



**The impact of Business Incubators in improving Small, Medium and Micro-Enterprises
(SMMEs) growth in South African townships: A case of Tshwane Municipality**

By

MASHUDU THELMA TUNZI

Student number: 55020070

**Dissertation submitted in fulfilment of the requirements for the degree of Master of
Commerce in the subject Business Management**

At the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: MR SK MAELANE

CO – SUPERVISOR: DR RT MADUANE-KOMAPE

11 DECEMBER 2025

DECLARATION

Name: Mashudu Thelma Tunzi

Student number: 55020070

Degree: Master of commerce in Business Management

Title: THE IMPACT OF BUSINESS INCUBATOR IN IMPROVING SMALL, MEDIUM AND MICRO-ENTERPRISES (SMMEs) GROWTH IN SOUTH AFRICAN TOWNSHIPS

I declare that the above dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it for examination at Unisa for another qualification or at any other higher education institution.



SIGNATURE

11 DECEMBER 2025

DATE

ABSTRACT

This study aimed to investigate the impact of business incubators on the growth of small, medium, and micro-enterprises (SMMEs) in South African townships, with a focus on Gauteng. The study reviewed social capital and institutional theories. Furthermore, a review of the empirical literature revealed that SMMEs receive various services and support from business incubators, including coaching and mentoring, training services, infrastructure support and financial support. The study chose the qualitative research approach, interpretivism philosophy and exploratory research design. A non-probability sampling strategy was used, and a quota sampling technique was adopted. The data were collected using an interview guide with open-ended questions. The target population of this study was all the owners and managers of SMMEs operating in the townships of Tshwane Municipality registered under the SEDFA. The sample of this study consisted of 20 SMMEs in the retail and services industries. The sample size was determined through saturation across all 2 industries targeted, with 12 SMMEs from the retail industry and 8 SMMEs from the service industry. The data were analysed using the thematic analysis, and Atlas.ti statistical software was used to assist with data analysis. The study revealed that Tshwane townships receive a wide range of specialised services and assistance from business incubators. These include training, coaching, mentorship, infrastructure provision, financial aid, and networking possibilities. The training services included major topics such as entrepreneurship and financial management. Coaching and mentorship offered hands-on assistance with company growth and model development. Financial services reduce financial limits through group fundraising, investor connections, and loan facilitation. Networking activities enable entrepreneurs to create business groups, obtain market access, and cooperate on new ideas and enterprises. SMMEs face the challenges of financial constraints, administrative and bureaucratic barriers, adjusting to external forces, a lack of managerial experience and limited market access. The study revealed that the role of business incubators in improving SMME growth can be enhanced by focusing on value addition, fostering innovation, offering accessible and diversified finance options and offering tailored support. The study therefore recommends the provision of tailored training, strengthening post-incubation mentorship and support, strengthening ecosystem linkages and market access and rewarding innovative SMMEs.

Keywords: Small, Medium, and Micro Enterprises (SMMEs); Business incubators; South African townships

DEDICATION

This dissertation is dedicated, with humble appreciation, to God and acknowledges the strength bestowed upon me throughout this challenging journey. Ecclesiastes 9: 11: “I returned, and saw under the sun, that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, nor yet riches to men of understanding, nor yet favour to men of skill; but time and chance happeneth to them all”.

I express my sincere gratitude to my mother, Rosina Tshikota thanks you for teaching me what strength looks like. I am a strong woman because a strong woman raised me.

I particularly dedicate this work to my children, Thuto Modise and Thandiwe Tunzi.

You guys believed in me, gave me the support and courage when I needed it the most. I will forever be thankful.

I would like to take a moment to thank my husband, Mojalefa Tunzi, in recognition of your unwavering support, tolerance, patience and encouragement to keep my candle burning during tough academic times throughout the journey. Your understanding of my study schedule and ability to do all house chores and cook for us is an act of love.

Balancing my personal life, my work as a shift worker and academic responsibilities has been a formidable task from the outset. However, I am pleased to announce that I have successfully completed my research study.

Ecclesiastes 7: 8: “Better is the end of a thing than the beginning thereof: and the patient in spirit is better than the proud in spirit.”

ACKNOWLEDGEMENT

PSALMS 102:13

“Thou shalt arise, and have mercy upon Zion, for the time to favour her, yea the set time is come”.

This dissertation would not have been possible had it not been for God’s grace and favour in my life; He carried me through by giving me wisdom and protection throughout this journey. He also sent me destiny helpers.

I would like to express my sincere appreciation and gratitude to:

- First, I would like to thank my supervisor Mr. Stephen Maelane and co-supervisor Dr. Refilwe Maduane - Komape for their guidance, patience and encouragement throughout the study. You devoted your time and intellectual abilities to make this dissertation a reality. Thank you for the opportunity and direction, which gave me the belief to pursue this journey to the end. You are truly God sent as my destiny helpers.
- I am grateful to SEDFA for granting me permission to conduct this research and I would especially like to thank Rebecca Majola for her cooperation.
- I am gratefully acknowledging the use of ATLAS.ti as a key tool for qualitative data analysis conducting in this study
- I am grateful for all my participants responses, encouragement, and willingness to take part in my study. I sincerely appreciate your contributions, which have greatly aided and improved my study.
- I appreciate BK Editorial and Publishing for language and technical editing of my dissertation.
- Lastly The examiners, whose unbiased guidance and informed academic comments greatly contributed to the refinement of this dissertation.

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LIST OF ACRONYMS

BBBEE	Broad Based Black Economic Empowerment
GDP	Gross Domestic Product
NDP	National Development Plan
NSB	National Small Business
PBIP	Pilanesberg Business Incubation Programme
R&D	Research and Development
SARS	South African Revenue Services
SEDFA	Small Enterprise Development and Finance Agency
SMMEs	Small, Medium and Micro-Enterprise

CHAPTER 1:

INTRODUCTION AND BACKGROUND

1.1. Introduction

Business incubation is a concept that remains poorly understood and has been adopted in various parts of the world (Dhiman & Arora, 2024). According to Akpoviroro, Oba-Adenuga and Akanmu (2021), business incubators refer to organisations that are designed and set up to support the success and growth of businesses, especially startups. These methods have been set - up worldwide to support the development of SMMEs. In South Africa, business incubators are known as supporting structures of start-ups that provide support services and resources (Hewitt & Van Rensburg, 2020). According to the South African National Small Business (NSB) Act 102 of 1996, an SMME is defined as a business that has no more than 200 employees with an annual turnover of less than R4 million to R50 million depending on the industry. In the townships of South Africa, SMMEs are small businesses that employ a small number of people and have close contact with their customers. These SMMEs have grown in importance because their contribution to economies worldwide is immense. They have largely contributed to the gross domestic product (GDP) and created employment bridging the gap left by large businesses. According to Madgavkar et al. (2024), SMMEs account for 77% of all jobs in emerging economies and 66% of all jobs in advanced economies. In South Africa, SMMEs account for a significant proportion of the labour force and employment, with estimates suggesting approximately 87% of the total labour force and 40% of employment in 2023 (Finscope Consumer Survey, 2023). In the year 2023 alone, SMMEs were reported to have created 66% of all new jobs in South Africa, thus, this signifies the importance of SMMEs for the economy of South Africa (Arnoldi, 2024).

Despite the massive contributions that SMMEs have made worldwide, they still face challenges that hinder development and growth. SMMEs in South Africa are failing to grow businesses due to challenges such as a lack of finance and other resources, a lack of expertise and a lack of discipline (Rens, Iwu, Tengeh & Esambe, 2021). To address the challenges faced by SMMEs, business incubators have been set up to support the growth of SMMEs worldwide. The business incubators in South Africa have provided resources for SMMEs, which is a persistent challenge faced by SMMEs (Tembe, 2018). Hewitt and Van Rensburg (2020) also acknowledged that business incubators provide business guidance and access to markets for SMMEs in South Africa. SMMEs lack market access both locally and internationally, and they have not yet created a name for themselves to access larger markets (Enaifoghe & Ramsuraj, 2023). With business incubators, SMMEs can reach large markets and grow their businesses.

However, the link between the role of business incubation and the growth of SMMEs remains unexplored, particularly in the context of South Africa (Rens *et al.*, 2021). This study, therefore, aims to investigate the impact of business incubators in improving SMME growth in South African townships, with a focus on the Tshwane Municipality in Gauteng. The study targets the owners or managers of the SMMEs since they rely on the major decisions made by the SMMEs. This chapter will therefore present the background of the study, problem statement, research questions, research objectives, significance of the study, preliminary literature review and proposed research methodology.

1.2. Background and Motivation

The majority of SMMEs operate in or start operating in township economies. In the township economy of South Africa, SMMEs are failing to develop and grow despite their immense contribution to the larger economy (Wiid & Cant, 2021). The SMMEs in townships lack funding for their business ideas or funding to expand the business they may have established (Bvuma & Marnewick, 2020). Most of these small businesses are initiated by poor people, and if they lack support, the businesses will not realise their full potential. Furthermore, most of these businesses do not have proper infrastructure for their operations, which hinders their growth (Molefe, Meyer & de

Jongh, 2018). Moreover, these SMMEs focus on markets that are close to them, which also limits their growth potential. They do not have access to the larger markets where they can sell more and grow their businesses (Wiid & Cant, 2021).

Despite the South African government's initiatives to promote entrepreneurship, many SMMEs remain unsustainable due to various challenges (Bushe, 2019). Studies indicate that South Africa has a higher SMME failure rate than other developing countries do, with some estimates suggesting that 60–80 percent of businesses failing within the first two years (Leboea, 2017). These findings highlight the daily challenges and limitations that SMMEs face, impacting their sustainability. Hewitt and Van Rensburg (2020) noted that South Africa's dynamic business environment and high SMME failure rate suggest inadequate entrepreneurial leadership skills and an insufficient understanding of the business environment in townships. These business skills and knowledge have been provided by business incubators in different townships in South Africa.

In the face of numerous constraints, business incubators that target SMMEs provide considerable support, which is important in the establishment and survival of SMMEs (Msimango-Galawe & Hlatshwayo, 2021). South Africa is one of the nations that has adopted business incubation as a vehicle for upgrading the economy of SMMEs (Allahar & Brathwaite, 2016). The SMMEs in the townships received support from various business incubators in the country. Business incubators such as the Furntech and Techstars Foundation, which specialise in supporting start-ups in the technological field, have been providing access to mentorship, funding opportunities, workspaces, and market linkages (Department of Small Business Development, 2023). Other incubators, such as the Small Enterprise Development and Finance Agency (SEDFA), have been providing support to SMMEs across South Africa, including training programmes and access to markets (Tembe, 2018). Additionally, Raizcorp focuses on the private sector to provide incubation programmes to early stage start-ups, which include mentorship and funding (SEDFA, 2023).

The SMMEs in townships that are supported by business incubators have received funding that has assisted in establishing and growing their businesses (SEDFA, 2023). The business incubators take SMMEs for a limited amount of time and then leave them to continue on their own. Supported SMMEs have proven to be developing in some instances. However, it is noteworthy that some SMMEs still fail despite the support of

business incubation (Msimango-Galawe & Hlatshwayo, 2021). Therefore, the link between business incubation and the growth of SMMEs remains unexplored, particularly in the context of South Africa, which focuses on the Tshwane Municipality in Gauteng. Against this backdrop, this study aims to investigate the impact of business incubators on SMMEs growth in South African townships using qualitative research. The study targets the owners or top management of the SMMEs since they rely on the major decisions made by the SMMEs.

1.3. Problem Statement

SMMEs in South Africa are failing to grow businesses due to challenges such as a lack of finance and other resources, a lack of expertise and a lack of discipline (Rens, Iwu, Tengeh & Esambe, 2021). Business incubators have therefore made efforts to provide resources, knowledge and other forms of support to help SMMEs grow (Msimango-Galawe & Hlatshwayo, 2021). In South Africa, SMMEs account for approximately 87% of the total labour force and 40% of employment in 2023 (Finscope Consumer Survey, 2023). In the year 2023 alone, SMMEs created 66% of all new jobs in South Africa; thus, this signifies the importance of SMMEs for the economy of South Africa (Arnoldi, 2024). Despite the efforts made to develop business incubators to support SMME growth, SMME growth has been constrained in South Africa, and some SMMEs are failing (Msimango-Galawe & Hlatshwayo, 2021). In the face of this constrained growth, studies have investigated the challenges faced by SMMEs and the factors constraining the growth of these SMMEs (Sanyal & Hisam, 2018; Mulolli, Hewitt & Van Rensburg, 2020; Botha, Smulders, Combrink & Meiring, 2021). However, the link between the role of business incubators and SMME growth has not been adequately addressed. If the link remains unexplored, addressing the growth challenges through business incubation may remain a challenge. Moreover, the post incubation growth has not been considered, as many studies track success only within the incubation programme (Dlamini, 2020). This may lead to exaggeration of the role of business incubation. In addition, inadequate research has been conducted in the townships of South Africa to understand the role of business incubation in the growth of SMMEs. This study will therefore focus on the role of incubators in improving SMMEs growth in the South African townships of Gauteng, which hosts the majority of the SMMEs in South Africa; hence, this topic is worth considering. Post-incubation growth will also be considered,

which will identify whether business incubators assist SMMEs beyond the support period, which is key for business sustainability.

1.4. Purpose of the Study

The purpose of this study is to investigate the role of business incubators in improving SMMEs growth in Tshwane Municipality, Gauteng Province.

1.5. Research Questions

1.5.1. The primary research question

What is the role of business incubators in improving SMMEs growth in Tshwane Municipality, Gauteng Province?

1.5.2. Secondary research questions

1. What specific business incubator services and support have been received by SMMEs in the townships of Tshwane Municipality, Gauteng Province?
2. What is the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province?
3. What are the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality, Gauteng Province?
4. What strategies can be used to improve the role of business incubators in improving SMMEs growth in townships of Tshwane Municipality, Gauteng Province?

1.6. Research Objectives

1.6.1. Primary objective

To investigate the role of business incubators in improving SMMEs growth in South African townships

1.6.2. Secondary objectives

1. To describe specific business incubator services and support received by SMMEs in Townships of Tshwane Municipality, Gauteng Province
2. To explore the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province
3. To describe the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality, Gauteng Province
4. To suggest strategies that can be used to improve the role of business incubators in improving SMMEs growth in townships of Tshwane Municipality, Gauteng Province

1.7. Significance of the Study

The results of this study can improve the effectiveness of township incubators since the specific support they offer will be examined in terms of supporting SMMEs growth. The best practices and areas of improvement can be identified, which will allow tailor-made programmes focused on growth to be more effective. Furthermore, the results of this study will inform government policies related to township development and SMME growth. This is in line with South Africa's National Development Plan (NDP) 2030. Furthermore, this study can inform sustainable SMMEs growth by looking at post-incubation period; hence, the strategies developed will reduce the failure of SMMEs and improve the contribution of SMMEs to the economy. SMMEs will also benefit from this study by relooking into the support they receive from business incubation and how they are able to continue growing after the incubation period. This study will also address the knowledge gap since the role of incubators in improving the growth of SMMEs has not been adequately addressed in the context of townships in the literature, and this study focuses on SMMEs in townships.

1.8. Chapter Outlines

Chapter 1: This chapter presents an introduction to the study, which covers the context, problem statement, research objectives, questions and significance of the study. The chapter highlighted the need for the research and the benefit of conducting the research.

Chapter 2: This chapter provides a theoretical and empirical literature review of the study. The theories used in the study were discussed and their applicability this study

was also outlined. The literature review also revealed the literature gap that this study intended to fill hence the context of the study was provided.

Chapter 3: The methodology used in the study is covered in this chapter. This chapter discusses the research approach, research philosophy, research design, population and sample, data collection, data analysis, quality assurance and ethical considerations.

Chapter 4: The data analysis, results and interpretation are presented in this chapter. The findings from the methodology outlined in chapter 3 are presented. The major themes and sub-themes of the study were provided.

Chapter 5: This chapter covers the discussion and summary of findings, conclusions, recommendations and areas of further research. The discussion of the findings from chapter 4 are discussed in this chapter in relation to the findings in chapter 2.

CHAPTER 2:

LITERATURE REVIEW

2.1. Introduction

This chapter presents the literature review of this study, which is covered through a theoretical and empirical literature review. The literature review provides a foundation for the study and guides the development of a framework. It will also identify the literature gap that will be filled by the current study. This chapter will therefore cover the theoretical literature review and empirical literature review. First, the chapter defines the key concepts involved in this study in the first section. Second, it presents the theoretical literature review, which covers social capital and institutional theory. The third section provides the empirical literature on specific services and support received by SMMEs from business incubators, the role of business incubators in the growth of SMMEs, the challenges faced by SMMEs during and after the incubation period and the strategies that can be used to improve the role of business incubators in improving SMMEs growth. The section ends with the context of the study in line with the literature review.

2.2. Key Concepts

2.2.1. SMMEs

SMMEs are small, micro- and medium-sized enterprises that are usually associated with small business activities compared with larger firms (Bvuma & Marnewick, 2020). According to the South African National Small Business (NSB) Act 102 of 1996, an SMME is defined as a business that has no more than 200 employees with an annual turnover of less than R4 million to R50 million depending on the industry.

2.2.2. Township economy

The township economy refers to businesses and markets based in townships (Eastern Cape Socio Economic Consultative Council, 2024). These businesses are diverse, with a high rate of informality, and they mainly aim to survive (Charman, Petersen & Govender, 2020). Seventy percent of township economy businesses do not last more

than 3 years, and they are mostly micro-enterprises born of necessity and characterised by low incomes and poverty (Eastern Cape Socio Economic Consultative Council, 2024).

In South Africa, the township economy refers to informal and official economic activities that occur inside South Africa's traditionally disadvantaged urban residential regions, often known as townships (Charman, Petersen & Govender, 2020). These districts were first established under apartheid to accommodate non-white inhabitants away from major centres. Despite post-apartheid political and geographical development, township economies continue to be marginalised from mainstream economies (Charman *et al.*, 2020). According to the National Treasury (2019), the township economy is defined by small-scale, survivalist, and micro-enterprise operations that are frequently informal, with little access to official markets, financing, infrastructure, and business support services. South Africa's township economy is mostly informal, with most firms operating outside of established legal systems. These businesses, such as spaza shops, street sellers, and backyard services, often need little money and expertise, resulting in fierce competition and minimal profits (Eastern Cape Socio Economic Consultative Council, 2024). Youth and women make up a sizeable proportion of the sector's workforce, motivated more by necessity than opportunity. Businesses frequently confront restricted access to funding, insufficient infrastructure, and spatial marginalisation, stifling development and sustainability. Economic activity is mostly community-based and dependent on strong social networks, and significant unemployment in townships makes the informal sector an important source of income (Charman *et al.*, 2020).

2.2.3. Business incubation

Business incubators refer to organisations that are designed and set - up to support the success and growth of businesses, especially start-ups (Akpoviroro, Oba-Adenuga & Akanmu, 2021).

According to the World Bank (2023), business incubation can be private or publicly designed to direct businesses from idea generation to start-up companies and then help them establish and accelerate their growth through a comprehensive business support programme. Business incubation is one of the many tools that foster innovation for enterprise creation and growth. Business incubation has targeted SMMEs, which usually lack resources and hence need business support (Dlamini, 2020).

According to Al-Mubarak and Busler (2020), business incubation is a supportive process that assists entrepreneurs in establishing businesses by offering supporting services such as infrastructure, business services, financing, and networking. This study uses the definition of business incubation of Al-Mubarak and Busler (2020).

2.2.4. Business growth

Business growth refers to the increase in multiple aspects of a company over time, including revenue, capacity, profits and market share (Simango, 2022). This definition applies to SMME growth, which also exhibits the same aspects of growth. When SMMEs grow, they increase their revenue, open new branches, increase their profits and market share. According to Peitsch (2020), SMMEs go through seven stages of growth: idea, development, launch, survival, success, expansion and maturity or scaling. When an SMME business follows these stages, it is said to be growing. These business growth stages exhibit the elements of growth given by Simango (2022), which are increased revenue, opening new branches, and increasing profits and market share. This study follows the definition of business growth given by Simango (2022) which are increased revenue, opening new branches, and increasing profits and market share. For the purposes of this study, growth was operationalised using participant-reported variables that were consistent with Simango's definition (2022). These variables included perceived gains in revenue, customer base, market reach, and business development, according to interviews with SMME owners and managers.

2.3. Theoretical Literature Review

This sub-section presents a review of the theories that are relevant to this study, namely, social capital theory and institutional theory.

