

**ENTREPRENEURIAL MARKETING AS A TOOL USED BY BUSINESS INCUBATORS
TO EFFECTIVELY SUPPORT SMES IN SOUTH AFRICA**

By

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DECLARATION

I, Vuyani Rens, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

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ABSTRACT

The purpose of this research study was to ascertain how business incubators can use entrepreneurial marketing to effectively support small and medium enterprises (SMEs) in South Africa. A further purpose was to determine the challenges SMEs face, the challenges faced by Business Incubators (BIs) in supporting SMEs and to ascertain the role that entrepreneurial marketing (EM) can play in mitigating the challenges that SMEs face.

The study utilised the quantitative research approach with a questionnaire serving as the data collection tool. In addition, opened-ended questions were incorporated to gain qualitative insights. The population size was 57 and sample size was 50. Respondents for the research were recruited via convenience sampling. The data was analysed using Statistical Package for the Social Sciences (SPSS) version 27 and the data was presented in pie charts and tables.

This study revealed that business incubators use entrepreneurial marketing to effectively assist SMEs. According to the findings, both business incubators and SMEs encounter difficulties, with the most frequent being access to funding and sponsorship. In the effort to preserve and sustain SMEs, EM has emerged as a valuable tool. In South Africa, the concept of business incubation is supported by Small Enterprise Development Agency (SEDA) through Support and Technology Transfer Funds (STP) and the Department of Trade and Industry through the Incubation Support Programme (ISP). The Small Enterprise Finance Agency (SEFA) focuses attention on sustaining and developing SMEs. These interventions allow the government to encourage incubation and promote entrepreneurship.

It is suggested that business incubators form partnerships with sponsors to obtain money in order to sustain themselves and their clients. Because the geographical areas in which business incubators are located are not easily accessible to all those in need, the researcher recommends that business incubators move closer to their clients physically or digitally. SME owners are encouraged to enrol in incubation programs for advice and mentoring, particularly during the early phases, in order to avoid failure. The government is urged to foster entrepreneurship and sustain business growth via supporting policies.

This research focused on SEDA-managed business incubators, which is one of the study's limitations. In addition, the Covid-19 pandemic and its associated challenges limited participation.

This research makes a significant contribution to the growing topic of business incubation, particularly in emerging economies. Additionally, it contributes to the current literature, focusing

on entrepreneurial marketing and its aspects particularly in the context of South Africa. In practice, this study's contribution is that business incubator office holders and employees should get ongoing training to ensure that the sustainability of business incubators stands out.

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The arm of the Lord is not too short to save, nor his ear too dull to hear (Isaiah 59:1).

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DEDICATION

This study is dedicated to my late father Jafta Mpinge, my late sister Lulama Rens, and my late friend Bongani Mkolo Zulu, who will never witness this day. This research study is dedicated to scholars everywhere, and to all African heroes. Conversely, this study is devoted to all the individuals who played an important role in my life. Finally, this study is dedicated wholeheartedly to Lethukukhanya.

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ABBREVIATIONS AND ACRONYMS

Abbreviation/Acronym

BI	Business incubator
DSBD	Department of Small Business Development
EIP	Enterprise Incubation Programme
EM	Entrepreneurial marketing
EO	Entrepreneurial orientation
ISP	Incubation Support Programme
MO	Market orientation
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SME	Small and medium-sized enterprises
STP	SEDA Technology Programme
TBI	Technology business incubators
UBI	University-based incubators
VBI	Virtual business incubators

GLOSSARY

Term

Business incubator	A business incubator (BI) is defined as shared value-added tangibles, such as office-space facilities, university laboratories, infrastructure and financial grants (Mavi et al., 2019:3492-3510)
Technology business incubators	A technology incubator is an entity that assists and stimulates innovation. Technology business Incubators seek to combine technology, resources and initial knowledge to improve entrepreneurial talent, speed up the development of nascent business, and thus expedite the commercialization of technology (Mahmood et al., 2015:147-158).
University business incubators	University business incubators (UBIs) are established to accelerate development of a national economy via assisting start-ups, particularly new technology-based firms, in their growth and development stages (Mavi et al., 2019:3492-3510)
Virtual business incubators	Virtual business incubators bestow SMEs with computer services that improve their competency, performance and quality (Qambar, 2018:1-5).

CHAPTER 1: INTRODUCTION

1.1 Introduction

Entrepreneurial marketing (EM) is an essential activity in every organization since it is a strategy for creating business opportunities in collaboration with stakeholders (Dubey et al., 2019:1-19). To Crick (2019:19-36), EM is a cross-disciplinary sphere that amalgamates both the components of market orientation (MO) and entrepreneurial orientation (EO). Basically, EM is a mixture of marketing and entrepreneurship outlining the business challenges (Dubey et al., 2019:1-19). For business incubators (BIs), a commonly held view is that EM is even more critical because, as Alqahtani and Uslay (2020:62-71) argue, EM is a mind-set and a process of discovering opportunities, exploiting those opportunities, and creating value.

BIs play an indispensable role in helping new start-ups and infant enterprises to evolve by providing services such as development and support, management training and offering a conducive environment for entrepreneurial development. Harima et al. (2019:1-25) reveal that BI is an entrepreneurial approach that promotes the development of newly established enterprises by offering financial support and equity funding. Basically, BIs are classified as accelerators of business growth. (Tang et al., 2019:1-27).

For instance, Muriithi (2017:36-48) asserts that SMEs lack the ability to innovate which is a critical factor for their sustainability due to inadequate support from the government and service providers. Lose et al. (2016:130-140) state that scarcity of funds, incubator administration, lack of credit facilities, deficiency of support from the incubator, competition, crime, lack of business skills, lack of documentation and lack of access to technology are the elements that hamper the growth of SMEs. Literature on SME growth has equally identified the lack of EM as a strategic intervention that bodes well for businesses, combining dimensions of marketing with entrepreneurship (Franco et al., 2014:265-283).

This study therefore attempts to understand how BIs can use EM to support SMEs. However, Alqahtani and Uslay (2020:62-71) ascertain EM dimensions to include innovation, value co-creation, proactiveness, networking resource leveraging, opportunity cost, acceptable risks and customer intensity. Different types of BIs will be explained thoroughly and EM will be elaborated in conjunction with its dimensions. The reason for outlining different incubators is simply because the researcher wants to draw a distinction between the different types of incubators and identify the proposed incubators for this study.

1.2 Problem statement

About 80% of SMEs fail in their first year of operation despite their vital contribution to socioeconomic development (Iwu, 2017; Leboea, 2017; Iwu, 2018). SMEs play a pivotal role in decreasing unemployment, contributing approximately 50% economic activity, but some do not survive introductory phase and fail within 1-5 years of existence (Dzomonda et al., 2017:104-113). The inability of SMEs to survive for longer is commonly attributed to a lack of capacity to innovate as well as to network, which are critical factors for SME sustainability. Scarcity of resources, unorganized innovation operations and unambiguous internal competence make it difficult for SMEs to innovate and to even assemble innovation models (Hossain & Kauranen, 2016; Kapetaniou & Lee, 2019). Bodlaj and Čater (2019:417–435) demonstrate that lack of access to financial resources and inadequate human capital skills diminish the ability of SMEs to innovate.

Considering that SMEs do not survive for very long and bearing in mind their importance in society, it is necessary to understand other interventions that can keep them operational for a longer period. EM has been flagged as a necessary intervention for SME growth challenges while BIs, as conduits for SME growth preparatory grounds, can adopt EM as a tool for SME growth and development. The concept of EM focuses on continuous improvement, opportunity creation and resource enhancement (Sahid & Habidin, 2018:1-5).

Lose (2019:1-157) contends that SMEs face complexities before joining BIs programmes, which include lack of skills and lack of access to expansion and diversification, competition, lack of business support services, of better equipment and technology transfer, limited networks, lack of mentorship, to the market and to bookkeeping, and poor product quality. According to Sitharam and Hoque (2016:277-288), SMEs face challenges that prevent them from performing to the best of their abilities: internal environment factors, managerial skills and abilities, access to capital, technological capabilities, external environment factors, competition, crime, corruption, macroeconomic factors, globalization and regulatory factors.

This study therefore investigates how BIs use EM as a tool to assist SMEs to grow. The aim of this study was to identify the critical challenges faced by SMEs and how BIs can use EM dimensions as a strategy to compensate and mitigate those complexities.

1.3 Rationale and significance of the study/research

SMEs are an important contributor to the GDP of an economy, especially developing economies. They are important because of their socioeconomic value creation propensity: job

creation, poverty eradication, and enhancing the standards of living of those who own and manage them (Muriithi, 2017:36-48). For these reasons, it is necessary to keep them in operation for as long as possible. Keeping them in operation requires several interventions, including improved access to funding support, training and development of SME owners and managers, government support and many more. Other interventions include the utility of BIs to train and support them. BIs have been flagged as important support mechanisms for SMEs.

The introduction of EM in their portfolio of offerings has been hailed as a likely mechanism to improve SME growth. Understanding the importance of EM and its dimensions is salient for BIs to support SMEs in South Africa. This study adds to existing literature on EM, BIs and SMEs, but beyond this, it is hoped that SMEs would optimize their performance by harnessing EM dimensions and strategies to steer their management. Overall, the researcher believes that this study is important because it will contribute towards the understanding of EM, help BIs to grow, and assist SMEs to understand the utility of EM as a tool. There is no doubt therefore that both the public (government and its agencies) and private sector will benefit from this study because SMEs are critical in the supply chain of government service delivery options.

1.4 Aims and objective of this study

1.4.1 Primary objective

- To ascertain how BIs can use EM to effectively support SMEs.

1.4.2 Secondary objective

- To determine the challenges SMEs face
- To determine the challenges faced by BIs in supporting SMEs
- To ascertain the role that EM can play in mitigating the challenges that SMEs face

1.5 Research questions/hypotheses

1.5.1 Primary question

- How can BIs use EM to effectively support SMEs?

1.5.2 Secondary questions

- What challenges do SMEs face?
- What challenges do BIs face in supporting SMEs?
- What role can EM play to mitigate the challenges that SMEs face?

1.6 Literature review

The concept SME has varied from region to region leaving many scholars to conclude that there is no fixed definition of SMEs. In some cases, it is not uncommon to find researchers including capital assets, labour skills, and turnover in their description of SMEs. Recently, a new characterisation of SMEs has emerged. The Department of Small Business Development (2019:1-2) explain SME as an enterprise that has a total full-time equivalent of paid employees of 51-250 and making a total annual turnover of R85 million.

The different characterisations of SMEs include those posited by Maduku et al. (2016) and Kikawa et al. (2019), who argue that small businesses employ no more than 50 subordinates, make a turnover of not more than R2 million annually, and have gross assets less than R10 million. Medium-sized businesses constitute 100 to 200 operatives, make R4 million to R50 million, and have gross assets excluding fixed property of R2 million to R18 million, depending on the industry (Maduku et al., 2016; Kikawa et al., 2019). In South Africa, SMEs are known as the heart of the economy and they provide employment and opportunities to not more than 150 people each (AlKhajeh & Khalid, 2018:2). The above illustrations show that SMEs are characterised differently; however, the definition of an SME by the Department of Small Business Development (2019:1-2) will be adopted by this study for its currency, considering that the department governs the business of SMEs in South Africa.

1.6.1 Contribution of SMEs

Despite all the complexities SMEs face, SMEs play an imperative role in a country's socioeconomic growth, contributing to job creation and thereby driving economic growth and fundamentally improving industrial and economic diversity (Ramasobana et al., 2017:9350-9371). SMEs are estimated to contribute about 60% of employment in South Africa; 50% of Gross National Product (GNP); 91% of authorized firms are SMEs, and provide 52% to 57% towards Gross Domestic Product (GDP) (Muriithi, 2018; Kibuuka & Tustin, 2019). These statistics depict how important SMEs are towards the growth of the economy, production of good and services and the creation of new markets. On the basis of this statistical information, one can say that SMEs are the heart of the economy.

1.6.2 Challenges faced by SMEs

There is common agreement among scholars that SME failure rate is very high. Ramasobana et al. (2017:9350-9371) state that the failure rate in South Africa is approximately 70% to 80%. Muriithi (2018:201-209) also notes that the failure rate (approximately 50% to 90%) of SMEs is high in South Africa. The contributing factors to high failure rate include poor management of finances and poor marketing practice (Ramasobana et al., 2017:9350-9371). Other challenges include insufficient electricity supply, inadequate access to funding, poor management competency and capability, negative perceptions, access to dependable data, support from government and corruption (Muriithi, 2017:36-48). As stated earlier, government through the Department of Small Business Development plays a pivotal role with regard to SMEs. However, some of the challenges SMEs face owing to lack of government support include an unconducive business and legal environment, ambiguous protocols for accessing financial support, and the influence of politics (Muriithi, 2018:201-209). Leboea (2017:11-96) adds these as some of the challenges SMEs face: technological capabilities, skilled labour, characteristics of entrepreneurs, globalisation, macro-environment factors, political-institutional factors, socio-cultural factors, access to external financing, government laws and lack of infrastructure.

The researcher contends that these challenges of SMEs necessitate evaluation so that appropriate remedies are identified, especially as their existence contributes to fractured socioeconomic growth and sustainability of a nation.

Some of these challenges have been dealt with. In the following section, the researcher discusses some of the interventions especially from the government that have been put in place to curtail the early failure of SMEs.

1.6.3 SEDA, DTI and SEFA

Despite the challenges faced by BIs and SMEs, in South Africa there are business incubator sponsors: the SEDA Technology Programme (STP) and the Incubation Support Programme (ISP) (Tengeh & Lose, 2015:14344-14357). SEDA (2020), referred to as the Small Enterprise Development Agency, provides services that promote entrepreneurship and through the SEDA Technology Programme, SMEs are assisted with the necessary technology to become more competitive. These services include:

- Technology business incubation;
- Quality system and conformity standards; and
- Technology transfer and innovation support.

Through SEDA (STP), Support and Technology Transfer Funds are used to promote innovation and technologies that are affordable, competent and competitive (SEDA, 2020). The Department of Trade and Industry also launched the Incubation Support Programme (ISP) to assist incubators, revive communities and strengthen the economy (DTI, 2020). The purpose of ISP is to bring together the private sector and the government to support incubators to increase employment and assist with economic growth (DTI, 2020).

According to DTI (2020) the aim of the ISP is to:

- Provide funding to incubators;
- Provide services that can be self-sustainable;
- Incubation support that will be available on a cost-sharing basis between the government and private sector;
- Offer business services and infrastructure; and
- By provision of mentorship, make sure that incubators graduate in the space of 2-3 years after which they would be able to sustain themselves by providing goods and services.

The Small Enterprise Finance Agency (2020), otherwise known as SEFA, focuses on SME development and sustainability through an array of engagements such as financial loans from R500 to R5 million.

SEFA (SEFA, 2020) offers these services:

- Asset finance
- Bridging loans
- Term loans
- Structured finance solutions
- A credit guarantee scheme
- Land Reform Empowerment Fund

1.6.4 Business Incubation

1.6.5 Theoretical background of business incubation

According to Mrkajic (2017:44-55), the notion of business incubation started in the late 1950s in the USA with only 12 BIs. Mrkajic (2017:44-55) further describes three generations of

business incubation:

- The 1st generation (1960s–1980s) focused on infrastructure, value creation, leverage economies of scale and office space;
- The primary focus of the 2nd generation (1980s–1990s) was on business capabilities development, mentoring, educational learning and coaching so that they could excel in business; and
- The 3rd generation (early 2000s) manifested in market reach development, financial resources, networking, technological facilities and professional assistance.

Furthermore, Hausberg and Korreck (2018:151-176) stated that BIs started in the 1950s and gained in popularity between the 1960s and 1970s. The concept of BI was a success in the USA, prompting other countries around the globe to adopt the philosophy. In South Africa, business incubation commenced in 1995 (Choto, 2015:1-122) and has continued to evolve. The idea of business incubation was so attractive that it led to the fourth generation after 2010, which focuses on offering more than business services (Lose, 2019:1-157). The fourth-generation incubators, known as virtual business incubators, emerged from 2010 to date and their primary objective is to assist SMEs by using the internet of things (IOT) and offering technological amenities to SMEs (Lose, 2019:1-157).

1.6.6 Different types of incubators

According to Lose (2019:1-157), incubators play a pivotal role in creating value for incubatees: the different business incubators, namely technology business incubators (TBIs), business incubators (Bis), university-based incubators (UBIs) and virtual business incubators (VBIs) are key components of the business ecosystem for technology-based start-ups in modern economies. TBIs endorse SMEs by transferring technological entrepreneurship, and support SMEs with high-tech venture creation (Hillemane et al., 2019:1471-1493). The connection between incubators and SMEs is that incubators encourage and endorse start-ups by coaching, mentoring and facilitate ingress to intellectual property (Wann et al., 2017:34-49). UBIs are organizations designed to speed up national economic development by helping start-ups in their growth and development process, especially those that are based on new technology (Wann et al., 2017:34-49). VBIs provide SMEs with computer services that would increase their competency and improve performance and quality (Qambar, 2018:1-5).

1.6.7 The role of business incubators

The different characterisations of the varied roles of BIs do suggest that BIs, by their constitution, can assist SMEs to stay in operation for longer periods despite their lack of

capacity. Harima et al. (2019:1-25) state that BIs offer four types of knowledge, namely entrepreneurial, organisational, technological, and complementary market knowledge. BIs therefore embed this knowledge in their incubation programmes, equipping incubatees with the necessary understanding of how to establish and gain market share, and become competitive. However, Lubas (2019:14) categorize the role of BIs into three sections, namely infrastructure (office space, shared resources), business support (coaching and training) and access to networks (professional services and finances). This categorisation is somewhat consistent with that of Yusubova et al. (2019:803-818) who argue that BIs offer three core services which include technical knowledge, business knowledge and access. It is the view of the researcher that given the lack of infrastructure and limited business acumen, the intervention of BIs is salient. Newly established SMEs are sometimes in need of business support in order to clearly define their core competence.

In a bid to understand how EM can be adopted by BIs to assist with SME growth and sustainability, this study makes use of a framework originated by Yusubova et al. (2019:803-818) in articulating the role of incubators in mitigating the challenges of SMEs using EM.

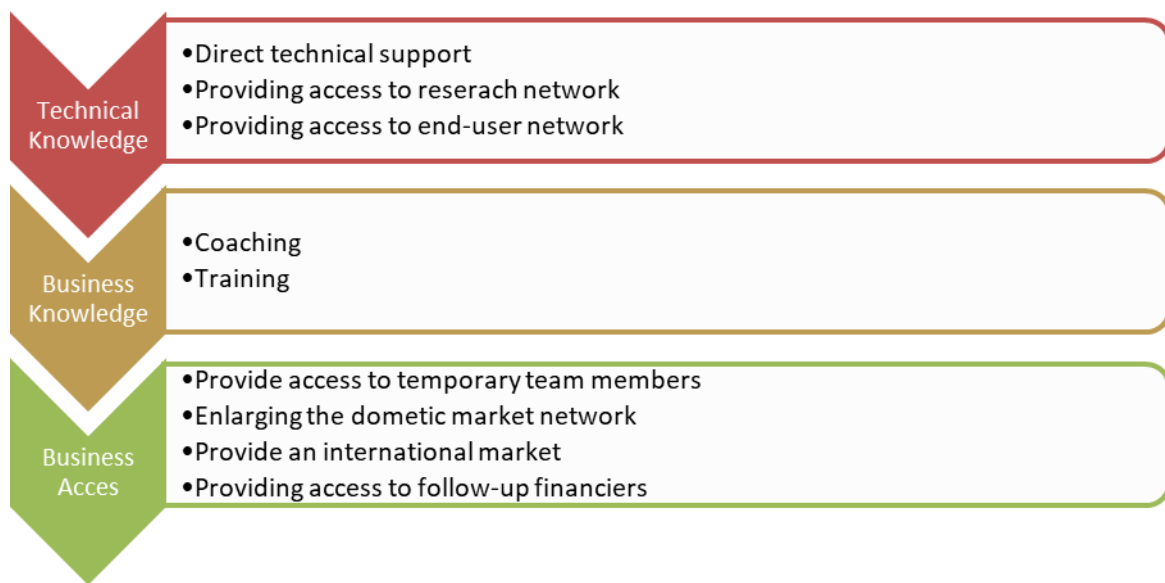


Figure 1.1: The role of incubators (Yusubova et al., 2019:803-818)

The challenges that BIs confront are discussed in the following section.

1.6.8 Challenges of business incubators

Because initiative of incubation is still new in South Africa, it is faced with certain challenges. To add to these challenges, social support is also a barrier. According to Farooq (2018:242-266),

social support helps business incubators to create value, and offers financial assistance, informational support and companionship. Tengeh and Choto (2015:150-161) discuss the challenges as follows: geographical area (BIs find it difficult reaching incubatees who need their services), inconsistent stakeholder support, quality of entrepreneurs, and lack of funding and skills. Other challenges BIs face are lack of funding, lack of physical space, skilled staff, insufficient infrastructure and the absence of scientific and technological knowledge (Nani, 2018: 344-367). Several challenges faced by BIs have been reported in extant literature. The following table explicates a few of these challenges

Table 1: Challenges faced by business incubators

Source	Challenges
Choto (2015: 1-122)	Geographical area, skills, lack of financing, quality of business people, inconsistent stakeholder support, strong government approaches, competent and motivated management, lack of commitment and mentorship.
Bigirimana et al. (2015:259-266)	Lack of funding, deficiency of qualified staff, lack of infrastructure.
Lose & Tengeh (2015: 14344-14357)	Access to business management, lack of entrepreneurial skills, competitiveness, access to technological-based services, access to finance and sponsorship.
Tengeh & Choto (2015:150-161)	Inconsistent stakeholder support, quality of entrepreneurs, lack of funding, geographic area, skills, supportive government policies, competent and motivated management, lack of commitment, mentorship.
Lose (2016:1-126)	Support structures, advanced technological facility, self-sustainability, and relevance of entrepreneurial skills.
Lose et al. (2017:7)	Access to advanced technology-based prototypes, lack of resources and patronage, geographic area and lack of entrepreneurial skills.
(Muriithi et al. (2018:201-209)	Lack of professional management personnel, sustainability and growth, technology, funding, mentorship and lack of the right variety of entrepreneurs.

Nani (2018:344-367)	Unconducive economic environment, lack of access to knowledge of science and technology, inadequate financial resources, unavailability of qualified staff and lack of adequate infrastructure.
Lose (2019:1-157)	Access to qualified staff, lack of entrepreneurial skills, access to funding and sponsorship, geographical areas, lack of commitment of entrepreneurs, government policies, mentorship, help from stakeholders, quality of entrepreneurs, competent and inspired leadership, networking, financial sustainability and access to advanced technology-based prototypes.

It is evident that the challenges faced by BIs have been the focus of researchers. To understand how BIs can make use of EM to support the existence of SMEs is the major aim of this study. To situate EM within the purview of this study, the next section examines EM with the objective of identifying the different EM dimensions as well as pointing out the gaps that have existed in literature regarding EM's relationship to SME sustainability.

1.6.9 Entrepreneurial Marketing

1.6.10 Definition of EM

Dubey et al. (2019:1-19) regard entrepreneurial marketing (EM) as a hybrid concept of entrepreneurship and marketing that defines business for future challenges. EM is an intersection of entrepreneurship and marketing, and the term is derived from these two fields (Kilenthong et al., 2016; Mahrous et al., 2020). EM was promoted by the International Council for Small Business and American Marketing Association, mainly focusing on entrepreneurship and marketing (Chen et al., 2016:495-513). Mahrous et al. (2020:1-22) state that EM was seen as an inexpensive way of marketing and that SMEs use it during their establishment as a tool to achieve organisational goals with inadequate resources; now big enterprises have adopted EM because of its effectiveness.

