

Challenges faced by business incubators in one city council in Zimbabwe: Perceptions of council administrators

GV NANI

University of South Africa

nanigv@unisa.ac.za

Abstract

This article investigated how the administrators of one selected city council in Zimbabwe perceived the challenges faced by its business incubators. The study was motivated by the fact that since the adoption of the idea of business incubators as a strategy of mentoring entrepreneurs, only one person had graduated.

A qualitative case study was the selected design. Participants were identified through the snowball sampling technique. Semi-structured in-depth interviews were used to solicit data from council administrators knowledgeable in the administration of council incubators. Findings revealed that the selected council had barely achieved its objectives due to an unfavourable and highly competitive economic environment, a lack of access to scientific and technology expertise and facilities, inadequate sources of sustainable funding and inadequate screening of prospective incubatees.

Conclusions were that the deteriorating Zimbabwean economy had impacted negatively on the operations of incubators and that administrators had also failed to timeously embrace technology for their business incubators. Implications were that council administrators should continue to lobby the government for subsidies. Further recommendations were that council administrators were to focus on the incubation of technologically driven business ideas to enhance the competitiveness of small and medium entrepreneurs in the global market.

Key phrases

Competitive; environment; incubators and technology

1. INTRODUCTION

Business incubation is becoming increasingly popular in developing countries (Gaweseb 2015:18). According to Cullen, Calitz & Chandler (2014:76), business incubation is a concept that describes a business development process meant to grow successful and sustainable

entrepreneurial ventures that will contribute to the health and wealth of local, regional and national economies. Kalis (2001) cited by Oliveira and Vieira (2010:62) asserts that although business incubators originated in the United States of America (USA), incubation is now a growing worldwide phenomenon. Countries and communities around the world are looking at ways to develop their economies to create wealth and jobs for their citizens (Kemp 2013:2). According to Obaji, Olugu and Obiekwe (2015:436), business incubation is employed by most countries of the world as a policy instrument to assist and develop small and medium enterprises (SMEs) which are regarded as an engine and bedrock of industrial and economic development. Jamil, Ismail, Siddique, Khan, Kazi & Qureshi (2016:295), concur that although the types of incubators in developing countries slightly vary, they have consensus on the objectives which are to achieve economic development; reduce unemployment; uplift the standard of living; encourage entrepreneurs and support the creation and survival of new start-ups. Jamil *et al.* (2016:291-2) and Bigirimana, Jagero & Mutiwanyuka (2015:260) further state that the main functions of incubators are a provision of a conducive environment; access to advanced technical equipment; infrastructure; market linkage; exposure to information and communication technologies; managerial support; access to financial capital and guidance in the development of business plans and support for the entrepreneur in earlier age for their survival, growth and screening and selection of incubatees. Bubou and Okrigwe (2011:138) highlight that most developed, emerging and developing countries have even adopted technology-business incubators to fast track the creation of new technology-based enterprises because of its more than 80 percent rate of new venture creation. Oliveira and Vieira (2016:62) allude to the afore-mentioned that entrepreneurship and innovation have been widely accepted as essential sources of business success, high value added job creation and national economic development.

Kemp (2013:5) contends that a graduate from a business incubator is a small business that has successfully started and developed within the facility to the point at which the owner can exist independent of day-to-day assistance from the business incubator guidance. However, business incubators are in the early stages in developing countries and they are struggling to cope with the human and financial capital (Jamil *et al.* 2016:295). Tengeh and Choto (2015:151) agree that little or no attention has so far been given to the challenges that incubators face as they strive to support incubatees, yet incubators are unconditionally expected to produce the best results in supporting the incubatees.

2. BACKGROUND

Zimbabwe, once rated the second most industrialised country in sub-Saharan Africa at independence in 1980, has declined rapidly to an extent that the country is ranked amongst the poorest economic performers in the region. Resultantly, an estimated 90 percent of the Zimbabwean population was unemployed at 2015 and was forced to eke out a living in the informal sector (Mlambo 2017:1). The poor performance of domestic revenue inflows and the rise in recurrent expenditures is continuously constraining fiscal space, while the continued use of the multi-currency regime results in the monetary policy largely remaining unchanged. The economy is in this state because consumers, businesses and the government have no access to credit (Musonza 2015:Internet). Most of the affected people have resorted to street vending of second-hand clothes and other basic items as a survival mechanism (Mlambo 2017:1) and have thereby created challenges for local municipalities (Butler 2015:Internet).

