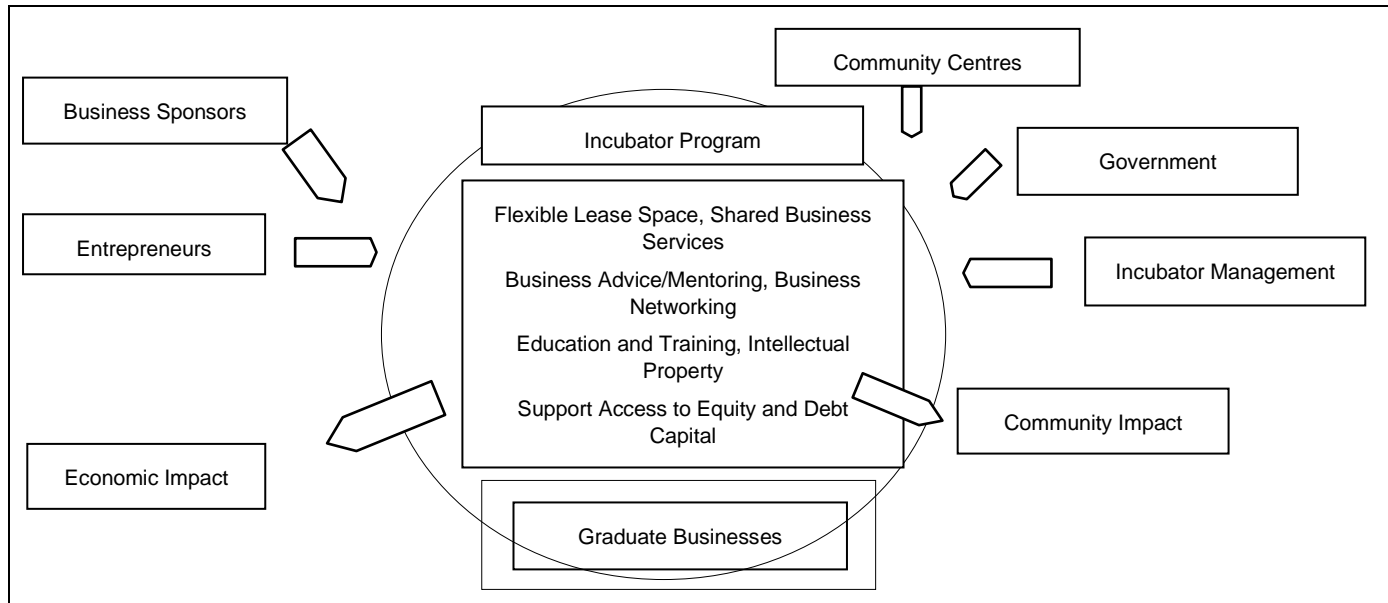


Figure 2-5: The effective business incubation ecosystem
 Source: Siyanbola (2011).

FALLS UNDER 2.5.4

According to the World Bank (2014), the three main groups are:

- Best practices for incubator creation and management. These involve the development of a strategic direction and policy, a sustainability plan, internal organisational management, and a governance system.
- Best practices for the incubation process. These practices include entrance, the incubation process, and the exit strategy agreed upon by the incubator for its clients.
- Best practices for performance assessment. These involve monitoring and evaluation progressions implemented in measuring the performance of the incubator and its contribution to business growth.

2.5.5.1 Best practices for incubator creation and management

These relate to the operations of an incubation centre, such as its strategic direction, its control system, and the resources that enable sustainability in the long run. Models and governance systems that have proven to be successful should be analysed to develop an extensive and thorough approach aligned to the goals, mandate and operational strengths of the incubator. The sustainability plan of the incubator should also be considered as key in the strategic planning of the incubator.

2.5.5.2 Best practices for the incubation process

Scrammuzi (2013) outlined three steps in the incubation process. These steps are considered the main phases, starting with the entrance phase of the entrepreneur in the incubator, continuing with the growth of the business' product, and ending with the graduation phase. The set of activities involved in this process should align with these main steps to indicate that the incubator is successful in its process.

2.5.5.3 Best practices for performance assessment

According to Masutha *et al.* (2017), most incubators are linked with universities and colleges. Their practice and performance are usually assessed through several new incubated companies. Also, the effectiveness of the incubators is normally evaluated based on the number of graduated entrepreneurs, the number of jobs created the survival rate of incubatees, the returns and sustainability of incubatees over a certain period, the tax contributed by incubatees, and the number of new products or new technology introduced by incubated businesses.

2.5.6 Barriers/challenges facing incubation centres

Obaji, Olugu and Obiekwe (2015) stated that, in most developing countries, the success or failure of an incubation programme is mostly determined by the incubation model. Furthermore, Lalkaka (2011) remarked that business incubators fail due to their operating environment being engulfed by illegitimate training and a poor selection process for incubatees, poor performance by staff members, unfocused support services and a low level of financial support. Lalkaka (2016) indicated that the success of a business incubation centre relies on its strategic framework, the knowledge and commitment of its management, and the level of services offered to incubatees.

Various pieces of literature agree that incubation centres around the world are engulfed by challenges (Lalkaka, 2001; Obaji *et al.*, 2015; Rogerson, 2004, 2013). These challenges involve the following:

- (a) inadequate monitoring and evaluation tools
- (b) incubation centres normally focus on physical space and facilities and not on other essentials, such as excellent business support facilities
- (c) irregular support services for tenants
- (d) lack of entrepreneurial experience and skills by staff, which limits business support to incubated businesses
- (e) lack of improved networking with tertiary institutions, research organisations and technology hubs
- (f) lack of independence because incubation policies, set-up and preliminary funding is provided by the government
- (g) lack of promotion of incubation success stories
- (h) lack of skilled and qualified managers and less advanced operating systems
- (i) lack of skilled staff, precise accredited skills and training for staff and managers
- (j) most entrepreneurs become dependent on the centre
- (k) most incubators are not linked with local and regional needs and characteristics
- (l) most services are free, which limits the quality and sustainability of the centre
- (m) only a few selected businesses receive assistance and physical space
- (n) poor entrepreneurial culture and a non-supportive environment
- (o) poor financial planning and reliance on government subsidies
- (p) poor location and insufficient operating hours
- (q) some incubation centres provide similar business development services to other government agencies
- (r) sustainability is not guaranteed because incubators rely on external subsidies

- (s) there is not much clear understanding and promotion of incubation programmes in the communities in which incubators are located, so the communities do not have a sense of ownership.

