

Print ISSN: 1738-3110 / Online ISSN 2093-7717
http://dx.doi.org/10.15722/jds.17.06.201906.5

A Scrutiny of the Essence of Business Incubators in the Distribution Sector

Chukuakadibia ERESIA-EKE*, Chux Gervase IWU**,
Afeez Olalekan JAIYEOLA***, Tichaona Buzy MUSIKAVANHU****

Received: April 25, 2019. Revised: May 05, 2019. Accepted: June 05, 2019.

Abstract

Purpose - The potential for small businesses in the distribution sector to contribute to socio-economic development remains largely inert due to a litany of challenges that they face. Incubators have emerged as the 'silver bullet' for most of the problems but the extent to which they are effectively helping small business overcome their challenges remains debatable. This study seeks to determine the core reasons why respondents enrolled in an incubator, the essence of the incubator and the extent to which the incubator performance is satisfactory.

Research design, data, and methodology – A positivist philosophical approach was adopted for the study. This quantitative study used a survey method to collect data from incubatees in a cross-sectional manner. The data were subsequently analysed to generate necessary insights.

Results - Results reveal that the gender composition of incubatees is severely skewed in favour of males. Also, most incubatees enrolled in the incubators with a hope that it would ease their pathway to big businesses, financiers and business registration institutions, and it is not.

Conclusion – Incubators are mostly inward-looking and are adept at offering training interventions. To improve the effectiveness of incubators, it is necessary to invest efforts in attracting more females and building networks with key external stakeholders that could possibly assist the incubatees establish and grow their businesses.

Keywords: Incubator, Small Business, Start-up, Entrepreneurship, Distribution, South Africa.

JEL Classifications: L26, L53, M13.

1. Introduction

The growth of the internet marketplace that has led to many businesses trading online, has opened the doors for the emergence of small businesses involved in distribution. Primarily, these small businesses serve as the bridge between 'selling companies' and 'buying customers'. The distribution business corridor has expanded because many selling businesses prefer to focus on their core competencies, which invariably means that the task of delivery of purchased goods is outsourced. This paves the way for the emergence of small distribution-businesses. This type of businesses holds some appeal for emerging entrepreneurs, given the low entry requirements and low start-up capital typically required to acquire means of transportation such as scooters, bikes, cars and vans. Consequently, there has been an upsurge in the emergence

* First Author & Corresponding Author, Department of Business Management, Faculty of Economic & Management Sciences, University of Pretoria, South Africa. E-mail: chuks.eresia-eke@up.ac.za

** Research and Innovation Unit, Faculty of Business & Management Sciences, Cape Peninsula University of Technology, Cape Town, South Africa. E-mail: iwuc@cput.ac.za

*** Research and Innovation Unit, Faculty of Business & Management Sciences, Cape Peninsula University of Technology, Cape Town, South Africa. E-mail: adesanya56@gmail.com

**** Part-Time Lecturer and Researcher, Faculty of Business & Management Sciences, Cape Peninsula University of Technology, Cape Town, South Africa. E-mail: tichbuzy@gmail.com

© Copyright: Korean Distribution Science Association (KODISA)
This is an Open Access article distributed under the terms of the Creative Commons Attribution Non-Commercial License (<https://creativecommons.org/licenses/by-nc/4.0/>) which permits unrestricted non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

of small businesses focused on distribution. The situation bodes well for the South African economy as Engel (2015) opines that small businesses generally play an important role in the socioeconomic development of nations globally. This assertion is driven by the conviction that small businesses have the potential to create employment opportunities, improve overall productivity and ultimately contribute to the fortunes of a country. It would appear though, that this promise of a catalytic role in economic development remains unfulfilled, for the most part, in South Africa. This deduction stems from the reality that according to James (2015), small businesses are beleaguered with a litany of challenges.

Dugguh (2017) identifies some of these challenges as including but not limited to inaccessibility to finance, poor managerial skills, crime, financial illiteracy, difficulties in developing administrative and operational procedures as well as sales and marketing problems. It is rational to contend that these issues could be affecting the total early-stage of entrepreneurial activity in South Africa which according to Littlewood and Holt (2018) is low, relative to other countries. Not only do the challenges discourage entrepreneurial venturing, they also arguably perforate the ability of small businesses to perform satisfactorily. This has to be a concern for the South African state and its citizenry. Juxtaposed with the situation of a high level of unemployment (Oluwajodu, Greyling, Blaauw, & Kleynhans, 2015) and crime (Goga, 2014) in the social milieu, this concern is inevitably heightened.

Cognisant of the problems faced by small businesses and the concomitant unpalatable effects they generate, perhaps the only way to get small businesses to attain their full potential (or at least a substantial part of it), would be to create necessary mechanisms that would enable these small businesses to overcome the challenges. Indeed, this has become necessary as small businesses, due to their vulnerability are often affected by the liability of newness (Storey, 2016). Consequently, business incubators have emerged as a possible antidote to some of the challenges that threaten the survival of small businesses.