Not only big companies are facing challenges, SMEs too. A study by Gombarume and Mavhundutse (2014:106) revealed that SMEs in Zimbabwe faced competition from imports and larger corporations coupled with a shortage of raw materials. Results from another study by Mudavanhu, Bindu, Chigusiwa and Muchabaiwa (2011:87-8) showed that unavailability of credit, import competition, and high cost of raw materials are the major causes of SMEs failure in Zimbabwe. Competition from imports increases the probability of failure for firms that are in manufacturing and processing than those in construction, transport and retailing.

According to Kundishora (2016:2), due to the adverse economic environment, local municipalities have had to come up with interventions to reduce the unemployment and poverty rates. One of the mechanisms has been the adoption of business incubation. It is under similar circumstances that the city council under study found itself with thousands of retrenchees without seed capital and accommodation to start their own businesses, hence the adoption of the idea of business incubators

Kundishora (2016:2) further stated that the selected city council was to make the following provisions through their business incubators:

- provide operating space to enable retrenchees to start self-help projects;
- contribute to employment, economic growth and development;
- alleviate poverty; and

- create an inclusive forum for emergent business persons who had been unable to join the mainstream economy before independence.

Originally, the incubation period was supposed to be five years on a revolving basis for this city council. The idea was that after five years the incubatees would be ready to exit into the market and grow their businesses and give others a chance to be incubated too. According to Tengeh and Choto (2015:156), the number of graduating incubatees may be seen as one of the indications of success. Fukugawa (2013:71) concurs that the graduation of incubatees is a sign that incubatees have grown sufficiently through the incubation period and need more physical space for future operations. However, most of the incubatees in the city council under study have extended their stay beyond the prescribed time thereby signifying challenges.

3. STATEMENT OF THE PROBLEM

Grimaldi and Grandi (2005:111) assert that after the incubation period, the incubatees are expected to graduate and become independent and operate self-sustaining businesses. However, (Gaweseb 2015:iii) contends that not all business incubators are successful; which is why it is important to investigate the factors that contribute to successful as well as unsuccessful business incubators. Since the idea of business incubation was mooted, the city council under study had had only one graduate incubatee. It was in this regard that this particular study was conducted in order to determine the underlying challenges faced by business incubators as perceived by the city council administrators in order to come up with organisation specific remedies.

4. AIM OF THE STUDY

The aim of the study was to investigate the challenges faced by business incubators of one city council in Zimbabwe as perceived by the city council administrators.

5. RESEARCH QUESTION

The exposure to literature on business incubators led to the formulation of the following primary research question that guided the study.

- What are the challenges faced by the selected city council's business incubators as perceived by its administrators?

6. LITERATURE REVIEW

6.1 Overview of the concept of business incubators

A business incubator is what Lalkaka (2003) quoted by Kemp (2013:27) defines as a micro environment with a small management team that provides physical workspace, shared office facilities, counselling, information, training and access to finance and professional services in one affordable package. Cullen *et al.* (2014:76) assert that the concept of business incubation is one that 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. Although there is no universal definition of the term business incubator, what is common to all of them is that a business incubator aims at providing a conducive environment for start-up businesses up to commercialisation.

6.2 Objectives and functions of business incubators

The objectives of business incubators differ from one country to another. According to Cullen *et al.* (2014:77), initially in the USA, incubators focused on new technologies, light manufacturing and services and as the industry matured, types of businesses significantly improved. In India, the development of business incubation focused on knowledge-driven and technological intensive units. The thrust of business incubation in China was the development of high technological businesses. In South Africa, the initial emphasis was on the development of SMEs in any sector, but now there are over 30 business incubators in various critical sectors ranging from high technological to high growth sectors. The overarching aim of business incubators in South Africa is to encourage private sector partnership with government to help business incubators to grow sustainably and participate in economic growth. In Namibia, the objective of business incubators is to create an environment that empowers entrepreneurs so that they can progress to formal and developed businesses through the provision of necessary building programmes such as marketing communication methods (City of Windhoek 2012 in Gaweseb 2015:19). In Zimbabwe, business incubators are meant to provide accommodation and train emerging entrepreneurs in various business areas (Mlilo 2016:Internet).

