

Business Incubation Initiatives' Impacts on Entrepreneurs and SMEs

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ABSTRACT

Business incubation (BI) is a strategic tool that helps a country to grow its entrepreneurial base and reduce the high mortality rate of SMEs. The Kingdom of Eswatini adopted the business incubation initiatives to promote entrepreneurship and SME development. To date, no data exist on the impact made by business incubation initiatives. Adopting methodological triangulation of both quantitative and qualitative data collected through questionnaires and interviews where the participants consisted of SME owners, BI managers, and BI trainers, this exploratory study aims to investigate business incubation initiatives' impact on entrepreneurs and SMEs. Findings reflect that BI measures its impact by seeing an increase in revenue, increase in the number of people employed, and SME survival post the incubation period. Though SMEs agreed that the BI affects positively, the study also revealed that some SMEs remained in the incubation for more than 10 years. Policy implications emerging are the need to introduce graduation policy and proper determination of requirements for incubation.

KEYWORDS

Business, Development, Entrepreneurs, Facilities, Knowledge-Transfer, Support

INTRODUCTION

Small and medium enterprises (SMEs) are gaining recognition as important stakeholders in achieving economic development. This is because they generate jobs, reduce poverty, and generally improve standards of living (Fatoki, 2014; Gwija et al., 2014). Unfortunately, as several studies (Baporikar, 2021; 2020; Choto, et al., 2014; Iwu, 2017; Iwu et al., 2019) have reported, when an SME fails, the loss of jobs and poor economic outlook for those involved include the nation. However, with proper support, nurturing SMEs can adequately contribute to economic growth and provide employment (Choto 2015). The different support mechanisms that can keep SMEs in operation for longer include simple bookkeeping practices, marketing, management, and reduction in red tape such as making business registration simple (Baporikar & Akino, 2020; Fatoki, 2014; Iwu, 2017). Lately, business incubators (BIs) have emerged as an important contributor to the growth of SMEs in both developed and

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developing countries. According to many researchers (Masutha & Rogerson, 2014; Ogutu & Kihonge, 2016), small business incubation is a strategic tool that helps a country to grow its entrepreneurial base, and reduce mortality rate of SMEs.

The National Business Incubator Association (NBIA) describes a business incubator (BI) as a business that helps new and start-up firms to develop by providing amenities such as management training and office space (NBIA, 2019). According to Wanyoko (2013), BIs have multiplied since their appearance over 50 years ago, and now offer a variety of incubation practices. Bruneel et al., (2011) classify three generations in the evolution of BIs as follows:

First Generation - BIs provides office or workspace and share essential resources in order for SMEs to enjoy economies of scale.

Second-Generation - BIs focus on providing coaching and training support. This support accelerates the knowledge curve of incubatees.

Third Generation - BIs provide incubatees with access to technological, professional, and financial networks, so that they become well-informed entrepreneurs.

In acknowledging the contributions that BIs have made towards improving economic development through SMEs, many countries have embarked on this initiative. In 1970, The Kingdom of Eswatini instituted a BI development policy through the formation of the Small Enterprise Development Company (SEDCO). As a first generation BI, it provides infrastructure and business development services; registration of start-up ventures, coaching and training on business management (MCIT, 2014). According to SEDCO data bank (2018), the SME sector includes textile, building construction, woodworking, manufacture of soap and non-edible oils, restaurant/butchery, and miscellaneous other businesses.

Eswatini Water Agricultural Development (ESWADE), established in 1999, is an example of second-generation BI. Its core mandate is to help communities to improve their quality of life through commercial agriculture. This is achieved through the registration and training of legally operating agri-business schemes, such as farming sugarcane and other crops, as well as livestock enterprises. Post the construction of a dam in a chiefdom or community to help the population of a project area to establish sustainable agricultural businesses, there is training in effective use of the irrigation infrastructure (ESWADE, 2019).

The Royal Science Technology Park (RSTP), which started operating in 2017 in Eswatini, represents the third generation of BI evolution. It is a platform for research and development in information technology (IT), production of high tech products, marketing and trading (RSTP, 2018). It nurtures innovation start-ups of electronics; communication technology; value-added agriculture; renewable energy; environmental management; and health and beauty (RSTP, 2019). This BI provides office space, which includes IT equipment, business development processes, fundraising support, and technical support for innovation development and validation. RSTP's objective is to help enterprises persist and grow through the vulnerable primary stages of business initiation to become bankable and competitive businesses.

BACKGROUND

The Kingdom of Eswatini recognises the importance of SMEs in job creation, poverty reduction, and economic development. In April 2001, through the Ministry of Commerce, Industry, and Trade (MCIT) the government of Eswatini established the SME unit (MCIT, 2006). The unit's objective was to make recommendations to government on SME policy issues and to encourage the formation of indigenous enterprise through an enabling business environment. MCIT (2006) defines an 'enabling business environment' as trading conditions in a region in which the government keeps licencing and

other costs low. This inspires start-ups and encourages existing businesses in the economy to grow. Through the SME unit, the government implemented the Small, Micro, and Medium Enterprise (SMME) National Policy of Eswatini in 2004, and revised it in 2009 and 2018. The aim of the 2018 revision was to construct a modern, comprehensive, targeted, empowering, institutional, and regulatory environment within a relevant framework, for a highly profitable entrepreneurial sector, signalled by innovative, competitive, and sustainable businesses (MCIT, 2018). Before the establishment of the SMME policy, un-coordination in development projects and programmes offered by MCIT, other related portfolio agencies, and the private sector, caused insignificant improvements in the SME sector of the country. However, Eswatini SMEs face a number of challenges, and so their contribution to the developmental agenda is sluggish. The extent of success is uncertain in BIs' assisting SMEs to overcome their challenges. Several studies (such as Abor & Quartey, 2010; FinScope Swaziland, 2017; Mukwarami et al., 2018) have indicated the value of SMEs in the socioeconomic development of nations.