Dubihlela and Van Schaikwayk (2014, p.264) describe business incubators as dynamic hybrid-type economic development facilities that combine features of entrepreneurship, business facilitation and business support mechanisms for economic growth. Incubators are expected to strengthen small businesses so as to enable them to overcome the liability of newness and transit from start-ups into established businesses. This is why Albort-Morant and Ribeiro-Soriano (2016) aver that incubators can stimulate entrepreneurship in a country while Mas-Verdú, Ribeiro-Soriano, and Roig-Tierno (2015) recognize them as drivers of economic growth. Incubators could assist in opportunity-identification which Lu and Wang (2018, p.69) declare, contributes to the creation of entrepreneurial intention. Whether incubators are adequately fulfilling these

roles in South Africa remains largely a matter of opinion, especially in the absence of indisputable empirical evidence.

Given the heterogeneous nature of individuals, it is fairly obvious that people are motivated by different reasons to take particular actions. In the specific case of incubators therefore, the incubatees may have elected to join the incubator for different reasons. Besides that, there is no gainsaying the fact that such reasons may be subject to contextual variations and so reasons documented in prior studies may not necessarily provide a reliable basis of inference for what might be the case in the context of South Africa's distribution sector.

It would therefore be beneficial to explore these reasons and identify the pre-eminent ones, so that on the back of this knowledge, existing or emerging incubators can design incubation programmes focused on addressing such reasons. The significance of this is that to some extent, the provision of satisfactory incubator service is inextricably linked to the addressing of the issues that encouraged incubatees to join the incubator. This is the backdrop against which this study sets out to examine incubators from the perspective of the incubatees in a bid to unveil the specific reasons motivating incubatees to enrol in incubators, establish the extent to which incubators play a catalytic role in small business development and determine incubatees' perception of the performance of incubators.

2. Literature Review

The high rate of unemployment in developing countries has become a major setback to the quest for poverty reduction (Minford & Mahambane, 2005) amongst citizens. The South African case is not different. Amongst other reasons that could be exacerbating the situation, in South Africa, the over-dependence on the formal sector for employment creation (Woodward, Rolfe, Ligthelm, & Guimaraes, 2011; Ligthelm, 2012) and low skill levels are predominant. According to Statistics South Africa (2018), the unemployment rate in the first quarter of the 2018 year stood at 26.7 percent. This is disturbingly high and the emergence of small businesses, albeit, in the distribution sector may help ameliorate the unemployment problem. Indeed, there seems to be a conviction amongst scholars that the solution for unemployment lies with small businesses rather than big businesses. Testimony to this, can be found in the assertion of Cant and Wiid (2013) that small businesses are responsible for the employment of approximately 63% of South Africa's workforce.

Unfortunately, small business survival and growth seems a dim prospect as the small business sector is beset by a variety of challenges. Jeong (2018, p.26) argues that challenges of poor sales, low profitability and economic depression faced by small businesses can be so dire that

they lead to business liquidation. Cant and Wiid (2013, p.714) opine that challenges faced by small businesses are typically external or internal. Problematic exogenous factors, as identified by Seeletse (2012, p.10996) include socio-economic and political instability, technological challenges and a turbulent international environment. More specifically, Mboniyane and Ladzani (2011, p.553) identified crime as a primary challenge facing small businesses, given that they are vulnerable to robberies, break-ins and vandalism because of their locations or inability to install adequate security systems.

Other external challenges facing small businesses include non-supportive micro and macro policy frameworks and inaccessibility to finance (Dockel & Ligthelm, 2005) to start-up or grow the business. According to Brixiová, Ncube, and Bicada (2015, p.2), access to finance in Southern Africa is one of the major barriers to venture creation and growth. It is instructive to note that this issue is more related to formal financial institutions as Smit and Watkins (2012, p.6326) contend that banks are skeptical to lend money to small business because they do not have collateral security and are therefore flagged as risky prospects. Even when small businesses obtain the much-needed finance from the formal lenders, Cant and Wiid (2013, p.708) assert that the associated interest rates can be unfavourable for small businesses. These thoughts lend credence to Olawale and Garwe's (2010) observation that in South Africa, the inability to access finance is a prime contributor to small business failure.

The internal factors that lend themselves to small business failure include poor managerial expertise (Abor & Quartey, 2010, p.224) possibly because those that establish these businesses do not necessarily have management knowledge or prior managerial experience. Similarly, Smit and Watkins (2012, p.6326) recognize the lack of management skills as a major hindrance to the success of the business. This challenge is complicated by the fact that, according to Fatoki (2014, p.925), the managerial skill sets required for starting and growing a business may not necessarily be the same. The implication of this is that, in order to effectively steer the ship of small businesses as they grow through phases, it is imperative that owners acquire and deploy different managerial skills contingent upon the life-cycle phase of the business.