Studies by Jamil *et al.* (2016:291, 295) as well as Oliveira and Vieira (2016:62) have shown that business incubators are significant for the following reasons: They contribute to the

international economy and play a vital role not only in the economic recovery but also in smart growth and economic development. Business incubators also reduce unemployment, uplift the standard of living, support the creation and survival of new-start-ups and foster innovation to commercialise research and development.

Entrepreneurship plays a fundamental role in the advancement of prosperity in our communities (Botha 2014:24). Therefore, the ultimate goal of business incubators is to help nascent entrepreneurs improve their capabilities in the recognition or creation of business opportunities and the exploitation of opportunities through new firm creation (Fukugawa 2013:72). A study by Tetsushi (2010:21) revealed a close association between the number of graduates from an incubation and human resources, infrastructure, and financial resources of the incubator.

6.3 Challenges faced by business incubators

A study conducted by Tengeh and Choto (2015:153) on challenges of business incubators that support survivalist entrepreneurs revealed that there is a lack of access to scientific and technological knowledge, supporting infrastructure and adequate skills. Another study by Bigirimana *et al.* (2015:259) showed similar challenges faced by business incubators namely: financial constraints, lack of physical space, unavailability of qualified staff and lack of infrastructure such as electricity, roads and telephone connections.

Amongst all the challenges that have been highlighted, an unconducive economic environment, lack of access to scientific and technological knowledge, inadequate financial resources, unavailability of qualified staff and lack of adequate infrastructure reign supreme. However, this study is the first of its kind to focus on challenges faced by incubators of a selected local authority as perceived by its administrators. It was envisaged that exposing the challenges specific to the selected city council might help administrators think outside the box and come up with solutions relevant and specific to their own situation.

7. RESEARCH METHODOLOGY

In this particular study, the area of focus was the challenges faced by incubators in one city council in Zimbabwe as perceived by city council administrators.

7.1 Research design

The study employed an explanatory qualitative case study premised in the inductive approach as there was no theoretical model to guide the study (Bryman, Bell, Hirschsohn, Dos Santos, Dutoit, Masenge, Van Aardt & Wagner 2017:4). One city council in Zimbabwe was the case and the challenges faced by business incubators run by the city council were the phenomenon of interest. It is important to note that in this study, city council, local authority, local municipality and urban municipality were used interchangeably.

Stake (1955) cited by Bryman (2012:66) asserts that a case study can be of a single community, a single school, a single family, a single person, a single event or a single organisation and the emphasis of a case study tends to be upon an intensive examination of a setting. Bigirimana *et al.* (2015:262) agree that case studies are in-depth investigations of an issue at a specific instance and location. The justification for using the case study approach therefore, was so that the researcher would conduct an in-depth study on the challenges faced by the business incubators as perceived by the city council administrators. According to Bryman *et al.* (2017:110), exponents of the case study design often choose qualitative methods because these methods help to generate an intensive, detailed examination of the case.

Joubish, Khurram, Ahmed, Fatima and Haider (2011:2082-3) contend that qualitative data are used in order to present a detailed view of the topic under study in respondents' natural settings. This type of research allows for the understanding of certain situations, settings and the complexities between relations which are too intricate to be understood through random sampling or the calculation of means and modes of results. It is for these reasons that the qualitative approach was the preferred research. Cooper and Schindler (2008:144) agree that statistical studies are designed for breadth rather than depth but case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations.

7.2 Population and sample

The thrust of the study was on soliciting rich data on the challenges of business incubators in one selected urban municipality in Zimbabwe rather than the statistical representativeness. The council under study has six departments and six interviewees identified through the snowballing technique participated in this study. According to Joubish *et al.* (2011:2082-3),

samples for qualitative data tend to be smaller compared with quantitative projects that include much larger samples. Cooper and Schindler (2008:170) define snowball sampling as a technique where participants refer researchers to others who have characteristics, experiences, or attitudes similar or different from their own. The reason for using the snowball sampling technique was to ensure that only people relevant to the study were interviewed. The emphasis of the study was on the quality, the richness and the depth of the responses on challenges as opposed to the number of participants (Bryman 2012:66). Cooper and Schindler (2008:175) concur those participants for individual depth interviews are usually chosen because their experiences and attitudes will reflect the full scope of the issue under study.

7.3 Data collection

For this particular study, only the perceptions of administrators who had knowledge of the operations of business incubators in the selected city council were sought. For anonymity, the participants were labelled as Participant 1 (P1), Participant 2 (P2) up to Participant 6 (P6). Similarly, the name of the city council under study was removed for ethical reasons. Primary data was collected with the aid of in-depth face to face interviews. The researcher who developed the interview guide also conducted the interviews. Clarifications on concerns, challenges and perceptions on the topic under study were obtained (Cooper and Schindler 2008:169).

