



# Comparing the effectiveness of public and private support to youth entrepreneurs: A qualitative inquiry

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## ABSTRACT

**Purpose of the study:** The purpose of this study was to explore the needs of youth entrepreneurs while comparing the effectiveness of support offerings provided by public and private entrepreneurial support centres (ESCs).



**Design/methodology/approach:** The study used a generic qualitative research design. Data was collected through the use of semi-structured interviews. To provide a balanced perspective of effectiveness, the participants comprised eight facilitators and eight recipients who are linked to two public and two private ESCs.

**Findings:** The findings suggest that youth entrepreneurs require mentorship, business-related skills, networking skills, resources, and support to address their context-created needs. Private ESCs address these needs, with the exception of providing finance (which they do, but only in the form of stipends and bursaries). In contrast, public ESCs provide more physical resources, networking, and business-related skills. The findings also indicate that, compared to public ESCs, private ESCs take the lead in providing effective support offerings to youth entrepreneurs.

**Recommendations/value:** The findings of this study have provided invaluable insights into the support provided to youth entrepreneurs by private and public entrepreneurial support centres. As a result, the findings inform young entrepreneurs about which support centres are best suited to assist them in their entrepreneurial endeavours.

**Managerial implications:** The managerial implication of this study is that it provides public and private entrepreneurial support centre managers with the necessary information, to enable them to better align their support offerings to meet the needs of youth entrepreneurs.

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**Keywords:**

Effectiveness; Entrepreneurial support; Private centres; Public centres; Qualitative study; South Africa small businesses; Youth entrepreneurs.

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**JEL Classification:** L26

## 1. INTRODUCTION

Between 2013 and 2021, the youth unemployment rate in South Africa averaged 52.2 percent, with an all-time high of 64.40 percent in the second quarter of 2021 and a record low of 48.8 percent in the last quarter of 2014 (Trading Economics, 2021). These statistics indicate that the youth unemployment rate in South Africa is on the rise. This continuous rise could be attributed to a variety of socioeconomic issues, including illiteracy and poverty, which sometimes prevent South African youths from starting their own businesses (Leshilo & Lethoko, 2017; Makgamatha & Moikanyane, 2018). A solution to address the high unemployment rate is through the cultivation of youth entrepreneurship (Radebe, 2019). As a result, the South African Government implemented various strategic policies to drive and accelerate youth employment and established several entrepreneurial support centres

(hereafter ESCs), which have also been made available by private institutions (Odeku & Rudolf, 2019).

ESCs are facilities that provide entrepreneurs with the assistance (such as mentoring and networking) they need to run a successful business; examples include business incubators and accelerators (Lose & Tenge, 2016). Auerswald and Dani (2017:100) contend that entrepreneurship is *“inherently a risky activity that turns inventions into innovations and relies on a network of institutional and individual investors that provide financial and organisational capital to enable new enterprise”*. Youth entrepreneurship, on the other hand, entails the development of entrepreneurial attitudes, skills, and opportunities for young people from secondary school through to early adulthood (Leshilo & Lethoko, 2017). Odeku and Rudolf (2019) report that approximately 85 percent of business owners believe that the South African Government fails to provide sufficient support to its entrepreneurs. This could be attributed to ESCs failing to consider the varying needs of entrepreneurs (for example, human capital and financial support). Heterogeneous entrepreneurial needs cannot be met by the generic support program provided by an ESC; therefore, the effectiveness of each ESC must be evaluated (Lose & Tenge, 2016).

The majority of entrepreneurs in South Africa are part of the entrepreneurial stage called ‘total early-stage entrepreneurial activity’ (TEA). TEA Rate refers to the proportion of the population actively engaged in entrepreneurial activities (Bowmaker-Falconer & Meyer, 2022). To understand the needs of young entrepreneurs at this stage, Bushe (2019) developed a framework that proposes that businesses fail due to three primary factors, namely: entrepreneur incapacity, environmental inauspiciousness, and enterprise incompetence.

According to Bushe (2019), entrepreneurial incapacity refers to an entrepreneur’s inability to successfully start and manage a business venture. Environmental inauspiciousness is related to a lack of support structures for entrepreneurs, unfriendly funding schemes, and market inaccessibility, among other things. Finally, enterprise incompetence refers to the use of ineffective business models, the inability to create value for customers, and the absence of a valuable business strategy (Bushe, 2019). By applying these factors to entrepreneurs, ESCs can gain a better understanding of what entrepreneurs expect from the ESCs themselves. ESCs (private and public) offer a variety of entrepreneurial support services, such as training, funding, mentoring, and incubation programs. Public support is differentiated from private

support by the unique desired outcomes created by their sponsors and their source of funding (Diedericks, 2015; Dvouletý *et al.*, 2018; Taigbenu, 2019).

A small business, as defined by the National Small Business Amendment Act 29 of 2004, is “a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly executed in any sector or sub-sector of the economy” (RSA, 2004). Although ESCs are extremely important to both formal and informal small businesses, centres such as business incubators lack the managerial skills and the experience required to better support small businesses toward success; thus, questioning the effectiveness of ESC services (Lose, *et al.*, 2016; Mukata, Ladzani & Visser, 2018). Additionally, public and private support provided by ESCs is insufficient because most support programs are primarily financial in nature and ignore human capital support (Brière *et al.*, 2014). This emphasises the importance of evaluating the effectiveness of support programs provided by private and public ESCs, as well as whether such programs meet the actual needs of entrepreneurs.

The purpose of this generic qualitative study was, therefore, to determine the critical needs of youth entrepreneurs and compare them against the support offerings by private and public ESCs. The study also sought to compare the effectiveness of public and private support services provided by ESCs to South African youth entrepreneurs, to determine which is best suited to enable success. The study focused on 'youth' entrepreneurs (14-35 years old) who are in the pre-start-up and start-up stages (within the total early-stage entrepreneurial activity phase of fewer than 3.5 years). The following research questions guided the study:

1. What are the needs of youth entrepreneurs?
2. What support offerings do private ESCs in South Africa provide to youth entrepreneurs?
3. What support offerings do public ESCs in South Africa provide to youth entrepreneurs?
4. Which of the ESCs more effectively addresses the needs of youth entrepreneurs in South Africa?

This study added to the existing body of knowledge on the needs of youth entrepreneurs in South Africa. Secondly, it provided an understanding of ESCs and the programs offered. Thirdly, it is hoped that this study would assist management at ESCs with the necessary skills

and strategies to develop programs that are focussed on the needs of the youth entrepreneurs. The sections that follow include the literature review, followed by the methodology, findings, discussions and conclusion.

## **2. LITERATURE REVIEW**

The section that follows provides a review of relevant literature on youth entrepreneurship and entrepreneurial support centres. The section begins with an overview of entrepreneurship in South Africa, followed by a review of literature on youth entrepreneurship, the needs of youth entrepreneurs in South Africa and entrepreneurial support (public and private) centres. The section concludes by examining the effectiveness of entrepreneurial support centres.

