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Ojango, Stephen Anyera

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UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG

The development of a framework to measure the efficacy and effectiveness of Business Incubators in South Africa

Stephen Anyera Ojango
(Student number: 1110678)

School of Mechanical, Industrial and Aeronautical Engineering

University of the Witwatersrand

Johannesburg, South Africa.

Supervisor:
Dr. Bernadette Sunjka

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Abstract

Business incubators have been identified as a key development tool for the successful incubation of new and existing small businesses. Understanding their performance, efficacy and effectiveness in the development of small businesses and subsequent economic development is therefore of critical importance to practice and research on entrepreneurship within South Africa. Research on the efficacy and effectiveness of interactions within incubation is unclear, with no distinct measure or reference to the performance of incubator. An exploratory study was therefore undertaken to determine how the operational processes of business incubators could be improved, for the effective assessment of their contribution towards their objectives.

The main objective of the research in response to the critical research question was to develop a way for Business Incubator's measure their operational processes so that their contribution towards their objectives can be assessed. The overarching research design was qualitative in nature and followed the Soft Systems Methodology in support of the exploration of the research objective. Semi Structured and unstructured interviews were used as the primary instruments of data collection. Thematic and content analysis as well as systemigram and Causal loop diagramming were analysis and modelling tools used in the research. This approach provided insight and understanding of Business Incubators and the business incubation space in South Africa.

A notable finding of the research was the identification of business incubation pipeline flow being a major challenge experienced within incubator operations, with pipeline being defined as the progression of beneficiaries from recruitment through to their exit. By focusing on critical areas within pipeline processes, expounding on the concept of Operations Management Systems and their relevance in Business Incubation and exploring the concept of 4IR with particular attention to its principles, a framework to measure the operations of incubators was developed as a key result for the research.