Another obstacle to business profitability and sustainability in South Africa is lack of marketing skills. Van Scheers (2011, p.5050) identified marketing skills as one of the important skills that determine the success of a small business. Typically, such skills help to increase business sales, increase customer base and build relations with customers. The absence of marketing skills could allow for the emergence of unhappy customers whose unwillingness to patronize the business would negatively affect profitability and survival of the business. This is why Cant (2012, p.1109) suggests that small businesses should acquire

relevant marketing skills and make use of them.

The rate of technology changes is unprecedented, and many small businesses fail to adapt to information communication technology (ICT) advancement (Olawale & Garwe, 2010, p.731). The internet and other related technologies have been cited as efficient enablers of operational cost reduction while increasing productivity. This has somewhat contributed to the growth of e-businesses and that of small businesses involved in physical distribution. However, most businesses find it difficult to purchase the necessary technologies, which might hinder their ability to remain competitive. This may be why a study by Yi, Han, and Cha (2018) emphasized the need for small businesses to strive for high levels of competitiveness through appropriate utilization of technological resources. Abor and Quartey (2010, p.224) contend that in South Africa, most SMEs find it difficult to acquire ICT technologies they require for their operations. This observation does not exclude businesses in the distribution sector. It is also noteworthy that accessing the required skilled personnel and retaining them remains a challenge that most SMEs face (Olawale & Garwe, 2010, p.732). As a remedy for this, Seeletse (2012, p.10996) opines that where possible, small businesses should seek the assistance of helpful partners. The import of this opinion is that networking ability may be crucial in the drive to find suitable partners who can help with ideas and share solutions to existing challenges. This is a case that is arguably applicable to budding entrepreneurs hoping to operate successful distribution businesses.

Due to the cocktail of these challenges that act collectively to deflate the potential of small businesses, including those operating in the distribution sector, it has become necessary to institute different initiatives to assist small businesses. One of such prominent initiatives is the business incubator. The concept of business incubation first emerged in the United States in 1959, the United Kingdom in the 1970s and China in the 1990s (Dubihlela & Van Schaikwyk, 2014, p.265). Since then, the establishment of incubators has become a worldwide practice (Al-Mubarak & Busler, 2010, p.2). Instructively though, the concept of business incubation is relatively new in South Africa (Lose & Tengeh, 2015, p.14347).

So, while incubators have for decades been used to prop start-ups in other parts of the world such as the United Kingdom, United States of America, Germany and China, this has only recently been the case in South Africa (Dubihlela & Van Schaikwyk, 2014). According to Masutha and Rogerson (2014), South Africa's first recorded incubation effort - Hives of industry - was launched in 1995 by the Small Business Development Corporation (SBDC) and its central purpose was to assist small businesses with infrastructure to SMEs, by offering them office spaces at highly subsidized rates.

Largely therefore, business incubators concern themselves with nurturing and developing emergent business ventures

so that they can survive and grow during their most vulnerable start-up period (Al-Mubarak & Busler, 2010). This is an opinion shared by Mas-Verdú et al. (2015) as well as Albot-Morant and Ribeiro-Soriano (2016) who view incubators as catalysts for business creation and growth that can stimulate entrepreneurship in a country. These views mean that incubators in the distribution sector basically exist to support emerging entrepreneurs' intent on starting up distribution businesses, so that they can self-manage sustainably.

Against the background of the high failure rates of small businesses in South Africa (Worku, 2014), the importance of incubators cannot be over-emphasized. Incubators are possibly well-positioned to provide the necessary life-support that small businesses require to transit from start-ups to established businesses; after all, Dubihlela and Van Schaikwyk (2014) aver that business that are supported by incubators at their start-up phase have a higher chance of survival. This justifies why efforts geared towards boosting entrepreneurship and creating an enabling environment for small businesses, through the use of incubators, appear well intended.

With the hope of understanding business incubators in New York, Al-Mubarak, Muhammad, and Busler (2015) found that the priorities for incubators, among others, include the need for incubatees to remain sustainable after incubation and generate jobs. In another study that aimed to identify what they consider business incubators' best practices in developed and developing countries, Al-Mubarak, Busler, Al-Ajmei, and Aruna (2013) found that they exist to provide guidance, expertise and resources that emerging businesses need to grow into successful ventures. Essentially, they concluded that business incubators, through the range of services they provide, can advance both local and regional economic development. But as Al-Mubarak and Busler's (2010) comparative study of incubators' landscapes in Europe and the Middle East indicated, the performance of an incubatee's business is only sustained, if sufficient follow-ups are made to determine the health of the business after incubation in order to guard against the common drawbacks that most small businesses encounter as they grow.

By and large, incubators have become quite popular and their services are well sought-after (Rahman & Lim, 2017; Minhas, 2018; Rossiter, Smith, Pautz, & McDonald-Junor, 2018). To service the demand, there are public sector and private sector driven initiatives that have led to the emergence of many incubators that dot the South African landscape. There are incubators focused on a kaleidoscope of areas which according to Burger (2014) include small scale manufacturing, distribution, real estate, mining beneficiation, jewellery-making, arts and crafts, agro-business, construction, technology-driven initiatives, bio-technology, chemical processing and others.