### **2.1 Entrepreneurial context in South Africa**

It is well documented in international literature that entrepreneurship is a major driver of economic growth and development in world economies, including South Africa (Donaldson & Mateu, 2021; Herrington *et al.*, 2010; Syed Zaheer Abbas & Andras, 2017). As a result of this positive role that entrepreneurship has on growth and economic development, it has attracted the interest of the public, as well as policymakers (Abou-Moghli & Al Muala, 2012). For instance, as a result of the key role that entrepreneurship plays in an economy such as South Africa's, the South African Government has set policies to encourage entrepreneurship amongst its citizens. Despite all these efforts, research suggests that entrepreneurial activity in South Africa (though improving) still lags compared to the state of entrepreneurship in other countries (Qukula, 2015). This lag could be attributed to poverty, a lack of start-up capital, a lack of managerial skills, and a negative attitude toward entrepreneurship. Furthermore, because of the high unemployment rate in South Africa, it is believed that all of these voids can be filled by promoting entrepreneurship as a viable career option (Bizculture, 2021). Research suggests that a majority of the population involved in entrepreneurship in South Africa are youths. More specifically, a survey conducted by Brand South Africa (2017) notes that the number of youth entrepreneurs in South Africa may have decreased, but it is notable that more than 50 percent of entrepreneurs are youth.

### **2.2 Youth entrepreneurship in South Africa**

In the Southern African Development Community (SADC) region, countries including Mauritius, Seychelles, South Africa, Eswatini and Namibia have higher youth literacy rates

than their counterparts. However, South Africa, Eswatini, Mozambique and Namibia have remarkably prominent levels of youth unemployment, at 57.4 percent, 54.8 percent, 42.7 percent and 45.5 percent, respectively; while unemployment is less than 10 percent in the Democratic Republic of Congo and Madagascar. These statistics by the Southern African Development Community Secretariat (2020) indicate a high level of youth unemployment in South Africa when compared to other countries in the SADC region.

As with entrepreneurship, youth entrepreneurship is a concept that has received heated debates from scholars (Gubik & Farkas, 2016; Leshilo & Lethoko, 2017; National Youth Commission Act, 1996), especially with regard to its definition. More specifically, there is a lack of a definitive consensus on youth entrepreneurship (Schoof, 2006). Riahi (2010:1) posits that Francis Chigunta defined youth entrepreneurship as *“the practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture”*. Leshilo and Lethoko (2017:47), on the other hand, posit that youth entrepreneurship is the development of entrepreneurship skills by youths from “secondary level through to young adulthood”; this implies the lack of consensus on the definition of youth entrepreneurship. Drawing on the definition of youth entrepreneurship by Francis Chigunta, as reported by Riahi (2010), Gubik and Farkas (2016) posit that most elements of the definition form an integral part of what entrepreneurship is all about. They go on to note that as a result of the common elements between youth entrepreneurship and entrepreneurship, a differentiating factor between the two concepts is age. Regarding age in youth entrepreneurship, the National Youth Commission Act (1996) of South Africa categorise youths as those between the ages of 14-35. Schoof (2006) categorises youth entrepreneurs into three main groups:

- Pre-entrepreneurs: these are young youths between the ages of 15 to 19 years who are in the formative stage and are often in transition from home or education to the workplace.
- Budding entrepreneurs: those at the growth stage between the ages of 20 to 25 years. The youths in this growth stage have skills, experience, and capital to enable them to run their ventures.

- Emergent entrepreneurs: those between the ages of 26 and 29 years. At this prime age, the youths have invaluable experience in running businesses and as such, are more likely to run viable ventures compared to the pre-and budding entrepreneurs.

Despite the fact that the youths in South Africa account for more than 50 percent of the total entrepreneurs in the economy (Brand South Africa, 2017), the level of youth entrepreneurship activity is low, owing to socioeconomic conditions that sometimes push youths to seek employment rather than create employment for themselves (Leshilo & Lethoko, 2017). The high youth unemployment rate indicates, however, that entrepreneurship should be embraced by youths as a viable career option. Unfortunately, youth entrepreneurs in South Africa are faced with chronic challenges, including a lack of entrepreneurial skills, stringent policies, lack of access to start-up capital, lack of business development services and fear of crime, amongst others (Fatoki & Chindoga, 2011). In the European Union (EU), youth entrepreneurs also face challenges, such as a lack of awareness, limited or no business networks, lack of prior entrepreneurial experience, and limited education and training (OECD, 2014). In the Swedish economy, the majority of the population, including youths, believes that starting a business is difficult (Lougui & Nyström, 2014). Having this mindset is already a barrier to engaging in entrepreneurial activities; hence a lack of an entrepreneurial mindset is a challenge that has plagued a majority of the Swedish population. As a remedy to the challenges faced by youth entrepreneurs in the EU, the Organisation for Economic Co-operation and Development (OECD) (OECD, 2014) proposed that schools and employment services should continually promote entrepreneurial activities amongst young people, and EU governments should ensure the availability of start-up support services to aspiring entrepreneurs.

To address some of the challenges encountered by youth entrepreneurs in South Africa; for instance, the lack of entrepreneurial skills, Fatoki and Chindoga (2011) proposed entrepreneurship education, which can equip aspiring entrepreneurs with the necessary entrepreneurial skills. Reháková *et al.* (2017) note that the conditions affecting youth entrepreneurs differ from those of older entrepreneurs. One of these differences is the lack of financing options and the difficulty in entering financial markets because older entrepreneurs have better credit ratings and experience than young entrepreneurs. However, youths are also associated with higher levels of energy, innovation, and business flexibility, all of which are

important in today's business culture (Ashmarina *et al.*, 2019). In light of the challenges faced by South African youth entrepreneurs, entrepreneurial support could be a viable solution.

### 2.3 The needs of youth entrepreneurs

Youth entrepreneurship (and employment) improves societal standards, thereby leading to a stable socio-political, economic, and national security environment (Fatoki & Chindoga, 2011). Entrepreneurs, including youths, have been identified as having specific needs that must be met for their entrepreneurial journey to be successful. This is because, in general, nascent entrepreneurs are regarded as vulnerable during the start-up phase, with the majority of them failing to address the challenges they face due to a lack of valuable support for entrepreneurship (Lougui & Nyström, 2014; Yusuf, 2010). Potential youth entrepreneurs are hampered by a lack of entrepreneurial skills as well as limited or no access to capital (Brixiová *et al.*, 2015). This implies that to grow their businesses, young entrepreneurs must have the necessary entrepreneurial skills. Yusuf (2010) found that entrepreneurs need to learn about (i) how to start a venture, (ii) products, services; production processes and markets; and (iii) networking processes and referral assistance. Entrepreneurs also need government support, especially in terms of providing the skills and training needed to successfully manage business ventures (Malebana, 2014).

Nascent entrepreneurs, including youths, require a mix of financial and skills capital to succeed in their entrepreneurial journeys. Fatoki and Chindoga (2011) support this view and add that youth entrepreneurs must have access to financial (internal and external) resources to increase their chances of survival and growth. Entrepreneurs (especially youth entrepreneurs) need to have access to the right: human- (skills), physical-, and social- capital. They must also have confidence in themselves, as a lack of confidence in their entrepreneurial abilities and capabilities can be a challenge (Lougui & Nyström, 2014). Prior research indicates that entrepreneurs who do not have these entrepreneurial skills in hand typically seek external guidance and assistance. External guidance and assistance are typically provided in the form of assistance programmes (such as mentorship and incubation services) offered by government agencies, and other public and private organisations (Fatoki & Chindoga, 2011; Lougui & Nyström, 2014; Yusuf, 2010). In the South African context, government support for entrepreneurship includes, among other things, providing access to finance, business



development services, incubation and mentoring services, and youth enterprise development (Malebana, 2014).

