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Incubation Models and the Development of Youth Start-Up Enterprises in the Nkangala District Municipality of Mpumalanga Province, South Africa

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Abstract:

Youth entrepreneurship is increasingly viewed as a key policy response to persistent unemployment and uneven local economic development in South Africa. This article examines the role of business incubation models in supporting youth start-up enterprises within the Nkangala District Municipality in Mpumalanga Province. The study adopts a qualitative secondary data approach, drawing on municipal planning documents, provincial development reports and recent academic literature. As the analysis relies exclusively on documentary sources, no ethical clearance was required. The findings indicate that incubation models contribute positively to youth enterprise development by providing foundational business skills, structured mentorship and access to enabling infrastructure. Participation in incubation programmes is associated with improved enterprise viability and greater exposure to market networks. However, the study also identifies notable constraints, including inadequate long-term funding, limited inclusion of rural youth and weak coordination among government departments, training institutions and private sector actors. Despite these challenges, incubation initiatives appear to enhance youth innovation capacity and contribute to the strengthening of township and semi urban enterprise ecosystems in the district. The article concludes that while incubation models exert a meaningful influence on youth start-up development, their impact remains uneven. Improved policy alignment, resource consolidation and monitoring frameworks are necessary to maximise their developmental potential.

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Introduction

Youth entrepreneurship is widely recognised as a critical mechanism for addressing persistently high youth unemployment and advancing inclusive local economic development in South Africa. Despite some sectoral recovery, young people remain largely excluded from formal labour markets, with unemployment rates exceeding 40 percent when discouraged work-seekers are included (Statistics South Africa, 2024). This structural exclusion has intensified policy focus on entrepreneurship as an alternative pathway to economic participation, income generation, and local innovation, particularly in areas where formal employment is limited (International Labour Organization, 2024; World Bank, 2022). Youth-led enterprises are increasingly framed not only as a route to self-employment but also as contributors to local value chains and social capital formation, highlighting their potential to foster community resilience (World Bank, 2022). However, youth entrepreneurial potential is constrained by persistent systemic barriers. Limited access to start-up finance, weak business skills, fragmented support networks, and restricted market access are recurring challenges that undermine the sustainability of youth enterprises (National Youth Development Agency, 2023; Mhlongo, Ntshangase, & Ezeuduji, 2025). These challenges are exacerbated in districts marked by spatial inequality, poor infrastructure, and uneven institutional capacity. The Nkangala District Municipality in Mpumalanga exemplifies such a context, encompassing urban centres, mining-dependent towns, and rural settlements where economic opportunities are unevenly distributed (Nkangala District Municipality, 2023). Young entrepreneurs in the district often operate informally or semi-formally, with limited access to structured mentorship and business support. In response, business incubation models have emerged as a key instrument to strengthen youth entrepreneurship outcomes. Incubation initiatives typically provide structured support, including skills training, mentorship, shared infrastructure, networking opportunities, and facilitation of access to finance (OECD, 2023a; Mgweba & Lungisa, 2024). In South Africa, incubation is central to national policy frameworks supporting youth and historically disadvantaged entrepreneurs. The Department of Small Business Development explicitly positions enterprise incubation hubs as pivotal to improving start-up survival rates and enterprise growth potential (Department of Small Business Development, 2023). At a broader level, the Presidential Youth Employment Intervention has prioritised ecosystem development and intermediary platforms that link young entrepreneurs to training, funding, and markets, particularly in townships and rural economies (Presidency of South Africa, 2024). These initiatives reflect the recognition that entrepreneurship outcomes depend not only on individual motivation but also on the strength of local support systems. Regardless of policy endorsement, the effectiveness of incubation models remains uneven. Evidence from under-resourced municipalities suggests that incubators often face inadequate infrastructure, short-term funding cycles, and weak coordination between municipal authorities, training institutions, and private sector actors (Shumba & Ebewo, 2024; Sikombe et al., 2024). Research in South African

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contexts shows that while incubation programmes can enhance entrepreneurial confidence and basic business skills, their long-term impact is limited by insufficient post-incubation support and weak integration into broader local economic development strategies (Mgweba & Lungisa, 2024; Mhlongo, Ntshangase, & Ezeuduji, 2025). This underscores the importance of examining incubation models in specific municipal contexts to understand how they contribute to the establishment and sustainability of youth-led enterprises.