2.3.1. Social capital theory

Social capital theory was developed by Pierre Bourdieu (1986) and adopted by James Coleman (1988). The duo was the first to introduce the term social capital systematically independently but almost at the same time (Portes, 2024). The main proposition of social capital theory is that relationships matter and that social networks present a valuable asset (Claridge, 2018). Bourdieu (1986), one of the proponents of social capital, was a

French sociologist who was concerned mainly with the power dynamics of society. According to Claridge (2018), Bourdieu (1986) conceptualised social capital based on the realisation that capital is not only economic and that social exchanges are not purely self-interested.

Another proponent of the theory, Coleman (1986), an American sociologist, was primarily interested in the sociology of education and public policy. Coleman (1988) related the sociology and social actions of individuals who had rational ideas from economists. Despite Bourdieu's (1986) concern about power and status and uneven social capital distribution, Coleman (1986) viewed social capital as a public good where individual actions benefit the whole. Another proponent of social capital theory was Robert Putnam, who is an American political scientist who also treated social capital as a public good (Marsden, 2021). Putnam (2000), in his publication "Bowling Alone," argued that the United States has undergone a collapse in civic, social, political and associational life since the 1960s, and this has presented negative consequences.

The social capital theory implies that humans can come together and develop ways of improving themselves, and the contenders of the theory have also advocated for the division of labour and specialisation. This theory can therefore explain the roles that business incubators play since they involve humans coming together to develop solutions to grow their businesses (Rouxel, Heilmann, Aida, Tsakos & Watt, 2015). SMMEs create capital through associations and social exchanges facilitated by business incubators. Moreover, once SMMEs have received support and are successful, the whole economy benefits; hence, it becomes a public good. This is therefore in line with the argument of Coleman (1986), as mentioned in Claridge (2018), that individual efforts benefit the whole. It is therefore noteworthy that social capital theory explains the role of business incubators in improving SMMEs growth in South African townships, with a focus on Tshwane Municipality in Gauteng.

2.3.2. Institutional theory

Institutional theory was proposed by theorists such as Meyer and Rowan (1977) and Powel Di Maggio (1991). Institutional theory is divided into four components: functionalism and limited rationality, external contexts, attenuated consciousness, and the symbolic life of organisations (Lammers & Garcia, 2017). Meyer and Rowan (1977) defined institutionalisation as the process by which social processes, obligations, or

actualities come to have a rule-like status in social thought and action. From their perspective, this process is driven as much by external influences as by functional requirements or internal organisational rationale. Powell and DiMaggio (1991) define institutionalism as the symbolic importance of formal organisational structures, as opposed to informal connections and specific local or technical interests (Lammers & Garcia, 2017). According to this theory, organisations implement business practices since they enhance their legitimacy (Hallett & Hawbaker, 2021).

Institutional theory therefore indicates that businesses are likely to implement certain practices to make their businesses legitimate (Vargas-Hernandez & Vargas-González, 2023). The theory indicates that there is economic and social pressure that pushes the organisation to conform to certain business practices (Rasche, Gilbert & Schormair, 2020). This theory can explain the role of business incubators in improving the growth of SMMEs since organisations are under pressure to adopt practices from business incubators that are aimed at improving the growth of these SMMEs. Furthermore, being part of the incubator gives some legitimacy to the businesses, which will then give them an opportunity to grow within the business incubation and after the incubation; hence, this is in line with institutional theory. This theory can therefore be applied to explain the role of business incubators in improving SMMEs growth in South African townships, with a focus on Tshwane Municipality in Gauteng.

2.4. Empirical Literature

This section presents the arguments and findings from previous studies related to the specific incubator services and support received by SMME, the role of business incubation in improving SMMEs growth, the challenges faced by SMMEs during and after incubation and the challenges faced by SMMEs during and after the incubation period in support of the research problem and question.

2.4.1. Specific incubator services and support received by SMMEs

Business incubation provides infrastructure, business services, financing, networking, etc. (World Bank, 2023). Business incubators provide services and support, including training, financing, infrastructure, coaching and mentoring, networking and business advice (Van Rensburg, 2020; Mmakhuthe, 2022).

2.4.1.1. Coaching and mentoring

In different parts of the world, business incubators offer coaching and mentoring services to small businesses. According to Adele and Ellinger (2023), managerial coaching refers to coaching that is provided by a superior or manager who serves as a learning facilitator. The superior or manager will enact the required behaviours that will allow the employees or subordinates to learn and develop new skills. Furthermore, Odunayo (2022) defined managerial coaching as an effective managerial practice that assists employees in developing themselves and improving their performance. Mentoring was defined by Onyia, Asikhia, Egbuta and Makinde (2019) as the traditional relationship between a senior person and a junior or less experienced person to teach junior employees about their job. Moreover, Odunayo (2022) defined mentoring as a transactional process where information, advice, support and expertise are transmitted from an experienced professional to a less experienced professional. For this study, coaching is defined according to Adele and Ellinger (2023), and mentoring is defined according to Odunayo (2022).

Tembe (2018) reported that business incubators provide business support services in the form of coaching and mentoring aimed at developing and managing the strategic objectives of the firm. Specifically, support will assist SMMEs entrepreneurs in compiling business proposals and plans, developing digital and marketing strategies, financial management, people, management, compliance and legal requirements and conflict management. In addition, Schutte (2019) analysed public and private sector incubators to identify the services offered in South Africa. Among the services identified were coaching and mentoring, which can be offered to different recipients of business incubator services and support. In line with Tembe (2018), the study established that business incubation can provide coaching services that are important in guiding SMMEs to navigate their paths in business. However, it is interesting to note that Schutte (2019) reported that business coaching was non-existent within the business incubator process in South Africa, regardless of whether it was offered in other countries. Given the changes that have taken place over time, it is necessary to investigate whether business incubators in South Africa are now offering coaching and mentorship. Hence, this study identifies the existence of coaching and mentoring among business incubation services in South Africa.

Furthermore, Ndlovu-Hlatshwayo and Msimango-Galawe (2023) investigated the critical success factors for entrepreneurial coaching in South African business incubators. Regardless of the study not focusing on SMMEs, the study underscored the importance of coaching in business incubation, which was offered to entrepreneurs. The results of this study contradict the findings of Schutte (2019); hence, further and updated studies are needed. Different studies have therefore argued on the importance of the business coaching services offered by business incubators. It would also be reasonable to understand the impact of this business coaching on the growth of SMMEs; hence, this study will include the role that coaching and mentoring play in SMMEs growth.

2.4.1.2. Training services

Another form of service offered by business incubators is business training for SMMEs. Business training involves providing knowledge and skills to business owners and/or leaders on how to start, operate and grow a business (Dlamini, 2020). Business incubators may offer business training to deliver skills such as marketing, management, customer care, business ethics and financial management (Aldammagh, Abdalmenem & Al Shobaki, 2020).

SMMEs can attend training sessions for a certain period to learn specific business knowledge and skills. After training sessions, SMMEs are expected to improve their businesses (Rozmi, Nohuddin, Hadi & Bakar, 2021). However, this is not always the case, as some SMMEs may fail to use the skills gained or, in a worst-case scenario, training may not be appropriate for certain SMMEs (Klepić, 2021). Business training sessions can also be continuous, where SMMEs will attend to training on different issues over time (Rozmi *et al.*, 2021). This ensures that the SMMEs will be updated with changes in the business landscape.

Wolniak, Grebski and Skotnicka-Zasadzień (2019) reported that business incubators offer services such as business planning and business strategy development training. In this study, businesses were also found to be assisted by the creation of business plans and the development of business strategies. These services are crucial in the growth of SMMEs since a business cannot grow without proper planning and strategy. Similarly, Aldammagh et al. (2020) reported that business incubators offer training services that are aimed at improving the growth of small businesses. In addition, the study also indicated that training is offered in line with the stage of growth at which the SMMEs are

on. The study established that SMMEs are offered business training and that those who are at a maturity stage are offered their own training. This ensures that the training offered will be relevant and appropriate to the SMMEs.

The importance of business training for SMMEs has been emphasised in the literature. Li, Ahmed, Qalati, Khan and Naz (2020) argued that business incubators play an important mediating role in providing training programmes to entrepreneurs, including SMMEs. The study underscored that business training is crucial in the development of entrepreneurship. Similarly, Dlamini, Iwu and Ogunlela (2023) highlighted the importance of training for small businesses. The study revealed that training improves the knowledge of running a business and therefore improves the growth prospects of the business. This aligns with the findings of Wolniak et al. (2023), who also established that the business training offered by business incubators improves the growth of SMMEs. This shows that the knowledge needed to run a business is a critical factor in the growth of the business. Dlamini et al. (2023) therefore agree with the findings of Wolniak et al. (2023) that knowledge is necessary for the growth of SMMEs.

2.4.1.3. Infrastructure support

Infrastructure support is another area where business incubators have been providing support to SMMEs. Infrastructure support means that SMMEs will be given office spaces, warehouses, displays, and internet, among other services (Nkoroi, 2021). These forms of infrastructure are already being established by business incubators, and new businesses may not have managed to establish their own. In line with this, infrastructure such as office space, internet connection, warehouses and displays has been a challenge for SMMEs in South Africa (Mmakhuthu, 2022). New businesses are the most affected since they often lack the resources to build or establish their own infrastructure. Notably, Hewitt and Van Rensburg (2020) confirmed the findings of the World Bank report of 2013 that developing countries lack affordable infrastructure. The study revealed that necessary infrastructure, such as internet connection and warehouses, was non-existent in some parts of South Africa. This lack of infrastructure is likely to have contributed to the poor performance of the SMMEs and lack of growth.

To support SMMEs, some business incubators in South Africa have provided working spaces and internet infrastructures (Hewitt & Van Rensburg, 2020). In some areas, the office spaces provided have access to WIFI, which has improved the online presence of

SMMEs. In modern-day business, where businesses need to compete online, the importance of internet infrastructure support cannot be undermined. Another study by Aldammagh et al. (2020) revealed that business incubators provide a supporting form of physical infrastructure that allows SMMEs to have offices, shops and connectivity. This facilitates the growth of SMMEs and allows them to build their own infrastructure in due course. In addition, Njau, Mwenda and Wachira (2019) reported that business incubators actively support new and small business ventures through various services, including physical workspaces.

2.4.1.4. Financial support

Financial support is another service offered by business incubators to support the growth of small businesses. Financial support for the SMMEs is provided in the form of funding to start the business, funding to maintain the business and funding to expand the business (Dlamini et al., 2023). Other incubators may provide funding that is used to acquire the machinery and equipment needed to grow the SMMEs business (Akpoviroro et al., 2021). Therefore, financial support comes in various forms depending on the stage of growth at which an SMME is located. Financial support provided by business incubators can originate from other institutions or the government. Business incubators may be closer to SMMEs, which makes them more suitable for distributing financial support more effectively (Schutte & Barbeau, 2022).

Wolniak et al. (2019) and Aldammagh et al. (2020) reported that business incubators provide financial support, and when such support is provided, it is aimed at improving the growth of small businesses. Aldammagh et al. (2020) reported that there is a statistically positive correlation between the financial support and entrepreneurship of SMMEs. This was in line with the findings of Rungani and Potgieter (2018), who also reported that the success of SMMEs is positively correlated with financial support for both the private and public sectors. This means that financial support is necessary for the success of SMMEs. When this success translates to the growth of SMMEs, it implies that the financial support provided by business incubators contributes positively to the growth of SMMEs.

Furthermore, Van der Spuy and Antonites (2022) reviewed the literature and reported that the lack of financial support was a main inhibitor of the success of SMMEs. Moreover, it was shown that SMMEs need financial support, which they may fail to

access on their own; hence, there is a need to use business incubators. Dlamini et al. (2023) supported Van der Spuy and Antonites (2022), who argued that providing knowledge and skills to SMMEs who are struggling financially may not yield the intended results. It was therefore shown that business incubators may provide knowledge to SMMEs, which may not be able to use this knowledge because they do not have enough resources to run their business. This means that financial support is one of the key services and support offered by business incubators to SMMEs.

2.4.2. The role of business incubators in the growth of SMMEs

Aldammagh et al. (2020) investigated the role that business incubators play in the entrepreneurship of small businesses and revealed a positive relationship between business incubators support and the growth of small businesses. The study established that business incubators offer the knowledge and skills that are necessary in running a business, hence ensuring that businesses grow. Furthermore, it was shown that SMMEs received knowledge and skills in managing their operations, financing and marketing, thus reducing failures in these areas of business. Wolniak et al. (2023) provided arguments like those of Aldammagh et al. (2020), emphasising that business incubators provide knowledge on growing the business, which if used effectively, SMMEs will experience business growth. The study indicated that business growth requires knowledge and that SMMEs can obtain such knowledge from business incubators, which have enough experience in delivering such knowledge to SMMEs. However, they did not highlight the specific forms of knowledge that are offered by business incubators to SMMEs. This requires further investigation, which this study will provide.

Like Aldammagh et al. (2020) and Li et al. (2020) examined the role of business incubators as tools for entrepreneurship development and reported that the networking services, capital support and training programmes offered were significant for entrepreneurial development. This study looked at other forms of support that are not training, and the end results improved the growth of SMMEs. In addition, the study established that business networking services increased the ideas of running and managing business, including information on extending the market. This was a necessary factor in the growth of the SMMEs. In the same vein, Huda and Rejito (2020) emphasised the importance of business networking, arguing that SMMEs that participate in networking programmes run by business incubators have been found to grow more

than those that do not. This means that infrastructure support, capital support, and business networking provided by business incubators positively influence the growth of SMMEs.

On a different note, Freire, Neto, Moralles and Antunes (2023) stated that the role of business incubation has evolved over the years, with business incubators now focusing on networks or linkages through facilitation, brokerage and mediation to assist beneficiaries in building their legitimacy, access to pertinent information and access to new resources. This aligns with the submission of Stephens and Lyons (2023) that business incubators are crucial in supporting business growth for new firms by acting as strategic platforms to enhance innovation and providing linkages to financial institutions together with opportunities for market access.

Aldammagh et al. (2020) also reported that the support offered by business incubators in relation to government regulations improved the entrepreneurship development of small businesses. SMMEs tend to fail to adhere to government regulations because of factors such as misunderstanding regulations and a lack of incentives (Mupimpila, 2020). The training offered by business incubators covers government regulations, hence improving the compliance of SMMEs with government regulations (Romzi et al., 2021). This saves SMMEs from costs that arise from non-compliance and the hindrance of business from non-compliance is reduced, therefore improving the growth of SMMEs (Mupimpila, 2020).

On another note, Hadi (2023) reported that business incubators in Indonesia support the growth of SMMEs. SMMEs who joined business incubators were found to maximise their potential to innovate and achieve sustainable growth. Therefore, business support from incubators assists SMMEs in being innovative through the knowledge, skills and funding they gain, hence leading to business growth. In contrast, Hewitt and Van Rensburg (2020) explored value addition and the role of business incubators in assisting the SMMEs entrepreneurs in growing their businesses in South Africa. Interestingly, a literature survey revealed that business incubators are seeing themselves in a position of strength and not in partnership with SMMEs. It was argued that Broad Based Black Economic Empowerment (BBBEE) candidates were the main recipients of support, ignoring the value addition of a diverse population of SMMEs. This means that there is

a weak link between the services and support offered by business incubators and the growth of SMMEs in South Africa.

The argument of a weak link between business incubation and SMMEs growth in South Africa was also supported by Msimango-Galawe and Hlatshwayo (2021), who stated that the rate of failure of SMMEs in South Africa does not align with the claim that there is a high success rate among incubated SMMEs in South Africa. Simango (2022) supported these findings, noting that business incubators did not significantly contribute to the improved sales and growth of beneficiaries regardless of the time spent in incubation.

The business incubators have been providing services to SMMEs, which have notable results during the support period. Questions have been raised as to whether the support will continue to improve the success of the SMMEs post-incubation, or it will end during the incubation period. Simango (2022) acknowledged that business incubation contributed to the success of SMMEs beyond the incubation period. The study focused on the state-funded Pilanesberg Business Incubation Programme (PBIP). The programme supported the SMMEs for 3 years, and after that period, they were found to be successful, creating new jobs and expanding their business. On the other hand, Huda and Rejito (2020) modelled a university business incubator and reported that SMMEs tend to grow significantly during business incubation and that after incubation, growth may change. The study revealed that the reduced growth after business incubation may be attributed to various factors, such as a lack of skills to run the SMME business.

Another study in South Africa by Zhou and Zondo (2024) investigated the role of business incubation programmes on the performance of SMEs. The study compared incubated and non-incubated SMEs and revealed that incubated SMEs performed better than the non-incubated SMEs. Considering that firms that perform well tend to grow more, it was shown that business incubation positively influences the growth of SMEs.

A similar study by Schutte and Barbeau (2022) explored the influences that business incubators have on the success of small businesses after incubation. It was found that there are various factors – which include networking and effective management – that are significant in the success of the SMMEs post-business incubation. The study acknowledged that post-incubation period will be different from the incubation period as many SMMEs will fully rely on incubation support hence supporting the findings of Huda

and Rejito (2020). However, these studies did not delve into the challenges faced by SMMEs beyond the business incubation period or the factors that affect the success of these SMMEs when they leave business incubators. This study delves into the challenges faced by SMMEs during and after the incubation period. To achieve this goal, the next section reviews the literature concerning the challenges faced by SMMEs during and after the incubation period.

2.4.3. Challenges faced by SMMEs during and after the incubation period

SMMEs face the following challenges during the business incubation period:

2.4.3.1. Financial constraints

Even in the supportive setting of a business incubator, financial constraints can be a substantial barrier for SMMEs (Van der Spuy & Bornman, 2023). Access to enough money is critical to cover operating costs, invest in equipment, and increase production capacity. SMMEs may struggle to obtain start-up investment, working capital, or loans because of their low track record, lack of collateral, and perceived high risk; hence, they may not be able to participate fully in business incubation when financial resources are necessary (Rens, Iwu, Tengeh & Esambe, 2021). This financial weakness might limit their development potential and their capacity to use incubator resources effectively.

2.4.3.2. Lack of managerial expertise

Many entrepreneurs, despite having unique ideas and technical talent, lack the administrative ability required to run a successful firm. This involves abilities in financial management, marketing, human resources, and strategic planning. While various incubators provide training and coaching in these areas, the quality and usefulness of this assistance vary (Lose, Rens, Yakobi & Kwahene, 2020). Therefore, gaps in management knowledge can result in poor decision-making, unproductive operations, and challenges growing the firm (Van der Spuy & Bornman, 2023).

2.4.3.3. Administrative barriers and bureaucracy

While incubators seek to ease the process of beginning and expanding a business, certain SMMEs may face bureaucratic and administrative barriers within the incubator (Van der Spuy & Antonites, 2022). According to Rens et al. (2021), these involve complicated application processes, onerous reporting requirements, and time-

consuming administrative procedures. Such barriers can distract critical time and resources from essential company operations, limiting the capacity of SMMEs to focus on innovation and expansion (Van der Spuy & Bornman, 2023).

SMMEs face the following challenges after the business incubation period:

2.4.3.4. Adapting to the external environment

The corporate environment is continually changing as market trends, technology, and laws shift. Post-incubated SMMEs must be nimble and adaptive to survive and prosper in this dynamic environment (Mwale, 2021). According to Msimango-Galawe and Hlatshwayo (2021), SMMEs must be able to predict and adapt to shifts in client preferences, technology improvements, and regulatory needs. Failure to adapt can lead to reduced competitiveness and, eventually, corporate collapse.

2.4.3.5. Limited market access

Many post-incubated SMMEs continue to face major challenges in expanding into new areas and building a solid client base (Lose et al., 2020). SMMEs might not have the necessary resources and relationships to effectively sell their goods or services, find potential clients, and enter new markets. Rens et al. (2021) added that this difficulty is more acute for SMMEs operating in competitive industries or with little brand awareness. The study further argued that the skills and knowledge given by business incubators require SMMEs to have access to markets where they can supply while applying what they have learned. However, this has been a challenge for SMMEs.

2.4.3.6. Financial sustainability

Securing funding after leaving the incubator might be a significant hurdle for SMME. According to Van der Spuy and Bornman (2023), investors may still see these enterprises as high risk, making it difficult to secure venture funding, angel investors, or loans from traditional banking institutions. In line with this argument, Msimango-Galawe and Hlatshwayo (2021) argued that a lack of access to funding might limit SMME capacity to engage in growth projects, expand operations, and achieve long-term financial sustainability.

2.4.4. Strategies that can be used to improve the role of business incubators in improving SMMEs growth

There are different strategies that can be used to improve the role of business incubators in improving SMMEs growth that have scholars have put forward.