7.4 Data collection

The empirical part of the study involved data collection, analysis, interpretation, discussion and writing of the article. Semi-structured in-depth interviews were the research method and the semi-structured interview guide designed by the researcher was the instrument used for data collection with each of the participants.

Before the interviews were conducted, appointments were made and primary data were collected from participants in their offices and at times convenient to them. Bryman *et al.* (2017:225) posit that although the researcher has a list of questions on specific topics to be covered, the interviewee has leeway in how to reply and the interviewer has room for flexibility whereby the questions may not necessarily follow the exact order and wording as outlined in the interview guide. Where the interviewer needed more insights, probing was

done; where unclear answers were given, clarifications were sought and new questions were asked as follow-up to the interviewee's replies. However, the interviewer ensured that all the questions on the interview guide were asked to avoid broad variations in their answers. Each interview lasted for close to two hours to ensure exhaustion of questions and answers. The interviews continued until there was no new data from the interviewees. The researcher wrote notes during each interview which were later examined more thoroughly so as to get the gist of the phenomenon under study.

Although the study was empirical, other sources of information constituted refereed journal articles, newspaper write-ups, council pamphlets and newsletters. These documents helped the researcher identify a gap and use it in formulating the research question.

7.5 Ethical considerations

Permission to conduct this study was initially sought from the University of South Africa under whose jurisdiction the researcher operated. After the issuance of the ethical clearance certificate (Ref #: 2016_CRERC_007 FA), the researcher requested permission to conduct the study from the selected city council. Therefore, this study articulates part of an earlier more detailed study on business imitations and the socio-economic development of one of the Metropolitan Provinces in Zimbabwe for which the clearance certificate was issued. Due to the increase in the number of company closures, the aim was to find out what this selected city council was doing to assist and develop creative and innovative enterprises given the fact that business incubators are regarded as a strategy to assist and develop SMEs.

Written permission was granted after which participants were individually approached for voluntary consent. Prior to the actual interviews, the respondents were told about the purpose of the research and were assured of the confidential nature of the study, protection from harm, and their right to withdraw at any time if they were no longer willing to continue with the study (Bryman 2012:129-142). All the participants availed themselves for the whole data collection exercise.

7.6 Data analysis

The data were analysed according to emerging themes as postulated by Bryman (2012:578-582) that one of the most common approaches to qualitative data analysis entails thematic

analysis. Thematic analysis was conducted in an inductive manner, as the study did not follow any theoretical framework (Bryman *et al.* 2017:350). According to Bryman *et al.* (2017:8), when the data collection and analysis are geared to highlight or resolve a research issue or problem that has been identified from a study of literature, the literature acts as a proxy or substitute for theory.

Analysis of data was done in six stages. The stages followed were similar to those by Robson (2011:467). Stage one entailed reading and re-reading of data so as to be fully acquainted with it. The second stage involved generating codes from the interview notes. The third stage involved searching for themes and gathering all the data relevant to each theme. Stage four was the review of themes, which was followed by stage five, the definition and naming of the identified themes. The data were interpreted and stage six was the writing up using the research question and literature as a guide.

To assess the trustworthiness of the study, the two criteria of credibility and confirmability (Bryman *et al.* 2017:44) were used. To ensure credibility, member checking was done with some of the interviewees to check whether details of the interviews had been correctly captured. Any discrepancies were corrected. Through member checking, elements of subjectivity were reduced, thus allowing for confirmability of the data. Moreover, the interviewees were people with expert knowledge.

8. ANALYSIS AND DISCUSSION OF FINDINGS

The primary objective of the study was to investigate the challenges faced by business incubators in one selected city council in Zimbabwe as perceived by council administrators. It thus became imperative to first elaborate the demographic profile of the interviewees (gender, age, level of education and tenure) to enable the readers to fully contextualise and comprehend the findings. Table 1 shows the demographic profile of the participants.