2.6 Chapter summary

This chapter discussed the term 'youth', looking into the different definitions by different countries. Youth unemployment, entrepreneurship and youth entrepreneurship were discussed to show the clear link between youth and entrepreneurship as a tool for creating job opportunities, especially for young people. The incubation process as a tool for nurturing the growth of small businesses and supporting entrepreneurship was also discussed. The experiences of other countries were discussed to benchmark South Africa in terms of business incubation processes. This chapter detailed several models of and approaches to business incubation in developing economies. It was also shown that the survival of business incubators in developing countries is based on strong government support, a clear policy framework and tight relations with the university system, of which China is an example. Best practices were discussed in this chapter. Globally there are 10 overall best practices that a successful incubator should adhere to: the approach to business assistance; the professional infrastructure offered by the incubator; the provision of capital and financing; client networking; technology licensing and commercialisation; university linkages; facility basics; governance and staffing; client screening and graduation; and incubator evaluation.

CHAPTER 3.

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology used to collect data for the purposes of this study. Purposive sampling was used to select the sample. The characteristics of the methodology, the data collection instrument, the method of analysis used to interpret the data, the ethical considerations during the study, and the study's limitations are described in the sections of the chapter. The study used semi-structured interviews for this study as they allow the participant to elaborate and provide additional important and relevant evidence that the researcher may not have included as questions (Mensah, 2020).

3.2 Qualitative Research Approach

3.2 Research approach and methods

This study employed a qualitative research approach. The sub heading below will indicate the approach and methodology explored.

3.2.1 Qualitative research approach

This study adopted qualitative research technique. Creswell (2013) defined qualitative research as a method used to obtain the meaning and an understanding of the phenomenon by an individual or a group. Leedy and Ormrod (2016) defined qualitative research as “an approach typically used to answer questions about the complexity of the phenomena, with an aim of getting a deeper understanding and insight from a participant’s point of view”. In a qualitative study, a researcher follows a particular process and procedures by asking questions, typically collecting data in a particular format, analysing the data to build themes and, lastly, interpreting the meaning of the data (Creswell, 2013).

The researcher chose this method to determine the complexity of incubation centres in relation to youth entrepreneurship, and how incubation centres assist young entrepreneurs in growing their businesses. Also, this method will assist obtain the meaning and an understanding of the phenomenon by an individual and analyse data to get better understanding. Furthermore, this method or approach was selected because the researcher intended to discover the participants’ approaches, opinions, and feelings to provide a rich description from the investigation through emerging themes.

Babbie and Mouton (2001,cited in Yadav, 2021) outlined features of the qualitative research as follows:

- (t) The study is conducted in the natural situation of social actors.
- (u) There is a focus on process rather than outcome.
- (v) “The actor’s perception (the ‘insider’ or ‘emic’ view) is stressed”.
- (w) “The main aim is in-depth (‘thick’) explanations and being thoughtful of actions and events”.
- (x) The researcher remains the owner of the research process.

According to Creswell (2014), qualitative research is usually done to gain an inner understanding of participants, in order to define the meaning formed through and by culture, rather than to discover or test variables. Dawson (2012) stated that qualitative research may explore attitudes, behaviour and participants’ experiences using different research methods, such as focus groups or interviews. This study adopted the same approach to fulfil the aims and objectives.

The current study was undertaken to evaluate the role played by incubation centres in promoting youth entrepreneurship as part of local and regional economic development. This study used purposeful sampling as a type of sampling used in a qualitative study. “Purposeful sampling attempts to select research participants according to the criteria determine by research purpose but also guided by the unfolding theorizing” (Tuckett, 2014). This study used methodology. Creswell (2014) defines a case study as a method that is concerned with how and why things happen. Also, states that case study allows investigation of related truths and differences between the current occurrences and what has been planned (Creswell, 2014). This study used case study to explore the role played by Singatha Incubation Centre in promoting youth entrepreneurship. Interviews were used as a form of gathering primary data. Semi-structured interview questions were conducted following carefully designed questions to provide the necessary coverage of the study purpose. The questions were then directed to Singatha management, staff, former incubates, and current incubates.

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3.2.2 Research setting and location of the study

This study was conducted in the Ray Nkonyeni Municipality, a local municipality in Ugu District on the KwaZulu-Natal south coast. Ray Nkonyeni Municipality is one of the municipalities that fall under Ugu District Municipality. Respondents who participated in the study work for Singatha Incubation Centre and individuals with a direct interest in the area's development.

3.2.3 Communicating research findings to participants

The study's findings will be communicated to all the participants of the study via email. Once the final document is out, the researcher will share how the participants and relevant stakeholders can access the copy.

To ensure that other interested individuals have access to the study, efforts will be made to make a shorter version of the report available in free publications and various communication channels.

The researcher has confidence that the report will assist participants and government service providers to better understand the community's needs and the fraternity of business incubation.

3.3 Population

A population is the entire set of elements that have certain common attributes well-defined by the sampling criteria and selected by the researcher (Creswell, 2014). Furthermore, population has been defined as the larger group from which we extract our sample. In theory, the population encompasses all the elements that make up the unit of analysis (Maxwell, 2013). The population

of this study is therefore Singata management, staff, former incubates, current incubates and one member of KZN CoGTA, Deputy Director in the Municipal Local Economic Development unit. All these elements mentioned are included because the incubation does not and cannot operate without them and they can share their experiences and relevant information.

3.4 Sampling

The purposive sampling method was used in this study. Purposive sampling was defined by Ritchie and Lewis (2012) as a method that can easily be linked with certain characteristics of the chosen participants. Correspondingly, Edmonds and Kennedy (2013) stated that purposive sampling is when “the researcher selects individuals to participate, based on a specific need or purpose, based on the research objective, design and targeted population and this is mostly commonly used for qualitative methods”. The researcher used purposive/ judgemental sampling because of the knowledge she has of the target population that will fulfil her demands and to minimise obstacles and thus selecting the sample becomes convenient.

Respondents were purposefully selected to ensure that all research questions were answered, and each respondent responded to specific questions. These people were chosen as sources of knowledge because they participated fully in the functions of the incubation centre. The chosen respondents had a direct involvement in the running, operations, and beneficiaries of the incubation centres. Therefore, the respondents had detailed knowledge of and had been exposed to the implementation of the business incubation programme.

The participants were selected if they complied with one of the following criteria:

- (a) extensive involvement in LED
- (b) direct or indirect interest in the incubation programme
- (c) incubatee of Singatha Incubation Centre
- (d) involvement in the establishment of the Singatha Incubation Centre
- (e) staff member of the Singatha Incubation Centre.