## 2.4 Entrepreneurial support

Business support services include those that offer business advisory services to small businesses, such as creating feasibility studies, developing business plans, and developing business skills through training, mentorship, or turnaround strategies (Mukata *et al.*, 2018). Other support services, such as mentoring, improve an entrepreneur's performance, and the presence of mentors in a region could also improve the overall survival rates for entrepreneurial ventures (Spigel, 2016). Transactional forms of support, such as grants and subsidies, are being questioned for their effectiveness in more established firms. It is argued that monetary assistance does not necessarily foster entrepreneurial resourcefulness and resilience, and that relational assistance could be more effective (Mason & Brown, 2014). Relational support entails strategic direction, leadership development, and business mentoring. This type of interactive and experiential learning is thought to be more valuable to more established businesses than start-ups. Entrepreneurial demands are ever-changing; thus, support systems must ensure that what they teach, and offer is relevant and tailored to the ever-changing needs of entrepreneurs, including youth entrepreneurs (Karim, 2017). These entrepreneurial support systems could come from both private and public organisations, to encourage entrepreneurial activity in a specific location. In light of this, Spigel (2016) argues that it is uncommon to find a geographical setting in developed economies without an incubator or an entrepreneurial training facility. These support organisations could also be referred to as entrepreneurial clinics (Nyadu-Addo & Mensah, 2018) or ESCs (used henceforth) (Karim, 2017).

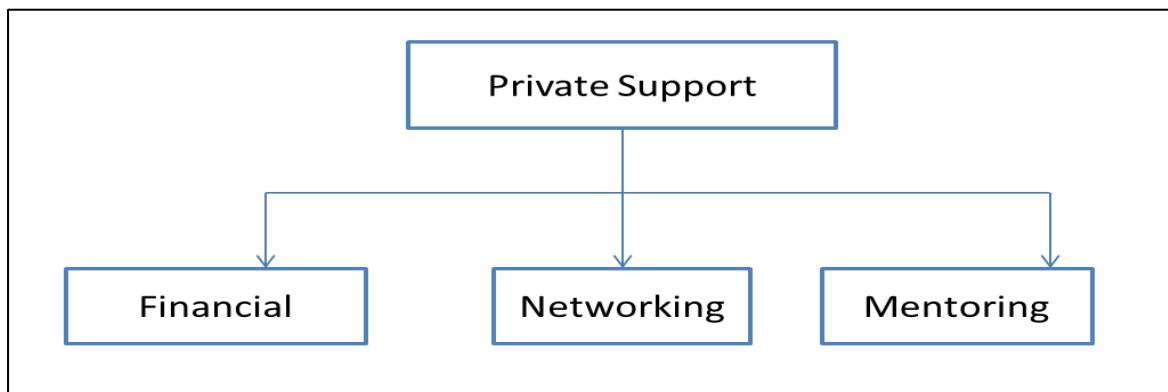
## 2.5 A distinction between public and private ESCs

As previously stated, ESCs can be divided into two categories: private and public support centres (Spigel, 2016). This classification stems from the fact that entrepreneurial assistance can be provided by either public or private institutions. Wong *et al.* (2015), note that the two categories could also be referred to as governmental (public) and non-governmental (private) ESCs. In this study, the support provided by private establishments will be referred to as private support, while support provided by public entities will be referred to as public support.

## 2.6 Private ESCs and support

Wong *et al.* (2015) contend that the private sector consists of for-profit organisations and corporations, as well as non-profit non-governmental organisations. Private support can range from investor-led accelerators, privately owned co-working centres and business angel networks (Dvouletý *et al.*, 2018). However, because they are managed by business owners and investors, private ESCs are more likely to use accelerators (Lange & Johnston, 2020). Accelerators aim to fast-track an entrepreneur's early venture development and further facilitate their growth by providing them with formal education, resources and mentorship connections (Lange & Johnston, 2020). Karim (2017:54) supports this assertion, adding that accelerators are "*for-profit business organisations designed to support business start-ups through seed financing (initial funding to start and grow the business), business networking with investors and other stakeholders, business experts' advice and coaching*". Private ESCs use accelerators because they primarily target younger and/or nascent entrepreneurs, university graduates, and entrepreneurs with little to no entrepreneurial experience (Dvouletý *et al.*, 2018). In this study, the support offered by private ESCs is grouped into three categories, as presented in Figure 1.

Figure 1: Three categories of support offered by private ESCs



Source: Adapted from Karim (2017:54)

### 2.6.1 Financial support

Obtaining financing for business development is without a doubt one of the most difficult challenges that entrepreneurs, including young entrepreneurs, face (Dzisi, 2008). Danns and Danns (2019), who support this assertion, add that youth entrepreneurs struggle to obtain

financing because they are perceived as risky, lack a credit history, or have insufficient collateral to secure loans. To overcome this barrier, private ESCs provide capital through accelerators to assist youth entrepreneurs in starting, operating, and expanding their businesses (Zajicek, 2017). Thus, financial assistance is a significant contribution of private ESCs.

### **2.6.2 Networking**

Networking has been considered by several scholars and international organisations as an important factor which contributes to the growth and development of businesses (Anwar & Ali Shah, 2020; Fubah & Moos, 2022; Lechner & Dowling, 2003; Li *et al.*, 2015; OECD, 2017; Pittaway, Robertson *et al.*, 2004). Building relationships with other businesses and banks, for example, is important to entrepreneurs since it gives them access to loans, financial resources, knowledge and innovative business ideas (Anwar & Ali Shah, 2020; Pittaway *et al.*, 2004). Entrepreneurs, particularly youth entrepreneurs just starting out, frequently face critical challenges such as the liability of newness and a lack of resources. Participating in networking activities with financial institutions and seasoned entrepreneurs may provide them with the assistance they require to run their businesses successfully. These networks, according to the OECD (2017:3) are valuable sources of "*motivation, ideas, information, advice, business partners, employees, and customers.*" This implies that entrepreneurial networks have the potential to provide youth entrepreneurs with invaluable resources such as information, ideas, and business advice to help them develop their entrepreneurial ventures. Accelerators typically last for three months, and at the end of the program, entrepreneurs are allowed to pitch their business ideas to investors (Zajicek, 2017). As a result, they broaden their networks and gain exposure to potential business partners and investors. Private ESCs can also provide informal networking opportunities for young entrepreneurs by hosting meetings with industry professionals or hosting informal work events where ideas can be shared.

### **2.6.3 Mentoring**

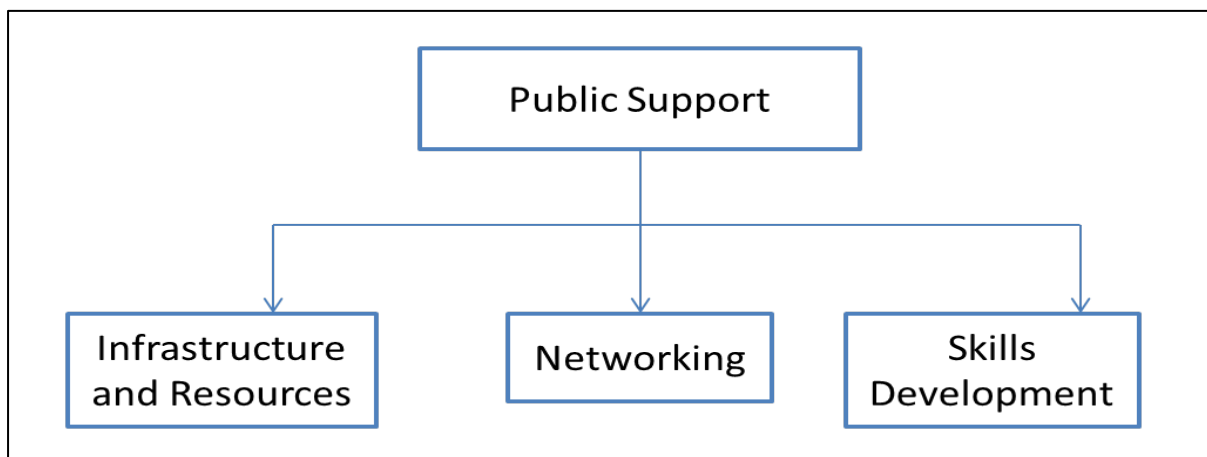
Hausberg and Korreck (2021) note that accelerators aim to connect start-up teams with venture capitalists, angel investors, and corporate executives to better prepare and mentor them for public pitch events and future ventures. These mentors typically have invaluable industry or entrepreneurial experience, which can be extremely beneficial to young

entrepreneurs. Private entrepreneurial support can potentially facilitate private-equity funding as well as additional business development guidance by providing mentoring as well as the previously mentioned networking opportunities (Pauwels *et al.*, 2016; Taigbenu, 2019).