Table 1: Demographic variables of the respondents

Participant	Gender	Age Range	Level of education	Tenure
1	Male	51-65	Bachelor of Business Administration (BBA)	31 years
2	Male	41-50	Masters in Urban and Rural Planning	20 years
3	Male	51-65	Diploma	14 years
4	Male	41-50	Degree in Public Health	20 years
5	Male	41-50	MBA	20 years
6	Male	41-50	MSc Physical Studies	27 years
Total	6			

Source: Primary data obtained from empirical evidence

As depicted in Table 1, all the interviewees were male, a reflection of a possible inequitable distribution of positions in the top hierarchy of the selected city council. The age range of the interviewees is characteristic of mature personnel, a pointer to sound responses to the questions asked. The level of education of the city council administrators is generally high, thereby giving credence to answers given. Participants in possession of such high qualifications would be expected to clearly understand and correctly interpret questions posed to them. All the participants have been with the city council for a long time, have the experience and have seen the changes and trends in the city council.

8.1 Challenges shown by the themes

The results are discussed according to themes that emerged from the analysis of the challenges faced by the business incubators as perceived by the city council administrators.

8.2 An unfavourable Zimbabwean economic environment

The council under study had witnessed only one graduate since the idea of business incubators was mooted. As previously indicated, there were six participants and their views on each aspect were captured. This was for corroboration purposes.

Participant 1 (P1) made the following remark:

The concept of business incubators has been lost because of the collapse of the economy. The city council is failing to plan because of the uncertainties regarding the financial situation and investment policies. We as administrators are incapacitated by the prevailing economic environment.

Participant 2 (P2) has this to say:

The initial plan was that the incubation period takes five years and then the graduates open up space for other prospective incubatees. However, because of the economic situation, we now have perpetual incubatees, thus depriving others of the chance to be incubated. As council, we cannot chase them away because we are aware of the challenges they face.

Participant 3 (P3) said:

The city council designated pieces of land for the graduates to purchase after completion of the incubation period. However, instead of growing and graduating to occupy these stands, the incubatees keep asking for extensions of their stay in the business incubators. In as much as the local authority would want to create an enabling environment at micro level, the macro-economic environment is crippling all our efforts. The government has to play its role of creating a supportive environment through subsidies.

Participant 4 (P4) said:

No matter how much we try to assist the incubatees, the environment we are operating in is not conducive for incubation success, no wonder we have recorded one graduate. A business incubator is supposed to provide an environment that will help an incubatee conceptualise his or her business idea, nurture it and commercialise it.

Unfortunately, the environment we are in does not provide the required necessities and the government has not been forthcoming in terms of subsidies.

Participant 5 (P5) gave this answer:

The unfavourable economic environment affects incubators in the sense that finding materials becomes a big problem. Also, people prioritise food and accommodation, so the products produced by incubatees may not find buyers.

Participant 6 (P6) said:

It is difficult to obtain resources needed in the operation of businesses because of the harsh environment. Most of the goods have to be imported and there is a shortage of foreign currency. Such a stringent environment does not promote good business.

The aforesaid verbatim statements are a contrast of the views by Jamil *et al.* (2016:291-2) and Bigirimana *et al.* (2015:260) that the main functions of incubators are to provide a conducive environment. It is the government's responsibility to create a supportive and enabling environment which is a pre-requisite for any business success. The challenges highlighted by the participants bear testimony of why the city council under study partially achieved its objectives.

8.3 Lack of access to scientific and technology expertise and facilities

The second theme that emerged was on challenges emanating from lack of access to scientific and technology expertise and facilities as shown in the statements that follow.

Participant 1 (P1) said:

Most of the machinery used in our incubators is obsolete and focuses on a labour intensive approach. The speed of production is highly compromised hence failure to effectively compete with modern technology. To modernise, the industry requires imports of machinery which is very expensive and at the same time requires foreign currency, a resource which is scarce in our country.

Participant 2 (P2) gave this comment:

Technological expertise may lower the cost of production and also improve the quality of products but we do not have access to modern technology.

Participant 3 (P3) had this to say:

The infrastructure in our incubators is dilapidated and does not enable incubatees to embrace technology. Besides, the incubatees are not equipped with technological skills. The local authority just provides office shells with no specialised equipment.

Participant 4 (P4) also confirmed:

The machinery that our incubatees use is now old and can only produce a few items at a time. We cannot purchase state-of-the-art equipment because it is not only unavailable but is also very expensive as we would need to import it. On the other hand, even if state-of-the-art equipment had to be purchased, we would still need to train our incubatees at an extra cost which we cannot afford at the moment.

Participant 5 (P5) answered as follows:

The city council administrators did not anticipate this growth in technology. As a result, they did not acquire state-of-the-art equipment, let alone hire staff with the requisite skills. Although the city council has an IT section, we are understaffed.