These criteria included people who were well placed to give a direct account of the role, contribution and impact of the interventions implemented by the Singatha Incubation Centre (either positive or negative) in addressing the socio-economic conditions in the study area.

Creswell (1998, cited in Leedy & Ormrod, 2010) indicated that “the sample size for a purposefully selected sample is between 5 and 25 individuals, who must have direct experience of the subject matter under investigation”. A sample size of 10 people was initially chosen, and eight of them were interviewed. The researcher interviewed three staff members of Singatha Incubation Centre (the manager of the centre and two business development officers), two former incubates of

Singatha Incubation Centre, two current incubates and one member of KZN CoGTA, Deputy Director in the Municipal Local Economic Development unit is is. These participants participated effectively in the study without any difficulties.

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3.5 Data collection

This study used semi-structured interviews. Data collection instruments used for this study will be elaborated further below.

3.5.1 Data collection instrument

The strategy behind using semi-structured interviews is that they allow the participant to elaborate and provide additional important and relevant evidence that the researcher may not have included as questions (Mensah, 2020). As this study is qualitative in nature, qualitative procedures such as face-to-face interviews were deemed more appropriate for the study than quantitative methods that use questionnaires. The interviews are more relevant if a researcher requires a deeper insight (Gill *et al.*, 2008).

This study used interviews based on open-ended questions. This allowed respondents to answer questions thoroughly and give more information that might assist a researcher in arguing in terms of the subject or topic of the research. The researcher made audio recordings during the interviews with the participants' permission and stored the recordings in a safe place. Notes were also taken during the interviews. The researcher also used existing literature on business incubators, youth entrepreneurship and LED in constructing the questions and ensuring the focus of the study was maintained.

The study of existing literature assisted in giving the researcher a variety of interpretations and evidence and ensured that the problem statement was unpacked, and the entire study approach was justified and understood. The literature review enabled the development of a theoretical framework that could be used to interpret the data.

The interview schedule used was sent to the researcher's supervisor for checking, advice and confirmation, and to see whether the questions were of an acceptable academic standard. The schedule was reconstructed considering the supervisor's comments and was sent for final approval.

3.5.2 Primary data

Various authors define primary data as first-hand data collected specifically to respond to research questions (Creswell, 2014; Leedy & Ormrod, 2010). The researcher used semi-structured interviews to obtain answers to the questions of the study because they allow one to put forward strong arguments supported by evidence (Creswell, 2014).

The interviews were audio-recorded, and the researcher took notes on key points, pausing the interviews to ask questions or obtain clarity. The audio recording enabled data accuracy since they can be rewound and paused when transcribing.

3.5.3 Secondary data

Various authors have given their opinions on secondary data. The most popular definition states that secondary data is a type of data that has already been gathered and is already available for use (Creswell, 2014; Leedy & Ormrod, 2010). It can be in the form of books found in libraries or internet resources from credible sources such as journals and research articles.

A comprehensive theoretical framework was developed through secondary data. The forms of secondary data consulted help both a researcher and a reader contextualise and gain a deeper understanding and knowledge of the study and the similar work that has been done on incubation centres in the past. Moreover, the secondary data allowed the researcher to understand the theory around incubation and how the incubation process can be used as a tool for supporting youth entrepreneurship. Data sources used for this study included books, journals, internet sources, government documents and other relevant reports.

3.5.4 Data collection procedure

The researcher requested the Singatha Incubation Centre to co-ordinate the interviews, and the specific requirements for interviews were shared. A follow-up was done with Singatha and they confirmed their availability. Potential respondents who were not part of Singatha were phoned to request an interview, and they confirmed their availability. However, some were later no longer available to be interviewed.

At the beginning of the interview, the researcher clearly outlined the purpose of the interview. The consent form was explained to each participant to make sure they were happy to participate. Interviews were conducted on a one-to-one basis and took 30 minutes to an hour with each participant. They were held at the venue preferred by the client.

. The interviews were conducted as per the following table.

Table 3-1: Interviews conducted

No.	Interview Date	Organisation of the Respondent	Method
1	2019/01/31	Singatha Incubation Centre -SC1	Face-to-face
2	2019/01/31	Singatha Incubation Centre-SC2	Face-to-face
3	2019/01/31	Singatha Incubation Centre-SC3	Face-to-face
4	2019/02/14	Former Incubatee-FC1	Face-to-face
5	2019/03/06	Former Incubatee-FC2	Face-to-face
6	2019/03/06	Current Incubatee-CI1	Face-to-face
7	2019/03/14	Current Incubatee-CI2	Face-to-face
8	2019/04/21	CoGTA-Co	Face-to-face

Source: Author (2019)

3.6 Data analysis

This study used thematic data analysis. The data collected from each respondent was considered and used during data analysis. The collected data was transcribed from recordings to text, thereafter the process of coding and summarising the codes began. The data was presented in patterns or themes developed through analysis. The discussion of the data considered topics from the literature review that also covered the study's objectives. The stages illustrated below were followed in the data analysis process.

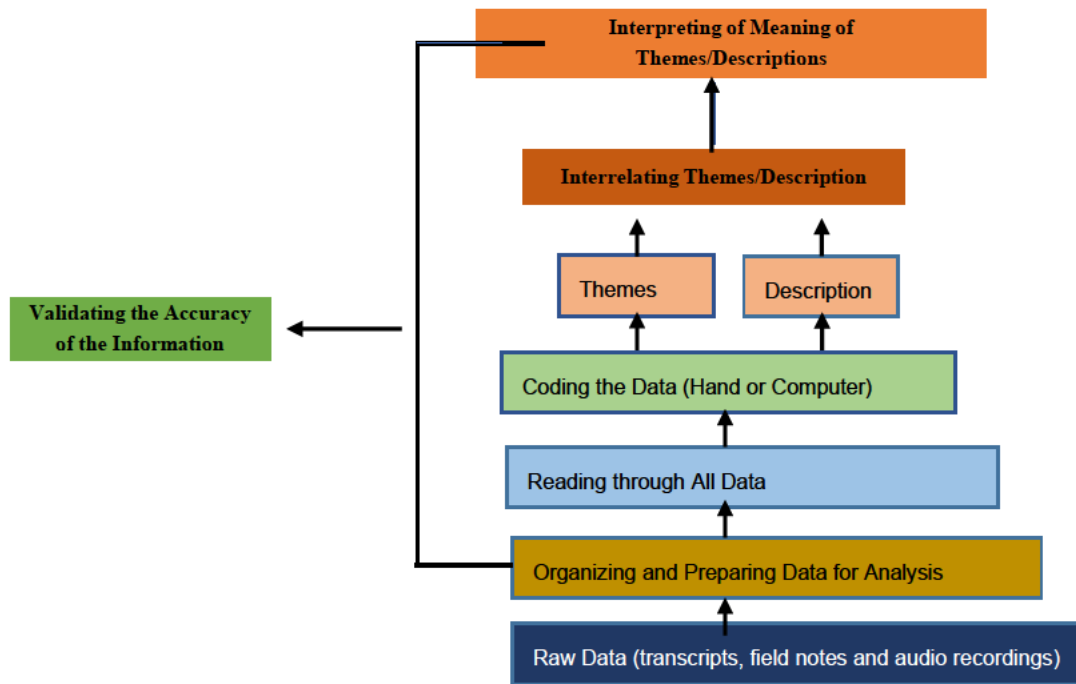


Figure 3-1: Data analysis in qualitative research

Source: Creswell (2014)