2.4.4.1 Focusing on value addition

Hewitt and Van Rensburg (2020) investigated the role of business incubators in creating sustainable SMMEs in South Africa. The study argued that incubators focus more on the BBBEE candidate while ignoring the needs and value addition of other SMMEs. This has therefore constrained the development of SMMEs; hence, the support offered by business incubators should be more focused on value addition, and all SMMEs that add value or have the potential to create value should be considered. Simango (2022) argued that sector-specific business incubators were found to create jobs and greater turnover for SMMEs. The study recommended that there should be specific touch points and interventions targeted at different SMMEs that do not focus on a few SMMEs. Lose (2019) also argued that the government should support SMMEs in different sectors in line with what they want, thus improving the growth of small businesses.

2.4.4.2. Fostering innovation

The role of business incubators can be improved if they focus more on innovation. In line with this, Hadi (2023) argued that business incubators need to be innovative to improve the growth of SMMEs. The argument is that traditional business incubators provide services that may no longer be viable or applicable; hence, there is a need for innovation. Aldammagh et al. (2020) argued that innovation through new marketing strategies and financing options will improve the growth of SMMEs. It was noted that offering support to small businesses without changing the way they are doing things will not improve their business. The development of new ways of engaging in business anchoring with the support offered by business incubators will change the situation.

2.4.4.3. Tailored support

Moving away from a standardised 'one-size-fits-all' approach entails creating and implementing incubation programmes tailored to the individual needs of SMMEs based on their industry, stage of growth, and recognised problems (Zhou & Gumbo, 2021; Zhou

& Zondo, 2024). Zhou and Zondo, (2024) reported that this customisation may come about in many forms, such as providing sector-specific mentoring where entrepreneurs are paired with mentors with expertise in their chosen field, providing customised instruction modules that address particular skill gaps prevalent in certain industries or growth stages, and allocating resources that are most pertinent to the SMME's operational needs.

The underlying process aims to improve the relevance and effectiveness of incubator offers, ensuring that SMMEs receive the most relevant assistance and resources to solve their individual challenges and accelerate their growth trajectory (Stephens & Lyons, 2022). Zhou and Zondo (2024) demonstrated that effective incubation necessitates recognising the variety of start-ups and delivering diverse services their potential for success. The study claims that generic initiatives frequently fail to meet the complex demands of various SMMEs, resulting in unsatisfactory outcomes.

2.4.4.4. Providing funding

Business incubators play a large role in improving the business of SMMEs. However, the literature has revealed that one of the major challenges faced by SMMEs is a lack of funding (Van der Spuy & Antonites, 2022). The resources and efforts of business incubators may not be fruitful if SMMEs under incubation do not have sufficient resources to grow their businesses (Dlamini et al., 2023). Taufikurohmah and Fidarina (2023) argued that business incubators should be able to assist start-ups in obtaining funding from investors. In support of this, business incubators need to be viable in delivering target funding channels for SMMEs. This shows the importance of financial assistance to ensure that business incubation leads to business growth for SMMEs.

2.4.4.5. Developing skilled incubator staff

Investing in the education and training of incubator staff and managers is critical for improving the quality and efficacy of support for SMMEs (Fithri, Hasan, Syafrizal & Games, 2024). Skilled incubator staff should be knowledgeable in areas such as company management, financial planning, marketing tactics, intellectual property, and industrial sectors relevant to incubated enterprises (Shehada, Talla, Shobaki & Abu Naser, 2020). Furthermore, Ollerenshaw, Murphy, McLaren and Thompson (2024) noted that excellent mentorship skills, the capacity to network and establish partnerships, and

an awareness of the entrepreneurial environment are critical. Training programmes may provide employees with the most up-to-date knowledge, the latest developments in incubation leaders, and the capacity to deliver high-quality advice and assistance to entrepreneurs (Zhou & Gumbo, 2021).

The process by which this helps SMME growth is to ensure that the incubator's advice and resources are knowledgeable, relevant, and directly meet the enterprises' requirements (Shehada, Talla, Shobaki & Abu-Naser, 2020). Fithri et al. (2024) support the idea that the calibre of the incubator workforce is a strong predictor of incubator success. The study emphasised that the human capital within the incubator, particularly the skills and expertise of the management team and mentors, is critical to the performance of incubated enterprises. Research indicates that well-trained and informed employees are better able to recognise and handle the issues that SMMEs encounter, hence contributing to their development and survival.

2.5. Context of the Study

The role of business incubators in supporting the growth of businesses has received attention worldwide. Notably, there has been a strong debate in the literature regarding whether business incubators positively contribute to the performance of SMMEs. Some studies have argued for a weak link between business incubation and the performance of SMMEs (Hewitt & Van Rensburg, 2020; Msimango-Galawe & Hlatshwayo, 2021; Simango, 2022). Despite this weak link, some studies have shown that business incubation positively contributes to the performance of SMMEs (Aldammagh et al., 2020; Mupimpila, 2020). However, there is limited research on the role of business incubators, with a specific focus on the growth of SMMEs. The growth aspect of performance has been neglected in the literature. Furthermore, the SMMEs in South African townships have not been adequately addressed in the literature. Therefore, this study aims to investigate the impact of business incubators on improving SMMEs growth in South African townships, with a focus on the Tshwane Municipality in Gauteng.

The study will therefore identify the various SMMEs that have received business help from business incubators. These SMMEs will be analysed to identify how their growth has improved by participating in business incubation. This will reveal whether business incubation will also work for SMMEs operating in townships or not to improve growth. In addition, this study will identify and update on the challenges faced by SMMEs both

during and after the incubation period rather than focusing on challenges after the incubation period, as most studies in the literature have done. Strategies that can be used to improve the role of business incubators in improving SMMEs growth will also be developed.

2.6. Conclusion

The chapter reviewed the theories that are relevant to this study, which are social capital and institutional theories. Social capital theory proposes that the interactions and exchanges between individuals will generate another form of capital and that it will be for the greater good. Institutional theory suggests that businesses strive to meet the demand and requirements of being institutions, hence improving their business status.

Furthermore, a review of the empirical literature revealed that SMMEs receive various services and support from business incubators, including coaching and mentoring, training services, infrastructure support and financial support. To add on, the link between the specific services and support offered by business incubators to the growth of SMMEs showed that the SMMEs are strengthened and are given a lift, which improves their growth. The literature concerning SMME growth during and after business incubation has shown that the growth of SMMEs is improved during incubation and then may decrease after incubation.

Moreover, ways to improve the role of business incubators in improving the growth of SMMEs have been proposed. These include focusing on value addition and fostering innovation. However, there is limited research on the role of business incubators, with a specific focus on the growth of SMMEs. Furthermore, South African townships have been neglected in the literature. Therefore, this study aims to investigate the role of business incubators in improving SMMEs growth in South African townships, with a focus on the Tshwane Municipality in Gauteng. The next section will focus on the research methodology that will be used in the study

CHAPTER 3:

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the research methodology used in this study. The section covers the research approach, research philosophy, research design, population and sampling, data collection, data analysis, ethical considerations and limitations of the study.

3.2. Research Approach

There are three primary research approaches: quantitative, qualitative, and mixed. The quantitative research technique comprises quantitative evaluations of relationships, which results in objective analysis (Saunders, Lewis, & Thornhill, 2019). Furthermore, quantitative analysis uses numerical values to establish relationships. The relationships from the quantitative analysis are measured in terms of direction and magnitude. Therefore, this allows relationships to be established with objectivity.

On the other hand, the qualitative research technique involves comprehending a phenomenon under investigation by examining the diverse information provided about that phenomenon. Qualitative research focuses on perceptions, attitudes, experiences, and insights (Creswell & Creswell, 2017). Qualitative analysis uses qualitative information to ascertain relationships between variables and is essentially based on what people say about those relationships. Unlike quantitative analysis, qualitative relationships cannot be established with objectivity, and their magnitudes cannot be measured.

The mixed-methods technique involves both qualitative and quantitative analysis. It incorporates the characteristics and benefits of each methodology; nevertheless, combining the methodologies will complicate the study process (Creswell & Creswell, 2017). This means that with mixed methods, the relationships can be estimated qualitatively and supported quantitatively. Therefore, this approach becomes superior when the analysis data must be measured qualitatively and quantitatively in the same study. However, mixed methods are not commonly used because of the complexity created when combining the two approaches.

From the research approaches discussed above, this study employed a qualitative research approach. The grounds for choosing qualitative research are that it provides in-depth knowledge of a phenomenon as well as rich data (Saunders et al., 2019). Furthermore, a qualitative research approach allows the researcher to explore for more information and assess the information while collecting data, resulting in richer data (Saunders et al., 2019). The qualitative research approach is suitable for this study since it aims to establish a relationship based on the perceptions of people. This study therefore used a qualitative research approach since it provides various benefits, and it is suitable for the nature of this study, which analysed qualitative information.

3.3. Research Philosophy

Research philosophy affects the selection of research methodologies, as well as the gathering, analysis, and interpretation of data (Kumar, 2018). Among others, there are two main research philosophies, followed by studies that are positivist and interpretivist. Interpretivism is a philosophical stance that acknowledges humans' distinctness from physical occurrences in that they can construct meaning (Saunders et al., 2019). Interpretivism seeks to provide new and more complete perspectives and interpretations of social circumstances. According to Saunders et al. (2019), interpretivism seeks to explain why things happen the way they do by interpreting the information given. Interpretivism can therefore lead to the discovery of new information or ideas. There are multiple perspectives or truths in interpretivism philosophy, which means that there is some subjectivity.

On the other hand, the positivist paradigm considers one genuine reality and the observable and quantifiable facts that provide law-like generalisations. It is value-free research that takes an objective approach (Saunders *et al.*, 2019). These often involve quantitative techniques of analysis and are extremely deductive. The positivist paradigm is usually used to confirm relationships and does not aim to produce new information or theories. The positivist paradigm is usually used to fill a known gap in the literature or information.

Based on the research philosophies discussed above, this study uses interpretivist philosophy. This philosophy focuses on understanding the subjective interpretations that people assign to their experiences, and this study looks at the subjective interpretations. Furthermore, it assumes that there is no single reality, but rather different realities

created via individual interpretations (Saunders, Lewis & Thornhill, 2019). This study delved into the different realities given by different people through their interpretations of their situations. Qualitative methods, such as interviews and observations, are perfect methods for gathering these diverse perspectives, which is also the research approach of this study. Interpretivism is applicable where the focus is on meaning, which may be subjective and hence aims to gather meaning from various opinions. Owing to the nature of this study, interpretivism philosophy is a suitable research philosophy.

3.4. Research Design

A research design is a general plan of how the researcher will answer research questions (Saunders, Lewis & Thornhill, 2019). There are various research designs, such as exploratory designs, descriptive designs, explanatory designs, correlational designs and evaluative designs. Descriptive design aims to obtain an accurate profile of events, persons or situations (Kumar, 2018). This provides detailed information on a specific group by describing it in detail. Descriptive design provides information about things as they are or as they appear to be. The descriptive design uses methods such as observations, surveys and analysis of secondary data. The weakness of the design is that it focuses on description and does not provide an explanation of why things happen; hence, the results it produces may not be generalisable (Saunders et al., 2019).

Exploratory research design is a valuable means of asking open questions or discovering what is happening and gaining insights into a topic of interest. This approach provides an in-depth understanding of the phenomenon under study (Saunders et al., 2019). There are also explanatory designs that establish causal relationships between variables. They emphasise studying a situation or a problem to explain the relationships between variables. These designs can provide strong evidence of causal relationships and test hypotheses. However, these designs can be time consuming and costly to run (Saunders et al., 2019).

There are also correlational research designs that explore the relationships between variables without the assumption of causality between the variables. These can identify the relationships between variables regardless of the absence of causality; however, this can also be a weakness. Causal comparative design is an approach to non-experimental research that looks at possible cause-and-effect connections between factors that are already present (Kumar, 2018).

An explanatory research design is a type of study that seeks to explain the "why" of a phenomenon, situation, or behaviour. It seeks to discover and explain the links between variables, frequently attempting to establish cause-and-effect correlations. This strategy is especially beneficial when the researcher has little prior information about a topic and wishes to acquire preliminary insights and establish hypotheses for future research. Explanatory research frequently uses qualitative data collection methods such as literature reviews, in-depth interviews, focus groups, and case studies, but quantitative approaches such as surveys and experiments can also be used to test causal hypotheses. The purpose is to create a better grasp of the issue, clarify misunderstandings and provide a framework for more comprehensive study.

Evaluative research design seeks to analyse the efficacy, efficiency, and impact of treatments, programmes, policies, or products. Its major function is to assess the value or worth of anything in relation to its goals or planned consequences. This form of study collects and analyses data methodically to make evidence-based decisions and suggestions for change. Formative evaluation research is undertaken throughout the creation or implementation phase to advise changes, and summative evaluation research is conducted at the end to assess overall effectiveness. It frequently uses a combination of quantitative methods, which include surveys, experiments, and statistical analyses of outcomes, and qualitative methods, such as interviews and focus groups, to collect comprehensive information on different facets of the evaluation.

From the research designs discussed above, the study used an exploratory research design. Exploratory research design aims to gather information about a topic that is not well understood. It provides a better understanding of the issues being researched (Saunders et al., 2019). It is also typically flexible and unstructured and uses different types of data collection methods. Thus, it is suitable for this study to use an exploratory research design because the topic under study is not adequately understood. The exploratory research design allowed this study to provide evidence on relationships while gaining a deeper understanding of the relationships. The characteristics of the exploratory research are in line with this study. Hence, the study found the exploratory research design to be suitable. This design is also aligned with the interpretivism philosophy and qualitative approach chosen for this study.

3.5. Population

The target population refers to the totality of all observation under study (Saunders et al., 2019). These are the observations of interest in a study. The target population of this study included all the owners and managers of SMMEs operating in the townships of Tshwane Municipality, Gauteng Province, South Africa, which are registered under SEDFA. Owners and managers were perceived to be able to provide the information that this study is looking for, as they are involved in top-level decision making. In addition, they are also assumed to understand the growth of the organisation rather than anyone else in the organisation.

3.6. Sampling Strategy and Samples

There are two basic sampling methods: probability sampling and non-probability sampling. Starting with probability sampling, every individual in the entire population has a fair chance of being selected for the sample (Pandey & Pandey, 2021). This ensures that the sample is a good representative of the population and that the results may be generalised (Saunders et al., 2019). Probability sampling uses random selection strategies to assure sample fairness and minimise bias. Simple random sampling, stratified sampling, cluster sampling, and systematic sampling are some of several probability sampling strategies (Kumar, 2018). Simple random sampling involves selecting the sample without any specific order. Stratified random sampling is random sampling where the observations are first arranged in strata and then simple random sampling is used for each stratum. Cluster sampling involves randomly selecting a sample in groups from different clusters. Systematic sampling involves taking a sample via a simple rule, such as picking each K^{th} item from a sample.

In contrast, the non-probability sampling method chooses individuals based on subjective criteria rather than random selection. Non-probability sampling involves the researcher selecting individuals based on their appropriateness, availability, or judgement (Saunders et al., 2019). Non-probability sampling strategies include convenience, purposive, snowball, quota, and judgemental sampling. Convenience sampling involves selecting persons who are easily accessible. Purposive sampling selects participants based on specified characteristics or criteria that are relevant to the study issue. The goal is to include persons who exhibit the appropriate characteristics or

are educated about the subject (Saunders et al., 2019). Snowball sampling searches for new participants based on the suggestions of the original participants. To guarantee that participants represent a variety of groups or classifications, quota sampling involves selecting participants based on established quotas (Saunders et al., 2019). In judgemental sampling, the researcher selects volunteers who are seen to be representative of or informed about the research issue.

Since this study involved the researcher selecting individuals based on their appropriateness, availability, or judgement, the non-probability sampling technique was used in choosing the sample for the study as it allows. For the non-probability sampling techniques, the study used quota sampling. Quota sampling is suitable for qualitative studies, which require information from certain specific types of SMMEs to ensure that the whole population is represented. This sampling technique guarantees that the participants represent the desired population by using two quotas: SMMEs in the retail industry and SMMEs in the service industry. The retail and service industries were chosen because they represent the most popular SMME sectors in the Tshwane township economy, according to preliminary scoping (Eastern Cape Socio Economic Consultative Council, 2024).

The sample of this study consisted of the different types of SMMEs by industry in which they operate. The targeted industries are the retail and services industries. The SEDFA assisted in recruiting participants by providing access to SMMEs registered within its network in the Tshwane area. The researcher contacted potential participants via phone and invited them to participate in the study. Data saturation was established by an iterative method of simultaneous data gathering and analysis. Following each series of interviews, the researcher and supervisor examined the developing themes to see if new information was being created. It was observed that after the 18th interview, no new meaningful themes or insights emerged from the data. Two further interviews were performed to corroborate this, and data gathering concluded. This method for evaluating saturation is congruent with known qualitative research techniques (Saunders et al., 2019). The sample size was therefore 20 SMMEs across the retail and service industries in Gauteng under Tshwane Municipality, which was reached after saturation.

3.7. Data Collection

The data collection instrument used was an interview guide. The interview guide consisted of open-ended questions. The interview guide consists of questions that the participants responded to during an interview. The interview guide has pre-developed questions that the researcher thinks will probe sufficient information from the participants. The interview guide is associated with qualitative studies that aim to collect data while the researcher guides how the data are collected or requests further information on certain aspects of the responses. This makes it suitable for this study, which aimed to collect data on different perceptions of the participants while requesting further information depending on the responses.

Data collection was performed through physical interviews at the place of business or convenience to the participants. The interviews were performed after permission was obtained from the Unisa Ethical Committee and the gatekeeper's letter from the SEDFA. The participants were asked for their consent after an explanation of what the study involves and any possible harm or consequences for participating in the study. The participants were informed that their personal details would not be needed and that they would not be identified by anyone for their participation in the study. After that, the participants signed the consent form to provide their data in relation to the study only.

Semi-structured interviews were used to collect the data from the SMMEs. One individual per organisation was interviewed in an interview that lasted approximately 20 minutes. The owners or the managers with the highest authority in the business were chosen to participate in the interviews. Anyone who was not the owner or the manager with the highest authority in the organisation was not allowed to participate in the interviews. The decisions of the SMMEs normally rest with the owner or the top management only; hence, the top management or owners were expected to provide the accurate information needed in this study. The participants were contacted through phone calls to ask for their participation in the study. Upon accepting the invitation, the details of the proposed interviews were shared with the potential participants. The interviews were recorded on an electronic device, and the interviewer recorded the responses. After the interviews, the interviewer transcribed the data into written responses after the completion of data collection.

3.8. Data Analysis

The data collected were analysed through thematic analysis. Thematic analysis involves generating themes from the collected qualitative data and analysing these themes to make sense out of the data (Kumar, 2018). The themes generated summarises the views of the participants. Kumar (2018) further noted that the themes highlight what is common among the participants in relation to a topic.

This study followed the steps of Braun, Clarke and Hayfield (2023) in conducting thematic data analysis. These steps include becoming familiar with the data, searching for themes, naming the themes and then presenting the results. Familiarising with the data involves reading and understanding the data more than once to gain an in-depth understanding. After gaining an in-depth understanding of the data, the next step is to search for themes by categorising the common statements together and identifying the repeating ideas or issues. The repeating ideas or issues are then coded, written down and allocated names. The identified themes are reviewed, and repeated themes are deleted. The final list of themes is then presented as the results of the data analysis, and they are interpreted.

The interviews were transcribed verbatim from the audio recordings to guarantee accuracy. The transcripts were then loaded into Atlas.ti, a qualitative data analysis software application, which allowed for systematic classification and theme creation. Based on the interview questions and a quick study of three transcripts, a basic coding structure was created. This framework was examined with the supervisor to ensure it was consistent with the study objectives. The researcher then coded all 20 transcripts with Atlas.ti, resulting in a final codebook with definitions for each code (see Appendix 5). The codes were divided into preliminary themes, which were examined and developed in consultation with the supervisors. Table 4.2 shows the final thematic structure, which includes themes and subthemes.

Thematic analysis is the most suitable data analysis method that can be used in qualitative studies since it allows the collection of in-depth data and groups it into meaningful responses (Braun *et al.*, 2023). Thematic analysis is also suitable for understanding the perception of a diverse group of people. For these reasons, thematic analysis was chosen as the suitable data analysis technique because it aligns with this

study. The themes were generated by looking at the common responses from the participants. Themes were coded and then grouped to analyse them effectively. Atlas ti. A data analysis tool was used to analyse the data.