## 2.7 Public ESCs and support

Research suggests that business incubators are mostly managed by local governments and universities, to guide and nurture new businesses (Lange & Johnston, 2020; Lose & Tengeh, 2016). Business incubators are designed to support business start-ups through basic infrastructural needs (office space, internet) and provide business advice only (Baird *et al.*, 2012; Karim, 2017). However, business incubators can also be used to facilitate an incubatee's (people who receive the benefits of the ESC) product development knowledge and marketing skills, as well as provide hands-on assistance in establishing the business' foundations (Baird *et al.*, 2012; Karim, 2017; Lose & Tengeh, 2016). The support offered by public ESCs is grouped into three categories, as presented in Figure 2.

Figure 2: Three categories of support offered by public ESCs



Source: Adapted from Karim (2017:54)

### 2.7.1 Infrastructure and resources

Incubators are designed to support business start-ups through the provision of basic infrastructural needs, such as office space or an internet connection (Baird *et al.*, 2012; Karim, 2017). For these ESCs to create an environment that facilitates business growth, they must develop and maintain an environment that supports the growth and learning of the incubatee

(Diedericks, 2015; Lose & Tengeh, 2016). Additional start-up resources, such as access to content-rich information, a broad range of business consulting knowledge, and strategy support resources accumulated from successful previous projects, can help youth entrepreneurs apply the right strategies to their businesses (Danns & Danns, 2019).

### **2.7.2 Networking**

Networking through formal and informal events allows youth entrepreneurs to connect with key players, agents, and institutions in and out of their community to exchange ideas that can help their business operations (Li *et al.*, 2020). Van Weele, van Rijnsoever and Nauta (2017), however, note that such networking opportunities are not developed enough to offer small businesses the most benefit. Youth entrepreneurs can benefit from networking with other experienced entrepreneurs by gaining access to crucial resources such as finance, information and emotional support (Busch & Barkema, 2020).

### **2.7.3 Skills development**

Business incubators aid in the development of business skills (Diedericks, 2015). In this regard, business incubators provide ad hoc business development services such as legal, accounting, marketing, and intellectual property training and advice (Dvouletý *et al.*, 2018). Li *et al.* (2020) posit that the provision of training services for skill development should be classified as an essential service for support programs because they provide an environment that promotes continuous learning and skills development, as well as, ultimately, business success. It is important to note that public ESCs, which are frequently funded by universities or economic development organisations, do not traditionally provide capital to start-ups. They also do not usually invest in the companies they support (Zajicek, 2017). Furthermore, mentorship for business ideas and start-ups is limited, if not non-existent (Dvouletý *et al.*, 2018). Moreover, incubators frequently only provide impromptu educational offerings with little to no mentoring (Cohen & Hochberg, 2014).

Based on an examination of the entrepreneurial support services provided by private and public support centres, it is clear that they differ; however, there are some similarities between the two. According to the examination, private support centres, such as angels and accelerators, can provide financial assistance to businesses to help them overcome financial difficulties. Private support centres, such as incubators, on the other hand, provide

infrastructure such as office space and rich information that can assist business owners in implementing appropriate strategies for developing their businesses. Furthermore, private support centres offer mentoring services to business owners, whereas public support centres offer little or no mentoring services; however, they do offer skills training programs that can help in business development and operations. The fact that both private and public support centres provide networking services to business owners is a common feature. These networking events are especially important because they bring together experienced and novice entrepreneurs, implying that much can be learned about businesses at such events.

## 2.8 The effectiveness of ESCs

Barnes (2018) asserts that an effective organisation satisfies its customers by providing value through the goods and services it produces. In this study, an effective ESC adds value to youth entrepreneurs through the services it offers. Value can be created through competitively meeting the changing needs of youth entrepreneurs and through achieving high levels of performance in quality, delivery and responsiveness (Barnes, 2018; Mukata *et al.*, 2018). Prior studies suggest that there is no universally accepted criterion for evaluating the effectiveness of support programmes (Henry *et al.*, 2017; Egorov *et al.*, 2020). As a result, in this study, the effectiveness criteria are based on the level of quality of support programs and services provided as well as whether the support centres address the needs of youth entrepreneurs.

Quality can be defined in a variety of ways, including the perception of excellence or the ability of a product or service to meet the needs of customers (such as youth entrepreneurs) (Barnes, 2018). Furthermore, effectiveness is associated with organisations that are aware of and can quickly adapt to changing environmental trends. This responsiveness criterion also applies to an organisation's awareness of the changing needs of youth entrepreneurs. Finally, business support offerings should be delivered in accordance with entrepreneurial expectations and promises made by ESCs (Barnes, 2018). An effective ESC can be viewed as one that is adaptable by acknowledging external circumstances - which speaks to this study's criterion of responsiveness. Taigbenu (2019) emphasises the importance of continuous self-evaluation of ESC programs, which relates to the previously mentioned delivery criterion. Another study (Gwija *et al.*, 2014) reveals that effective ESCs provide access to business mentorships and relevant information to assist in the creation of adequate business plans, which could result in funding opportunities. It is also believed that considering all perspectives of people who

participate in and interact with ESCs can contribute to the effectiveness of the ESCs. Karim (2017) supports this assertion, adding that focusing on the ESC consultant perspectives enables a balanced view of effectiveness and when vocational and business training are prioritised over financial training, the effectiveness increases (Taigbenu, 2019).

### **3. METHODOLOGY**

This section describes the methodology that was used to collect data for the study. This includes the research design, sampling, data collection and analysis method.

#### **3.1 Research design**

The purpose of this qualitative research was to explore the needs of youth entrepreneurs while comparing the effectiveness of support offerings provided by public and private ESCs. This study adopted a generic qualitative research design (Percy *et al.*, 2015). The purpose of generic qualitative research was to gain an in-depth understanding of people's opinions, beliefs, experiences or perceptions about a specific topic under investigation (Palinkas *et al.*, 2015). Therefore, this research design allowed the researchers to gain an in-depth understanding of the opinions and perspectives of participants concerning the study's purpose.