Stage 1: Organise and prepare data for analysis

This stage refers to transcribing interviews into text or written information. The researcher transcribed the audio into written information.

Stage 2: Read data

This stage involves reading and making sense of the information. The researcher went through written information to make sense and prepare for analysis.

Stage 3: Start coding data

The researcher grouped similar topics were grouped together. Topics were developed and given descriptive phrasing. Data for this study was coded based on research questions and literature review.

Stage 4: Code data

Themes were generated, and the different perspectives of interviewees were presented in the scrutiny and argument.

Stage 5: Present themes and descriptions in a quantitative narrative

Data were narrated in paragraphs to convey the findings of the study.

Stage 6: Interpret findings

Findings were interpreted together with other researchers' work, which appeared in the literature review.

Stage 7: Connect descriptions/themes

Themes were put together. The more prominent themes were made main themes while others were made subthemes.

Stage 8: Interpret the meaning of themes

Interpretation was done to attain the fundamental meaning of the data.

3.7 Ethical considerations

Ethics are key when a researcher wants reliable research outcomes. Individual rights of the respondents should be respected during the research process; this also helps ensure that the research process is not contaminated. The researcher applied for ethical clearance, and it was granted by the University of KwaZulu-Natal Ethics Committee (refer to the Ethical Clearance Certificate appended).

All respondents who participated gave their informed consent in advance. The anonymity of participants was ensured through giving them codes i.e Participant number one as SC1. Respondents were informed that their participation was voluntary, and they could withdraw or decline if they felt they could not participate, even during the interview. Respondents were well informed about the study purpose; the data collection tools and the instruments to be used in collecting data and knew that the interviews were audio-recorded. The researcher informed respondents that there were no right and wrong answers and that they were free to give any answer in the context of the interview.

3.8 Limitations of the study

There is not much literature available on youth entrepreneurship and incubation. Most of the available recent work focused on business incubation as a process. This made it difficult to establish relationships and success stories about youth-owned, incubated businesses. There was

little and limited literature on local business incubation. However, the research went as far as finding more information of the incubation programme in various countries.

Some participants could not avail themselves for interviews, others declined to participate at the beginning of the interviews, while others did not show any interest in participating as respondents. The researcher ensured that the available participants are met in their chosen spaces and time. Furthermore, the researcher asked the centre to help choosing committed and frequenters incubates to be part of the study.

3.9 Chapter summary

Chapter three provided a synopsis of the research methodology used during the research process. The selection of a qualitative case study approach was explained. The data collection method used to collect primary data, a semi-structured interview schedule, was discussed. The chapter then explained the reasons behind the selection of the sample that was used for this study. The respondents were purposefully selected because they were involved in the establishment of Singatha Incubation Centre, economic development, and the incubation process. The method used in data analysis was described in this chapter, as were ethical considerations.

The following chapter presents and discusses the data collected through the interviews.

CHAPTER 4.

FINDINGS AND DISCUSSION

4.1 Introduction

The role of incubation centres has been articulated in the previous chapters. Incubation centres are becoming indispensable tools for grooming and assisting start-up businesses. This chapter presents the results of the study. The research was conducted at Singatha Incubation Centre, where young entrepreneurs are incubated, to determine the role played by incubation centres in promoting youth. Respondents were selected randomly, and the appointments for face-to-face interviews were arranged by the centre. The primary incubatees targeted were young people, who were very much the focus of the study. Also, most incubated businesses or new businesses are owned by young people. Opportunities, best practices, barriers, and challenges were discussed to ascertain whether these incubation centres do assist young people.

4.2 Response rate

Eight of ten interviewees participated in the study because ten. Initially, ten respondents were invited to be respondents. The researcher had two sets of interview questions: one for Singatha Incubation Centre staff, management and incubatees, and another for CoGTA staff, who are stakeholders in business incubation and local government. The first set of questions sought information about Singatha Incubation Centre's services and opportunities, and the barriers and challenges faced by both incubatees and staff of Singatha. The second one consisted of the assistance given by CoGTA to Singatha (nature of the partnership) and their role in the implementation of incubation programmes in general.

All interviews were audio-recorded, and the recordings were later transcribed to text and meaningful information. Interview quotes are given unedited. About five themes were derived from interviews on the study of Singatha Incubation Centre owned by the Esayidi Tvet College.

4.3 Summary of Findings

The survey findings will be discussed through emerging themes. Suggest that the incubation programme requires much support by and attention from different stakeholders involved in LED. The sustainability of incubation may be achieved through collaborative efforts from the public and private sectors, which also involve the business community and other actors in LED. The below will be a summary of findings of this study.

- The study found out are there were challenges in terms of institutional arrangement and the formation of the incubation centre, as the policy framework remained the critical challenge in terms of the centre's achieving its main goals and objectives. Interviews gave consensus on the challenges faced by Singatha Incubation Center on institutional arrangements, such as capacity. Furthermore, a need to separate incubation centres from academic institutions was distinguished. Young entrepreneurs indicated that some of the challenges that hindered their growth involved operating hours, especially for those centres operating in academic institutions.
- The findings suggest that incubation contributes to youth entrepreneurship. The involvement of young people in job creation through their businesses during and after incubation testifies to that. Nevertheless,
- Funding remains a major challenge for incubated SMEs. Major involvement and funding by the government and the private sector would ensure sustainable incubation centres in South Africa. Lack of monitoring and valuation of the incubation programme by the government has resulted in a lack of sustainability for most incubation centres.
- Data suggest that incubation focuses much on the skills development of entrepreneurs. The findings suggest that Singatha focused most on training but that the training was generic to all incubatees, rather than focusing on specialised and professional training as per the demands of the incubated businesses. This is a result of poor audience and lack of support because incubatees in the centre are dependent on the resources provided by the centre.
- The findings of this study suggest that there is a lack of stakeholder engagement and relationship. It is important that these centres form a good public–private partnership for their sustainability. Also, the proper alignment of incubation centres and local government agencies can play a huge role in improving engagements and the support given to incubation centres.