According to these studies, small businesses have the potential to create employment opportunities, improve overall productivity, and ultimately contribute to the fortunes of a country. However, in the case of Eswatini, confusing reports suggest that 40 to 80% of new businesses fail within two years of existence (FinScope Swaziland, 2017; Makhubu, 2017). Interestingly, business failure occurs even after their nurture in business incubation services (Arubayi, 2010; FinScope Swaziland, 2017; RSTP, 2019). SMEs are therefore unable to create jobs and contribute to economic growth as expected. Thus, there is a need to determine the impact of the incubation programme on incubated entrepreneurs in the Kingdom of Eswatini. For BIs to fulfil their role of catalysts in small business development in Eswatini, a study that gauges the nature and extent of entrepreneurial skills, knowledge, and abilities that business incubators offer needs to be undertaken to determine the capacities of BIs to sufficiently support SMEs. Therefore, the objective of this paper is to determine the impact of the incubation programme on the incubated entrepreneurs in Eswatini and make available recommendations that would equip SMEs to sustain and grow their business ventures.

LITERATURE REVIEW

The African continent has shown substantial advancement in business environment, especially by attracting numerous large businesses from different parts of the world. Unfortunately, according to the World Bank (2019), the business environment for SMEs in Africa is still the most unfavourable. The backbone of the private sector in most of the developing countries in Africa, including Eswatini, is the SME (Fjose et al., 2010; Muriithi, 2017; Dlamini & Mohammed, 2019). They provide inputs to simple and large complex industries whilst also providing goods and services to consumers scattered across the continent (Benzing & Chu, 2012). For survival in the 21st century, SMEs must confront and adapt to the forces that permeate the global environment. A variety of sectors from manufacturing to retailing faces the forces of global competition in home markets and in international markets. Most SMEs in African countries find it difficult to compete in domestic and international markets.

FACTORS THAT AFFECT THE SMES COMPETITIVENESS

Access to Finance: According to the enterprise survey of the World Bank (2019) covering over 100 countries, SMEs struggle to grow because of the challenge of accessing finance. Africa's financial system reaches only a small percentage of the population and is costly for SME owners. Where banks have less effective structures and higher interest rates, they are likely to offer lower levels of SME financing. According to the International Finance Corporation (2019) estimates 40% of formal SMEs in developing countries have unmet financial needs as compared to Europe's and Central Asia's 15%.

Table 1 shows a positive link between economic developments measured by income per capita GDP, and financial developments measured by ratio of credit to GDP with level of SME financing. According to the table, developed countries receive higher volumes of lending than developing countries. Scarce access to finance for African SMEs makes it more difficult for them to set appropriate measures to sustain or grow their businesses, as compared to SMEs in other parts of the world. According to literature, financial institutions charge SMEs higher interest rates compared to large firms (Ollows et al., 2018; Woldie et al., 2018). Benzing and Chu (2012) and the World Bank (2019), argue that most African countries do not have strong regulations that force defaulters to repay their loans fully; the high cost of administrating SME loans thus reduces bank profits. However, according to Boadi et al., (2017) and Ollows et al., (2018), the SME sector is profitable for commercial banks.

Shortage of access to finance is both a barrier to starting a business and an obstacle to SME growth. SMEs often have to depend on friends and family for start-off financing, or they use internal funds to improve operations in their businesses (World Bank, 2019). Young entrepreneurs from a developing country are often regarded as high-risk borrowers for funding by a commercial bank because if one does not have collateral or loan guarantees, nor a good credit history, nor a record of cash flow, the bank will charge high transaction costs. Dietrich (2012) argues that the main reason for the differences in lending rates is that SMEs are unable to negotiate properly. Underdeveloped financial systems and unwillingness to disclose business information are also obstacles to obtaining bank financing (Rector, Fatoki & Oni, 2016; Quartey, et al, 2017; Amoako-Adu & Eshun, 2018). There is meagre data on SME financing as most African countries use unregulated and informal institutions (World Bank, 2019). Finance is what joins the dots in starting-up and growing a business, which is why lack of funds is the primary reason for SMEs not progressing and having to close down.

Management Skills: A study focusing on business problems and success factors within some African countries (Benzing & Chu 2012) concluded that a good management skill is the number one perceived success variable. In most SMEs, the owner of the business is also the manager, and has a major say over strategic decisions; yet many business owners lack managerial expertise (Muriithi, 2017). Even if entrepreneurs have feasible ideas and are knowledgeable in their specific fields, they may still lack knowledge on how to run a business. They operate with trial and error management style, or are obsessed with routines that lead to short-term gains, while paying no attention to strategic planning. Education and training endow SME managers with good management skills of planning, organising, leading, and controlling, which lead to business sustainability and growth (Muriithi, 2017). Therefore, training is an important element for growing any business, as it is a catalyst for cultivating business competency. However, SMEs tend to invest less in management development than larger organisations do, due to resource constraints or leaders not willing to

Table 1. SME financing predictions

Regions	SME loans/ GDP (medians) percentage	SME loans, USD Billions
East Asia & Pacific	6.40	2,340
Europe & Central Asia	7.00	276
High Income (OECD & non OECD)	15.30	7,540
Latin America & Caribbean	3.90	158
Middle East & North Africa	5.50	48
South Asia	4.30	73
sub-Saharan Africa	2.60	52

Source: World Bank 2019 and Financial Access Database, 2010.

grow (Kayanula & Quartey, 2000). Businesses with an educated and competent workforce have high productivity and long-term existence (Muriithi, 2017). Scarcity of competent managers is a challenge faced by SMEs in different parts of the African continent, due to the high costs of training and fewer cost-effective advisory services (Kayanula & Quartey, 2000). Even if SMEs can attract motivated managers, they can barely compete with benefits offered by large firms (Abor & Quartey, 2010). Even though various institutions offer education and training, not all entrepreneurs realise the necessity to upgrade their skills, due to complacency (Cant, 2016).