1.6.11 How EM came about

The genesis of the term 'entrepreneurial marketing' can be traced back many years. The term emerged in 1982 at a conference held at the University of Illinois, Chicago that was subsidised by the International Council for Small Business and the American Marketing Association, the two leading associations in this area (Ismail & Zainol, 2018:642–656). However, resemblance between these two sciences (marketing and entrepreneurship) advanced to the commencement

of the phenomenon of entrepreneurial marketing thirty years ago (Ferreira et al., 2019:867-885). In 1986, the American Marketing Association (AMA) initiated the endorsement of the interrelation of marketing and entrepreneurship in dealing with business sustainability by establishing a Marketing and Entrepreneurship Task Team, and between the years 1995-1999 the subject matter of EM spread across Europe. This agenda was furthered by the *Journal of Research in Marketing and Entrepreneurship* which has since pioneered EM research (Ismail & Zainol, 2018:642–656).

1.6.12 The different dimensions of EM

EM practices are salient in the arsenal of BIs to assist in the growth and sustainability of SMEs (Franco, 2014:265-283). This section will elaborate on the dimensions of EM. Alqahtani and Uslay (2020:62-71) state that EM dimensions help organisations to perform better and understand environmental conditions. However, EM dimensions are categorised differently by different researchers. Kilenthong et al. (2015) and Kilenthong et al. (2016) analyse EM into six categories: development orientation, opportunity orientation, complete customer concentration, networked value core creation through networks, informal market analysis, and market proximity.

EM dimensions are also categorized into seven areas: proactiveness, value creation, customer intensity, resource leveraging, opportunity cost, innovativeness and calculated risk (Yang & Gabrielsson, 2017; Bandara et al., 2019; Crick, 2019). Alqahtani and Uslay (2020:62-71) categorise EM into eight dimensions, namely innovation, networking, proactiveness, value co-creation, resource leveraging, inclusive attention, acceptable risks and inclusive attention. Different categorisations of EM dimensions are closely related, and to investigate the contribution of EM by BI in supporting SMEs in South Africa, a seven-dimension structure will be applied. The reason for choosing a seven-dimension structure is simply because this study aims to contribute to existing literature by restructuring EM dimensions and proposing a framework of EM dimensions.

1.6.13 EM dimensions that have worked consistently better than others

Notwithstanding the significance of EM dimensions, it can be argued that some dimensions work consistently than others. As mentioned earlier, the *Journal of Research in Marketing and Entrepreneurship* offered researchers space to publish their EM groundwork. The discipline of EM advanced and led to the development of EM dimensions in the early 2000s (Ismail & Zainol, 2018:642–656). Dushi et al. (2019:86-99) affirm that some researchers adopted seven EM dimensions that were initiated by Morris et al. (2002), as Rashad (2018:61-71) also notes. Furthermore, Bandara et al. (2019) and Sahid and Hamid (2019) concur that the seven

dimensions are the core of EM, as introduced by Morris et al. (2002). Drawing from these studies, one can say that the seven EM dimensions (Yang & Gabrielsson, 2017; Bandara et al., 2019; Crick, 2019) have worked consistently better than others.

1.6.14 Reasons for adopting seven EM dimensions

The fundamental reason for choosing seven EM dimension is to reconceptualise this phenomenon. However, the uniqueness of this study lies in applying seven EM dimensions within the South African setting and in extending the existing literature. These dimensions are inclusive enough to help one understand the relevance of EM dimensions of this study. Furthermore, the purpose of this study in adopting seven dimensions is to assist BIs, SMEs and future researchers to better understand the roles and the different types of EM dimensions available in the field of business management sciences. Lastly, following the methodological approach of Maziriri and Mapuranga (2018) and Fatoki (2019) the seven dimensions becomes feasible for the study.

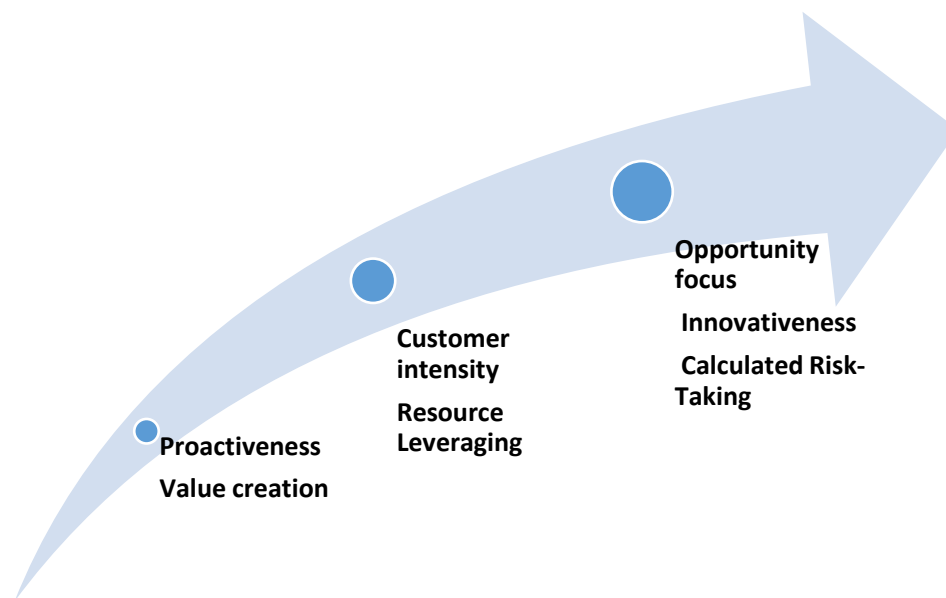


Figure 1.2: Entrepreneurial Marketing (EM) dimensions (Dushi et al., 2019:86-99)

1.6.15 Challenges that arise when dealing with EM

Dushi et al. (2019:86-99) state that SMEs lack the ability to see the significance of EM and its contribution to SME performance, growth and sustainability. It is believed that opportunity focus, resource leveraging, and value creation are the EM dimensions that contribute to the success and performance of SMEs, while neglecting other dimensions also diminishes the growth of SMEs (Dushi et al., 2019:86-99). Generally, EM is not in the curriculum in business schools even though EM is of paramount importance for SMEs, and SMEs have inadequate EM knowledge and skills, which is the genesis of business failure (Amjad et al., 2020:1-8). One of the major gaps in EM is

that there is a lack of conceptual evolution in the EM domain, and the teaching approach in EM development is outdated (Toghraee et al., 2017; Alao & Odunmbaku, 2019; Amjad et al., 2020). Toghraee et al. (2017:273-296) add that the conceptual proceeding, dimensionality, suitable definition and indispensable essence of EM remain neglected.

1.6.16 Gaps in EM domain

1.6.17 Global perspective

The concept of EM has become very popular over the years and many studies have explained EM in different contexts, therefore this section will outline how EM is viewed globally. Three countries have been chosen for this purpose because the researcher wanted to draw a distinction in how EM is viewed in different countries.

Hoque and Awang (2019:277-288) state that EM plays a crucial role in the success of SMEs in Bangladesh, in that SMEs use EM as a tool to overcome issues they face concerning innovation practices, risk management and the use of limited resources. Thus, one can argue that EM is best known for assisting SME performance. Yang and Gabrielsson (2017:147–160) affirm that the discipline of EM is also used by International New Ventures (INVs) to create competitive advantage by using resource and distributing good and services to multiple countries. Further, Maziriri and Mapuranga (2018:153–163) posit that EM dimensions enhance the growth of Zimbabwean SMEs. EM can be viewed and explained in different context; however, a study that was conducted in Nigeria found that EM does not just stimulate growth of SMEs but that it also has a relationship with graduates' capacity for self-employment in Nigeria (Alao & Odunmbaku, 2019:1-23). Miles et al. (2015:34-46) state that EM plays a vital role in helping SMEs in economic crisis and crises caused by natural disasters.

1.6.18 Local perspective (South Africa)

International studies have not attended to research that focuses on the nexus of application of EM dimensions by BIs as a tool to support SMEs in South Africa. However, there is not much material suggesting a lack of integration of EM dimensions in the work of BIs for local SMEs. Research has been done on the role of EM, the evolution of EM, EM in SME growth and performance, EM dimensions, conceptualisation of EM, and gaps in EM domain. However, there is no focus on the integration of EM dimensions in the work of BIs for SMEs with particular application to EM dimensions by BIs in supporting SMEs, which warrants this study. This study focuses on merging EM dimension in the services offered by BIs in preparing SMEs to perform well after graduating from incubation.

1.7 Acronyms of key concepts

BI – Business incubator

DTI – Department of Trade and Industry

EIP - Enterprise Incubation Programme

EM – Entrepreneurial marketing

EO - Entrepreneurial orientation

ISP - Incubation Support Programme

MO - Market orientation

SEDA - Small Enterprise Development Agency

SEFA - Small Enterprise Finance Agency

SME – Small and Medium-Sized enterprises

SPSS - Statistical Package for Social Science

STP - SEDA Technology Programme

TBI - Technology Business Incubators

UBI - University Based Incubators

VBI - Virtual Business Incubators

1.8 Research paradigm, approach, design and data collection methods

A paradigm is a set of beliefs and assumption through which researchers understand the problem at hand and how it might be resolved (Rahi, 2017:1-5). Positivism was formulated by the philosopher Auguste Comte in the early 19th century (Rehman & Alharthi, 2016:51-59). However, positivism focuses on generating and quantifying statistical data (Rehman & Alharthi, 2016:51-59). Since this study will be conducted within the parameters of social sciences, the paradigm of positivism becomes plausible for this study. Furthermore, this study will use this paradigm because the aim is to gather information through the use of a questionnaire.

1.8.1 Research Approach

The study primary aim is to investigate the application of EM by BIs in supporting SMEs in South Africa. Kluge et al. (2019:6) define the research method as a tool to conduct research. Kluge et al. (2019:6) categorise research methods as case studies, interviews, analysis of archival records, surveys, questionnaires, field experiments, laboratory experiments and experimental

simulation, computational simulation and formal theory. This study will adopt the quantitative method, with the questionnaire as a tool to obtain data. The reason for choosing this method was that it is cost effective, saves time and makes data coding and analysis easy (Creswell, 1994; Sogunro, 2002). With reference to as why a quantitative method was chosen for this study, the aim is to quantify the data into numerical and usable statistics. Adopting the methodological precedence of Choto (2015) and Lose (2019), a questionnaire is a suitable instrument for quantitative research.

1.8.2 Research design/strategy

Lose (2019:1-157) defines research design as the plan to answer a research question. Considering the necessity to quantify value in this kind of study, the quantitative approach becomes plausible. Apuke (2017:40-47) affirms the quantitative approach as the collection, analysis and representation of data into usable statistics. Previous researchers when dealing with this phenomenon have adopted this approach. Following the methodological practices of Mamun et al. (2018:7), the quantitative research approach will be used in this study. Additionally, the quantitative approach allows a larger population and sample participation. A descriptive design was used in this study because it is appropriate for narrating a phenomenon (Atmowardoyo, 2018:197-204). Atmowardoyo (2018:197-204) further explains that this design permits the use of a large population.

1.9 Demarcation/delimitation of study

In social science research, demarcation refers to the boundaries of a study (Mkubukeli, 2016:1-104). This study will focus on how BIs can use EM to support SMEs in South Africa. In addition, this study will focus on the role of BIs, the contribution of SMEs towards society and economy, challenges faced by BIs and SMEs, the different interventions by SEDA, DTI and SEFA, and lastly the concept of EM and the gaps in the EM domain. This study intends to assess 50 BIs from all 9 provinces in South Africa. The reason for choosing these BIs is essentially that they are easier to access and are centrally managed by SEDA. Again, this study partly responds to the call by SEDA (2018) for practitioners and scholars to assist SEDA in finding better ways to manage their BIs.

1.10 Research methods/processes

1.10.1 Population

A population refers the people or items needed for a study (Rahi, 2017:1-5). To determine population size Survey Monkey was used (sample size calculator). The population size for this

study is 57 BIs. According to SEDA (2020), there are about 72 BIs in South Africa. The BIs that formed part of the population are those BIs registered with SEDA. Convenience sampling was used because of time and cost. Contacting each BI in South Africa would require a lot of time. With regard to cost, it can be expensive moving from one province to another collecting data. Convenience sampling makes it easy to do research, allows the researcher to collect data easily and the aim of this study is to collect data without complications. The targeted population for this study were incubator directors, incubator managers, incubator coaches and incubator specialists

1.10.2 Sample method/technique and sample size

Rahi (2017:1-5) defines a sample as a group of people or items taken from a large population to conduct a study. The sampling methods found in social science research are probability sampling, simple random sampling, systematic random sampling, cluster sampling, multi-stage sampling, non-probability sampling, convenience sampling, snowballing, quota sampling and judgement sampling. The target audience for this study was drawn from 50 BIs. Each BI representative was an office holder in the position of either incubator director, incubator manager, and incubator coach or incubator specialist. The reason for choosing this sample size was because of the selected population of 57 BIs. According to Choto (2015:1-122), the appropriate sample size is one that is larger than 30 and less than 500. Convenience sampling will be used for this study (Rahi, 2017:1-5). According to Etikan et al. (2016:1-4) convenience sampling allow researchers to collect data from targeted populations; they must reach a certain benchmark, such as easy access, be obtainable for scheduled time, and must have the desire to be part of the study. Taherdoost (2016:18-27) states that convenience sampling is a type of sampling that allows convenience, cost effectiveness and time effectiveness. Convenience sampling makes it easy to contact the selected population and this helped to achieve the goal of this study.

1.10.3 Data collection instruments

Moyo (2017:285-295) states that data collection instruments represent basic elements of the research process as they give answers on the research conducted. The most common data collection elements in the field of social sciences are questionnaires, interviews and observation. Apuke (2017:40-47) defines a questionnaire as a systematic method for data collection using statistical method for a selected population. For this study a questionnaire was used as a data collection instrument because it cheap and efficient method to gather data. Adopting the methodological precedence of Choto (2015) and Lose (2019), the questionnaire was then compiled. To further validate this questionnaire, the researcher conducted a pilot study.

1.10.4 Data collection/fieldwork

Data was gathered using questionnaires which were distributed via emails to the prospective participants, taking into consideration the current Covid-19 status. Data was collected electronically and presented in numerical form to allow quantification. The data was arranged into statistics so that it could be communicated in the form of charts and graphs. The questionnaire was designed such that it was easy for the respondents to read and understand the items and questions. In addition, the questionnaire consisted of checklist and open-ended questions that made it possible to quantify the data. To analyse the open-ended questions, thematic analysis was used. This study relied mainly on quantification of data while a few open-ended questions required the use of themes to grasp meaning.

1.10.5 Data coding and analysis

According to Choto (2015:1-122) data coding and analysis is a procedure that manifests in arrangement, formation and representation of the data collected. The data was analysed using version 26 of the Statistical Package for Social Science (SPSS) software. SPSS is a software program that is used to code and analyse, and draw tables, graphs and pie charts (Choto, 2015:1-122). The reason for choosing SPSS was that the data was to be represented in graphs, tables, and pie charts. Following the methodological approach of Choto (2015:1-122), this software was deemed suitable for this study.

1.10.6 Ethical considerations

Ethics is the state of trustworthiness and integrity on how researchers should conduct their study (Zulu & Muleya, 2019:266-282). Zulu and Muleya (2019:266-282) add that ethics is a system of moral principles. The researcher sought the approval of the Cape Peninsula University of Technology Ethics Committee to undertake this study. This study abided by the rules and regulations formulated by the Ethics Committee. The selected population was aware of the purpose of conducting this study, namely to investigate challenges faced by SMEs, the importance of SEDA and DTI interventions, and the use of EM by BIs to support SMEs. Since the researcher was dealing with people, he was guided by these elements: obedience, collaboration, fellowship and companionship. Participants were not forced or intimidated to take part in the research. It is imperative to respect the people one is working with when conducting a study. The selected respondents were asked for personal details and the required information was kept anonymous. The information was only to be used for research purposes.

The following points explain the ethical considerations this study adhered to:

- The selected population was treated equally with fairness and there was no form of gender

discrimination.

- The information collected from incubator directors, incubator managers, incubator coaches and incubator specialist was kept anonymous.
- The researcher was compliant with and adhered to the rules and regulations available in the field of social science research.
- The selected population was not forced or intimidated to be part of this study, and were fully informed about the ethical issues.

1.11 Outline of the dissertation

Chapter 1: Introduction

This chapter focused on the background information of the study in conjunction with the problem statement.

Chapter 2: Literature Review

The literature review provides the theoretical background of EM and BIs under these subheadings: BIs, SMEs, SEDA, DTI, SEFA and EM. Furthermore, this chapter presents previous and current research.

Chapter 3: Research Methodology

The research methodology chapter inspects and highlights the research paradigm, research method and research design used in this study.

Chapter 4: Findings of the study

This chapter clearly analyses the collected data and further discusses findings of this study. Discussion and analysis of the main findings of this study are presented.

Chapter 5: Conclusion and Recommendation

The conclusion and recommendations posit results of the research

1.13 Limitations of the research

Firstly, the researcher acknowledges that certain factors may limit the generalizability of this study to other populations. Earlier, the researcher noted that out of the 72 registered BIs in South Africa (SEDA, 2020), this study makes use of 50. Equally limiting, and this is assumed for now, is the likelihood that given previous studies (for example Eresia-Eke et al., 2019:5-13), participants might very well not want to participate for fear that their participation might expose their firms to

the unknown.

Conclusion

This chapter focused on laying the background of the study. The problem statement, significance of the study, aims and objective of the study, research questions, and a list of key acronyms were presented. The research approach, paradigm, and data collection method utilized for this study were briefly highlighted. The next chapter concentrates on a review of pertinent literature.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The previous chapter provided an overview of this study. This chapter builds on the preliminary literature covered in Chapter 1. Hence, the following themes are considered: the concept of SMEs, challenges faced by SMEs, reasons why SMEs join incubators, incubation process, challenges faced by incubators, emergence of business incubation in South Africa, definition of business incubation, EM dimensions and challenges of EM.

2.2 Small and Medium-Sized enterprises (SMEs)

SMEs are crucial to the growth of an economy. In South Africa for example, the rate at which SMEs collapse has raised such concerns that several initiatives have sprung to support SME longevity. Recently, and in support of sustainable SMEs, the Department of Small Business Development reconceptualised the definition of SMEs to include total full-time equivalent of paid employees and total annual turnover, thereby removing the third element of 'total gross asset value' which was considered in place of the size of a business. This new characterization of SMEs suggests a better framing of support systems for SME "coordination, integration and mobilisation of efforts and resources towards the creation of an enabling environment for the growth and sustainability of small businesses" (DSBD, 2021).

2.2.1 Challenges

Notwithstanding the endorsement SMEs get from the government, some of these ventures fail within three years of operation (Chimucheka & Mandipaka, 2015:309-316). The location and the business environment play an indispensable role on the survival of the business and some SMEs are poorly located and the business environment is not favourable (Chimucheka & Mandipaka, 2015; Chandra et al., 2020). Kowo et al. (2019:214-226) state that SMEs lack the ability to strategize and plan for their business operations, and the deficiency of strategic planning affects profit maximization. High taxes force many SMEs to close down (Kowo et al., 2019:214-226). Corruption is viewed as one of the significant factors that impact the survival of SMEs (St-Pierre et al., 2015; Mustafa & Yaakub, 2018).

Some of the challenges SMEs face include lack of structure, lack of business management and lack of the necessary skill set to manage risk (Mustafa & Yaakub, 2018:57-65). Vincent and Zakkariya (2018:44-77) postulate that insufficient support and the number of incubation centres,

connectivity and reachability of incubation facilities still require attention. Innovation can be a daunting experience for SMEs; however, SMEs lack the financial ability to innovate (Mustafa & Yaakub, 2018:57-65). Crime and stealing of stock remain a matter of concern (Mashwama et al., 2018:68-76).

Above are some challenges that SMEs face. However, this study will focus on the following challenges: inadequate access to funding, management issues, lack of government support, technological capabilities, lack of proper infrastructure and legal and regulatory constraints. The reason for choosing these challenges is to add to existing literature, and although previous studies have discussed these challenges, little is known about them. One of the objective of this study is to determine the challenges faced by SMEs, and these challenges just this study.

2.2.2 Inadequate access to funding

Lack of credit access has been much most debated. South African banks are less willing to assist SMEs financially because of the high degree of risk and precarious returns (Rahman et al., 2016:124-132). SMEs struggle to obtain finance from banking institutions due to rigorous conditions that are associated with obtaining finance (Saari, 2020:13-14). Saari (2020:13-14) further explains that the application process to access loans is rigid and it takes time for financial institutions to verify the loan applications of SMEs. Further, loans are most likely to be issued when they are no longer needed or the purpose has expired. Ramachandran and Yahmadi (2019:15-25) support the view that disbursements of loans are delayed, and the procedure is complicated. Mashwama et al. (2018:68-76) state that financial institutions prefer offering loans to low-risk clients, and impose high banking costs.

Inadequate access to funding is a major challenge faced by SMEs (Rahman et al., 2016:124-132). Chimucheka and Mandipaka (2015:309-316) note that because SMEs fail to meet the requirements of financial institutions, alternative ways of obtaining finance are government grants, incubation and personal loans. In sum, the common challenge that SMEs face is insufficient finance, which creates more obstacles to the innovation and sustainability of SMEs (Rahman et al., 2016; Vincent & Zakkariya, 2018; Ramachandran & Yahmadi, 2019).

2.2.3 Management issues

SMEs often face management issues. Some SMEs are reluctant to invest in skills and knowledge that improve their workforce and they are hesitant to participate in government-sponsored programmes (Musa & Chinniah, 2016:254-262). There is a common agreement among scholars that SMEs have insufficient resources and the skills SMEs possess are not efficacious to deal with the operations of the business. Most importantly SME managers have insufficient business

knowledge and they lack experience (Chandra et al., 2020:1-29). Rahman et al. (2016:124-132) support the notion that SMEs face management issues and that SMEs tend to rely more on their own experience.

Notwithstanding the management issues SMEs face, previous researchers have highlighted some of the challenges that lead to poor management by SMEs, namely insufficient funds to enrol for educational programmes, lack of practical skills, lack of theoretical knowledge, poor planning capacity, insufficient skills to do market research and insufficient access to management programmes (Chimucheka & Mandipaka, 2015; Musa & Chinniah, 2016). Further to the management issues confronting SMEs and the role they play in the success of a business, it cannot be ignored that SMEs managers lack commitment, which leads to deficient management (Mashwama et al., 2018:68-76).

Some SMEs close down because they lack business education, training and sufficient skills (Eniola et al., 2015; Mashwama et al., 2018). Previous researchers have identified some of the challenges SMEs face such as financial and management skills, lack of formal education, difficulty in balancing home and business duties, poor business framework, external factors, and lastly inadequate experience (Chimucheka & Mandipaka, 2015; St-Pierre et al., 2015). Some SMEs close down because they fail to identify the challenges they face (Rahman et al., 2016:124-132). Curriculum design shows little support towards entrepreneurship (Mashwama et al., 2018:68-76).

