

**AN INVESTIGATION OF THE INTERNAL CHALLENGES THAT HINDER  
SUSTAINABILITY OF THE FURNTECH NYANGA INCUBATES**

BY

**SIYASANGA SAKUBA**

STUDENT NUMBER: 01S2424

A THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF

**MASTER OF BUSINESS ADMINISTRATION**

IN THE

**RHODES BUSINESS SCHOOL**

SUPERVISOR: DR TSHIDI MOHAPELOA

5 AUGUST 2019

## DECLARATION

I, Siyasanga Sakuba, hereby declare that the research presented in this thesis is my own original work, does not, in its entirety or part, exist as someone else's work and was not previously submitted to any institution. All the sources that were used have been presented and accurately acknowledged with the utmost integrity.

---

Siyasanga Sakuba

---

Date

## **ABSTRACT**

The South African unemployment rate is currently at 27.6 per cent (Statistics South Africa, 2019). In an effort to combat unemployment, the South African government has implemented various mechanisms to provide opportunities to the people and combat unemployment. One of these mechanisms is to invest in the establishment of entrepreneurship incubators while the Furntech incubator is one of the incubators established for this purpose.

It is imperative that the government spending on these mechanisms is justified by a return on investment which, in this case, should be to reduce unemployment and increase the overall entrepreneurial activity. In view of Furntech, with specific reference to the Nyanga incubation centre, there is a high failure rate with very little output of sustainable enterprises from the two-year incubation period.

This study seeks to investigate the internal challenges that hinder the sustainability of these entrepreneurs to either drop out before the end of the two-year incubation period or to furnish the two years without becoming sustainable entrepreneurs. This study seeks to investigate this matter by using a semi-structured interview schedule that was geared towards investigating the research problem from the view of the incubates.

The findings of the study showed that Furntech can be commended in respect of the transfer of technical skills. Furntech, however, failed to support the entrepreneurs with the other business support services that are part of their services, namely the business advisory, financial support and business skills. These findings provide a guideline of where Furntech needs to improve its service offering to gain a higher output of sustainable entrepreneurs.

It is important to note that even though Furntech has representation in three provinces with two incubators in the Western Cape (Cape Town and Nyanga), however, this study was limited to the Furntech Nyanga incubates.

## **ACKNOWLEDGEMENTS**

This is dedicated to my mother and father, Nandi and Phakamisa Sakuba, for years of emotional and financial support throughout my study journey, the Rhodes University Business School for exposing me to a world-class learning environment and my supervisor for believing that I can do this.

Thank you.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>i</b>
<b>ABSTRACT</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>LIST OF ANNEXURES</b> .....	<b>viii</b>
<b>LIST OF FIGURES</b> .....	<b>viii</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>ix</b>
<b>CHAPTER 1</b> .....	<b>1</b>
<b>INTRODUCTION AND CONTEXT</b> .....	<b>1</b>
1.1 INTRODUCTION .....	1
1.2 BACKGROUND .....	2
1.3 RESEARCH PROBLEM STATEMENT .....	4
1.4 AIMS AND OBJECTIVES .....	5
1.5 RESEARCH AIMS AND RESEARCH QUESTIONS.....	5
1.6 CONCLUSION.....	6
<b>CHAPTER 2</b> .....	<b>7</b>
<b>REVIEW OF LITERATURE</b> .....	<b>7</b>
2.1 INTRODUCTION .....	7
2.2 AN EXPLANATION OF INCUBATION.....	7
2.3 THE HISTORY OF INCUBATION IN SOUTH AFRICA .....	9
2.4 THE INCUBATION PROCESS .....	10
2.5 THE MEANING OF SUSTAINABILITY IN INCUBATION .....	11
2.6 PREVIOUS STUDIES THAT HAVE BEEN CONDUCTED ON INCUBATION.....	12
2.7 GUIDING THEORIES .....	13
2.7.1 Resource-based theory (RBT) .....	13

2.7.2	Theories on entrepreneurship .....	14
2.7.3	How do these theories relate or speak to incubation and the objectives of this study? .....	15
2.7.4	Critical analysis of these theories.....	15
2.8	CONCLUSIONS .....	16
	<b>CHAPTER 3.....</b>	<b>17</b>
	<b>RESEARCH METHODOLOGY.....</b>	<b>17</b>
3.1	INTRODUCTION .....	17
3.2	ONTOLOGY AND EPISTEMOLOGY .....	17
3.3	RESEARCH DESIGN .....	17
3.3.1	Data collection and sampling .....	17
3.3.2	Research approach.....	18
3.3.3	Data collection method.....	20
3.3.4	Research tools .....	20
3.3.5	Data analysis .....	21
3.3.6	Ethical considerations .....	21
3.3.7	Validation .....	22
3.3.8	Generalisability .....	22
3.4	CONCLUSION.....	22
	<b>CHAPTER 4.....</b>	<b>24</b>
	<b>FINDINGS.....</b>	<b>24</b>
4.1	INTRODUCTION .....	24
4.2	PROFILES OF THE INCUBATES .....	24
4.3	DISCUSSION OF THE PROFILES OF THE INCUBATES .....	25
4.4	RESEARCH RESULTS .....	26
4.4.1	Furntech pre-incubation services .....	26
4.4.2	Furntech incubation service-business skills training .....	29

4.4.3	Furntech incubation service-technical support.....	31
4.4.4	Furntech incubation service-financial support.....	33
4.4.5	Furntech incubation service-business advisory services.....	35
4.4.6	Furntech incubation service-additional services.....	37
4.4.7	Furntech incubation service ratings.....	42
4.5	CONCLUSION.....	43
	<b>CHAPTER 5.....</b>	<b>44</b>
	<b>DISCUSSION.....</b>	<b>44</b>
5.1	INTRODUCTION.....	44
5.2	PRE-INCUBATION SERVICES.....	44
5.3	INCUBATION SERVICES.....	46
5.3.1	Business skills training.....	47
5.3.2	Technical skills training.....	48
5.3.3	Financial support.....	49
5.3.4	Business advisory services.....	51
5.3.5	Additional services.....	53
5.3.6	Service ratings.....	54
5.4	CONCLUSION.....	54
	<b>CHAPTER 6.....</b>	<b>55</b>
	<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>55</b>
6.1	INTRODUCTION.....	55
6.2	OVERVIEW OF OBJECTIVES.....	55
6.3	CONCLUSION.....	56
6.4	RECOMMENDATIONS.....	57
6.5	LIMITATIONS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE RESEARCH.....	57
	<b>REFERENCES.....</b>	<b>60</b>

ANNEXURE A: INTERVIEW QUESTIONNAIRE .....	63
ANNEXURE B: PROFILE OF FURNTECH .....	70
ANNEXURE C: UNIVERSITY ETHICAL CLEARANCE.....	71
ANNEXURE D: FURNTECH RESEARCH PERMISSION LETTER .....	72

## **LIST OF ANNEXURES**

ANNEXURE A: INTERVIEW QUESTIONNAIRE.....	63
ANNEXURE B: PROFILE OF FURNTECH.....	70
ANNEXURE C: UNIVERSITY ETHICAL CLEARANCE .....	71
ANNEXURE D: FURNTECH RESEARCH PERMISSION LETTER .....	72

## **LIST OF FIGURES**

Figure 1.1: Current Furntech business model for all incubates .....	4
Figure 6.1: Title .....	56

## **LIST OF TABLES**

Table 4.1: Entrepreneur business characteristics (N=9) .....	24
Table 4.2: Furntech pre-incubation services .....	26
Table 4.3: Furntech incubation services-business skills training .....	29
Table 4.4: Furntech incubation service-business skills training.....	31
Table 4.5: Furntech incubation service-financial support .....	33
Table 4.6: Furntech incubation service-business advisory services.....	35
Table 4.7: Furntech incubation service-additional services .....	37
Table 5.1: Average rating of the Furntech business services .....	54

## **LIST OF ABBREVIATIONS**

Furntech	Furniture Technology Centre Trust
NYDA	National Youth Development Agency
SEDA	Small Enterprise Development Agency
Sefa	Small Enterprise Finance Agency
Sida	Swedish International Development Agency
TIHMC	The Innovation Hub Management Company

## CHAPTER 1

### INTRODUCTION AND CONTEXT

#### 1.1 INTRODUCTION

The rising number of unemployed people in many developing countries has been a course for concern for several years. As a strategy to mitigate this, governments globally have turned to entrepreneurship as a way of keeping unemployment under control and stimulating economic activity. However, according to Tengeh and Choto (2015), less than half of all the new businesses survive the fifth year and only a fraction develop into high-growth businesses and make a contribution to job creation that adds value to the overall economic activity. In an effort to lower the business failure of entrepreneurs, the South African government rolled out a number of initiatives aimed at promoting entrepreneurship and incubation in 1995 (Lose & Tengeh, 2016).

According to Cullen, Calitz, Chandler and Len (2014), the concept of incubation is borrowed from the field of medicine where incubation is described as an environment of controlled temperature, humidity and oxygen concentration in order to provide optimal conditions for growth and development. This reference suggests that the conditions provided by an incubator to a business should provide and nurture the business with enough support for the business to be ready to operate independently post the incubation period.

One of the business incubators, which is funded by the South African government through the Small Enterprise Development Agency (SEDA), is the Furntech incubator. This incubator focuses on manufacturing businesses and offers entrepreneurs two years incubation which is its main objective. Furntech's objective is to incubate businesses for a period of two years and have them graduate at a level where they are self-sustainable businesses.

The Furntech network consists of eight incubators, namely Nyanga and Cape Town (Western Cape), uMzimkhulu and KwaMashu (KwaZulu-Natal), Johannesburg (Gauteng), Makhando (Limpopo) and White River (Mpumalanga). Furntech as a network is unique to other incubators based on their flexible combination of

technical skills training, business development processes and infrastructure that is provided to incubate. These support structures are provided to nurture new and existing businesses with all the aspects of start-up to develop into sustainable businesses while meeting mutually agreed milestones within an agreed period. The focus of the Furntech incubation model nationally is to support the entrepreneurs in the furniture-wood manufacturing sector and this makes Furntech different from any other incubator in South Africa. Currently, Furntech is the only incubator that focuses on this sector and is operational in four provinces in South Africa. This study is limited to the Furntech Nyanga in Cape Town.

This chapter provides a background to Furntech with an overview of the Furntech incubation model. Furthermore, it expands on the research problem which is the high rate of entrepreneurs who do not graduate as sustainable businesses at Furntech Nyanga in comparison to Furntech' s overall national performance. Subsequently, the research problem, and the aims and objectives of the study are addressed with a conclusion on the performance of Furntech Nyanga.

## **1.2 BACKGROUND**

Furniture Technology Centre Trust (Furntech) was established in the year 2000 through a bilateral agreement with the Department of Trade and Industry. The Small Enterprise Development Agency (SEDA), through the technology programme, and the Swedish International Development Agency (Sida) replaced it from June 2006. In this agreement, Sida provided specialised training in world-class technical skills to the Furntech staff to allow them to transfer these skills to their incubated entrepreneurs. Sida also assisted Furntech to adopt to world-class health and safety procedures as well as production processes. While Sida focuses on providing Furntech with the above services, SEDA's role has always and continues to be financial support to Furntech to ensure that the incubator is able to continue to deliver on its mandate.

Furntech' s mission is to provide outcomes-based training that drives productivity for competitiveness by offering comprehensive and innovative business incubation services. This aims to assist South Africa with job and wealth creation within the furniture and wood products sector (Furntech Annual report 2016/2017). As a

speciality entrepreneurship incubator that focuses on the furniture and wood products sector, it works with potential entrepreneurs to conceptualise, innovate and develop their ideas into sustainable businesses.

Furntech does not only offer incubation; it also develops skills in people who are not well skilled. The organisation is a registered skill development facilitator that is registered with the Department of Education as a Private Further Education and Training College and is accredited by the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA).

Furntech's programmes range from skills development learning programmes in the Core and Elective Unit Standards of the furniture making qualifications towards NQF Levels 2 and 3. These courses are offered to incubate and include wood-making, cabinets and making upholstery and wood furnishings as well as coffin manufacturing. These courses are offered to the entrepreneurs to ensure that they can manufacture products that are of a high standard and that are attractive to the market.

The role and objective of Furntech are to incubate business for a period of two years after which these businesses should graduate at a level where they are self-sustainable. The Furntech model of incubation is divided into three stages, namely:

1. Selection and pre-incubation: The businesses are recruited, selected and offered part-time incubation and training to familiarise them to Furntech and the use of Furntech equipment and machines to prepare them for full incubation.
2. Full incubation: The businesses are offered services which are divided into four segments, namely, training, technical support, business advice and financial support. The incubator provides the necessary support to enable the business as a self-sustainable business.
3. Post-incubation: Support is offered outside the incubator (after graduation) to ensure business sustainability after incubation.