Participant 6 (P6) said:

We signed a Memorandum of Understanding (MOU) with a local university with the hope that we would tap from the expert knowledge in science and technology. However, the agreement seems to have remained on paper.

The above statement attests to the fact that the city council administrators are aware of the importance of partnering with universities to benefit from expert research and knowledge. However, it would appear as if the city council administrators have not made follow ups on their MOU in order to cultivate this important relationship with universities.

Based on the responses from the city council administrators, lack of up-to-date equipment is a big challenge. In such a scenario, those who produce in bulk and enjoy economies of scale are at an advantage. That puts incubatees at a disadvantage. The city council's lack of adoption of technology in their business incubators is bound to lead to the loss of the multiplier effects of technology and knowledge transfer, employment generation and wealth creation as espoused by Bubou & Okrigwe (2011:138) that most developed, emerging and

developing countries have adopted technology-business incubators to fast track the creation of new technology-based enterprises.

8.3.1 Operating in a competitive environment

Participant 1 (P1) said:

The types of entrepreneurial activities conducted at the business incubators include sewing, dressmaking, metal fabrication, welding, electrical repairs, fence making, carpentry, manufacture of leather products and pottery. These activities are confronted with a number of challenges due to global competition. For example, the clothing industry in Zimbabwe is in trouble because of stiff competition brought about by cheap imports. This situation presents more challenges for incubatee tailors because they will graduate into a market that is already flooded with cheap imports, thereby compromising their chances of success.

Participant 2 (P2) gave this answer:

Most of these incubatees lack business skills to competitively market their products. They do not realise the value of their products. For example, you find leather belts and shoes that they make being sold for a song.

Participant 3 (P3) confirmed that:

There is an increase in competition largely because of foreign companies that have flooded the market. We cannot cope with the current competition because our incubatees have to rely on imports which they cannot even afford due to lack of foreign currency. Even internally they face stiff competition as they sell similar products at similar prices so there is cut-throat competition both internally and externally.

Participant 4 (P4) had this to say:

There is also cheap imported furniture, the 'Do-It-Yourself', where an individual buys pieces of furniture and assembles on his or her own. Due to global competition, local manufacturers are experiencing a drop in sales. These cheap imports are from countries that produce in bulk and enjoy economies of scale. To make matters worse, Zimbabwean consumers face a serious liquidity crisis. As a result, they are price sensitive and would rather purchase cheap imports.

Participant 5 gave the following answer:

Competition is everywhere. In the clothing industry, tailors who enjoy a competitive advantage are those who specialise in African attire or make customised outfits. Regarding electrical repairs, again there are cheap imports on the market. Very few people repair broken electrical appliances. Once electrical appliances malfunction, most consumers throw them away because sometimes it is more expensive to have a gadget repaired than have it replaced with a new one.

Participant 6 (P6) concurred:

Although competition is good for the consumer, it may negatively impact on the incubatees because of the limited goods and services that they provide. The profit margins may be grossly affected, resulting in them failing to operate viably.

Judging from the given entrepreneurial activities, the researcher is of the view that there is very little that the city council incubatees are doing in terms of factoring in science and technology to fight global competition. Most of the ideas seem to be traditional business ideas that could have been rendered obsolete by technology.

8.3.2 Inadequate sources of sustainable funding**Participant 1 (P1) made this remark:**

The city council's sources of funds include international and local non-governmental organisations, various institutions and some of the few remaining local companies. The challenge is that the donor community is also feeling the financial pressure. In as much as they would want to assist, they are also financially incapacitated. We used to get rates and rentals from big companies but the situation has been worsened by company closures. The city council's own income generating projects are also facing a financial strain either due to lack of or low demand, or because of defaults in rentals by tenants. Similarly, incubatees are struggling and some are failing to pay rentals. Individuals are expected to look for their own sources of sustainable finance and with the current liquidity position in Zimbabwe, not much can be achieved. We are also experiencing a surge in the number of bad debts. The situation is dire.

Participant 2 (P2) said:

It is difficult to identify or come up with sustainable sources of funding due to the harsh economic environment in Zimbabwe. The economy impacts negatively in a number of ways. Firstly there is the issue of unaffordable capital to kick start the business. Soaring interests charged by lenders prohibit accessibility of the capital by ordinary citizens who are the target for the business model. Non availability of finance on the part of their customers also impacts negatively on their continued existence.