3.9. Quality Assurance

Quality assurance of the study was done using trustworthiness and authenticity of the results.

3.9.1. Trustworthiness

Trustworthiness refers to the level of accuracy and the degree to which the actual results are presented. Trustworthiness is assured using credibility, transferability, dependability and confirmability.

Credibility - According to Ahmed (2024), credibility refers to the degree to which the findings of a study accurately reflect the reality that the participants experienced. Some of the ways to ensure credibility include engaging participants over extended periods, using triangulation and observing persistently (Ahmed, 2024). This study ensured credibility through persistent observation, which was performed through maintaining an open-minded attitude and recognising personal biases during the research.

Transferability - Transferability refers to the extent to which the findings are transferable to other situations (National University, 2024). Transferability requires understanding how the study was done and the data collection methods. Therefore, this study used a thick description of the findings and procedures used to ensure that the study was transferable. The study can be easily understood by others who can apply the findings in other settings.

Dependability - This refers to the extent to which the results of the study can be dependent upon. Dependability requires an in-depth description of the study procedures and analysis so that the study can be replicated (Creswell & Creswell, 2017). This study ensured dependability through rigorous data collection methods and procedures and then ensured that the analysis was well documented.

Confirmability - Confirmability refers to the extent to which the findings are not due to participant or researcher bias. This requires checking the data and analysis thoroughly and ensuring that there is no bias (National University, 2024). This study checked the

data collected more than once to ensure that there was no bias in the data, and the methods used to analyse data were also cross-checked and verified. An audit trail was also used to ensure confirmability in this study.

3.9.2. Authenticity

Authenticity refers to informing readers about what has and has not happened before, during and after inquiry. This includes the principles of fairness, ontological authenticity, education, authenticity, catalytic authenticity and tactical authenticity (Johnson & Rasulova, 2017). This study ensures fairness by observing the contradictions and tensions among the stakeholders involved. It will also involve analysing statements provided by the participants and leaving audit trails that document the participant's growth in understanding and appreciation of the construction of others outside and the subjectivity of the researcher. This will establish ontological and educative authenticity. Testimonies will be obtained from participants regarding their interest (catalytic) and their feelings of empowerment to action (Tactical).

3.10. Ethical Considerations

Obtaining permission - The Unisa Policy on Research Ethics requires integrity in research, and researchers are expected to be accountable and rigorous in their practices. The study obtained ethical clearance from Unisa before data collection, and it is attached to this study. The study also obtained the gatekeeper's letter from the SEDFA, which authorised the data collection.

Obtaining consent – Participants in a study should give their consent to participate in the study, and their participation should be voluntary. This study explained the purpose of the study to potential participants before they agreed to participate and provided them with information to assist them in providing consent and to participate voluntarily. There was a consent form that was completed and signed by the participants before they participated in the study.

Anonymity and confidentiality – The confidentiality of the participants should be maintained throughout the study, and the participants should remain anonymous. The study maintained the confidentiality of the participants by collecting non-personal information and did not share the collected data with any third party. This was outlined

in the consent form so that the participants understand before they agreed to participate. In addition, pseudo names will be used to ensure the anonymity of the participants.

No harm – There should be no harm to the participants as a result of their participation in the study. This study ensured that there was no harm to the participants by not asking any questions that may have caused emotional damage or harm. In addition, the conduct in this study did not cause any physical harm, and participants were told to withdraw at any time if they felt unsafe.

3.11. Limitations of the Study

The study was confined to qualitative data analysis, which depends heavily on participants' opinions and experiences. Personal biases, selective remembering, and a desire to portray themselves and their businesses positively may all have an impact on this. The use of interviews also increases the possibility of interviewer bias, which occurs when the wording of questions or interactions with participants has a subtle impact on responses. Furthermore, the study's context-specific emphasis on Tshwane Municipality limits the generalisability of the findings, since results may differ in different geographical locations, sectors, or types of incubators.

The survey was conducted at a specified point in time; therefore, it only provides a glimpse of SMME experiences and may not completely depict how incubators' roles change over time. Furthermore, the dependence on a single gatekeeper (SEDFA) for participant recruitment may have added selection bias, as the sample was confined to SMMEs that were already connected to formal incubation networks. This may omit viewpoints from firms that did not finish the incubation program or were not part of the SEDFA network.

3.12. Conclusion

This chapter outlined the research methodology used in the study. A qualitative research approach was adopted, guided by an interpretivism philosophy and exploratory research design. A non-probability sampling strategy was used, and a quota sampling technique was adopted. The data were collected using an interview guide and analysed using thematic analysis. The next chapter will therefore present the findings of the study based on the data analysis.

CHAPTER 4:

RESULTS AND INTERPRETATION

4.1. Introduction

This chapter provides the results from the data analysis conducted following the thematic analysis outlined in Chapter 3 to determine how business incubation influence the business growth of SMMEs in Gauteng townships. In addition, the results from the analysis are interpreted. The section will therefore cover the thematic analysis conducted with the assistance of Atlas.ti and the results established.

4.2. Demographics

Table 4.1: Demographic data

Participant	Gender	Age	Education level	Type of business
1	Female	35	Diploma	Service
2	Male	42	Matric	Retail
3	Female	33	Matric	Service
4	Female	40	Masters	Service
5	Male	39	Honours	Service
6	Male	49	Honours	Retail
7	Male	54	Matric	Retail
8	Male	51	Diploma	Service
9	Female	56	Diploma	Service

10	Female	52	Bachelors	Retail
11	Male	30	Matric	Retail
12	Male	27	Matric	Service
13	Female	35	Diploma	Retail
14	Male	38	Matric	Service
15	Male	44	Matric	Retail
16	Male	37	Matric	Retail
17	Female	34	Bachelors	Service
18	Male	48	Matric	Retail
19	Female	29	Diploma	Retail
20	Male	52	Diploma	Service

Table 4.1 shows that the study consisted of 20 participants, and their demographic data are summarised below. There were 12 males and 8 females, 3 of the participants were in the age range of 20--30 years, 8 participants were in the age range of 31--40 years, 4 participants were in the range of 41--50 years, and 5 participants were in the range of 51--60 years. The study has more males than females but there is sufficient representation of each gender in the study. The age ranges shows that all relevant ages were captured in the study providing wider perceptions from participants. Among the participants, 10 had matric educational qualifications, 5 had diplomas, 2 had bachelors, 2 had honours, and 1 had masters. This shows that different levels of education were covered which ensure a variety of views informed by educational level. Ten of the

participants operated in retail-based industries, and the other 10 operated in service-based industries.

4.3. Thematic Analysis

Table 4.2: Thematic analysis

RQ1: What specific business incubator services and support have been received by SMMEs in Townships of Tshwane Municipality, Gauteng province?	Theme 1: Training	Theme 2: Coaching and mentoring	Theme 3: Infrastructure	Theme 4: Financing	Theme 5: Networking
Subtheme 1	Entrepreneurship	Managing growth	Internet connectivity	Group funding	Business groups
Subtheme 2	Financial management	Business models	Office spaces	Raising capital	Marketing
Subtheme 3	Marketing	Dedicated mentors	Displays	Loans	Sharing ideas

RQ2: What is the role of business incubators on the growth of SMMEs in townships of Tshwane	Theme 1:	Theme 2:	Theme 3:	Theme 4:	Theme 5:
	Provision of training	Coaching and mentoring	Provision of infrastructure	Financing services	Networking opportunities

Municipality, Gauteng province?					
Subtheme 1	Skill Development	Guidance on Strategic Decision Making	Physical workspaces	Seed Funding and Investment	Peer-to-Peer Learning and Collaboration
Subtheme 2	Entrepreneurial Mindset Cultivation	Access to business Networks	Shared Services and Facilities	Loan Opportunities and Grants	Links to potential business partners
Subtheme 3	Industry-Specific Knowledge Transfer	Mitigating operational challenges	Location and Accessibility		Market access

<p>RQ3: What are the perceived specific challenges experienced during and after incubation by the SMMEs in townships of Tshwane Municipality, Gauteng province?</p>	<p>Theme 1: Financial constraints</p>	<p>Theme 2: Lack of managerial expertise</p>	<p>Theme 3: Administrative barriers and Bureaucracy</p>	<p>Theme 4: Adapting to external environment</p>	<p>Theme 5: Limited market access</p>
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<p>Subtheme 1</p>	<p>Limited access to funding</p>	<p>Business management skills</p>	<p>Regulatory compliance</p>	<p>Economic fluctuations</p>	<p>Access to customers</p>
<p>Subtheme 2</p>	<p>Cash flow management</p>	<p>Financial management skills</p>	<p>Tax compliance</p>	<p>Technological changes</p>	<p>Access to supply chains</p>
<p>Subtheme 3</p>	<p>Cost of operations</p>	<p>Human resources</p>	<p>Bureaucratic processes</p>	<p>Competition</p>	<p>Market information</p>

RQ4: What are the strategies that can be used to improve the role of business incubators in improving SMMEs growth?	Theme 1: Focusing on Value addition	Theme 2: Fostering innovation	Theme 3: Providing funding	Theme 4: Tailored support	Theme 5: Reducing red tape
Subtheme 1	Enhancing specialised services	Promoting research and development	Access diverse to source of funding	Sectorspecific monitoring	Streamlining administrative processes
Subtheme 2	Performance measurement	Supporting technology adoption	Seed funding	Customised instruction models	Advocating for policy change
Subtheme 3		Innovative culture	Microloans	Resource alignment	Providing regulatory guidance

RQ1: What specific business incubator services and support have been received by SMMEs in the townships of Tshwane Municipality, Gauteng Province?

In relation to the RQ1, the emerging themes from the responses are presented below.

Theme 1: Training

The goal of training is to provide SMMEs with the fundamental business skills they need to expand and endure (Dlamini, 2020). Three sub-themes make up this theme: marketing, financial management, and entrepreneurship. The participants reported that they received entrepreneurship training. The SMMEs received entrepreneurial skills, which included planning, innovation and strategic thinking. Rozmi et al. (2021) reported similar results, suggesting that training SMMEs in business incubators includes financial management and overall entrepreneurship. This is shown in the following responses.

"The financial management training was a game changer for me. Before the incubator, I didn't even know how to separate business money from my personal money. I was just using the same account for everything. They taught us how to do basic bookkeeping, how to track expenses, and how to budget. Six months after that training, I had opened a separate business account, and I could actually see whether I was making a profit or not. That's when I started taking the business seriously." – Participant 1

"Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10"

"We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Also, the business incubators were able to assist with source of income information – Participant 2"

The participants also reported that they received training on financial management. Financial management training focused on improving financial literacy, budgeting, financial reporting and investing. Dlamini (2020) also showed that SMMEs receive financial management training from business incubators. These are shown in the responses below.

"Well, the incubator mainly helped with business registration and compliance stuff, SARS and all that. They also gave us a space to work from for a while, which was great. And some basic training on how to market our services on social media, entrepreneurship and financial management – Participant 1"

"We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. moreover, the business incubators were able to assist with source of income information – Participant 2"

“Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10”

Another form of training that the SMMEs received was the marketing of products and services. SMMEs receive marketing training to promote, brand, research and improve their sales. These forms of training in marketing are shown in the responses below.

“Well, the incubator mainly helped with business registration and compliance stuff, SARS and all that. They also gave us a space to work from for a while, which was great. And some basic training on how to market our services on social media, entrepreneurship and financial management – Participant1”

“Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10”

“We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Moreover, the business incubators were able to assist with source of income information – Participant 12”

The sub-themes on training show that the business incubators in Tshwane offer diverse training programmes in their business incubators. These training programmes cover different aspects of the business, which include entrepreneurship, financing and marketing. These findings are in line with the findings of Dlamini (2020), Van Rensburg (2020) and Mmakhuthe (2022), who found the same services to be offered by business incubators.

Theme 2: Coaching and mentoring

Under coaching and mentoring, the business incubators provided the SMMEs with experienced business coaches and mentors, who offered them valuable insights and support. Tembe (2018) reported similar results in South Africa. The SMMEs received coaching and mentoring services for managing business growth. The SMMEs were given mentors who guided them as they scaled their operations. They were provided with strategies to manage expansion and organisational development. This is shown by the following responses.

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business

loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“We received coaching and mentoring services, networking on sharing ideas among businesses, offices and financial support, also the internet connectivity was of great help – Participant 14”

“The incubator mostly assisted with SARS, company registration, and compliance issues. They also provided us with coaching and mentoring services, external funding sources, and business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 8”

Theme 3: Infrastructure

The participants reported that they received support from business incubators in the form of infrastructure. The business incubators provided physical and technological infrastructure to support the operations of the SMMEs. The business incubators provided the internet connectivity to the SMMEs. The SMMEs were assisted with the connection of reliable internet in their offices and premises, which assisted them in operating efficiently in the digital age. This finding is similar to the findings of Nkoroi (2021). The following responses show what the participants said in terms of internet infrastructure.

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

“Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10”

Office spaces were also provided to the SMMEs by business incubators. Some SMMEs did not have offices to operate from, and their businesses were not taken seriously by

their customers. The business incubators provided physical office spaces that offered the SMMEs a professional working environment where they work and meet their clients. This is shown by the following responses.

“Well, the incubator mainly helped with business registration and compliance stuff, SARS and all that. They also gave us a space to work from for a while, which was great. And some basic training on how to market our services on social media, entrepreneurship and financial management – Participant 1”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 15”

“Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10”

Some business incubators have provided physical displays for SMMEs to display their goods so that they appear professional and attractive. Some businesses were offered showrooms, which enabled them to showcase their products to potential customers. This is shown by the following responses.

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“Well, we received the offices, internet, showrooms, display and training on marketing, financial management and entrepreneurship – Participant 10”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

In terms of infrastructure, the business incubators provided important infrastructure for the SMMEs, which allowed them to conduct their operations and improved the appearance of their business. Reliable internet connectivity, professional working offices and display facilities created a conducive environment for SMMEs to operate efficiently, improve their visibility and attract customers.

Theme 4: Financing

The findings from the participants indicated that the business incubators were providing support in the form of financial support after recognising that access to funding is a critical challenge for the SMMEs. Various sub-themes emerged under financial support, which are discussed below.

The business incubators facilitated the group funding initiatives for the SMMEs. This allowed the SMMEs to pool resources from multiple sources to support their operations. SMMEs find it difficult to group funds on their own because of their lack of organisational structure, lack of trust and lack of knowledge. The business incubators facilitated group funding and raised capital that supported the SMMEs. Similarly, Wolniak *et al.* (2019) and Aldammagh *et al.* (2020) reported that business incubators provide financial support, and when such support is provided, it is aimed at improving the growth of small businesses. This is shown by the following responses.

“We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Moreover, the business incubators were able to assist with source of income information – Participant 2”

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

In addition, the business incubators assisted the SMMEs in raising capital from external sources such as investors, venture capitalists and providers of grants. These external funders did not have trust in the SMMEs, which limited their support; therefore, the business incubators ensured them that it was safe to invest in the verified SMMEs. This increased capital for the SMMEs that participated in the business incubators. These findings are shown in the following responses.

“We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Moreover, the business incubators were able to assist with source of income information – Participant 2”

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

Furthermore, some business incubators provided and/or facilitated business loans for the SMMEs. These SMMEs found it challenging to obtain loans from financial institutions, and the business incubators provided some loans with less strict requirements. Business incubators also facilitated loans from individuals and microfinance institutions. This increased the availability of financial resources for SMMEs. This is shown in the following responses from the participants.

“We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Moreover, the business incubators were able to assist with source of income information – Participant 2”

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

The financial support provided by the business incubators showed that the SMMEs that participated in the business incubation received assistance by raising capital from external sources, facilitating group funding and loans. These financial support services were also provided by studies such as Dlamini *et al.* (2023) and Akpoviroro *et al.* (2021).

Theme 5: Networking

In terms of networking, the business incubators assisted the SMMEs with business groups, which facilitated the association between the SMME owners. These groups enable SMMEs to connect, share knowledge and collaborate, which improves their business operations. The participants emphasised the facilitation of the business groups by the business incubators, as shown by the responses below.

“The incubator connected us with other businesses in the same space. We started having meetings every month where we would share what was working and what wasn't. Through one of those meetings, I met someone who became my first major supplier. That connection alone changed my business because I was getting stock at better prices than before. Also, we did a joint marketing event during December and all of us saw our sales go up. That networking was probably the most valuable thing I got from the incubator, more than the training even.” – Participant 3

“The incubator mostly assisted with SARS, company registration, and compliance issues. They also provided us with coaching and mentoring services, external funding sources, and business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 8”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

In addition, networking facilitated marketing for SMMEs. The business incubation created networking opportunities related to marketing, which included joint marketing initiatives, introduction to potential clients and access to marketing events. The SMMEs became customers of each other, as they determined that what they needed could be provided by their peers in the business incubator. This is evident in the responses noted below.

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“The incubator mostly assisted with SARS, company registration, and compliance issues. They also provided us with coaching and mentoring services, external funding sources, and business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 8”

“We received training which help us to enhance our skills especially the entrepreneurial skills, marketing skills and financial management skills. We were also assisted with connections with the investors, suppliers and customers as well as the information were to get the money for start-up. Not forgetting the offices, internet, showrooms and displays – Participant 9”

Furthermore, networking facilitated the sharing of ideas among the SMMEs owners and managers. SMMEs manage to share ideas, best practices, innovative solutions, knowledge and market trends. The business incubation facilitated new start-ups, which came from the new business ideas that were generated during the business incubation time. This is evident from the following responses.

“Firstly, we received coaching and mentoring services, offices, internet, showrooms, displays, funding initiatives. Incubators assisted with external funding sources, business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 3”

“The incubator mostly assisted with SARS, company registration, and compliance issues. They also provided us with coaching and mentoring services, external funding

sources, and business loans, business group meetings, marketing events and sharing ideas activities between businesses – Participant 8”

“We received coaching and mentoring services, networking on sharing ideas among businesses, offices and financial support, also the internet connectivity was of great help – Participant 4”

The networking support offered by the business incubators facilitated business groups, marketing opportunities and the sharing of ideas. The networking of the SMMEs during business incubation created new businesses, new markets, and new capital and enhanced the business operations of the SMMEs. These findings are in line with the findings of Schutte and Barbeau (2022), who established that various factors such as networking and effective management which significantly affect the success of SMMEs after business incubation.

In summary, the study revealed that the business incubators in Tshwane, South Africa offer services to SMMEs in the form of training, coaching and mentoring, financing, infrastructure and networking. Therefore, research question one has been answered.

RQ2: What is the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province?

Participants in this study were asked questions in relation to the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province and various themes emerged, which are given below.

Theme 1: Provision of training

The SMMEs reported that they were offered training aimed at fostering skills development. The SMMEs lacked skills, and they received skills from the business incubation, which improved their business practices. They gained skills such as financial management, marketing, entrepreneurship and industry-specific skills. These skills improved sales, credit management, launching of new products, marketing of products and access to financing (Dlamini, 2020). These factors were reported by participants to contribute to the overall performance and perceived growth of the business after the business incubation. Rozmi et al. (2021) reported similar results, suggesting that training SMMEs in business incubators improves their financial management and overall

entrepreneurship, thereby enhancing business growth. This is reflected in the responses of the participants, as shown below.

“The marketing, entrepreneurship and financial management training was useful for us. Before the training, I didn't know how to price my products properly or how to talk to customers in a way that makes them want to buy. After the training, we started reaching more customers in Mamelodi and the surrounding areas because I finally understood how to use social media to advertise. We also learned how to manage our money better, separating business funds from personal funds, which was something I never did before. That entrepreneurial mindset they taught us changed how I think about growth – now I'm always looking for the next opportunity instead of just surviving day to day. – Participant 11”

“Holding all others thing constant, we consider the training useful as we were able to gain more customers in this township and industry-specific skills which helped us to improve our credit management and accessing funds – Participant 3”

“When we started, we had no real technical skills for running a proper business. We knew our product, but we didn't know how to register the business properly, how to market ourselves, or how to keep proper records. The training from the incubator filled in all those gaps for us. They taught us how to develop new product ideas based on what customers were asking for, not just what we wanted to sell. We also learned how to access finance – which documents to prepare, which lenders to approach, and how to present ourselves as a credible business. Within six months of completing the training, we had launched two new products and secured our first small loan to buy better equipment– Participant 4”

Entrepreneurial mindset cultivation is crucial in the growth of businesses. The SMMEs were trained and gained an entrepreneurial mindset that allowed them to grow their business. The training provided by the business incubators cultivated such an entrepreneurial mindset for the SMME owners and managers. This resulted in the development of new ideas and products and the improvement of the business. Thus, the SMMEs expanded their scope, resulting in growth as they became larger businesses. This was also shown by Aldammagh, Abdalmenem and Al Shobaki (2020). This is shown by the following responses given by the participants.