Literature Review

Introduction

Business incubation has emerged as a central policy instrument within contemporary enterprise development discourse, particularly in developing and transition economies where small, medium, and micro enterprises are expected to play a critical role in employment creation, innovation, and inclusive economic growth. In South Africa, the persistent challenges of youth unemployment, spatial inequality, and uneven entrepreneurial capability have intensified interest in incubation as a mechanism for supporting early-stage enterprises and facilitating economic participation among marginalised groups. National policy frameworks, including the Economic Reconstruction and Recovery Plan and the Youth Enterprise Development Strategy, position entrepreneurship and incubation as strategic responses to structural labour market constraints and post-industrial economic restructuring (National Planning Commission, 2020; Department of Small Business Development, 2023). Simultaneously, international scholarship highlights that incubation outcomes are highly context dependent, shaped by institutional capacity, governance arrangements, spatial location, and the degree of integration within broader entrepreneurial ecosystems (OECD, 2023a; World Bank, 2022). This has prompted growing attention to subnational and municipal-level incubation systems, particularly in non-metropolitan and under-resourced settings. Despite this shift, empirical research focusing on district municipalities in South Africa remains limited, with much of the literature concentrating on national programmes or metropolitan incubators. This literature review critically examines scholarship on business incubation with a specific focus on conceptual foundations, incubation outcomes, youth-focused incubation, spatial and socio-economic disparities in access, and municipal-level implementation. It synthesises international, national, and local studies to situate the present research within existing debates and to identify gaps relevant to the Nkangala District Municipality context. In doing so, the review establishes the theoretical and empirical grounding for examining how incubation operates within district-level governance structures and how it contributes to youth enterprise development and local economic participation.

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Conceptualising Business Incubation in Contemporary Enterprise Development

The conceptualisation of business incubation has evolved significantly over the past two decades, reflecting shifts in development theory, economic policy, and entrepreneurial practice. Early definitions framed incubation primarily as the provision of physical workspace and basic business services. Contemporary scholarship, however, increasingly understands incubation as a structured developmental process that integrates mentorship, skills development, access to finance, and institutional linkages aimed at reducing early-stage enterprise risk and improving survival prospects (Shumba & Ebewo, 2024; OECD, 2023a). Within this expanded conceptual framework, incubation is no longer regarded as a standalone intervention but as a component of broader entrepreneurial ecosystems. These ecosystems comprise interconnected actors, including government agencies, educational institutions, financial organisations, private firms, and civil society, whose interactions shape enterprise trajectories (OECD, 2023a; World Bank, 2022). From this perspective, incubators function as intermediary institutions that facilitate access to resources, information, and networks, particularly for entrepreneurs who would otherwise be excluded from formal markets. In the South African context, incubation is increasingly embedded within developmental local government mandates. Municipalities are expected to promote local economic development by supporting enterprise formation, facilitating skills development, and fostering inclusive participation (Nkangala District Municipality, 2023). Incubation thus intersects with local governance, spatial planning, and socio-economic development objectives. This positioning is particularly relevant in district municipalities, where coordination across multiple local municipalities introduces additional complexity in programme design and delivery. Scholars further argue that incubation should be understood as an ecosystem-building process rather than a linear service provision model. Effective incubation integrates human capital development, institutional support, and social capital formation, enabling entrepreneurs to navigate regulatory environments, access markets, and adapt to changing economic conditions (Van Niekerk et al., 2024; Ssekitoleko & Dhliwayo, 2023). This relational and networked understanding of incubation provides a useful analytical lens for assessing municipal incubation initiatives, particularly in under-resourced environments.

Incubation Outcomes in South Africa's Small Business Landscape

Empirical studies consistently demonstrate that incubation contributes positively to small business performance and sustainability in South Africa. Incubated enterprises tend to exhibit higher survival rates, improved operational continuity, and greater resilience to market shocks compared to non-incubated firms (Mgweba & Lungisa, 2024; Shumba & Ebewo, 2024). These outcomes are attributed to structured mentorship, business planning support, and targeted interventions that address common early-stage challenges such as regulatory compliance, financial management, and market access. In a