4.4 Themes highlighted by findings

There are three themes, and five sub-themes were derived from interviews on the study of Singatha Incubation Centre owned by the Esayidi TVET College. The following themes were derived Theme 1: Formation of incubation centres

Theme 2: Youth Entrepreneurship

Theme 3: Institutional capacity

The following sub-themes were derived under theme number five:

Sub-Them 1: Stakeholder engagement

Sub-Them 2: Funding

Sub-Them 3: Operating hours

Sub-Them 4: Training

Sub-Them 5: Exit strategy

These themes emerged from various participants during interviews. Below themes will be specified and discussed below.

4.4.1 Formation of incubation centres

The literature agrees that different countries have initiated the business incubation concept. According to Rogerson (2013), incubation centres have spread out into South African townships, affording small entrepreneurs developed infrastructure, such as internet, telephone links and operating premises. The Singatha Incubation Centre (owned by Esayidi FET College and funded by EDTEA) focuses on assisting SMMEs with capacity building, basic business services and training. It was established to bridge the gap in the entrepreneurship industry and unemployment amongst young people. Singatha works collectively with other stakeholders, economic development agencies and government entities. Evidence participants (FI: 1&2 and CI:1&2) in the study confirms that Singata offers services to its youth incubatees, which include office space, telephone, access to computers and the internet, specialised training, and mentorship. These services are offered at no cost to incubatees. Participants only need to apply, be accepted, and commit themselves to the programme.

South African government, through several departments (including the Department of Trade & Industry and the Department of Science & Technology), institutions of higher learning, and donor support from the European Union, has invested much effort in the brooding process (Masutha & Rogerson 2014a). Like the examples identified in the international literature, most business incubators in South Africa are linked to academic establishments of higher learning or research parks (Lalkaka, 2011). Singatha Incubation Centre owned by Esayidi FET College and funded by EDTEA, this agrees to literature on the incubator models which states that South Africa adopted university incubators.

Many local municipalities in KZN province have incubation centres funded by the government. Singatha Incubation Centre is one of them. Information from Participant SC:1 confirms The centre was formed to assist young entrepreneurs and students who have completed their business management studies and would like to start their own businesses and it was initiated in 2015, and commencement was in 2016. Participant one (SC1) further specified that:

EDTEA representatives approached us and ask if, as a campus, can be prepared to have onsite incubator, and we agreed. We had put a proposal as there was an outcry and high rate of unemployment in our graduates and we wanted to instil the entrepreneurship culture in our young people. The funding came from EDTEA, and we had to develop a model that we wanted to use as the centre and everything about the design, staffing and staff training.

According to the DTI (2014), provincial government and municipalities should identify an incubation opportunity and follow steps to ensure they deliver a market-driven incubation opportunity. These steps involve first identifying and prioritising sectors that present the most urgent opportunities in that particular region. The second step is to identify markets to ensure that the incubated SMEs have customers. The third step is to identify potential SMEs that may require incubation. The fourth step is to identify potential incubation opportunities to determine whether all the other three steps speak to each other, i.e., whether there is a match between markets and SMEs. Then, the exercise of identifying existing incubators in the region assists in avoiding duplication and identifying gaps. Lastly, provincial, and local governments should both identify an incubation opportunity based on the research done in all the steps up to then so they can establish an incubator based on the identified opportunity or need.

The information from Participant SC:1 from Singatha indicates that the prescribed steps were not followed during the formation of the Singatha Incubation Centre. This resulted in an incubation centre was formed without a thorough need analysis, which usually causes a lack of LED key focus areas. The participants from Singatha revealed that, when Singatha was established, there was little support by the top management of the College. The operations of the centre remained staff sole responsibility. However, at the beginning of 2019, the college management started to be more supportive. Participant 1(SC: 1) further alludes:

I think the college management is now recognising the incubation centre because government is also talking entrepreneurship; even the Minister of Higher Education is talking entrepreneurship language. Also, I think they see a gap, and they see that there might be more chances of getting funding.

The above statement indicates that the survival and functioning of the incubation centre were solely dependent on the staff of the centre. The top management of the college had no interest in ensuring that the centre fulfilled its mandate and purpose.

In addressing the study's research question pertaining to factors that inform the formation of incubation centres, Participant SC2 indicated that the formation of the incubation centre was based on the current trend of incubation that had started to spread in the country. He further said:

Government has realised that other countries are using this tool and it has been more effective in developing and nurturing SMEs growth at early stages. Also, how they are effective in assisting business management students to become effective entrepreneurs.

The above statement suggests that the formation of incubation centres has not only been based on nurturing existing SMEs but also on attracting more young people to form businesses rather than looking for employment after finishing their studies which agrees with literature on the formation of business incubation.

4.4.4 Youth entrepreneurship

Various authors such as Awogbenle & Iwuamadi (2010), Bailetti (2011) and Borges, (2017). have indicated that youth entrepreneurship has been set as a way of improving youth livelihoods in developing areas. The concept has recently attracted increasing attention from scholars and policymakers alike (Awogbenle & Iwuamadi 2010; Bailetti 2011; Mueller, 2011). Borges (2017) indicated that some organisations have introduced programmes that aim at encouraging entrepreneurship amongst the youth. Incubation is one such programme. All the interviewees indicated that most incubatees in the centre are young people. The researcher observed the same thing during her visit to the centre, which means that incubation does promote youth entrepreneurship. To provide empirical evidence, Participant CI:2 confirms that 98% of current incubatees are youth between the ages of 14 and 35.

Furthermore, the OECD (2014) stated that youth entrepreneurship has been identified by several countries as an important tool for increasing economic effectiveness and promoting regional development. In other countries, entrepreneurship is fuelled by increasing numbers in youth unemployment. To provide empirical evidence, the Singatha Incubation participant (FC:2) corresponds with literature, by stating the following:

Ninety to a hundred per cent of the entrepreneurs who graduated last year now have their own businesses operating. They are renting business spaces in town and conducting their businesses

on their own. Before, they were relying to the centre on everything; now, we are self-sufficient, self-sustainable. So, incubation really assisted us.

This indicates that Singatha is one of the recently formed incubation centres that has contributed to promoting youth entrepreneurship since most of their incubated SMEs are now functioning at full capacity.