“The marketing, entrepreneurship and financial management training was useful, it helped us reach more customers in Mamelodi and gain skills which improved our businesses. It also helped us on expanding our businesses due to entrepreneurial mindset – Participant 1”

“We were lacking technical skills on how to run a business, the training from the incubators helped us on the knowledge of running the business. We were able to develop of new ideas, products, market our products and accessing finance – Participant 13”

“Despite the competition on the market, the training was useful as we were able to entrepreneurial mindset – Participant 6”

The training offered by the business incubators provided the transfer of industry-specific knowledge from the experts. SMMEs receive knowledge that is specific to the businesses in which they are operating. This improved their operations, as they improved the quality of their products, thus increasing their market share while sales increased. This is shown by the following responses from the participants.

“Training gave us knowledge of running the business and handling our customers which improved our sales and growth – Participant 2”

“We were lacking technical skills on how to run a business, the training from the incubators helped us on the knowledge of running the business. We were able to develop of new ideas, products, market our products and accessing finance – Participant 4”

“The expert knowledge we received from the training helped us to improve our operations as we introduced new and quality products, and we were able to gain market share and increased sales – Participant 7”

Theme 2: Coaching and mentoring

Mentorship is a key component of several incubation programmes. Experienced mentors assist entrepreneurs in honing their company plans by providing advice on market positioning, business model creation, pricing tactics, and long-term planning. This one on-one interaction was described by participants as helping SMMEs make educated decisions that reduce risk while maximising opportunity. This is shown by the following responses from the participants.

"The coaching and mentoring really helped us a lot as experienced coaches were provided to coach us on how to go about on the business and different experienced mentors to guide us on the growth of the business – Participant 5"

"Along with the training we got, incubators offered us committed mentors who assisted us in managing the expansion of our firms. As a result, we are now capable of effectively managing our companies – Participant 7"

"We were coached through dedicated coaches, and this allowed us to gain more knowledge of managing and growing the business. Moreover, we were assisted with mentoring connections which helped us connect with other businesses and share ideas – Participant 9"

Through mentoring connections, incubators frequently connect entrepreneurs with valuable networks such as suppliers, distributors, clients, and investors. These networks are essential for recruiting new clients, finding resources, and forming strategic partnerships. For entrepreneurs working in townships, where such connections are sometimes scarce, this access may be revolutionary. This is shown by the following responses from the participants.

"We were coached through dedicated coaches, and this allowed us to gain more knowledge of managing and growing the business and eliminate some business challenges which we were facing – Participant 2"

"We were coached through dedicated coaches, and this allowed us to gain more knowledge of managing and growing the business. Moreover, we were assisted with mentoring connections which helped us connect with other businesses and share ideas – Participant 15"

"Connections to connect with other businesses were scarce and mentors' connections came through for us, this also helped us to reduce some challenges which we were facing especially cash flow management challenges – Participant 10"

Mentors also help entrepreneurs overcome common business challenges, such as cash flow management, client retention, and human resource concerns. This hands-on coaching enables entrepreneurs to avoid typical errors and establish more robust firms. This is shown by the following responses from the participants.

"Coaching-wise, it was a bit limited. The mentors we used really understand the challenges of running a business in the township which helped us to reduce some business challenges – Participant 1"

"We were coached through dedicated coaches, and this allowed us to gain more knowledge of managing and growing the business and eliminate some business challenges which we were facing – Participant 2"

"Connections to connect with other businesses were scarce and mentors' connections came through for us; this also helped us to reduce some challenges which we were facing especially cash flow management challenges – Participant 11"

While most participants found the coaching and mentoring highly valuable, one participant expressed a more reserved view as follows.

"The mentoring was okay, but it was very general. The person they gave me didn't really understand the challenges of running a business in the township because they were from a corporate background. Some of the advice didn't apply to my situation. I needed someone who knew the local market, who understood what it's like when customers want to pay you next week instead of today. I think if the mentors had more township experience, it would have been more helpful." – Participant 14

This negative scenario illustrates that, while mentorship is desired, its success may be determined by the mentor's expertise and the unique setting of township-based SMMEs. Entrepreneurs working in township economies may encounter specific obstacles that cannot be adequately addressed by generic corporate experience.

Theme 3: Provision of infrastructure

Having access to inexpensive, safe, and professional workspaces is sometimes a hurdle for township businesses. Business incubators address this void by providing office space, production facilities, or co-working settings that are suitable for starting and expanding a firm. Such places also provide legitimacy to enterprises, particularly when they interact with clients or investors. Hewitt and Van Rensburg (2020) reported that to support SMMEs, business incubators in South Africa provide working spaces and internet infrastructure. This is shown by the following responses from the participants.

"Having good working spaces and reliable internet connectivity completely changed how we operate. Before the incubator, I was running my business from my living room, and the internet was so slow that I couldn't even send emails properly. Customers would call me and I could hear my kids screaming in the background – it didn't look professional at all. When the incubator gave us a proper office space with fast fibre internet, everything changed. I could finally video call with clients outside the township without the call dropping. I could send large files to suppliers without waiting hours. I could even set up a simple website because I finally had reliable internet. That helped us reach customers in areas we never could have accessed before, and our brand started to look much more professional and trustworthy– Participant 3"

"We were able to operate 24/7 through the offices and internet connectivity, also the incubators gave us the geographical advantage which helped us to compete in the market, expand our business and growth of the company – Participant 14"

"The offices which were offered to us for a while really saved us as we were able to channel the money for a place to other activities in the business – Participant 5"

Incubators often offer shared resources, including internet access, administrative assistance, boardrooms, and technical equipment. These services were perceived to reduce the cost of doing company and provide entrepreneurs with tools that they would otherwise be unable to purchase. By pooling resources, incubators help small enterprises maintain professional standards. This is shown by the following responses from the participants.

"Having good working spaces and internet connectivity helped us to reach different customers in different areas to deliver our services thereby having a good brand name – Participant 3"

"We were able to operate 24/7 through the offices and internet connectivity, also the incubators gave us the geographical advantage which helped us to compete in the market, expand our business and growth of the company – Participant 4"

"One of the things that surprised me the most was how much money we saved by using the shared resources at the incubator. They had a boardroom that we could book for free whenever we needed to meet with clients or investors – that alone would have cost us thousands of rands if we had to rent a space somewhere else. They also had printers,

scanners, and photocopiers that we could use at no cost, which saved us from having to buy our own equipment. There were even a small kitchen and a lounge area where we could take breaks and talk to other business owners. All those shared resources helped us reduce our operating costs significantly. Instead of spending money on office equipment and meeting spaces, we were able to invest that money back into the business – buying more inventory, improving our products, and marketing ourselves to new customers. The cost savings added up to tens of thousands of rands over the course of the programme. – Participant 7”

Incubators that are strategically positioned facilitate businesses' access to clients, suppliers, banks, and government agencies. Access to transit and critical services increases efficiency and consumer reach. This geographical advantage is especially important in underdeveloped township regions. Njau et al. (2019) supported this argument. These findings are shown by the following responses from the participants.

"We were able to operate 24/7 through the offices and internet connectivity, also the incubators gave us the geographical advantage which helped us to compete in the market, expand our business and growth of the company – Participant 4”

"Incubators helped us in accessing customers' banks and suppliers as they were strategically positioned – Participant 6”

"It made a difference to have a place to work, even if it was just temporarily. It made us appear more professional, this gave us an advantage, as we were able to access more customers and suppliers – Participant 8”

Theme 4: Financing services

Entrepreneurs frequently face significant challenges in accessing start-up financing. Incubators aim to close this gap by offering seed financing or linking entrepreneurs with angel investors and venture capitalists. Wolniak *et al.* (2019) and Aldammagh *et al.* (2020) reported that business incubators provide financial support, and when such support is provided, it is aimed at improving the growth of small businesses. This early financial support was viewed by participants as enabling SMMEs to test concepts, perfect products, and begin operations without the immediate requirement to produce a profit. This is shown by the following responses from the participants.

"The business incubators did not give us any financial support however they advised us on how to source for funding and the banks to approach which gives small business the first preferences – Participant 3"

"The incubators gave us knowledge on how to acquire funds although it was still difficult for us SMMEs to access funds. Moreover, the incubators did not give us money directly, but their knowledge really takes us far – Participant 5"

"The incubators helped us learn where to look and how to raise money for the business, but they did not provide us with money directly and we were able to secure early financial support – Participant 7"

In addition to providing start-up cash, incubators help entrepreneurs locate and apply for external funding sources, including government grants, small-scale loans, and development finance initiatives. They frequently provide training in financial management and the preparation of convincing funding submissions, which increases the likelihood of acceptance. This is shown by the following responses from the participants.

"The business incubators did not give us any financial support however they advised us on how to source for funding and the banks to approach which gives small business the first preferences – Participant 13"

"The incubators did not give us money directly, but they assisted us the knowledge of how to acquire funds for the business and where to go especially the external funding sources – Participant 4"

"Despite not given the money directly, the incubators gave us many advice on how to go about when acquiring fund for the business which are useful as we were able to acquire start-up funds – Participant 6"

Theme 5: Networking opportunities

Incubators foster networks in which entrepreneurs may learn from one another via regular encounters, workshops, and peer feedback sessions. These locations encourage a culture of learning and creativity, allowing entrepreneurs to share their experiences and ideas and even form collaborative ventures. This is shown by the following responses from the participants.

"The incubator organised networking events every month, and honestly, I wasn't sure about them at first because I'm not really a social person. But they encouraged us to attend, so I went. The first event I went to, there were about thirty other business owners from all different industries. I was nervous, but the incubator staff introduced us to people who they thought would be relevant to our business. That night, I met a supplier who ended up giving us much better prices than our previous supplier, and I also met another business owner who became a mentor to me. Over the following months, I attended more of those events, and each time I walked away with at least one or two useful contacts. – Participant 1"

"We were able to meet business owners who have operating before us, which helped us on gaining knowledge on how to run a business in a township. We also meet potential clients – Participant 3"

"We were able to meet potential suppliers though it was difficult for us attend those networking activities due financial constraints – Participant 5"

Incubators serve as platforms for entrepreneurs to meet possible partners, co-founders, and service suppliers. These collaborations may result in cooperative product creation, distribution agreements, or co-marketing initiatives that increase business reach and competitiveness. This is shown by the following responses from the participants.

"We were able to meet business owners who have operating before us, which helped us on gaining knowledge on how to run a business in a township. We also meet potential clients – Participant 12"

"The networking opportunities led to collaborations that I never would have imagined possible. At one event, I met an entrepreneur who ran a printing business, and I realised that we could help each other. I would refer my clients who needed printing services to him, and he would refer his clients who needed my services to me. That simple collaboration brought us both a lot of new business. At another event, I met someone who had a delivery service, and we started working together so that I could offer delivery to my customers without having to buy my own vehicle. That collaboration allowed me to reach customers in areas that were too far for me to serve before. – Participant 9"

"The incubator organised two major trade shows while we were part of the programme, and participating in those events was a game - changer for us. The first trade show was

focused on the local township market, and we got to showcase our products to hundreds of people who walked through the venue. We made more sales that weekend than we usually made in a whole month. The second trade show was bigger – it included businesses from all over Gauteng, and we got exposure to customers outside the township who had never heard of us before. We collected email addresses from about fifty people who were interested in our products, and many of those became repeat customers. – Participant 5”

Business incubators help SMMEs reach larger markets by organising expos, trade shows, and internet marketing channels. They may also provide market knowledge and buyer relationships, which are essential for achieving product–market fit and growing initiatives. This is shown by the following responses from the participants.

“We were able to meet business owners who have operating before us, which helped us on gaining knowledge on how to run a business in a township. We also meet potential clients – Participant 3”

“We were able to reach new and larger markets through the trade shows and internet marketing channels – Participant 7”

“They did create some networking opportunities, which was good as it helped in providing good market knowledge and good growing initiatives – Participant 10”

RQ3: What are the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality, Gauteng?

The participants were asked on the perceived challenges experienced during and after incubation and several themes emerged which are discussed below.

Theme 1: Financial constraints

Financial stability gives a firm access to adequate growth and survival. The findings show that firms struggled to achieve financial stability after the incubation businesses to the extent that the SMMEs were experiencing financial limitations and pressures in the township.

SMMEs faced various hurdles when securing financial resources in townships. Securing working capital for managing day-to-day operations and start-up funds was difficult, which hindered their survival and growth. The constraints were worsened after

incubation, when direct programme assistance may no longer be available, leaving SMMEs to negotiate the often-complex world of loans and investment options on their own. The same results were reported by Van der Spuy and Bornman (2023) and Rens *et al.* (2021). The responses from the participants will give more narratives on the challenges encountered when securing funds.

“We may struggle to get start-up investment and working capital due to lack of collateral, and perceived high risk hence we may not be able to participate fully in the business incubation when financial resources are needed – Participant 1”

“Lack of funding may hinder us to invest in necessary resources such as equipment that is necessary for initial growth – Participant 4”

“We may fail to expand our operations, survive in the business and reach new markets due to lack of capital – Participant 7”

In addition, SMMEs were failing to manage business cash flow, which affects their day-to-day survival, as SMME day-to-day operations depend on effective financial inflow and outflow management. These SMMEs suffer from maintaining sufficient liquid funds to meet their short-term obligations and pay their suppliers. Additionally, these challenges were shown to be more persistent when assistance from business incubators ended. This is evident in the responses noted below.

“We failed to apply some of what we learned because we did not have enough funding. Also, we fail to manage the cash flow management effectively – Participant 2”

“Lack of capital might limit the company's capacity to maintain the sufficient liquid funds. Because of this we failed to capitalise on early success, meet our short-term obligations and pay our suppliers – Participant 6”

“Our day-to-day operations depend on effective financial inflow and outflow management therefore because of limited funds we failed to manage the cash flow effectively which affect our daily operations – Participant 9”

Furthermore, the expenditures that are needed for a day-to-day running of a business, such as rent for premises, salaries and wages and the cost of raw materials, were too high, which affected SMME profitability and sustainability. The business incubators supported the SMMEs with temporary offices, which reduced their cost of operation;

however, when the assistance ended, the businesses faced increased costs of operations. The participants' responses are shown below, illustrating the cost pressures.

“The cost of operations increased rapidly after the incubation business as the expenditures were too much which includes rent for premises which we were not pay during the incubation period – Participant 3”

“We may struggle to secure skilled employees due to competitive salaries from large companies; this increased the cost pressures as it affected our profitability – Participant 5”

“Due to our perceived high risk and lack of collateral, we could find it difficult to get working cash which affect our profitability as a company as we could not have enough funds to purchase raw materials – Participant 8”

Theme 2: Lack of managerial expertise

The growth and survival of the business also depend on the managerial expertise of the business. The findings show that many SMMEs suffer from a lack of managerial expertise, which affects their progress in business operations.

In addition, businesses were lacking the necessary business management skills to improve the management of business administration effectively. The decisions that were made in the company proved to be inappropriate, which affects the whole decision-making process. The strategic planning, marketing strategies and organisational structure were also handled inappropriately, which affected the whole business. This was also reported by Lose *et al.* (2020). The narratives of the participants below show the business management skills that businesses lack.

“We might not have the management know-how to comprehend and implement the reasons for our learning – Participant 8”

“Due to lack of proper management skills, the strategic planning, marketing strategies and organisational structure are handled inappropriately which affected the whole business operations – Participant 9”

“We lack proper management skills so some of the decisions which were made were inappropriate which affected the whole activities of the business – Participant 10”

Furthermore, the management team lacks the financial management skills of which it is important to have the ability to manage the finances effectively, especially when accessing funding. The businesses proved that their management lacked experience in terms of budgeting and making informed decisions on finances. The management failed to record figures correctly and balance the profit and loss accounts or the balance sheets. The responses from the participants highlight the challenges they faced in financial management.

“Due to financial constraints, we employ people who lacks financial management skills hence they make poor decision when it comes to finances – Participant 11”

“We fail to have a clear vision for the company due to inexperienced managers which result in poor strategic decisions and financial management decisions – Participant 13”

“Our management lacks experience when it comes to budgeting and making informed decision on finances – Participant 15”

In addition, owing to financial constraints, businesses failed to employ employees who know how to manage human capital in the business. SMMEs that survive and grow continually require experienced employees for human capital management. The businesses proved that they failed to comply with the labour laws, as the employees failed to understand what was needed by the rules and regulations of the labour laws.

The feedback from the participants below provides a narrative of the challenges they encounter in terms of human resource management.

“Due to financial constraints, we employ people who lacks financial management skills hence they make poor decision when it comes to finances – Participant 1”

“We lack experienced employees who know how to manage the human capital of the business which result in businesses not complying with the labour laws – Participant 6”

“We may suffer from financial instability due to paying fines for not adhering to labour laws as our employees may fail to understand the rules of labour laws – Participant 7”

Theme 3: Administrative barriers and bureaucracy

The findings proved that the business was failing to comply with the regulatory, as there were many complexities involved. The SMMEs failed to start their operations, as the management teams were not understanding the business regulations at the local level.

Adhering to rules and regulations that you do not understand can be difficult; therefore, SMMEs find it difficult. The same results were reported by Van der Spuy and Antonites (2022). With the responses from the participants, the regulatory challenges they encounter are illustrated

“We might have increased cost of operation as we are trying to comply with the complex regulations since we will be investing more on legal and administrative resource – Participant 6”

“Our management teams were not understanding the business regulations at a local level and business were failing to comply with the regulatory as there were many complexities involved – Participant 7”

“The business was failing to comply with the regulatory as there were many complexities involved – Participant 9”

In addition, the challenges or hurdles of obtaining business taxes were few during the incubation; hence, the SMMEs were complying with business taxes effectively. After incubation, no assistance was offered to the SMMEs, which made tax compliance more difficult than before. Registration, payments and filings are delayed, as businesses lack the resources necessary for tax registration and fulfilling tax obligations. The participants below illustrate the challenges they encountered.

“Submitting the applications papers to SARS and other agencies takes time and they delay responding – Participant 2”

“There were delays in the acquiring of correct paperwork for operation such as licence, permit and certificates which delays the expansion of operations – Participant 3”

“There were delays in the acquiring of correct paperwork for operation such as licence, permit and certificates which delays the expansion of operations –Participant 5”

The government agencies took their time to process the business licence, permits and necessary documents needed to start operating. The delays from the bureaucratic process frustrate many SMMEs, which causes them to lose focus on the main objectives of the business. The main activities of the business were neglected due to the hurdles of obtaining the necessary approvals for administrative procedures. The participants' feedback below highlights the bureaucratic process challenges faced.

“Overcoming bureaucratic obstacles might divert the management team's attention from important commercial tasks like client acquisition and product development – Participant 8”

“There are complicated application processes, onerous reporting requirements, and time-consuming administrative procedures – Participant 1”

“There were delays in the acquiring of correct paperwork for operation such as licence, permit and certificates which delays the expansion of operations – Participant 4”

Theme 4: Adapting to the external environment

In terms of adapting to the external environment, SMMEs encounter many challenges, including stiff competition from larger markets, economic fluctuations and technological changes, which are much easier to navigate during business incubation; however, after incubators, the hurdles worsen.

SMMEs suffer from ever-changing consumer tastes, as many customers now follow the partners of sustainability. Without the assistance of the incubators, the SMMEs failed to adhere to and comply with sustainability regulations, as it is expensive. Following the inflation in the country, the businesses were affected greatly, as the little profit that they were making was being affected by inflation. The response from the participants below attests to that.

“We are failing to adapt to the ever-changing external environment which changes the preferences of our customers – Participant 1”

“We are failing to adapt to the ever-changing external environment which changes the preferences of our customers – Participant 10”

“Our customers’ preferences are ever-changing due to ever-changing external environment. - Participant 3”

Competing with larger companies in terms of new technology becomes a major challenge for SMMEs in townships, as larger companies have the necessary resources to acquire new technology. For SMMEs, keeping up with rapid technological advancements, such as adopting new business models so that they can compete with larger companies, has been challenging. This is evident in the responses noted below.