**Figure 1.1: Current Furntech business model for all incubates**

### **1.3 RESEARCH PROBLEM STATEMENT**

At a national level Furntech continues to increase its potential to boost the entrepreneurship sector in South Africa. The Furntech Annual report 2016/2017 (2017) highlight that in the year 2016/2017 they managed to support 80 Small Medium and Micro Enterprise’s (SMMES) and 152 clients, established 31 SMMEs and they managed to create over 322 jobs in South Africa. Therefore, the establishment of Furntech contributes significantly to the South African economy and the entrepreneurship sector. This suggests that at a national level Furntech continues to increase its potential to boost the entrepreneurship sector in South Africa.

The challenge at Furntech Nyanga, however, is that 75 per cent of businesses that start the incubation process drop out of the two-year programme before reaching the graduation stage or reach the two-year incubation period at a level where they are not sustainable entrepreneurs. The latter results in the situation where the incubator has to keep them under incubation for a longer period. The cause of this is not known as these entrepreneurs receive the same services as the other 25 per cent that graduate as sustainable entrepreneurs.

However, the national numbers of Furntech give the organisation a good image, as it is highlighted in the Furntech Annual Report 2016/2017 (2017) that a total of 490 clients were supported, established and initiated. In addition, the Furntech Annual Report 2016/2017 (2017) highlighted that 91 per cent of the established projects were black-owned, 29 per cent was owned by black women and 67 per cent was owned by the youth.

#### **1.4 AIMS AND OBJECTIVES**

The goal of the research is to explore the reasons why the entrepreneurs of the Furntech Nyanga drop out before they complete their two-year period. Linked to this are the unknown reasons why these entrepreneurs fail to become self-sustainable after the incubation period. In order to explore the reasons for failure, the study will focus on internal resources, namely, training, technical support, business advice and financial support as resources that are used to build the capabilities of entrepreneurs as incubates during the Furntech incubation services. By exploring the effect of Furntech' s incubation service offering as provided to businesses (as incubates) this study will focus on the resource flow. Findings will inform and advise Furntech Nyanga on where they can close the gaps in future to make sure that the entrepreneurs, they incubate graduate as self-sustainable entrepreneurs. The following objectives have been identified:

- To evaluate the resource flow challenges during the pre-incubation and incubation stages that impede on entrepreneurs graduating as sustainable enterprises post incubation.
- To determine the factors affecting the resource flow during the incubation process that hinders the incubates, who finish the two-year incubation period, to be self-sustainable as entrepreneurs. Resource flow in this context is the flow of service offerings from Furntech to incubate in an effort to develop them to becoming self-sustainable businesses post the two years incubation.

#### **1.5 RESEARCH AIMS AND RESEARCH QUESTIONS**

- The aim of this research was to explore the effect of Furntech Nyanga's incubation service offering, as provided to businesses (as incubates). What are the resource flow challenges during the pre-incubation and incubation stages that impede on entrepreneurs graduating as sustainable enterprises post incubation?
- What are the factors that affect the resource flow during the incubation process that hinder incubates (as entrepreneurs) to finish the two-year incubation period without becoming self-sustainable businesses? Resource flow in this context is the flow of service offerings from Furntech to the

incubates in an effort to develop them into self-sustainable businesses post the two years' incubation. The findings and recommendations from this study will allow the improvement of the incubation process, as provided by Furntech Nyanga.

The findings and recommendations from this study will allow the improvement of the incubation process, as provided by Furntech Nyanga.

## **1.6 CONCLUSION**

The performance of Furntech a national level seems better, but when the performance of the Nyanga branch specifically is scrutinised, it shows a different picture of the organisation. This suggests that certain factors are preventing this specific incubator delivering on its mandate of producing sustainable entrepreneurs post two years of incubation. If the objective of an incubator is the establishment of sustainable entrepreneurs, but an incubator has a 75% failure rate, it suggests that the incubator is not delivering on its mandate and not achieving what it seeks to achieve. These challenges can be both internal and external, but this study seeks to look at the internal capabilities that could be resulting in this high failure rate at Furntech Nyanga, specifically from the view of the incubate.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 INTRODUCTION**

There are different definitions of incubation and different incubators offer different services. It is, therefore, imperative to select a definition of incubation that is aligned to Furntech. This chapter looks at the relevant definitions of incubation to enable the researcher to benchmark Furntech's incubation model against the definition of incubation. Further to this is an evaluation of the history of incubation internationally and in South Africa. It is expected that an understanding of the international, as well as the South African incubation landscape, provides a foundation for the study.

Different incubators have different incubation processes as well as service offerings and this is because different incubators have different objectives. In this chapter, the Furntech incubation process is evaluated and an understanding of the meaning of sustainability in incubation is obtained. The chapter is concluded by an overview of previous studies that have been conducted on incubation internationally and in South Africa, guiding theories and how they relate to this study as well as a critical analysis of these theories.

#### **2.2 AN EXPLANATION OF INCUBATION**

According to Cullen, Calitz, Chandler and Len (2014), the concept of incubation is borrowed from the field of medicine where incubation is described as an environment of controlled temperature, humidity and oxygen concentration in order to provide optimal conditions for growth and development. This suggests that the conditions provided by an incubator to a business should provide and nurture the business with enough support for the business to be ready to operate independently after the incubation period.

According to Lesakova (2012), incubator programmes help to fill the gap by providing rudimentary training to entrepreneurs, a space to launch the business, and, in some cases, contacts between the new business owner and others who are in a position to invest in the future of the company. It is important to note that

according to Stagars (2015), incubates with similar skills could also be a recipe for disaster because each firm could conceivably try to sabotage or even eliminate the other to have more market share.

Business incubators are organisations that facilitate the process of creating successful new businesses by providing them with a comprehensive and integrated range of services, including incubator space, the provision of a comprehensive range of shared services, strict admission and exit rules, professional management, and other assistance, as needed and required (Cullen & Chandler, 2014). Furthermore, Hackett and Dilts (2004) noted that a business incubator is a shared office space facility that seeks to provide its incubates with a strategic, value-adding intervention system of monitoring and business assistance.

Lose and Tengeh (2015) note that business incubators are known for creating new small businesses by providing and nurturing SMEs in the following range of services: Space in fully built-up factory buildings on flexible and affordable terms, the provision of a comprehensive range of common services, including enterprise counselling and training, shared secretarial support, start-up financing and assistance with product development and marketing, strict admission and exit rules. These measures are designed to ensure that the incubator concentrates its efforts on helping innovative, fast-growing business start-ups that are likely to have a significant impact on the local economy.

Incubation rules generally limit tenancy to a period of between three to five years, thereby ensuring a reasonable turnover of tenants, hands-on assistance, including Research and Development (R&D), and advice and risk capital. These services are usually provided through a network of external providers and professional managers. Moreover, tenant businesses are closely monitored against their business plans to ensure that the incubator operates in a business-like fashion with the prospect of becoming financially self-sufficient.

Furthermore, over the past 20 to 30 years, business incubation has increased the importance of enhancing the economic and technological development of countries by promoting the rise of promising entrepreneurial ideas and encouraging the growth of newly established companies. Many local economic development

agencies, government and other public institutions, such as Furntech, have adopted the incubation as a tool to reduce the probability of failure and to speed up the process of business creation (Grimaldia & Grandi, 2015).

### **2.3 THE HISTORY OF INCUBATION IN SOUTH AFRICA**

According to Lose and Tengeh (2015), the concept of business incubators has been in existence for and evolved over the past 50 years. Furthermore, the first business incubator was established in 1959 in Batavia, New York, in the United States, but until the 1970s, the concept was unique and the aim was to support start-up companies that needed guidance and venture capital to initiate their ideas (Lose & Tengeh, 2015). The term incubator was derived from the basic meaning of the term 'nurturing', which is to develop small companies in a protected environment.

Incubation in South Africa has been in existence for more than two decades, as the concept was introduced to solve the problems that SMMEs faced. The evolution of incubators has evolved with business models. Therefore, Grimaldia and Grandi (2015) highlight that the shift of attention and the increasing focus on more intangible and high-value services (access to advanced competencies, learning experiences, knowledge, networking and synergies) have governed the emergence of a new incubating model around the world. Furthermore, Lose and Tengeh (2015) highlight that the incubators in South Africa started as concepts called "hives" and they referred to a number of workstations that were gathered together to form a cluster of workshops that were created to bridge major economic obstacles in South Africa. However, Lose and Tengeh (2015) also noted that although these hives played a key role in facilitating cooperation (support-like relationships) between large and small companies, they were not known as incubators because companies did not have a time limit to move out of the hive.

Incubators emerged to bridge the gap between the customers and the existing businesses. As such, the emergence of business incubators was not to drive the economy in an inclusive manner, however, for the benefit and the promotion of profits of the existing companies. In addition, Grimaldia and Grandi (2015) highlight that initially the objective of incubators was to provide logistical services to reduce the start-up costs of new ventures and, in the majority of cases, to provide local

visibility for emerging businesses. The focus of the more recent private incubating experience seems to be on shortening the clients' time-to-market, providing more specialised services and bringing start-ups, and technological and commercial big players into a common network.

The United States of America (USA) established business incubators to boost their economies. Lose and Tengeh (2015) highlight that in the 1960s, business incubators were created in the USA as an initiative to support new SMEs in establishing and developing networks, managing skills, and marketing their products and services in a creative and innovative manner.

According to Lose and Tengeh (2016), an important knowledge gap exists concerning business incubation in South Africa and, in particular, little is known about the geography, organisation and operations of business incubators across the country. Lose and Tengeh (2016) further confirms that in South Africa, limited research has been conducted on the performance of business incubators in terms of internationally recognised standards. With this in mind, it is important to note, however, that certain studies have been conducted individually on various incubators in South Africa, such as 'An Exploratory study on the Performance of Business Incubators in South Africa' by Francine Mambwe Chama Chiramo from the University of the Witwatersrand, Faculty of Commerce, Law and Management and 'Evaluating the role of Incubators in South Africa' by Sithabiso Khuzwayo in the School of Economic Sciences at the University of KwaZulu-Natal, to mention a few.

## **2.4 THE INCUBATION PROCESS**

According to Hackett and Dilts (2004), business incubators can use two processes, of which one is the Campbell, Kendrick and Samuelson framework, and the second is the Smilor framework. The Campbell, Kendrick and Samuelson framework suggests that there are four areas where incubators create value: the diagnosis of business needs, the selection and monitored application of business services, the provision of financing and the provision of access to the incubator network. Furthermore, Hackett and Dilts (2004) hint that the Smilor framework elaborates on the various components, incubator affiliation, support systems and impacts on tenant companies of the incubator-incubation concept. In addition, Hackett and Dilts

(2004) note that the Smilor framework takes an external perspective and fails to account for the incubation processes occurring internally.

The Furntech model of incubation is divided into three stages namely:

1. Selection and pre-incubation: The businesses are prepared for full incubation.
2. Full incubation: The businesses are offered services which are divided into four segments, namely, training, technical support, business advice and financial support. This is the stage where the incubator provides the necessary support to enable the incubates to exit from this stage to become self-sustainable businesses.
3. Post-incubation: Post-incubation support is offered outside the incubator (after graduation).

## **2.5 THE MEANING OF SUSTAINABILITY IN INCUBATION**

Graduating as successful entrepreneurs from an incubation process implies that the incubates flourish on their own post incubation (Obaji, Onyemerela & Olugu, 2015). The expected outcome of an incubation process is autonomy and sustainability for the business that was incubated (Rizzi, Wescinski, Poli & Jacoski, 2017). Furthermore, Allahar and Brathwaite (2016) suggest that the post-incubation stage should assist entrepreneurs with internalisation, technology commercialisation or other innovation initiatives to take the business to the global platform. Lose and Tengeh (2016) suggest that the role of the incubator is to provide the entrepreneurs with a conducive work environment that will make their business successful.

The sustainability of small businesses in South Africa after the incubation programme seems to be one of the problems that derail the success of such businesses. Lose and Tengeh (2015) highlight that growth is determined by the total annual turnover and an overall number of graduates in the incubation programme. However, the lack of sustainability in the industry is when the incubator and incubate cannot maintain and sustain itself. In addition, Lose and Tengeh (2015) note that sustainability occurs when the ability of the business incubator manager is

measured based on his or her capability to raise funds, employ qualified people and maintain the resources needed to run the incubator efficiently and effectively.

## **2.6 PREVIOUS STUDIES THAT HAVE BEEN CONDUCTED ON INCUBATION**

In South Africa, business incubation has gained attention, especially after the first democratic government in 1994. Business incubation was seen as one of the mechanisms that has the potential to stimulate economic growth and address the inequalities of the past. Following this interest in incubation, various studies have been conducted by various scholars and academic institutions on incubation.

A quantitative study by Ntlamele (2015) gauged the perceptions of incubated firms in South Africa and assessed the efficacy of incubation across three aspects, namely, the efficacy of private incubation programmes, as opposed to public incubation programmes, and the perceived value add of incubation support services to black-owned businesses and female-owned businesses. The findings of the study revealed that the effective administration of incubation programmes is not dependent on whether an incubation programme is privately or publicly administered.