While this may be the case, it remains doubtful that the

rise in the number of incubators in South Africa is matched by a collateral increase in the survival rate of small businesses. This doubt is fertilized by the paucity of empirical evidence that demonstrates what the situation really is. While this study does not set out to address this, it nevertheless aims to contribute to the incubator efficacy discourse by focusing specifically on the distribution sector. The study would solicit the opinions of incubatees as it relates to the reasons for participating in incubators, the fundamental role of these incubators in extending businesses longevity and whether the performance of the incubators can be considered as satisfactory. Given that incubatees are the primary beneficiaries of incubation schemes, the importance and relevance of their views on these issues cannot be over-emphasized. This is all the more the case, if the assertion of Al-Mubarak and Busler (2010) that incubators help to create jobs, revive entrepreneurship and stimulate business growth, is to become a reality in South Africa.

3. Research Methodology

The study is a primary research of an applied nature. Eresia-Eke and Gunda (2015, p.59) argue that such studies attempt to generate insight to chosen intellectual puzzles with practical implications. The study has been executed from the philosophical stance of positivism. This stance allows for the researchers to be independent from the study and simply rely on observations in search of the objective truth about the situation of interest. Consequently, there was minimal interaction with the study's respondents and indeed the role of the researchers was limited to that of data collection, analyses and interpretation. In terms of a reasoning approach, the deductive route has been followed, reliant upon the works of other scholars in the small business environment as well as empirical data gathered from the study's respondents.

The target population of the study comprised individuals who had participated in incubators in the Western Cape Province of South Africa. In order to access members of the target population, the study adopted a survey strategy based on a non-experimental research design. The survey strategy allows for respondents to volunteer information that is relied upon for the measurement of the variables of interest to the study, usually through self-reports.

The study is a quantitative research and data was collected by the administration of a structured questionnaire. Quantitative research attempts to achieve an exact measurement of a phenomenon by relying on answers that are coded in numeric terms (Cooper & Schindler, 2006, p.198). The key-informant technique was followed and so eighty questionnaires were distributed to a sample of incubatees at the selected incubator. To encourage the respondents to provide truthful answers, the questionnaire

made no provisions for the respondents to disclose any personal details, so anonymity was assured.

Sixty-nine of the questionnaires distributed were returned. The returned questionnaires were then examined for missing values cases. Care was also taken to interrogate whether a respondent meaningfully engaged with questionnaire and did not just select a particular option especially for the 10-item incubator-role scale that was part of the questionnaire. The examination led to the disqualification of seventeen of the completed questionnaires. Therefore, the study relied on fifty-two of the distributed questionnaires, which equates to a response rate of 65 percent, for its analysis. The collected data was subjected to descriptive, reliability and factor statistical analyses.

4. Presentation of Findings

There was no attempt to try and ensure representativeness in terms of gender or age as the study did not use the quota-sampling technique. The decision was based upon a conviction that gender or age may not significantly affect the opinions of incubatees as it relates to questionnaire items. The composition of the valid respondent cohort of the study according to gender and age is presented in <Table 1>. The table shows that those that are participating in incubators are mostly of the male gender. Of the 52 respondents that partook in the study 76.9% are male and only 23.1% are female. These figures imply that females are not participating sufficiently in incubators and this perhaps can be attributed to the entrenched patriarchal culture in the society.

Table 1: Demographic Analysis of Participants

Age	Gender		Total
	Male	Female	
18-25	8	0	8
26-35	20	8	28
36+	12	4	16
Total	40	12	52

In the studied population, the most represented age group is that of people in the 26-35 bracket who make up slightly more than half of the respondents in the study. The dominance of this age-group of respondents is also evident in the male and female groups, when they are considered separately. People in the 18-25 age bracket are the least represented among the incubatees as they make up 15.38% of the respondents. Curiously, in this age-bracket, none of the participants was female, perhaps an indication that younger females are not being sufficiently pulled into incubators operating in the distribution sector.

The study sought to determine at what stage the

incubatee enrolled in the incubator. The aim was to ascertain the nature of the incubators' predominant target group. Results show that participants are at different stages as it pertains to business establishment. These results are depicted in <Figure 1>.