“We are inability to adjust to the constantly shifting external environment due to new technology which we were failing to adopt it – Participant 8”

“We were greatly impacted by changes in consumer tastes, technical developments and economic situations – Participant 5”

“It was challenging to keep up with rapid technological advancements which will allows to compete in the market through using modified business models – Participant 10”

Furthermore, SMMEs suffer from competing with well-established businesses in terms of marketing prices. Competing with well-established businesses was proven to be challenging for the SMMEs within the township, whereas those outside the township were worse. The pricing method used by established businesses was difficult to follow, as the SMMEs would operate for survival only. These findings are shown in the following responses.

“We are facing direct competition from large companies, which is affecting us negatively as incubators used to provide a sheltered environment – Participant 4”

“We are experiencing direct competition from major enterprises, which is hitting us badly as incubators used to provide a shielded atmosphere – Participant 7”

“Expanding operations to fulfil market demand can strain resources and reveal flaws in the company strategy – Participant 6”

Theme 5: Limited market access

In terms of market access, the SMMEs were able to reach few markets created by the incubators, which helped them build their brand names slowly. However, challenges were present during the incubation, and they became worse after assistance from the incubators ended.

In addition, the findings proved that accessing new customers for SMMEs was more challenging than before. Reaching to targeted customers was more common, and businesses failed to build a strong customer base, which resulted in low sales. It was more challenging for SMMEs to market their products and services within the township, much worse outside the township. The feedback from the participants illustrates the challenges faced when accessing new customers.

“We are failing to adapt to the ever-changing external environment, which changes the preferences of our customers – Participant 1”

“Reaching to targeted customers was more difficult and the businesses failed to build a strong customer base which result in low sales – Participant 10”

“Entering new markets becomes the major challenge due to stiff competition from large companies thereby finding it difficult to find potential clients – Participant 3”

Furthermore, SMMEs failed to access suitable supply chains because of poor supplier relationships, which made them settle for less. The businesses were suffering from finding reliable and affordable suppliers for the necessary inputs needed. The business incubators used to have business meetings where the SMMEs used to meet potential suppliers. This is evident in the responses noted below.

“We are suffering from finding the reliable and affordable supplier for the necessary inputs needed – Participant 9”

“We might not have the connections and resources needed to locate possible customers, sell products or services, and break into new markets – Participant 8”

“Without the incubator's network and tools, it is now difficult to find and connect with the suitable clients – Participant 5”

In addition, market information was scarce for SMMEs, and they faced many hurdles in obtaining relevant market information. Therefore, the businesses ended up supplying goods and services that are against the demand and supply on the market. This has resulted in waste of resources, and the cost of operations has increased due to poor sales. The participants' responses are shown below, illustrating the challenges associated with the lack of market information.

“We have nowhere to sell as the competition has become stiff thereby making it difficult to enter into the new markets and the market information is scarce – Participant 4”

“Gaining inroads in marketplaces and market information controlled by established competitors is challenging – Participant 6”

“The market information is scarce for us, and we are facing many hurdles in obtaining the relevant market information – Participant 7”

RQ4: What strategies can be used to improve the role of business incubators in improving SMMEs growth?

Possible strategies to improve the role of business incubators in improving SMMEs growth were put forward by participants, and the emerging themes are discussed below.

Theme 1: Focusing on value addition

The findings prove that the provision of expanded specialist services within business incubators is a vital component of a major value-addition strategy. These services go beyond general business advice and include specialised support provided by individuals with specific industry knowledge, technical experience and functional skills that are directly matched with the unique needs of incubated SMEs. Incubators may help SMEs develop unique competitive advantages and handle the difficulties of their specific marketplaces more efficiently. By providing access to experts in areas such as legal advice, financial management, technological help and marketing strategies, SMMEs will be able to determine the best delivery channels for these services, as well as how to ensure their continued relevance and quality. Hewitt and Van Rensburg (2020) and Simango (2022) also recommended a shift towards value addition when SMMEs are incubated. These findings are shown in the following responses.

“Considering that incubators have an efficient way of utilising limited resources through prioritising business operations that have higher value can have an impact on the growth of SMMEs – Participant 3”

“SMMEs are encouraged to be more creative and come up with original methods to contribute to the market by placing an emphasis on value added – Participant 5”

“Strong value-added potential makes a business more attractive to investors and enables it to expand more rapidly following incubation – Participant 7”

Furthermore, the development and thorough use of performance measurement frameworks is another critical component of the value-added focus. The use of performance measurement was proven by the finding for value addition. This includes identifying and measuring key performance indicators (KPIs) for incubators and SMEs in business incubation. Monitoring progress and the strategic use of information-driven knowledge are critical for making informed decisions and facilitating continuous development. It provides an important method for incubators to assess their success,

identify areas for programmatic improvement and demonstrate their value to stakeholders. For SMEs, it provides vital input into their development progress, identifies areas that require concentrated attention, and serves as the foundation for making informed strategic modifications. This is evident in the responses noted below.

“Giving support to SMMEs that are adding value can assist business incubators to support business that have the potential and capacity to grow. This can be done through performance measurement – Participant 2”

“Businesses with strong value-added potential can make use of information-driven knowledge which is critical for making informed decisions and facilitating continuous development – Participant 4”

“With performance measurement incubators will be able to assess the SMMEs success and the businesses will be able to their development progress thereby improving SMMEs growth – Participant 13”

Theme 2: Fostering innovation

A key method for encouraging innovation within incubated SMEs is to actively promote research and development (R&D) activities. Hadi (2023) argued that business incubators need to be innovative to improve the growth of SMMEs. This study revealed that business incubators facilitate links between SMEs and R&D institutions, offer advice on research and development processes and create collaborative relationships that might result in the development of new products, services, or business models. By actively promoting and supporting R&D, incubators may help SMEs build distinctive market offerings, adjust proactively to changing market demands, and reach greater development potential. This is shown by the following responses.

“Innovation will compel us to alter our methods and devise more efficient approaches through the use of research and development activities – Participant 18”

“Innovation will bring new and effective business ideas through the links that incubators created for us with the research and development institutions for collaborative relationships – Participant 9”

“Innovation will force us to adjust proactively to changing market demands, and reach higher development potential and also to change the way we operate and come up with better ways of doing things – Participant 20”

In addition, fostering innovation can be accomplished through the adoption of new technology. Incubators provide SMEs with knowledge regarding accessible technologies, focused training and technical help. Additionally, incubators facilitate access to essential technological infrastructure or newly developed technology. By actively encouraging technology adoption and empowering SMEs to capitalise on the advances of technology for faster growth, incubators could address the often-cited technical gap. These findings are shown in the following responses.

“Through the competitive advantage of using new technology that is created by innovation, the SMMEs will be able to compete with large companies and stand out in the market which attracts more customers – Participant 3”

“I think innovation enables SMMEs to adapt to changing market conditions and new technology which will help us in facilitate networking with industry professionals and investors – Participant 6”

“I think fostering innovation enables us in accessing essential technological infrastructure or new developed technology and enter into new markets hence create new products and services – Participant 7”

Furthermore, incubators actively foster an atmosphere that supports innovation, accepts prudent risk-taking, and promotes the production of fresh ideas among incubated SMEs. This is important because it has the potential to create a self-sustaining cycle of innovation, resulting in a continuous flow of new ideas and solutions that drive the competition of innovation in incubated SMEs. These findings are shown in the following responses.

“Innovation will force us to change the way we operate, come up with better ways of doing things and promotes the production of fresh ideas among incubated SMEs – Participant 1”

“Innovation will create a self-sustaining cycle of innovation resulting in a continuous flow of new ideas bringing in new and effective business ideas – Participant 2”

“Innovation aids SMMEs in adjusting to new technology, shifting consumer demands and shifting market conditions. It also drives the competition of innovation in the incubated SMEs – Participant 14”

Theme 3: Providing funding

The findings show that when SMMEs have access to diverse sources of funding, they invest more in innovation for growth. Funding is the central pillar for SMMEs growth and survival. By introducing these businesses to a wide range of financial resources and expanding the funding choices accessible to fostered enterprises, incubators can improve their ability to acquire the financial resources required for scaling operations and investing in innovation. The responses from the participants below attest to that.

“It will be better to get funding in line what we need at that time which matches capacity and funding thus improving growth as the funding is the central pillar for our growth and survival – Participant 2”

“Business incubators require long-term funding approaches to help SMMEs so it might be of great importance to have a mix of government support and corporate sponsorship for scaling operations and investing in innovation – Participant 6”

“Funding distribution will be improved, and business incubators will have more control over how funds are allocated, it can also improve their ability to acquire the financial resources for innovation – Participant 8”

In addition, incubators may directly provide early financing or actively facilitate relationships with seed funding to assist emerging SMEs in launching and validating their business concepts. Incubators who can successfully give access to this early finance are critical to developing entrepreneurial initiatives from the start and helping them achieve critical early milestones. This is evident in the responses noted below.

“It will improve the distribution of funding and business incubators will be in a better position determine the distribution of funding especially in the early stages – Participant 1”

“Acquiring start-up investment and access to funding business operations are bigger challenges for SMMEs therefore it will be of essential help and support especially providing early financing – Participant 3”

“Innovation will bring new and effective business ideas through the links that incubators created for us with the research and development institutions for collaborative relationships – Participant 9”

Furthermore, the findings indicate the use of microloan in facilitating innovation through all SMMEs. Incubators create microloan programmes to provide small loans to incubated SMMEs for procuring inventory and capital upgrades. Microloans are important, as they provide financial support to incubated SMMEs, allowing them to conduct daily operations or activities and pursue growth opportunities for innovation purposes. This is shown by the following responses.

“Different models to assist with the funding must be used such as grants and loans as well as microloan programmes. However, it will much effective if we assisted with grants especially at the early stage of research and development – Participant 5”

“Funding support such as microloan will improve funding distribution, and business incubators will have more control over how funds are allocated, it can also improve their ability to acquire the financial resources for innovation – Participant 8”

“I think business incubators support of microloan programmes will improve the distribution of funding as it provides small loans to the incubated SMMEs for procuring inventory and capital upgrades – Participant 10”

Theme 4: Tailored support

In tailored support, the findings show the value of providing individualised and context specific help to SMMEs in business incubators. The results show the various aspects of this customised strategy, emphasising the need for incubators to evolve beyond a one size-fits-all paradigm to effectively encourage SMME growth.

Furthermore, sector-specific monitoring emphasises the need for business incubators to establish monitoring systems that are especially tailored to the unique features, difficulties, and possibilities of various company sectors (Zhou & Gumbo, 2021; Zhou & Zondo, 2024). In addition, this study showed that customised instruction models highlight the need for incubators to create and offer training, mentorship, and educational programmes that are individually tailored to each SMME's unique learning needs, phases of growth, and industrial settings.

There is also resource alignment, which refers to carefully matching incubator resources (such as finance, expert networks, physical space and technology) with each SMME's unique requirements and growth goals. This ensures that resources are used efficiently and effectively to achieve maximum impact. This is shown by the responses of the participants below.

"We should be supported by monitoring systems that are especially tailored to the unique features, difficulties, and possibilities of various business sectors – Participant 2"

"We need more support in customised instruction models shows the need for incubators to create and offer training, mentorship, and educational programmes that are individually tailored to each SMME's unique learning needs – Participant 13"

"I think the use of strong brands and implementing successful marketing strategies, and also resource alignment whereby resources are used efficiently and effectively to achieve maximum impact – Participant 17"

Theme 5: Reducing red tape

In terms of reducing red tape, streamlining the administrative processes by incubators helped in building a favourable environment for the growth of SMMEs. Reducing administrative constraints is important because incubated SMMEs will have more important time and resources, allowing them to focus more intensely on their core business operations and growth objectives. Incubators should coordinate with the appropriate government authorities to simplify and accelerate bureaucratic procedures.

In addition, advocating for policy change enables SMMEs to grow, as there are more favourable working conditions. Incubators engage with lawmakers at all levels, participate in relevant advocacy organisations and provide educated comments on legislation that may restrict SME development. The importance of policy advocacy stems from its ability to achieve systemic reforms that benefit the entire SME environment.

In addition, regulatory guidance should be available to all SMMEs so that they can comply with the requirements of the laws. It reduces red tape, as incubators provide educational training, provide access to legal practices and connect SMEs with legal specialists. The importance of regulatory advice is in enabling SMEs to understand and comply with the legal framework in which they operate, therefore avoiding potential fines

and guaranteeing the continuity of the business. This is evident in the responses noted below.

"We need more simplified business registration and licensing procedures that reduce the regulatory burden on us and reduce red tape so that it will be easy to do business – Participant 5"

"I think SMMEs needs favourable working conditions in order to grow hence advocating for policy change can be of help to us. It also helps SMMEs on reducing rules and laws that restrict the development – Participant 8"

"We need more support in regulatory guidance as it will help us to understand and comply with the legal such as provide access to legal practices and connect SMEs with legal specialists – Participant 10"

4.4. Conclusion

This chapter presented the results of the study from the thematic analysis. Thematic analysis was used to answer all four research questions. The results revealed that SMMEs receive business incubation services, which include coaching and mentoring, training, infrastructure support, funding and networking opportunities. These services are improving the growth of the SMMEs business. However, SMMEs face challenges such as a lack of funding, limited market access, red tape and bureaucracy, competition from larger firms and adaptation to the external environment. The findings also showed that the role of business incubators in improving SMMEs growth can be enhanced by providing tailored support, supporting innovation and providing funding.

CHAPTER 5:

RESULTS DISCUSSION AND CONCLUSIONS

5.1. Introduction

This chapter will present the discussion of the results in Chapter 4. The results are discussed in relation to the literature. The chapter will also present the conclusions and recommendations of the study, and areas for further research will be given.

5.2. Summary of the Literature

A literature review revealed that SMMEs receive services and support from business incubators, which include coaching and mentoring, training services, infrastructure support and financial support (Aldammagh *et al.*, 2020; Wolniak *et al.*, 2023; Mupimpila, 2020; Hadi, 2023). Through these services, SMMEs have improved their businesses through increasing their product lines, trading volumes, quality of products, market share and networks. This improved their business growth; thus, SMMEs have become large firms through business incubation support (Hewitt & Van Rensburg, 2020; Msimango Galawe & Hlatshwayo, 2021). However, SMMEs face challenges that hinder their growth, including financial constraints, a lack of managerial experience, administrative barriers and bureaucracy, limited market access and financial sustainability (Van der Spuy & Bornman, 2023; Lose *et al.*, 2020; Rens *et al.*, 2021; Mwale, 2021). The literature provides strategies that can be used to improve the role of business incubators in improving SMMEs growth. These include focusing on value addition, fostering innovation, tailoring support, providing funding and developing incubator staff (Hewitt & Van Rensburg, 2020; Simango, 2022; Hadi, 2023; Zhou & Gumbo, 2021; Zhou & Zondo, 2024).

5.3. Discussion of the Results

Based on the findings from the data analysis in chapter 4, this section provides the discussion of the results in relation to the literature.

Research question 1: What specific business incubator services and support have been received by SMMEs in the townships of Tshwane Municipality, Gauteng Province?

This subsection discusses the specific business incubator services and support have been received by SMMEs in the townships of Tshwane Municipality.

Theme 1: Training

The study revealed that SMMEs in Tshwane received diverse training services from business incubators, with a focus on entrepreneurship, financial management, and marketing. Training in entrepreneurship enhances planning, innovation, and strategic thinking. Financial literacy training improved budgeting, reporting, and investment decisions. Marketing training supported brand development and increased sales. These findings are supported by Aldammagh et al. (2020), who emphasise that incubators provide training aligned with business growth stages. Dlamini et al. (2023) and Li et al. (2020) also confirm that such training enhances business knowledge and contributes to entrepreneurial growth. Similarly, Wolniak et al. (2019) highlight the importance of training in strategic planning for SMME development.

Theme 2: Coaching and mentoring

The participants reported receiving coaching and mentorship to help them expand their businesses, enhance their business models, and manage organisational development. Coaches provide practical advice and help organise operations as organisations expand. This is consistent with Tembe's (2018) findings that incubators provide mentorship in strategic planning, compliance, and marketing. Odunayo (2022) emphasises that mentoring entails information transfer from experienced workers. Furthermore, Ndlovu-Hlatshwayo and Msimango-Galawe (2023) emphasise the necessity of coaching for entrepreneurial success, emphasising its relevance in the South African incubation environment.

Theme 3: Infrastructure

The incubators offered real office space, internet access, and display/showroom facilities to help SMMEs retain professionalism, visibility, and operating efficiency. These infrastructural aspects help SMMEs appear reputable to clients while also facilitating

day-to-day operations. According to Nkoroi (2021) and Hewitt and Van Rensburg (2020), infrastructure, including the internet and office space, is frequently unavailable to township businesses, and incubators bridge this gap. Aldammagh et al. (2020) and Njau et al. (2019) both reported that access to infrastructure allows small enterprises to expand and function in more organised environments.

Theme 4: Financing

The study revealed that incubators help SMMEs by providing group financing, external funding sourcing, and easy access to loans. These services address a fundamental issue for many township-based firms: limited access to funding.

This finding supports the findings of Dlamini et al. (2023) and Rungani and Potgieter (2018), who reported a substantial positive relationship between financial support and business growth. Wolniak et al. (2019) and Schutte and Barbeau (2022) provide more evidence that incubators help bridge the funding gap by connecting entrepreneurs with investors and alternative finance sources.

Theme 5: Networking

The incubators encouraged the SMMEs to organise business groups, collaborate on marketing campaigns, and exchange ideas and inventions. These connections opened new prospects, encouraged collaboration, and enabled access to customers and markets. This is consistent with the findings of Li et al. (2020) and Huda and Rejito (2020), who emphasised the value of incubator-facilitated networking in company growth and market expansion. Freire et al. (2023) reported that incubators are growing into networking centers, encouraging collaboration and credibility for participating enterprises.

Research question 2: What is the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province?

This section discusses the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality.

Theme 1: Provision of training

This study suggests that, from the perspective of SMME owners and managers, business incubators play an important and diverse role in what they perceive as

promoting the growth of SMMEs in Tshwane Municipality townships. The participants reported that the training included essential topics such as managing their finances, marketing, entrepreneurship, and industry-specific information. These abilities were reported by participants to enable SMMEs to increase sales, manage credit, introduce new products, and obtain financing, all of which contributed to perceived improvements in business performance and growth. These findings are consistent with those of Aldammagh et al. (2020) and Dlamini (2020), who suggest that incubator-provided business training improves critical entrepreneurial ability. Similarly, Wolniak et al. (2019) emphasise the relevance of training in business strategy and planning formulation, which is critical for the long-term viability of small firms. According to institutional theory by (Meyer & Rowan (1977) incubator training helps SMMEs adopt formal business processes that give credibility in the eyes of consumers, suppliers, and financial institutions. By acquiring conventional business techniques such as financial management and marketing, SMMEs may better fit with formal market expectations.

Training also contributes to the development of an entrepreneurial attitude, as noted by Li et al. (2020), who emphasise the significance of incubators in encouraging creativity, resilience, and innovative thinking among entrepreneurs. The participants in this study verified that this mentality adjustment helped them produce new ideas, enhance goods, and grow their operations. Another important component was the exchange of industry specific expertise, which assisted companies in improving product quality and increasing market share. This finding is consistent with Aldammagh et al.'s (2020) finding that sector-specific training improves competitiveness and efficiency in operations. From a theoretical perspective, institutional theory indicates that organisations use training to achieve legitimacy and comply with industry standards. Claridge (2018) and Rouxel et al. (2015) show how social capital theory emphasises the collective advantages of sharing information and learning through networks.

Theme 2: Coaching and mentoring

The participants in this survey identified coaching and mentoring as critical components of the support provided by business incubators. They noted that experienced mentors helped them with crucial components, including strategic decision-making, company model creation, market positioning, and pricing plans. This practical information helps SMMEs make better decisions and reduce risks. These findings are reinforced by Tembe

(2018), who discovered that business incubators help entrepreneurs build strategic objectives and company strategies, including marketing, financial management, and legal compliance. Odunayo (2022) emphasised that mentoring allows experienced professionals to share their skills and assistance with less experienced entrepreneurs, hence improving decision-making capacities.

The participants also mentioned that mentorship helped them obtain access to critical business networks such as suppliers, clients, and investors. This is consistent with Huda and Rejito (2020) and Li et al. (2020), who argue that networking possibilities established through mentorship are critical for increasing market reach and developing collaborative relationships. Such access is particularly valuable in township regions, where official business relationships are sometimes restricted. Another crucial feature was how mentors helped SMMEs overcome operational hurdles such as cash flow, client retention, and human resource concerns. Social capital theory supports these findings by emphasising the importance of relationships and networks in fostering collective achievement. Mentorship increases social capital by linking entrepreneurs with experienced persons who can provide advice and access to vital resources. Furthermore, institutional theory argues that mentorship assists SMMEs in adopting best practices, hence increasing their legitimacy and competitiveness in formal markets. This finding is consistent with social capital theory (Bourdieu, 1986; Coleman, 1988), which holds that connections and networks are a valued asset. The mentoring relationship is a kind of social capital that SMMEs may use to gain guidance, assistance, and access to resources that might otherwise be inaccessible. According to Coleman (1988), these social institutions promote creative behaviour by providing access to knowledge and resources that are not immediately available to the entrepreneur.