2.2.4 Lack of government support

One of documented challenges of SMEs is the lack of government support. St-Pierre et al. (2015:441-462) affirm that this is related to government policies which are complex and stringent, and a poorly designed process of applying for support. Mashwama et al. (2018:68-76) stated that government programmes are weak and that there is a lack of government contracts to assist SMEs. Government support and policies are incompatible and not consistent and that hinders the expansion of SMEs (Kowo et al., 2019:214-226). Vincent and Zakkariya (2018) and Kowo et al. (2019) declare that government policies are inconsistent, and due to complex government policies, aspiring entrepreneurs tend to not pursue their business ideas because of government laws and regulations.

Government bureaucracy is viewed as the prime barrier for SME development and new venture creation; further, inadequate support from the government in South Africa restricts the growth of businesses (Meyer & Meyer, 2017:127-141). The SME economy can easily crash or be promoted by regulatory frameworks created by the government (Muriithi, 2017:36-48). The effort of the

government in trying to assist SME development cannot be left unnoticed, however. The government has inaugurated some agencies to assist SMEs, but SMEs lack the awareness to identify these organisations (Ramraj, 2018:1-111). Leboea (2017:11-96) stated that SMEs cannot deal with the government and they lack the capacity in general, further, to comply with South African legislation because it is difficult, and that poses a threat to SMEs. Due to complex regulations, SMEs cannot cope because it has become too challenging for SMEs to comply (Gamba, 2019:1-17). Muriithi (2017:36-48) believes that there are elements that negatively affect the growth of SMEs, namely, inequitable competition, adverse tax systems, complex rules and regulations and an immoderate environment.

The role that government plays in facilitating the growth of SMEs remains pivotal across the globe; the government of a country creates a favourable or unfavourable environment for SME development (Muriithi, 2017:36-48). Ramraj (2018:1-111) concurs that the services offered by governments tend to lack alignment to the needs of SMEs; in simple terms, governments offer services within their capacity and not those needed by SMEs. Managing these challenges will flag the need to design a proper regulatory framework that will fully support and promote SME development (Gamba, 2019:1-17). Lack of support from the government does not only affect SMEs negatively but it paves the road to their failure (Muriithi, 2017:36-48).

2.2.5 Technological capabilities

The importance of technological capabilities cannot be overlooked. Tinarwo (2016:148-153) states that SMEs have insufficient knowledge of the most recent technologies. Rahman et al. (2016:124-132) ascertain that SMEs find it difficult to access modern technologies which makes it difficult for them to keep up with the fast-growing economy. Technology capabilities can be categorized in different ways such as telephones and fax machines; however, some SMEs do not have sufficient access to these communication technologies (Chimucheka & Mandipaka, 2015:309-316).

Technology plays a pivotal role in driving the economy and SMEs are beset by technology constraints such as limited access to the most appropriate technology, inadequate skills and knowledge needed to utilise modern technologies, and these constraints force SMEs to be left behind in the fast evolving economy (Avevor, 2016; Mustafa & Yaakub, 2018). Some government policies are not favourable for endorsing the adoption of technology and this appears to challenge the performance of SMEs (Eniola et al., 2015:59-71). Notwithstanding the technology constraints and the impact it has on SMEs, technology capabilities can assist SMEs to innovate and remain competitive (Eniola et al., 2015:59-71).

2.2.6 Lack of proper infrastructure

Choto (2015:1-122) delineates infrastructure as the basic framework for physical and organisational purposes that are required for the functioning of a business (roads, water and electricity). Various studies (Eniola et al., 2015; St-Pierre et al., 2015; Tinarwo, 2016) note that SMEs lack the appropriate infrastructure needed for the operation of the business. Moreover, SMEs suffer from transport, telecommunication, and electricity deficits, and these factors limit the survival of SMEs (Chimucheka & Mandipaka, 2015:309-316). St-Pierre et al. (2015:441-462) observes that SMEs face expensive rentals and lack basic infrastructure such as water, electricity supply, and telecommunications systems. Factors such as lack of access to proper infrastructure, the internet, lack of resources, and inadequate access to capital are still concerns and they cannot be ignored (Vincent & Zakkariya, 2018:44-77). Choto (2015) and Mashwama et al. (2018) ascertain that lack of infrastructure results high costs and poor roads lead to damaged goods, which result in high substitution costs.

Lack of proper infrastructure does not only include bad roads, weak telecommunications, and shortages of electricity, but includes their continuous availability (Ndiaye et al., 2018:269-281; Iwu, 2021). Moos and Sambo (2018) argue that South Africa's economy is failing because of lack of infrastructure, lack of access to resources, and deficiency of skills. It can be seen that proper infrastructure plays a pivotal role towards SMEs development (Gongxeka, 2020:1-62). Deficiency of proper facilities results in firms having to accept high costs of some services, and close substitute for these utilities, such as generators come at a price (Gamba, 2019:1-17). The need for roads, water supply, telecommunication, electricity supply and other utilities can pose a serious challenge for SME advancement (Moos & Sambo, 2018; Ndiaye, 2018; Gamba, 2018; Gongxeka, 2020). Rightfully so, proper infrastructure is regarded as a lucrative investment and it is seen as equivalent to any other form of capital. Access to proper infrastructure delivery endorses human growth and improves the standard of life through better output and maintainable economic development (Moos & Sambo, 2018:467-494)

2.2.7 Legal and regulatory constraints

Chimucheka and Mandipaka (2015:309-316) state that SMEs face regulatory and legal constraints and the process of acquiring a license is complex. Researchers agree that SMEs suffer from legal and regulatory issues (Eniola et al., 2015; Mustafa & Yaakub, 2018). This matter can lead to businesses which are unable to register to operate illegally, and this is why banks and other sectors do not fund such ventures (Chimucheka & Mandipaka, 2015:309-316). The major challenges SMEs face is registering their businesses; however, government and stakeholder support are not sufficient to assist SMEs and a lot of legal fees are required (Avevor, 2016:1-66).

It is evident that registration requirements and legal claims have a negative impact on the operation of SMEs (Avevor, 2016:1-66).

There has been extensive research on legal and regulatory constraints that hold back SME development over the past years (Amentie et al., 2016:1-4). However, SMEs in Africa faces more complex regulatory issues than any other region across the globe, and those issues include high taxes (Ramraj, 2018:1-111). Moos and Sambo (2018:467-494) concur that onerous regulatory environments are viewed as a factor that discourages entrepreneurial movement. Confining legal and regulatory laws is considered one of the most burdensome factors for entrepreneurial activities in South Africa (Moos & Sambo, 2018; Ramraj, 2018). The success of SMEs is constantly pressurized by reduced distribution of resources and complex regulations (Sitharam & Hoque, 2016:277-288). Legal and regulatory constraints create challenges to the growth of SMEs and the extravagant initiation costs for firms remain a factor of concern including licensing and requirements needed for registration (Mmasi, 2019:1-235).

Amentie et al. (2016:1-4) state that some legal and regulatory factors that oppress SMEs development are immoderate operation rates, high insurance premiums and high licensing fees. Equally so, the success or failure of SMEs is determined by taxes and regulations put in place. A supportive regulatory framework is one that is connected with low administrative complexity, affordable taxes, and a conducive business environment for SMEs to operate in (Ndiaye et al., 2018; Gongxeka, 2020). Furthermore, there is common agreement among scholars, researchers and policymakers that legal and regulatory laws put in place do not fully endorse new venture creation nor permit SME development (Leboea, 2017; Kumalo, 2018; Moos & Sambo, 2018; Ndiaye, 2018; Mmasi, 2019; Gongxeka, 2020).

2.3 Reason why SMEs join incubators

The role of BIs in supporting SMEs cannot be overemphasized. As mentioned before, SMEs are beset with some challenges. This section will further look into the reasons why SMEs join incubation programmes. Lose (2016:1-126) is of the view that in South Africa SMEs join incubation programmes because they have limited skills, limited funding, limited technology and insufficient access to business networks (Lose, 2016:1-126; Choto, 2015:1-122). The following diagram will give details as to why SMEs join incubation programmes.

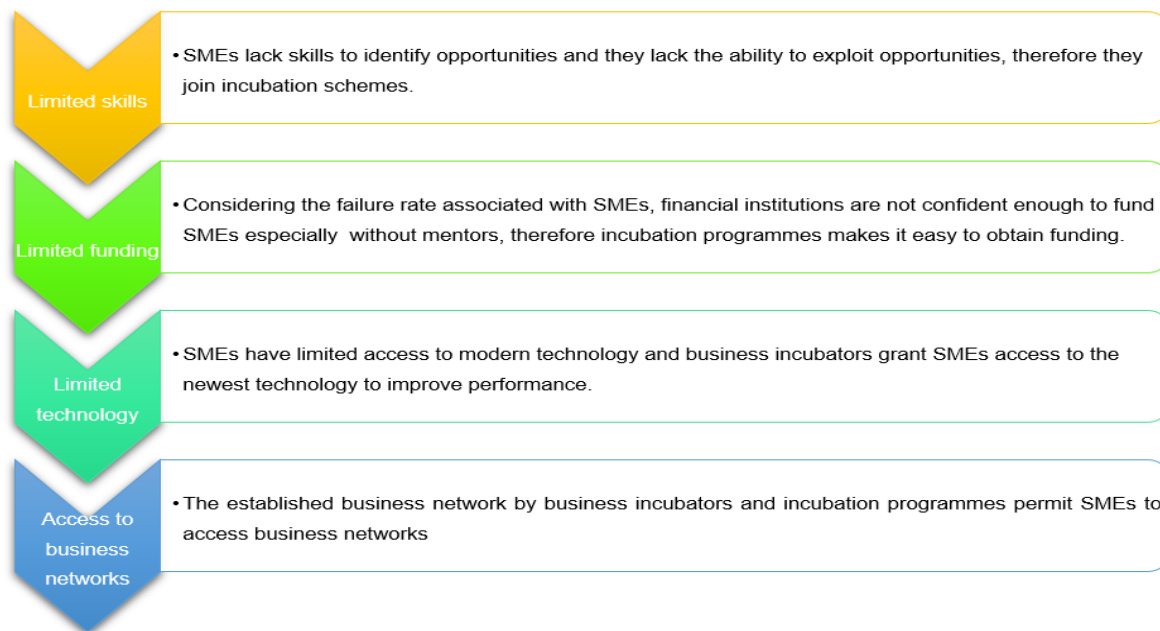


Figure 2.1: Reasons why SMEs join incubators (Lose, 2016:1-126)

It can be seen that SMEs are beset with challenges. Considering the challenges and constraints SMEs face, the following framework will clearly articulate the interventions that can implemented to assist SMEs. Following the methodological approach of Bilal and Mqbali (2015:120-130), this framework was then formulated.

- Offer proper training programmes to SMEs that will assist with business operations and sustainability;
- The government should assist SMEs by making the environment attractive and conducive for business;
- Eradicate complex government policies and applications for operating licenses;
- The government should increase the endorsement of SMEs and provide newest technology, educational programmes and legal protection;
- Offer continuous support to SMEs and encourage entrepreneurship.

2.4 Business incubation

In medical terms, an incubator is a tool used to protect babies born prematurely. However, in business terms, newly established ventures are endorsed by business incubators by offering them an array of business services and support (Wolniak & Grebski, 2018:38-42). Masutha and Rogerson (2015:223-241) concur that BIs endorse newly established entities and existing ones too. Schiopu et al. (2015:474-487) define BI as a mechanism to stimulate growth of SMEs and facilitate the challenges faced by SMEs. Masutha and Rogerson (2015:223-241) believe that the

notion of incubation is about offering inclusive support such as networking opportunities.

2.4.1 Business incubation services

This section will look into the services offered by business incubators. There is developing attention internationally on BIs and their pivotal role in facilitating entrepreneurial activities for SMEs (Ogutu & Kihonge, 2016:231-241). Ndagi (2017:131-142) defines the concept of incubation as a framework used to turn the vision of aspiring entrepreneurs into reality with the risk reduced. Bose and Goyal (2018: 350-376) state that it should be within the scope of BIs to offer services such as business management, resource management and financial management. Sharma and Vohra (2020:1-34) state that BIs offer comprehensive services including mentorship, access to business networks, and physical space. In an attempt to comprehend services offered by business incubators, this study will follow the proceedings of Kibona (2018:1-270).

In the context of this study, it is salient to understand the services offered by BIs. Further, this framework can assist future researchers when dealing with the concept of business incubation. Both public and private sector will benefit from this framework.

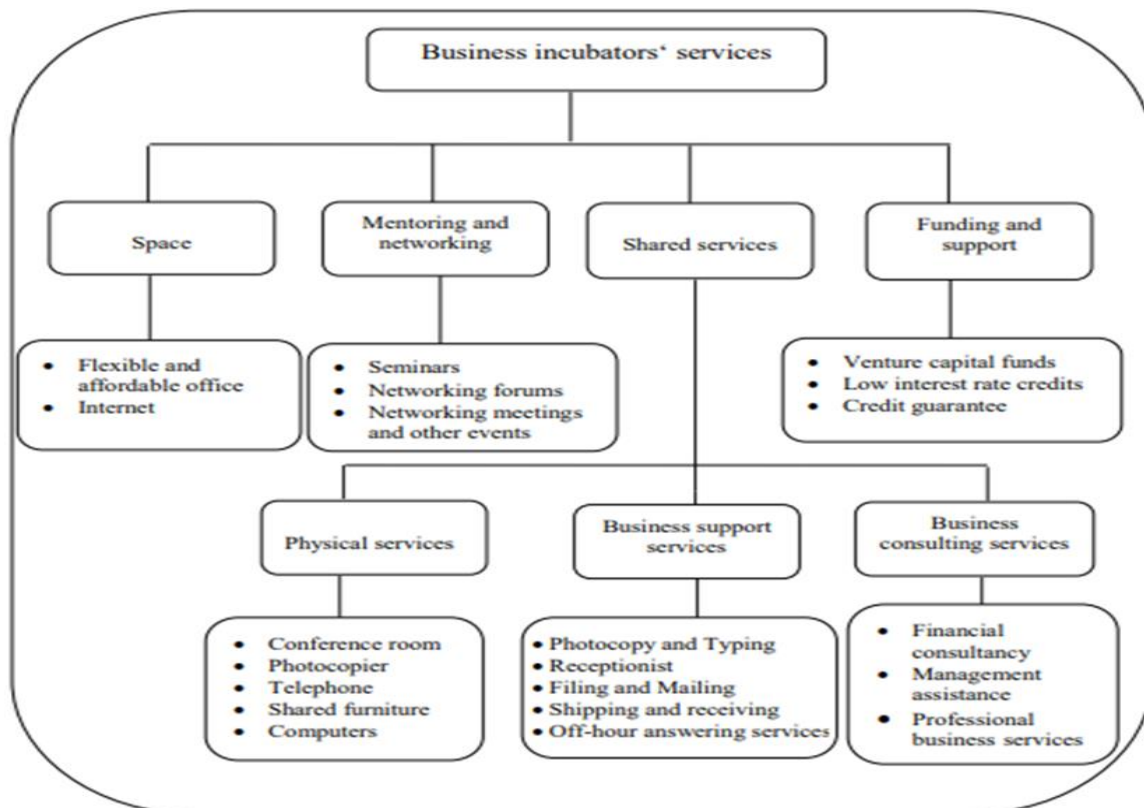


Figure 2.2: Business incubations services (Kibona, 2018:1-270)

After extensive research, the researcher found that business incubation services, the incubation process and Smilor's incubation model are interrelated. The following section will further describe the incubation process; Smilor's incubation model will be discussed in the subsequent section.

2.5 Incubation process

The concept of business incubation is harnessed by the incubation process. The incubation process is categorized into three stages, namely pre-incubation, incubation and post-incubation (Masutha and Rogerson, 2015:223-241). Jakobsen et al. (2018) concur that the incubation process can be presented in three stages. The three stages will be explained drawing on the work of Jakobsen et al. (2018).

- Pre-incubation – this stage is designed to endorse incubatees and during this stage incubatees are selected to be part of the incubation programme. Potential incubatees are assessed and evaluated at this stage before they are chosen for the incubation programme
- Incubation, also known as the main stage. This stage involves direct support by BIs to make sure that incubatees graduate; however, this stage can last for many years. BIs offer incubatees infrastructure, training, coaching and mentoring.
- Post-incubation, also known as after-incubation. This is the last stage of incubation process and here incubatees are expected to be ready and mature enough to be profit-orientated and sell their offerings. In general terms, at this stage incubatees are prepared to leave the premises of BIs.

Posza (2019:64-72) notes that the first incubation process was initiated by Campbell, Kendrick and Samuelson in 1985. Mvulirwenande and Wehn (2020:95-115) believe that the incubation process is accepted as vital for attaining affirmative results. The fundamental goal of the incubation process is to help SMEs to turn their ideas into feasible businesses through numerous services from the business incubator (Posza, 2019:64-72). The performance of incubators relies on proper design and execution of the incubation process (Mvulirwenande & Wehn, 2020:95-115). One limitation of the incubation process is that this model cannot identify the potential absence of a needed skill set among prospective entrepreneurs, which might restrain the formation of a feasible enterprise (Rajeev et al., 2017; Posza, 2019).

Figure 2.3 is based on the work of Aladejebi and Oladimeji (2020:41-56). It also supports the work of Jakobsen et al. (2018) who elucidate three stages of incubation. In terms of this study, it is used to explain the incubation process, as the following figure shows.

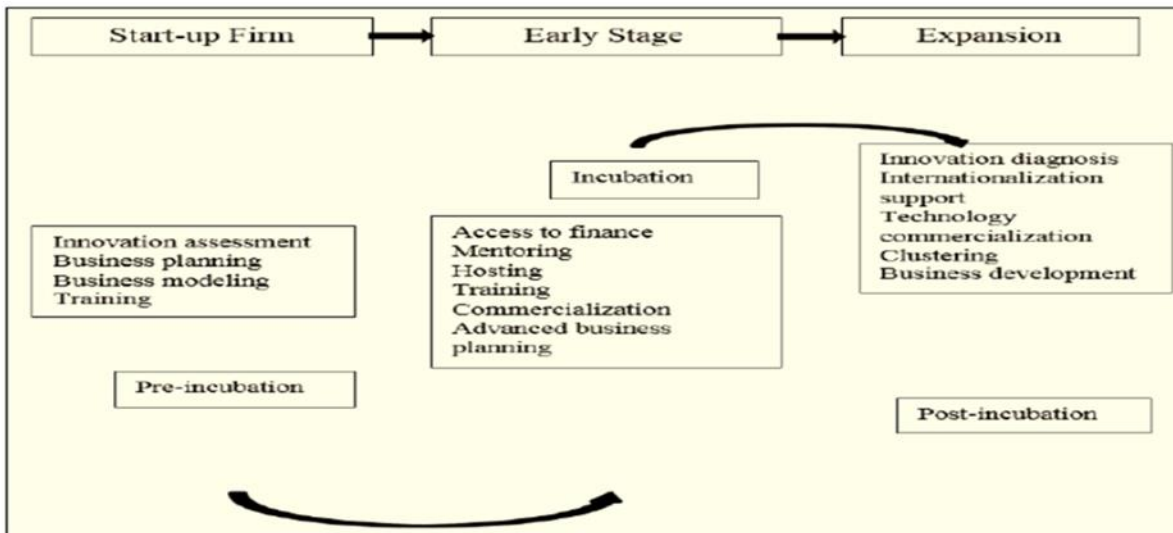


Figure 2.3: Incubation process (Aladejebi & Oladimeji, 2020:41-56)

2.6 Smilor's incubation model

To explain Smilor's incubation model, the approach of Njau (2019) and Posza (2019) will be followed.

- Smilor's incubation model was initiated in 1987 and its aim was to extend the incubation process.
- Smilor's incubation model gives access to infrastructural services endorsement from BIs that encourages entrepreneurial activities and new business formation.
- This model views business incubation as a transformation instrument.
- This model offers structure and credibility to SMEs while coordinating numerous resources during business incubation.
- Smilor's incubation model classifies the benefits that SMEs receive from BIs into four proportions, namely shortening the entrepreneurship learning curve, growth of reliability and trustworthiness, admittance to business networking, and faster problem solutions.
- This model openly outline the outcome of BIs.
- In the context of this study, Smilor's incubation model is used to pivot on SMEs within the incubation process having admission to proper infrastructure facilities that are usually out of their reach.

Figure 2.4 depicts the Smilor's incubation model (Rose, 2017:1-119). The relevance of Smilor's incubation approach to this research is shown by its focus on encouraging SMEs to participate in incubation programs and get access to facilities.

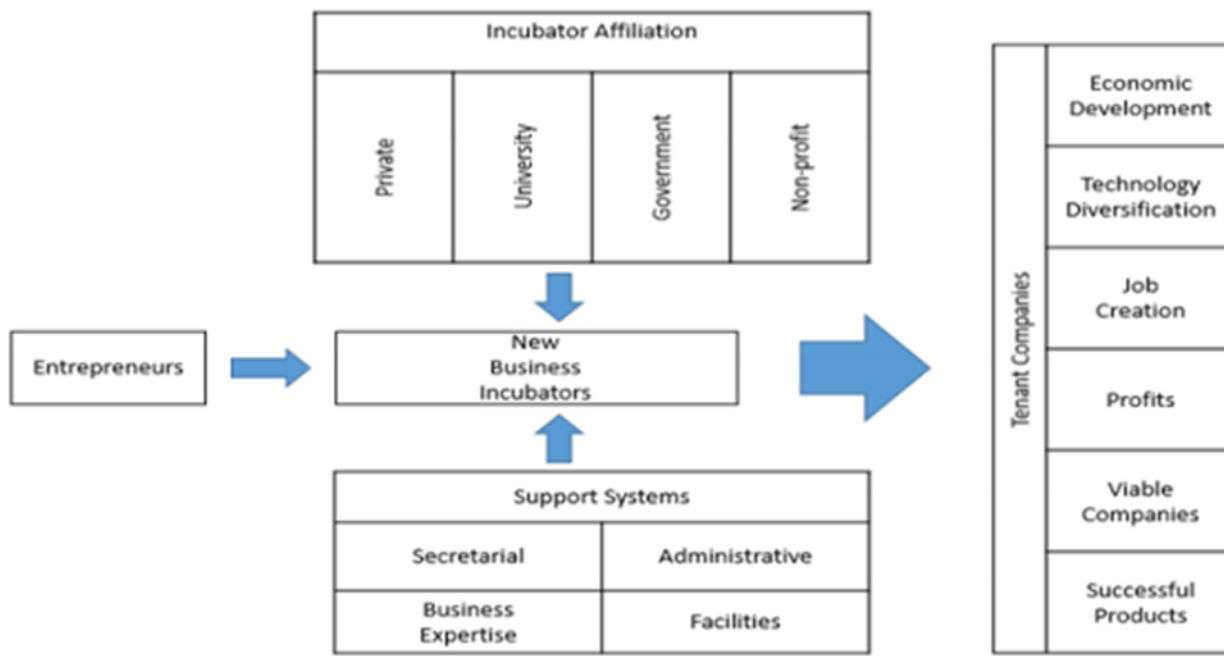


Figure 2.4: Smilor's incubation model (Rose, 2017:1-119)

2.7 Challenges faced by Bis

One of the fundamental objective of this study is to outline the challenges faced by BIs in supporting SMEs. This section will look into the challenges faced by BIs. There is a general idea amongst research scholars that BIs are beset with challenges (Tengeh & Choto, 2015; Muriithi et al., 2018; Nani, 2018). There is considerable evidence to support the view that BIs face challenges. The challenges that this study will address are access to funding and sponsorship, lack of business skills, access to advanced technology-based facilities, competent and motivated management, quality of entrepreneurs, geographical area, stringent government policies, stakeholder support, mentorship, and sustainability.