national context characterised by volatile economic conditions and limited access to finance, incubation plays a stabilising role by enhancing enterprise preparedness and adaptive capacity (National Planning Commission, 2020). Studies indicate that incubators assist entrepreneurs in navigating complex regulatory frameworks, understanding procurement processes, and engaging with formal financial institutions, thereby lowering barriers to entry and reducing business failure rates (Sikhosana & Motsepe, 2025a). Beyond survival, incubation has been shown to enhance innovation capacity and competitiveness. Exposure to advisory services, peer learning, and shared resources encourages product diversification, technological adoption, and strategic experimentation (Ssekitoleko & Dhliwayo, 2023; OECD, 2023a). This innovation-oriented dimension is particularly significant in sectors undergoing structural change, where enterprises must adapt to shifting demand patterns and technological advancements. However, the literature also cautions against overstating incubation impacts without considering institutional and contextual constraints. Weak monitoring and evaluation systems limit the availability of longitudinal data on enterprise outcomes, making it difficult to assess long-term employment creation and growth effects (Tracy, 2020). As a result, incubation success is often measured through short-term outputs rather than sustained developmental outcomes, highlighting a key limitation in existing evidence.

Youth-Focused Incubation and Enterprise Readiness

Youth entrepreneurship occupies a central position in South Africa's economic policy landscape due to persistently high youth unemployment rates. According to Statistics South Africa (2024), young people face disproportionately high barriers to labour market entry, prompting increased emphasis on entrepreneurship as an alternative pathway to economic participation. Youth-focused incubation programmes have therefore emerged as a critical policy response, aiming to equip young entrepreneurs with the skills, confidence, and institutional support required for enterprise development. Research indicates that youth-oriented incubators significantly improve financial literacy, business planning capabilities, and operational readiness among young entrepreneurs (Van Niekerk et al., 2024; Mhlongo et al., 2025). Many young people lack prior exposure to formal business environments, and incubation addresses these deficits by providing structured learning opportunities and practical guidance. This contributes not only to improved enterprise performance but also to enhanced entrepreneurial self-efficacy and motivation. In addition to human capital development, youth incubation plays an important role in social empowerment. Incubation environments foster peer interaction, mentorship relationships, and collaborative learning, which contribute to the formation of social capital (Mgweba & Lungisa, 2024). These relational dimensions reduce isolation, encourage persistence, and support knowledge exchange, particularly among first-time entrepreneurs. National and international policy frameworks reinforce the importance of youth-focused incubation. The Youth Enterprise Development Strategy and the Presidential Youth Employment Intervention emphasise entrepreneurship support as a mechanism

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for addressing youth unemployment and promoting inclusive growth (Department of Small Business Development, 2023; Presidency of South Africa, 2024). Similarly, the OECD (2023b) highlights the need for tailored entrepreneurship policies that recognise the specific constraints faced by young people, including limited access to finance, networks, and market information. Notwithstanding these benefits, the literature highlights uneven outcomes across different youth groups. Gender, rural location, and socio-economic status shape access to incubation opportunities, suggesting that youth-focused programmes require deliberate inclusion strategies to avoid reinforcing existing inequalities (National Youth Development Agency, 2023).

Spatial and Socio-Economic Disparities in Incubation Access

A recurring theme in the incubation literature is the persistence of spatial and socio-economic disparities in access to enterprise support. Urban-centric incubation models tend to concentrate resources, expertise, and infrastructure in metropolitan areas, limiting opportunities for entrepreneurs in rural and semi-peripheral municipalities (Mgweba & Lungisa, 2024; World Bank, 2022). This spatial bias is particularly pronounced in district municipalities, where institutional capacity and funding availability vary significantly across localities. Low-income youth face additional barriers, including affordability constraints, limited awareness of incubation programmes, and selection processes that favour entrepreneurs with higher levels of education or social capital (National Youth Development Agency, 2023). These dynamics risk excluding precisely those groups that incubation policies are intended to support. The literature further suggests that fragmented institutional coordination exacerbates spatial inequities. Where municipal, provincial, and national programmes operate in silos, duplication of effort and uneven service provision undermine incubation effectiveness (Sikombe et al., 2024). Strengthening intergovernmental coordination and decentralising incubation services are therefore identified as critical strategies for promoting equitable access.