Technological Capabilities: Most technologically advanced countries today are those which are knowledge centred (Akomea-Bonsu & Sampong, 2012). Having a computer and internet is important for one to engage in economic, political, and social facets of the world and so the challenge of inadequacy of business information facing SMEs in Africa arises from the continent's underdeveloped technology and communication infrastructures (Kamunge et al., 2014). In this global digital information age, those deprived of Information Communication Technology (ICT) are disadvantaged in access to information. According to Akomea-Bonsu and Sampong (2012), information carried through ICT has become a more important factor of production than land, tools, and labour as economies are moving from industrial to knowledge base leading both Akomea-Bonsu and Sampong to believe that a country's economic growth depends on its ability to gather and disseminate information. Presence of appropriate technology and business support systems makes it easier for businesses to lower costs of production and to operate efficiently and effectively. Unfortunately, many SMEs seem to be unacquainted with new technology, especially in less developed countries (Benzing & Chu, 2012; Ocloo et al., 2014; Muriithi, 2017). Accordingly, the type of physical infrastructure in a country determines their access to internet connection and information networks. SMEs also fear obsolescence, as ICT requires frequent updates and must have appropriately skilled human resources to operate it. SMEs' failure to use ICT in their businesses hinders their participation in the global economy. Consoli (2012) argues that the process of adopting ICT is mainly dependent on the following conditions: business conditions (commitment of top management), organisational conditions (when a business makes a fundamental change), and management conditions (an appropriate committee of skilled workers).

Government Support: A study by Maseko et al., (2012) revealed that there could be a remarkable increase in turnover and human resources if SMEs received targeted support from government. The study recommended support in research, quality assurance, marketing and financial management. These sectors would help SMEs to do business in foreign markets as they could compete on quality and innovation. A government's role in supporting its country's SMEs is extremely important; it affects the SME sector, as well as an entire country's economic growth and development. Government regulations on taxation, infrastructure, wages framework, licencing, and technological support can suppress or encourage small business economy (Kamunge et al., 2014). After gaining independence, a number of southern African countries adopted policies to stimulate SMEs. Zambia, for example, assumed the Social Mode of Economic Development; South Africa introduced the Black Economic Empowerment policy (BEE), while Zimbabwe adopted the Growth with Equity Policy (Nyamwanza et al., 2016). An entrepreneur is inspired to start a business if the environment is supportive. Governments influence the political, economic, legal, and regulatory environments that determine a appropriate atmosphere for positive enterprise development (Muriithi, 2017). Sule (1996 cited in Muriithi 2017), noted that most of the African governments which make development plans to empower SMEs do not implement them; hence there is no evidence of growth in SMEs. The sub-Saharan African region is the weakest in ease-of-doing-business rankings with a score of 51.8, yet the global average score is 63 (World Bank, 2019). Support policies for SMEs are different from one country to another. There are limited instances of governments that are responsive to SMEs' sustainability and growth. Mauritius and Rwanda are the only two African countries in the top 50 rankings

on ease of doing business (World Bank, 2019). According to the World Bank Ease of Doing Business 2020 for Africa, Kenya improved in protecting minority investors and Nigeria made the cross border trading easier. Togo made getting electricity cheaper, starting a business easier, and improved on access-to-credit information.

Corruption: Amadi and Ekekwe (2014), state that corruption is any activity that demoralises development. Corruption in Africa exists in agriculture, manufacturing, education, health, and high-level decision making in government and industry. This affects SMEs growth and job creation, as funds that SME owners or managers could have spent on investment have to go to unwarranted activities. Defining corruption is difficult. Kanu (2015) mentioned that what one society might regard as corruption, another society might not regard it as such. World Bank defines corruption as exploitation of public office for secretive personal gain. Muriithi (2017) listed corruption by government officials as a major hindrance in SMEs business operations stating that about 70% of SMEs bewailed this ill practice. Corruption practice is a global problem and it has become a norm in many countries. On a scale of 0–100, where 0 is highly corrupt and 100 is very clean, two-thirds of countries world-wide scored below 50 (Corruption Perception Index, 2018). The sub-Saharan African region is the most corrupt with an average score of 32 (Transparency International Corruption Index, 2019). Corruption, also known idiomatically as ‘greasing the wheels’, comes in different forms such as extortion, kickbacks, bribery, and cronyism. Non-African entities also fuel its impact in Africa. Fraudulent foreign businesses are warranted business contracts that are overpriced or do not yield community benefits (Transparency International, 2019). This is not only an out flow of African funds but it critically affects service delivery and goes against government’s efforts in promoting SMEs.

Other factors include access to electricity and political instability, high costs of electricity provision and power outages (Fjose et al., 2010; Patel, 2019). Lack of access to electricity is a major restraint to SME’s implementation of technological capabilities and use of modern economic systems in banking or marketing. According to the World Bank (2019), access to electricity in the sub-Saharan African region is still lagging compared to other parts of the world, the region’s current coverage is 43% and the report warns that the number of people without electricity will continue with Africa’s population boom. Further, political instability is due to the possibility of sudden changes in leadership or conditions of a country affect economic growth. Research blames political instability as reason for underdevelopment in some countries (Aisen & Veiga, 2013; Nurudeen et al., 2015). The African continent still experiences political conflicts that may impose changes in legal requirements of conducting business.

CHALLENGES FACED BY SMES

A healthy SME sector generally contributes to the economy of any country through job creation, more production of domestic products (GDP) and modernisation. Failure of SMEs in developing countries like Eswatini to become large multinational companies regionally or globally has been a concern to some researchers (Farrokh et al., 2016; Donga et al., 2016).

In the Kingdom of Eswatini, SMEs employ 43% of the work force and contribute about 5.2% to the Gross Domestic Product (GDP) (Dlamini & Mohammed, 2019). Following are some of the challenges that hinder growth of SMEs.