2.7.1 Access to funding and sponsorship

BIs have limited access to funding and sponsorship, and BIs do not have the financial ability to assist start-ups as most incubatees need approximately R500 000 as start-up capital (Tengeh & Choto, 2015:150-161). Lack of funding makes it impossible for BIs to grow and assist SMEs, but financial institutions makes it difficult for BIs to obtain funding and that challenges the survival of BIs (Muriithi, 2018:201-209). Choto (2015: 1-122) is of the view that BIs short of funds when they want to assist incubatees. Muriithi (2018:201-209) believe that limited access to funding and sponsorship can be mitigated through government intervention by making it a priority that

incubatees gain access to funding and sponsorship. The establishment of BIs is called into question due to shortage of funds and lack of resources (Bigirimana et al., 2015:259-266). One intervention by BIs is to have the capacity to induce sponsorship through good management skills, effective use of resources, and assisting SMEs (Tengeh & Lose, 2015:14344-14357). In developing countries BIs require endorsement from governments, especially in their first year of operation (Lose, 2016:1-126).

In South Africa the concept of incubation is still developing and incubation programmes depend on financing by the public. In South Africa SEDA, STP and the DTI are known as the main public funders (Lose, 2019:1-157). BIs that are funded by the government are not for profit organisations (NPOs), which is why they are funded by these public departments (Lose, 2016:1-126). One of the strongest measures BIs have at their disposal is to attract the attention of sponsors, who tend to grant finance where they see that the incubation programme is of good value to those in need, and that they have the potential to achieve their goals and objectives (Muriithi et al., 2018:201-209). The concept of incubation is evolving in both developing and developed countries; however, the next generation of incubation will be driven by profit due to the challenges and complexities associated with obtaining funding (Tengeh & Lose, 2015; Lose, 2016).

2.7.2 Lack of business skills

Tengeh and Choto (2015:150-161) concur that BIs tend to offer educational programs according to their ability rather than what is required by SMEs, and fail to identify the needs of SMEs. Lose (2016:1-126) states BIs lack business skills, thus they do not provide entrepreneurial education and this results in poor financial management, poor resource mobilization and poor business management. Lose (2016:1-126) further argues that the failure of BIs to deliver is driven by lack of entrepreneurial background, and this makes it difficult for BIs to fully support SMEs. BIs face numerous challenges when assisting SMEs during the incubation period and while preparing them for the competitive market after they graduate from the programme (Choto, 2015: 1-122).

Contemporary evidence shows that BIs lack entrepreneurial skills, experience and motivation and one way to overcome this fate is by adopting the skills, procedures and activities from different countries that have succeeded in the field of incubation (Mulolli et al., 2017:659-666). Nkwini (2018:1-83) asserts that the reason why BIs do not succeed for long is because they lack specialised skills and competent management; further, the failure of BIs results from having management teams that lack financial and human resource management skills, poor work ethic, and lack of entrepreneurial skills. The failure of BIs is partly initiated by managers who do not have adequate managerial skills, financial skills and limited resources to perform their duties. Equally so, this failure is explained by the fact that some managers do not have entrepreneurial

backgrounds, which is why they are unable to deliver the necessary support required by incubatees (Aladejebi & Oladimeji, 2020:41-56).

2.7.3 Limited access to advanced technology-based facilities

Objectives of BIs vary from one BI to another, however, BIs require access to the latest technology for their programmes. It is evident that BIs have limited access to technology-based facilities (Muriithi et al., 2018:201-209). Due to this lack of access, BIs fail to perform because some of the services requires technology-based facilities, therefore, SME needs are not fulfilled (Lose, 2016:1-126). Tengeh and Lose (2015:14344-14357) concur that BIs are best known for assisting SMEs with infrastructure, business services and modern technologies; however, this is one of the reasons why BIs should have advanced technology-based facilities to serve the needs of SMEs. Failure to gain access to modern technology inhibits the ability to develop products and the latest technologies are expensive, therefore, it is difficult to perform (Muriithi et al., 2018:201-209). Lose (2019:1-157) believes that BIs in South Africa have insufficient access to tangible and intangible resources and this hinders creativity and innovation for incubated SMEs.

Existing literature indicates that gaining access to resources and having restricted right of entry to technology-based facilities is one of the major challenges faced by BIs (Nkwini, 2018:1-83). Shrivastava (2018:1-285) maintains that for BIs to succeed, modern forms of technology are required because technology makes it easier to gain access to important information and it makes it easier for BIs to provide their offerings in a more germane way in relation to the ever-changing environment. Aladejebi and Oladimeji (2020:41-56) posit that the activities of BIs are limited by having restricted access to the latest to technology-based facilities. BIs are best known for offering access to advanced technologies to promote innovation and improve the development of SMEs, yet BIs themselves have insufficient access to scientific and technological facilities (Kuryan et al., 2018:490-517). Limited access to advanced technology-based prototype makes it difficult for BIs to access funding, attract sponsorship and this leads to BIs to offer services that are within their capacity rather than what is needed by incubatees (Aladejebi & Oladimeji, 2020:41-56).

Access to science and technology facilities remains the most important element in incubation programmes; however, incubatees have indicated that there is limited access to technology-based facilities in incubation programmes (Abdullahi, 2017:93-119). Rose (2017:1-114) suggested one way of mitigating limited access to science and technology-based facilities is by creating more science parks where interconnectivity of technical activities would flow and create a space for innovation. Notwithstanding the role of modern technology in creating a conducive

environment, existing literature fails to address this issue and lack of access to scientific and technological facilities remains a matter for attention (Abdullahi, 2017:93-119).

2.7.4 Competent and motivated management

Tengeh and Lose (2015:14344-14357) state that having management that is not competent and motivated can affect the performance of BI. However, Choto (2015) NS Tengeh and Choto (2015) observe that BIs have management issues in serving incubated SMEs and the appointed management should at least have entrepreneurial skills, business background, management skills and the ability to lead. To mitigate these issues, BIs can appoint qualified individuals, organise educational programmes for existing management, and appointed managers should have the ability to lure sponsors (Tengeh & Lose, 2015:14344-14357). Largely, the success of BIs is pioneered by proper management; however, the appointing of qualified management warrants quality management of resources and quality services to SMEs (Muriithi et al., 2018:201-209). The appointed management should set goals, observe those goals and should be compensated to inspire performance (Lose, 2019:1-157). Generally, a properly managed BI stands a chance to lure sponsorship and investors (Muriithi et al., 2018:201-209).

To achieve the goals of the incubator, competence and the quality of management play an important role and the services offered by BIs are expected to be impacted by their management skills (Abdullahi, 2017:93-119). Ndagi (2017:131-142) agrees that the effectiveness of BIs relies mostly on committed and capable managers. Further, incubator managers are obligated at least to be able to pilot a team, maintain the important networks of the incubator and make sure that the staff deliver services effectively. Alzaghal and Mukhtar (2017:538-545) maintain that the success and the competitiveness of an incubator depends on competent management and that incubator governance play a pivotal role in the incubation process because it is important for incubated entrepreneurs to be aware of what will be expected of them with regard to performance, daily activities, policies and whatever the BIs offer.

It is still a matter of concern for some BIs when it comes to selecting and alluring professionals who are adequately skilled to oversee the different business tasks within the incubation (Shrivastava, 2018:1-285). Above all, Ahmad and Thornberry (2018:1190-1212) recommend three basic qualities incubator managers should have, namely they must be extroverted, should have entrepreneurial experience and most importantly, must be good communicators. The success of incubators relies on employing appropriate and competent managers who are known for creativity and innovation which will lead to achieving the goals of incubators (Shrivastava, 2018:1-285).

2.7.5 Quality of entrepreneurs

There is a common agreement among researchers that the success of BIs relies on the standard of SMEs incubated, taking into consideration the aspiration of SMEs to succeed, and the desire to acquire knowledge and skills (Bigirimana et al., 2015; Choto, 2015; Tengeh & Choto, 2015; Lose, 2019). It cannot be overemphasized that BIs need to use appropriate criteria to enrol SMEs for incubation (Lose, 2019:1-157). Lose (2019:1-157) is of the view that incubated SME personnel should be goal-driven, results-orientated, enthusiastic, risk takers, have organisational skills, leadership and entrepreneurial qualities.

The literature suggests that there is a lack of quality amongst entrepreneurs. Opondo (2017:1-135) believe that entrepreneurs emanate from different backgrounds and this influences the way of operating their business ventures. Abdullahi (2017:93-119) notes that there is a lack of high quality entrepreneurs in the incubation programmes, and the critical success factor in incubation relies mainly on the orientation and background of entrepreneurs. Reasons such as poor entrepreneurial background, frail business philosophies, poor education, deficiency of presentation abilities and absence of motivation leading to poor enactments contribute to the quality of entrepreneurs (Opondo, 2017:1-135). The selection criteria used by BIs for incubatee admission are very poor and little attention is given to the alignment of the vision and objectives of incubatees (Mahmood et al., 2015:147-158). Ample research has found that there is a weak connection between rigid selection criteria and incubator achievement, and that the success of BIs rests on the quality of entrepreneurs incubated (Nkwinka, 2018:1-83). However, Rose (2017:1-114) notes that the success of incubation hinges on these factors: knowledge, skill, will power and the ability of an entrepreneur to take risks.

Political associations are used more than meritocracy when incubatees are admitted to incubation programmes, so subsequently the likelihood of the business succeeding becomes negative due to this element (Mahmood et al., 2015:147-158). Entrepreneurs need to have adequate knowledge and a suitable skill set to prepare to take deliberate risks to ensure that they succeed.

2.7.6 Geographical area

In South Africa, SMEs are situated in dissimilar geographic areas; further, BIs are faced with the challenge of being out of reach of SMEs which are in need of their services (Choto, 2015; Tengeh & Choto 2015). Notwithstanding the fundamental goal of BIs, in Africa at large BIs are faced with the challenges of accessing SMEs in rural areas and developments in Africa makes it difficult for BIs to assist them remotely (Lose, 2019:1-157). A conducive BI location is one where there is

sufficient access to technical knowledge, business knowledge and business access (Choto, 2015; Tengeh & Choto 2015).

The location of BIs makes it difficult for SMEs to access them. This results in contestation for some SMEs that cannot sufficiently receive incubation services (Opondo, 2017:1-135). Existing literature recognises that insufficient technical support for SMEs indicates a need for incubation programmes to be established. However, a gap still exists particularly in rural areas in gaining access to BIs and this is caused by geographic dispersion and space between BIs and SMEs (Barnes, 2018:1-72). Opondo (2017:1-135) suggests that BIs should locate themselves centrally within reach of SMEs so they can access the various services, and avoid long distance travelling to access the facilities of BIs. Above all, the success of BIs sometimes depends on their geographical location and it is salient for BIs to locate themselves in areas where they can easily access incubation resources (Nkwinika, 2018:1-83).

2.7.7 Stringent government policies

In developing countries BIs face stringent government policies. However, government policies should support BIs because their success relies on government policies (Mahmood et al., 2015; Lose, 2019). However, Choto (2015) and Tengeh & Choto (2015) support the notion that the success of BIs relies on supportive government policies which should not inhibit BIs from assisting SMEs. In South Africa, the government established the Department of Small Business Development to support economic growth (Lose, 2019:1-157).

The term 'government policy' is demarcated as any effort that aims to regulate a particular environment and its relevance to business incubation is to promote entrepreneurship and create conducive business environment for entrepreneurs (Obaji et al., 2016:52-66). Li et al. (2020:1-23) believe that government policies play a vigorous part in obstructing the development of SMEs although these regulatory policies are meant to ameliorate business activities and improve the performance of SMEs. Abdullahi (2017: 93-119) states that there is a need to align government policies with the role of BIs so that they can effectively offer their services. Government policies should be designed to create and sustain environments that are beneficial for incubation (Nkwinika, 2018:1-83).

There is substantial evidence that stringent government policies make business incubation inefficacious, and without supportive policies, important resources may not be considered (Obaji & Olaolu, 2020:9-18). Li et al. (2020:1-23) assert that erratic government policies pose a threat to development of SMEs and that it causes a barrier to entrepreneurship advancement. In South

Africa, the success and failure of incubators is dependent on policies set up by the government and the effectiveness of incubators is reliant on government policies (Rose, 2017:1-114).

Supportive government policies will lead to the success of incubators and would permit incubators to be effective in programmes assisting entrepreneurs (Olaolu, 2018:1-9). It has been suggested that government should look into their regulation policies to improve the standard of incubation and SME development (Li et al., 2020:1-23). Well-established government policies enhance the performance of BIs towards the incubated entrepreneurs (Obaji et al., 2016:52-66).

2.7.8 Stakeholder support

Consistency and cooperation from stakeholders such as government, community and investors are of paramount importance for the serviceability of BIs (Choto, 2015; Tengeh & Choto, 2015; Lose, 2019). In order for BIs to survive, management should have ways to attract and maintain a good relationship with sponsors (Muriithi et al., 2018; Lose 2019). There is sufficient evidence that incubation is still evolving in South Africa, while support for BIs is still weak. It is therefore important for stakeholder to be consistent when assisting BIs.

Previous researchers have noted that different academic disciplines attribute a different meaning to the term 'stakeholder' (Grama-Vigouroux et al., 2020:230-244). The journey of entrepreneurship needs stakeholder support to enhance the development of innovation and entrepreneurial actions (Liu, 2020: 120-294). The participation and support of stakeholders is salient for the success of incubators (Ndagi, 2018:1-13). Bearing in mind the importance of stakeholders in incubation, it is necessary to apprehend that stakeholders differ with region and incubator type (McAdam et al., 2016:69-78). Ndagi (2018), Nkwinika (2018) and Shrivastava (2018) are of the understanding that reliability and collaboration from stakeholder is of paramount importance. Conversely, incubation programmes have a duty to cultivate stakeholder support. Rose (2017) and Milne (2020) note that is important not just to align incubators and stakeholders but to come up with a plan to function as a cohesive unit with the same vision and objectives. Modern literature recognizes multiple stakeholders as a way to sustain competitive advantage (McAdam et al., 2016:69-78). Incubators have a role to develop programmes that perfectly fit the communities and this is mainly done when incubators have access to proper infrastructure, funding and entrepreneurial networks, which derive from well-grounded stakeholder relationships (Rose, 2017:1-119).

Liu (2020:120-294) argues that stakeholders may support SMEs to discover new opportunities and assist incubators to overcome their entrepreneurial confinements through stakeholder

relationships. Grama-Vigouroux et al. (2020:230-244) define stakeholders as any collective or individual who has the ability to affect or can be affected by the success of the company's aims. Further, stakeholders can be categorised as internal and external where internal stakeholders supervise the organisation while external stakeholders are the company's customers, suppliers, wholesalers, societies, the state and regulators. Shrivastava (2018:1-285) believe that clarity regarding consistency and cooperation from all stakeholders is important.

2.7.9 Mentorship

Muriithi (2018:201-209) is of the view that BIs need to mentored because some are still start-ups facing similar challenge as potential incubatees. If BIs are not mentored well, they can face a similar fate to those faced by potential incubatees. The survival of BIs rely on them, and mentorship creates a good chance of succeeding (Choto, 2015; Tengeh & Choto, 2015; Lose, 2019). The failure rate of BIs is high and those failures are related to deficiency of mentorship (Muriithi, 2018:201-209). Lose (2019:1-157) suggest that BIs should be on the lookout for mentors who are liberal, generous and patient. Muriithi (2018:201-209) observes that BIs need to enrol for mentorship programmes to enhance business skills, management skills and venture processes.

Managing resources effectively and efficiently can be a daunting experience for some incubators, which thus calls for mentorship (Alzaghal & Mukhtar, 2017:538-545). With regard to incubation, mentorship compromises a process of supervision through several activities, namely resource management and product development (Van der Spuy, 2019:1-16). Rose (2017:1-119) views mentoring as a process that permits the transmission of knowledge, social capital and psychological support needed for business development or personal growth. Survival of some BIs relies mainly on mentorship; however, there are certain challenges relating to mentorship inside BIs caused by lack of skilled and availability of mentors (Nkwini, 2018; Schutte & Direng, 2019). Alzaghal and Mukhtar (2017:538-545) ascertain that mentoring is essential simply because it helps with creation of new ideas, and feedback from mentors is considered one of the ways to promote business development. Moreover, mentors need to be respond with versatility to the desires of mentees and the ever-changing environment to gain credibility amongst mentees (Rose, 2017:1-119). In view of the role that mentorship plays in supporting BIs, it is considered to be one of the imperative services that BIs themselves should offer to entrepreneurs (Alzaghal & Mukhtar, 2017:538-545).

2.7.10 Sustainability

The issue of sustainability and growth for BIs remains a matter of concern; both sustainability and growth remain major issues that hinders the capacity of BIs to obtain their goals (Muriithi,

2018:201-209). In simple terms, insufficient growth is measured by the total amount of graduates in incubation programmes and the overall revenue per annum, which results in BIs being unable to sustain themselves (Tengeh & Lose, 2015:14344-14357). The growth and sustainability of BIs relies on their ability to recruit management who possess the ability to attract sponsorships, partnerships, raise funds and manage resources effectively (Muriithi, 2018:201-209). The ability to acquire sponsorships guarantees cash flow from stakeholders and continuous improvement (Tengeh & Lose, 2015:14344-14357). Lastly, the incubated SMEs might miss the point of being part of the incubation programme if BIs fail to sustain themselves (Muriithi, 2018:201-209).

Aladejebi and Oladimeji (2020:41-56) describe sustainability as a process whereby an incubator fails to maintain and sustain itself. Lack of sustainability jeopardises the ability of a BI to grow and achieving goals seem impossible (Aladejebi & Oladimeji, 2020:41-56). Long et al. (2018:82-95) declare that to warrant sustainability, BIs need to incorporate sustainability characteristics in their business models which would create room for sustainability and better business performance. Generally, the overall number of graduates and total annual turnover in the incubation programmes determines the success of BIs (Aladejebi & Oladimeji, 2020:41-56). Designing a framework for sustainability can be a complex and difficult process; further, barriers attached to creating a framework for sustainability are low financial reward and complex legislative provision (Long et al., 2018:82-95).

Sustainability is always an issue of note for BIs, especially those that are endorsed by the government (Ogutu & Kihonge, 2016:241). The ability of BIs to raise funds and recruit competent and motivated management flags a positive sign in creating sustainability for BIs. To remain economically sustainable they have to seek shareholders that can commit sustainable financial endorsement (Nkwinka, 2018:1-83). Self-sustainability is a challenge for most BIs, which restricts their ability to assist incubatees, while some incubatees are reluctant to graduate due to challenges concerning sustainability (Ogutu & Kihonge, 2016:241).

2.8 Emergence of business incubation in South Africa

The concept of business incubation is still evolving, particularly in South Africa (Choto, 2015; Lose et al., 2016). There is common consensus among scholars that in 1994 the South African government committed itself to encourage entrepreneurship and mitigate the mortality rate of SMEs, which was done through business incubation (Masutha & Rogerson, 2015; Rogerson, 2017; Madlala, 2018; Tembe, 2018). Like other nations, the South African government has followed the methodological approach of embracing business incubation as a tool for restructuring the economy, empowerment of the economy, and alleviation of poverty (Masutha & Rogerson, 2015:223-241). In South Africa, business incubation is supported by the Small Enterprise

Development Agency (SEDA) in conjunction with SEDA Technology Programme (STP), the Department of Small Business Development, and the Department of Trade and Industry through its Incubation Support Programme (ISP) and Small Enterprise Finance Agency (SEFA) (Rogerson, 2017; Madlala, 2018). Government contributions cannot be overlooked: the South African government plays a pivotal role in assisting BIs by bestowing applicable business services and incubation support (Madlala, 2018:45-85). Notwithstanding government interventions and augmented endorsement, the policies put in place are still too complex for BIs to negotiate (Rogerson, 2017:1-12).

After 1994, the local government supported the hives of industry, and the fundamental goal behind this was to close the gap between large and small ventures (Tembe, 2018:1-109). The emergence of business incubation settings in South Africa consists of four phases, namely the hives of industry programme, the Godisa programme, SEDA and DTI (Masutha & Rogerson, 2015:223-241). The hives of industry consisted of a number of workstations that were put in place to formulate a group of workshops that aimed to alleviate economic complexities in South Africa (Tengeh & Lose, 2015:14344-14357). The Godisa programme was initiated in South Africa as a tool to assist BIs with access to funding, quality of business people, supportive government structure, access to modern technologies, growth and sustainability and mentorship (Tembe, 2018:1-109).

Furthermore, Masutha and Rogerson (2015:223-241) contextualise Godisa as an incubation model that is used a strategic mechanism to enhance economic stability through SME development. The setting of the Godisa programme was of paramount importance to test a model that was intended to endorse SMEs development in South Africa (Tembe, 2018:1-109). As mentioned before, SEDA focuses on promoting entrepreneurship through an array of interventions, namely the SEDA Technology Programme and Support and Technology Transfer Funds to encourage innovation and provide affordable technologies (SEDA, 2020). Most recently, the Department of Trade and Industry is best known for strengthening the economy, and launched the Incubation Support Programme (ISP) to consolidate BIs by bringing together the private sector and the government (DTI, 2020).

2.9 Business incubators

The notion of business incubation commenced in the USA in 1959 when the father of business incubation, Joseph L. Mancuso initiated the Batavia Industrial Centre (Galiyeva & Fusch, 2018; Hewitt & van Rensburg, 2020). There is no accepted definition for business incubation, however, the definition varies from one country to another (Allie-Edries & Mupela, 2019:72-95).

Table 2. Business incubators definitions

Sources	Definitions
Obaji et al., (2015:1529-2394)	Business incubator is a model use to provide financial assistance and technical support to new established ventures. This model focuses of accelerating growth of SMEs.
Al-Kasasbeh et al. (2017:189-193)	Business incubators are organizations that assist SMEs to thrive and prosper by issuing resources, infrastructure, funding and mentorship.
Rogerson (2017:1-12)	Business incubators are business institutes that manifest on providing business support to emerging SMEs until they become operation independent.
Bose & Goyal (2018:350-376)	Incubators offer SMEs an array of services, namely facilities, mentorship, access to modern technologies, tangible and intangible resources.
Tembe (2018:1-109)	Business incubators are institutions that objects at bestowing SMEs with business skills required for growth and sustainability of SMEs.
Allie-Edries & Mupela (2019:72-95)	Business incubators are vehicles that drives economic growth by offering newly formed ventures a series of services such funding, technical knowledge and business knowledge.
Mavi et al. (2019:3492-3510)	Business incubator are known as facilitators that provide incentives and grants to SMEs, infrastructure and they facilitate the growth of SMEs.
Ramar & Muthukumaran (2019:125-133)	Business incubators are programmes aimed to effectively develop SMEs by offering coaching, training and business network.
Van der Spuy (2019:1-16)	Business Incubator is an important system that support new venture creation.
Al-Shamaileh et al. (2020:189)	Business incubator is a mechanism used to assist SMEs and encourage entrepreneurship.