A study by Ramraj (2018) explored the role of South African business incubators in creating sustainable SMMEs through technology transfer. This quantitative study interviewed both incubator managers as well as technology transfer officers. The study concluded that there is a need for strategic partnerships between business incubators and technology transfer officers to co-develop technologies to ensure market readiness, funding and business incubation support to SMMEs.

Another study by Chirambo (2014) on one of the South African incubators, The Innovation Hub Management Company (ITHMC), where he surveyed and interviewed pre-incubates, incubates as well as post-incubates to determine the quality of the services rendered by the incubator and its contribution to employment creation. The study found that even though the incubator contributed to the employment creation of a range of services, particularly business skills, planning,

financial management and bookkeeping, training on vastly improved technical expertise was required to sustain the incubated firms' market potentials.

These studies are relevant to this study in that the first study is focused on the perceptions of the incubated firms, which is aligned to this study, as it looks at the internal resource flow of the Furntech incubator from the perspective of the incubated firms and not from the view of Furntech. The second study's relevance to this study is the overall exploration of the South African incubators in creating sustainable SMMEs, which is the basis of this study but with a more comprehensive and collective view of the incubation programmes, in general, in South Africa. The third study is the most relevant and aligned to this study in that, first, it studies a specific incubator, which is The Innovation Hub Management Company (TIHMC) and, second, it studies the quality of the services that the incubator rendered to the incubates. There is, therefore, a direct linkage between the mentioned studies and this study.

## **2.7 GUIDING THEORIES**

### **2.7.1 Resource-based theory (RBT)**

Yang (2008) defines the resource-based theory as all the assets, capabilities, organisational processes, firm attributes and information since these resources foster organisational success. The basis of this definition, therefore, suggests that the firm's resources are the main basis for an organisation to achieve its objectives.

According to Gasman and Becker (2004), the resource-based view suggests that corporations can create a competitive advantage through the development and intelligent application of core resources and capabilities. Gassman and Becker (2004) continue to suggest that neither the existence of resources nor their random use is enough since only by applying resources strategically can economic rents be created and extracted. In the case of Furntech and its incubates, the competitive advantage is twofold, namely, the ability of Furntech to output sustainable enterprises and the entrepreneurs graduating as sustainable businesses. This study's main focus is the internal capabilities of Furntech and this, therefore, creates the perfect use of the resource-based theory as an underlying theory for this study.

According to Alvarez and Busenits (2014), entrepreneurship and the resource-based theory adopt precisely the same unit of analysis. This suggests that resources are the underlying foundation that guides the study of entrepreneurship as well as the resource-based theory. It is imperative then to evaluate the resources of Furntech and whether or not they are achieving their desired output which is the development of self-sustainable entrepreneurship after two years of incubation by using the available resources at Furntech.

### **2.7.2 Theories on entrepreneurship**

According to Neemand and Newenhuizen (2014), the following theories are viable for entrepreneurship:

- Besides infrastructure, a wide range of business development services, such as business advice, counselling, mentoring, finance, training and clusters, must be offered by the government or support agencies. Finance and Training are most probably the most important of these services in a developing economy. Successful entrepreneurs use experts inside and outside of their enterprises to carry out some of the functions in the business and they also attend seminars and training sessions.
- The objectives of incubation are to provide an entrepreneurial and learning environment, to provide ready access to mentors and investors and to provide visibility in the marketplace.

According to Mohr et al. (2012), for each highly successful entrepreneur, there are many would-be entrepreneurs who do not make the grade and, therefore, earn no profit and even the successful ones often fail a number of times before achieving success. Mohr et al. (2012) further suggest that at the very least, there should be no obstacles (such as unnecessary laws, rules and regulations) that could act as a deterrent to the development of entrepreneurship.

According to Louw and Venter (2013), resources determine the strategic direction of the organisation. An understanding of distinctive resources and capabilities can help the organisation to determine if it is capable of doing its job rather than focusing on its current business.

### **2.7.3 How do these theories relate or speak to incubation and the objectives of this study?**

- According to Neemand and Newenhuizen (2014), the theory speaks of the same internal resources regarding business support services that need to be provided by the government support agencies. This study seeks to address these resources in Furntech, namely, training, technical support, financial support, as well as business advice.
- Additionally, Mohr et al. (2012) speak to the fact that in the journey of entrepreneurship, not all entrepreneurs make it. This failure is highly linked to this study's research question of determining the factors affecting the resource flow during the incubation process that hinder the success of the incubates (as entrepreneurs) after the two-year incubation period.
- Moreover, Louw and Venter (2013) mention that resources are the determinant of strategic direction. The relevance of this to the study is to seek whether the internal resources of Furntech did, in fact, provide the incubates with strategic direction, which could have added value to their businesses to become self-sustainable entrepreneurs or whether Furntech failed to provide this support.

### **2.7.4 Critical analysis of these theories**

These theories suggest that it is imperative to analyse, as well as apply the correct resources, to entrepreneurship in any organisation to obtain sustainability and gain a competitive advantage. Furthermore, they suggest that a study on entrepreneurship is directly linked to a study on resources as resources are the bases for entrepreneurship and the sustainability in an organisation is dependable on the utilisation of these resources. Furthermore, Louw and Venter (2013) allude that resources provide strategic direction in the organisation which, in this study, implies that the resources of Furntech should provide strategic direction to the incubates' businesses. This study, however, does not address matters regarding the ability utilisation of the resources. Sometimes resources are available, but the challenge is the ability of the user to use the resources to gain a competitive advantage.

## **2.8 CONCLUSIONS**

Even though incubation is still a new approach to entrepreneurial support in South Africa, it has been identified as a tool that can fast-track entrepreneurial development and this is the reason why the South African government, through its agencies, has invested resources in incubation. The role of incubation is the effective utilisation of resources to obtain the output of sustainable entrepreneurs as defined in the chapter. The chapter's guiding theories and previously identified studies on incubation investigated the utilisation of resources as a means of helping the incubates to achieve their objectives, as well as the importance of resources as a mechanism to drive incubator success. It can be concluded from this chapter that the resources of an incubator play a great role in supporting the entrepreneurs. Without the necessary resources and effective use, the incubator and incubates will not be able to meet their objectives.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter seeks to showcase the coherence between the research aims, the research methods, the data collection, as well as the interpretation of the results. This is done through an analysis of the research ontology and epistemology.

#### **3.2 ONTOLOGY AND EPISTEMOLOGY**

The paradigms that were adopted for this research were interpretive approaches. According to De Vos et al. (2011), the researcher uses participant observation and field research where many hours are spent in direct contact with the participants. This approach is relevant to the study in that the study was interpreting the internal capabilities of Furntech Nyanga from the perspectives of the incubates.

The methodology that was used in this research was the qualitative approach through the use of structured interviews. The focus looked at the resources provided by Furntech Nyanga to the entrepreneurs as per the Furntech business model. The focus was on the flow of internal resources during different stages (pre-incubation and incubation stages). Both tangible and intangible resources were considered during training, technical support, financial support, as well as business support. This was to ascertain their effect (as enablers or hinders) for sustainability among the incubates (as entrepreneurs) after the two-year incubation period.

#### **3.3 RESEARCH DESIGN**

##### **3.3.1 Data collection and sampling**

The population for this study is the 34 entrepreneurs that have been put through the two years' incubation at the Furntech incubator. This population consists of three categories of entrepreneurs, namely:

- 12 that are still at the incubator post the two years' incubation period,
- 17 that dropped out of the incubator before the end of the two-year term and

- 5 that are now sustainable post the two-year incubation period.

A purposive sampling method was used for this study to interview five of the 12 businesses that are still at the incubator post the two-year incubation period and five of the 17 that dropped out of the incubator before the end of the two-year incubation term. This was to enable the researcher to obtain information that will allow the incubator to establish and learn from the two different categories.

### **3.3.2 Research approach**

Entrepreneurs were deemed suitable for this study if they have and were receiving the same five services, as per the Furntech incubator model. These five services are the pre-incubation services and the incubation services (training, technical support, financial support and financial advice). The researcher secured appointments with the selected respondents and 30-minute interviews were conducted at the Furntech Nyanga incubator. The interview guide had sections with questions based on the following service offerings of Furntech and their effect on the incubates:

### 1. Pre-incubation services

- Technical Skills Training
- Business Skills Training

### 2. Incubation services:

- Training
- Technical Support
- Financial Support

### 3. Business advice

- Access to market advice and business Linkages
- Business Planning
- Business Financial Management and Recordkeeping

A semi- structured interview schedule was designed to answer the research questions and Furntech Nyanga was used as the venue for the interviews. This interview schedule also included a rating scale to provide a measurement of the level of satisfaction for each of the business support services. A simple random sample was drawn from the population of the 29 incubates that are in the desired two groups that answer the research question, namely, those that have dropped out of the programme before completing the incubation period and those that were still at the Furntech post-incubation period. Although measures were taken on the validity and reliability of the findings, the study was not without limitations.

Although the study focused on Furntech and a private interview between the entrepreneur and the researcher was secured, the entrepreneur could have provided answers that they felt would not jeopardise their relationship with Furntech even though they decided to name their companies in the research findings rather than be named as respondents with numbers. Notwithstanding this, the methodology that was used to mitigate participant bias is discussed later under validation and generalisability.

### **3.3.3 Data collection method**

After the researcher obtained permission from the Chief Executive Officer of Furntech to conduct the research, Furntech Nyanga's manager provided the researcher with a list of entrepreneurs that were in the incubator as well as those that had dropped out of the incubator. The study took a mixed method approach by way of designing an interview schedule. The incubates were randomly selected and contacted telephonically for scheduled interviews of 30 minutes each. It was explained to the incubates that the interviews were voluntary and that the responses would be kept confidential. All the interviews were conducted at Furntech Nyanga by way of face-to-face interviews over a period of two months and all the participants participated voluntarily. The target was to interview 10 incubates, but the researcher only managed to interview nine incubates because one of the incubates did not honour the meeting interview request. The researcher transcribed and analysed the interviews and synthesised them, as suggested by De Vos et al. (2011). According to Barbie (2014), the order in which the questionnaire items were presented can affect the responses. The research questions were designed to follow the incubation service offerings of Furntech, namely, the pre-incubation-related questions, followed by the incubation-related questions and additional services. The questionnaire focused on understanding the internal challenges of the Furntech incubator from a resource-based perspective through the incubates' view. The researcher analysed the data after each interview.

### **3.3.4 Research tools**

An interview Schedule was designed for this study which addresses all the areas of the study, namely, the pre-incubation and incubation business services offered to the incubates by Furntech. This mixed method approach allowed for the development of a Semi- structured questionnaire with open-ended questions to allow the respondents to provide their own answers. In addition to the questions, the interview schedule also provided the respondents with an opportunity to rate each of the Furntech service offerings on a scale of 1 to 10.

### **3.3.5 Data analysis**

The qualitative data from the nine respondents (incubates) was structured in a tabular format while the answers of each question were placed under subheadings or questions. Once all the responses had been recorded, a summary of the outcome of the responses was provided. The quantitative data where the incubates were asked to give a score has also been presented for analysis in a tabular format. At the bottom of all the respondents' answers to each question, an average score calculation was displayed. This is the calculation that was used to summarise the findings at the bottom of the graphical score table.

These findings were analysed against the theories and the other researchers' findings on incubation to develop a discussion.

### **3.3.6 Ethical considerations**

Welmat et al. (2005:201) suggest that the participants in any research need to be "thoroughly and truthfully informed" about the purpose of any study before choosing to participate or not. Therefore, informed consent refers to the process of informing potential participants about the research, together with the assurance that participation is voluntary, which was done in this research. In addition, the research questionnaire and methods that were used in this research were passed and approved by the Rhodes University, Business School's Ethics Committee ([Annexure 4](#)) and the respondents also filled in and signed the Rhodes University's informed consent form, which explained to them what it meant to participate in such a research. The Chief Executive Officer of Furntech was also sent the proposed questionnaire to ensure that the questionnaire meets the ethical requirements of Furntech and the Chief Executive Officer found the questionnaire to be fair, ethical and in line with the research objectives. The respondents were asked if their companies' names can be used in the research and they all agreed. It was explained to the respondents that their responses will in no way affect their relationship with Furntech and that the study was merely conducted to assist Furntech with its future service offering. In terms of the final findings, however, the plan is to first present the findings to Furntech before making the document available to the general public, as well as the respondents.

### **3.3.7 Validation**

In an effort to enhance the quality of this study, validity was taken into account. This was important in order to reduce the possibility of obtaining incorrect findings and, consequentially, flawed interpretations. Validity is defined as an indication of whether an instrument measures what it sets out to measure (Field, 2009). In this study, because of the research instrument that was used, the interviews, as well as the time and place in which the study was conducted, a number of factors could possibly serve as limitations to its validity. For one, the interviews and survey questions are susceptible to a number of variations due to their open-endedness and, therefore, the results might not always be similar and or objective in some instances. A second factor was that the study was conducted at Furntech and the incubates could have provided answers that would not impede their current relationship with Furntech. These factors were taken into account in the discussion and interpretation of the findings.