Financial Assistance: Acquiring funding is difficult for SMEs, 45% used their own savings or acquired funds from family or informal sources to start businesses (FinScope, 2017). Only 6% of them could access formal credit and about 90% were completely excluded (FinMark,

2018). Informal finance is more appealing to SMEs because it is faster and has less stringent conditions; yet the loans are small and only usable as working capital, rather than for business expansion (Fanta, 2015; Woldie et al., 2018). Worse, the informal lenders charge very high interest that erodes the SME profits (Okpara, 2011). Financial institutions classify SMEs as a high-risk segment, specifically the start-up businesses, because they have no performance record of accomplishment. According to the commercial banks, 12 to 40% of SMEs default in repayment, mainly due to business failure (FinMark, 2018). Through the Central Bank of Eswatini, the government has provided the Small Scale Enterprise Loan Guarantee Scheme (SSELGS), but it is not helpful to SMEs because it is limited to commercial banks. The Scheme excludes Development Finance Institutions (DFIs) which are more likely to take risks than the commercial banks (FinMark, 2018).

Management Skills: Many SMEs are viable but lack entrepreneurial capabilities to generate adequate revenue. According to FinScope (2017), business owners are aware of Business Development Support (BDS) services but fewer than 20% use them. This then raises a question of what the motive was for starting the business. In Eswatini, vocational or university-educated entrepreneurs own high-growth SMEs. The understanding is that entrepreneurial education has a positive impact on profitability (FinScope, 2017). FinMark (2018) identified that business owners generally have limited knowledge of business leadership and management, which is a hindrance to business growth.

Markets Availability: Securing constant markets is usually difficult for SMEs. Issues of supplies not delivered on time, or the quality standards of the products or services being questionable in regular market situations, could result in the intended market losing confidence in the SME (Dlamini, 2018). The limited use of technology also causes more challenges in securing markets. Marketing is mainly about attracting the attention of the right people to your product or service (Iwu, 2009; Meyer & Meyer, 2017). Presently, a business's location on the internet and in social media is just as important as its physical location in a shopping centre but quicker for those using internet services (Kamo, 2013). A business's presence online makes it easy to inform potential buyers where to find the business and buy from it.

Negative Perception: There is often a belief that SMEs are unable to provide quality products and services compared to large, well-known businesses (Farrokh et al., 2016). Therefore, to convince potential customers, SMEs must work extra hard at excelling in their service and product quality to change the negative perception.

Lack of Innovation: The World Bank (2013) observed that in Eswatini's economy there is a deteriorating competitiveness and an unwillingness to invest in discovering new products. FinScope (2017) confirmed the occurrence of copycat businesses that simulate the same business activity as the one next-door, with little or no differentiation. Even though science technology and innovation frameworks exist, there are no substantial developmental gains (Hlophe & Dlamini, 2018). SMEs tend to view the present state of their business variables rigidly. They fail to monitor the market and know when to alter the business plan.

Reliance on External Supplier: Most of the inventory inputs are from the country's neighbours, South Africa and Mozambique. In that case, there is no control over the high import costs of inputs, and this negatively affects profitability (Dlamini, 2018).

Laws and Regulations: To avoid the onerous licencing and taxation compliance regulations, many SMEs end up being in the informal sector (FinScope, 2017; Dhladhla, 2019). Laws and regulations restrict the starting of a business in Eswatini (Dlamini, 2018). The informal sector is a 'shadow economy' because its income is unreported. Research shows there is a positive relationship between the shadow economy and variables such as tax regulations, agriculture, industry, and self-employment (Zikalala & Sacolo, 2018). There are 44 000 unregistered SMEs in Eswatini (Dhladhla, 2019).

ROLE OF BUSINESS INCUBATION

Not every entrepreneur has the time and resources to obtain an academic business degree. BIs help to tie the broken thread by imparting knowledge and skills to individuals while they are running their business (Sanyal & Hisam, 2018) thus affording incubatees useful entrepreneurship education.

Start-Up Firms: Lack of business management capabilities can overshadow high aspirations of becoming an entrepreneur and operating a successful business. According to van Huijgevoort (2012), the purpose of BIs is to mitigate the risk of starting a business to ensure economic development. Lose and Tenge (2015), agree that incubation lessens the chances of a new business failing, especially as it goes through volatile stages. Networking improves the incubatees' ability to access investment resources, market opportunities, and many more development chances for a new business (Rubin et al., 2015). Ayatse et al., (2017) inspired new entrepreneurs to avail themselves for business assistance, training, and monitoring. These value-added activities improve applicants' ability to obtain finance, facilitate business registration, and network. That makes BIs an important component in helping start-up firms to survive and thereby decreasing the high failure rate of new SMEs.

Technology Advancement: Innovative start-ups established through Technological Business Incubators (TBIs) are the ones most likely to develop swiftly, especially if the TBI forms strategic alliances with large firms like Microsoft for involvement in the incubatee's product development and testing (Isabelle, 2013). McAdam and McAdam (2008), cited in Rubin et al., (2015), submitted that the effective use of resources in a university's science park becomes more effective as a business matures. Therefore, the incubation phenomenon is an enabler for technology (Ayatse et al., 2017). TBIs include technology incubation, some university incubators, science parks, and accelerators (Lamine et al., 2018).

Existing Business: Services that BIs offer to their clients include training programmes, business advisory services, marketing support, facilitating access to finance, technical support, and networking. Existing small businesses can be part of a BI to reduce business failure risk or to expand the business. The cooperation of BIs with different entities makes the availability of information and knowledge, which could have been difficult or expensive to get, easily accessible. Lofsten and Lindelof (2001) and Etzkowitz (2002), cited in Rubin et al., (2015:3), noted that, since BIs are not a remote entity but an interacted one, incubated entrepreneurs are more likely to have relationships with those supportive entities than other entrepreneurs are. An existing business can also benefit from the flow-through of human capital and frequently updated information. Each year, university incubatees come up with new ideas or develop a twist on an existing one (Lamine et al., 2018). This keeps incubated SMEs abreast with latest market developments and might give them an advantage that leads to an increase in their sales. Various incubation programmes have stretched their service provision to enterprises in order to assist entrepreneurs at all stages and be more visible to the business community (NBIA, 2019).