2.10 Entrepreneurial Marketing

Previous researchers failed to thoroughly explain how EM improves both sustainability and survival of SMEs, while existing literature on EM in SMEs lacks a powerful grounding in a theoretical viewpoint and academic concept (Nwankwo & Kanyangale, 2020:41-63). It is noteworthy that progression in technology and changes in the desires of customers make a situation of uncertainty, and utilizing traditional marketing tactics and strategies are less operative (Hamali, 2015; Becherer & Helms, 2016; Andersson et al., 2018; Crick et al., 2020). There is a dichotomy between entrepreneurship and marketing; however, these principles are merged by the developing concept of EM (Most et al., 2018-229-251). Basically, the concept of EM was viewed as a marketing strategy for SMEs, especially those which had limited resources and worked in changing and complex marketplaces (Andersson et al., 2018; Eggers et al., 2020). Lastly, in apprehending EM, this study identifies seven dimensions, namely proactiveness, value creation, customer intensity, opportunity focus, innovativeness, calculated risk-taking and resource leveraging. The reason for these dimensions is simply that they work consistently better than others.

2.11 Entrepreneurial Marketing dimensions

2.11.1 Proactiveness

Hamali (2015:24-29) defines proactiveness as the capacity of a business venture to exploit market opportunities, while Becherer and Helms (2016:119-147) believe that proactiveness is the ability to take effective action to impact a firm's operating environment. Nwankwo and Kanyangale (2020:41-63) are of the view that proactiveness is the desire, readiness and pre-emptive willingness to make entrepreneurial changes in the market. Bayai et al. (2019:113-128) define proactiveness as the willingness to lead competitors over a mixture of pre-emptive and aggressive strategies such product development.

Aloulou (2018:126-145) see proactiveness as a company's aptitude to be pre-emptive and anticipatory by exploiting golden opportunities and by joining evolving marketplaces. Researchers believe that proactiveness is a concept that plays a vital in the growth of businesses and they also believe that this concept is one of the significant dimensions of business performance (Aloulou, 2018; Hoque et al., 2018; Rashad, 2018; Nwankwo & Kanyangale, 2020). Proactiveness focuses on seeking opportunities by initiating new products and services before competitors do (Hoque, 2018:81-94). Within the strategic sense of EM, proactiveness refers to the capacity of business owners to recognize and fulfil the need of customers (Nwankwo & Kanyangale, 2020:41-63).

2.11.2 Value creation

Value creation is a process whereby marketers make use of a mixture of resources to create value for customers (Rashad, 2018:61-71). Shiratina et al. (2020:510-524) state that value creation is an endeavour to build a relationship with providers, consumers and sponsors. In recognizing the strategic position of EM, it is important to maintain both external creation of consumer value in relation to the array of activities focused on consumers to attain a certain goal and internal creation which focuses on producing value for consumers (Nwankwo & Kanyangale, 2020:41-63).

The pivotal theme of EM is pioneering value creation, a dimension viewed as a requirement for relationships. Through display of activities, the role of marketers is to realize consumer value and use a combination of resources to create value (Hamali, 2015:24-29). Successful firms use this dimension to gain competitive advantage (Becherer and Helms, 2016; Stephen et al., 2019). Overall, the concept of value creation put emphasis on the activities executed to create value for consumers (Nwankwo & Kanyangale, 2020:41-63).

2.11.3 Customer intensity

Customer intensity is also known as customer-centric, and researchers concur that firms who place emphasis on customer intensity stand a high chance of being successful (Becherer & Helms, 2016; Stephen et al., 2019). Accordingly, Nwankwo and Kanyangale (2020:41-63) describe a customer-intense firm as one who places the interests of the customer first without necessarily excluding other stakeholders such as owners/managers and employees. In terms of EM, customer intensity is perceived as a tool of marketing an enterprise; however, it also focuses on establishing new relationships, sustaining relationships, or utilizing relationships that already exist to construct new markets (Hamali, 2015; Becherer & Helms, 2016; Stephen et al., 2019). Of late, marketers integrate consumer needs as part of their business operations and this is done by obtaining feedback from their consumers using modern research approaches such as ethnographic market research (Kilenthong et al., 2015-1-18).

2.11.4 Opportunity focus

Opportunity focus refers to the ability of a firm to pursue opportunities that define their success of (Rashad, 2018; Bayai et al., 2019; Stephen et al., 2019). Stephen et al. (2019:1-30) define opportunity focus as a firm's capacity to look for best solutions to enhance the buying power of consumers, and to meet and exceed the needs of consumers. Bayai et al. (2019:113-128) demarcate opportunity focus as a process of satisfying the needs of consumers and capturing opportunities earlier than competitors. The ability to be aware of opportunities permits a firm to

make rational decision at the right time and opportunity focus can enhance the performance of the organisation when they recognize an exploitable opportunity (Rashad, 2018:61-71). Stephen et al. (2019:1-30) state that opportunity focus guides a firm to new business schemes, goods and services and management techniques.

2.11.5 Innovativeness

The word 'innovate' means to do something new, derived from the Latin word '*innovare*' (Nwankwo & Kanyangale, 2020:41-63). Innovativeness is the process of developing new ideas through creative processes, and it improves technical features of goods and services that already exist (Hoque et al., 2018: 81-94). Moreover, innovativeness is facet of entrepreneurial orientation that allows business managers to pivot new concepts and ideas that will cultivate new markets, products and processes (Hoque, 2018; Nwankwo & Kanyangale; 2020). Rashad (2018:61-71) is of the view that EM entrepreneurs have a habit of being innovation-orientated rather than customer-orientated.

Aloulou (2018:126-145) states that innovativeness is the propensity of a firm to stimulate and endorse activities in relation to concepts and innovative process to exploit new opportunities, gain competitive advantage integrating commodity market and technological traits. Shiratina et al. (2020:510-524) state that innovativeness is more than a renewal process, but is a way to be better than competitors and improve performance. The degree to which innovativeness influences the performance of firms cannot be ignored; this dimension helps a firm to develop new goods and services that improve performance (Aloulou, 2018:126-145). Nwankwo & Kanyangale (2020:41-63) support the view that innovativeness is the ability of a firm to participate in novel developments which may lead to new methods and new markets.

2.11.6 Calculated risk-taking

Nwankwo and Kanyangale (2020:41-63) see risk-taking as the propensity to engage in activities that are most likely to be threatening yet offer opportunities that might be profitable. The adoption of EM does not automatically denote that businesses are risk takers; however, they accept sensible risks by trying to make use of the opportunities while resources are part and parcel of the endeavours to attain opportunities that could be uncertain, therefore risky (Rashad, 2018:6171). The notion of risk-taking includes undertaking bold tasks and assigning resources to exploit opportunities. Businesses view this as characteristics of entrepreneurship (Hoque et al., 2018:81-94).

One way of mitigating risk is by working with other people so that the risk can be shared (Stephen et al., 2019:1-30). Aloulou (2018:126-145) is of the view that that risk-taking implies the capability

of a firm to take risks to establish jobs, wealth and the development of new technologies. Bayai et al. (2019:113-128) hold that risk-taking is the ability and the willingness of a firm to exploit opportunities while using approaches that may be uncertain. Within the context of EM, risk-taking is more than the readiness of a firm to exploit opportunities but also the firm's potential to make use of strategies that mitigate the risk in the opportunity (Nwankwo & Kanyangal, 2020:41-63).

2.11.7 Resource leveraging

Resource leveraging is defined as the process of attaining the best of limited resources by using a firm's resources that are currently controlled and those who are not currently controlled (Eggers et al., 2020:72-82). In simple terms, leveraging is the ability to achieve more with less and making use of resources that are currently available, identifying the additional resources required or developing new resources to meet unsatisfied needs (Hoque et al., 2018:81-94). Rashad (2018:61-71) believes that resource leverage is of paramount importance in new firms and that newly established firms tend to face lack of financial and workforce resources. However, Rashad (2018:61-71) suggests two ways in which this problem can be solved or mitigated, acquiring more resources such as capital and loans to attain the greatest effect of limited resources.

Nwankwo and Kanyangale (2020:41-63) argue that resource leveraging is a vital element of EM, and it focuses on creativity and the effectiveness use of resources to attain goals that are challenging. Hamali (2015:24-29) defines resource leveraging as the capability to use both internal and external resources to attain the goal of a firm, and EM marketers plough an innovative space for resource leveraging. Researchers have found that successful firms are those mostly likely to adopt resource leveraging activities and that having access to resources enhances creativity, innovation and risk-taking (Becherer & Helms, 2016; Stephen et al., 2019).

2.12 Challenges of entrepreneurial marketing

In capturing the challenges of EM, Nwankwo and Kanyangale (2020:41-63) will be followed. Table 2.1 below shows three approaches that impact the concept EM, namely integrative approach, process approach and imbalance approach. This section will explain those approaches and how they are seen as challenges towards EM.

Table: 2.1: Challenges of entrepreneurial marketing (Nwankwo and Kanyangale, 2020:41-63)

Approaches	Explanation
Integrative approach	<ul style="list-style-type: none"> • The integrative approach focuses on embracing the definitions of EM which concatenate entrepreneurship and marketing disciplines. • Within the strategic role of EM, some research scholars do not perceive EM in terms of a firm's size and resources but the value-creating strategies in organisation. • Specific references such as firm size and resources are left out by some researchers when defining EM.
Process approach	<ul style="list-style-type: none"> • Individual or organisational process are compromised by the definition of EM. • However, some scholars focus more on organisational EM processes rather than individual processes. • It is required that EM researchers modify their strategy and focus on these three elements, namely procedures, framework and outcomes. • The strategic role of context needs to be clearly articulated when exploring EM as a process
Imbalance Approach	<ul style="list-style-type: none"> • The imbalance approach focuses on the definitions of EM that deals with both the marketing and entrepreneurship speciality of a business. • Some definitions ascertain EM as an extraordinary approach that incorporates innovation, risk-taking, and proactiveness to recognize, anticipate, meet and exceed the desires of consumers and/or the business. • However, the imbalance approach is of the view that entrepreneurship and marketing are not visible in the definition of EM. • Since no widely accepted definition exists of EM, this study finds the integrated approach as the most appropriate.

2.13. Summary

This chapter reviewed the literature on the subject, with a special emphasis on its relevance to the study. Thus, the research problem and its significance are brought to light. It is clear from the literature that several challenges beset SMEs which is why they need and seek support. It is equally clear that the core reason for the existence of BIs is to offer support services to SMEs. Interestingly again, it emerges from literature that BIs confront certain difficulties which deprive SMEs from fully benefitting from them. Looking at EM as a strategy that can be deployed by BIs for SMEs, one wonders how far BIs can go in adopting this strategy considering their various challenges. Additionally, could EM simply be the silver bullet that improves the offerings of BIs to SMEs? Perhaps the recent characterization of SMEs by the Department of Small Business Development of South Africa helps in delineating the various elements of SMEs including aspects of coordination, integration and effort and resource mobilization to create an enabling environment for the growth and sustainability of small businesses.

The next chapter will discuss the research design and methodology that are most appropriate for this topic, as well as the research process.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The preceding chapter focused on available literature on challenges faced by SMEs, challenges faced by BIs, and theorization of EM. This chapter will examine and focus attention on the appropriate research design and method for this study, together with the research process, paradigm, approach, design and methods; validity and reliability; pilot study; and ethical considerations.

In simple terms, research is a systematic examination to review materials and sources to assess evidence and achieve new conclusions (Ragab & Arisha, 2018:1-14). In relation to that, research methodology manifests in the implementation of methodical approaches and processes to produce theory about the research conducted (Daniel, 2018; Mohajan, 2018). However, research methodology identifies how an investigation will be executed and it is viewed as a way to solve a research problem (Ragab & Arisha, 2018:1-14). In trying to understand research methodology three basic perspectives come to notice, namely method, research method and methodology (Dźwigoł & Dźwigoł-Barosz, 2018:424-437). To explain these perspectives, the researcher makes use of the characterizations provided by Dźwigoł and Dźwigoł-Barosz (2018:424-437), who define method, research method and methodology as follows:

- **Method** is an array of actions that enhances efficiency and it include activities on how things need to be accomplished.
- **Research method** is a tool that is routinely and repeatedly used to study different problems. Research method is often used to create theoretical inductive reasoning and evaluate the results of the research.
- **Methodology** uses deductive and inductive approaches to analyse the study process. In social science research, methodology is considered as a branch of knowledge.

There is no traditional methodology applicable to all research situations, however, methodology must be chosen on the basis of the existence and complexity of the subject at hand and the type of knowledge available (Ragab & Arisha, 2018:1-14).

3.2 Research objectives reconsidered

As mentioned in the previous chapters, the primary objective of this study was to ascertain how BIs can use EM to effectively support SMEs.

Secondary objectives were:

- To determine the challenges SMEs face

- To determine the challenges faced by BIs in supporting SMEs
- To ascertain the role that EM can play in mitigating the challenges that SMEs face

3.3 Research process

Burgers (2001:411-432) states that there are seven steps in research process, namely defining the research aim, identifying the population and sample, deciding how to collect data, designing a questionnaire, running a pilot study, carrying out the main survey, and analysing data. Figure 3.1 illustrate the research process adopted for this study.

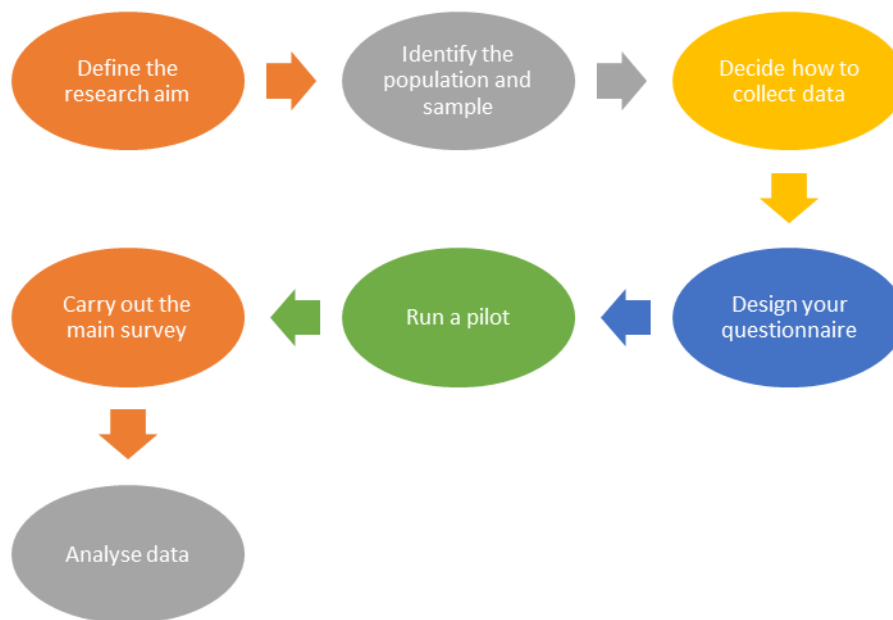


Figure 3.1: Research process (Burgers, 2001:411-432)

The following section will focus on the research paradigm, research approach, research design, data collection methods, validity and reliability, pilot study and ethical considerations.

3.4 Research paradigm

A paradigm is an array or viewpoint adopted for a research project (Sakyi et al., 2020:296-302). The concept 'paradigm' is utilised to denote the philosophical assumptions or the beliefs to direct the activities. (Kaushik & Walsh, 2019-1:17). It subsumes the philosophies, belief systems, competency and, most importantly, intellectual persuasion or inclination of a researcher (Sakyi et al., 2020:296-302). However, the term was utilised to denote the beliefs, values of the authorities concerning the complexion of actuality and knowledge (Kaushik & Walsh, 2019-1:17). For this

study, the researcher makes use of the positivist paradigm because it focuses on getting existing information from specialists in incubation.

3.4.1 Positivism

The concept positivism comes from the Latin word “positum” and it signifies that realities and particulars are “posited” or located in the space of the researcher (Corry et al., 2019:1-10). Hasan (2016:317-325) affirms that the paradigm of positivism is common among social scientists because it grants them the podium to make claims about the actuality, trustworthiness, impartiality and efficacy of the information they can offer. This study was conducted within the boundaries of social sciences. In the context of this study, positivism will be used as a way to explore the challenges faced by SMEs, BIs and how BIs can use EM to effectively support SMEs. This will allow the researcher to analyse the data and provide advice through observable facts. The knowledge obtained while conducting this research will be used to delineate the social, economic, and educational issues faced by SMEs and BIs.

3.5 Research design and methodology

A research method is an instrument used to evaluate different problems encompassing mixed approaches to research (Ragab & Arisha, 2018:1-14). This study adopted the quantitative approach. The aim is to quantify the data into usable statistics through a descriptive design.

In chapter one it was stated that descriptive design is a research instrument used to unfold a phenomenon. Generally, the fundamental objective of descriptive design is to narrate a phenomenon and its attributes and observations are utilised for data collection (Nassaji, 2015:129-132). The central focus of this study is to gather data on a phenomenon that is already existing, therefore descriptive research becomes appropriate for this study.

3.5.1 Quantitative research

Quantitative research is also known as empirical research and it includes assessing data of variables by quantitative means using quantitative assessment tools (Dźwigoł & Dźwigoł-Barosz, 2018:424-437). Basias and Pollalis (2018:91-105) hold that quantitative research contains methodological and empirical investigation of a phenomena through numbers and calculation of statistical data. Generally, researchers are obliged to choose the appropriate method and the quantitative approach focuses on producing generalised outcomes in a form of statistical data using experiments, surveys, questionnaires, structured observations and structured interviews (Ragab & Arisha, 2018:1-14). Moreover, that data collection instruments are made up of questions that can be measured and compared (Basias and Pollalis, 2018:91-105). To further

validate this study, the next section will address the disadvantages and advantages of quantitative research.

Table 3.1 Advantages and disadvantages of quantitative research

Advantages	Disadvantages
Basias and Pollalis (2018:91-105) infer the advantages as follows:	Ragab & Arisha (2018:1-14) view the disadvantages of quantitative research as follows:
<ul style="list-style-type: none"> • Numerical data makes it easy to highlight alterations and differences 	<ul style="list-style-type: none"> • Failure to discover the basic definitions of social phenomena especially when depth is mandatory i.e. studies of humanistic variables (sociological and psychological factors)
<ul style="list-style-type: none"> • The outcomes are statistical, measurable, and observable 	<ul style="list-style-type: none"> • The theories established by researchers from data collected may not demonstrate local comprehension
<ul style="list-style-type: none"> • Quantified data is easy to compare 	<ul style="list-style-type: none"> • May overlook a problem that exists due to the theoretical framework rather than the development of the theory.
<ul style="list-style-type: none"> • Allows the easy interpretation and processing of large volumes of information. 	<ul style="list-style-type: none"> • Data presented may be too complex and vague for direct use in a specific context

3.6 Research method

3.6.1 Population

Etikan et al. (2016:1-4) states that many researchers view population as people only; however, population can be referred to as the overall amount of the things or cases needed for measurement. In this case, population is referred to as people needed for measurement. Currently, there are 72 incubators registered with SEDA (SEDA, 2020). The population for this study was 57 business incubators. To determine the population size the researcher made use of Survey Monkey (sample size calculator). The researcher focused on BIs that were registered with SEDA. The reason for choosing these incubators is simply that they were accessible and primarily managed by SEDA.

3.6.2 Sample size

A sample is a collection of fairly reduced number of individuals selected for research purposes from a population (Alvi, 2016:1-56). The more representative of the population, the more reliable the findings are and the more the results can be generalized (Alvi, 2016:1-56). Toli (2017:1-139) holds that a sample is taken out of a population needed for a research project and that a bigger sample is most likely to improve accuracy. The sample size compromise 50 BIs, as noted in the section above. The 50 BIs representatives are office holders, namely incubator manager, incubator director, incubator coach or incubator specialist. The method of collecting a sample from a target population is called sampling (Alvi, 2016:1-56).

3.6.3 Sampling technique

Sampling is a procedure deployed by researchers to effectively choose a lesser number of symbolic people or objects from a large population to function as sources of data scrutiny or investigation to define objective of a study (Sharma, 2017:749-752). The sampling technique for this study was convenience sampling. Convenience sampling is a process of collecting data from participants who are readily available to the researcher, a type of sampling that permits researchers to conduct interviews (Rahi, 2017:1-5). Because probability sampling is difficult owing to a lack of a trustworthy database, convenience was determined to be the best method.

3.7 Data collection Instrument

This study was principally quantitative in nature with a slice of qualitative open-ended items attached to the questionnaire.

3.7.1 Questionnaire

Ragab and Arisha (2018:1-14) contextualise a questionnaire as an instrument for collecting primary data where respondents are asked the same set of questions in a programmed order at a specific period of time. Singh (2017:790-801) affirms a questionnaire as a data collection instrument entailing a sequence of questions mostly used in sociodemographic and economic studies, tracing it back to 1838 when it was invented by the Social Society of London. Usually, questionnaires are completed at the convenience of respondents so that researchers can obtain important information. The rationale for using a questionnaire can be explanatory and descriptive (Ragab & Arisha, 2018:1-14). As mentioned, a questionnaire consists of series of questions, which can be open-ended or closed-ended. The former requires the participants to communicate their own answers, while closed-ended questions require participants to select an answer from the given number of possibilities (Singh, 2017:790-801).

Cognizant of the need to produce reliable results, the researcher sought related studies to understand the approach used to attain data. In doing so, the following studies were identified: Choto (2015) and Lose (2016). These studies relate to this one because they both deal with the relationship between business incubators and SMEs. Furthermore, these studies briefly describe the challenges faced by both incubators and SMEs, as does this study. It was then decided by the research team to adapt key items from Eresia-Eke et al. (2019) and Lose (2019). At the completion of this exercise, the questionnaire was revised by the supervisors. A few changes were suggested. Thereafter the questionnaire was piloted among six business incubators. The strategy of using questionnaires from previous studies facilitates the derivation of useful items for a particular study (Toli, 2017:1-139). Additionally, this process assists with validating an instrument.

For this study a questionnaire was used to collect data. Firstly, a Google account was created that permitted the researcher to design a questionnaire using Google Docs. For the purpose of inviting respondents, an online questionnaire was distributed as a link accompanied by letter of consent from the institution (Cape Peninsula University of Technology). Due to the Covid-19 pandemic, the questionnaire was distributed online. When designing the questionnaire, the researcher used simple terms and avoided ambiguous and confusing English. The questionnaire had an introductory sentence thanking the respondents for accepting the invitation to volunteer to be part of this study. The questionnaire consisted of closed-ended questions and a few open-ended questions to grasp meaning. To capture closed-ended questions, SPSS was used, and thematic analysis was used to analyse open-ended questions.

To further explain the design of the questionnaire, the questionnaire was divided into two sections. Section A focused on demographics of the respondents' gender, age and race group. Section A also focused on the location of respondents and their ages. Lastly, section A had checkboxes where respondents were required to choose one or more options depending on the question. Section B focused on the background of the respondents. Open-ended questions were used.

3.8 Validity and reliability

3.8.1 Validity

Validity is the degree to which an instrument measures what it intends to measure and the extent to which outcomes are truthful. However, a research instrument is required to measure the theories under the study (Mohajan, 2017:59-82). Ragab & Arisha (2018:1-14) maintain that after confirming validity it is imperative to run a pilot study using a duplicate of the actual questionnaire on a lesser sample that possesses the same attributes as the projected sampling setting. Singh

(2017:790-801) categorises validity into two, namely internal and external validity. Internal validity relies on the number of mistakes in measurements and external validity relates to the procedure of simplifying the outcomes of the study to the population from which the sample was extracted. In this study, validity was used to evaluate the questionnaire design.

