



---

# University Business Incubation and Entrepreneurial Society: An Empirical Review

---

**JENYO,  
Bola Olufunke**

Postgraduate student,  
Department of  
Entrepreneurship,  
Joseph Ayo Babalola  
University,  
Ikeji-Arakeji,  
Osun State.

jenyoone@  
yahoo.com

**JENYO,  
Morufu Babatunde**

Postgraduate student,  
Department of  
Entrepreneurship,  
Joseph Ayo Babalola  
University,  
Ikeji-Arakeji,  
Osun State.

**BAMIDELE,  
Ayodeji Gbenga Ph.D.**

Business Administration  
and Marketing  
Department,  
Babcock University,  
Ilishan-Remo,  
Ogun State.

ayodejibamidele1@  
gmail.com

## ABSTRACT

*There is complete or near absence of business incubation programme in Nigeria Universities due to poor understanding of the phenomenon. There is the need for graduate training and orientation in Nigerian universities to face the challenges of unemployment, poverty and other societal vices. The aim of the study is to examine the role of university business incubation in an entrepreneurial society. The study adopted a desk research to examine relevant literatures. The study found that the policies makers in Nigeria are yet to focus on university business/technology incubator to grow and develop new spinoffs. The study recommends that policy makers should encourage Technology Base Universities to also start Technology Incubators to build potential high- tech Companies which will grow the economy of the Nation.*

**Keywords:** University incubation, Entrepreneurial Society, Entrepreneurship, Spinoff, Commercialization

## **Introduction**

Business incubators are tools designed to house incubates in a conducive environment in order to build an entrepreneurial society while university business incubators are special incubators located on campus to build entrepreneurs and spinoffs through knowledge and technology transfer, innovation application and other supportive services rendered to the spinoff.

In an emerging Economics like Nigeria, there is need to encourage entrepreneurship through start-up, small and medium businesses. Business Incubators are programme designed to fast track the successful development of start-ups ventures through a process of business support resources and services. Universities' incubators are important tools in motivating young graduates to become innovative entrepreneurs. The increased awareness in incubation services among Universities is an avenue to reduce the rate of unemployment through nurturing, mentoring, financial enlightenment and enhance the network capacity of the incubatees/clients or spinoffs. Jenyo, Maigari, Bamidele and Jenyo (2018) in their study concluded that business incubation programme is a good medium for nurturing entrepreneurs and their ventures as they contribute to solving the tripartite societal need of job creation, poverty reduction and economic development.

Universities played important role to grow the economy through their involvement in incubating programme, research, innovation and creativity, knowledge/technology transfers commercialization of local product and innovative entrepreneurs. Another reason for University business incubation programme is to allow the commercialization of technology and research by the spin off ventures. There is need for Nigeria Universities to shift the trend from teaching to building the entrepreneurial culture of the society through establishment of University business incubators which will make entrepreneurs instead of job seekers (Gul & Ahmad, 2012). Rakesh and Sarah (2016) affirm that University business incubators will produce academic entrepreneurs and sustain the spin-offs. There is a growing trend for universities to offer entrepreneurship education and focus on it rather than the normal traditional way of teaching. The Universities require less resource for the services needed by the nascent entrepreneurs. Amezcua (2010) opined that building industries and business communities. University business incubators encourage an entrepreneurial society for social economic growth (Audretsch, 2014; Farhan, Kamariah, Nasir, 2015). The survival of any economy depends solely on innovation, an innovative economy will help the new and existing enterprises to survive and sustain their businesses. The main objective of this paper is to determine the role of University business incubation in an entrepreneurial society.

## Literature Review

### Concept of Business incubation

Many Start-up ventures face a series of challenges due to lack of knowledge, experience, resources, finances and other services (Stinchcombe, 1965; Malcom, Hanoku & Manisha, 2011) and also have fear of failure. Business incubation is the process to support the growth and development of new start-up at their early phase ventures in order to reduce the failure rate cost (Almubarak & Busler, 2010). National Business Incubation Association, NBIA (2014) opined that Business Incubation is a business support process to speed up the rate at which start-up ventures grow at their early stage by providing the client (entrepreneurs) with the human resources, networks and other tools needed to make their venture successful. United Kingdom Science Park Association, UKSPA (2015), affirmed that business incubation is a means of support to both small and emerging businesses within their environment by providing a secured platform for the development and growth of businesses.

Business Incubators are designed to assist start-up ventures to improve survival rates, growth potential and instill competencies of the ventures. Palumbe and Dominici (2013) opined University Incubator, as an incubation system that shared space on campus to facilitate information and give necessary support to their spinoffs in order to scale through early stage. University incubators are bodies adopted by Government to promote the ecosystem by rendering supportive services to spinoffs and other small and medium (SMEs) enterprises during their early stages of development (Studdord, 2014).