BUSINESS SUCCESS MEASURES

Wanyoko's (2013) research findings reveal that skills learned during the incubation period have lower impact on businesses than expected; the failure of businesses to apply the learned skills resulted in reduced success. One of the ways to ascertain the impact of an incubation programme is to measure how well or otherwise an incubated business continues to operate and grow on its own after discontinuing support from an incubator. The following are success measures to determine if an incubation programme can capacitate an SME.

Profitability: Attaining a financial return is one of the reasons for running a business (Fatoki, 2014). This suggests that a business achieves profitability when it can generate adequate income to cover all its expenses timely and still have excess funds (profit). Certain financial calculations can unpack the financial position and performance of a business. If it is successful, the entrepreneur is further inspired to continue with the business (Choto, et al, 2014; Choto, 2015; Cant, 2016). The assessment of profitability is partly by the business' capacity to meet its expenses through the business income failing which the business may have to close.

Financial Resources: In the corporate sector, SMEs must have enough capital to be able to compete globally, invest in technology that is vital to a firm's productivity, and participate in suitable marketing activities. Only a small percentage of new SMEs obtain funding through the banks (Fatoki & Odeyemi, 2010). Therefore, it is important to understand how to qualify for funding in order to avoid failure in obtaining funding. Although financial resources are a key factor in the growth and success of a business, Strydom et al., (2010), argue that finance by itself cannot determine business success.

Higher Sales: Higher sales can mean that a product or service meets customer satisfaction; more sales mean more profit. Therefore, higher sales are a measure of business success (Lekhanya & Mason, 2014). However, SMEs usually have a small market share and limited customer base (Van Scheers, 2011). If potential customers are not cognisant of a business's products or services, then there are fewer chances of that business's success. Overhead expenses begin before a business officially starts trading. If it takes a long time to build up sales because potential customers are not aware of a product or service, then there may be business losses. Big businesses employ sales personnel specifically to deal with attracting customers and creating demand for their service or product.

Increase in Employees: The National Policy on Development of SMEs in the Kingdom of Eswatini states that SMEs must create employment for indigenous Swazis (MCIT, 2014). SMEs are the main providers of employment, especially in developing countries (Ayyagari et al., 2011, Nasr & Rostom, 2013, FinScope, 2017). Expansion within a firm denotes its success and it creates new jobs. Some researchers (for example Kesper, 2001, Nasr & Rostom, 2013) argue that SMEs can create jobs because of an excess supply of unskilled labour. According Rasiah et al., 2015, some firms squeeze labour costs by exploiting workers instead of upgrading the firm's technology. A disadvantage in this is that unskilled labour has low labour productivity (Alaghbari, Al-Sakkaf & Sultan, 2019), which may cause an SME to have less access to international markets and to be vulnerable to competitors (Masroor & Asim, 2019; Gamage et al, 2020). Yet, job creation is essential for a country and an individual's well-being. Receiving an income creates a sense of dignity for an individual, which could result in lowering other social problems such as crime in the community.

METHODOLOGY

The research adopted exploratory method wherein the collection of data was by qualitative and quantitative methods. Methodological triangulation serve better for exploratory studies (Mihretu, Teferra, & Fekadu, 2017) for purposes of uncovering as many important aspects of a phenomenon as possible (Berman, 2017). Often, instruments used for exploratory studies are 'built from scratch' owing to lack of precedence (Reiter, 2017; Moore et al 2018). Therefore, relying on extensive literature review (Lose, 2016; Choto, 2015; Lose 2019) questionnaire and an interview schedule instruments were prepared. Following the methodological counsel of Taherdoost (2016) and Mohajan (2017), testing for validity is through content validation means utilising academics in the economic and management sciences faculty of a South African university as well as the University of Swaziland. Staff of two incubators in the Kingdom of Eswatini also offered a review of the questionnaire. Justified by the critical review of the instruments, the relevant subjects for study was determined to ascertain the impact of an incubation program on incubates at Eswatini. Hence, the population consists of past

and present incubated SMEs, and Eswatini's registered BIs: SEDCO, ESWADE, and RSTP. Through stratified random sampling, fifty-five is the sample. Three of them were BI managers, and three were incubator officers who directly assisted incubatees in the three BIs of the country. The remainder were incubated SMEs and previous incubatees of SEDCO and ESWADE. The analysis of the data took form of content analysis for the qualitative data while the quantitative data were descriptively analysed, a methodological strategy supported by Guzman, Alkadhi & Seyff, (2017).

FINDINGS AND DISCUSSION

The aim of the study was to ascertain the impact of an incubation program on incubates at Eswatini. Therefore, incubates were asked to evaluate their experience of the BI during and after the incubation period. Equally significant in our view was the necessity to allow the BIs to express their views regarding the value of their offerings.

Impact of the Incubation Programme on the Incubated Entrepreneurs

To the BI managers we posed the question: what are the indicators of a successfully incubated enterprise? Moreover, to derive meaningful implications and result in enhanced impact of BIs, business incubation must focus on pre-incubation and post-incubation processes as much as on the incubation process (Lukosiute, Jensen, & Tanev, 2019). Although the responses vary, yet one can deduce that 'business that survives a few years post incubation', 'enjoys an increase in its revenue, and an increase in its number of employees', 'the business should be able to pay off its debts', and 'having a good market base' were responses distilled from BI managers representing indicators of a successful business incubation. The findings in this study mirror those of Lose (2016): signs of successful entrepreneurship are advancement in revenue, more employees, and good quality products or services. Owing to the above feedback, we were curious to determine from the incubatees the impact of the incubation programme, using the following measures of success.

Increase in Sales

Increase in sales or revenue is a measure of business success (Lekhanya & Mason, 2014). 47% of the respondents indicated that their sales were increasing. 24% of the respondents stated that their sales were decreasing. 5% of the respondents could not comment since their businesses were still relatively new. The researchers learned that international market conditions in the sugar industry cause fluctuations in sales of sugar cane. Hence, 24% of the respondents stated that revenue varied in their businesses. Table 2 shows increase in sales.

Increase in Demand

To determine if the increase in sales would continue in the future of the businesses, the researchers asked the incubatees if they thought demand for their product or service was likely to increase.