Municipal-Level Incubation Studies and the Nkangala Context

While national-level analyses of incubation are well established, municipal-specific studies remain relatively scarce. This gap is significant, as municipalities play a central role in implementing local economic development initiatives and shaping enterprise ecosystems (Nkangala District Municipality, 2023). District municipalities, in particular, are tasked with coordinating development across multiple local municipalities with diverse socio-economic profiles. Nkangala District Municipality presents a complex economic landscape characterised by mining decline, manufacturing activity, agricultural production, and rural settlements. High youth unemployment and economic restructuring pressures underscore the importance of effective incubation support. Municipal planning documents emphasise enterprise development, industrial diversification, and youth participation as strategic priorities, positioning incubation as a key implementation mechanism. The literature suggests that understanding

incubation at the district level is essential for assessing alignment with local governance frameworks and development objectives. Variations in administrative capacity, infrastructure availability, and stakeholder engagement influence how incubation is implemented and experienced across different localities (Motsepe et al., 2026). District-level studies therefore offer valuable insights into the practical realities of incubation beyond metropolitan contexts.

Synthesis of Similar Research Projects

Comparative studies from secondary cities and district municipalities highlight the importance of municipal coordination and stakeholder alignment in determining incubation outcomes. Where municipalities actively facilitate partnerships, integrate incubation into planning frameworks, and allocate dedicated resources, participation rates and enterprise outcomes improve (Sikhosana & Motsepe, 2025b). Conversely, weak administrative integration leads to fragmented service delivery, inconsistent support intensity, and limited programme sustainability. Capacity constraints at the municipal level, including shortages of skilled personnel and financial resources, further undermine incubation effectiveness (Motsepe, Sethu & Sikhosana, 2025). These findings underscore the need for institutional strengthening and collaborative governance to maximise the developmental impact of incubation initiatives.

Identified Gaps and Implications for the Present Study

Collectively, the literature confirms that incubation strengthens entrepreneurial capacity, enhances youth enterprise readiness, and contributes to small business sustainability. At the same time, it reveals persistent gaps related to spatial inequality, uneven municipal implementation, and limited district-level empirical evidence. Theoretical frameworks such as human capital theory, ecosystem theory, and developmental local government theory provide useful explanatory tools but require contextual application. There is a clear need for studies that examine how incubation operates within district municipalities, how accessibility varies across localities, and how youth entrepreneurs experience incubation support. By focusing on Nkangala District Municipality, the present study responds directly to these gaps and contributes context-specific evidence to inform policy and practice.

Conclusion of the Literature Review

This literature review demonstrates that business incubation constitutes a multifaceted enterprise development strategy that integrates mentorship, skills development, infrastructure access, and ecosystem coordination. Youth-focused incubation plays a particularly important role in enhancing financial literacy, operational readiness, and social capital, thereby supporting inclusive economic participation. However, persistent spatial and socio-economic disparities, coupled with uneven municipal capacity, limit the reach and effectiveness of existing models. District-level analyses are essential for

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understanding the practical dynamics of incubation implementation and for informing more equitable and context-sensitive policy interventions. The Nkangala case provides an opportunity to advance this understanding by examining incubation within a district governance framework characterised by economic diversity and high youth unemployment. Future research should continue to explore mechanisms for scaling effective incubation models, strengthening municipal coordination, and ensuring inclusive access for aspiring entrepreneurs across diverse local contexts.

Methods and Data

Theoretical Frameworks

This study is anchored in three complementary theoretical perspectives that explain how incubation contributes to youth enterprise development in South Africa: human capital theory, entrepreneurial ecosystem theory, and developmental local government theory. Human capital theory provides the primary analytical lens, emphasising that entrepreneurial outcomes are shaped by skills acquisition, knowledge formation, and experiential learning. Empirical evidence from South Africa demonstrates that entrepreneurial education, mentorship, and exposure to business networks enhance youth entrepreneurial intention, confidence, and operational capability (Mhlongo, Ntshangase, & Ezeuduji, 2025; Van Niekerk et al., 2024). Incubation initiatives operationalise this logic by offering structured training, mentorship, and shared resources that strengthen decision-making and business readiness, particularly for first-time youth entrepreneurs (OECD, 2023a). Entrepreneurial ecosystem theory complements this perspective by situating incubation within broader institutional, policy, and market environments. From this view, incubation effectiveness depends on the alignment of support institutions, access to finance, infrastructure, and market linkages rather than on individual effort alone (OECD, 2023b; Shumba & Ebewo, 2024). In under-resourced municipal contexts, weak coordination among stakeholders and uneven resource distribution often constrains the developmental impact of incubation (Mgweba & Lungisa, 2024). Finally, developmental local government theory highlights the strategic role of municipalities in enabling entrepreneurship through planning, partnerships, and local economic development initiatives. Municipal capacity, governance coherence, and integration of incubation into district development strategies are critical determinants of programme effectiveness (Nkangala District Municipality, 2023; Sikhosana & Motsepe, 2025a). Together, these frameworks allow for a multi-level analysis of youth incubation that captures individual, institutional, and spatial dynamics.