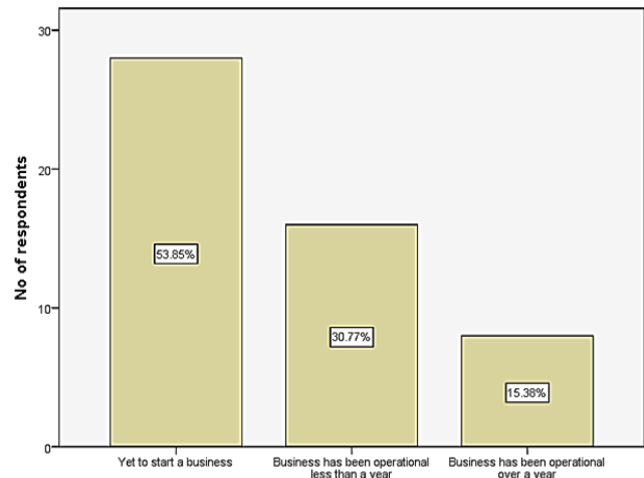


Figure 1: Age of business at the point of joining an incubator

The study revealed that 30.8 percent of the participants in incubators have been in business for less than a year, while 15.4 percent of the participants have operated their businesses for over a year before they elected to join an incubator. The dominant group of incubatees is however those that are yet to start a business and simply nurse intentions to do so. This group accounts for 53.8 percent of the cohort of incubatees that participated in this study. This dispersion of respondents shows that the incubators are servicing more of those who have entrepreneurial intentions and are yet to actualize them. This reality should be a consideration for the determination of the thrust of incubator programmes. As a matter of necessity, interventions targeted at the three groups of incubatees (as categorized in Figure 1) have to be different and tailor-made for the group, if they are to be effective. For instance, for the dominant group of incubatees who are yet to start a distribution business, creativity, opportunity-seeking and business planning skills are critical and this should inform all interventions aimed at this specific group, by incubators.

Respondents were required to indicate the main reason why they decided to be part of the incubator. Findings (as shown in <Figure 2>) indicate that majority of those in the incubator (53.8 percent) were driven by a desire to acquire business planning skills that would enable them to establish a proper business. This revelation synchronizes with the finding that most of those in the studied distribution-focused incubators are individuals who were yet to start a business but had intentions to establish one.

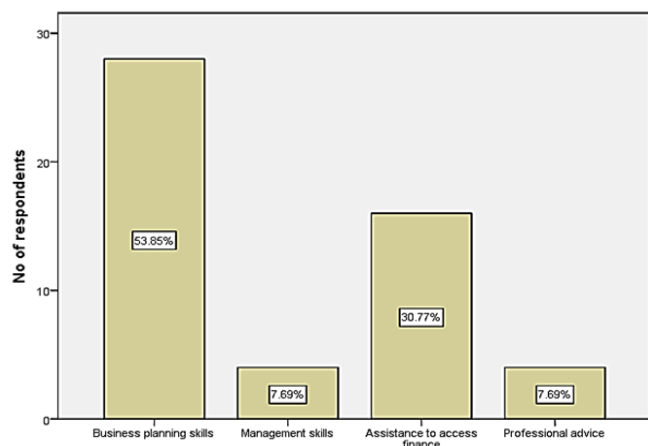


Figure 2: Reasons for enrolling at the incubator

About 30.8 percent of the incubatees volunteered that their reason for being in an incubator was the belief that they would get assistance that would enable them secure finance from formal lenders, venture capitalists or any other fund-providers. Interestingly, of the remaining 15.4 percent of the respondents, half of them claimed that they enrolled in the incubator with the intent to access training for purposes of business skills development. The other half was inspired to join the incubator because of the quest for professional advice that would guide them as they navigate the distribution business terrain.

With respect to perceptions of the role of incubators, the study relied on a 10-item scale with statements that were aligned with 5-point Likert type options of 'strongly agree', 'agree', 'neither agree nor disagree', 'disagree' and 'strongly disagree'.

As part of the statistical analysis, the scale was assessed for reliability. The reliability test returned a Cronbach Alpha value of 0.626 which according to Hinton, Brownlow, McMurray, and Cozens (2004) is an indication of moderate reliability and so the scale can be utilized. Though the value is less than the commonly accepted standard of 0.7, Di Iorio (2005), argues that the value of 0.7 should not be the only standard used to assess reliability. The descriptive statistics associated with the scale for the perceptions of the role of incubators is presented in <Table 2>.

All respondents were convinced that the entrepreneurial skills that they were acquiring at incubators would boost the chances of survival of their distribution businesses. The standard deviation associated with this item was zero, which implies that the thoughts of the respondents were perfectly in harmony as they all selected the 'strongly agree' option. The lowest mean score on the scale was 3.92, associated with the statement that alludes to the fact that the incubator assists incubatees' access to funding from financial institutions. This score means that the participants generally neither agree nor disagree with the statement. Quite interestingly, participants' views differed the most as it relates to this statement, given the associated standard deviation of 1.13. There were respondents who 'strongly agree' that they were receiving assistance to access funds but there were also others who 'disagree' with the statement. This discordance signals the fact that the challenge of inaccessibility to finance remains and incubators could perhaps do more, in this regard.