#### **3.2 Sampling**

The study was conducted in a South African context. This means that to be included in the study, ESCs had to be operating in South Africa. These support centres had to be providing support to youth entrepreneurs between the ages of 14 and 35 years. The support centres had to be public or private ESCs. Based on the stated inclusion criteria, two public and two private ESCs were selected for the exploration. The unit of analysis for the study was ESCs. Homogenous sampling was used in selecting the participants for the study. Saunders *et al.* (2009) define homogenous sampling as the selection of participants from a subgroup in which all the sample participants of that subgroup have similar characteristics. Snowball sampling was also used in the selection of individuals as it involves the recruitment of new participants who meet the specific eligibility criteria above, through referrals from already interviewed participants (Palinkas *et al.*, 2015).

Managers, senior managers, curriculum specialists, centre managers, program officers, youth entrepreneurs, chief operating officers, portfolio managers and coordinators were included in the sample. These individuals were included in the sample because their interactions with the ESCs could allow them to provide invaluable insights into the phenomenon under exploration. The study included a total of 16 respondents; eight recipients and eight facilitators from the ESCs; four recipients and four facilitators from the public ESC, and four recipients and four facilitators from the private ESCs. These ESCs were selected from the list of ESCs located and operating in South Africa. Therefore, a total of four firms participated in the study, permitting a total of 16 face-to-face semi-structured interviews. The final sample size was determined in line with Guest *et al.* (2006), who claim that six to twelve (12) interviews are enough to enable the researcher to develop meaningful themes, invaluable insights and data saturation (where participants start repeating facts). Table 1 is a presentation of the profile of participants who took part in the study.

**Table 1: Profiles of the participants**

Pseudonym	Gender	Job Title	Firm	Length of Interview (minutes)
F1	Female	Program Officer	A001	75
F2	Female	Curriculum Specialist		45
P1	Female	Youth Entrepreneur		73
P2	Male	Youth Entrepreneur		65
F3	Male	Chief Operating Officer (COO)	A002	65
F4	Female	Coordinator		50
P3	Male	Youth Entrepreneur		86
P4	Male	Youth Entrepreneur		120
F5	Female	Centre Manager	B001	40
F6	Female	Portfolio Manager		40
P5	Male	Youth Entrepreneur		45
P6	Male	Youth Entrepreneur		35
F7	Female	Senior Manager	B002	108
F8	Male	Manager		35
P7	Female	Youth Entrepreneur		55
P8	Female	Youth Entrepreneur		52
<b>Average:</b>				<b>62</b>

\*F represents facilitators \*\* P represents recipients which in this study are youth entrepreneurs

Source: Authors' own formulation



### 3.3 Data collection and analysis

Data for the study was collected through semi-structured interviews. The semi-structured interviews were conducted via pre-determined, open-ended research questions, which formed the basic discussion guide. The discussion guide's purpose was to navigate and direct the interviewee, ensuring their answers remained relevant and topical (Bernard & Gravlee, 2014; Cachia & Millward, 2011). Two discussion guides were developed – one for recipients and the other for facilitators. This was done purposefully to help draw comparisons and differences between the views and beliefs of the two parties regarding the effectiveness of ESCs' support offerings. If the same discussion guide were used throughout, the data derived would be skewed and inaccurate as they would have answered according to a generic discussion guide. In addition to the discussion guides, probing questions were also used during interviews as a mechanism to stimulate and derive the richest and most insightful data. A total of 16 interviews were conducted via Zoom, one for each participant, and the interviews lasted an average of 62 minutes. The researchers obtained permission from all interview participants to record all of the interviews. After all of the interviews were completed, the researchers transcribed the recordings whilst listening to them. To ensure the accuracy of the transcripts, the researchers listened to the recordings again while reading and made the necessary changes in the transcripts to accurately reflect the actual recordings. Although all interviews were conducted online via Zoom due to the Covid-19 pandemic, the semi-structured interviews were fruitful and delivered rich, insightful data. Thematic analysis was used to analyse the data collected from interview participants. Thematic analysis is the process of identifying, organising, and reporting patterns within data sets known as themes (Clarke & Braun, 2017). The study was ethically approved in August 2020.

## 4. FINDINGS

Four main themes are identified in this study's findings. These themes were divided into sub-themes, as presented in Table 2. The four themes related to the following: the needs of youth entrepreneurs, the support offerings by private and public ESCs and their effectiveness. The themes and sub-themes are discussed in Table 2 with quotations to reiterate the data, as well as to link back to the literature review.

**Table 2: Summary of themes and sub-themes for the study**

Themes	Theme 1: Youth Entrepreneurial Needs	Theme 2: Private entrepreneurial support	Theme 3: Public entrepreneurial support	Theme 4: Effectiveness of ESCs
<b>Sub-themes</b>	<ul style="list-style-type: none"> <li>• Context-created needs</li> <li>• Mentorship</li> <li>• Business-related skills               <ul style="list-style-type: none"> <li>- Market validation</li> <li>- Business modelling/plans</li> <li>- Business operational skills</li> <li>- Expansion/growth</li> <li>- Marketing skills</li> <li>- Financial skills</li> <li>- Managerial skills</li> <li>- Pitching skills</li> <li>- Entrepreneurial mind-set development</li> </ul> </li> <li>• Networking</li> <li>• Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Mentorship</li> <li>• Networking</li> <li>• Financial resources</li> <li>• Additional: Business-related skill development</li> <li>• Additional: Contextual offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Physical resources</li> <li>• Networking</li> <li>• Business-related skill development</li> <li>• Additional: Minimal mentorship</li> </ul>	<ul style="list-style-type: none"> <li>• Value: Quality</li> <li>• Value: Delivery</li> <li>• Value: Responsiveness</li> </ul>

Source: Authors' formulation

#### 4.1 Youth entrepreneur needs

The first research question of the study asked: “*What are the needs of youth entrepreneurs?*” The responses are reported in the following section.

##### 4.1.1 Context-created needs

The low youth entrepreneurial activity in South Africa, coupled with the view of youth entrepreneurs as a high-risk investment, creates a need for credible representation (Rehák *et al.*, 2017). The findings reveal that 10 out of the 16 participants acknowledge this need as a bridge to financial credibility. One participant said:

*The need that then comes up is how do I [obtain], I suppose some sort of guidance and support as a person who's stereotypically seen as a high-risk person to invest in” (P1, female, youth entrepreneur).*

Prior research indicates that investors consider investing in young entrepreneurs to be risky due to factors such as lack of experience (Rehák *et al.*, 2017). This notion, in some contexts, makes it extremely difficult for young entrepreneurs to obtain investor support.

#### **4.1.2 Mentorship**

Mentors usually have invaluable industry experience which could be shared with youth entrepreneurs (Hausberg & Korreck, 2021). This is exemplified by 12 (out of 16) participants who identify mentorship as a need, with 10 sourcing them as providers of industry-specific knowledge and two as providers of business guidance and advice. The importance of mentorship is illustrated in the following quotation:

*I think at the early stage mentorship is important ... because most young entrepreneurs or youth entrepreneurs don't always have the knowledge around what is required to run a sustainable business (F1, female, Program Officer).*

#### **4.1.3 Business-related skill development**

Entrepreneurs need to be competent in the skills needed to operate their businesses (Bushe, 2019). Table 3 depicts the most necessary business-related skills.