### **3.3.8 Generalisability**

This study specifically focused on the Furntech incubates of Nyanga. In addition, the questionnaire was designed around the service offerings of the Furntech incubator, which provides a unique service offering to the incubates compared to other incubates in South Africa and globally. This implies that the findings of this study cannot be used to make a general analysis of incubation as the models are different, as well as the service offerings. It is of particular importance to note that the study specifically focuses on the view of the incubates. Therefore, the study, as well as the findings, may not necessarily be a reflection of how Furntech views its incubator.

## **3.4 CONCLUSION**

This chapter's main purpose was to unpack the research aims, research design, approach methods, tools and the data analysis method that the researcher used to undertake this qualitative study. The qualitative approach was chosen because of its benefits, advantages and alignment with what the study sought to achieve. The participants, location of the study and the ethical considerations were also discussed in this chapter and the chapter was concluded with the validation and

generalisability of the study. The methods were discussed and the data analysis was deemed fit to achieve the objectives of the study.

## CHAPTER 4

### FINDINGS

#### 4.1 INTRODUCTION

In this chapter, the research findings are presented in a tabular format. It is important to describe the profiles of the organisations as participants in this study to provide an overview of their business services. This includes the number of years they are running their businesses, the number of years in incubation, the number of years at Furntech post the agreed, contracted, two-year incubation period, as well as the incubates' roles in their businesses and the business services that they offer.

This is followed by the results of the findings with regards to the pre-incubation service offerings. This section addresses whether the incubates received pre-incubation preparation, whether this was enough, what could have prepared them better for incubation, as well as how this prepared them for incubation. The next table shows the findings of the incubation services, namely, the technical skills, business skills, business advisory services, financial support, as well as additional services, mentioned by the incubates. The last section is a conclusion on the findings of these responses.

#### 4.2 PROFILES OF THE INCUBATES

**Table 4.1: Entrepreneur business characteristics (N=9)**

Business name	Number of years in business	Incubation years	Years post incubation	Role of person interviewed	Offered business services
1.Stix Woodworks (code: 1)	5 years	2 years	1.5 year	<i>I am the managing director of my company.</i>	Wood and cabinet making
2.Ncwadi Manufacture (code: 2)	1.5 year	1.5 year	Nil	<i>I am the owner of my business</i>	Cabinet making
3.MQ Furniture (code: 3)	4 years	2 years	1 year	<i>I am the owner of the business</i>	Wood and furniture manufacturer

<b>Business name</b>	<b>Number of years in business</b>	<b>Incubation years</b>	<b>Years post incubation</b>	<b>Role of person interviewed</b>	<b>Offered business services</b>
4.Fungile (code: 4)	4 years	2 years	1 year	<i>I am the Chief Executive Officer of this business</i>	Wood manufacturer
5.Bantu Coffins (code: 5)	5 years	2 years	1 year	<i>I am the sole managing member of my business</i>	Coffin manufacturing
6.Injabulo Upholstery (code: 6)	3 years	2 years	2 years	<i>I am the director of my business</i>	Wood, cabinet and upholstery making
7.Mhlahlwa Funerals (code: 7)	4 years	2 years	2 years	<i>I am the director of my business</i>	Coffin and wood items manufacturing
8.Zazano Woodworks (code: 8)	4 years	2 years	3.5 years	<i>I am the Chief Executive Officer of this business</i>	Wood and cabinet making
9.Sobisho Trading (code: 9)	5 years	2 years	2.5 years	<i>I am the Managing Director of this business</i>	Wood and furniture manufacturer
Average	4 years	2 years	1.6		

#### **4.3 DISCUSSION OF THE PROFILES OF THE INCUBATES**

On average the incubates in this study have been in business for four years. All of them have been in incubation for the full two-year duration except for two and on average they have been at Furntech post the agreed incubation period for 1.6 years. They are all within the profile of Furntech's client profile of wood and furniture manufacturing.

From the responses provided, all the participants own their own businesses. Based on the findings above, it is evident that none of the incubates have graduated as sustainable and are able to run their businesses independent of Furntech.

## 4.4 RESEARCH RESULTS

### 4.4.1 Furntech pre-incubation services

**Table 4.2: Furntech pre-incubation services**

Company	What preparation did you get from Furntech before incubation?	Do you feel that this was enough pre-incubation preparation?	Is there any pre-incubation assistance you feel you should have been given to make you ready for full incubation?	How did this stage prepare you for full incubation?
1	I received Technical Training to be familiar with machines. I was already in operating and skilled but what I needed the most was the space to operate from.	Yes, because by the time I started full incubation I was familiar with Funtech as well the Furntech staff and Furntech's way of operating.	Computer Training to enable me to use the furntech computer resources. Administration training to enable my business to be fully compliant administratively before entering full incubation.	By the time I entered full incubation I was familiar with the processes of Furntech I entered full incubation in debt as I had to borrow money to buy materials that I needed to manufacture at Pre-incubation stage
2	I received technical skills training to allow me to know how to manufacture as well as to know how to use the furntech machines. This training allowed me to know how to manufacture items that were good quality and would sell in the market	This was not enough as it focussed on technical skills and did not give me other skills that I needed to be ready for full time incubation	Start Up capital would have assisted me as I had to continue with my part time job to enable me to buy materials for the business. Training in marketing would have also helped the business because manufacturing good quality products and not knowing how to sell them did not prepare me for full incubation.	Technical Training provided me was extremely useful as it allowed me to hit the ground running when it came to full time incubation. This also helped me to be familiar with the operations of Furntech incubator so that at incubation stage my business is aligned with Furntech operations. Things like Furntech operating times allowed me to plan ahead for when I'm on Full time incubation.

Company	What preparation did you get from Furntech before incubation?	Do you feel that this was enough pre-incubation preparation?	Is there any pre-incubation assistance you feel you should have been given to make you ready for full incubation?	How did this stage prepare you for full incubation?
3	I received technical skills training, machine operation training as well as business skills training. These were all offered by Furntech staff in preparation for me to be ready for full incubation.	Yes, definitely especially the technical skills training as allowed me to be ready and fully skilled by the time I entered full incubation	A workshop on incubation in general would have assisted me to understand incubation in terms of how incubation works. Even though these were covered in the contract a workshop going through these and was needed before incubation.	By the time I entered full incubation I was familiar with all the machines, trained and had the business skills to ensure that at incubation stage I did not waste time in learning but I was able to start operating at full incubation.
4	I was only offered a 3 months training on wood manufacturing and machine operation	This was not enough as 3 months was too little time to be perfect in wood manufacturing	More Training that the three months that was given to make sure that I am perfect in wood manufacturing	The technical skills prepared me to be able to manufacture and sell items of good quality
5	Technical training on how to use the machines that I was not familiar with	No because there were some machines that I was not comfortable using or cannot use at all.	More Training on the Machines as well as more advanced manufacturing ways.	At least I was familiar with the organisations, the setup and the machines
6	I received training on how to use the machines and how to make wooden items	Yes, it did because I was able to manufacture when I started incubation	This was enough as I did not have previous training so it helped me to start my business	When I was full time, I was able to make things that I would sell because I was trained.
7	Business skills training as well as technical training	It was too short but it allowed me to start the business	The training should have been longer and not be as general as I wanted to specialise in specific items.	It made me ready to operate the machines by myself and start making money and have basics of business.

Company	What preparation did you get from Furntech before incubation?	Do you feel that this was enough pre-incubation preparation?	Is there any pre-incubation assistance you feel you should have been given to make you ready for full incubation?	How did this stage prepare you for full incubation?
8	I received machine usage and how to manufacture	Yes, because it added to the skills that I had and I could improve.	A bit longer would have been nice as I was not ready and fully trained on all the machines.	I think if it was a bit longer, I would have practised more and if the training came with materials to practice, I would have ended being perfect before incubation.
9	Machine operation and wood making	Yes, because I could make the products I wanted to make.	Capital for materials so that I can start making immediately.	It allowed me to know about Furntech, the machines as well as how to manufacture.

All nine incubates highlighted the fact that they received technical training in wood manufacturing and machine operating while only two (22 per cent) confirmed to have received business training at pre-incubation in preparation of full incubation. Five (55 per cent) of the nine incubates felt that the training was enough as it gave them the tools that they needed to start full incubation while four felt that the training was not enough. Eight out of the nine (99 per cent) of the incubates highlighted the fact that the technical training provided at this stage allowed them to be familiar with Furntech, the machines and the manufacturing processes and equipped them to operate at full incubation.

#### 4.4.2 Furntech incubation service-business skills training

**Table 4.3: Furntech incubation services-business skills training**

Company	What type of business training did you receive from Furntech?	What effect did this training have on your business?	Please motivate your answer
1	I did not receive any Business skills training from Furntech. Business related questions were addressed by the centre manager	This had a negative effect on the business as I was not familiar with various business terms that were /are used in business I did not know where to look for business opportunities due to the lack of business skills training	Administratively the business was a disaster to the point that the business was deregistered as I was not aware of such administrative tasks. The lack of business skills training also made it difficult for me to provide Furntech with the necessary business information that was needed buy Furntech for reporting purposes.
2	No Business skills training was offered only when I had questions would they assist by answering those questions in a general way.	The lack of business training had a negative effect on the business as I had no previous business experience, I had to ask a lot from other incubates	The lack of business skills training especially with business finance and marketing resulted in me not knowing those two important segments of my business.
3	Business skills training which included marketing, sales and recordkeeping were offered by Furntech which educated me on various business aspects that helped me in the business.	These trainings gave the business the foundation that it needed to make informed business decisions that affect the business. The marketing training allowed me to source new clients and be able to develop a marketing plan for the business.	Even though the business is not at a stage where it is sustainable the business skills learned gave the business the foundation that it needed. These skills also assisted me to diversify and look for other markets outside furntech.
4	I did not receive any business advice form Furntech during Pre incubation as well as incubation	There was no effect on the business because there was no training offered	No Business Training received only technical. We were treated as though we were familiar with business terms and processes.
5	No business skills were given to my business	No training was offered	Not applicable as this was not provided

<b>Company</b>	<b>What type of business training did you receive from Furntech?</b>	<b>What effect did this training have on your business?</b>	<b>Please motivate your answer</b>
<b>6</b>	I did not receive any business skills training	I did not receive any training on business	There was only training in wood manufacturing and not on business things
<b>7</b>	Basic business Skills was offered to me at Furntech as I was new to business	I could understand a few things about business that I was not aware of like SARS.	This training gave me the basics of business as I did not have a business background.
<b>8</b>	I did not receive any	I did not know where to look for markets for my business and did not know business administration	I focused on making items to sell and neglected the business side because I did not know what to do.
<b>9</b>	I did not get business training.	I needed it but the focus was on Technical training	I did not get any business training

Only two (22 per cent) incubates indicated to have received business skills training from Furntech and highlighted that this benefitted their business. The remaining seven (82 per cent) experienced the lack of business skills training as one of the obstacles that prevented their businesses to graduate to sustainability.

#### 4.4.3 Furntech incubation service-technical support

**Table 4.4: Furntech incubation service-business skills training**

Company	What type of technical support did you receive?	Do you feel that you were given sufficient training to ensure that your business is able to operate efficiently?	Please motivate your answer
1	Wood Making and Cabinet making level 2.I was already in business so there was not much new technical learning gained	Not all as there were specific items that I was interested in learning how to make but the Furntech technical training staff could not train me on. I found the training to be generalist and focused on the general wood items and lacked room for specialisation.	If all entrepreneurs are taught to manufacture the same items and the training is not tailor made per incubate then the training does not benefit all incubates. I felt that I had a different service offering of products but because his training was limited to cupboards and wardrobes, I had to focus on manufacturing those products and was not able to diversify my products offering by offering the market more specialised products. This resulted in the business missing out on potential target markets that I had identified.
2	Technical wood manufacturing as well as machine usage of Furntech machines and equipment	This training allowed me to manufacture items of good quality that I could sell to the market and I feel it was enough for me.	Without the training I received I would not have been able to produce the quality that I can produce now.
3	Wood manufacturing up to level 2 as well as cabinet making level 2.	These skills were good to get the business started but there was no continuous training to make sure that I keep up with current manufacturing processes. The machines were also not the newest in the industry and the training was also outdated.	More advanced training and more advanced machinery could have assisted the business to produce quicker.
4	Technical wood manufacturing in addition to the one provided at pre- incubation.	It did not allow me to specialise in more items but was good enough to allow me to produce good quality products. This was a built up of the training provided at pre incubation	There was not much time given to allow me to specialise in certain items as the training was basic wood making with no room for creativity and advanced training.