Methodology

This study employed a qualitative secondary data research design to examine the role, benefits, and limitations of incubation models supporting youth start-up enterprises within the Nkangala District Municipality. A documentary approach was appropriate given the policy-oriented nature of the study and

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its focus on institutional arrangements rather than individual lived experiences (Tracy, 2020). The literature and documentary sources were identified through a structured search process. Academic literature was located using recognised scholarly databases and indexing platforms commonly used in public management and entrepreneurship research, including Google Scholar, Scopus-indexed journals, and accredited South African journals. Search terms included combinations of *youth entrepreneurship*, *business incubation*, *municipal economic development*, *public sector enterprise support*, and *local economic development*. Policy and planning documents were sourced directly from official government portals, including municipal websites, national and provincial department repositories, and multilateral organisation databases to ensure authenticity and verifiability. Inclusion criteria required sources to focus explicitly on youth entrepreneurship, business incubation, municipal or district-level economic development, or entrepreneurship policy within South Africa or comparable contexts. Only documents published between 2020 and 2026 were included to ensure policy and contextual relevance. Exclusion criteria eliminated sources that addressed entrepreneurship without a youth focus, national-level frameworks lacking municipal application, opinion-based commentary, and studies without empirical or policy grounding. Following retrieval, documents were evaluated for relevance and quality. Academic sources were assessed based on peer-review status, methodological transparency, and alignment with the study's focus on public sector incubation and local development. Policy documents were assessed for institutional authority, scope, and relevance to municipal governance and enterprise support. This evaluative process ensured that only credible and substantively relevant sources informed the analysis. Data sources comprised municipal planning documents, national and provincial policy frameworks, government and multilateral reports, and peer-reviewed academic literature, including incubation-focused studies and youth entrepreneurship analyses (Department of Small Business Development, 2023; National Youth Development Agency, 2023; OECD, 2023a). Data were analysed using thematic analysis, following stages of familiarisation, coding, theme development, and synthesis. Key themes included incubation design, human capital development, access to markets and finance, institutional coordination, and local governance capacity (Mgweba & Lungisa, 2024; Shumba & Ebewo, 2024). Trustworthiness was enhanced through triangulation across policy, municipal, and academic sources, alongside transparent documentation of inclusion decisions. Ethical clearance was not required, as the study relied exclusively on publicly available secondary data.

Results

The analysis of secondary data revealed four overarching findings regarding the role of incubation models in supporting youth start-up enterprises within the Nkangala District Municipality. These findings are derived from an integrated review of municipal planning documents, national and provincial youth

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enterprise strategies, government reports on small business development, and recent peer-reviewed literature on youth entrepreneurship and incubation in South Africa. The findings are presented thematically and aligned with the study's analytical framework, while remaining sensitive to Nkangala's mixed urban–rural and post-industrial economic context.

Skills Development and Business Readiness

The first major finding indicates that incubation models play a decisive role in strengthening business readiness among youth entrepreneurs in Nkangala. Across municipal and national policy documents, incubation is consistently framed as a structured mechanism for enhancing entrepreneurial competencies, particularly among young people who lack prior business exposure (Department of Small Business Development, 2023; National Youth Development Agency, 2023). Training interventions offered through incubation programmes typically include financial literacy, basic accounting, business planning, compliance with regulatory requirements, and market analysis. Evidence from South African incubation literature suggests that such interventions contribute directly to improved entrepreneurial intention, confidence, and operational preparedness among youth participants (Mhlongo et al., 2025; Van Niekerk et al., 2024). In the Nkangala context, municipal records contained in the Integrated Development Plan indicate that incubated youth enterprises demonstrate stronger budgeting discipline, clearer pricing strategies, and greater awareness of statutory obligations compared to non-incubated enterprises (Nkangala District Municipality, 2023). Beyond formal training, incubation programmes emphasise experiential learning through mentoring, simulation exercises, and iterative business plan development. This applied approach aligns with national priorities to address structural skills deficits that constrain youth participation in the economy (National Planning Commission, 2020). The importance of such skills development is particularly pronounced in Nkangala, where economic opportunities are shaped by declining mining activity, uneven infrastructure, and limited access to formal employment pathways (Motsepe et al., 2026).