3.8.2 Reliability

Malcom et al. (2019:181-194) affirm reliability as the processes producing the same results when a testing technique is repeated, or the tool applied to a population of persons from the identical group in a comparable context using consistent measurement. Mohajan (2017:59-82) concurs that reliability focuses on consistent outcomes using the same measurement. Reliability focuses on the degree to which quantification of a phenomenon delivers unchanging and consistent results (Taherdoost, 2016:18-27). Furthermore, reliability focuses on consistency, repeatability and trustworthiness of a study (Mohajan, 2017:59-82)

3.9 Pilot study

The questionnaire was first reviewed by the Cape Peninsula University of Technology Research Ethics Committee. To warrant this study, the researcher did a pilot study in which the actual questionnaire was emailed to prospective participants. This was done to test the validity and reliability of the questionnaire. Doing a pilot study assisted the researcher to design an online questionnaire in which potential participants were required to respond by clicking on the provided links. Six BIs participated, which permitted the researcher to resolve any issues with the questionnaire that were identified. Sections that created confusion and were deemed ambiguous were amended. After modifying the questionnaire, the researcher carried out the actual research and the responses from the six participants were considered null and void. The pilot study feedback enhanced validity and reliability.

3.10 Ethical considerations

As mentioned before, ethics is the state of honesty and reliability on how a researcher undertake their study. The researcher received approval from Cape Peninsula University of Technology Research Ethics Committee to conduct this study. This study adhered to the rules and regulations projected by the Research Ethics Committee. The participants were informed that participation in the study was voluntarily. To further endorse this study, participants were made aware of its research objectives. The researcher made it a priority to treat everyone fairly and equally.

In pursuing reliability and validity respondents were issued a consent letter they needed to sign should they decide be part of the study. Respondents were made aware that they could withdraw from the study should they see it as inappropriate, and that the data collected was to be used

only for research purposes. Since there are many structures within incubation centres, data was collected from incubator directors, incubator managers, incubator coaches and incubator specialists. Lastly, the researcher was guided by the spirit of obedience, collaboration, fellowship and companionship.

3.11 Summary

This chapter discussed the research methodology, research paradigm, research approach, research design, and data collection methods. The research objectives of this study were reviewed. The research process is of paramount importance in research and this chapter outlined the process that was followed. Research methods were considered, and the researcher described the population of this study, sample size and sampling technique. The advantages and disadvantages of sampling techniques were explained, an approach which assisted the researcher to select the most suitable technique for this study. For sampling purposes, convenience sampling was used. A questionnaire was used to collect data and the way it was designed and distributed was also mentioned.

Validity and reliability play an important role in social science research, and these principles were discussed in this chapter. The pilot study undertaken before the actual research was also presented. Ethics were also considered when conducting this study. Procedure and protocol were observed according to the rules and regulations posed by Cape Peninsula University of Technology Ethics Committee.

CHAPTER 4: PRESENTATION AND DISCUSSION OF THE RESEARCH FINDINGS

4.1 Introduction

The previous chapter focused on the research methodology. This chapter presents and discusses the research findings. The findings are delineated into two sections. The first focuses on the quantitative data which was captured from the self-administered questionnaire. The second section focuses on the qualitative data. The research findings will permit the researcher to conclude the research topic and lay out recommendations. The researcher will also suggest areas that need further research regarding this topic.

The findings will be presented in accordance with the aim and objectives of this study.

For this study, the initial sample comprised 50 subjects. Due to the Covid-19 pandemic and other factors, 27 participants were drawn. The following are the factors that brought about the low number of participants.

- Some managers were out of office and they were working from home, so participating in the research study was a challenge.
- Some said that it was against company rules and regulation to participate in studies of this nature.
- Some business incubators rejected the invitation to participate in this research study.
- Some incubators had outdated contact details on their websites, calls did not go through and they did not respond to emails.
- Some business incubators told the researcher that they needed to sign a memorandum of understanding with CPUT.
- The researcher sent emails and did follow up, but response rate was low.
- Some incubator personnel said they need to get permission from the head office but the process took time, and they advised the researcher to look elsewhere for participants.
- The researcher obtained a list of business incubators centralised by SEDA and contacted all of them but still without success.

4.2.1 Research aims and objectives revisited

4.2.2 Primary objective

- To ascertain how BIs can use EM to effectively support SMEs.

4.2.2 Secondary objective

- To determine the challenges SMEs face.

- To determine the challenges faced by BIs in supporting SMEs.
- To ascertain the role that EM can play in mitigating the challenges that SMEs face.

4.3 Section A: Demographic Profile

The questionnaire was designed to allow respondents to choose more than one option.

Table 4.1: Age of participants

The design of the questionnaire permitted participants to choose their age and this table shows the different responses from the respondents.

Section A: Demographic Profile

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	+ 45	11	40.7	40.7	40.7
	26 – 35	9	33.3	33.3	74.1
	26 – 35, 36 – 45, + 45	1	3.7	3.7	77.8
	36 – 45	6	22.2	22.2	100.0
	Total	27	100.0	100.0	

The majority of the respondents were aged 45+ with a frequency of 11 (40.7%). The subsequent group were aged between 26 -35 years with a frequency of 9 (33.3%); 6 (22.2%) and 1 (3.7%).

Table 4.2: Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	10	37.0	37.0	37.0
	Male	16	59.3	59.3	96.3
	Unspecified	1	3.7	3.7	100.0
	Total	27	100.0	100.0	

Table 4.2 shows that the predominance of the respondents were males with a frequency of 16 (59.3%) while the frequency of females was 10 (37.0%). One respondent chose not to specify their gender where the frequency was 1 (3.7%). According to this study it is evident that most of the managerial positions in incubators are held by males. This study shows a degree of semblance with Choto (2015:1-122) who found that 72% of the respondents were males. The

work of Lose (2019:1-157) shows that 60.3% of the respondents were males. It can be seen that males are dominant in the field of incubation managerial positions.

Figure 4.1 Race group

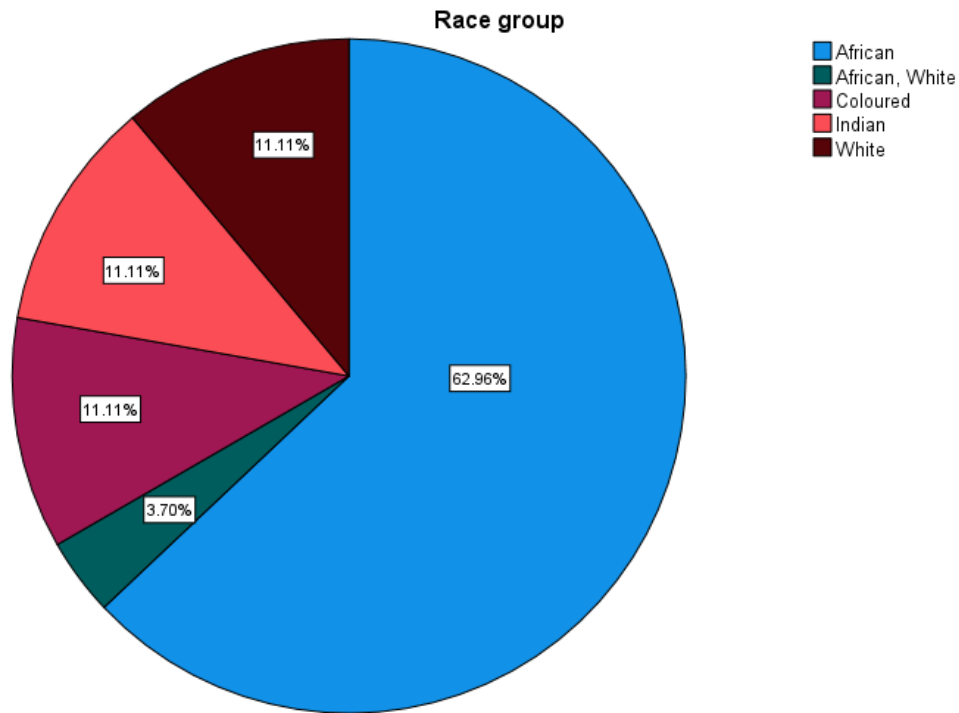


Figure 4.1 shows that 62.96% of the respondents are Africans followed by Coloureds 3 (11.11%), Indians 3 (11.11%) and Whites 3 (11.11%). However, one respondents chose two race groups, simultaneously with a frequency of 1 (3.70%). Africans are dominant in managerial position in business incubators.

Table 4.3 Position

		Position			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Administrative Assistant	1	3.7	3.7	3.7
	Business Development Officer	1	3.7	3.7	7.4
	Business Support Officer	1	3.7	3.7	11.1
	Incubator director	4	14.8	14.8	25.9
	Incubator Finance Officer	1	3.7	3.7	29.6
	Incubator manager	15	55.6	55.6	85.2

Incubator specialist.	2	7.4	7.4	92.6
Marketing and Administration Officer	1	3.7	3.7	96.3
Project Manager	1	3.7	3.7	100.0
Total	27	100.0	100.0	

The position of the respondents were as follows: frequency 15 (55.6%) incubator manager, 4 (14.8%) incubator director, 2 (7.4%) incubator specialist followed by administrative assistant, business development officer, business support officer, incubator finance officer, project manager, marketing and administration officer, all amounting to the same frequency of 1 (3.7%). When trying to analyse the position held in the organisation business developers, incubator managers, coaches and other were used (Lose, 2019:1-157).

Figure 4.2. Lifespan of the incubator

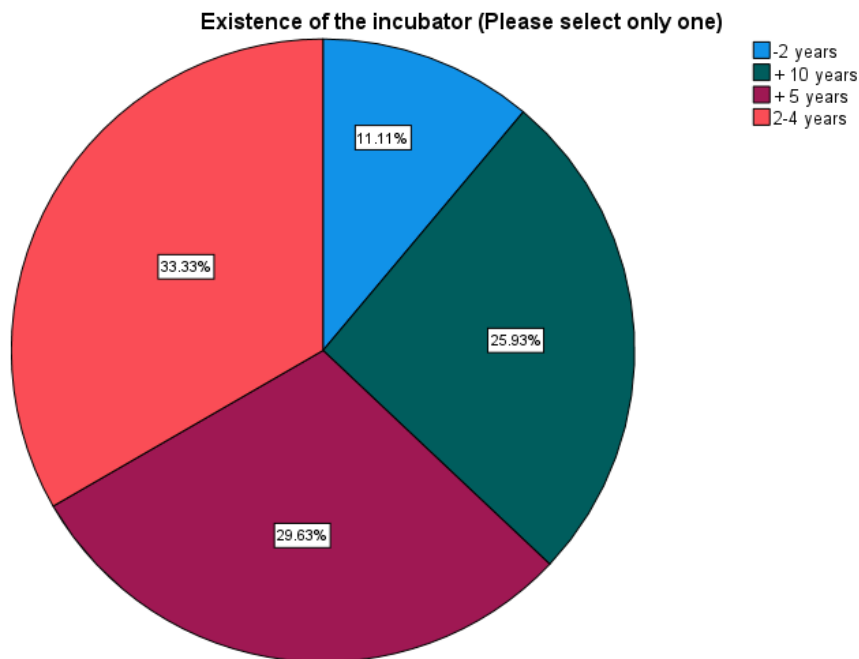


Figure 4.2, illustrates the lifespan of the incubator. The largest group of the incubators had been in operation between 2-4 years, with a frequency of 9 (33.33%) more with 5 years; frequency of 8(29.63%) respondents were in operation for five years or more; and respondents with ten years or more showed a frequency of 7 (25.93%); 3 (11.11%) of the business incubators were in operation less than two years. This study shows that most incubators have been operating between 2-4 years. It is obvious that the incubators consulted have been in operation for at least 2 years. This research finding is in line with Choto (2015) and Lose (2019) who consulted incubators that had been in existence for more than 5 years.

Figure 4.3. When was this incubator founded?

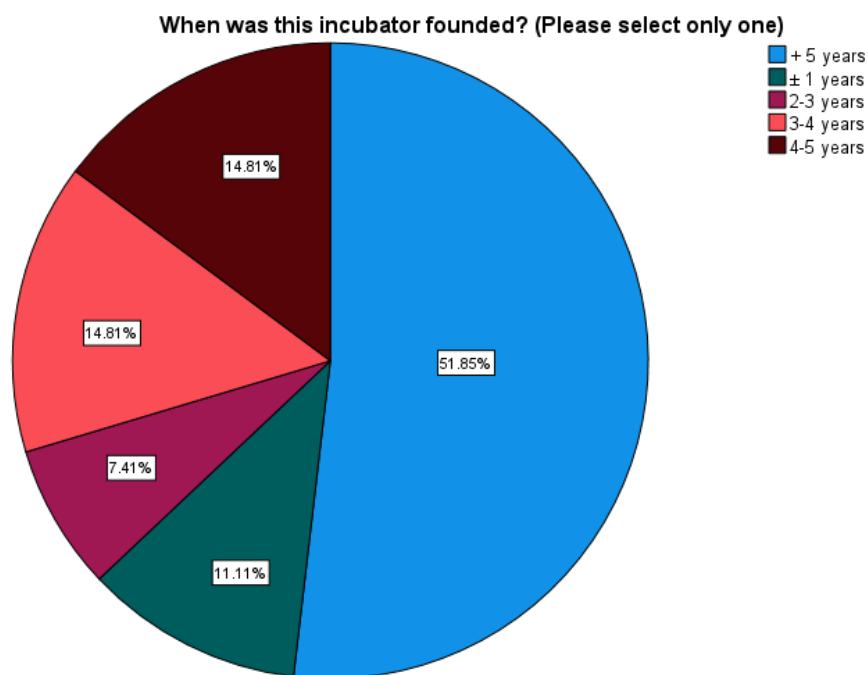


Figure 4.3 displays that the majority of incubators were founded +5 years with the frequency of 14 (51.85%), with 4-5 years and 3-4 years both with the same frequency of 4 (14.81%). Furthermore, incubators that were founded plus minus 1 year had a frequency of 3 (11.11%) while 2-3 years had a frequency of 2 (7.41%).

Table 4.4. How many business incubatees have you assisted since the operation of this incubator? (Please select one.)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	+ 50	18	66.7	66.7	66.7
	1-10	2	7.4	7.4	74.1
	10-20	4	14.8	14.8	88.9
	30-40	3	11.1	11.1	100.0
	Total	27	100.0	100.0	

As shown in table 4.4, some incubators assisted + 50 incubatees with a frequency of 18 (66.7%), 10-20 with a frequency of 4 (14.8%), 30-40 with frequency of 3 (11.1%) and 1-10 with a frequency of 7.4%.

Figure 4.4. How many incubatees have graduated since the establishment of this incubator?

How many incubatees have graduated since the establishment of this incubator? (Please select only one)

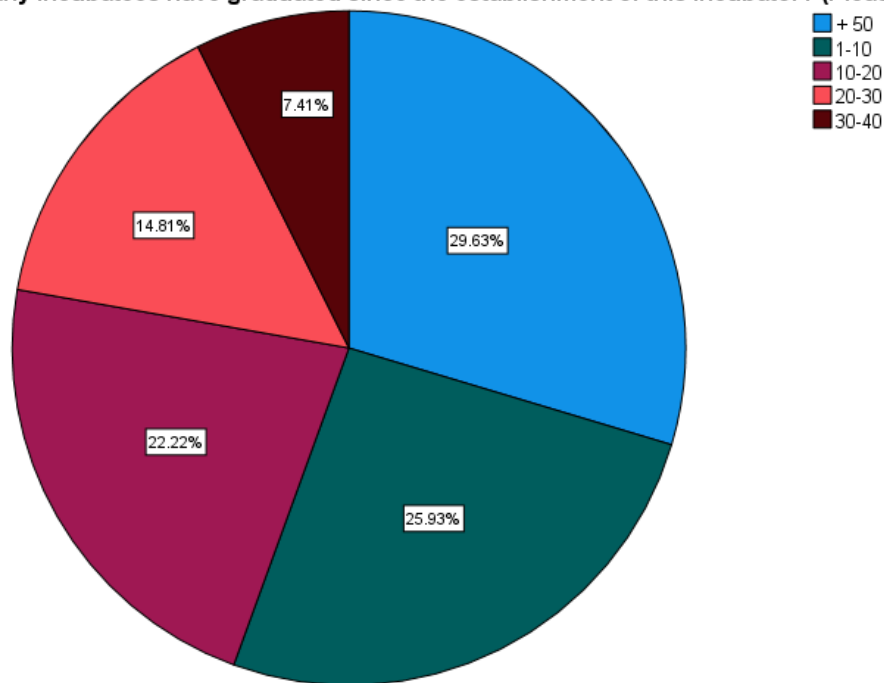


Figure 4.4 instantiates the number of incubatees that graduated since the establishment of the incubator and the results show that the majority of the respondents have + 50 graduates with a frequency of 8 (29.63%), and others as follows: 1-10 graduates with frequency of 7 (25.93%), 10-20 with a frequency of 6 (22.22%), 20-30 with a frequency of 4(14.81%) and lastly 30-40 graduates with a frequency of 2 (7.41%).

BI success is measured using several elements. Choto (2015) argued that the success of BIs rely on the number of incubatees that graduate from the programme. Xiao and North (2017:615-63) maintain that the success of BIs is determined by the number of years in operation and the growth of the incubation centre. Wolniak et al. 2019 (1-22) state that the services offered by BIs play a pivotal role in their effectiveness, and without suitable services required during the incubation process, BIs would not be able to fulfil their desired goals and objectives. The location of BIs plays a significant role in the graduation of incubatees and factors such as economic and social development (Xiao & North, 2017:615-634). In this regard Xiao and North (2017:615-63) state

that the performance of BIs may differ from one study to another and timely graduation of incubatees is an excellent milestone for BIs. The performance of BIs is not only measured by the number of graduates in the incubation programme but also the financial state of BIs itself, employment created by successful incubatees, the rate of occupancy of the business incubator and the turnover of incubated firms (Obaji et al., 2016:52-66).

Table 4.5. What are the selected criteria used to define the incubator’s target market? (Please select only one.)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Enterprises need to be operational regardless of size or sector	1	3.7	3.7	3.7
	Firms can already be a certain size but not above it	4	14.8	14.8	18.5
	Firms must be involved in certain types of activities	4	14.8	14.8	33.3
	Firms must be start-ups	9	33.3	33.3	66.7
	Firms must be start-ups, Firms can already be a certain size but not above it	1	3.7	3.7	70.4
	Firms must be start-ups, Firms can already be a certain size but not above it, Firms must be involved in certain types of activities	3	11.1	11.1	81.5
	Firms must be start-ups. Firms must be involved in certain types of activities, High impact firms, jewellery graduate that are willing to register their new businesses	1	3.7	3.7	85.2
	Focus is on student entrepreneurship	1	3.7	3.7	88.9
	High impact firms	1	3.7	3.7	92.6

We assist all kind of businesses start-ups and established	1	3.7	3.7	96.3
Youth focus, start-up with viable business proposition and passing our selection criteria	1	3.7	3.7	100.0
Total	27	100.0	100.0	

It can be seen from Table 4.5 that the incubators use different criteria to select their target market. Most business incubators select firms that are start-ups, of which the table shows a frequency of 9 (33.3%). Findings shows that firms can already be a certain size but not above it; firms must be involved in certain types of activities with a frequency of 4 (14.8%); firms must be start-ups, firms can already be a certain size but not above it, firms must be involved in certain types of activities with a frequency of 3 (11.1%); followed by enterprises need to be operational regardless of size or sector, firms must be start-ups and firms can already be a certain size but not above it with a frequency of 1 (3.7%). Furthermore, some of the findings with the same frequency of 1 (3.7%): firms must be start-ups, firms must be involved in certain types of activities, high impact firms, and jewellery graduates who are willing to register their new businesses. Lastly, high impact firms, we assist all kind of businesses start-ups and established and youth focus, start-ups with viable business proposition and passing our selection criteria also show a frequency of 1 (3.7%).

Wachira et al. (2017:29-38) found that the selection criteria adopted by incubators possess a substance impact of 79.6% on the success of the incubation programme. Defining the appropriate selection criteria for BIs can be a daunting experience; BIs are encouraged to select tenants irrespective of their contemporary deficiency; or they select tenants using a relevant criterion (Eschholz et al., 2018:224-231). The selection criteria for admitting incubatees permit BIs to select high-quality tenants (Bank & Kanda, 2016:267-277). One strategic approach business incubators use is selection is to focus attention on tenants who possess a high growth potential in the next three years after admission (Kinya et al., 2018:25-34). The growth of BIs is affected by poor selection of incubatees, which is why BIs need to stick to their selection criteria and the best way to eradicate this issue is by countries having well-defined and specific selection criteria (Kinya et al., 2018:25-34).

This study showed a degree of similarity to Wachira et al. (2017:29-38) who found that BI selection criteria focuses mainly on start-up firms which bear the likelihood of being successful in

the following three years; incubatees with the possibility of creating employment; incubatees with products or services that can be sustainable; but most importantly, incubatees who exhibit significant potential. The fundamental goal of having clearly defined selection criteria is because BIs want to evaluate the applicants before admitting them to an incubation programme and this is seen as a way to avoid selection applicants with business ideas which are not feasible, to avoiding wasting resources (Wachira et al., 2017; Oliveira et al., 2021).

Table 4.6. What are the services rendered by this organisation?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	All of the following	8	29.6	29.6	29.6
	Assist mostly on the above except for intellectual property management	1	3.7	3.7	33.3
	Business planning and formation of a company, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management, Help with education and access to knowledge	1	3.7	3.7	37.0
	Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with education and access to knowledge	1	3.7	3.7	40.7
	Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with education and access to knowledge	1	3.7	3.7	44.4
	Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with education and access to knowledge,	1	3.7	3.7	48.1

Entrepreneurial mind-set and Access to Networks; links to markets and finance				
Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management	1	3.7	3.7	51.9
Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management, Help with education and access to knowledge	2	7.4	7.4	59.3
Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with marketing and intellectual property management, Help with education and access to knowledge	1	3.7	3.7	63.0
Business planning and formation of a company, Mentoring and coaching, Help with connectivity and networking, Help with marketing and intellectual property management, Help with education and access to knowledge, Access to markets	1	3.7	3.7	66.7
Business planning and formation of a company, Mentoring and coaching, Help with inexpensive workplace and infrastructure, Help with education and access to knowledge, Technical training and mentoring	1	3.7	3.7	70.4

Business planning and formation of a company, Mentoring and coaching, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management, Help with education and access to knowledge	1	3.7	3.7	74.1
Business planning and formation of a company, Mentoring and coaching, Offer finance and access to finance, Help with connectivity and networking, Help with inexpensive workplace and infrastructure	1	3.7	3.7	77.8
Business planning and formation of a company, Mentoring and coaching, Offer finance and access to finance, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, All of the above	1	3.7	3.7	81.5
Business planning and formation of a company, Mentoring and coaching, Offer finance and access to finance, Help with connectivity and networking, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management, Help with education and access to knowledge, All of the above	1	3.7	3.7	85.2
Business planning and formation of a company, Mentoring and coaching, Offer finance and access to finance, Help with connectivity and networking, Help with marketing and intellectual property management, Help with education and access to knowledge	1	3.7	3.7	88.9
Mentoring and coaching	1	3.7	3.7	92.6
Mentoring and coaching, Help with	1	3.7	3.7	96.3

connectivity and networking, Help with inexpensive workplace and infrastructure, Help with marketing and intellectual property management, Help with education and access to knowledge				
Mentoring and coaching, Help with education and access to knowledge	1	3.7	3.7	100.0
Total	27	100.0	100.0	

The proposed services were business planning and formation of a company, mentoring and coaching, offering finance and access to finance, helping with connectivity and networking, helping with inexpensive workplace and infrastructure, helping with marketing and intellectual property management, and helping with education and access to knowledge. The largest group of the respondents said chose all of the following with a frequency of 8 (29.6%). However, business planning and formation of a company, mentoring and coaching, helping with connectivity and networking, helping with inexpensive workplace and infrastructure, helping with marketing and intellectual property management and helping with education and access to knowledge had a frequency of 2 (7.4%). Lastly, all the remaining services rendered by incubators had a common frequency of 1 (3.7%).