Table 3: Summary of business-related skills needed

Skills	ESCs	A001				A002				B001				B002				Total
	Participants	F 1	F 2	P 1	P 2	F 3	F 4	P 3	P 4	F 5	F 6	P 5	P 6	F 7	F 8	P 7	P 8	
Market Validation		X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	15
Business modelling		X	X	X	X	X		X	X	X		X	X	X	X	X	X	14
Entrepreneurial mindset development		X	X	X	X	X	X	X	X	X				X	X		X	12
Financial Literacy skills		X	X		X	X		X	X		X			X	X	X	X	10
Expansion/ growth skills				X	X	X		X	X			X	X	X	X	X		10
Pitching skills		X	X	X	X	X			X	X		X		X				9
Business operational skills		X							X		X	X		X	X	X		7
Marketing skills		X							X	X				X	X	X	X	7
Managerial skills		X				X		X	X									4

\*A001 and A002 represent the private ESCs \*\*B001 and B002 represent the public ESCs

Source: Authors' formulation

As presented in Table 3, the ability to embark on market validation is the most prominent, supporting the literature that youth entrepreneurs tend to bypass the initial stages of market screening which hinders entrepreneurial success (Ceptureanu & Ceptureanu, 2015). This is supported by the quotation below:

*They don't have the necessary tools to have an idea and to conceptualise it into an actual business concept and to do the market research and evaluate the financial feasibility, gain a business model in place ... (F7, female, Senior Manager).*

#### **4.1.4 Networking**

A majority (10 out of 16) of participants highlighted the need for formal and informal networking channels, reiterating the need for opportunities to connect with key players (Li *et al.*, 2020). One youth entrepreneur highlighted that:

*I think having many different connections that can help you in many different areas is also very important.” (P7, female, youth entrepreneur)*

#### **4.1.5 Resources**

Entrepreneurs require financial, physical, human and intellectual resources (Taigbenu, 2019). The majority of participants proclaimed their need for intellectual resources, as evident below:

*... one of the biggest needs that I had was, trying to find information on how to start a business in the first place. (P1, female youth entrepreneur.)*

The need for financial capital was mentioned by 10 of the 16 participants. Of those 10, five mentioned the need for financial capital, stating that youth entrepreneurs need financial security in order to take risks and grow their businesses. The other five participants were hesitant to name finance as a top need. The following quote supports this:

*I'm always hesitant to say finance because if you've got the right team and you've got a network and a community, the finance actually isn't that important at the early stages (P2, male, youth entrepreneur).*

### **4.2 Private ESCs support**

The second research question asked: “*What support offerings do private ESCs in South Africa provide to youth entrepreneurs?*” Private support offerings to youth entrepreneurs typically fall within the scope of financial resources (such as seed funding), business networking and mentoring (Karim, 2017). These are elaborated on below.

#### **4.2.1 Financial resources**

Financial resources in the form of start-up capital are a major contribution by private ESCs (Zajicek, 2017). However, the findings contradict this statement because both private ESCs in the study did not provide monetary assistance for business development, but rather stipends

(financial assistance for food and lodging) and bursaries. The following quote from two participants illustrates this:

*They've partnered with [private partner], which offers a bursary for people who qualify and apply for the bursary. They provide a bursary that pays 100 percent of your fees for the course or program (P3, male, youth entrepreneur).*

*...there's a monetary value that is associated with the foundation ... which is a stipend if you are at university and obviously them covering your fees (F1, female, Program Officer).*

#### **4.2.2 Networking**

The two private ESCs provide a setting for both formal and informal networking among aspiring and seasoned entrepreneurs. Recipients benefit from this offering because it provides them with appropriate business partners, advice, and motivation. Two participants posited that:

*...they create [networking] events with other recipients ... just the network that they've exposed us to, and the community that they've exposed us to (P1, female, youth entrepreneur).*

*It was actually part of the activity to go and talk to others on the online platform, to encourage you to network and meet other people and bounce off ideas (P3, male, youth entrepreneur).*

#### **4.2.3 Mentorship**

Mentorship is a long-term relationship with a well-informed person within a particular field who exposes a youth entrepreneur to networking opportunities which aid in resource mobilisation (Hausberg & Korreck, 2021; Taigbenu, 2019). The quotations below support the findings as they reveal that private ESCs provide mentorship:

*You can apply for a mentor. That mentor can help you with the leadership aspect. They can also help you with playing an advisory role. So it's also nice in terms of how you get a mentor, it's catered to your industry (P3, male, youth entrepreneur).*

*"... for me, besides the stipend, the mentor program has been the most influential aspect of the A001 (P2, male, youth entrepreneur).*

#### **4.2.4 Business-related skills**

According to the findings, private ESCs provide additional support offerings such as business-related skills, which contradicts Karim (2017) claim that private ESCs only provide financial, networking, and mentoring services to youth entrepreneurs. This is illustrated in the quotation below:

*The value we add is we give people, particularly the younger guys who do our course, the confidence to recognise themselves as innovators, as people who can do things that they couldn't do before, and to shift their mindset to one of action, of problem-solving, of critical thinking (F3, male, chief operating officer).*

#### **4.2.5 Contextual offerings**

Since most young entrepreneurs lack a credit history, it is difficult for them to obtain financing (Danns & Danns, 2019). Private ESCs provide credibility through a well-known brand that participants can leverage. This is illustrated by the following quote:

*There are a bunch of things that I've applied to since getting into A001, which I might not have got, had it not been for the credibility afforded to me by being an A001 [recipient] (P2, male, youth entrepreneur).*

### **4.3 Public ESC support**

The third research question asked: “*What support offerings do public ESCs in South Africa provide to youth entrepreneurs?*” Public ESCs predominantly make use of business incubators to guide businesses in the early stages of their entrepreneurial venture (Lose & Tengeh, 2016). In this way, business incubators provide basic infrastructure needs, facilitate networking and provide training services for skill development (Karim, 2017; Li *et al.*, 2020).

#### **4.3.1 Physical resources**

The findings indicate that public ESCs provide office space as well as equipment, such as computers and internet access. This supports the literature in that incubators assist start-ups by providing basic infrastructure needs, such as office space or an internet connection (Karim, 2017). This is illustrated in the following quotations:

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*... using the office spaces to have group discussions and team-building has been really nice. That's where I have benefitted (P6, male, youth entrepreneur).*

*... we arranged that they can get access on campus ... we host them in our incubator or hard desking space, and they get access via the university internet" (F8, male, Manager).*

One of the public ESCs does provide seed funding. This contradicts Zajicek (2017) claims that public ESCs do not typically provide capital to start-ups.

#### **4.3.2 Networking**

According to the findings, public ESCs offer formal and informal networking channels to recipients, either through online platforms or through events. The following quotations highlight these network offerings:

*And we also have a few of our own events where we try and allocate industry experts to come and speak to our current portfolio and the students here at B001 (F6, female, Portfolio Manager).*

*[Because] the heart of the program was this networking and interaction and peer support (F7, female, Senior Manager).*

However, one recipient from B001 agreed with Van Weele *et al.* (2017) claim that public ESC networking opportunities are not developed enough to offer recipients the most benefits. The following quotation supports the assertion:

*... in networking sessions ... the more established business owners will click together and hold conversation because they know each other already and the newbies will be divided away from that (P6, male, youth entrepreneur).*

#### **4.3.3 Skill development**

All participants in the study confirmed that the ESCs provide market validation skills and business operational skills, hence supporting Diedericks (2015) assertions that incubators provide training services to develop business skills. This is illustrated in the following quotation:

*... we also help you to develop and refine your business model and to get market validation (F5, female, Centre Manager).*



Furthermore, the public ESCs in the study helped recipients improve their marketing skills. However, only one public ESC focused on an entrepreneurial mindset, as evidenced by the following quotation:

*I think it's so important because it kind of creates the structure that a young entrepreneur or any entrepreneur needs to move from thinking of an idea to actively pursuing an idea (F7, female, youth entrepreneur).*