Company	What type of technical support did you receive?	Do you feel that you were given sufficient training to ensure that your business is able to operate efficiently?	Please motivate your answer
5	I specialise in coffins so I was taught how to use the machines relevant to making coffins	I was already in business before I came to Furntech so I was only taught how to use the machines. There was nothing new that I did not know in coffin manufacturing except how to manufacture quicker which was not offered.	The only difference between operating from home and operating at Furntech was the space and the machinery but there was nothing that could help me learn to manufacture faster.
6	Wood making and how to use the machines as well as safety issues of the machines	It was enough because it helped me to start the business as I did not have previous formal training in wood manufacturing before this training	The training was enough form me because I learnt a lot as my skills in furniture manufacturing were self-taught and very limited
7	Wood making and cabinet making level 2.	It was good and enough because I now had a formal qualification that I did not have before I joined furntech.	Having a skill but not having a formal qualification is not good so with the level 2 certificate at least I could show people that I was trained
8	Wood making and Cabinet Making	It was enough to get the business started as I could make the small items that I wanted to focus on to get the business started.	It did not give me the advanced training that would have allowed me to make more advanced goods. Most of the advanced techniques I learned from the other incubates.
9	Wood Manufacturing training	It allowed me to be good and produce good quality.	Without tis training I would not have been able to produce the good products that I produce.

All the incubates indicated that they received technical training and support during incubation even though two (22 per cent) felt that this training was not enough as it was more general and did not allow them to specialise in some of the products that they wanted to manufacture.

#### 4.4.4 Furntech incubation service-financial support

**Table 4.5: Furntech incubation service-financial support**

Company	Did you receive any financial support from the incubator?	Do you feel that you were given enough financial support to ensure your businesses' sustainability?	Please motivate your answer
1	There was no financial support and no leads to follow up for financial support. I ended up taking loans which had high interest rates and I am still paying back those loans	No there was no assistance with finance which is why the business is still not sustainable because the business had to pay Furntech 15% plus vat on all turnover made In addition to this the business had to pay the loans that I took with interest so these collectively took most of the business profit.	The lack of financial support or being directed to where I can get financial support gave me the impression that the only benefit to the incubation was the technical training and access to machinery.
2	No financial support at Pre and full incubation. There is no room for negotiation even when having financial challenges.	Not at all, I often had to borrow money elsewhere at high interest which took a lot of the profits as the interest is quite high.	If furntech does not have financial support internally at least they should have a place where they can refer us for financial support because this is part of their service offering but it's not offered.
3	There is no financial support even though the incubation contract stipulates that this will be given	No assistance at all instead the 15% plus vat on turnover that the business had to pay over to furntech cost the business most of the business nett profit.	It is understandable if furntech does no longer offer financial support but taking a whole 15% plus vat on turnover kills a business If this was on Nett profit this would be understandable.
4	No Financial support at Pre incubation and at Full incubation	No, there was no financial support at all.	The company had to buy its own materials to practice at pre incubation which got the business into debt even before incubation.
5	I did not receive any financial support to the fact that I ended up selling shares in my business which ended up in disaster.	There was none provided	When I entered the incubator, I was under the impression that this would be provided but it was not.

<b>Company</b>	<b>Did you receive any financial support from the incubator?</b>	<b>Do you feel that you were given enough financial support to ensure your businesses' sustainability?</b>	<b>Please motivate your answer</b>
6	I did not receive any financial assistance	No because I needed it.	I even struggled to have transport money to come to the incubator so for me it was a struggle even though I was learning a lot technically.
7	I had no financial support when it comes to money needs.	No this could have improved my business if it was offered.	On top of having financial problems for materials I still had to worry about paying the rental every month which put additional financial stress on me.
8	I did not get any assistance in terms of finance for my business needs	No.	U need money to by materials so not having materials and no support for this was a huge challenge for me.
9	None whatsoever	No and its why my business is going in circles.	It's a daily struggle because you have no one to turn to even when you do have orders.

All the incubates indicated that they did not receive financial support from Furntech and perceived this as the main obstacle that hindered the sustainability of their businesses. The main areas where they needed financial support are as follows:

- Raw materials financial support
- The high incubation fees (15 per cent plus Vat on turnover)

#### 4.4.5 Furntech incubation service-business advisory services

**Table 4.6: Furntech incubation service-business advisory services**

Company	Did you receive any business advice from the incubator?	Do you feel that you were given sufficient advice to ensure that your business is able to operate efficiently?	Please motivate your response
1	No business advice was provided by Furntech but because I was a client of SEDA, I was getting business advice at SEDA.	Not at all, I was expected to find my own business advisor and create my own business advisory network	There is no full-time business advisor at Furntech only technical trainers so one has to source business advice outside Furntech. If this process of getting SEDA business advisors was arranged by Furntech it would have been quicker and easier than myself having to source my own business advisor.
2	There was no business advice and I had many things that I needed advice on.	It was not enough and there was none given to me.	Even in instances where I had a challenge with a client, I was not given business advice to try and resolve but told that Furntech does not get involved in the relations between myself and my clients.
3	Yes, there was business advice offered by furntech staff via business trainings	The information was not enough as it was quite general and not specific to the wood making sector.	The advice that was given was general business advice while all business sectors are different so this did not assist the business as I needed wood manufacturing specific business advice.
4	There was no business advice at both pre incubation and full incubation	Not at all.	We were not treated as start-ups but as people who were in business for long so there was no business advice at all.
5	None was given I only received from SEDA	No because there was none.	There was none received
6	I did not receive any business advice	I did not receive any.	I did not receive business advice only the machine training.
7	There was no one to advise me on business.	I only received technical advice but business wise I was not assisted.	I was not provided any business advice and not told where I could get it when I need it.
8	I did not get any business advice.	No because it was not offered	It seemed to me that the Furntech staff were only knowledgeable in technical skills as they were not able to answer some business questions that I had.

Company	Did you receive any business advice from the incubator?	Do you feel that you were given sufficient advice to ensure that your business is able to operate efficiently?	Please motivate your response
9	No these was no one to assist me to make business decisions or give advice.	I did not get it.	There was none at the premises.

Only one of the nine incubates indicated to have received business advice from Furntech, which was through a specific business training intervention. The incubate, however, indicated that this business advice was more general advice and not really specific to the wood manufacturing sector. All the incubates indicated that they needed business advice and this would have advanced their businesses towards sustainability.

#### 4.4.6 Furntech incubation service-additional services

Table 4.7: Furntech incubation service-additional services

Company	Are there any other additional services that the incubator offered your business to make your business more sustainable?	Are there any additional services that you feel the incubator could have offered your business to make it more sustainable?	Would you recommend additional services that Furntech could provide to other incubates?	What hindered your businesses' self-sustainability post the incubation period?	What aspects of the incubation process would you have recommended to enhance success post incubation?	How have these enhanced your business?
1	No there were no other services offered by the business incubator	Linking up the incubates with organisations such as SEDA to provide business advice to streamline the process. If the advisors come to Furntech and its all arranged by Furntech it saves the incubates the time of going to find these institutions	Definitely as it is the only way entrepreneurs can learn manufacturing processes in a conducive and cost-effective way with full time technical support	Financial challenges, the business entered full time incubation in debt and is still in debt because of lack of financial support and the 15%plus vat on turnover charged by Furntech took away a lot of the businesses' profit.	Financial Support	The premises have given the business a professional place to work from and clients can see professionalism in the business.

Company	Are there any other additional services that the incubator offered your business to make your business more sustainable?	Are there any additional services that you feel the incubator could have offered your business to make it more sustainable?	Would you recommend additional services that Furntech could provide to other incubates?	What hindered your businesses' self-sustainability post the incubation period?	What aspects of the incubation process would you have recommended to enhance success post incubation?	How have these enhanced your business?
2	There were no other services	Business skills training, business plan development, customer service training	Yes, because they need the space, the skills as well as the machinery to start their businesses	The business still has 6 months to go before the end of the 2 years incubation period	Not applicable-still in incubation	These are not there so they are not enhancing the business.
3	Not at all	Providing an exit strategy post the incubation period as well as linking up the business with funding institutions to assist the business with business funding requirements	Yes, because most entrepreneurs don't have the skills so furntech would be able to provide them the technical expertise.	Inability to source premises to operate from, lack of capital to purchase own machinery, cash flow challenges, current debts that the business is still paying that were raised to start the business	An exit strategy for the business, financial support as well as business advice	These did not enhance the business because they were not offered to the business.

Company	Are there any other additional services that the incubator offered your business to make your business more sustainable?	Are there any additional services that you feel the incubator could have offered your business to make it more sustainable?	Would you recommend additional services that Furntech could provide to other incubates?	What hindered your businesses' self-sustainability post the incubation period?	What aspects of the incubation process would you have recommended to enhance success post incubation?	How have these enhanced your business?
4	No other services besides technical, machinery and space to work	Yes, for them to get the skills	Yes, Technical Training	Lack of financial support and business advice to grow the business	If Furntech had more flexible operating hours and less rental amount I would be there and be more sustainable There were often breakages in machines and equipment so if they had newer machines and equipment that would have enhanced my business	The lack of them did not enhance them but resulted in me working from home after hours and buying my own machines
5	No	Financial support for materials	More advanced Training and financial support	I had no one to assist me with business advice which is what eventually killed the business as I sold shares pre maturely	Business Advice and Financial support	I never received them so the business was not enhanced

Company	Are there any other additional services that the incubator offered your business to make your business more sustainable?	Are there any additional services that you feel the incubator could have offered your business to make it more sustainable?	Would you recommend additional services that Furntech could provide to other incubates?	What hindered your businesses' self-sustainability post the incubation period?	What aspects of the incubation process would you have recommended to enhance success post incubation?	How have these enhanced your business?
6	I did not get any other services	Financial support and assistance with raw materials to manufacture	Yes, because the people need the skills that they can learn from furntech	Capital is a huge challenge because I must keep prices low to get clients but in keeping prices low, I make little profit and in that low profit I must still give a lot of money to Furntech	A higher subsidy on the rental and support for raw materials so that I can have ready to sell products	They did not because they were not there.
7	No	If they were more flexible in the operating times that could have assisted my business but they are not flexible	Financial support and assisting with marketing	Capital for materials and sales skills and the fact that I did not have a place to work from on weekends	Linking me up with finance organisations, business advice and assistance with marketing	I did not get them so they did not enhance the business

Company	Are there any other additional services that the incubator offered your business to make your business more sustainable?	Are there any additional services that you feel the incubator could have offered your business to make it more sustainable?	Would you recommend additional services that Furntech could provide to other incubates?	What hindered your businesses' self-sustainability post the incubation period?	What aspects of the incubation process would you have recommended to enhance success post incubation?	How have these enhanced your business?
8	No	If there was a business advisor on premises that would have assisted me because I had many challenges	Business advice and financial support	We were all making similar items so we were all competing so maybe if we were taught to make different items, I had a challenge finding markets for my business and getting money for raw materials	Flexible opening hours, financial support and business advice	Because they were not there, they did not enhance the business.
9	No, I just learnt a lot about wood and furniture.	Mentoring, business advice and financial support.	Mentoring, business advice and financial support.	Lack of start-up capital for materials and business advice in making business decisions	Linking me up with shops where I could sell in bulk to would have improved my cash flow and individual sales are less profitable than bulk orders	They did not enhance because they were not provided

All the incubates highlighted that they did not receive additional services and the most common aspect that they claimed that had hindered the businesses' self-sustainability post incubation is financial support and business advice.

#### 4.4.7 Furntech incubation service ratings

Company	How would you rate the quality of the business skills training you received at Furntech on a scale of 1-10(1=poor 10=excellent)?	How would you rate the quality of the technical training you received at Furntech on a scale of 1-10(1=poor 10=excellent)?	How would you rate the quality of the financial support that you received at Furntech on a scale of 1-10(1=poor 10=excellent)?	How would you rate the quality of the business advice you received at Furntech on a scale of 1-10(1=poor 10=excellent)?
1	2	5	1	1
2	1	9	1	1
3	6	7	1	4
4	1	5	1	1
5	1	5	1	1
6	1	6	1	1
7	3	6	1	2
8	1	5	1	1
9	1	5	1	2
Average	1.8	5.8	1	1.5

It can be deduced from this table that Furntech scored the highest for technical skills training. The score is nearly a 60 per cent rating which seems to be the incubates' highest commendation. The remaining items, business skills, training, financial support and business advice are all at an average of less than 1.8 per cent, while financial support scored the lowest rating at 1 per cent average. It is also important to note that 100 per cent of the incubates gave the same score for financial support which also happens to be the lowest score of 1/10.

#### **4.5 CONCLUSION**

According to the incubates' scores, Furntech can be commended on the technical skills training as they all seemed to value the training and acknowledged that it enhanced their businesses. With this being said, the focus of Furntech on technical training at both pre-incubation and incubation stages was problematic. The feedback indicated that even though the incubator is providing one of the core service offerings, which is technical support, it is lacking in the other business support services that the entrepreneurs viewed as crucial for the sustainability of their businesses post incubation. The findings, therefore, suggest that great improvement is needed in terms of technical training as some of the incubates deemed it to be general and lacking room for specialisation. In addition, the findings suggest a more urgent need for the incubates to be assisted in business training, business support and financial assistance.