Table 2. Increase in sales

Response	Frequency	Percentage
Increase	16	47
Decrease	8	24
Fluctuating depending on market conditions	8	24
Cannot state. Business is new	2	5
Total	34	100

According to literature (Dlamini, 2018), securing a constant market is a challenge for SMEs in Eswatini. The findings contradict that assertion as 50% respondents strongly agreed, while 35% agreed, that there was likely to be an increase in demand for their products. However, 9% of the respondents doubted the future of their product's demand while 6% of the respondents disagreed that there was likely to be an increase in demand for their product or service as shown in Figure 1.

Increase in Number of Employees

The researchers asked incubated SMEs to compare the number of people they employed before and after incubation. Most SMEs reported a positive difference: 88% of the respondents stated that while going through the incubation they were able to employ more people, while 12% of the respondents remained with the same number of employees as shown in Figure 2.

These findings agree with literature that SMEs contribute positively to employment in developing countries such as Eswatini (Ayyagari et al., 2011, Nasr & Rostom, 2013, FinScope, 2017).

Figure 1. Demand for product likely increase

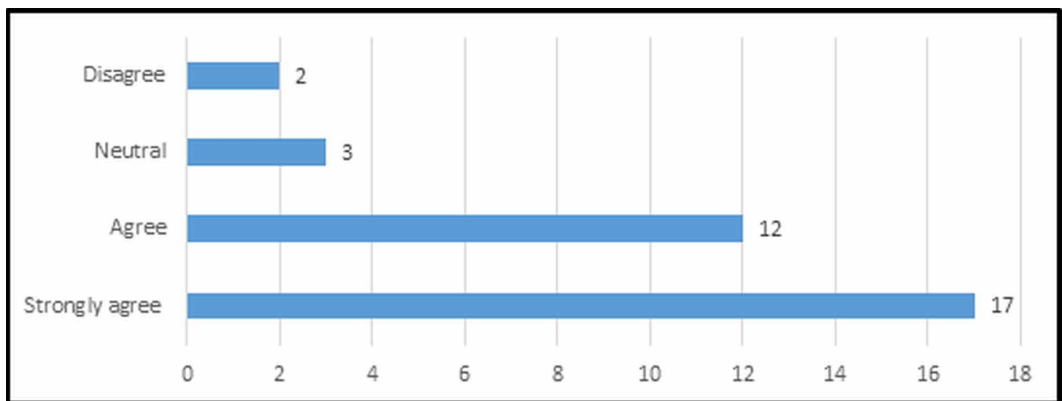
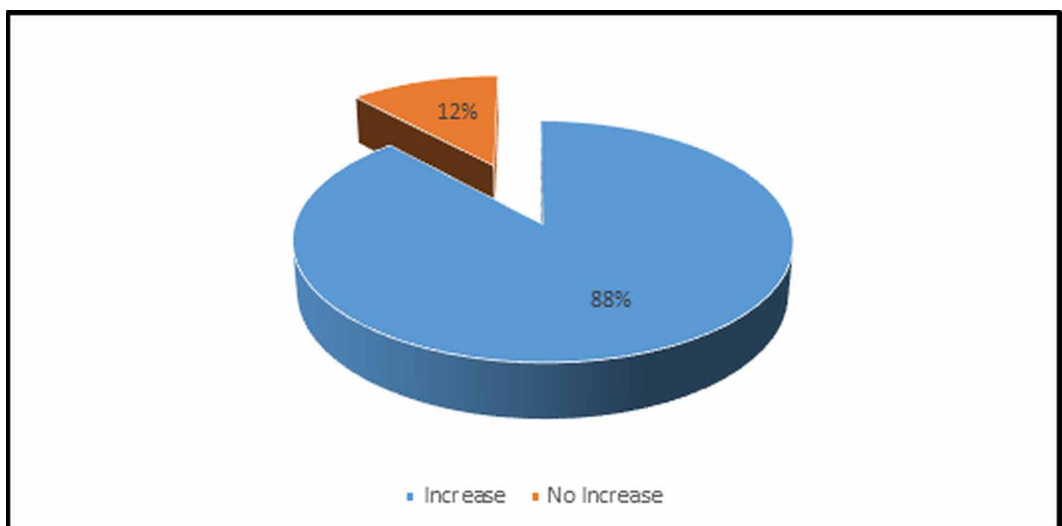


Figure 2. Increase in number of employees



Number of Years of Business Operation

The main goal of an incubated business is to continue trading after the incubation period (Said et al., 2012). Graduation is mandatory in all South African incubators, and 3 years is the generally acceptable incubation period (Masutha & Rogerson, 2014). Eswatini BIs have different incubation periods. RSTP offers a one-year renewable contract up to 3 years; ESWADE offers 2 years of incubation, and SEDCO's graduation plan is supposed to be 3 years. Unfortunately, none of the incubators strictly applies the graduation rule, and none of them has a record of graduation. The researchers wanted to know how long the SMEs had been operational. 22% of the respondents are start-up businesses; 27% of the participants continued trading for 7 to 10 years; and 18% of the participants' businesses have been operational for over 10 years. Unfortunately, 4% of the respondents were unsuccessful and so closed their businesses as shown in Figure 3.

SMEs in Incubation Post 3 Years of Incubation Period

Survival rate based on post incubation was difficult to determine because none of the BIs had officially conducted a graduation. Some SMEs are still in incubation, even though they have finished the maximum of 3 years incubation period. Five of the respondents with businesses older than 4 to 6 years joined the incubation programme as start-ups, 2 of the respondents had been in the incubator's premises for over 10 years. Incubates still within the premises of BIs reported that, because they had been there for a long time, they were afraid of losing customers if they relocated. Table 3 below provides the number of SMEs that are still part of an incubation programme past the expected years.