Participant 3 (P3) affirmed:

Although the city council has made efforts to source funds for the operations of our business incubators, we are faced with a cash crisis. To make matters worse, the government which should also be providing funding to the local authority last did so in 2004, thus putting constraints on an already strained council. As a result, the city council is failing to provide the services necessary to enable the incubation centres to operate profitably.

Participant 4 (P4) said:

The main funders of projects in the country are the bankers. They come with stringent criteria for borrowers. The interest rates and the collateral required are normally beyond the reach of the ordinary person. In instances where funding is from other sources, these sources are normally not sustainable as they are dependent on donor funding and collapse as soon as this is withdrawn.

Participant 5 (P5) remarked:

Incubatees are struggling to pay rents and rates. This situation makes it difficult for the local authority to provide the services needed by the incubatees as the council depends on the revenue generated by the tenants. To worsen the situation is the poor management of income generating projects.

Participant 6 (P6) said:

Lack of adequate finance is a big challenge because it means materials and other goods may not be purchased regularly. Lack of funding inhibits the growth of these business incubators, thereby affecting the incubation period.

These findings are in tandem with Bigirimana *et al.* (2015) that inadequate funding is a challenge to business incubators. However, the situation in developed countries is different as a range of financial services is provided to the incubator clients, including assistance in securing grants from various government agencies (Cullen *et al.* 2014:79).

8.3.3 Inadequate screening of entrepreneurs

The following verbatim statements are testimony of challenges faced in this regard.

Participant 1 (P1) made the following contribution:

Initially, the following criteria were used to select incubatees. Firstly, vulnerable groups such as previously disadvantaged women took precedence without any regard to the payment of rentals because we wanted to empower them. Secondly, we targeted graduates from vocational training centres who had the skills but lacked accommodation. Thirdly, retrenchees, because we knew that they had the know-how but the challenge was lack of operating premises. Finally, we also considered developing the unemployed school leavers. Despite all these efforts, we have not achieved our objectives because of the challenges in the economic environment.

Participant 2 (P2) said:

Attracting the right incubatees is a big challenge because these people do not have the necessary skills and presently the council is incapacitated to equip the incubatees with the requisite skills due to financial constraints.

Participant 3 (P3) made the following contribution:

Adequate screening of would be incubatees is vital to ensure that only serious people are allocated the space which is limited. Lack of opportunities in the country has resulted in people becoming speculative. They venture in business not because of passion but out of the need to survive. These are the people who are quick to abandon these incubators whenever something lucrative appears on the market. All the investment goes to waste and at the same time serious prospective beneficiaries would have been denied an opportunity to be incubated.

Participant 4 (P4) remarked:

There is a lot of corruption and favouritism in the selection of prospective incubatees resulting in non-deserving people getting the operating space.

Participant 5 (P5) affirmed:

We as a local authority select the people who we judge as suitable to be incubatees. However, the challenge that we have is those people sub-let that shelter. We do not have adequate personnel to be following them up to ensure that it is the rightful people occupying that shelter. The economic hardships also force us to ignore some of our rules and regulations as long as the rentals are paid because these incubatees are struggling.

Participant 6 (P6) said:

We impose these challenges on ourselves by not strictly adhering to our rules and regulations regarding the selection of incubatees. If only we were strict with ourselves we would not be experiencing these difficulties. We need to operate our incubators in a business-like manner.

While the idea of targeting the marginalised groups such as women and youth was noble, disregarding the issue of their capability to pay rentals was bound to create challenges for the council administrators. It would have been better for the council administrators to first identify donors or continue to lobby the government for support before taking on board a number they would be unable to sustain. Alternatively, it was better to accommodate those that were retrenched. At least they had some financial back up.

Again the remarks made by Participant 5 that some incubatees sub-let their space show the council administrators' lack of checks and balances to pursue their noble cause. The other challenge could be the incubation of different types of skills when the resources were already limited, thereby over-stretching an already strained budget.

9. RECOMMENDATIONS

This study was aimed at determining the challenges faced by business incubators in one city council in Zimbabwe as perceived by the city council administrators. The challenges revealed by the study included: (a) an unfavourable economic environment, (b) lack of

access to scientific and technology expertise and facilities (c) operating in a competitive environment (d) inadequate sources of sustainable finance, and (e) inability to enforce stringent screening criteria to prospective incubatees. These challenges formed the bases of the recommendations that follow.