## **CHAPTER 5**

### **DISCUSSION**

#### **5.1 INTRODUCTION**

This chapter seeks to compare the findings of the study critically to the theoretical aspects of incubation and formulate a discussion which links these findings to the theory and the relevant schools of thought. This is achieved by looking at Furntech's offerings, theoretical incubator offerings, as well as previous studies conducted on pre-incubation, incubation and additional services provided by the incubators to formulate a discussion on the findings. This is followed by a discussion on the ratings and a summary of the findings in relation to the research questions.

#### **5.2 PRE-INCUBATION SERVICES**

The research showed that at the pre-incubation stage, the incubates mainly received technical and machine use training while only two confirmed that they had received business related support or business training to prepare them for full incubation. The challenge with this is that technical training alone did not prepare the incubates to become familiar with business operations and to enable them to run their businesses. The entrepreneurs were merely prepared to be able to manufacture and to use Furntech's equipment and machinery.

The challenge with this is that the pre-incubation stage provided the entrepreneurs with valuable technical skills that allowed them to manufacture products. However, manufacturing products is only part of running a business. The incubates did not receive any other skills, such as marketing or business support, to ensure that they are able to find markets for their products or to have systems in place once they are in full incubation. In relation to the technical support that all the participants confirmed to have received at pre-incubation, three of the incubates also felt that the pre-incubation time was too short and did not prepare them to be fully productive, able to use all the machinery and equipment at their disposal and have the ability to manufacture more specialised products that they wanted to manufacture. Research Participant 5 highlighted this by saying, "there were some machines that I was comfortable using or cannot use at all".

According to James and Maria (2017), for an entrepreneur to gain acceptance and possible entrance into a business incubator, the entrepreneur should meet several criteria, such as a carefully designed business plan with a comprehensive marketing plan through intensive market research. Bystrica and Tajovskeho (2012) also suggest that acceptance criteria vary from programme to programme, but in general only those with feasible business ideas and a workable business plan are admitted.

In view of Furntech and the research findings, it is clear that the incubates did not have a business plan or a marketing plan, as suggested by the authors above. The incubates received technical skills training only to prepare them for entry into full incubation. Furthermore, Lose and Tengeh (2016) suggest that in order to provide services that match the needs of the entrepreneurs and to ensure the satisfaction of the incubators, it is essential for the incubators to understand the motivation behind the entrepreneur's involvement in the programme. There is no evidence of any preparation of the identified aspects at the Furntech incubator at the pre-incubation stage.

The findings show that the focus of pre-incubation was technical training while the incubates highlight other needs that they were expecting at this stage to prepare them for full incubation, such as more advanced training, business support and financial support. This is shown by Incubate 2 who highlighted that "training in marketing would have also helped the business because manufacturing good quality products and not knowing how to sell them did not prepare me for full incubation". Incubates 2 and 9, respectively, highlighted the lack of financial support by saying "start-up capital would have assisted me as I had to continue with my part time job to enable me to buy materials" and "Capital for materials so that I can start making money immediately".

Zimmer and Scott (2015) suggest that start-up incubators limit participation to the entrepreneurs who they believe have a significant chance of succeeding. There is no mention in the findings of any preparation or any measure to ensure that once these entrepreneurs enter full incubation, they show the potential to succeed as only the wood manufacturing skills transfer took place. However, two (3 & 7) of the participants confirmed that they had received business skills training from Furntech,

which suggests that some level of business skills training takes place but it does not reach all the incubates.

From the findings and the incubates' viewpoint, one can deduce that at the pre-incubation stage, the focus of Furntech is only on technical skills, which suggests that the main objective of pre-incubation was only to skill the incubates technically. Rizzi et al. (2017) suggest that during pre-incubation the incubates' ventures are supported in the initial development of the business plan, with a prototype of the developed product, process or service. The Furntech incubator model defines the pre-incubation stage merely as a stage where entrepreneurs are prepared for full incubation. In addition to this, based on the findings, the incubates seem to have specific expectations of what they wanted to obtain from incubation. It is, therefore, evident that there is a misalignment between the expectations of the incubates and the Furntech service offering at the pre-incubation stage.

### **5.3 INCUBATION SERVICES**

The service offerings of the Furntech model are business skills training, technical skills training, financial support and business advisory. However, from the view of the incubates, Furntech does not offer these services. Even on the service offering (technical training) where entrepreneurs scored Furntech the highest, some incubates are not fully satisfied with the level and quality of the training.

According to Khalil and Olafsen (2007), business incubation is selective. The business incubation process is aimed at assisting growth-orientated entrepreneurs in their quest to grow and become competitive. This suggests that the pre-incubation stage should have the ability to identify these entrepreneurs. Furthermore, it implies that it should not be an automatic process that the pre-incubation stage is a guaranteed preparation for incubation but rather a stage where it is a selection stage leading to incubation. All the entrepreneurs that have shown interest in wood and furniture manufacturing at Furntech were placed on pre-incubation, followed by incubation which automatically gives the entrepreneurs the impression that being acceptable to pre-incubation is a guarantee to enter full incubation.

According to Khalil and Olafsed (2007), once an entrepreneur is accepted into the business incubator, the business incubator analyses their needs and designs a programme to strengthen and accelerate the business. There is no mention of any such analysis or programme plan at Furntech and the incubates in the study did not mention any such service. According to Lose and Tangeh (2016), the incubators are most successful when their mission and goals are in line with the entrepreneurs' needs as well as the sponsoring organisation. There is no identified alignment or evaluation of this before the entrepreneurs are accepted in full incubation except that they are interested in wood and furniture manufacturing, based on the study. The fact, however, that the entrepreneurs' responses indicated that they never received business support, while the sponsoring organisation SEDA specialises in business support, shows a clear non-alignment. Furthermore, Lose and Tangeh (2016) suggest that it is essential for the incubator to understand the motivation behind the entrepreneur's involvement in the incubation. An understanding of this motivation could be useful to Furntech as it could identify which of the entrepreneurs are in the incubator for learning wood-making skills, building a sustainable business or merely applying to have something to do due to unemployment. This would allow the incubator to offer tailor-made assistance to the different incubates as opposed to the umbrella approach that they are all there in an effort to build sustainable businesses post the two-year incubation.

### **5.3.1 Business skills training**

Only two of the nine incubates confirmed to have received business skills training at Furntech during the incubation period. One of the incubates (4) even said, "We were treated as though we were already familiar with business principles and terms". According to the Furntech incubator's model, business skills training is one of the core services that is offered to the incubates to ensure their sustainability post incubation. It is of great concern that seven out of nine incubates indicated that they did not receive any business skills training during incubation. In addition, Furntech is funded by SEDA and one of their yearly business development targets is business skills training. However, it seems that they are not working together, neglecting to give Furntech access to the existing SEDA services in the event that Furntech is unable to provide the service internally.

According to Lose et al. (2016), some of the business incubators in developing countries still experience a lack of managerial and entrepreneurial skills to contribute fully to entrepreneurial success. This implies that unless the staff of the incubator have the necessary entrepreneurship skills, they will not be able to transfer these skills to the entrepreneurs. Furthermore, Lose and Teng (2015) argue that the inability of the incubators to deliver can be partially attributed to the fact that managerial control does not come from an entrepreneurial background. Hence, they are unable to deliver the adequate support required by the SMMEs. It is not clear from the findings whether the challenge was the non-ability of the Furntech staff to deliver the training or whether the staff's focus was mainly to ensure that enough time was spent on technical skills training to ensure that the incubates are capable of manufacturing. However, it is clear that 88 per cent of the incubates confirmed that they did not receive any business skills training.

### **5.3.2 Technical skills training**

All the incubates responded that they received technical training at pre-incubation and during full incubation. In addition to this, Furntech scored the highest in technical support (5.8/10, nearly a 60 per cent satisfaction rating) in terms of services provided to the incubates. The main concerns of the incubates in relation to technical support, however, were that some incubates found it quite generic and it did not provide them with room to specialise in some other items in which they would have wanted to specialise. Incubate 1 said, "I found the training to be generalist and focused on the general wood items and lacked room for specialisation". In addition to this, incubate 4 felt that the technical support at pre-incubation was too short to prepare him to be fully functional and productive at full incubation. The incubates confirmed this by saying, "This was not enough as 3 months was too little time to be perfect in wood manufacturing".

Another concern was that the incubates were taught to manufacture the same products which created competition among the incubates. According to Scott (2015), the leaders of start-up incubators must pay careful attention when they bring entrepreneurs together. Ideally, a facility should be shared by companies whose mission and services could potentially support one another but which are unlikely to compete with one another directly. Having trained all these

entrepreneurs in the same course, seemed to have caused competition among the incubates at Furntech with no room for complementing each other and formulating strategic partnerships.

According to Stagars (2015), incubates with similar skills could also be a recipe for disaster because each firm could conceivably try to sabotage or even eliminate the other to have more market share. Notwithstanding the fact that Furntech did not satisfy the entrepreneurs with the technical skills training, there is no evidence of any facilitation of collaboration or working together of the entrepreneurs. Instead, they are simply working on their own.

### **5.3.3 Financial support**

This is one business support function where all nine participants felt that it was non-existent at Furntech. All nine participants felt that the lack of financial support at Furntech had a negative effect on their businesses. Financial assistance that was needed by the entrepreneurs ranged from materials to bus fare to travel to and from the incubator. Financial support is one of the service offerings of Furntech. Therefore, it is a concern that all the incubates confirmed that they did not receive any financial support. Incubate 2 said, "If furntech does not have financial support internally at least they should have a place where they can refer us for financial support because this is part of their service offering but it's not offered". This suggests then that there seems to be a mismatch between the needs of the entrepreneurs and the service offering of Furntech when it comes to financial support.

According to Lesakova (2012), incubator programmes help to fill the gap by providing rudimentary training to entrepreneurs, a space to launch the business, and, in some cases, contacts between the new business owner and others who are in a position to invest in the future of the company. This suggests that if the incubator is unable to assist the incubate with financial support, the other option should be that the incubator can assist the incubates by linking them up with potential investors for future investment in their businesses. There is no evidence of this at Furntech and from the responses of the incubates.

One of the concerns of the incubates at Furntech was that the incubator charges them 15 per cent a month on the turnover that they make. The incubates felt that this was extremely high and it was one of the things that hindered the sustainability of their businesses. The feeling of the incubates was that it would have made sense if it was 15 per cent of the nett profit and not 15 per cent of turnover as this cuts a huge amount of their nett profit. Incubate 3 confirms this by saying, “No financial assistance was received instead 15% plus vat on turnover that the business had to pay over to Furntech cost the business most off the businesses nett profit”. Lesakova (2012) suggests that the incubators charge for the facilities and resources that they supply, but since nearly all the incubates are supported in some manner by the government or regional grants, the charges are subsidised and lower than in the market place.

This viewpoint suggests that the monies paid by the incubates to the incubator should be affordable and beneficial to the incubates. The incubates at Furntech felt that the fees were not at all in their favour as the 15 per cent fee was cutting a lot into their profits since most of the incubates were at the market penetration stage. Therefore, they already had a low mark-up price on their products. According to Khalil and Olafsen (2007), the incubators who push hard to recover their costs by earned revenues must change their objectives and work with the accelerators of more advanced enterprises, which are less risky and less cash-strapped. The entrepreneurs felt that 15 per cent turnover was too much for the new enterprise, which also has a low-profit margin since it is still at market penetration stage.

This then suggests that Furntech either needs to consider a different charging model that is more suitable to start-up enterprises or reconsider its strategies and perhaps focus on more established businesses that can afford 15 per cent on the turnover fee. In addition, Bigirimana and Mutiwanyuka (2015) suggest that a way to recover costs in an incubator is to charge some sort of commission, otherwise known as royalty and that this system should be dependent on the profitability of the incubate. This suggests that it would have been better for Furntech to evaluate its costing structure based on the profitability of each incubate, as opposed to the 15 per cent turnover flat rate that seemed to be a common concern for all the incubates at Furntech Nyanga.

The incubates indicated that in an effort to mitigate this need for financial support that was not met at Furntech, they ended up taking loans which put their businesses in debt which was used for materials for both the pre- and during-incubation stages. Zimmer and Scott (2015) suggest that the participants in start-up incubators, who do not have financial assistance, still have an advantage over others in obtaining finance. There is no evidence of this at Furntech as the entrepreneurs individually went out to seek the required finance without any advantage of the fact that they were in an incubator.

According to Lose and Tangeh (2016), entrepreneurs should ensure that the incubator offering is aligned to the entrepreneurs' needs. The incubates entered the incubator because they thought that financial assistance was one of the service offerings. Therefore, one cannot assume non-alignment in this regard as it is in Furntech's policy of service offerings. However, further investigation is needed why financing is not provided and, furthermore, to what Furntech means when they speak of financial assistance, as opposed to what the incubates required from Furntech in terms of financial assistance.