Notwithstanding the different type of incubators, the fundamental goal of incubators is to make sure that incubatees are financially stable and have the resilience to sustain themselves when they complete the incubation programme (Bose & Goyal, 2018:350-376). In this regard Mmasi (2019:1-235) states that BIs support incubatees to establish their business philosophies and cultivate their business concepts in practice in a supportive environment that permits incubatees to diminish the level of poor performance. Research conducted by Wolniak and Grebski (2018:38-42) indicates that BIs offer services to incubatees for free but some are accessible at a reduced rate. Research conducted by Rajeev et al. (2017:46-58) reported that BIs developed a framework that allows creation and concatenation of specific resources to assist incubatees before their initial operation. However, a number of other findings (Al Hawamdeh 2020; Osiobe and Winingham, 2020; Sharma and Vohra, 2020) are similar to the research findings of this study, particularly with regard to the services offered by BIs.

Table 4.7. How do you cover operating costs?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government subsidies	16	59.3	59.3	59.3
	Government subsidies, funding from supplier enterprise development projects	1	3.7	3.7	63.0
	Government subsidies, private sector	8	29.6	29.6	92.6
	Government subsidies, private sector, payment from banks	1	3.7	3.7	96.3
	Government subsidies, R&D organisations	1	3.7	3.7	100.0
	Total	27	100.0	100.0	

As mentioned before, data was collected from business incubators that are centralised by SEDA. The results therefore show that the majority of the respondents receive government subsidies to cover for operating costs with a frequency of 16 (59.23%). Some incubators receive funding from the private sector and government subsidies with a frequency of 8 (29.6%). The remaining findings shared the same frequency 1 (3.7%).

For BIs to survive for long in developing countries, government promotion of entrepreneurship through subsidies and supportive policies plays a key role in the performance of BIs (Li et al., 2020:1-23). In essence, Sanyal and Hisam (2018:60-77) stipulate that there is a multiplicity of sponsors that endorse BIs, and in developing countries BIs tend to be sustained and maintained by government institutions and non-profit organisations. Previous researchers have investigated the role of government with regard to incubation, and a number of studies have highlighted SEDA as the most salient institution promoting and elevating business incubation, as recognized by the Ministry of Small Business Development (Rogerson, 2017:1-12). Tengeh and Lose (2015:14344-14357) are of the view that in South Africa, the concept of business incubation is supported by government through the SEDA Technology Programme (STP) and Incubation Support Programme (ISP).

The following section outlines how the Enterprise Incubation Programme (EIP) support incubation in South Africa:

- The Enterprise Incubation Programme (EIP) implemented by the Department of Small Business Development (DSBD) is a programme that focuses on business incubators by

transferring skills and providing incubation services in physical sites rather than by virtual provision (EIP, 2021).

- The beneficiaries can be new or existing BIs that were not formerly subsidized by STP, ISP and DTI; furthermore, the BIs must be registered and tax acquiescent, with established knowledge and understanding of assisting newly formed incubatees (EIP, 2021).
- Successful applicants receive subsidies of R 5 – 10 million.
- To lower the risk of failure, the EIP programme provides R 1.5 million for feasibility studies as a subsidy to anticipate expected variation.
- A cost sharing ratio of 90:10 exists between qualified applicants and DSBD; 10% is acknowledged as either financial worth and/or resources associated with the incubator and its offerings.
- Subsidies are issued on a 50:50 cost sharing basis for large organisations and 40:60 cost sharing basis for SMMEs
- The targeted incubators are private investors incubators, academic or research institution incubators in partnership with industry, corporate incubators, and licensed and/or registered science councils.

Table 4.8. What challenges do incubatees face?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	All of the following	10	37.0	37.0	37.0
	Inadequate access to funding	1	3.7	3.7	40.7
	Inadequate access to funding, Access to reliable information, Government support, Unfavourable business and legal environment, All of the above	1	3.7	3.7	44.4
	Inadequate access to funding, Government support, Ambiguous protocols for accessing financial support	1	3.7	3.7	48.1
	Inadequate access to funding, Unfavourable business and legal environment, Ambiguous protocols for accessing financial support	2	7.4	7.4	55.6

Poor management of finances and poor marketing practice, Access to reliable information, Government support, Unfavourable business and legal environment	1	3.7	3.7	59.3
Poor management of finances and poor marketing practice, Ambiguous protocols for accessing financial support	1	3.7	3.7	63.0
Poor management of finances and poor marketing practice, Inadequate access to funding	1	3.7	3.7	66.7
Poor management of finances and poor marketing practice, Inadequate access to funding, Access to reliable information, Ambiguous protocols for accessing financial support	1	3.7	3.7	70.4
Poor management of finances and poor marketing practice, Inadequate access to funding, Access to reliable information, Government support, Ambiguous protocols for accessing financial support	1	3.7	3.7	74.1
Poor management of finances and poor marketing practice, Inadequate access to funding, Access to reliable information, Unfavourable business and legal environment, Ambiguous protocols for accessing financial support	1	3.7	3.7	77.8
Poor management of finances and poor marketing practice, Inadequate access to funding, Ambiguous protocols for accessing financial support	3	11.1	11.1	88.9
Poor management of finances and poor marketing practice, Inadequate access to funding, Unfavourable business and legal environment	1	3.7	3.7	92.6

Poor management of finances and poor marketing practice, Unfavourable business and legal environment, Ambiguous protocols for accessing financial support, Support tailored to their journey and needs.	1	3.7	3.7	96.3
The biggest challenge that SMMEs faced on the daily basis, access to market. If there is no market there is no business.	1	3.7	3.7	100.0
Total	27	100.0	100.0	

The largest group of the respondents (frequency of 10, or 37.0%) said that incubatees face these challenges: poor management of finances and poor marketing practice, inadequate access to funding, access to reliable information, government support, unfavourable business and legal environment and ambiguous protocols for accessing financial support, which on the table is represented by “All of the above”. Second to that, findings demonstrate a frequency of 3 (11.1%) for poor management of finances and poor marketing practice, inadequate access to funding and ambiguous protocols for accessing financial support, followed by inadequate access to funding, unfavourable business and legal environment and ambiguous protocols for accessing financial support, with a frequency of 2 (7.4%). All the other responses shared the same frequency of 1 (3.7%).

This study shows a degree of resemblance to Lose (2016:1-126), who found that 46.4% of the incubatees had inadequate access to funding and this is the reason why they chose to join incubation programmes. A study conducted by Tiren (2020:1-92) identified lack of business skills, lack of access to markets, lack of starting capital. Tiren (2020:1-92) maintains that rivalry of other businesses, high rates of accommodation by incubators, deficiency of business certification, accessible geographical areas are amongst the challenges faced by incubatees. Andalib and Halim (2019:1-15) found that inability to innovate, stringent government policies and high taxes are challenges that hinder the growth of incubatees. Among the challenges faced are high cost of modern technology and proper infrastructure, safety issues, absence of managerial support and absence of business skills and competency (Shaikh et al., 2021:1-13). The findings of these researchers are similar to the findings of this study. Determining the challenges incubatees face is one of the objectives that the researcher believes was accomplished. Apart from the previously mentioned challenges incubatees face, this study identified the following further challenges: inadequate access to funding, access to reliable information, ambiguous protocols for accessing

financial support, government support, unfavourable business and legal environment, and poor management and poor marketing practice.

Table 4.9. What challenges does this incubator face?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Access to funding and sponsorship	3	11.1	11.1	11.1
	Access to funding and sponsorship, Government policies, Quality of entrepreneurs	1	3.7	3.7	14.8
	Access to funding and sponsorship, Lack of physical space	1	3.7	3.7	18.5
	Access to funding and sponsorship, Quality of entrepreneurs	1	3.7	3.7	22.2
	Access to funding and sponsorship, Quality of entrepreneurs, Balancing the funders requirements, the entrepreneurs expectations and the institutional expectations	1	3.7	3.7	25.9
	All of the above	3	11.1	11.1	37.0
	Inadequate financial resources	3	11.1	11.1	48.1
	Inadequate financial resources, Access to funding and sponsorship, Government policies, Quality of entrepreneurs	5	18.5	18.5	66.7
	Inadequate financial resources, Access to funding and sponsorship, Lack of physical space, Quality of entrepreneurs	2	7.4	7.4	74.1
	Inadequate financial resources, Access to funding and sponsorship, Quality of entrepreneurs	2	7.4	7.4	81.5
	Inadequate financial resources, Quality of entrepreneurs	2	7.4	7.4	88.9
	Lack of professional management personnel, Access to funding and sponsorship, Lack of physical space, Quality of entrepreneurs	1	3.7	3.7	92.6

Lack of professional management personnel, Inadequate financial resources	1	3.7	3.7	96.3
Lack of professional management personnel, Inadequate financial resources, Access to funding and sponsorship, Quality of entrepreneurs	1	3.7	3.7	100.0
Total	27	100.0	100.0	

Table 4.9 indicates a frequency of 5 (18.5%) for inadequate financial resources, access to funding and sponsorship, government policies and quality of entrepreneurs; while access to funding and sponsorship, inadequate financial resources and all the above share the same frequency of 3 (11.1%), followed by those with a frequency of 2 (7.4%) and of 1 (3.7%).

This study shows some resemblance to various other studies (Choto, 2015; Lose and Tengeh, 2015; Tengeh and Choto, 2015; Lose, 2019; Rens et al, 2020), which found government policies, qualities of entrepreneurs, lack of physical space, access to funding and sponsorship, competent and motivated management, stakeholder support, access to advanced technology-based prototype, mentorship and sustainability as current challenges faced by business incubators. In accordance with the viewpoints of authors like Muriithi et al. (2018) and Nani (2018), business incubators tend to struggle with the challenges they are currently facing. One of the secondary goal of this study was to ascertain the challenges faced by BIs in supporting SMEs. The researcher can attest that this objective was accomplished and exceeded. It was exceeded in that other issues were discovered that add value to the phenomenon of business incubation.

Table 4.10. What assistance do you get from SEDA and SEFA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	All of the following	3	11.1	11.1	11.1
	Funding	12	44.4	44.4	55.6
	Funding, Business knowledge	4	14.8	14.8	70.4
	Funding, Business knowledge, Technical knowledge	1	3.7	3.7	74.1
	Funding, Infrastructure, Business knowledge, Technical knowledge	1	3.7	3.7	77.8

Funding, Infrastructure, Business knowledge, Technical knowledge, All of the above	2	7.4	7.4	85.2
Funding, Infrastructure, Technical knowledge	1	3.7	3.7	88.9
Funding, Technical knowledge	3	11.1	11.1	100.0
Total	27	100.0	100.0	

Findings shows that the respondents received assistance from SEDA and SEFA with a frequency of 12 (44%) followed by funding and business knowledge with a frequency of 4 (14.8%), Funding and technical knowledge had a frequency of 3 (11.1%), all of the following had a frequency of 3 (11.1%) and funding, infrastructure, business knowledge, technical knowledge, All of the above 2 (7.4%) while the remaining response had the same frequency which is 1 (3.7%).

In South Africa, Rogerson (2017:1-12) found that SEDA is viewed as the most significant institution that promotes business incubation, an initiative that was introduced to strengthen the economy of South Africa. The commitment by government in South Africa to effectively support business incubation and strengthen the republic's entrepreneurial base is implemented through the Incubation Support Programme and the Department of Trade and Industry (Masutha & Rogerson, 2015:223-241). It is evident that BIs cover operating costs using government subsidies. This research shows a great number of respondents receiving government subsidies and the role of government towards incubation is of paramount importance. This study is similar to Lose et al. (2020:1-11) who found that the phenomenon of business incubation is maintained and sustained by SEDA. SEDA and SEFA were noted in chapter one when outlining the government institutions that endorse business incubation, a point that was supported by the current findings.

Table 4.11. Which entrepreneurial marketing dimension do you use to assist incubatees?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	All of the above	13	48.1	48.1	48.1
	Compliance for access to market	1	3.7	3.7	51.9
	Opportunity focus	1	3.7	3.7	55.6
	Opportunity focus, Innovativeness, Calculated risk-taking	1	3.7	3.7	59.3

Proactiveness, Customer intensity, Opportunity focus, Innovativeness	1	3.7	3.7	63.0
Proactiveness, Resource leveraging, Opportunity focus, Innovativeness, Calculated risk-taking	1	3.7	3.7	66.7
Proactiveness, Value co-creation, Customer intensity, Opportunity focus, Innovativeness, Calculated risk-taking	1	3.7	3.7	70.4
Proactiveness, Value co-creation, Customer intensity, Resource leveraging, Opportunity focus, Innovativeness, Calculated risk-taking, All of the above	1	3.7	3.7	74.1
Proactiveness, Value co-creation, Opportunity focus, Innovativeness	1	3.7	3.7	77.8
Proactiveness, Value co-creation, Resource leveraging, Innovativeness	1	3.7	3.7	81.5
Proactiveness, Value co-creation, Resource leveraging, Opportunity focus, Innovativeness, Calculated risk-taking	1	3.7	3.7	85.2
Resource leveraging, Opportunity focus, Innovativeness	1	3.7	3.7	88.9
Value co-creation, Opportunity focus	1	3.7	3.7	92.6
Value co-creation, Opportunity focus, Innovativeness	1	3.7	3.7	96.3
Value co-creation, Resource leveraging, Opportunity focus, Innovativeness	1	3.7	3.7	100.0
Total	27	100.0	100.0	

This study focused entrepreneurial marketing dimensions that have worked consistently better than others which are proactiveness, value co-creation, customer intensity, resource leveraging,

opportunity focus, innovativeness and calculated risk-taking. However, findings indicate that respondents make use of the entrepreneurial marketing dimensions to assist incubatees with a frequency of 13 (48.1 %) followed by the other entrepreneurial marketing dimensions with a frequency of 1 (3.7%).

In a study conducted by Stephen et al. (2019:1-30), it was noted that EM consists of seven entrepreneurial dimensions and its aim is to create, communicate and deliver value to consumers and maintain consumer relationships. This study maintained that seven EM dimensions have worked consistently better than others. Rashad (2018:61-71) states that the seven EM dimensions are used to identify and explore of opportunities. This study is strongly similar to Crick (2019:19-36), who defined EM as a seven-module concept that could be used to assist incubatees. EM is a discipline that shaped the nature of this study. In chapter one the researcher articulated the definition of EM, how it came about, the different dimensions of EM and challenges that arise when dealing with EM. This led to discussing EM dimensions that have worked consistently better than others. The researcher found that seven EM dimension worked better than others. The researcher then added the reasons for adopting seven EM dimensions. The researcher can clearly say that BIs use EM dimensions to assist incubatees.

4.4 Summary

The first section of the questionnaire focussed on the closed-ended questions and the data was quantified into numerical form. A major takeaway from the qualitative data is that notwithstanding the role of government's efforts, SMEs and business incubators face various challenges in South Africa. However, the efforts of the government programs such as SEDA and SEFA cannot be overlooked in trying to stimulate incubation and encourage entrepreneurship. The most common problem faced by business incubators and SMEs seems to be access to funding and sponsorship. The government should make it easier for incubators to access funding and sponsorship so they can continue with the work of incubating businesses. Above all, the findings show that some incubators excel when it comes to assisted incubation because they have a high number of graduates. Entrepreneurial marketing is used by incubators to effectively assist SMEs and results show that.

4.5 Section B: Background

The research approach used this study was quantitative, and the research method was a questionnaire which was distributed online due to Covid-19 pandemic. Open-ended questions were used to grasp meaning. This section will focus on analysing the qualitative data, for which

thematic analysis was used. Some of the responses of the participants were used. A discussion of interviews follows.

Question 1. What do you think is the inspiration for incubatees to take part in the incubation programme?

First respondent: “Their inspiration is that they get coaching and mentorship support in terms of getting better opportunities for their businesses, get guidance on how to use their resources, how to take calculated risks as well as networking opportunities for their businesses to grow.”

Second respondent: “The inspiration is the support mechanisms that the incubation programme offers, plus the added mentorship approach.”

Third respondent: “Most incubatees see an incubator as a resource to gain better access to funding and market access.”

Question 2. What are the challenges faced by this incubator?

First respondent: “Access to raw materials at competitive prices to gain competitive advantage, access to end markets for the incubatees, capital funding for start-ups of SMME incubatees. The Covid-19 pandemic has demonstrated the fragility of global supply chains and the vulnerability of people working at the bottom of these supply chains and the centre had to realize the decrease of the incubatees with 34%. The Covid-19 pandemic has also posed vast challenges for the diamond and jewellery industry, a major market for gold, diamonds, and other minerals. Manufactures have had stop... production, and consumer demand has slumped. Companies that were investing in responsible sourcing have diverted attention and resources to more immediate crisis management measures.”

Second respondent: “Funding and type of entrepreneur as we assist and support qualified TVET College students as per mandate of the business plan.”

Third respondent: “Funding, quality entrepreneurs, necessary skills.”

Question 3. What are the challenges faced by incubatees?

First respondent: “The legal and regulatory environment facing SMMEs; access to skills development opportunities, access to technology and problems with the business infrastructure available, particularly in rural areas, access to affordable business premises, access to infrastructure such as machinery and equipment, access to capital and markets, lack of business management and other relevant skills and access to appropriate information.”

Second respondent: “Lack of market access, stringent funding processes, lack of business acumen, limitation in innovative thinking.”

Third respondent: “Access to funding and marketing.”

Question 4. What role does SEDA and SEFA play in this incubator?

First respondent: “SEDA is the main funder of the incubator, they also use their technical expertise and know-how to support the incubator.”

Second respondent: “SEDA funds our operating expenses which are basically to empower and assist our entrepreneurs in the best way possible.”

Third respondent: “SEDA is funding the operations of the Centre and SEFA assists with SMME funding instruments.”

Question 5. Do you get assistance from SEDA or SEFA? If yes, please tell me about it.

First respondent: “SEDA has assisted the college in helping to establish the CFE and then the RI. They have also assisted with the establishment of our Maker Space. Our journey with SEDA began in 2016 and has matured since then. Our financing model prior to Covid was aimed at making us less dependent on government funding and tapping into ESD funding with corporates.”

Second respondent: “Yes, we get assistance from SEDA. SEDA is the sole funder of our incubation.

Third respondent: “Yes, SEDA provided an amount of R5m towards establishing the incubator.”

Question 6. What is your understanding of entrepreneurial marketing?

First respondent: “Entrepreneurial marketing is the combination of two discrete management areas. Existing as distinct disciplines, entrepreneurship and marketing have emerged to capture the several facets of marketing that are often not explained by existing traditional marketing theories and concepts

Second respondent: “Entrepreneurial marketing is the combination of different facets of management. It more about creating business and marketing opportunities in the business world, and how they can contribute towards the industries.”

Third respondent: “Is the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation.”

Question 7. Have you used entrepreneurial marketing as a tool to assist incubatees? If yes, please tell me about it.

First respondent: “Yes, I always encourage the incubatees to take an innovative approach towards their business, product and market. It is important to think in a progressive manner that will assist in building the required relationships. Another [reason] why I encourage this by encouraging incubatees to 'grow their own' network – they should consider utilizing services of other incubatees, so that the market grows and therefore creates growth.”

Second respondent: “Yes we do use it. Most of our incubatees are taught of entrepreneurial marketing through formulating strategic alliance among themselves, especially those SMMEs who are within the same value chain.”

Third respondent: “Yes, through different market access opportunities.”

Question 8. What is the given time frame for the incubation programme? Do you monitor incubatees after they graduate from the programme?

First respondent: “Our incubatees are engaged for 12-18 months (dependent on use of our factories). After graduation, we track them and continue supporting them as SMME support for up to 2 years. By the way, our main program doesn't require them to be present at the centre every day of the week. Rather they commit to half a day a week, and we expect them to work on their business for the other 4 1/2 days.”

Second respondent: “The programme is 18 months. We do support and mentor clients post incubation.”

Third respondent: “Eighteen months, yes we do monitor them for 3 months and offer them back office support.”

Question 9. Have you ever experienced a situation whereby an incubatee leaves the incubation without completion? Tell me about the situation, the reason behind their leaving and how did you handle the situation?

First respondent: “Yes, some of our student entrepreneurs also find work opportunities and after they do an opportunity cost analysis they decide to drop the incubation programme. Others [are] due to losing interest in their companies because of struggling to get funding from potential funders, this is mainly due to the pressure they receive from their families as some are bread winners in their respective families.”

Second respondent: “Yes, we have [dropouts]. Business is not for everyone. Some will join us only because they are unemployed and when they realize business is not for them they just close shops like that. Yes is a stress to us because it takes us back via numbers and targets.”

Third respondent: “Yes, this happens when the client only joins with an expectation of funding.”

Question 10. Are there any follow-up mechanisms in place to rate the performance of incubatees? Would you say your company has been successful based on the performance of the incubatees?

First respondent: “Yes, our client's sales and financial statements are tracked on a monthly basis. Where there are challenges, these are addressed sooner than later. We have also linked our clients to supplier enterprise development programme post incubation and we linked our

clients to external funding opportunities such as competitions. During COVID-19, we tracked the businesses to ensure they survived and advised them to pivot where possible and diversify their products/services in order to be sustainable. I would say that the success of the centre has been a result of the collaboration between the clients and the centre in identifying markets and providing the support required.”

Second respondent: “Yes we have performance mechanism the likes of management accounts that will show us the monthly turn-over of companies and we will be able to measure their growth.”

Third respondent: “Yes, there is a method that we use to calculate the growth percentage of the incubatees and yes our company has been successful based on their performance.”

Question 11. Are there cases whereby incubatees complained about your services? If yes, tell me about it.

First respondent: “Yes when we are unable to meet their expectations based on service delivery due to limited or lack of funds.”

Second respondent: “Yes, incubatees complained regarding the centre’s governance structure and the change of management.”

Third respondent: “Yes, they feel the services don't meet their expectations.”

Question 12. If there was something you want to improve in the incubation programme, what would it be?

First respondent: “Ensuring we have sufficient funding through different streams of income in order to support as many SMMEs as possible.”

Second respondent: “Yes - access to funding and networking to create business opportunities.”

Third respondent: “Funding resources. Links to markets. Links to the private sector.”

Question 13. In your opinion, what is an effective business incubator?

First respondent: “When a business incubator is operating optimally it can add serious value to its beneficiaries. Our motto is to grow resilient, innovative youth enterprises. We do this through 5 core aspects. Each of these needs thorough interrogation and commitment to keep on improving. They are: coaching and mentoring; learning; links to markets and links to finance; personal development; and innovation.”

Second respondent: “Good governance [and] implementation of standards generates own revenue and graduates clients regularly who proceed to grow independently successful businesses. But a good incubator will also implement marketing strategies that are beneficial to its clients. We are putting together a programme to market all the good products of our clients using our website and social media.”

Third respondent: “An effective business incubator is a workspace created to offer start-ups and new ventures access to the resources they need, all under one roof. In addition to a desk or office, incubators often provide resident companies with access to expert advisors, mentors, administrative support, office equipment, training, and/or potential investors.”

Question 14. What do you think are notable strengths of your incubator? [What is special about this incubator?]

First respondent: “Our services are totally free and as a result many township entrepreneurs are able to benefit from our help. We service many areas including Lenasia, Soweto, Orange Farm, Enerdale. Accessibility is one key strength.”