Skill Area	Observed Outcome	Sources
Financial literacy	Improved budgeting, cost control, and cash flow management	Mhlongo et al. (2025); NYDA (2023)
Business planning	Clearer operational strategies and goal setting	Nkangala District Municipality (2023)
Regulatory compliance	Increased awareness of licensing, tax, and municipal requirements	DSBD (2023)
Entrepreneurial confidence	Stronger decision-making and risk awareness	Van Niekerk et al. (2024)

Table 1: Skills Development Outcomes in Nkangala Youth Incubation Programmes

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Overall, the findings suggest that skills-oriented incubation reduces early-stage operational risk and improves enterprise survivability. This supports broader evidence that youth entrepreneurship outcomes are closely tied to the quality and relevance of skills development interventions rather than entrepreneurial motivation alone (OECD, 2023a).

Enhanced Access to Support Networks

The second key finding relates to the expansion of support networks facilitated by incubation models. Network access emerged as a central mechanism through which incubation improves youth enterprise outcomes, particularly in navigating complex institutional and market environments. Policy and academic sources emphasise that young entrepreneurs often lack the social capital required to access finance, procurement opportunities, and professional advice (World Bank, 2022; Sikhosana & Motsepe, 2025b). In Nkangala, incubation programmes function as intermediaries that connect youth entrepreneurs to mentors, sector specialists, municipal officials, and development agencies. These connections enhance relational capital and reduce informational asymmetries that typically disadvantage youth-owned enterprises (National Youth Development Agency, 2023). Mentorship relationships, in particular, provide ongoing operational guidance and psychosocial support, reinforcing entrepreneurial persistence in a challenging economic environment (Van Niekerk et al., 2024). Government reports further indicate that incubation-linked networks improve awareness of funding instruments, supplier development schemes, and preferential procurement opportunities available to youth enterprises (Department of Small Business Development, 2023; Sikhosana & Motsepe, 2025a). However, network benefits are not evenly distributed across the district. Youth entrepreneurs located in peri-urban areas tend to access denser networks compared to those in rural settlements, reflecting broader spatial inequalities in infrastructure and institutional presence (Nkangala District Municipality, 2023).

Network Component	Observed Impact	Sources
Mentorship	Improved operational decision-making and confidence	Van Niekerk et al. (2024)
Peer networks	Knowledge sharing and reduced entrepreneurial isolation	Shumba & Ebewo (2024)
Institutional linkages	Access to finance, procurement, and support agencies	DSBD (2023); Sikhosana & Motsepe (2025a)

Table 2: Network-Related Benefits for Nkangala Youth Entrepreneurs

The analysis confirms that networks function as structural enablers of opportunity recognition, legitimacy, and market entry. Where networks are weak or fragmented, the benefits of incubation are significantly diminished, reinforcing the importance of coordinated ecosystem development (OECD, 2023b).

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Innovation and Enterprise Growth Potential

The third finding highlights the role of incubation in promoting innovation and enhancing enterprise growth potential. Incubated youth enterprises in Nkangala demonstrate higher engagement with emerging and diversified economic activities, including digital services, agro-processing, and township-based value chains. This pattern aligns with national and international evidence that incubation environments encourage opportunity-driven rather than survivalist entrepreneurship (OECD, 2023a; World Bank, 2022). Policy documents indicate that incubation programmes expose youth entrepreneurs to innovation-oriented training, digital tools, and market intelligence, enabling product diversification and improved responsiveness to local demand (Presidency of South Africa, 2024). Such exposure is particularly relevant in Nkangala's post-mining economy, where economic diversification is a strategic priority (Nkangala District Municipality, 2023). Innovation support is further strengthened through access to shared infrastructure, prototype development guidance, and linkages to research and innovation partners. Studies on public–private collaboration suggest that these linkages enhance learning, experimentation, and scalability among small enterprises (Sikombe et al., 2024). Youth enterprises participating in incubation are therefore better positioned to transition from informal micro-activity to more sustainable market participation.