Theme 3: Provision of infrastructure

The participants stated that business incubators offered the necessary infrastructure, such as workspaces, internet connections, shared equipment, and co-working spaces. Such resources or tools were reported to have reduced the operating expenses and allowed them to project a professional image to clients and investors, which participants identified as critical for credibility and success. This conclusion is consistent with Nkoroi (2021) and Hewitt and Van Rensburg (2020), who state that infrastructure, such as dependable internet and workplaces, is frequently inadequate in townships, restricting

business opportunities. Aldammagh et al. (2020) emphasise that incubators cover this gap by providing SMMEs with low-cost, easily accessible facilities that allow for more efficient company operations. The participants also emphasised the importance of strategic placement and accessibility in terms of reaching clients and providing services. This finding complements the findings of Njau et al. (2019), who discovered that physical closeness to markets and networks enhances SMME productivity and visibility. From a theoretical standpoint, institutional theory states that being part of an organised, well equipped environment lends legitimacy to enterprises. Moreover, social capital theory suggests that shared spaces promote cooperation and peer learning. Institutional theory provides a useful lens for understanding the role of infrastructure. Meyer and Rowan (1977) argued that organisations adopt certain structures and practices to gain legitimacy. The provision of professional office spaces, reliable internet, and shared resources gives township SMMEs the outward appearance of a formal, established business, which is often necessary to gain the trust of customers and partners operating in mainstream markets.

Theme 4: Financing services

The participants stated that having access to start-up cash, seed funding, and help with grants and loans by means of business incubators was critical in beginning and developing their companies. This financial backing was described by participants as allowing them to develop ideas, enhance processes, and invest in expansion without the immediate burden of making a profit. These findings are like those of Dlamini et al. (2023) and Aldammagh et al. (2020), who emphasise that incubators provide financial help to SMMEs at various phases of growth, from genesis to expansion. Rungani and Potgieter (2018) discovered a substantial positive relationship between access to money and SMME success, whereas Van der Spuy and Antonites (2022) noted that many SMMEs struggle with no external funding.

Furthermore, incubators not only provide funds but also assist SMMEs in developing funding submissions and improving financial literacy. This is consistent with Schutte and Barbeau (2022), who emphasise the incubators' function in linking entrepreneurs to larger financial networks. Institutional theory supports these findings by suggesting that institutional financial assistance through incubators legitimises enterprises and prepares firms to meet expectations from the outside. Similarly, social capital theory emphasises

that incubators serve as middlemen, linking entrepreneurs to financial networks and resources. Social capital theory contributes to a better understanding of incubator finance. Portes (2024) pointed out, social capital may serve as a type of 'credit' from which individuals might draw. The incubator serves as a bridge, linking SMMEs to finance networks through the trust and confidence it has built with investors. This bridging function is crucial for entrepreneurs who do not have the necessary personal networks or collateral to obtain financing independently.

Theme 5: Networking opportunities

The participants emphasised that business incubators offer opportunities for peer learning, cooperation, and access to critical business networks. These networks were reported to have connected them to possible partners, investor suppliers, and new markets, which participants felt allowed them to grow their operations and increase their commercial competitiveness. This is consistent with Li et al. (2020) and Huda and Rejito (2020), who discovered that networking services provided by incubators improve entrepreneurs' capacity to access markets, create ideas, and build collaborations. Similarly, Freire et al. (2023) observe that modern incubators are more focused on creating links and access to resources via networks.

The participants also said that incubator-organised networking events such as expos, trade exhibitions and workshops helped them reach new markets and establish long term commercial partnerships. This is consistent with the results of Stephens and Lyons (2023), who see incubators as platforms that foster creativity and external connections, both of which are critical for business success. From a theoretical approach, social capital theory directly reinforces this subject by emphasising the importance of relationships and network linkages in improving resource access and shared achievement (Claridge, 2018). Incubators are places where social capital is created and used for company growth. This theme most closely represents the core ideas of social capital theory. Bourdieu (1986) defined social capital as the collection of real or potential resources associated with participation in a group. Incubators provide networking opportunities that allow SMMEs to form groups and get access to resources, information, and opportunities. Putnam's (2000) idea of 'bridging social capital' is especially pertinent here, since incubators link entrepreneurs from various social and professional circles, giving them access to a wider range of networks.

Although the study did not set out to systematically compare sectors, notable differences emerged between retail and service SMMEs in how they perceived and utilized the support provided by business incubators. Retail SMMEs more frequently emphasized the value of physical infrastructure, particularly showrooms and display spaces. These differences suggest that the utility of specific incubator services is, to some extent, sector dependent. Retail SMMEs benefit more from tangible infrastructure that enhances visibility and credibility, while service-based SMMEs derive greater value from relational capital and network access. This finding has implications for how incubators might tailor their offerings to different types of businesses. **Research question 3: What are the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality, Gauteng?**

This section discusses the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality.

Theme 1: Financial constraints

Financial constraints surfaced as one of the most significant problems for SMMEs, both during and after incubation. These challenges were more severe after the incubation period. The transformation that was experienced from a supported environment to independently operating left many SMMEs with significant cash shortages. SMMEs lack collateral, credit history and a high-risk profile, which allows them to have full access to finances; therefore, during the incubation period, access to funding was limited (Van der Spuy & Bornman, 2023; Rens et al., 2021). After incubation, these limits became more obvious when incubators' safety nets, such as reduced rent, access to shared resources, and structured financial supervision, were removed.

The participants reported challenges in obtaining starting funding, operations cash, and resources for growth-related investments. As seen by the replies, a lack of capital hindered the expansion of businesses, equipment purchase, and proper cash flow management, all of which are necessary for day-to-day business operations. This is in line with Msimango-Galawe and Hlatshwayo (2021), who emphasise that inadequate financing hinders sustainability and the scalability of SMMEs once incubation support is removed.

Theme 2: Lack of managerial expertise

Managerial competence is fundamental to company success. However, many township SMMEs are managed by entrepreneurs with limited knowledge in important areas, such as strategic planning, cash flow management, marketing, and human resource management. While incubators seek to fill these gaps through mentoring and training, assistance is not always targeted or sufficient (Lose et al., 2020). As Van der Spuy and Bornman (2023) emphasise, a lack of management skills leads to poor company decisions, unproductive operations, and challenges scaling up.

The participants stated that inexperienced management teams generated poor financial judgements, failed to build achievable strategic methods and struggled to comply with labour rules owing to a lack of understanding of human resources. These difficulties were worsened by budgetary restrictions, which reduced the capacity to employ experienced workers. As a result of insufficient leadership and governance frameworks, firms were fined for non-compliance and missed out on prospects for development.

Theme 3: Administrative barriers and bureaucracy

The administrative and regulatory framework created significant barriers for SMMEs, especially after incubation. Entrepreneurs were forced to negotiate complex bureaucratic procedures on their own once organised guidance was withdrawn. As indicated in the literature, many people struggle to comply with local legislation owing to a lack of awareness and administrative competence (Van der Spuy & Antonites, 2022; Rens et al., 2021).

The thematic analysis demonstrated how regulatory compliance proved to be costly and time-consuming, diverting resources that could have been utilised to grow the core activities of the business. The participants voiced dissatisfaction with delayed paperwork, licensing requirements, and taxation processes, all of which limited expansion and drew attention away from developing new products and gaining customers. This finding supports Van der Spuy and Bornman's (2023) claim that bureaucratic red tape wastes resources and stifles entrepreneurial growth.

Theme 4: Adapting to the external environment

After incubation, SMMEs struggled to adapt to dynamic external forces such as inflation, shifting customer tastes, rapid technology advancements, and fierce competition.

Incubators had previously provided a buffer against these influences, but when that assistance went away, many SMMEs lack the ability and resources to adapt (Mwale, 2021).

Msimango-Galawe and Hlatshwayo (2021) stated that failure to adapt to changes in the external environment minimises competitiveness and compromises sustainability. This was repeated in participant narratives, highlighting difficulties in implementing new technology and business models, modifying pricing tactics, and keeping up with changing client needs. Competing with large businesses with respect to technology and pricing tactics forced township SMMEs to operate just for survival, with no room to develop or innovate successfully.

Theme 5: Limited market access

The incubators helped SMMEs enter the market; however, they struggled to expand their operations after incubation. Without access to incubation networks, trade exhibitions, or facilitated supplier connections, SMMEs face considerable challenges in locating and interacting with new consumers (Lose et al., 2020; Rens et al., 2021).

The participants emphasised the lack of market information, poor supply chain links, and inadequate visibility in competitive markets, especially outside the township. This resulted in low sales, resource waste, and excessive operating expenses. Research confirms these findings, indicating that SMMEs frequently fail to capitalise on the skills and knowledge obtained during incubation due to a lack of marketing ability and external networks (Rens et al., 2021).

Research question 4: What strategies can be used to improve the role of business incubators in improving SMMEs growth?

Theme 1: Focusing on value addition

The research supports the findings that developing specialist services is an important value-added strategy in business incubators. Specialists' help tailored to specific SMME needs such as legal, financial, and marketing, which allows incubators to provide more focused assistance (Hewitt & Van Rensburg, 2020; Simango, 2022). The participants agreed that personalised help increases competitiveness and investment appeal.

Furthermore, the creation and application of performance measurement frameworks was seen as crucial. Measuring key performance indicators (KPIs) enables incubators to track success and guide continual improvement efforts. This helps SMMEs make better strategic decisions and focus on operations. The feedback reinforces this, emphasising the importance of information-driven growth initiatives.

Theme 2: Fostering innovation

Innovation is a key driver of SMME performance and success, and incubators may help by connecting businesses with research and development institutions, encouraging collaborative relationships, and providing access to cutting-edge technology (Hadi, 2023; Aldammagh et al., 2020). These activities enable SMEs to remain viable and compete in the market and adapt to fluctuating market conditions.

The adoption of new technologies is another important aspect. With incubator advice and access to technological infrastructure, SMMEs may bridge the technology gap and increase production. The participants also stated that cultivating a culture of cautious risk-taking results in a self-sustaining innovation cycle, which improves long-term economic prospects.

Theme 3: Providing funding

Funding is an essential component of SMME sustainability. The literature supports diverse and accessible funding options, such as public–private partnerships, which are consistent with participants' preference for scalable and timely financing (Van der Spuy & Antonites, 2022; Taufikurohmah & Fidarina, 2023).

At the early stage of funding, incubators facilitated funding and start-ups to seed investors to help companies verify business plans and gain momentum. Microloan programmes established and managed by incubation businesses can provide vital financial support for working capital, research and development, and small-scale expansions (Dlamini et al., 2023). The microloans and targeted finance methods are seen as crucial instruments for innovation and day-to-day operations, particularly among SMMEs who have no access to traditional credit.

Theme 4: Tailored support

Thematic results emphasise the significance of transitioning from a uniform incubation paradigm to a more tailored and context-driven approach to assisting SMMEs. Tailored assistance entails matching incubator interventions to the unique needs of SMMEs depending on their industry, development stage, and operational setting. Sector-specific monitoring enables incubators to better identify and track the distinct difficulties and possibilities confronting SMMEs in various industries, avoiding the limits of generic assessment methodologies (Zhou & Gumbo, 2021; Zhou & Zondo, 2024). This provides more accurate assistance and responsive plans that are in line with current market conditions (Ramar et al., 2020).

Implementing tailored education models and aligning resources are also critical. Instructional content tailored to the learning requirements and developmental stages of SMMEs enhances capacity and promotes long-term sustainability (Stephens & Lyons, 2022). Expert networks, technology tools and finance, when these resources are matched to fit each business's particular goals and growth strategies, incubation support becomes substantially more successful (Zhou & Zondo, 2024). This personalised strategy guarantees that incubators have the greatest impact while using the fewest resources possible, promoting more sustainable and scalable SMME growth.

Theme 5: Reducing red tape

Streamlining administrative procedures in incubation business reduces operational constraints while increasing emphasis on core company growth. Incubators can work with government agencies to streamline regulatory processes and provide legal compliance training (Ramar et al., 2020).

Advocating for policy improvements that benefit SMEs is also crucial. Active participation in legislative feedback loops enables incubators to create a more conducive climate. Regulatory guidelines and access to legal knowledge help SMEs avoid penalties and assure compliance, as evidenced by participant replies.

5.4. Conclusions

Research question 1: What specific business incubator services and support have been received by SMMEs in the townships of Tshwane Municipality, Gauteng Province?

This study revealed that SMMEs in Tshwane townships receive a wide range of specialised services and assistance from business incubators. These include training, coaching, mentorship, infrastructure provision, financial aid, and networking possibilities. The training services were comprehensive, including major topics such as entrepreneurship, financial management, and marketing, and provided SMMEs with critical business skills. Coaching and mentorship offered hands-on assistance with company growth and model development, and infrastructural support, such as office space, internet access, and exhibition facilities, produced an enabling atmosphere for professional operations.

Financial services play an important role in overcoming financial limits through group fundraising, investor connections, and loan facilitation. Networking activities enable entrepreneurs to create business groups, obtain market access, and cooperate on new ideas and enterprises. These findings confirm that business incubators in Tshwane provide organised, multi-dimensional assistance that addresses the primary requirements of township-based SMMEs. Overall, this study reveals that business incubators provide critical services that directly benefit the functioning, visibility, and resilience of SMMEs in local economies.

Research question 2: What is the role of business incubators in the growth of SMMEs in townships of Tshwane Municipality, Gauteng Province?

This study suggests that business incubators play an important and diverse role in promoting the growth of SMMEs in Tshwane Municipality townships. The five important themes identified were training, coaching and mentoring, infrastructure supply, finance services, and networking opportunities, which show that incubators are significant facilitators of entrepreneurial development and business expansion. First, training was proven to be essential in providing SMME owners with the requisite business knowledge and abilities. The programme addressed deficiencies in financial management, marketing, and business while also helping to establish an entrepreneurial attitude.

These talents have a direct influence on corporate performance, allowing for improved decision-making, innovation, and strategic expansion.

Second, coaching and mentoring were identified as critical types of support that provided personalised direction, problem-solving aids, and access to expert knowledge. Mentorship also encouraged linkages to larger business networks, which are critical for township entrepreneurs, who sometimes work in remote or resource-constrained locations. Third, the provision of infrastructure, such as inexpensive workspaces, internet connectivity, and shared resources, enabled SMMEs to lower their operational expenses while enhancing their professionalism and credibility. This infrastructural support removed a significant barrier for township firms and provided a more conducive climate for growth.

Fourth, financial services supplied by incubators help bridge the finance gap that many small enterprises face. Access to seed money, loans, and funding possibilities, along with financial literacy training, helped SMMEs better implement expansion strategies and scale operations. Finally, incubators established networking possibilities that improved cooperation, peer learning, and market access. These relationships help boost competitiveness, innovation, and corporate growth.

Research question 3: What are the perceived specific challenges experienced during and after incubation by SMMEs in townships of Tshwane Municipality, Gauteng?

The findings show that SMMEs in Tshwane townships face many challenges during and after incubation, which poses a significant impact on their development and sustainability. Financial constraints remain a significant challenge, with many SMMEs failing to obtain money for operations and development when incubation support is removed. This fragile financial state is worsened by a lack of managerial experience, which affects critical business operations, including strategic planning, human resource management and cash flow management.

Administrative and bureaucratic barriers further affect growth, as SMMEs are forced to address complicated compliance processes with no assistance, resulting in operational delays and lost opportunities. Furthermore, adjusting to external forces such as market instability, changing customer needs, and technical improvements is difficult without an

incubator's safe atmosphere. Finally, limiting market access limits the capacity of SMMEs to expand their list of customers and link with supply chains, reducing their competitive advantage. Together, these obstacles emphasise the need for a more longterm and comprehensive approach to assisting SMMEs after the incubation stage.

Research question 4: What strategies can be used to improve the role of business incubators in improving SMMEs growth?

The findings show that enhancing the function of business incubators in assisting SMME growth demands a comprehensive and strategic approach. This study focuses on value addition through the provision of specialist services and monitoring of performance, which provides SMMEs with the tools they need to increase competitiveness and make decisions based on information. The fostering of innovation through access to innovative technology, research networks and a conducive atmosphere for experimentation allows SMMEs to remain adaptive and forward-thinking in changing markets.

Furthermore, offering accessible and diversified finance options, especially during the early phases of expansion, allows SMMEs to verify their business models and expand successfully. Tailored assistance enhances impact by tailoring interventions to each business's individual industry, stage, and needs, making the incubation business more responsive and successful. Finally, removing bureaucratic hurdles through simplified processes and policy lobbying contributes to a more conducive climate for growth. Collectively, these techniques increase the ability of incubators to achieve sustainable growth and sustained profitability for SMMEs.

5.5. Recommendations

Based on the findings from this study, the recommendations are as follows:

5.5.1. Provision of tailored training

Business incubators should constantly analyse the industry characteristics of participating SMMEs and tailor training appropriately. Business incubators should also turn this analysis into structured, practical training programmes. Before creating training, incubators can undertake sector-specific needs evaluations using surveys, interviews, and SMME performance reviews. The training should be modular, with essential business management skills supplemented by industry-specific workshops (for example,

digital marketing for retail SMMEs, quality standards for food processing companies, or regulatory compliance for financial service providers). These incubators can create a pool of industry experts and practitioners who operate on a rotating basis to provide hands-on workshops, mentoring sessions, and case study-based learning. Furthermore, training may be related to real-world initiatives or issues encountered by SMMEs, allowing participants to instantly implement what they have learned. Furthermore, incubators should analyse training impact on a regular basis using feedback loops and performance monitoring, modifying the curriculum as the industry advances.

5.5.2. Strengthening post-incubation mentorship and support

Business incubators should provide systematic post-incubation support services. These should include continuous access to mentors, business networks, and markets to ensure that development continues beyond the official incubation phase, particularly for township-based SMMEs, which frequently lose momentum once support ceases. This may be achieved by establishing official alumni programmes that provide business incubator graduates with ongoing mentorship, peer-learning groups, and quarterly business review clinics. For example, incubators may assign each graduate a dedicated mentor or advisory panel for the first 12–24 months after incubation, with frequent check-ins (quarterly or biannual) to monitor development and resolve new issues. These incubators can also create digital platforms or portals that allow graduates to access resources, interact with networks, and share market prospects. Partnerships with industry groups, financial institutions, and government agencies can help to open market access and provide continuous financing possibilities. To maintain support close to the practical reality of township-based SMMEs, incubators may organise mobile outreach sessions or local hubs. Furthermore, post-incubation performance measures (such as revenue growth, survival rates, and job creation) should be used to influence the mentorship model's continual development.

5.5.3. Strengthening ecosystem linkages and market access

Business incubators should address the external challenges faced by SMMEs by strengthening the ecosystem in which SMMEs operate. This can be accomplished by acting as brokers between regulatory agencies and SMMEs to simplify the regulator compliance process. In addition, business incubators should build strong networks with suppliers, investors and buyers to assist SMMEs in integrating into value chains.

Furthermore, business incubators can facilitate innovation and technology transfer between SMMEs, R&D and technological hubs.

5.5.4. Rewarding innovative SMMEs

One of the strategies to improve the role of business incubators in improving the growth of SMMEs is fostering innovation. To achieve this, business incubators and the government should therefore reward innovation. The rewards can come from financial support, recognition and access to premium business incubator services. This might include yearly innovation challenges or contests in which top-performing SMMEs are rewarded with cash awards, discounted access to sophisticated incubation services, and targeted exposure to investors and markets. In addition, incubators might issue certificates of excellence or innovation badges to help successful SMMEs gain credibility when approaching funders and partners. By institutionalising such rewards, incubators not only encourage continual innovation but also foster healthy competition among SMMEs. Importantly, tying rewards to quantifiable results such as new product creation, technology adoption, or market expansion guarantees that innovation has a direct impact on corporate growth and sustainability.