Rating for Incubation Programme

The incubated SMEs were also asked to rate the incubation programme on a scale of 1 (low) to 10 (high) to determine its success. 65% of the SMEs were pleased with the business assistance they got

Figure 3. Number of years of business operation

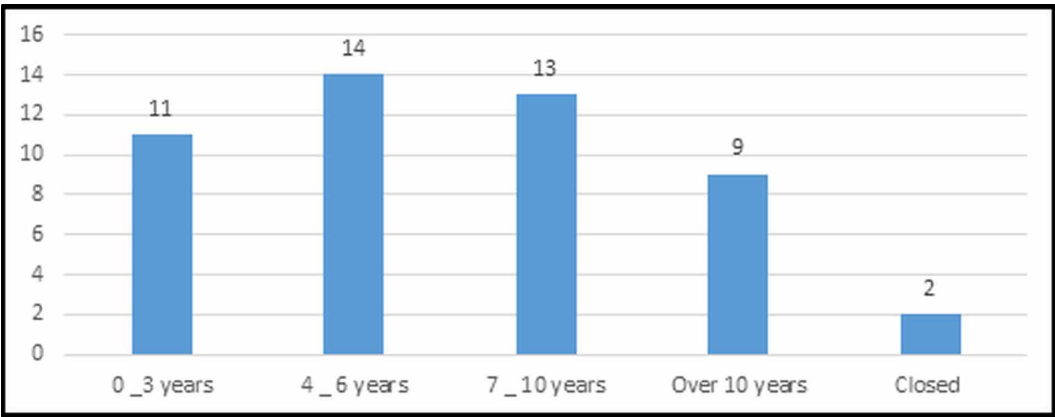


Table 3. SMEs still in incubation post 3 years of incubation period

Period	Frequency	Percentage
4 – 6 years	5	15
7-10 years	4	12
Over 10 years	2	5

from the BIs, 6% of the respondents poorly rated their incubator, which raised a concern to find out why. Further probing revealed that the respondents had not received any training from the incubator, even though ‘they were part of the incubation programme’. We also found out that they were yet to receive training owing to their inability to pay the cost of training as well as the high rental fees of office space in the incubator’s premises. Figure 4 gives the rating.

Strategies for Obtaining Feedback from Incubatees

The researchers asked BIs trainers what strategies they used to obtain feedback from clients. Besides a communication plan which includes the provision of channels for informal feedback, all the respondents agreed that they held quarterly meetings to facilitate feedback from their clients. Figure 5 depicts this.

Channel to Report Challenges

As pointed out by Sehitoglu and Ozdemir (2013) and Wanyoko (2013), lack of impact on business growth is ascribable to lack of follow up with the incubation graduates. There is increasing interest in post-incubation business performance as an assessment of the incubator’s own performance. For this study, the researchers asked SME owners who were no longer in incubation if there was a channel for them to report post incubation difficulties to the incubator 67% of the respondents affirmed

Figure 4. Rating for incubation programme

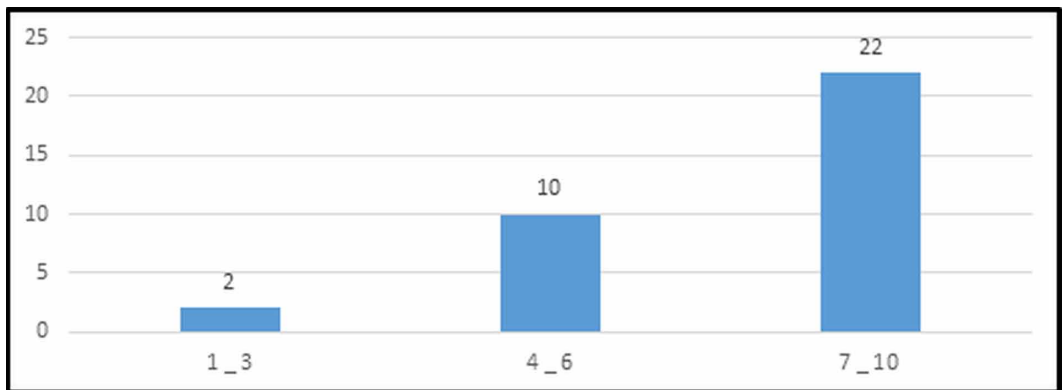
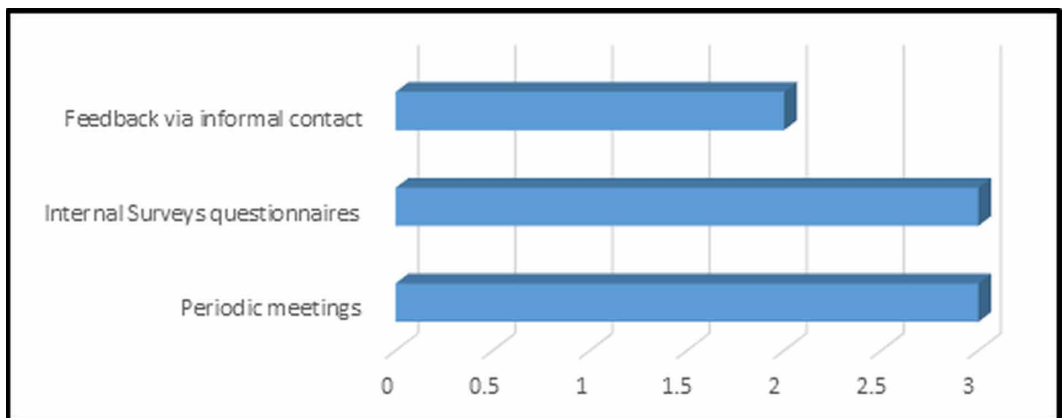


Figure 5. Strategies for obtaining feedback from incubatees



the existence of a channel. However, 33% of the respondents were not aware of a channel to report business challenges. Figure 6 illustrates this.