The fact that all nine participants felt that financial assistance was non-existent while it was one of their main needs, is a cause for concern. Obajo and Onyemeya (2015) suggest that when an incubator is well adapted to suit the needs of the local community, the extent to which the incubation programme will succeed will be high. It is evident that financial support is a huge need for these entrepreneurs (community), but there is no evidence that it is offered at Furntech, which suggests that it is definitely one of the factors that hinders the sustainability of the incubates.

#### **5.3.4 Business advisory services**

Only one incubates indicated that he received business advice from Furntech in an effort to grow his business. This is a major concern as Furntech is funded by SEDA whose main mandate, among other things, is the provision of business support services to entrepreneurs. Incubate 4 confirms this by saying, "there was no business advice at both pre and full incubation". This clearly indicates that there is no synergy or working relationship between Furntech Nyanga and SEDA who have

an extremely broad network of capable and qualified business advisors throughout the Western Cape.

The findings of the incubates indicated that no business advice was available and that only technical advice was available. The entrepreneurs were left to seek their own business advisory services to grow their businesses. Notwithstanding the fact that Lesakova (2012) clearly stated that while consultants may give advice, it is the entrepreneurs' responsibility to make sure their businesses succeed. In the current study, there is no evidence that any consultants advised these entrepreneurs.

According to Mole (2002), the core areas of business advisors are to analyse needs and to manage relationships, third parties and a portfolio of their clients. They are generalists in terms of their ability to provide general business advice and although they do not provide specialist business advice, they may have a background in marketing or finance. This highlights the importance of a business advisor for an emerging business and shows that a business advisor is an important aspect to SMMES. In the case of Furntech, only one incubate indicated to have received such assistance. Based on the role of the business advisor, as indicated above, and the fact that Furntech currently has an 80 per cent failure rate, had this service been offered to the entrepreneurs, there would have been an improvement in the overall entrepreneurial failure rate at Furntech. Mole (2002) further alludes that the business advisor's acumen involves a transfer of knowledge over and above any advice given and may not be strictly comparable with that of an accountant.

This suggests that when an entrepreneur has a business advisor, a skills transfer process takes place and not merely a consultation. If this service had been available at Furntech, it would have been extremely useful since if the entrepreneur falls out of the incubation programme, he or she would still have the acquired skills that could be used elsewhere or in another business venture.

It is clear from the findings that the incubates had a need for business advisory services, but this service was not provided to the Furntech incubates even though it is part of the Furntech service offerings. Lose and Tengeh (2016) suggest that the entrepreneurs should ensure that the incubator offering is aligned to the entrepreneurs' needs. In the case of Furntech, the entrepreneurs have a need for

business advisory services, which is listed as one of the Furntech service offerings. This then suggests that the entrepreneurs entered the incubator with an assumption that they would be offered the required business advice and it was only when they were in the incubation that they realised that the service was not available. This suggests that there is a mismatch between the incubates' expectations and Furntech's service offerings in terms of business advisory services.

### **5.3.5 Additional services**

According to Obaji and Onyemerera (2015), an incubator should provide a mixture of both physical and intangible services, which include the provision of physical space as well as shared services together with administrative assistance, consulting, training/coaching/networking and access to funding. This suggests that in addition to the services offered by Furntech, such as business skills, technical training, business advisory and financial support, other additional support services that an incubator should offer the incubates, such as mentorship, coaching, administrative assistance as well as networking, are available. Bigirimana and Mutiwanyuka (2015) emphasise the fact that business incubators should also provide managerial support and back-up services in addition to business skills, infrastructure, market linkage, financing and people connectivity constraints. They should expose the entrepreneurs to information and communication technologies (ICTs). These are some of the additional services that are required to be provided by an incubator for the sustainability of the incubates post the two-years incubation, but there is no evidence, based on the findings of the study. Some of the additional services that were required by the incubates were linkages with external stakeholders, which was confirmed by Incubate 3. He responded that the incubator could have "providing an exit strategy post the incubation period as well as linking up the business with funding institutions to assist the business with business funding requirements".

The incubates indicated that there were no additional services provided to them by the incubator in an effort to enhance their businesses. The incubates, however, indicated that additional services would have enhanced their businesses if the

incubator had offered these services, such as mentorship, even though this fell outside of the Furntech service offering.

### 5.3.6 Service ratings

The rating of the Furntech business services resulted in the following averages:

**Table 5.1: Average rating of the Furntech business services**

Services	Averages
Business Skills Training	1.8/10
Technical Training	5.8/10
Financial Support	1/10
Business Advice	1.5/10

The ratings indicated that from the perspective of the incubates, Furntech was not providing the incubates with the services that the incubator claimed to be offering. Financial support has the lowest score, indicating non-activity. This is followed by business advice for the development of a small business. However, Furntech can be commended on offering an above-average score for technical skills training

## 5.4 CONCLUSION

The results found that Furntech is offering an above-average score when it comes to offering technical skills support to entrepreneurs, but provides very low scores when it comes to the other service offerings that they claimed to have provided, according to the incubates. It is of concern that within the funding body of SEDA, Furntech is not providing business advisory services, as indicated by the incubates.

## CHAPTER 6

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1 INTRODUCTION

This chapter looks at the objectives of this research and whether they have been achieved by using the chosen methodology. A brief overview of the preceding chapters is given which lays the foundation for the conclusion of this chapter, the concluding comments of the research, which are geared towards providing guidelines on what the incubates as the beneficiaries, Furntech the incubator and SEDA as the funder, can do to improve the current situation. The chapter concludes with recommendations to the parties to show the value of the research and provide a way forward, to discuss the limitations of this research and to provide recommendations for future research.

#### 6.2 OVERVIEW OF OBJECTIVES

The objectives of this research were to achieve the following:

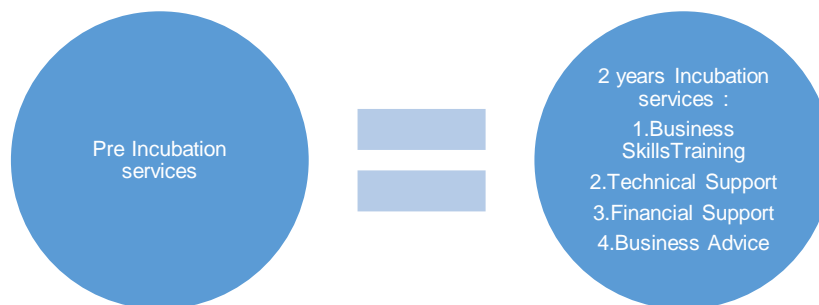
- To evaluate resource flow challenges during the pre-incubation and incubation stages that impede on entrepreneurs graduating as sustainable enterprises post incubation.
- To determine the factors affecting the resource flow during the incubation process that hinder the incubates (as entrepreneurs) who do not become self-sustainable after the two-year incubation period. Resource flow in this context is Furntech's flow of service offerings to the incubates in an effort to develop them into becoming self-sustainable businesses post the two years' incubation.

The research findings, as discussed in Chapter 5, approve that, in fact, resource flow challenges exist during the pre-incubation and incubation stages which prevent the entrepreneurs from graduating as sustainable enterprises post incubation. Furthermore, the findings show that in terms of Furntech's resource flow, some resources are offered to the incubates, but are not offered at Furntech, such as financial assistance.

### 6.3 CONCLUSION

This chapter shows the research problem, how the research was conducted, the findings and the participants' discussions, which were also linked to theoretical incubator theories and how the identified gaps can be closed.

This research looked at both pre-incubation as well as full incubation services of Furntech and it is evident that certain factors prevented the entrepreneurs from graduating as sustainable entrepreneurs post the incubation period. In terms of Furntech's service offerings, the following for services are offered, as discussed above:



**Figure 6.1: Title**

On the pre-incubation, it can be concluded that Furntech does not provide incubates with pre-incubation services that are comprehensive and ensures that the incubates are fully equipped to enter the full incubation when they finish the pre-incubation stage. On the incubation services, the following can be concluded:

- Even though business skills training is one of the service offerings at Furntech, entrepreneurs are not receiving this service to assist them to grow their businesses.
- The current technical support offered to the entrepreneurs is very generic to and does not provide a platform for the entrepreneurs to produce different products that would also lead to collaboration among the incubates, instead this results in incubates competing with each other due to the fact that they all make similar items.
- Financial support is stated as one of the services offering at the Furntech Incubator but it is clear from the findings that this is not the case as all the

incubates responded that they never received any financial support from the incubator.

- Incubates at the Furntech incubator are not receiving any business advice and they have identified this as one of the reasons why their businesses do not graduate as sustainable businesses at the end of the incubation period.

#### **6.4 RECOMMENDATIONS**

Recommendations to Furntech to improve the current situation are as follows:

Pre-incubation services:

- To ensure that the incubates have a fully comprehensive business and marketing plan before entering incubation.
- To ensure that the incubate is technically ready to operate fully functionally before being transferred to full-time incubation.

Incubation services:

- To arrange a meeting with SEDA who offers business skills as well as a business skills advisory to formulate an action plan on how the Furntech incubates can access SEDA services in terms of business skills and business advisory services, which the entrepreneurs are currently not receiving.
- To arrange a meeting with the National Youth Development Agency and SEDA to formulate a strategy on how the Furntech clients can be assisted financially through the support that these two agencies provide to the entrepreneurs.

#### **6.5 LIMITATIONS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE RESEARCH**

It cannot be assumed that the findings of this study represent all the Furntech incubators as it was specifically aimed at the Furntech Nyanga entrepreneurs. Future studies could be conducted to include other incubators or similar research from the view of the incubator staff to determine the impeding factors. Future

quantitative studies on the Furntech Nyanga incubator could also be conducted in future. This study investigated the internal challenges that hinder the sustainability of the Furntech Nyanga incubates and they have been identified. The incubates in the research responses also provided some suggestions on how Furntech can offer better services. A recommended study would be to implement the recommendations that have been identified by the incubates.

## **6.6 A concluding summary of the study**

The study investigated if any internal challenges prevented the entrepreneurs (as incubates) to graduate as sustainable entrepreneurs after the two years' incubation period in the Furntech model. It focused on the internal capabilities of Furntech from a resource-based view perspective by using the incubates' viewpoints.

In Chapter 1, the foundations of this research were discussed by providing an overview of Furntech and by providing an organisational context of the study. The researcher further provided the problem statement that made it necessary for this study to investigate the internal capabilities that hindered the sustainability of the Furntech incubates. The importance of this chapter was that it also showcased the benefits of this research, which is to advise the Furntech management on how they can improve their service offerings in an effort to serve the incubates better.

Chapter 2 looked at incubation and its history in South Africa as well as globally and defined and addressed the meaning of sustainability in evaluating incubation. Chapter 3 indicated the research methodology and showed why the research methods were chosen.

In Chapter 4, the findings were tabulated suggesting that there were resource flow challenges that hindered the sustainability of the entrepreneurs during and after the incubation period. A robust discussion in Chapter 5 on these findings looked at the Furntech service offerings and the entrepreneurs' impressions of the offerings. It discussed what the theory suggested should be offered by an incubator. This chapter also addressed how these gaps could be closed at Furntech.



## REFERENCES

- Alvarez, S. & Busenitz, L., 2001. Alvarez , S. &The Entrepreneurship of Resource-Based Theory. *Journal of Management*. 27(27), pp. 755-775.
- Babbie, E., 2014. *The Basics of Social Research*.. 6 ed. s.l.:s.n.
- Bigrimana, S. & Mutiwanyuka, C., 2015. *Challenges Faced by the MARY Mount Chatholic Parish in Establishing a business incubation centre in Rushinga,Mashonaland*, s.l.: s.n.
- Buys, A. & Mbewana, P., 2007. Key success factors for business incubation in South Africa: the Godisa case study.. *South African Journal of Science*, 103(9-10), pp. 356-358.
- Cullen, M. & Chandler, L., 2014. Business Incubation in the Eastern Cape.. *International Journal for Innovation Education and Research*, 2(5), pp. 76-89..
- Furntech Annual report 2016/2017, 2017. *Furntech Annual report 2016/2017*, s.l.: s.n.
- Furntech Annual report2016/2017, n.d. *Furntech Annual report 2016/2017*, s.l.: s.n.
- Gassmann, O. & Becker, B., 2006. Towards a Resource based View of Corporate Incubators.. *International Journal of Innovation Management*., Volume 10, pp. 19-45.
- Grimaldia, A. & Grandi, A., 2015. Business incubators and new venture creation: an assessment of incubating models. *Technovation* , Volume 25, pp. 111-121.
- Hackett, S. & Dilts, D., 2004. A systematic review of business incubation research.. *The Journal of Technology Transfer*., 29(1), pp. 55-82..
- Khalil, A. & Olafsen, E., 2007. *Enabling Innovative Entrepreneurship through Business Incubation*, s.l.: s.n.