Second respondent: “it is accessible, has strong security measures and free of use to incubatees.”

Third respondent: “Easy access and diverse skill set with the incubator”

Question 15. Comments and recommendations

First respondent: “Incubation programmes need to be driven by the fulfilment of a need within the entrepreneurial landscape and not political priorities. Unfortunately, this is difficult if programmes are funded by public funds.”

Second respondent: “There is need to standardise the incubators in South Africa especially accreditation of warm bodies that run these incubators and the facilities themselves.”

Third respondent: “May your research add value to both incubators and incubatees.”

4.6 Interview findings

Thematic analysis was utilised by the researcher to analyse the qualitative responses.s. The thematic analysis strategy followed the methodological approach of Maguire and Delahunt (2017:1-14).

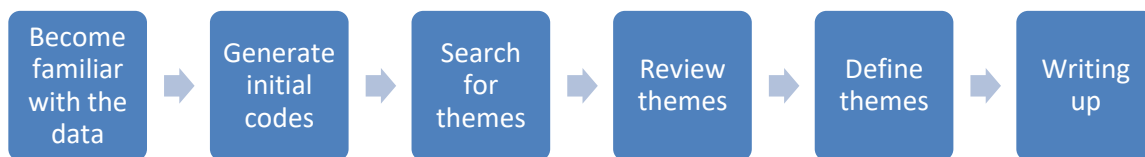


Figure 4.5: Thematic analysis (Maguire & Delahunt, 2017:1-14).

There is a common agreement among the responses of the participants that incubatees join the incubation programme for mentorship, funding, networking, infrastructural support, access to modern technologies and the concept of entrepreneurship as a whole. The researcher found that one of the most common challenge that incubators face is lack of funding and quality of entrepreneurs. However, results show that incubators were troubled by the Covid-19 pandemic and some incubators lacked infrastructure and had limited personnel to assist incubatees. The challenges that incubatees face are inadequate access to funding, lack of financial management skills, stringent government laws and regulation. One respondent said that incubatees were impatient and wanted immediate results. The role SEDA plays towards incubation in South Africa cannot go unnoticed. The findings show that incubators receive financial assistance from SEDA and some receive business development support. For the majority of the respondents, SEDA is the main funder of the incubator. Only a few incubators receive assistance from SEFA.

The majority of the respondents said they do get assistance from SEDA and SEFA. The incubators response, when asked their understanding of entrepreneurial marketing, said it is a combination of two disciplines, namely entrepreneurship and marketing. One of the respondents views entrepreneurial marketing as a process of pursuing opportunities that create perceived customer value through relationships, especially by employing innovations, creativity, networking and flexibility. Results show that the majority of SMEs used entrepreneurial marketing as a tool to effectively assist incubatees. As mentioned before in chapter 1, there are insufficient studies that focus attention on the connection of the use of entrepreneurial marketing by business incubators to effectively assist SMEs in South Africa. The researcher found however that incubators incorporate entrepreneurial marketing in their programmes to assist SMEs.

The most common time frame for the incubation programme is 18 months and after graduation, the incubators monitor the progress of SMEs. They do this to make sure that they do not fail after they have graduated. Another common response was that the given time frame was 3 years. One respondent stated that they did not have a time frame for their incubation programme. Based on the findings, the majority of the incubators experienced situations whereby incubatees left the incubation programme without completion. Findings shows that incubatees leave without explanation, business idea might not be feasible, or they decide to leave when they do not generate enough money. Findings indicate that incubators have follow-up mechanisms put place to rate the performance of incubatees and that incubator performance is measured by the performance of incubatees. Unfortunately, not all incubatees perform as expected, even though mechanisms are put in place.

Participants were asked if there were cases in which incubatees complained about their services, to which most of the incubators responded affirmatively. There was also a number of incubators who said they had never received complaints about their services. The most common response when incubators were asked this question was to indicate that they were willing to improve their access to incubatees, have more people to facilitate the programmes, and to remain sustainable and not rely on government subsidies. The findings show that incubators want to move their services online to broaden access to their services, but this is still a matter of concern. The respondents believe that an effective incubator is one that meets and exceeds the desires of incubatees. Secondly, they consider an effective incubator to be one that offers services required by incubatees. Lastly, findings show that an effective incubator is one that monitors incubatees after they have graduated from the programme. The most notable strength of the incubator is nothing more than easy access. The more incubatees access the programme, the better it becomes for incubators to assist incubatees. Some incubators have more than two branches in different provinces.

4.7 Summary

This section focused on the qualitative data. Qualitative responses were interpreted in alignment with the research questions. This concludes Chapter 4, and the next chapter presents the conclusion and recommendations. A major takeaway from this chapter is that incubatees require the services offered by BIs such as business knowledge, technical knowledge, and access to business. Lack of funding, quality of entrepreneurs and Covid-19 are challenges that BIs face. Incubatees also face challenges such as insufficient access to funding, inadequate financial management skills and unsupportive government policies. It was found however that government intervention plays an important role in business incubation. There is a common agreement of entrepreneurial marketing among the respondents, they view entrepreneurial marketing as a combination of two disciplines. Entrepreneurial marketing is largely used by BIs to effectively support SMEs in South Africa. The given time frame for incubation programmes has been a matter of concern in previous studies; this study found that the ideal time frame for incubation is 18 months. Another major takeaway from this study is the desire of BIs to improve their programmes by ensuring that there is enough funding for incubatees and that they are easily accessible.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.1 Introduction

In the preceding chapter, the researcher presented and discussed the research findings. The various findings of this study point to significant implications for both theory and practice. The findings as they pertain to the aims and objectives of this research are presented in this chapter. This chapter will also feature the concluding remarks, suggestions for further research and recommendations.

5.2 The findings as they pertain to the aims and objectives of this study

The primary goal of this study was to determine how business incubators can use EM to effectively support SMEs. To achieve the primary objective, three secondary objectives were considered. The findings and their relationship to the primary and secondary objectives are discussed next.

5.2.1 Primary objective

To ascertain how business incubators can use EM to effectively support SMEs.

Findings show that business incubators incorporate EM dimensions in their incubation programmes to effectively assist SMEs. Business incubators use EM dimensions to prepare SMEs for life after graduation and to be inspired and use innovative approaches to create value for money. The ability to be proactive can be a challenge for many SMEs. The findings show that incubators assist SMEs to be proactive so that they can be ready to exploit market opportunities. The researcher discovered that incubators make it a priority to teach SMEs to be customer-centric and build sustainable relationships with customers because that increases the chances of a business to be successful. It was found that during the incubation period, incubators give a grounding in opportunity focus, innovativeness, resource leveraging, calculated risk-taking and compliance for access to market.

5.2.2 Secondary objective 1: To determine the challenges SMEs face

The most common challenges that SMEs face are poor management of finances and poor marketing practices, inadequate access to funding, access to reliable information, government support, unfavourable legal environment, and ambiguous protocols for accessing financial support. The researcher also found that SMEs face the following challenges: inadequate access to funding, management issues, lack of government support, lack of technological capabilities, lack of proper infrastructure, and legal and regulatory constraints. Crime and stealing of trading inventory are also major challenges that SMEs face. The research findings provide ample

information showing the challenges faced by SMEs. Based on the findings, the researcher can confidently say that this objective was fulfilled.

5.2.3 Secondary objective 2: To determine the challenges faced by BIs in supporting SMEs

The majority of respondents affirmed the following as challenges faced by business incubators in supporting SMEs: lack of professional management personnel, inadequate financial resources, access to funding and sponsorship, government policies, lack of physical space, and quality of entrepreneurs.

5.2.4 Secondary objective 3: To ascertain the role that EM can play in mitigating the challenges that SMEs face

Research findings show that entrepreneurial marketing assists SMEs to be innovative by using futuristic philosophies through resourceful procedures. The role of innovativeness permits SMEs to capitalize on new opportunities. EM allows SMEs to be customer-centric and with this approach, SMEs are able to focus on the desires of consumers. This allows SMEs to grow their businesses and market their goods and services based on the needs of consumers. EM countenances SMEs to focus on opportunities that align with the success of the business venture. Some of the challenges that SMEs face are mitigated by EM, as previously mentioned. Results show the SMEs lack resources, but EM allows SMEs to make use of limited resources to achieve their desired goals. Furthermore, EM allows SMEs to take calculated risks and prepare themselves for unforeseen opportunities.

5.3 Additional findings

- Most respondents receive financial assistance from SEDA and SEFA.
- Business incubators cover operating cost using government subsidies.
- The modal duration of operation by the business incubators surveyed is 5 years or more.

5.4 Recommendations

5.4.1 Business incubators

This researcher discovered that the concept of business incubation is still evolving in South Africa and the attention and support it gets from the government, scholars and policy makers is significant. The role of business incubators in the growth of the South African economy is pivotal. The researcher recommends business incubators to situate themselves in geographical areas that are accessible to those in need and offer their services using digital platforms. One of the challenges business incubators faced is the quality of entrepreneurs they assist; however,

business incubators need to have strong selection criteria to avoid disappointment in the selected incubatees. For an organisation to be successful and survive for long, competent and motivated management is salient. It is recommended that business incubators employ those who have a passion for business and have the necessary skills and qualifications.

Business incubators are recommended to form partnership with sponsors to access funding to sustain themselves and incubatees. Based on the findings, business incubators integrate entrepreneurial marketing in their programmes, but it is recommended that they utilize all seven entrepreneurial marketing dimensions because they worked consistently better than others.

5.4.2 SMEs

It was found that newly established SMEs do not survive for long, and to mitigate some of the challenges it is recommended that SMEs join business incubators. The findings indicate that through the incubation programmes SMEs get access to funding, business skills, modern technology and access to business networks. Through incubation, SMEs can achieve a lot but they should not take incubation for granted and they should remain in the programme until completion. The fundamental goal of incubators is to incubate SMEs until they are mature enough to be on their own and it is the role of the SMEs to make the most of the available resources given business incubators.

5.4.3 Government

Notwithstanding the role government plays in supporting business incubator, findings shows that business incubators face challenges such as lack of access to funding and stringent government policies. The researcher recommends that the government should assist incubators with funding and restructure the procedure of pursuing funding. The process of getting funding should not be so protracted that it would cause aspiring entrepreneurs to relinquish their business concepts. The government should create policies that will promote entrepreneurship and shorten the length of time needed for the registration of businesses. Assisting incubators that are already in operation is something that the researcher recommends – support from the government would lead to the success of business incubators and the level of poverty could be reduced in the process.

5.4 Contribution of the study

This study contributes to both theory and practice. In terms of theory, the research adds to the growing literature on BIs in Africa and South Africa. It opens new opportunities for researchers to examine the relationship between government funded BIs and privately owned ones. It may also

galvanize new thinking around BI capabilities to nurture SMEs. For instance, the findings suggest that SMEs can benefit much more from BIs if they complete their incubation programme.

With reference to practice, a core contribution of this study, drawing from the theoretical implication of this research, is that of capacity training for BI management. The study found that BIs need well-informed managers to deal with the SMEs that register with them. In this regard, it becomes necessary for practical purposes that BI managers/staff receive training on a regular basis for the upkeep of BIs.

5.5 Limitations of the study

Notwithstanding the contribution of this study towards business incubation in South Africa, it has its limitations. One limitation is that it focuses attention on business incubators that were centralised by SEDA. Based on this restriction, research findings are generalised to business incubators managed by SEDA. Due to the Covid-19 pandemic, some office holders were working from home and could not participate in the study because the information that was needed was not in their possession. Lack of finance was also a limitation as it was difficult to contact business incubators.

5.6 Scope for further research

Based on the limitations of this study, the researcher suggests the following for further research.

- Futures researchers could use a bigger sample and focus on business incubators that are not centralised by SEDA (private and public).
- This study concentrated on incubation in South African context and future researchers could focus beyond the boundaries of South Africa.
- Future researchers could focus on one research approach, either quantitative or qualitative
- Future researchers should focus more on entrepreneurial marketing dimensions that have worked consistently better than others.
- Lastly, entrepreneurial marketing should be researched and elucidated from a South African perspective.

5.7 Conclusion

This study set out to understand how BIs can use EM to effectively support SMEs. In doing so, the researcher made use of quantitative methods. The findings suggest that government intervention needs to take place for BIs to sufficiently support SMEs. As research has shown, SMEs are crucial to the growth of an economy and BIs have the reputation for assisting SMEs to

stay in operation for longer. Within the context of keeping SMEs in operation for longer, EM has emerged as a valuable approach to achieve this. This study has thus realised the necessity of EM in the BI-SME efficacy nexus. Therefore, BIs should strengthen their management capacity for the purpose of nurturing SMEs. SMEs, on their own part, should take advantage of incubation as much as possible to improve their efficiency as well as increase their longevity. In the BI-SME efficacy nexus, it is believed that government has a role to play, as this research has found.

Despite the limitations identified in this study, it made some contributions which relate to both theory and practice. The researcher strongly believes that the limitations can generate significant future research potential.

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APPENDICES

APPENDIX A: ETHICAL CLEARANCE



P.O. Box 1906 ■ Bellville 7535 South Africa ■ Tel: +27 21 4603291 ■ Email: fbmsethics@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	FACULTY: BUSINESS AND MANAGEMENT SCIENCES
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The Faculty's Research Ethics Committee (FREC) on **20 October 2020**, ethics **Approval** was granted to **Vuyani Rens (215130189)** for a research activity **Master of Marketing** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	Entrepreneurial marketing as a tool used by business incubators to effectively support SMEs in South Africa Lead Supervisor (s): Prof C G Iwu/Prof R Tengeh
---------------------------------------	---

Comments:

Decision: **APPROVED**

	2 November 2020
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2020FOBRECE020

APPENDIX B: SEDA PERMIT LETTER

National Office

The Fields, Office Block A
1066 Burnett Street
Hatfield, 0833
P.O. Box 56714, Arcadia, 0007

Tel: +27 12 441 1000
Fax: +27 12 441 2064



3 April 2020

To whom it may concern:

Title of the thesis: “Entrepreneurial Marketing as a tool used by business incubators to effectively support SMEs in South Africa”

This letter serves to confirm that I Dr. Thobekani Lose in my capacity as Project Specialist give consent in principle to allow Mr. Vuyani Rens student number (215130189), a student at the Cape Peninsula University of Technology (CPUT), to collect data in this company as part of his/her research project. The student has explained to me the nature of his/her research and the nature of the data to be collected.

This consent in no way commits any individual staff member to participate in the research, and it is expected that the student will get explicit consent from any participants. Participants reserve the right to withdraw this permission at some future time.

Kind Regards,

Dr. T Lose
Project Specialist: Business Incubation
Email: tlose@seda.org.za

Board Members:

■ DR. M J NDLOVU (Acting Chairperson)
■ MS BT NKAMBULE
■ MR CG DE KOCK

■ ADV DJ BLOK
■ MS SMB NYAKALE
■ MR J MATSHO

■ HR M MAKI
■ HR MM SIBEKO
■ HS NF KANA

■ ADV HD XULU
■ MS M TSHIKWATAMBA (CEO)

APPENDIX C: MARKETING DEPARTMENT REVIEW



Faculty approval:

Review Panel (please print names)	Qualifications (and field)	
Prof Rodney Duffett	DTech: Marketing	
Dr Sandra Williams	PhD (Development Studies)	
Recommendations	Vuyani Rens (215130189) research proposal: "Entrepreneurial marketing as a tool used by business incubators to effectively support SMEs in South Africa" was accepted by the Marketing Department Research Committee representatives.	
Signed (Panel Chair)		Date 27/07/2020

**The Panel reviews the merit and viability of the research project proposed and so must be comprised of experts in the field to be researched, and at least one member of the FRC.*

Date on which proposal was presented in the Faculty:	
Date of FRC Minutes in which recorded:	

SignedDate.....
(Chair: Faculty
Research Committee)

APPENDIX D: LETTER OF CONSENT



**Faculty of Business and Management Sciences
Ethics Informed Consent Form**

CONSENT TO PARTICIPATE IN A RESEARCH STUDY

Category of Participants (tick as appropriate):

<i>Staff/Workers</i>		<i>Teachers</i>		<i>Parents</i>		<i>Lecturers</i>		<i>Students</i>	<input checked="" type="checkbox"/>
<i>Other (specify)</i>									

You are kindly invited to participate in a research study being conducted by Vuyani Rens from the Cape Peninsula University of Technology. The findings of this study will contribute towards (tick as appropriate):

<i>An undergraduate project</i>		<i>A conference paper</i>	
<i>An Honours project</i>		<i>A published journal article</i>	
<i>A Masters/doctoral thesis</i>	<input checked="" type="checkbox"/>	<i>A published report</i>	

Selection criteria

You were selected as a possible participant in this study because you are:

- (a) Registered business incubators with SEDA
- (b) Assisted at least 1 -50 incubatees
- (c) Assist incubatees, financially, infrastructure, coaching etc

The information below gives details about the study to help you decide whether you would want to participate.

Title of the research:

Entrepreneurial marketing as a tool used by business incubators to effectively support SMEs in South Africa

A brief explanation of what the research involves:

The primary objective of this study is to ascertain how business incubators can use entrepreneurial marketing to effectively support SMEs.

The secondary objective of this study is to determine the challenges SMEs face, determine the challenges faced by business incubators in supporting SMEs and ascertain the role that EM can play in mitigating the challenges that SMEs face

Procedures

If you volunteer to participate in this study the following will be done:

1. Describe the main research procedures to you in advance, so that you are informed about what to expect;
2. Treat all interviewees with respect by arriving on time for all the interview schedules and well prepared;
3. Conduct an introduction with the interviewee in order to break ice;
4. All the interviewees will be asked for permission to record the interviews and also take some note where applicable;
5. In a case where there is no clarity, the interviewees will be allowed to ask for confirmation or clarity of words/sentences/phrases to ensure accuracy of the data collected;
6. Participants will be told that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs;
7. Participants will be given the option of omitting questions they do not want to answer or feel uncomfortable with;
8. Participants will be told that questions do not pose any realistic risk of distress or discomfort, either physically or psychologically, to them;
9. At the end of each interview all the interviewees will be thanked for their time and information provided for this study;
10. Participants will be debriefed at the end of their participation (i.e. give them a brief explanation of the study).

You are invited to contact the researchers should you have any questions about the research before or during the study. You will be free to withdraw your participation at any time without having to give a reason.

Kindly complete the table below before participating in the research.

Tick the appropriate column		
Statement	Yes	No
1. I understand the purpose of the research.		
2. I understand what the research requires of me.		
3. I volunteer to take part in the research.		
4. I know that I can withdraw at any time.		
5. I understand that there will not be any form of discrimination against me as a result of my participation or non-participation.		
6. Comment:		

Please sign the consent form. You will be given a copy of this form on request.

Signature of participant	Date

Researchers

	Name:	Surname:	Contact details:
1.	Vuyani	Rens	0847839167
2.			
3.			

Contact person: Vuyani Rens	
Contact number: 0847839167	Email: vuyanirens@yahoo.com / vjrens1@gmail.com

APPENDIX E: QUESTIONNAIRE

Questionnaire A

Instructions

Please answer all questions by placing an X in the relevant box.

Section A: Demographic Profile

1. Age

- 17 or less
- 18 – 25
- 26 – 35
- 36 – 45
- + 45

2. Gender

- Male
- Female

3. Race group

- African
- Coloured
- Indian
- White
- Other (please specify)

4. Position

- Incubator director
- Incubator manager
- Incubator coach
- Incubator specialist.
- Other (please specify)

5. Age of the incubator

(Please select only one)

- 1-2 years
- 2-4 years
- + 5 years
- + 10 years

Section B: Business Incubators

6. When was this incubator founded?

(Please select only one)

- ± 1 years
- 2-3 years
- 3-4 years
- 4-5 years
- + 5 years

7. How many business incubatees have you assisted since the establishment of this incubator?

(Please select only one)

- 1–10
- 10–20
- 20-30
- 30-40
- + 50

8. How many incubatees have graduated since the establishment of this incubator?

- 1-10
- 10-20
- 20-30
- 30-40
- + 50

Section C: Impact and operation

9. What is the selected criterion used to define the incubator's target market?

(Please select only one)

- Firms must be start-ups
- Firms can already be a certain size but not above it
- Firms must be involved in certain types of activities
- High impact firms
- Other (please specify)

10. What are the services rendered by this organisation?

- Business planning and formation of a company

- Mentoring and coaching
- Offering finance and access to finance
- Helping with connectivity and networking
- Helping with inexpensive workplace and infrastructure
- Helping with marketing and intellectual property management
- Helping with education and access to knowledge
- All of the above
- Other (please specify)

11. How do you cover for operating costs?

- Government subsidies
- Private sector
- R&D organisations
- Payment from banks
- Other (please specify)

12. What challenges do incubatees face?

- Poor management of finances and poor marketing practice
- Inadequate access to funding
- Access to reliable information
- Government support
- Unfavourable business and legal environment
- Ambiguous protocols for accessing financial support
- All of the above
- Other (please specify)

13. What challenges does this incubator face?

- Lack of professional management personnel
- Inadequate financial resources
- Access to funding and sponsorship
- Government policies
- Lack of physical space
- Quality of entrepreneurs
- All of the above

Other (please specify)

14. What assistance do you get from SEDA and SEFA?

- Funding
- Infrastructure
- Business knowledge
- Technical knowledge
- All of the above
- Other (please specify)

15. Which entrepreneurial marketing dimension do you use to assist incubatees?

- Proactiveness
- Value co-creation
- Customer intensity
- Resource leveraging
- Opportunity focus
- Innovativeness
- Calculated risk-taking
- All of the above
- Other (please specify)

Questionnaire B

Question 1

What do you think is the inspiration for incubatees to take part in the incubation programme?

Question 2

What are the challenges faced by this incubator?

Question 3

What are the challenges faced by incubatees?

Question 4

What role do SEDA and SEFA play in this incubator?

Question 5

Do you get assistance from SEDA or SEFA? If yes, please tell me about it.

Question 6

What is your understanding of entrepreneurial marketing?

Question 7

Have you used entrepreneurial marketing as a tool to assist incubatees? If yes, please tell me about it.

Question 8

What criteria do you use when selecting incubatees to be part of the programme?

Question 9

What is the given time frame for the incubation programme? Do you monitor incubatees after they graduate from the programme?

Question 10

Have you ever experienced a situation whereby an incubatee leaves incubation before completion? Tell me about the situation, the reason behind their leaving and how you handled the situation?

Question 11

Are there any follow-up mechanisms in place to rate the performance of incubatees? Would you say your company has been successful based on the performance of the incubatees?

Question 12

Are there cases in which incubatees have complained about your services? If yes, tell me about it.

Question 13

If there is something you want to improve in the incubation programme, what would it be?

Question 14

In your opinion, what is an effective business incubator?

Question 15

What do you think are notable strengths of your incubator? [what is special about this incubator?]

Comments and recommendations

.....
.....
.....
.....

.....
.....

Thank you for your response

APPENDIX F: EDITING CERTIFICATE

Ken Barris, PhD

Editing and research writing services

18 Doris Road, Claremont 7708, Cape Town, South Africa

ken.barris@gmail.com

+27(0)829289038

5 August 2021

To whom it may concern

This is to certify that I have proofread the following thesis by Mr Vuyani Rens:

Entrepreneurial marketing as a tool used by business incubators to effectively support SMEs in South Africa

Best regards



KEN BARRIS

APPENDIX G: TURNITIN REPORT

ENTREPRENEURIAL MARKETING AS A TOOL USED BY BUSINESS INCUBATORS TO EFFECTIVELY SUPPORT SMES IN SOUTH AFRICA

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