#### **4.3.4 Additional: informal mentorship**

The findings also indicated that neither of the public ESCs offered formal mentorships or one-on-one mentoring to youth entrepreneurs. This finding backs up previous literature's claim that mentorship in public ESCs is minimal (Cohen & Hochberg, 2014; Dvouletý *et al.*, 2018). The facilitators of the centre, however, provide informal mentoring. The quotations below demonstrate this:

*...we don't have a formalised mentoring and coaching process, but all of the facilitators are by de facto, mentors and coaches (F7, female, Senior Manager).*

*...we are at a point where monthly reporting is actually useless because we meet with them so often and work with them so closely that we know what's going on in [their] new businesses (F5, female, Centre Manager).*

#### **4.4 Effectiveness**

The fourth research question asked: "Which of the ESCs more effectively address the needs of youth entrepreneurs in South Africa?" As discussed in the literature review, there is no definitive way to assess the effectiveness of ESCs. For this study, effectiveness was assessed in terms of the value an ESC provides as well as the extent to which the ESC addresses the needs of the youth entrepreneur (Yusuf, 2010). This study supported Barnes (2018) claim that value can be obtained through quality, delivery, and responsiveness. The researchers added a new criterion: the ability of the ESC to meet the changing needs of young entrepreneurs. As a result, an ESC can be considered highly effective if it meets all four criteria.

#### **4.4.1 Value: Quality**

In the context of this study, quality was defined as an ESC's ability to meet the specific needs of its recipients by tailoring its offerings (Barnes, 2018). Such customised offerings give each entrepreneur the expertise to flourish in their specific industry. The findings revealed that all participants (both facilitators and recipients) from private ESCs received support offerings that were customised. Similarly, a majority of public ESC participants considered their offerings as customised. Customisation of offerings can be achieved through one-on-one support in the recipient's specific business industry or the recipient's business stage. This is illustrated below:

*There were extra lessons for each department because, for example, the service provider and someone who is selling products, [their] business runs differently. So they were able to actually separate us based on our line of business and need (P8, female, youth entrepreneur).*

*By the time you get a coach they're able to customise their communication with you, knowing what level you are at, knowing the needs you said you have and everything. That creates a customised experience, which I think is their value proposition (P4, male, youth entrepreneur).*

#### **4.4.2 Value: Delivery**

The numerous ways in which support offerings were carried out are referred to as delivery. This broad concept can be divided into two parts: contact delivery and non-contact delivery. This is demonstrated by the following quotations:

*It's not necessary for us to really be in the same room as our incubatees, as we can do a lot of things over the internet. We also schedule much better and provide better support ... it's streamlined our flow and actually made us more effective (F6, female, Portfolio Manager).*

*We have an online learning platform, which is where we provide all of our access to different resources and content. And obviously the program officers directly also provide support. So, we've got the systems and the people as well (F2, female, youth entrepreneur).*

The findings revealed that the private ESCs in the study were delivering their programmes virtually or with a hybrid model (combination of both) before the COVID-19 pandemic. This is in contrast to the initial operation of public ESCs, which required recipients to be physically present to receive assistance. However, prior literature states that effective delivery should be in accordance with entrepreneurial expectations and promises made by the ESC (Barnes, 2018). Despite the differences in offerings delivery, all private ESC recipients had their entrepreneurial expectations met, while only six out of eight public ESC participants had their entrepreneurial expectations met. This is supported by the following quotation:

*I think they've met for me almost every single one of the expectations or all the expectations that they created for me coming into them as an ESC" (P1, female, youth entrepreneur).*

*There is a mismatch between the expectations of the entrepreneur and what we can offer. The only thing we can do is to be very clear as to what we offer and why we offer it and how are we able to assist (F8, male, centre manager).*

#### **4.4.3 Value: Responsiveness**

Responsiveness describes whether an ESC adapted its offerings or the way they were delivered in response to their environment or the changing needs of young entrepreneurs. Although all private and public ESCs can be considered responsive in terms of adapting their delivery (contact to non-contact delivery), it is clear that the content or offerings of public ESCs are not adapted in response to the changing needs of the recipients, as stated by four of eight participants. All participants from private ESCs, on the other hand, believe their content had been adapted. The following quotations support this:

*They've been very good at adapting and shifting everything online and acknowledging the circumstances of the youth entrepreneurs, and catering to how stressful those circumstances [are] and how the needs of the recipients have changed by adapting their program...and by constantly sending out surveys and having the A001 facilitators be in contact with their students (P1, female, youth entrepreneur).*

*We very seamlessly moved to remote working with hardly any disruptions... but most of our start-ups we support virtually (F5, female, centre manager).*

These findings support the literature in which the effectiveness criteria are associated with ESCs that are responsive to changing environmental trends (Barnes, 2018).

#### 4.5 Summary of findings

Table 4 presents a summary of the findings comparing the public and private ESCs concerning the support offerings they provide to address the youth entrepreneurs' needs as well as the effectiveness thereof.

**Table 4: Comparing the effectiveness of public and private ESCs for youth entrepreneurs**

Needs of youth entrepreneurs and support offerings provided		
Youth entrepreneurs' needs	Private ESC's	Public ESC's
Context-created needs of youth entrepreneurs	<ul style="list-style-type: none"> <li>Support provided</li> </ul>	<ul style="list-style-type: none"> <li>No support provided</li> </ul>
Mentorship	<ul style="list-style-type: none"> <li>Formal support provided</li> </ul>	<ul style="list-style-type: none"> <li>Informal/minimal support provided</li> </ul>
Networking	<ul style="list-style-type: none"> <li>Support provided</li> </ul>	<ul style="list-style-type: none"> <li>Support provided</li> </ul>
Resources	<ul style="list-style-type: none"> <li>Financial resources provided (only stipends and bursaries)</li> </ul>	<ul style="list-style-type: none"> <li>No financial resources provided Physical resources provided</li> </ul>
Business-related skills	<ul style="list-style-type: none"> <li>Market validation skills provided</li> <li>Business operational skills provided</li> </ul>	<ul style="list-style-type: none"> <li>Market validation skills provided</li> <li>Business modelling skills provided</li> <li>Business operational skills provided</li> <li>Marketing skills provided</li> <li>Entrepreneurial mindset development provided</li> </ul>
Other youth entrepreneur needs	<ul style="list-style-type: none"> <li>Contextual offerings provided</li> </ul>	<ul style="list-style-type: none"> <li>Nothing</li> </ul>
Effectiveness of support offerings to youth entrepreneurs		
Effectiveness criteria	Private ESC's	Public ESC's
Value: Quality	<ul style="list-style-type: none"> <li>Customised/tailor-made support offerings</li> </ul>	<ul style="list-style-type: none"> <li>Customised/tailor-made support offerings</li> </ul>
Value: Delivery	<ul style="list-style-type: none"> <li>Hybrid model (combination of virtual and in-person delivery)</li> </ul>	<ul style="list-style-type: none"> <li>Only in-person delivery</li> </ul>
Value: Responsiveness & adapting to changing environment and needs of youth entrepreneurs	<ul style="list-style-type: none"> <li>Content and offerings adapted to changing environment and needs of youth entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Content and offerings not adapted to changing environment and needs of youth entrepreneurs</li> </ul>

Source: Authors' formulation

As presented in Table 4, youth entrepreneurs require mentorship, business-related skills, networking skills, resources, and support to address their context-created needs. Private

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ESCs address all of these needs, with the exception of providing finance, which they do but only in the form of stipends and bursaries. In contrast, public ESCs provide more physical resources, networking, and business-related skills. They do not provide financial resources. They also do not provide formal mentoring, which is essential for entrepreneurs, including youth entrepreneurs. Instead, they provide informal/minimal mentoring services. Furthermore, pitching skills and expansion/growth skills were identified in Table 3 as necessary business-related skills, but these are not provided by either the public or private ESCs in this study.