### Concept of Entrepreneurship

Entrepreneurship according to (Mainoma and Aruwa 2012) is a process of creating incremental wealth by individuals by an individual who involved in taking risks, in terms of time, equity and enhancing products or services' value. They further argued that the product or service may not be new but the entrepreneur should allocate the necessary skills and resources to add value. This process is referred to as innovation and new enterprise creation through four major scopes of individual, environment, organization and process.

Amit, Glosten and Muller (1993) defined entrepreneurship as the process of extracting profit from new unique and valuable combination of resource in an uncertain an ambiguous environment.

According to the Commission of the European Communities (2008), entrepreneurship refers to an individual ability to turn idea into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects. Ajonbadi and Adekoya (2017) opined that entrepreneurship is specific on opportunity recognition and risk taking. They further argued that it is not just creating businesses but the ability to turn inspiration to action.

Entrepreneurship is defined as the involvement of an entrepreneur through

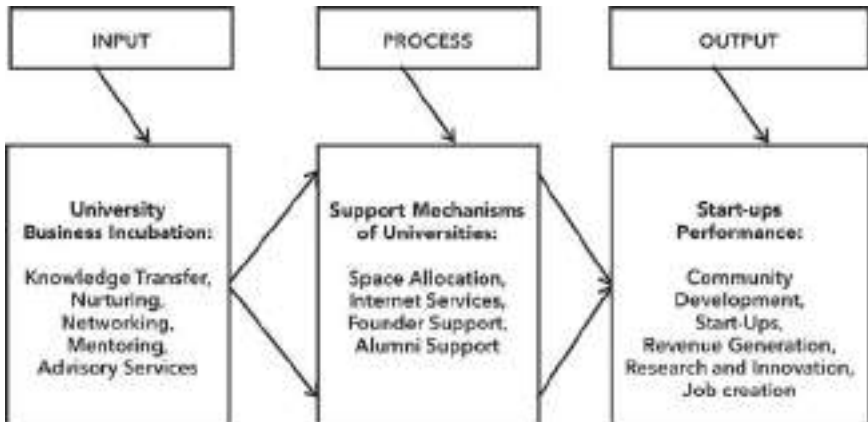
the utilization of resources in managing an enterprise by taking risks in order to maximize profits from the businesses.

### University Business Incubation and Entrepreneurial Society

Having considered the concept of University Business incubation, there is need to justify how it is been related/linked to Entrepreneurial society. University business incubation looks at new start-ups and existing businesses that need assistance at the early phase of their growth. The incubators assist the newly spinoffs and existing ones through transfer of knowledge and technology, by training, conferences and workshops for the incubatees (entrepreneurs) in order to equip them to be innovative, self-confident and also to reduce the risk and failure rate of their ventures at early stage. University business incubation, is to help spinoffs,(Students and alumni) entrepreneurs to build a successful venture by rendering supportive services, human capitals in order to add value to the ventures and the society at large (Robles, 2017).

Grimaldi and Grimadi (2005) opined that University business incubation is viewed as university based institution that provides assistance to the startups through tangible and intangible services.

**Figure:** Conceptual Model of University Incubation



Source: Author's Conceptualisation 2020

The diagram above shows how University business incubators impact spinoffs to increase the survival rate of their ventures and hence contribute to the economic growth to increase enterprise creation and firm retention, profitability, job and wealth creation and community development of the area in which the university business incubator is located. Somsuk, Wonglimpiyerat and Laosirihongthong (2012) affirmed that University business incubator accelerates spinoffs by providing quick knowledge support services and

resources.

### **Empirical Review**

Chandra, Alejandra and Silva (2012) examined Business Incubation in Chile: Development, financing and financial services. Jenyo, Salau and Jenyo (2021) examined Business Incubation Programme and Performance of Start-ups in Kwara State, Nigeria. The study used survey design, the population was all the incubatees with National Technology Incubation center, Offa, Kwara State. The study revealed that institutional support by business incubation centers assist in fostering job creation among SMEs. University supported Incubators have strong historical view of human expertise, location, fostering innovation and commercialization and access of financing. In developed countries, universities and companies are naturally partners where they seek knowledge to complement their resources in R and D Laboratories (Chisbrough 2016: Eva, Tales & Asa, 2016).