5.5.5. Linking with business accelerator programmes for SMMEs with high potential

Business incubators can bridge the gap between early incubation and long-term scalability by partnering with business accelerator programmes, which are designed for SMMEs, rather than leaving accelerator programmes to identify SMMEs on their own. The business incubators should usher the SMMEs in accelerator programmes, which should offer advanced business development support, blended financing models, intensive mentorship and fast-tracking networking opportunities with venture capitalists, corporate buyers and angel investors. This dual structure of business incubation and accelerator programmes ensures that SMMEs in townships will not stagnate after early business incubation support but rather transition into larger firms.

5.6. Areas of Further Research

This study used a qualitative method and primary data from interviews. While this provided valuable insights, future research may use quantitative approaches to assess the influence of incubation on performance measures such as revenue growth,

employment creation, and survival rates. Furthermore, using a mixed-methods strategy that combines interviews with secondary data, such as financial records or market outcomes, would improve the dependability of the results. To assess changes over time, researchers may perform longitudinal studies that follow SMMEs after the incubation phase. This is important because some SMME business owners or managers may face challenges in recalling what happened in the past. In addition, future studies could use anonymous surveys to reduce response bias because some participants may have exaggerated their success or downplayed their challenges so that they appear to be more competent.

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Appendices:

Appendix 1: Ethical clearance



College of Economic and Management Sciences_ERC Business Management

Date: 02/06/2025

Dear: Mrs Mashudu Thelma Tunzi

Decision: Ethics Approval from 02 June 2025 to 02 June 2028

NHREC Registration # : (Not applicable)
Ref #: 7537
Name: Mrs Mashudu Thelma Tunzi
Student #: 55020070
Staff #:

Researcher: Mrs Mashudu Thelma Tunzi
107 Adams Street Orlando east, 1804
Johannesburg
55020070@mylife.unisa.ac.za
0734570782

Supervisor: Mr Stephen Maelane (maelask@unisa.ac.za)
Co-Supervisor: Dr Refilwe Maduane-Komape (emaduart@unisa.ac.za)

The impact of business incubators in improving small, medium and micro enterprise (SMMEs) growth in South Africa townships.

Qualification: M Com in Business Management

Thank you for the application for research ethics clearance by the College of Economic and Management Sciences_ERC Business Management for the above-mentioned research study Ethics approval is granted for three years.

The **low-risk application** was **reviewed by College** of Economic and Management Sciences_ERC Business Management on **02 June 2025** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Economic and Management Sciences_ERC Business Management.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.

5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act

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no 38 of 2005 and the National Health Act, no 61 of 2003.

6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date **02 June 2028**. Submission of a completed research ethics progress report will constitute an application for renewal, for Ethics Research Committee approval.

Additional Conditions

1. Disclosure of data to third parties is prohibited without explicit consent from Unisa.
2. De-identified data must be safely stored on password protected PCs.
3. Care should be taken by the researcher when publishing the results to protect the confidentiality and privacy of the university.
4. Adherence to the National Statement on Ethical Research and Publication practices, principle 7 referring to Social awareness, must be ensured: "Researchers and institutions must be sensitive to the potential impact of their research on society, marginal groups or individuals, and must consider these when weighing the benefits of the research against any harmful effects, with a view to minimising or avoiding the latter where possible." Unisa will not be liable for any failure to comply with this principle.
5. Kindly note that the College of Economic and Management Sciences_ERC Business Management requires the submission of regular progress reports to be submitted **annually**. In line with section 7.2 of the Unisa Policy on Research Ethics (2024).

Note

The reference number 7537 should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.

Kind regards,



Dr Nadia van Huyssteen
Chair of College of Economic and Management Sciences_ERC Business Management
E-mail: marx@unisa.ac.za



Appendix 2: Gatekeeper's letter



09 May 2025

To Whom It May Concern

Request for permission to conduct research at Sedfa

Ms. Mashudu Tunzi has requested permission to conduct research at Sedfa on the impact of Business incubators in improving small, medium, and micro enterprises growth in South African townships. The data will be collected using in-depth interviews which will either be in-person or virtual depending on the participants' preference.

The Acting Head of Department: Strategy, Planning & Reporting hereby gives permission to the Researcher to conduct research within Sedfa. Kindly note that this letter does not oblige Sedfa clients/staff to participate in the study. Their participation is entirely voluntary.

Kindly liaise with the relevant Sedfa branch for further assistance regarding this study. We trust that the study will contribute positively to Sedfa's strategic objectives regarding small enterprise development. Please share the research findings and the copy of the study with Sedfa upon completion.

Kind Regards

.....

Mr. Alroy Dirks

Acting Head of Department: Strategy, Planning & Reporting

Appendix 3: Consent Form:

PARTICIPANT INFORMATION SHEET

Title: The impact of Business Incubators in improving Small, Medium and Micro Enterprises (SMMEs) growth in South African townships

Dear Prospective Participant:

You are invited to participate in an interview conducted by Mashudu Thelma Tunzi under the supervision of Mr Stephen Maelane, a lecturer in the Department of Business Management at the University of South Africa.

The interview you have received has been designed to study the impact of business incubation on the growth of SMMEs in Gauteng.

WHAT IS THE PURPOSE OF THE STUDY?

The study aims to investigate the impact of business incubators in improving SMMEs growth in South Africa townships.

WHY AM I INVITED TO PARTICIPATE?

You are invited to participate in this study because you own/manage an SMMEs in Gauteng and the information needed is required from you. You will not participate in the interview if you are less than 18 years old and or you do not own/manage an SMMEs in Gauteng. These criteria mean you have valuable experience for the research study.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The study involves audio and/or videotaped semi-structured interviews via MS Teams or equivalent voice over internet protocol. The interview is expected to last for 30 minutes. You will not directly benefit from your participation as an individual, however, it is envisioned that the findings of this interview may assist in addressing research ethics training needs in the SADC region. We do not foresee that you will experience any negative consequences by completing the interview. The researcher undertakes to keep any information provided herein confidential, not to let it out of our possession and to report on the findings from the perspective of the participating group and not from the perspective of an individual

CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?



Participating in this study is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason. You can ask questions about the proposed study before signing consent.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

You will not benefit from your participation as an individual however, it is envisioned that the findings of this study will benefit in improving the growth of SMMEs in Gauteng.

ARE THERE ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?

There are no foreseeable high risks linked to your participation in this study. The only foreseeable risk is the potential for minor inconvenience, regarding the time spent in the above-mentioned interview.

WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY IDENTITY BE KEPT CONFIDENTIAL?

You have the right to insist that your name will not be recorded anywhere and that no one, apart from the researcher and identified members of the research team, will know about your involvement in this research. This measure is to ensure your confidentiality. Your name will not be included in the final report, instead a pseudonym will be used in any publications or other research reporting methods such as conference proceedings so that no one will be able to connect you to the answers you give. This measure is to ensure anonymity and confidentiality.

HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?

Hard copies of your transcribed answers will be stored by the researcher for a minimum period of five years in a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. Electronic copies may be permanently deleted from electronic devices after 5 years.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

There is no payment or incentive available for participating in this study. Your participation is voluntary.

HAS THE STUDY RECEIVED ETHICS APPROVAL?

This study has received written approval from the Business Management Research Ethics Review Committee at UNISA, the copies of the approval letters are attached.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?

If you would like to be informed of the final research findings, please contact me on 55020070@mylife.unisa.ac.za.

HOW DO I PARTICIPATE IN THE STUDY?

To participate in this study, please complete the informed consent form below and email it to the researcher on 55020070@mylife.unisa.ac.za.

Should you have concerns about the way in which the research has been conducted, you may contact the chairperson of the Ethics Review Committee of the Department of Business Management, UNISA: Alternatively, they are advised that they can report any serious unethical behaviour at the University's Toll-Free Hotline 0800 86 96 93.

Thank you for taking time to read this information sheet and for participating in this study.

Kind Regards,
Mashudu Thelma Tunzi (Researcher)

INFORMED CONSENT TO PARTICIPATE IN THE STUDY

I, _____ (Full name),
confirm that the person asking my consent to take part in this research has told me about
the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read and understood the study as explained in the information sheet. I have had
enough opportunity to ask questions and am prepared to participate in the study. I understand
that my participation is voluntary and that I am free to withdraw at any time without penalty
(if applicable). I am aware that the findings of this study will be anonymously processed into
a book chapter, journal publications and/or conference proceeding.

I agree to the recording of the interview and the anonymously processing of the data collected
into a book chapter, journal publications and/or conference proceeding.

Signature of Participant:

Date:

Appendix 4: Interview Guide

Section A: Biographical information

1. What is your gender?

Male [] Female []

2. What is your age range?

20 - 30 [] 31 - 40 [] 41- 50 [] 51-60 [] 61 and above []

3. What is your highest qualification?

Matric [] Diploma [] Degree [] Honours [] Masters [] PHD. [] 4.

How many years have you been working for or operating an SMME?

0 - 5 [] 6 -10 [] 11 -15 [] 16 - 20 [] 21 and above

5. Which industry do you operate in?

Retail [] Service []

Section B: Specific business incubator services and support offered by business incubators

1. Can you describe the core services and support that you have received from business incubators?

Section C: The role of business incubators on the growth of SMMEs in townships

1. How are the training services offered by the business incubators assisting the growth of your SMME business?

2. Can you explain how the coaching and mentoring offered by the business incubators have helped your SMME business to grow?

3. Can you explain how the infrastructure support offered by the business incubators have helped your SMME business to grow?

4. Can you explain how the financing support offered by the business incubators have helped your SMME business to grow?

5. Can you give any other ways through which business incubators have assisted your SMME business to grow?

Section D: The perceived specific challenges experienced during and after incubation by the SMMEs

1. Can you explain how your business is affected by the following challenges during the incubation period?

- i. Financial constraints
 - ii. Lack of managerial expertise
 - iii. Administrative barriers and Bureaucracy
2. Can you give other challenges have you faced during the incubation period?
3. Can you explain how your business is affected by the following challenges after the incubation period?
 - i. Adapting to the external environment
 - ii. Limited market access
 - iii. Financial sustainability
4. Can you give other challenges have you faced after the incubation period?

Section E: Strategies that can be used to improve the role of business incubators in improving SMMEs growth

1. How do you think using value added to determine who qualifies for business incubation will improve the role of business incubators in improving SMMEs growth?
2. How do you think fostering innovation will improve the role of business incubators in improving SMMEs growth?
3. What is your view on providing funding for SMMEs through business incubators?
4. Can you give any other strategies that can be used to improve the growth of SMMEs?

THANK YOU FOR PARTICIPATING IN THIS INTERVIEW

Appendix 5: Codebook

This appendix presents the coding framework used in the thematic analysis of the interview data. Codes were developed iteratively based on the interview questions and emerging patterns in the data. Each code is defined to ensure consistency in application across all transcripts.

Table A7.1: Codebook for Thematic Analysis

Theme	Code	Definition
Training	Training - Entrepreneurship	References to training on entrepreneurial skills, planning, innovation, strategic thinking
	Training - Financial Management	References to training on financial literacy, budgeting, financial reporting, investing
	Training - Marketing	References to training on promotion, branding, market research, sales
Coaching and Mentoring	Coaching - Managing Growth	References to coaching on scaling operations, organizational development
	Mentoring - Business Models	References to mentoring on business model development, pricing, strategy
	Mentoring - Networks	References to mentoring connections to suppliers, clients, investors
Infrastructure	Infrastructure - Internet	References to provision of internet connectivity and digital infrastructure

	Infrastructure - Office Space	References to provision of physical office spaces, co-working spaces
	Infrastructure - Displays	References to provision of showrooms, display facilities, exhibition spaces
Financing	Financing - Group Funding	References to facilitated group funding, pooled resources
	Financing - External Capital	References to connections with investors, venture capitalists, grants
	Financing - Loans	References to facilitated business loans, microfinance
Networking	Networking - Business Groups	References to facilitated business groups, associations
	Networking - Marketing	References to networking for joint marketing, client introductions
	Networking - Idea Sharing	References to sharing ideas, best practices, innovation
Challenges	Challenges - Financial Constraints	References to limited access to funding, cash flow problems, cost pressures
	Challenges - Managerial Expertise	References to lack of management skills, financial management gaps, HR challenges

	Challenges - Administrative Barriers	References to regulatory compliance, tax issues, bureaucratic processes
	Challenges - External Environment	References to adapting to market changes, technology, competition
	Challenges - Market Access	References to limited customer reach, supply chain issues, market information
Strategies	Strategies - Value Addition	References to specialized services, performance measurement, targeted support
	Strategies - Innovation	References to R&D, technology adoption, innovative culture
	Strategies - Funding	References to diverse funding sources, seed funding, microloans
	Strategies - Tailored Support	References to sector-specific monitoring, customized instruction, resource alignment
	Strategies - Reduce Red Tape	References to streamlining processes, policy advocacy, regulatory guidance

Source: Author's own construction based on thematic analysis of interview data processed through Atlas.ti.

Appendix 6: Sample Interview scripts

Participant 12

Section A: Biographical information

6. What is your gender?

Male

7. What is your age range?

20-30 [] 31-40 [] 41-50 [] 51-60 [] 61 and above []

8. What is your highest qualification?

Matric

9. How many years have you been working for or operating an SMME?

0-5 [] 6-10 [] 11-15 [] 16-20 [] 21 and above

10. Which industry do you operate in?

Retail [] Service []

Section B: Specific business incubator services and support offered by business incubators

2. Can you describe the core services and support that you have received from business incubators?

“We received training on entrepreneurial skills, marketing and the financial management, mentoring, offices, internet connectivity. Moreover, the business incubators were able to assist with source of income information.”

Section C: The role of business incubators on the growth of SMMEs in townships

6. How are the training services offered by the business incubators assisting the growth of your SMME business?

“Training gave us knowledge of running the business and handling our customers which improved our sales and growth.”

7. Can you explain how the coaching and mentoring offered by the business incubators have helped your SMME business to grow?

"We were coached through dedicated coaches, and this allowed us to gain more knowledge of managing and growing the business"

8. Can you explain how the infrastructure support offered by the business incubators have helped your SMME business to grow?

"The offices and internet connectivity assisted us to run our business, and we saved some funds which we used to fund other activities in the business."

9. Can you explain how the financing support offered by the business incubators have helped your SMME business to grow?

"There was nothing much in terms of financing, they clearly told us that there was no money, it was mainly about learning."

10. Can you give any other ways through which business incubators have assisted your SMME business to grow?

"We were able to meet business owners who have operating before us, which helped us on gaining knowledge on how to run a business in a township. We also meet potential clients"

Section D: The perceived specific challenges experienced during and after incubation by the SMMEs

2. Can you explain how your business is affected by the following challenges during the incubation period?

- iv. Financial constraints

"Our day-to-day operations depends on effective financial inflow and outflow management therefore because of limited funds we failed to manage the cash flow effectively."

- v. Lack of managerial expertise

“Due to lack of proper management skills, the strategic planning, marketing strategies and organisational structure are handle.” vi. Administrative barriers and Bureaucracy

“The business were failing to comply with the regulatory as there were many complexities involved.”

2. Can you give other challenges have you faced during the incubation period?

“There is none more.”

3. Can you explain how your business is affected by the following challenges after the incubation period?

iv. Adapting to the external environment

“It was challenging to keep up with rapid technological advancements which will allows to compete in the market through using modified business models.”

v. Limited market access

“We are suffering from finding the reliable and affordable supplier for the necessary inputs needed.” vi. Financial sustainability

“We are not able to meet the financial needs when we are now operating on our own.”

4. Can you give other challenges have you faced after the incubation period?

“There is intense competition in the business I am operating.”

Section E: Strategies that can be used to improve the role of business incubators in improving SMMEs growth

5. How do you think using value added to determine who qualifies for business incubation will improve the role of business incubators in improving SMMEs growth?

“Giving support to SMMEs that are adding value can assist business incubators to support business that have the potential and capacity to grow.”

6. How do you think fostering innovation will improve the role of business incubators in improving SMMEs growth?

“Innovation will bring new and effective business ideas through the links that incubators created for us with the research and development institutions for collaborative relationships.”

7. What is your view on providing funding for SMMEs through business incubators?

“It will be better to get funding in line what we need at that time which matches capacity and funding thus improving growth.”

8. Can you give any other strategies that can be used to improve the growth of SMMEs?

“I don’t have any at the moment.”

THANK YOU FOR PARTICIPATING IN THIS INTERVIEW

Participant 16

Section A: Biographical information

11. What is your gender?

Male

12. What is your age range?

20-30 [] 31-40 [] 41-50 [] 51-60 [] 61 and above []

13. What is your highest qualification?

Diploma

14. How many years have you been working for or operating an SMME?

0-5 [] 6-10 [] 11-15 [] 16-20 [] 21 and above

15. Which industry do you operate in?

Retail [] Service []

Section B: Specific business incubator services and support offered by business incubators

3. Can you describe the core services and support that you have received from business incubators?

“The incubator mostly assisted with SARS, company registration, and compliance issues. They also provided us with coaching and mentoring services, external funding sources, and business loans, business group meetings, marketing events and sharing ideas activities between businesses.”

Section C: The role of business incubators on the growth of SMMEs in townships

11. How are the training services offered by the business incubators assisting the growth of your SMME business?

“We were able to contact more Mamelodi clients thanks to the social media training.”

12. Can you explain how the coaching and mentoring offered by the business incubators have helped your SMME business to grow?

"In terms of coaching, it was quite constrained. Mentors that truly comprehend the difficulties of operating a company in the township would be beneficial."

13. Can you explain how the infrastructure support offered by the business incubators have helped your SMME business to grow?

"It made a difference to have a place to work, even if it was just temporarily. It made us appear more professional, this gave us an advantage as we were able to access more customers and suppliers."

14. Can you explain how the financing support offered by the business incubators have helped your SMME business to grow?

"The incubator didn't provide us any money, to be honest. They offered guidance on where to go for money, but it's still quite hard to get, particularly for very small enterprises."

15. Can you give any other ways through which business incubators have assisted your SMME business to grow?

"There is no other ways for me."

Section D: The perceived specific challenges experienced during and after incubation by the SMMEs

3. Can you explain how your business is affected by the following challenges during the incubation period?

vii. financial constraints

"Due to our perceived high risk and lack of collateral, we could find it difficult to get working cash which affect our profitability as a company as we could not have enough funds to purchase raw materials" viii. Lack of managerial expertise

"We might not have the management know-how to comprehend and implement the reasons for our learning." ix. Administrative barriers and Bureaucracy

"Overcoming bureaucratic obstacles might divert the management team's attention from important commercial tasks like client acquisition and product development."

2. Can you give other challenges have you faced during the incubation period?

"There are no other challenges for me."

3. Can you explain how your business is affected by the following challenges after the incubation period?

vii. Adapting to the external environment

"We are inability to adjust to the constantly shifting external environment due to new technology which we were failing to adopt it."

viii. Limited market access
"We might not have the connections and resources needed to locate possible customers, sell products or services, and break into new markets."

ix. financial sustainability

"Since we are now running independently, we are unable to satisfy the financial demands due to a lack of ongoing support which incubators used to give us."

4. Can you give other challenges have you faced after the incubation period?

"There is no other challenges for me."

Section E: Strategies that can be used to improve the role of business incubators in improving SMMEs growth

9. How do you think using value added to determine who qualifies for business incubation will improve the role of business incubators in improving SMMEs growth?

"The expansion of all SMMEs contributing to the economy will be enhanced by taking into account all of them, independent of their stages or characteristics."

10. How do you think fostering innovation will improve the role of business incubators in improving SMMEs growth?

"Innovation will compel us to alter our methods and devise more efficient approaches through the use of research and development activities."

11. What is your view on providing funding for SMMEs through business incubators?

“Funding support such as microloan will improve funding distribution, and business incubators will have more control over how funds are allocated, it can also improve their ability to acquire the financial resources for innovation.”

12. Can you give any other strategies that can be used to improve the growth of SMMEs?

“I think SMMEs needs favorable working conditions in order to grow hence advocating for policy change can be of help to us. It also helps SMMEs on reducing rules and laws that restrict the development”

THANK YOU FOR PARTICIPATING IN THIS INTERVIEW

Appendix 7: Turnitin Report

Similarity Report

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Appendix 8: Language Editing Certificate

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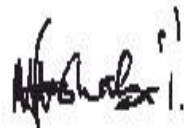
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"IMPACT OF BUSINESS INCUBATOR IN IMPROVING SMALL, MEDIUM AND MICRO-ENTERPRISES (SMMES) GROWTH IN SOUTH AFRICA TOWNSHIPS"

authored by Mashudu Thelma Tunzi

has been edited and proofread to improve grammar, consistency, readability, flow, and logic.

NOVEMBER 11, 2025



Mr KM Leshaba, Managing Editor
bkeditorials@gmail.com



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