## 5. DISCUSSION AND CONCLUSION

The main purpose of this study was to expand on the knowledge of the needs of youth entrepreneurs whilst drawing a comparison between the support programs offered by public and private ESCs. The study also sought to assess the effectiveness of ESCs' support offerings to South African youth entrepreneurs. The findings are summarised below, concerning the study's research questions.

This study's findings, as presented in Table 2, indicated that the prominent needs of youth entrepreneurs in the South African context include context-created needs, mentorship, business-related skills, networking and resources. This is consistent with prior literature, which posits that entrepreneurs (including youths) need resources, networks, and the necessary skills needed to start and manage their ventures (Brixiová *et al.*, 2015; Fatoki & Chindoga, 2011; Lougui & Nyström, 2014; Malebana, 2014; Yusuf, 2010). In situations where the entrepreneurs do not have all the resources needed, they seek external guidance, assistance and support (Lougui & Nyström, 2014; Yusuf, 2010). In this study, youth entrepreneurs seek external guidance and support from public and private ESCs.

Though these ESCs are tailored toward addressing the needs of youth entrepreneurs, the findings indicate that the private ESCs offer mentorship, networking, financial resources (stipends), business skills development and contextual offerings. Thus, the private ESCs do not effectively address all the needs of youth entrepreneurs, since their financial resources are stipends and not seed capital which is usually needed by nascent entrepreneurs, including youth entrepreneurs (Brixiová *et al.*, 2015). This finding on the support offerings of private ESCs is also in line with Karim (2017), who found that private ESCs offer youth entrepreneurs financial resources (though only stipends in this study), business networking, and mentoring.

The findings contradict Zajicek's (2017) claim that start-up capital is a major offering of private ESCs because the private entrepreneurial centres in this study only provide stipends.

Regarding public ESC offerings, the study's findings indicate that they provide basic infrastructural needs (such as office space and internet), networking opportunities, and training services for skill development, thus supporting Li *et al.* (2020) findings. This finding indicates that, just like private ESCs, public ESCs do not effectively address the needs of youth entrepreneurs. This is because the public ESCs in this study do not provide formal mentorship to youth entrepreneurs; they provide minimal mentorship on an informal basis. This is consistent with prior literature that holds that mentorship for business ideas and start-ups is limited and, in some cases, non-existent in incubators, which are public ESCs (Cohen & Hochberg, 2014; Dvouletý *et al.*, 2018). The study's findings also confirm Diedericks (2015) view that incubators provide training services to develop business skills since the public ESCs offer market validation and business operational skills.

Mukata *et al.* (2018) found that the main causes of business failure include the lack of financial support, financial education, business training and management skills. The findings of this study indicate youth entrepreneurs' need for mentorship, networking, resources, business-related skills (finance skills included here), and context-created needs. The ESCs are highly effective in terms of networking, resources and skills development. Mentoring is provided by the private ESC; while mentoring is also provided by the public support centres, it is on an informal basis. Finance is considered an important need by entrepreneurs, including youths. The private entrepreneurial centre provides financial assistance in the form of stipends, whereas the public centres do not. Private ESCs also offer contextual offerings, thereby meeting the context-created needs of young entrepreneurs. This contextual offering, for example, word of mouth by the private ESC to an investor, provides credibility to the youth entrepreneur and can allow the entrepreneur to gain access to funding opportunities.

Furthermore, an ESC can be considered highly effective if it meets all four criteria of the value obtained through quality, delivery, responsiveness and meeting the changing needs of young entrepreneurs (Barnes (2018). The private ESCs in this study provide customised support offerings that are adapted to meet the changing environment and needs of youth entrepreneurs. These support offerings are delivered in a hybrid model, whereas the support offerings of the public ESCs are only delivered in person and are not adapted to the changing

environment or needs of the youth entrepreneurs. Based on the aforementioned, it can be concluded that private ESCs are more effective than public ESCs in meeting the needs of youth entrepreneurs.

### **5.1 Implications of the study**

The study had both theoretical and managerial implications. The theoretical implications of the study are that it contributes to filling the skills training and business development gap whilst building on current academic knowledge surrounding the needs of youth entrepreneurs and available support offerings in South Africa. Additionally, the findings confirm and expand on current knowledge of public and private ESC offerings, which could assist young entrepreneurs seeking assistance in selecting an ESC that is best structured to serve and support their unique needs. Furthermore, these findings corroborate the literature on the effectiveness of ESCs and expand the knowledge in this field, therefore adding credibility to this criterion of effectiveness for academics.

The managerial implication of this study is that it provides public and private ESC managers with the necessary information, to enable them to better align their support offerings to meet the needs of youth entrepreneurs. In addition, the findings will enable managers and facilitators to better allocate resources and provide support offerings tailored specifically to youth entrepreneurs. For instance, since market validation is the need most highly prioritised, ESCs can alter the curriculum of their program to cater for this need. Additionally, to exploit the full benefit of networking opportunities, public ESCs could use, for example, ice-breaker activities to better integrate industry professionals and youth entrepreneurs. Public ESCs can also enable a more formal mentoring offering since it is both a highly prioritised need and is packed with opportunities for the alleviation of other youth entrepreneurial challenges. As finance is a critical need for entrepreneurs (including youths), ESCs can tailor their offerings to include seed capital. Furthermore, since investors shy away from youth entrepreneurs due to their lack of experience and entrepreneurial knowledge; these ESCs can assist youth entrepreneurs by linking them directly with potential investors. As highlighted by the OECD (2014), employers and schools should encourage students and young employees to think in an entrepreneurial manner.

The study informs both public and private ESC managers of each other's support offerings, in this way enabling a type of benchmark. For example, when informed of the benefits enjoyed

by youth entrepreneurs from this tailoring, public ESCs that are perceived to be averagely customised may be compelled to further tailor their offerings. Exposing ESCs to these benchmarks can help foster a culture of continuous improvement and prevent ESCs from becoming complacent and stagnant. Finally, the study informs youth entrepreneurs about the available support offerings as well as the effectiveness associated with each type of ESC, allowing them to select the ESC that best meets their needs.

## 5.2 Limitations and directions for future research

Although more than one ESC was evaluated in this study, the sample size of four ESCs is small. Future studies can include a larger sample of each type of ESC to provide a more data-rich comparison within the South African context. This study used a qualitative approach to data collection, foregoing the benefits of quantitative research. As a result, future research could investigate the same phenomenon using a quantitative approach to obtain more robust findings as well as to confirm or contradict the findings presented in this paper. Furthermore, this study focused on the perspectives of both facilitators and recipients of their respective ESCs. While this provides a more rounded representation of the distinct offerings provided by each ESC, it can also hinder an accurate reflection of the ESCs' effectiveness because their perspectives are based on only one ESC. For example, a recipient who only knows the boundaries of one ESC may be unaware of the full potential of the current support provided, as well as the breadth of other ESCs' offerings. Finally, because this study includes ESCs that assist youth entrepreneurs from various industries, future studies could compare both ESCs and youth entrepreneurs from the same industries. This could allow for a more industry-specific approach, as different industries require various levels of focus and resources to succeed.

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