9.1 Creation of a conducive environment by the government

It was recommended that the city council administrators should continue to lobby the Government of Zimbabwe to create a conducive and supportive economic environment where incubatees can access all the required resources. Furthermore, the city council administrators should continue to conscientise the government of the need to grant them autonomy in making decisions as they are the people on the ground that see to the day-to-day operations of the business incubators.

9.2 Lack of access to scientific and technology expertise and facilities

It is imperative that the city council administrators team up with university academics in terms of research and use of laboratories for experiments. There is also need to enhance the city council's technological capability by focusing on the incubation of technologically driven business ideas to enhance the competitiveness of SMEs in the global market. The city council should refrain from incubating the "me too" business ideas but concentrate on business ideas that will sell in a highly competitive and technologically driven market. Partnerships with universities in neighbouring countries, such as South Africa might help as they have more advanced technology.

9.3 Operating in a competitive environment

There is cut-throat internal and external competition among businesses in Zimbabwe. External competition is a result of imports as the economy in Zimbabwe is heavily reliant on imports. The government should subsidise the importation of raw materials to enable incubatees to manufacture affordable products and continue to enforce laws that protect domestic products. However, domestic products should not be exorbitantly priced which is what is driving consumers to import cheaper products.

City council administrators need to rope in captains of industry as well to help them counter the challenges of the harsh economic environment. These people can be drawn from business associations such as the Confederation of Zimbabwe Industries (CZI), Bankers'

Association of Zimbabwe (BAZ) and the Zimbabwe National Chamber of Commerce (ZNCC). The motive of incorporating these people would be for the purposes of cross pollination of ideas with people that experience the challenges on a daily basis, so as to get ideas of effectively circumventing the challenges.

9.4 Inadequate sources of sustainable funding

For any business incubator, sustainability of funding is a crucial issue. The city council administrators should make plans of how they will sustain their operations in the event that any sponsorship is withdrawn. This should be an on-going exercise right from the pre-incubation stage and not for the city council administrators to be reactive. Economic fluctuations are not a new phenomenon in Zimbabwe, so city council administrators should have sought partnerships with businesses that have off-shore funds.

9.5 Inadequate screening of prospective incubatees

The city council under study aimed at assisting through the provision of operating space to enable retrenched to start self-help projects and to create an inclusive forum for emergent business persons who had been unable to join the mainstream economy before independence. The city council administrators need to be focused in their selection of incubatees and not take all types of incubatees on board.

It is important to identify mentees with potential. There is need for a selection committee composed of various stakeholders such as bankers, professionals and practising entrepreneurs. The selection committee should come up with selection criteria which should be strictly adhered to. There should be vetting of business ideas before the incubatees are admitted and the ideas should be those that the market requires.

Bankers will assist with application for funding; a professional with the management of incubators and it is further recommended that the selected city council engages prominent entrepreneurs to assist with the transfer of skills.

9.6 Limitation and suggestions for further research

This particular study focused on the challenges faced by one city council incubators. The findings of this study are therefore not generalisable. A further study involving more local authorities could be conducted for comparative purposes (Bryman 2012:71-2).

10. CONCLUSIONS

The following practical implications can be drawn from the study. Firstly, it is the government's prerogative to create a conducive and supportive environment for businesses to operate in. No amount of effort can succeed without a supportive and a conducive environment. The government should provide funding for key projects such as incubators as they contribute to the economic growth and development of Zimbabwe. A city council is an arm of government by virtue of it being a local authority. In this regard the government should have budget allocations for city councils that include even the running of business incubators in terms of finance and provision of infrastructure.

Secondly, while the city council has faced some challenges similar to those faced by other countries, situationally their primary challenge could be the failure to view the economy with technological lenses. Some countries have attempted to implement technology in their incubation centres but findings in this study point to the contrary. This study will enable the administrators to not only blame it on the economic environment but to also conduct some introspection. The entrepreneurial activities in this city council incubator need re-engineering. The business ideas might not necessarily be bad but the traditional methods of doing business might not be viable and productive in a technologically driven era. The idea by the city council to establish business incubators was a noble one but the objectives have hardly been met, perhaps because of being technologically irrelevant. While the city council under study has its own share of shortcomings; the depressed economy has largely incapacitated its operations.

Finally, city council administrators need to develop situation specific business incubation models guided by the needs of their market and not just copy models from other countries which might not work in their own situations.

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