Indicator	Observed Outcome	Sources
Product diversification	Expanded offerings and niche market entry	OECD (2023a)
Technology adoption	Increased use of digital platforms and tools	Ssekitoleko & Dhliwayo (2023)
Market linkages	Stronger integration into local value chains	World Bank (2022)

Table 3: Innovation and Growth Indicators in Nkangala Incubation Programmes

These findings reinforce arguments that incubation can contribute to local economic restructuring by fostering youth-led innovation and enterprise growth, provided adequate institutional support is sustained (Shumba & Ebewo, 2024).

Challenges Affecting Sustainability

Despite the positive outcomes identified above, the analysis reveals persistent challenges that constrain the long-term sustainability of youth enterprises supported through incubation. Funding continuity emerged as the most significant limitation. While incubation programmes often provide seed support and early-stage assistance, access to post-incubation finance remains limited, resulting in stagnation once formal support ends (OECD, 2023b; National Youth Development Agency, 2023). Municipal and national documents further indicate that weak integration between incubators and financial institutions exacerbates funding gaps, particularly for enterprises operating in rural or peripheral areas (Nkangala District Municipality, 2023). Spatial inequality remains a defining constraint, with rural youth facing

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infrastructural deficits, limited digital connectivity, and reduced exposure to support programmes (Statistics South Africa, 2024). Institutional fragmentation also undermines sustainability. Limited coordination between municipal departments, development agencies, and programme implementers leads to duplication, inconsistent messaging, and weak monitoring and evaluation systems (Department of Small Business Development, 2023). These challenges reflect broader governance constraints within local economic development structures.

Challenge	Implication	Sources
Post-incubation funding gaps	Reduced enterprise growth and survival	OECD (2023b)
Rural access disparities	Unequal participation and outcomes	Nkangala District Municipality (2023)
Institutional fragmentation	Inconsistent support and weak oversight	DSBD (2023)

Table 4: Sustainability Challenges in Nkangala Youth Incubation Models

Summary Interpretation

Overall, the results demonstrate that incubation models in the Nkangala District Municipality contribute meaningfully to youth enterprise development by strengthening skills, expanding networks, and fostering innovation. These outcomes align with national policy objectives to leverage entrepreneurship as a response to structural youth unemployment (International Labour Organization, 2024; National Planning Commission, 2020).

Discussion

The findings of this study demonstrate that business incubation models play a substantive role in supporting the development and relative sustainability of youth start-up enterprises in the Nkangala District Municipality. Incubation contributes to skills development, network formation, innovation capacity, and the identification of sustainability constraints, reinforcing the view that structured enterprise support is critical in contexts characterised by high youth unemployment and uneven economic opportunity. These results are largely consistent with South African and international evidence on youth entrepreneurship support, while also revealing context-specific dynamics at the district level. This section situates the findings within existing theory and empirical research, highlighting areas of convergence and divergence.

Skills Development and Business Readiness

The study finds that incubation strengthens business readiness among youth entrepreneurs by improving financial literacy, basic managerial competence, and understanding of regulatory requirements. This supports evidence that young entrepreneurs often enter self-employment with limited

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exposure to formal business systems and benefit substantially from structured capacity-building interventions (Mgweba & Lungisa, 2024; NYDA, 2023). In Nkangala, incubation programmes translated abstract entrepreneurial concepts into applied business practices, enabling youth to navigate compliance, budgeting, and operational decision-making. These findings align with broader South African scholarship emphasising post-school entrepreneurial learning pathways as a bridge between education and economic participation (Motsepe et al., 2025). Internationally, similar patterns have been observed in developing contexts where incubation programs improve start-up survival and operational capability (Ssekitoleko & Dhliwayo, 2023). Notably, the Nkangala context highlights that structured mentoring within municipal programmes can achieve similar readiness outcomes despite limited resources, illustrating both alignment with and adaptation of global best practices to local governance realities.

Access to Support Networks

A second key finding relates to the role of incubation in expanding youth entrepreneurs' access to professional and institutional networks. Participants benefited from exposure to mentors, peer entrepreneurs, development agencies, and sector-specific stakeholders. This supports evidence that social and relational capital is central to early-stage enterprise development, particularly for youth who often lack inherited business networks or financial backing (Van Niekerk et al., 2024; Shumba & Ebewo, 2024). Consistent with OECD (2023b), incubation acts as a bridging mechanism connecting marginalised youth to wider support systems. However, the Nkangala findings reveal persistent geographic disparities, with rural youth experiencing limited access, a contrast to studies in metropolitan contexts where network benefits are more evenly distributed. This divergence underscores the importance of spatially sensitive incubation models that incorporate decentralised delivery and digital platforms to reduce inequalities.