According to Masutha et al. (2013), best practices are related to the core practices of business incubators, focusing on the international functioning of the incubator, the output produced during the incubation process, and the flow of activities aimed at assessing the performance and capacity of the incubated businesses. Participants has confirmed that Singatha Incubation Centre has adopted the best practices. This is indicated in a statement by participant FC1, as follows:

“Singatha assisted me a lot. I came to Singatha with just an idea. Singatha assisted me to make this idea a real business. I only knew how to register. My business has grown in a short space of time. I now have big contacts and clients through Singatha and I can say now I am more of a professional in running my business because of the skills I got from Singatha. Singatha also assisted me on business survival tactics: how to find office space and manage finances after graduating.”

This simply confirms that indeed Singatha Incubation centre that follow best practises and its plays a huge role in promoting youth entrepreneurship.

4.3.5 Institutional capacity

According to Wembeti (2014), capacity is “the ability to perform functions, solve problems and set objectives”. Capacity is what makes us identify our problems and plan our objectives. This can be manifested by designing different documents and policies to address issues around institutional capacity. Wembeti (2014) advised that business incubation policy and practice mainly concentrate on building up a supportive environment by supplying access to opportunities, resources, and livelihood services.

All aspects of institutional capacity deserve attention. To strengthen organisations through increasing staff levels may not always solve capacity problems. The way the organisation interacts with other organisations and individuals in the sector may be part of solving capacity problems. The World Bank (2014) alluded to the best incubation practices informing the incubator's operations, such as its strategy and goals, its governance system, internal organisation, and the resources that enable its sustainability in the long run. The models and governance systems that have proven successful should be analysed to develop an extensive and thorough approach aligned

to the goals, mandate, and operational strengths of the incubator. Participant SC 2 provided empirical evidence of this by indicating that Singatha did not have any overall policy or a long-term strategic document. Participant SC:1 also agreed to the statement and further emphasised that:

There is no overall policy or strategic document which guides the operation of the centre. Singatha relies on the college policies for specific processes, such as finance and procurement. However, we sit annually to develop an annual action plan for that current year.

The above statement indicates that Singatha does not have a clearly defined set of goals and objectives. They are operating based on what they feel, and think should be done to support SMEs. This doesn't conpire with literature. Therefore, it paints a picture of that Singatha doesn't have full institutional capacity to perform its duties.

Rogerson (2004, 2013) and Obaji *et al.* (2015) linked capacity issues to capacity in human resources. The lack of experienced incubator staff, trained managers and programmes should be addressed by specific training and accreditation for those with little entrepreneurial experience. This limits the quality of the "soft" business support services they can provide to their tenants. Empirical evidence is provided by Participant (CI: 2):

Singatha staff seemed not to be clued up entrepreneurship concept and not capacitated on incubation and entrepreneurship (SMME)development. If Singatha can invest on upskilling their staff or employ staff with relevant qualifications and experience in incubation programme, it may assist them to offer more relevant support and programmes to SMEs.

This argument was also supported by participant 3(SC:3) that the incubation centre doesn't focus on skilling their staff, as they had never attended any training or workshop in the past two years. This affects their tenants and at some instances they could not support their incubates with relevant guidance.

4.4.4.1 Stakeholder engagement

There are several stakeholders involved in entrepreneurship or SME/LED. This includes sector or government departments, the community, the private sector, NGOs and NPOs (Rogerson, 2014). Peters *et al.* (2004) argued that numerous organisations from both the public and the private sector, and research institutes and universities, have shown outspoken interest in business incubation. Concerning stakeholder engagement, Participant SC:1 agrees with literature and said:

Singatha is an incubation centre assist young entrepreneurs. Regarding stakeholders, we have bank sector on Board; we have government agencies and municipality and the province. Regards

to the centre's development, we have memorandum of understanding with EDTEA, who is a funder. We have a good relationship with SEDA, which is also a local partner in business development.

Pertaining to a relationship with stakeholders (Municipality, Banks, EDTAE and SEDA), the business development participant SC:1,2 and 3 shared their views on stakeholder engagement. They indicated that the centre has good working relationships with different stakeholders. However, in terms of funding and support, some stakeholders are not keeping their promises. Participant SC: 3 stated that:

We have tried so many times to have meetings with some stakeholders, for them to give support, but have never materialised because you will find that responsible people are always busy or not available. This includes the private and the public sector. In other parts of the country like Limpopo, Northwest and Mpumalanga, a lot of private companies partner with incubation centres, and they fund them, which is not happening with us. Relationship with most stakeholders is good in paper, even LED offices in district and local municipalities doesn't get involved, as they are major players in local economic development.

4.4.4.2 Funding

Financial support from both the public and the private sector is essential for the sustainable development of small businesses created by young people (Bezerra *et al.*, 2017). Bucharest (2014) stated that there are several pieces of government policy for youth entrepreneurship that come down from high up, but there is no implementation through the programmes. In other countries such as China, America and Nigeria, incubation centres are large and fully funded by the government with support from non-government actors. The South African government has invested much effort in incubation (Masutha & Rogerson, 2014a). However, Participant C1:2 said:

The issue of funding is a problem for Singatha, as the first intake that includes us was a three-year programme, and the current group will spend two years in the centre. Also, it is not guaranteed that Singatha will get funding for the next intake. Singatha is needed, and it can assist a lot in grooming young people to become successful entrepreneurs in the future. They have passion for what they do. I think the only problem is funding.

The above indicates a lack of consistency in and poor monitoring and evaluation of the implementation of incubation. Government should monitor the existing incubators and make sure they offer the necessary support if an incubation is doing well in terms of promoting

entrepreneurship. This can be determined by the number of jobs created through incubated businesses during and after the incubation period.

4.4.4.3 Operating hours

One of the challenges indicated by current and former incubatees is operating hours. Lalkaka (2011) stated that most business incubators in South Africa are linked to academic establishments of higher learning or research parks, so their operating hours are linked to the hours of the institutions they are operating in. Participant CO said:

Fellow incubatees has a problem with Singatha closing early. Sometimes you have to submit something but then find that Singatha is about to close, so you can't come to their offices. Also, the challenge is that Singatha is operating inside the college premise so, if there is a strike, the centre cannot operate, and the incubatees also cannot operate.

The above statement is supported by Participant CI:1 who also said:

The problem we had when I was Singatha was time (operating hours): when it was time to close, staff will request you to leave even if you have clients to attend to. This has blocked me to do more business since I only relied to Singatha for office space.