The second-highest standard deviation obtained on the scale was 0.83 which is related to the statement which suggests

Table 2: Descriptive statistics associated with the role of incubators scale

Item	N	Min.	Max.	Mean	Standard Deviation
Involvement in a business incubator at early stages provides a good entrepreneurial foundation for business success	48	4.00	5.00	4.92	.28
Entrepreneurship training provided by the incubator would equip me to manage my business	48	4.00	5.00	4.50	.51
The incubator assists businesses like mine to obtain funding from financial institutions	48	2.00	5.00	3.92	1.13
With the help of the incubator, the process of registering a business is easy	48	3.00	5.00	4.00	.83
The entrepreneurial skills I acquire at the incubator would boost the chances of survival of the business	48	5.00	5.00	5.00	.00
An incubator graduate who owns a business owner would manage it better than someone of a similar standing who was not in an incubator	52	3.00	5.00	4.69	.61
With the help of the incubator, I can project that the demand for my product/service in the market is likely to exist even in the future	52	4.00	5.00	4.77	.43
With the incubator experience, a business like mine has a better potential to employ more people	52	4.00	5.00	4.85	.36
Incubators play a critical role in entrepreneurship development	52	4.00	5.00	4.77	.43
The incubator has helped me realize that owning a business would allow me to achieve more meaningful economic participation compared being an employee	52	3.00	5.00	4.54	.75

that incubators ease the process of business registration. Though the mean score of 4 indicates that respondents 'agree' with the statement, it is the second lowest mean score in Table 2. The fact that the standard deviation and mean score associated with this item are second only to those linked to the 'access to finance' statement is curious. Taken together, the low item-mean and high standard deviation scores linked to the statements that address access to finance and ease of registration, reveal that incubators should do more to link incubatees to important external role players. While it is acknowledged that incubators are performing creditably with respect to equipping incubatees with relevant entrepreneurial, business and marketing skills, they seem to be lacking when it comes to connecting incubatees to external organizations, like big businesses, financiers and regulators, whose support may prove critical for business success.

The mean score of 4.85 obtained for the statement: 'With the incubator experience, a business like mine has a better potential to employ more people' augurs well and provides a basis for optimism that emerging small businesses in the distribution sector would be job-creators in the future. This is particularly important in South Africa given the high levels of unemployment highlighted earlier in this study. To some extent, at least in the context of small businesses, the thoughts of the respondents as it concerns employing more people possibly allays fears that the fourth industrial revolution and the wave of artificial intelligence would significantly affect job creation, adversely.

Judging by the item mean score of 4.92, the study's finding is that the respondents affirmed that involvement with incubators at the embryonic stages of a business would provide a solid foundation for the business to succeed. When this assertion is considered alongside the finding that most of the incubatees are yet to start a business or in their first year of business operations, it becomes reasonable to project that the chances of business success, in the distribution space, for the current incubatees are good.

Besides gauging the feelings of the respondents about the role of incubators, the study also sought to establish if they found that incubator experiences were beneficial. When asked if they had benefitted from being part of incubators, all of the incubatees responded in the affirmative. This finding resonates with those that resulted from studies conducted by Al-Mubarak and Busler (2010) as well as Lose, Maziriri and Madinga (2016). This position made it unsurprising that 100 percent of the study participants perceive that their objectives for joining incubators were being realized.

5. Conclusion

The study's results show that more men are enrolled in the incubators in comparison to women. This signals the

existence of gender inequality in incubators which might metamorphose into a similarly unequal gender composition with respect to small business ownership in the distribution sector. The inequality is an expression of the far-reaching effects of a patriarchal culture even in the domain of entrepreneurship. It is therefore necessary for concerned authorities to recognize this and act to address it with more incentives aimed at encouraging females to utilize incubators.

One of the main reasons for enrolling in incubators, according to incubatees, is the hope that incubators would assist them in securing finance from formal lending institutions. Approximately one out of three respondents claimed that this was their primary reason for getting into the incubators. The opinions expressed with respect to the role of incubators reveal that incubatees are not exactly certain that incubators assist them with securing finance for the business. In the light of this, the resultant effect might be that 30 percent of incubatees whose participation in incubators is driven by access-to-finance expectations, would be disappointed. The fact that the perceptions of incubatees reveal that incubators are not assisting much with linking incubatees to financial institutions is worrisome. In this regard, it is pertinent for incubators to forge working alliances with other key stakeholders whose support is crucial to small business performance. To start with, closer relationships between incubators and big business as well as regulatory and finance institutions, would be beneficial to incubatees.

Incubatees allude to their conviction that the skills being acquired from the incubator would put them in good stead to steer their distribution businesses to success. Whether the skills are entrepreneurial skills, managerial skills or marketing skills, is really immaterial as they come together in a cocktail of sorts to sufficiently equip the incubatees with what it might take to achieve business success. On the aspect of training and skills development, the incubators are certainly performing well. Perhaps all that needs to be done with the skills development initiatives is to ensure that they are appropriately tailored to the needs of the targeted population, owing to the seemingly heterogeneous nature of such needs. Perhaps it is to the credit of the skills that incubators are empowering incubatees with, that it has been observed by Meyer and Meyer (2017) that total early-stage entrepreneurial activity (TEA) has risen to 11 percent from the 2016 rate of 6.9 percent.