- Lalkaka, R. & Abetti, P., 1999. Business incubation and enterprise support systems in restructuring countries.. *Creativity and innovation management*, 8(3), pp. 197-209..
- Lesakova, L., 2012. The Role of Business Incubators in Supporting the SME start up. 9 (3), pp. 85-95.
- Lose, T., Nxopo, Z., Maziriri, E. & W, M., 2016. Navigating the role of Business Incubators: A Review on the current Literature on Business Incubation in South Africa. *ACTA UNIVERSITATIS DANUBUIS*. 12(5), pp. 130-140.
- Lose, T. & Tengeh, R., 2015. The Sustainability and Challenges of Business Incubators in the Western Cape Province, South Africa. *Sustainability*, Volume 7, pp. 14344-14357.
- Lose, T. & Tengeh, R. K., 2016. An evaluation of the effectiveness of business incubation programs: a user satisfaction approach. *Environment management and financial innovations*,. 13(2), pp. 370-378.
- Masutha, M. & Rogerson, C., 2014. Small enterprise development in South Africa: The role of business incubators.. *Masutha, M. and Rogerson, C.M., 2014. Small enterprise develBulletin of Geography. Socio-economic Series*, 26(26), pp. 141-155..
- Mohr, P. F., 2012. *Land Associates Economics for South African Students*. 4 ed. s.l.:Van Schaik.
- Mole, K., 2002. Business Advisers Impact on SMME'S.An Agency Theory Approach.. *International Small Business Journal*, 20(2), pp. 139-161.
- Nieman, G. & Nieuwenhuizen, C., 2014. *Entrepreneurship A South African perapective*. South Africa: Van Schaik.
- Ntlamelle, T., 2015. The efficacy of SMME incubation as a strategy for enterprise development in South Africa.

Obaji, N. & O. C., 2015. Entrepreneurship and Business Incubation programme, the sure couple. *International Journal of Science, Technology & Management*, 4(1), pp. 1627-1633..

Ramraj, S., 2018. Exploring the role of South African business incubators in creating sustainable SMMEs through technology transfer.

Rizzi, D., Wescinski, J., Poli, o. & Jacoski, C., n.d. The Importance of Incubation Process From the perspective of Incubated and Graduated companies.

Statistic South Africa, 2019. *Quarterly Labour Force Survey*, s.l.: Statssa.

WELMAN, J.C., KRUGER, S.J. and MITCHELL, B., 2005. *Research methodology* (3e). Cape Town: Oxford University Press.

Yang, Y.F., 2008 The Roles of Human Resources, information technology, and marketing knowledge capabilities in performance: An extension of the Resource -Based Theory perspective. *Social Behaviour and personality*, 36(9), pp.1269-1282

Zimbabwe(province), n.d. *International Journal of Academic Research in Economics and Management Sciences*. 4(91), pp. 259-266.

Zimmer, S., 2015. The Start Up Incubation.. *Research Starters*. pp. 1-12.

**ANNEXURE A: INTERVIEW QUESTIONNAIRE**

**A study of internal challenges from a resource based perspective that hinder sustainability of the Furntech-Nyanga incubates.**

Name of Respondent/Business: \_\_\_\_\_.

Please state your current status with Furntech-Nyanga

- a) Post the two year incubation.....
- b) Have dropped out of incubation.....
- c) Still in incubation.....

1. Pre incubation questions:

1.1 What preparation did you receive form Furntech before you joined the incubation on a full time basis?

---

---

---

1.2 Do you feel that this was enough pre –incubation preparation?

---

---

---

1.3 Is there any pre incubation assistance you feel you should have been given to make you more ready for full incubation?

---

---

---

1.4 How did this stage prepare you for full incubation?

---

---

---

2. Incubation questions based on Furntech’s incubation service offerings

2.1 How long have you been at the Funtech Incubator?

---

---

2.2 Training information: Business training from Furntech to help you grow your business.

a) What type of business training did you receive?

---

---

---

b) What effect did this training have on your business?

---

---

---

c) Please motivate your response (for b)

---

---

---

d) How would you rate the quality of this training on a scale of 1-10 (1 = poor 10 = excellent)?

---

2.3 Technical support: Training and other support specific to your business and industry that was provided by Furntech to your business.

a) What type of technical support did you receive?

---

---

---

b) Do you feel that you were given sufficient training to ensure that your business is able to operate efficiently?

---

---

---



c) Please motivate your response (for b )

---

---

---

d) How would you rate the quality of this training on a scale of 1-10 ( 1 = poor 10 = excellent)

---

2.5 Business Advice: Any Business advisory services provided by Furntech staff or arranged by Furntech to assist you to grow your business

a) Did you receive any business advice from the Incubator?

---

---

---

b) Do you feel that you were given sufficient business advice to ensure that your business is able to operate efficiently?

---

---

---

c) Please motivate your response (for b )

---

---

---

d) How would you rate the quality of this training on a scale of 1-10 ( 1 = poor 10 = excellent)

---

### 3. Additional Services

3.1. Are there any other additional services that the incubator offered your business to make your business more sustainable?

a. If yes please state them

---

---

---

3.2. Are there any additional services that you feel the incubator could have offered your business to make your business more sustainable

a. If yes please state them

---

---

---

3.3. Would you recommend additional services that Furntech could provide to other incubates

---

---

---

### 4. Challenges

4.1 What hindered your business's self-sustainability post incubation period?

---

---

---

5. What aspects of the incubation process would recommend to have enhanced success post incubation?

---

---

---

5.1 How has these enhanced your business?

---

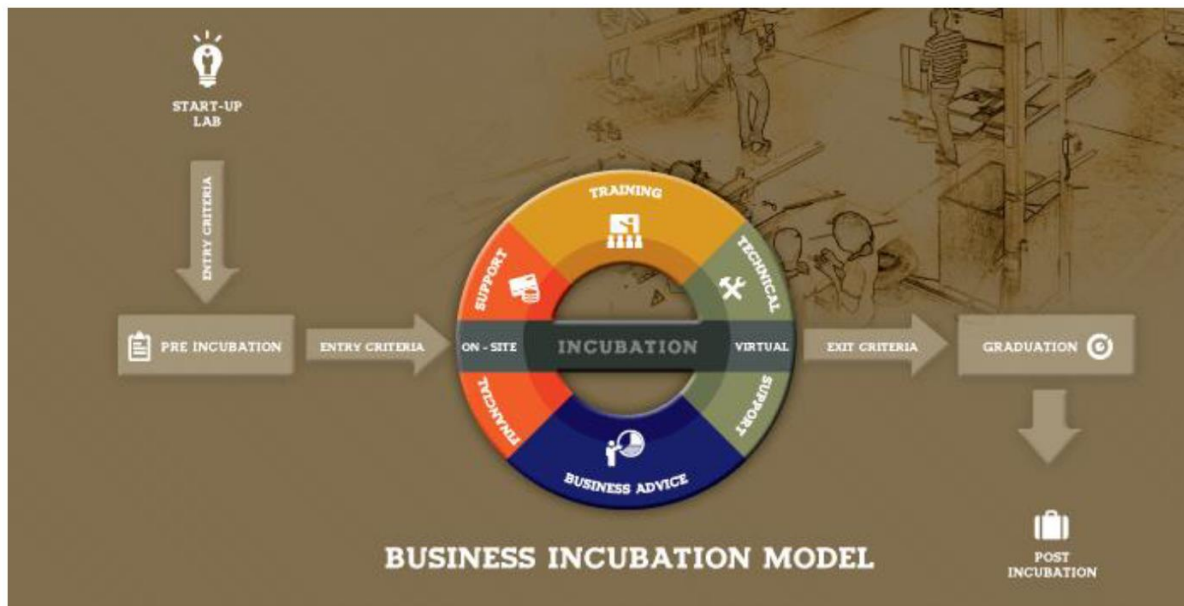
---

---

## ANNEXURE B: PROFILE OF FURNTECH

Association. Furntech is the leading developer of a sustainable model for manufacturing incubation in the furniture and wood product sector. Furntech's reputation has extended beyond South Africa and the organisation has been invited to participate in incubation conferences and workshops in Zambia, China, the USA and the UK.

**The Furntech BTI process can be illustrated as follows:**



### Target Market

The individuals/businesses that are targeted for participation in the Furntech Business Technology Incubator Programme include:

- The unemployed/retrrenched with a passion or interest in woodworking and furniture manufacturing and who have some experience in running and managing a business
- Existing small and micro enterprises in the woodworking and furniture manufacturing industry
- Emerging/start-up small and micro enterprises in the woodworking and furniture manufacturing industry
- Individuals who are working in the furniture manufacturing and wood working industry who want to start their own business.

## ANNEXURE C: UNIVERSITY ETHICAL CLEARANCE



**Rhodes Business School**  
*Leadership for Sustainability*

Rhodes Business School  
PO Box 94  
Grahamstown  
6140

*23<sup>rd</sup> November 2018*

Dear Dr Mohapelo and Mr Sakuba

**Research Ethics Application: Reference: 2018/09/87**

This serves to confirm that on **22nd November 2018**, ethical clearance was granted by the RUESC HE Committee for the research project with the following provisional title: **A study of internal challenges that hinder sustainability of the Furntech-Nyanga incubates.**

The application was approved, subject to gatekeeper permission being obtained.

Please ensure that the Rhodes Business School Ethics sub-committee is notified of any substantive changes that are made, for whatever reason, during the research process.

Please note that this application expires on 31 December 2018. A progress report is required in order to renew the approval for the following year.

Yours faithfully,

---

**Prof Noel Pearse**

Chair: Rhodes Business School Ethics sub-committee

## ANNEXURE D: FURNTECH RESEARCH PERMISSION LETTER



**RHODES UNIVERSITY**

*Grahamstown • 6140 • South Africa*

DEPARTMENT OF Rhodes Business School  
Tel: [+27] 046 603 8817  
Fax: [+27] 046 603 8613  
E-mail: g01s2424@ru.ac.za

10 October 2018

Mr Michael Reddy  
Furntech Chief Executive Officer

Dear Mr Reddy

**Re: Invitation to conduct research at your institution**

Mr Siyasanga Sakuba (under the supervision of Dr Tshidi Mohapeloa) is a Rhodes Business School postgraduate student at Masters Level at Rhodes University carrying out research. The aim of this research is to determine the internal challenges from a resource based perspective that hinder sustainability of the Furntech Nyanga incubates. The participation and cooperation of your institution is important so that the results of the research are accurately portrayed.

The research will be undertaken by interviewing incubates that are still within the incubator post the two year incubation and those that have dropped out of the Incubator. The data to be collected from this research will be in the form of structured questionnaire based on the internal resources that the incubates were/are offered by the incubator. The identity of your institution and the employees who voluntarily consent to participate will be treated with complete confidentiality. The collection of this data will require from each participant about 30 minutes to complete.

We look to you for guidance in identifying entrepreneurs at your institute that would be suitable to interview (at a time and date that suites them).

Attached for your information is a copy of the participant's Informed Consent Form. If you have questions or wish to verify the research, please feel free to contact us.

If you would like your institution to participate in this research, please complete and return the attached form.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

Mr Siyasanga Sakuba  
Research Student

Dr Tshidi Mohapeloa  
Supervisor


**Notes to researcher:**

- Any involvement of students in general, if this is not part of their subject, requires the approval of the Dean of Students
- If the research is carried out in the public areas of the university, the permission of the Registrar is required, and if staff is involved the approval of the Registrar or the Director: Human Resources is required.

A study of internal challenges from a resource based perspective that hinder sustainability of the Furntech-Nyanga incubates.

### Institution Consent Form

<b>Participation Consent</b>
I consent for you to approach entrepreneurs to participate in An Internal study of internal challenges from a resourced based perspective that hinder sustainability of Furntech-Nyanga incubates.
<b>I acknowledge and understand:</b>
<ul style="list-style-type: none"><li>• The role of the institution is voluntary.</li><li>• I may decide to withdraw the institution's participation at any time without penalty.</li><li>• Entrepreneurs that are in the incubator and those that have dropped out before graduation will be invited to participate and that permission will be sought from them too.</li><li>• Only entrepreneurs who consent will participate in the project.</li><li>• All information obtained will be treated in strictest confidence.</li><li>• The entrepreneur's names will not be used and individual entrepreneurs will not be identifiable in any written reports about the study.</li><li>• The institution will not be identifiable in any written reports about the study.</li><li>• Participants may withdraw from the study at any time without penalty.</li><li>• A report of the findings will be made available to the institution.</li><li>• I may seek further information on the project from Siyasanga Sakuba on 0713666972.</li></ul>

<b>Full Name:</b>	Mr Michael Reddy
<b>Position:</b>	Chief Executive Officer
<b>Signature:</b>	
<b>Date:</b>	10 October 2018

<b>Please return to:</b>	[ssakuba@seda.org.za]
--------------------------	-----------------------