The above indicates that the idea of linking incubation centres was not thoroughly thought through. It would have helped if the incubation had been developed purely to assist students who needed entrepreneurship skills through research and development. It was not tailored for SMEs that were already at the operational stage. This contradicts the initial purpose of introducing incubation centres, which was to assist young entrepreneurs at their early stages of business development through skills and operational services.

4.4.4.4 Training

One of the services that a normal incubation centre should provide is skills development for incubatees. Dey (2012) concluded that a best-implemented incubation model should involve skills development, professional training, assistance in developing essential business strategies for businesses, and the arrangement of finance for incubatees. Singatha is one of the incubation centres which also provide skills development for its young entrepreneurs. During the interviews, all staff members of Singatha confirmed that Singatha provided specialised training for incubatees based on the individual business needs. However, Participant CI:1 said.

There were specialised trainings. We had expected that, when they offer these trainings, they will consult us as incubatees, because there were complaints from fellow incubatees that Singatha

send its staff to specialised trainings using the same budget but, when we as incubatees apply for those specialised trainings, they are declined due to finances.

Participant CO expressed the same sentiments when she indicated that Singatha focused only on training that was generic to all incubatees, rather than focusing on the specialised training per business or incubatee. This response is an indication that there was no proper consultation or communication between Singatha and its incubated entrepreneurs. This disagrees with literature and indicates that there are gaps within the implementation of incubation process with Singatha Incubation centre.

4.4.4.5 Exit strategy

The World Bank (2014) indicated that the best practices for the incubation process involve developing a clear exit strategy for the incubator to adopt for its clients. During the interviews, Participant 2 indicated that there was no after-training or incubation tool or strategy to make sure that incubated businesses survived.

After an incubation period, they will have to find their own space to conduct their business activities. There is no further assistance or any monitoring and evaluation tool that is used to see if the business thrives after the incubation period.

The above statement indicates that incubatees are informed that, after the incubation process, they have to thrive on their own; there is no further assistance. However, a clear exit strategy or plan that is drafted in consultation with the centre clients is needed. This is another indication that there was no proper consultation or communication between Singatha and its incubated entrepreneurs.

4.5 Chapter summary

This chapter provided empirical evidence of the functions, challenges, and opportunities for young people in incubation centres. The study clearly indicated how incubation centres promote youth entrepreneurship through incubation processes and programmes. The greatest challenge incubators face is funding. This is because incubators obtain funding only from the government, and it is not guaranteed that they will receive it in future. Since incubation centres were established to promote and assist young businesses at their early stages, young entrepreneurs rely heavily on the services provided and the model used by the centre. The following chapter discusses the recommendations and conclusions of the study.

CHAPTER 5.

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The current study was conducted to examine the role played by incubation centres in promoting youth entrepreneurship. This chapter concludes the study by considering whether the study's aims were met. It also presents recommendations for further research based on the aims and objectives.

Below is a summary of the study.

5.2 Summary

This section tallies up the entire study, from the preliminary sections, the objectives and purpose, to the findings of the survey.

The first chapter introduced the subject, outlining the topic of incubation centres' role in promoting youth entrepreneurship and as an instrument to promote local economic growth. The chapter concentrated on incubation centres in general and their patterns, taking into consideration incubation centre models from around the globe. The researcher used Singatha Incubation Centre as a case study to provide a context for the study. This incubation centre has concerns regarding support and recognition of its role by other stakeholders. Likewise, the sustainability of its principles due to funding seems to be a challenge.

Chapter two presented a literature review. In this chapter, the researcher discussed incubation centres' roles and the social occasions and opportunities available for young people inside these states, actors in the execution of the incubation process, and patterns of incubation in countries in the African context and abroad. The first section indicated that incubation centres assist young entrepreneurs with a basic range of products and services in their early phases of growth. This chapter also discussed best practices and drew inferences about the international experiences of incubation centres. The challenges faced by incubation centres were discussed, which involved the funding and expectations of incubation centres. This section also indicated that Nigeria is the best African country in terms of incubation facilitation that is backed up by government support. Furthermore, chapter two established the challenges faced by incubation centres. It was suggested that most incubators fail due to their operating environment being engulfed by the 'poor practices' of the selection process for clients, poor staff members' performance, unfocused support services, and low financial support.

Chapter three presented the methodology used for this study, which was in line with the purposes and objectives of the survey. The chapter defined the research design and research tools that were employed to gather information. The study was qualitative, and eight semi-structured interviews were conducted to obtain empirical evidence. They included three staff members of Singatha Incubation Centre, two former incubatees, two current incubatees and one person from a provincial government department. The data collected was qualitative, and thematic analysis was used to analyse the data presented in chapter four.

The survey findings that appeared in chapter four suggest that the incubation programme requires much support by and attention from different stakeholders involved in LED. The sustainability of incubation may be achieved through collaborative efforts from the public and private sectors, which also involve the business community and other actors in LED. Although there were challenges in terms of institutional arrangement and the formation of the incubation centre, the policy framework remained the critical challenge in terms of the centre's achieving its main goals and objectives.

The findings suggest that incubation contributes to youth entrepreneurship. The involvement of young people in job creation through their businesses during and after incubation testifies to that. Nevertheless, funding remains a major challenge for incubated SMEs. Major involvement and funding by the government and the private sector would ensure sustainable incubation centres in South Africa. Lack of monitoring and valuation of the incubation programme by the government has resulted in a lack of sustainability for most incubation centres. Furthermore, a need to separate incubation centres from academic institutions was distinguished. Young entrepreneurs indicated that some of the challenges that hindered their growth involved operating hours, especially for those centres operating in academic institutions.

Data suggest that incubation focuses much on the skills development of entrepreneurs. The best-implemented incubation model should involve skills development, professional preparation, assistance in developing essential business strategies for businesses, and the arrangement of finance for incubatees. Furthermore, the findings suggest that Singatha focused most on training but that the training was generic to all incubatees, rather than focusing on specialised and professional training as per the demands of the incubated businesses. This is a result of poor audience and lack of support because incubatees in the centre are dependent on the resources provided by the centre.

The study findings also suggest that a link should be established between the key local economic sectors. Incubation centres should focus mostly on businesses that provide services linked to key local economic sectors. Research and a needs analysis should be done before establishing or

expanding an incubation centre. This will assist in ensuring effective, and sector-based incubation centres are established.