The study acknowledges the limitation of relying exclusively on quantitative data to derive its conclusions. This is particularly pertinent in the light of the study's small sample size. The study could have been enriched by supplementary qualitative data which would have illuminated some of the considerations that underpin incubatees' opinions. Furthermore, a similar study, but one of a longitudinal nature, will be better equipped to gauge the performance of incubatees that have left the incubator and

therefore ascertain factually if the time spent at the incubator was actually beneficial.

Nonetheless, the fact that incubatees anticipate a future where they can create employment opportunities is testament to the job creation potential that small businesses embody. The projection of the incubatees is consistent with the optimism that is characteristic of entrepreneurs. In spite of this, the challenges that encumber the performance of small businesses are substantial and the extent to which the optimism expressed crystallizes into reality will depend on the degree to which incubators empower the incubatees to overcome them. Consequently, incubators must allow these challenges to inform the thrust of any interventions that may be offered to incubatees, so that entrepreneurial performance is enhanced. Invariably, an increased rate of entrepreneurship in a country would be met with an increase in its regional or global competitiveness which would engender economic growth, employment creation and an increase in the living standards (Nicolaidis, 2011, p.1043; Sanchez, 2013, p.447) of the people.

Overall, the view of incubatees that they are benefiting from incubators and that their individual objectives for enrolling at the incubation facilities are being met, bodes well for all parties. Linked to this, is therefore a reasonable hope that incubators will continuously enhance the incubatees' capacity to create jobs, boost entrepreneurship and stimulate the growth of small businesses in South Africa.

References

- Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39(6), 215-228.
- Albert-Morant, G., & Ribeiro-Soriano, D. (2016). A bibliometric analysis of international impact of business incubators. *Journal of Business Research*, 69(5), 1775-1779.
- Al-Mubarak, H. M., & Busler, M. (2010). Business incubators: Findings from a worldwide survey, and guidance for the GCC states. *Global Business Review*, 11(1), 1-20.
- Brixiová, Z., Ncube, M., & Bicada, Z. (2015). Skills and youth entrepreneurship in Africa: analysis with evidence from Swaziland. *World Development*, 67, 11-26.
- Burger, T. (2014). *Incubator Programmes available in South Africa*. Retrieved from <https://jtbconsulting.co.za/incubator-programmes-available-South-Africa/>
- Cant, M. (2012). Challenges faced by SMEs in South Africa: Are Marketing Skills Needed? *International Business & Economics Research Journal (IBER)*, 11(10), 1107-1116. <https://doi.org/10.19030/iber.v11i10.7256>
- Cant, M.C., & Wiid, J.A. (2013). Establishing the challenges affecting South African SMEs. *International Business & Economics Research Journal (IBER)*, 12(6), 707-716. <https://doi.org/10.19030/iber.v12i6.7869>
- Cooper, D.R., & Schindler, P.S. (2003). *Business research methods* (9th Ed). New York, NY: McGraw-Hill
- Di Iorio, C. K. (2005). *Measurement in health behaviour: methods for research evaluation* (p. 176-210). San Francisco, CA: Jossey-Bass.
- Dockel, J.A., & Ligthelm, A.A. (2005). Factors responsible for the growth of small businesses. *South African Journal of Economic and Management Sciences*, 8(1), 54-62.
- Dubihlela, J., & Van Schaikwyk, P.J. (2014). Small business incubation and the entrepreneurial business environment in South Africa: A theoretical perspective. *Mediterranean Journal of Social Sciences*, 5(23), 264-269.
- Dugguh, S.I. (2017). Entrepreneurship and small business: Strategic approach to alleviating poverty and corruption in Nigeria. *GSTF Journal on Business Review (GBR)*, 3(1), 57-66.
- Engel, J.S. (2015). Global clusters of innovation: Lessons from Silicon Valley. *California Management Review*, 57(2), 36-65.
- Eresia-Eke, C., & Gunda, C. (2015). The entrepreneurial intentions of university of Botswana students. *Problems and Perspectives in Management*, 13(3), 55-65
- Fatoki, O. (2014). The causes of the failure of new small and medium enterprises in South Africa. *Mediterranean Journal of Social Sciences*, 5(20), 922-927
- Goga, K. (2014). Taking stock of the last 20 years: Responses to organised crime in a democratic South Africa. *South African Crime Quarterly*, 48(1), 63-73.
- Hinton, P.R., Brownlow, C., McMurray, I., & Cozens, B. (2004). Using SPSS to analyse questionnaires: Reliability. *SPSS explained*, 356-366.
- James, C. (2015). *The quiet revolution: Turbulence and transition in contemporary New Zealand*. Wellington, New Zealand: Bridget Williams Books.
- Jeong, D. (2018). Association between business switch or liquidation, and the demographics of Small and Medium Enterprises in South Korea. *International Journal of Industrial Distribution & Business*, 9(9), 25-33
- Ligthelm, A. (2012). The viability of informal micro businesses in South Africa: A longitudinal analysis (2007 to 2011). *African Journal of Business Management*, 6(46), 11416-11425. 10.5897/AJBM12.438.
- Littlewood, D., & Holt, D. (2018). Social entrepreneurship in South Africa: Exploring the influence of environment. *Business & Society*, 57(3), 525-561.
- Lose, T., Maziriri, E.T., & Madinga, W. (2016). Assessing the impact of incubation programme to small and medium enterprises development in the Western Cape Province of South Africa. *International Journal of Small*