Innovation and Enterprise Growth Potential

The study further finds that incubation contributes to innovation and growth orientation among youth-owned enterprises. Incubated businesses were more likely to diversify products, adopt digital tools, and pursue new market opportunities, supporting global evidence that incubators facilitate experimentation and exposure to emerging technologies (Ssekitoleko & Dhliwayo, 2023; OECD, 2023a). Unlike some international cases where incubators primarily target tech-oriented ventures, Nkangala demonstrates that incubation can also stimulate opportunity-oriented activity in resource-constrained, necessity-driven economies, reflecting a context-specific adaptation of incubation principles (World Bank, 2022; Motsepe et al., 2026).

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Challenges Affecting Sustainability

Despite positive contributions, structural challenges continue to limit long-term sustainability. Post-incubation finance remains a critical barrier, reflecting broader weaknesses in South Africa's youth entrepreneurship ecosystem (NYDA, 2023; OECD, 2023b). Rural exclusion, weak infrastructure, and fragmented institutional coordination also constrain effectiveness, echoing national-level assessments of youth entrepreneurship programmes (Presidency of South Africa, 2024; Nkangala District Municipality, 2023). These findings both confirm and extend existing research by demonstrating how district-level governance conditions, such as inter-municipal coordination, infrastructure gaps, and spatial inequality, mediate the outcomes of incubation initiatives.

Conclusion

This study examined the role of incubation models in supporting youth start-up enterprises within the Nkangala District Municipality. Using secondary data from municipal development plans, provincial youth policies, government reports, and recent literature, it explored how incubation contributes to skills development, network access, innovation, and enterprise sustainability. The findings show that incubation has a meaningful and multidimensional impact on youth entrepreneurship while highlighting systemic challenges that limit participation and long-term success.

Key Findings

First, incubation strengthens skills development and business readiness. Young entrepreneurs gain knowledge in financial management, marketing, operational planning, and regulatory compliance. Practical workshops, mentorship, and hands-on learning complement theoretical instruction, helping youth build both competence and confidence. This combination supports entrepreneurial self-efficacy and prepares start-ups for early-stage challenges.

Second, incubation facilitates access to support networks. Youth engage with mentors, sector specialists, and enterprise development agencies, which enhance problem-solving, market access, and legitimacy. However, network benefits are uneven, with rural youth experiencing more limited access due to geographic and infrastructural disparities.

Third, incubation fosters innovation and growth potential. Youth start-ups show greater engagement with emerging economic opportunities, including digital services, agro-processing, and township-based ventures. Exposure to sector knowledge, mentorship, and market insights helps participants identify and exploit niche markets, supporting creativity and strategic enterprise development.

Finally, sustainability challenges persist. Limited post-incubation funding, weak institutional coordination, and uneven rural participation constrain the long-term impact of incubation. Addressing

these issues is essential for translating acquired skills, networks, and innovation capacity into sustainable enterprise growth.

Theoretical Implications and Further Research

The findings reinforce theoretical perspectives on entrepreneurship and innovation ecosystems. Incubation operates as a mechanism that bridges individual capability development with broader ecosystem support, demonstrating the relevance of human capital theory, social network theory, and ecosystem thinking in municipal contexts. The study highlights that incubation outcomes are contingent not only on individual motivation but also on governance quality, institutional capacity, and network coherence, extending existing theory by situating it within district-level public sector environments. Future research should capture primary qualitative and quantitative data to examine youth experiences and post-incubation trajectories more systematically. Comparative studies across municipalities or provinces could illuminate how variations in governance, infrastructure, and funding influence outcomes. Intersectional analyses considering gender, socioeconomic background, and rural-urban disparities would further enhance understanding of inclusion and equity in youth enterprise incubation. Evaluating the alignment between policy frameworks and practical programme delivery could strengthen evidence-based municipal strategies and contribute to refining incubation models within the South African context. In conclusion, incubation models play a critical role in equipping youth with skills, networks, and innovation capacity, supporting enterprise initiation and early growth. Their long-term impact depends on addressing systemic constraints through coordinated governance, sustainable financing, rural inclusion, and structured post-incubation support. These findings offer both practical and theoretical insights for enhancing the effectiveness and inclusivity of municipal youth incubation initiatives.

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