5.3 Contribution to research

The purpose of this work was to analyse the role played by incubation centres in assisting young entrepreneurs in the early phases of their stages through the brooding process. In order to address the aims and objectives of the study, the researcher had to study the roles of incubation centres and determine the extent of awareness of these factors by local authorities. The researcher found that there is a lack of awareness of incubators' roles. Also, there is a gap in the consciousness by the incubated businesses of the roles and functions of incubation centres, which contributes to higher expectations of young entrepreneurs when they affiliate with the centre, and that leads to disappointments. Nevertheless, it has been shown that incubation centres have played a critical part in improving business development activities and professionalism in young entrepreneurs in the incubation process.

There seem to be few communication lines between incubation centres and their funders. There are no clear reporting lines, monitoring tools and accountability between EDTEA and the centre. The centre operates independently but only accounts to the college management. There is no proper legislation or policies that guide the operations of incubation centres, which leads each centre to adapt its own operational style. This results in challenges in the proper implementation and coordination of the programmes in centres. Lack of top management involvement, unskilled staff, short operating hours, poor sustainability, and inadequate financial support of incubation centres have been highlighted as major challenges faced by incubation centres.

The findings of this study suggest that there is a lack of stakeholder engagement and relationship. It is important that these centres form a good public-private partnership for their sustainability. Also, the proper alignment of incubation centres and local government agencies can play a huge role in improving engagements and the support given to incubation centres. The research indicates that more efforts have been put into the proper functioning of these centres by the government, but a lot can be achieved through collaboration between the private and the public sector. It has been highlighted that incubation centres are playing a huge part in encouraging youth entrepreneurship. Yet, they appear to be operating in silos, making it hard for the entire business community to recognise their roles and partner with them.

The institutional capacity of incubation centres has been one of the challenges faced by incubation centres. The findings of the study argue that new businesses need much support during their early phases of growth. The enabling policy environment and skills of the staff members in incubation

centres should be linked with the objectives and purposes of these centres. The discussion with respondents stressed the importance of having clear operational tools, such as strategy and vision, a proper governance system, internal organisational plan, and considerable resources that enable sustainability for the long term.

5.4 Recommendations

This section briefly outlines the recommendations on the findings of the study. The survey highlighted that there are no clear communication lines between incubation centres, local business communities and other existing agencies in the district, including local municipalities. The discussion indicates that the incubation centre does not have a policy or strategic document as a guiding tool for operations, making it hard for anyone to understand the purpose, vision and objective of the centre. This also makes some stakeholders misunderstand the role played by incubation centres in communities. Both the incubation centre and its parent body should form a strong partnership with local municipalities and the business community in the district.

The best incubation practice involves the operations of the incubator, such as its strategy and goals, its governance system, internal organisation, and the resources that enable its sustainability in the long run. Any models and governance systems that have proven to be successful globally should be examined and aligned with the existing incubation models implemented in South Africa to produce an extensive and thorough approach aligned to the goals, mandate, and operational strengths of the incubation programme. However, the data collected indicates that the centre does not have a clearly defined set of goals and objectives. The centre is run based on what the management and staff feel and what they think is correct practice in supporting SMEs. There are no clear policies that speak to the implementation, operations and affairs of the incubation centres at a local level. Therefore, the researcher is of the view that there needs to be a model in place and capable staff in the centre to address and source funding for centre operations.

Incubation centres play an important role in promoting youth entrepreneurship. The data collected shows that most of the incubated SMEs in the centre are owned by young people. However, the incubation centres are only funded for a certain period, which normally does not exceed three years. After that, there are no guarantees of future funding and of sustainability over that period. Government should use the relevant authorities to monitor existing incubation centres and ensure their sustainability by providing financial support, especially for incubation centres that have contributed to creating sustainable businesses over a considerable period. This can be influenced by counting the jobs created by incubating businesses during and after the incubation period.

Incubation centres specialise in existing businesses, with the aim of providing flexibility and a professional environment for them to flourish. The operating environment for incubation centres should suit the entrepreneurial culture; this includes the operating hours of these centres. Literature suggests that most business incubators in South Africa are linked to academic institutions or research parks, and that their operating hours are similar to these institutions' hours of operation. The discussion of the study indicates that linking incubation centres with academic institutions was not a good idea, especially for centres established purely to assist SMEs and not learners. A new model should be developed and implemented. This model should focus on separating the operation of incubation centres from academic institutions.

5.5 Future areas of research

Gaps have been identified in relation to incubation centres and youth entrepreneurship as a tool for creating job opportunities and economic development. There is very limited literature on incubation centres and their roles in the local economic growth. Although there are many academic pieces on incubation, none of them focuses on incubation and youth entrepreneurship, especially on the role of incubation programmes in assisting young entrepreneurs. Furthermore, there is not much literature about incubation centres and the private sector's role in supporting them. It became evident in the study that the private sector should also be playing a major role in supporting local incubation centres as part of supporting local SMEs and promoting entrepreneurship. The evidence shows that incubation centres and incubated businesses come across several challenges during the incubation period. Further research should concentrate on the challenges faced by the youngest entrepreneurs, both while they are still incubated and after incubation, because there is not much evidence of the success of incubated businesses after the incubation period.

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APPENDICES

APPENDIX A

INFORMED CONSENT

Informed Consent Letter

University of KwaZulu-Natal

Graduate School of Business and Leadership

MComm Research Project

Researcher: Samukelisiwe Ngwabe (██████████)

Supervisor: Name (039 684 0357)

Research Office: Ms

Dear Respondent,

I, Samukelisiwe Ngwabe an MComm LED student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled “Exploring the role of Singatha incubation centre in promoting youth entrepreneurship” The aim of this study is to: Determine the role played by incubation centres in promoting youth entrepreneurship. The results of the focus group are intended to contribute to the body of knowledge and in a researcher’s specialisation.

OBJECTIVES ARE:

To explore the role of Singatha Incubation Centre in promoting youth entrepreneurship

To analyse the opportunities provided by Singatha Incubation Centre for young entrepreneurs

To understand challenges or barriers facing Singatha Incubation Centre in promoting youth entrepreneurship

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the surveys or about participating in this study, you may contact me or my supervisor/s at the numbers listed above.

The surveys will be in the form of an interview and/or focus group. I hope you will take the time to participate in this study as your feedback is invaluable to the success of the study.

Sincerely,

Samukelisiwe Ngwabe

Investigator's signature _____ Date _____

This page is to be retained by participant

APPENDIX B
ETHICAL CLEARANCE



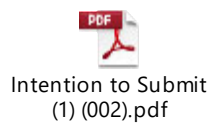
APPENDIX C
TURNITIN REPORT



APPENDIX D
INTERVIEW SCHEDULE



APPENDIX E
INTENTION TO SUBMIT



APPENDIX F
GATEKEEPER'S LETTER