- Business and Entrepreneurship Research*, 4(4), 16-29.
- Lose, T., & Tengeh, R. (2015). The sustainability and challenges of business incubators in the Western Cape Province, South Africa. *Sustainability*, 7(10), 14344-14357.
- Lu, H. & Wang, J. (2018). Entrepreneurial intentions of two patterns of planned behaviour and alertness: Empirical evidence in China. *The Journal of Asian Finance, Economics and Business*, 5(2), 63-72
- Masutha, M., & Rogerson, C.M. (2014). Small enterprise development in South Africa: The role of business incubators. *Bulletin of Geography. Socio-economic Series*, 26(26), 141-155.
- Mas-Verdú, F., Ribeiro-Soriano, D., & Roig-Tierno, N. (2015). Firm survival: The role of incubators and business characteristics. *Journal of Business Research*, 68(4), 793-796.
- Mbonyane, B., & Ladzani, W. (2011). Factors that hinder the growth of small businesses in South African townships. *European Business Review*, 23(6), 550-560.
- Meyer, N., & Meyer, D.F. (2017). An Econometric Analysis of Entrepreneurial Activity, Economic Growth and Employment: The Case of the BRICS countries. *Journal of Economic & Management Perspectives*, 11(2), 429-441.
- Minford, P., & Mahambane, V. (2005). South Africa's Labour Market towards 2015. *Economic intelligence series*. Johannesburg, Republic of South Africa: CHAMSA (Chamber of commerce and industry, South Africa).
- Minhas, W.A. (2018). *Advancing Entrepreneurship in the United Arab Emirates: Start-up Challenges and Opportunities*. <https://doi.org/10.1007/978-3-319-76436-81>
- Nicolaides, A. (2011). Entrepreneurship-the role of higher education in South Africa. *Educational Research*, 2(4), 1043-1050.
- Olawale, F., & Garwe, D. (2010). Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach. *African journal of Business management*, 4(5), 729-738.
- Oluwajodu, F., Greyling, L., Blaauw, D., & Kleynhans, E.P. (2015). Graduate unemployment in South Africa: Perspectives from the banking sector. *SA Journal of Human Resource Management*, 13(1), 1-9.
- Rahman, M., & Lim, J. (2017). Building Communities through Participatory Design. *Mobilising Diverse Community Assets to Meet Social Needs*. Singapore: Institute of Policy Studies (IPS).
- Rossiter, W., Smith, D.J., Pautz, N., & McDonald-Junor, D. (2018). *Biotechnology, life sciences and skills in D2N2: A report for Learn Direct and the D2N2 Local Enterprise Partnership*. Nottingham, England: Economic Strategy Research Bureau, Nottingham Business School.
- Sánchez, J.C. (2013). The impact of an entrepreneurship education program on entrepreneurial competencies and intention. *Journal of Small Business Management*, 51(3), 447-465.
- Seeletse, S.M. (2012). Common causes of small businesses failure in the townships of West Rand district municipality in the Gauteng Province of South Africa. *African Journal of Business Management*, 6(44), 10994-11002.
- Smit, Y., & Watkins, J.A. (2012). A literature review of small and medium enterprises (SME) risk management practices in South Africa. *African Journal of Business Management*, 6(21), 6324 - 6330
- Statistics South Africa (2018). *Youth unemployment still high in Q1:2018*. Retrieved from <http://www.statssa.gov.za/?p=11129>
- Storey, D.J. (2016). *Understanding the small business sector*. London, England: Routledge. <https://doi.org/10.4324/9781315544335>
- Van Scheers, L. (2011) SMEs' Marketing Skills Challenges in South Africa. *African Journal of Business Management*, 5, 5048-5056.
- Woodward, D., Rolfe, R., Ligthelm, A., & Guimaraes, P. (2011). The viability of informal microenterprise in South Africa. *Journal of Developmental Entrepreneurship*, 16(01), 65-86.
- Worku, Z. (2014). Differential factors of long-term survival in small and medium-sized business enterprises in Pretoria, South Africa. *Journal of Business and Economics*, 5(11), 2091-2104.
- Yi, H., Han, C., & Cha, Y. (2018). The effect of entrepreneurship of SMEs on Corporate capabilities, Dynamic capability and Technical performance in South Korea. *The Journal of Asian Finance, Economics and Business*, 5(4), 135-147.