Other Findings

To get a deeper insight, it was equally necessary to understand whether the incubatees interaction was helpful. 30% of respondents answered in the affirmative while other (70%) respondents stated that unfortunately the incubator was unable to solve their challenges. In order to gauge how the BIs perceived the services they offered; we asked the BIs trainers if they thought that they were successful in enhancing the performance of their incubatees. The feedback exemplified a mix of positive and negative responses. Significant among them are:

Positive Response and Perception of the BIs performance

- *“Start-ups have been seen formally trading”.*
- *“Businesses have continued trading post incubation programme”.*
- *“Some SMEs have started other businesses using knowledge acquired at incubation programme”.*

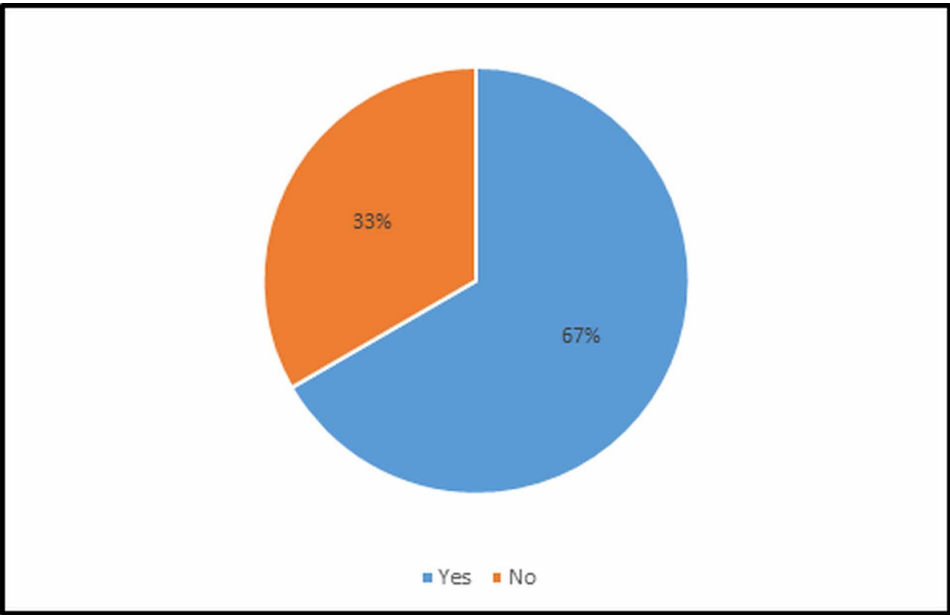
Negative Response and Perceptions of the BIs performance

- *“There are no proper measurable goals set to determine success”.*
- *“Lack of graduation makes it difficult to see growth as some remain in the incubation for a long time”.*
- *“There is no data on incubates performance especially after leaving incubation programme”.*

RECOMMENDATIONS

- Properly graduate SMEs from incubation programme; the graduates can become mentors to new start-up entrepreneurs.

Figure 6. Channel to report challenges



- Business incubators must have a post incubation programme to assist those SMEs that are still struggling after the set incubation period. The post incubation programme will also assist in having a proper database on performance of SME which will facilitate start-ups (Dee, Gill, Lacher, Livesey, & Minshall, 2019).
- There is also need to accommodate multiple incubators, which usually complement each other in terms of the services they offer. Such multiplicity provides an opportunity for early stage enterprise to maximize their chances for success by shaping specific incubation strategies that combine multiple complementary incubation environments (Hillemane, Satyanarayana, & Chandrashekar, 2019; Jakobsen et al., 2017).

POLICY IMPLICATIONS

Two important policy implications emerge from this study. The first one refers to the need to introduce a graduation policy within the BIs for determining SME survival and growth post incubation. The researchers believe that this could serve as a way to measure incubator performance, occupancy rate and pass rate/throughput rates of incubatees. The 6% rating for incubation experience advanced by some incubatees calls for a review of the policy for incubating businesses in Eswatini. The second important policy implication of this study thus refers to proper provision and determination of requirements for incubation. Our finding that some of the incubatees were yet to receive training because they had not paid 'incubation fees' leaves much to be desired if the purpose of incubation in Eswatini is to enhance its economic growth.

FUTURE AREAS FOR RESEARCH

Exploratory studies help to provide some direction for future studies (Berman, 2017; Hallingberg et al., 2018) and as such do not offer conclusive results (Burian, 2013). In essence, this study indicates a new vista for business incubation research within the Kingdom of Eswatini. Furthering this new development will require extensive and rigorous statistical applications to understand the extent to which BIs add to the longevity discourse of SMEs in the Southern African Development Community (SADC) in comparison to the kingdom of Eswatini.

CONCLUSION

Business incubation measures success of incubatees by an increase in revenue, number of SMEs' employees, and SMEs surviving post incubation period. For the BIs to determine if their incubatees' SMEs are successful there must be channels for feedback. However, the BIs said they have set strategies for SMEs to give them feedback yet, some of the SMEs are not aware that even after their incubation period, they can still report challenges they experience in business to the incubator. Some who did report the report challenges to the BI mentioned that unfortunately the incubator is unable to help them solve their challenges. Nevertheless, the study revealed that most SMEs have achieved an increase in revenue, which is likely to continue because demand for their products is likely to increase as well.

Equally of significance is the SMEs contribution to job creation and economic growth. Most of them reported that they have increased the number of their employees. It is difficult to measure SMEs' trading success after their incubation because none of the BIs held a graduation. Due to this, some SMEs continue to occupy incubation premises for over 10 years. Due to this, though business incubators and accelerators are often hailed as essential tools for fostering growth we opine that entrepreneurs often face the question of which incubator join, but also ponder whether or not to join one at all. After all BIs have different approaches to the selection of clients. The success or failure of a SME/entrepreneur in a business incubation program depends on how qualified the program

managers are in selecting the right clients (Lukosiute, Jensen, & Tanev, 2019). Overall, entrepreneurs should be conscious that incubation programs are not always necessarily acting in their best interest.

In rating the BI services offered, the study revealed that most of the participants are pleased with the business assistance they received. On the BIs rating themselves, the study revealed that they have succeeded in helping some incubatees to become successful entrepreneurs, yet there are certain areas where they have not done well. To conclude, SMEs agreed that the incubation programme does have a positive effect on their business and aided to increase in revenue and enhance employment.

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