Mian (1996) further explains that University incubators are regarded as double strategy for the development of new start-up ventures by providing resources and conducive environment. OECD (2010) opined that, Incubator owners should engage with Universities to elevate commercialization for the maximum benefits of the society at large. Incubators provide assistance to new incubatees in different ways. Almubaraki and Busler (2010) examined Business incubators models of the USA and UK: A SWOT analysis mined, the study revealed that services and functions of incubators such as shared space with technical equipment, managerial support, networking, access to knowledge and financial capital, encouraging entrepreneurs through first funding. Eva et al (2016) suggest that in the field of new technology, universities are preferred partners. This is more needed in an emerging economy where universities are the main sources of knowledge. Shahzad, Ali, Bajwa, and Zia (2012) also described University business incubation as a vital tool for survival of entrepreneurial growth.

Nila Tristiarini , Melati Oktafiyani, Agung Sedayu (2020), examined Optimization Model of University Business Incubator role in new entrepreneur and MSMEs Development in Indonesia. The method uses literature review. The findings generate a model to optimize the role of a university business incubator in dividing the incubation stage into three stages or phases: Pre-Incubation, Incubation, and Post Incubation. Farhan, Kamariah and Nasir (2015) examined a systematic approach adopted to review the previous literature. The study revealed technology parks and university incubators can be used as a valuable means of commercialization. Osiobe and Winingham (2020) examined why Universities create and foster business incubators? The study uses a qualitative analytical approach to understand why student entrepreneurs in the arrowhead center—Studio G incubation program start their business and the impact of Arrowhead Center—Studio G

in supporting them.

Aicha and Benziane (2018) examined entrepreneurship within University from intention to incubator the case of Algerian Universities. The method used was the review of previous literature and the collection of in-depth case materials through interview with the teachers of entrepreneurship in the universities between 2016 and first half of 2017. The study revealed that the teachers who succeed are those who make their own network. They bring their experience and knowledge into the university system. However, the study concluded that role of teacher in the internal integration process cannot be left out. Hassan (2020) examined University business Incubators as a tool for accelerating entrepreneurship: theoretical perspective. The method used was analytical descriptive approach to describe the basic features. The study revealed that there is need for a conducive environment that enables youth to develop their mindset from job seekers to create jobs.

### **Role of University Incubators in building Entrepreneurial Society**

Globally, University Business Incubators played a major role than any other types of Incubators due to their uniqueness. They have special traits which include proper monitoring of their performance, involvement of private sectors and most of their clients/spinoffs were the graduates of the university involved. Salem (2014) alluded that University business incubators as the most influential among other type of incubators, student incubatees (entrepreneurs) take advantages from University business incubators to establish links with industries. University business incubator also take initiatives to collaborate with industries and other types of incubators. Todorovic and Suntornpithug (2008); Farhan, Kamariah and Nasir (2015) identify that university has become a growing trend in the development of incubators. Culkin (2013) observed that University business incubators are more supportive to incubatees (entrepreneurs) than any other type of incubator. University incubators also provide adequate training for their incubatees (students) and serve as commercial outlets for faculty research. Somsuk, Wonglimpiyerat and Laosirihongthong (2012) further affirm that, University incubators are tools to develop entrepreneurial culture for creating spinoff and to reduce the failure rate at the early stage of the spinoff .The roles of University Business Incubators are not only to provide supportive services to new spinoff ventures, rather provide avenue for leadership training and institutional development to achieve entrepreneurial reasoning and culture.

University business incubators (UBIs) also encourage innovation, commercialization and entrepreneurship in the society to foster economic development through the incubators contributions (Al- mubarak & Busler, 2010). Also, University business incubators are described as instruments to foster commercialization by starting spinoff (Palumbo & Domici, 2013). Sammer, Farheen and Fareeha (2017) affirmed that University business

incubation promotes spinoff ventures to establish their businesses and also, nurture and instill entrepreneurial culture and encourage them not to be a job seeker rather to be a job provider. Somsuk, Wonglimpiyarat and Laosirihongthong (2012) alluded that university business incubator accelerates spinoffs by providing quick knowledge support services and resources.

Audretsch (2014) opined that in any entrepreneurial society, University should not only depend on educating students but should build the tool that will assist innovation, entrepreneurial culture, entrepreneurial leaders and also ensure that the standards of living of the people are improved. Adelowo, Olaopa and Siyanbola, (2012), affirmed that incubation programme can be seen as economic development tool to promote entrepreneurship development and technological innovation enterprises through supportive resources and services in conducive environment. University business incubators also, provide space on campus for the incubatees (students) to nurture, mentor and give other supportive services to the spin-offs in order to grow and diversify.

University business incubators also provide special resources such as knowledge and technology, licenses to new spin offs which reduces the failure rate of such spin offs. University business incubators are to provide support to new knowledge enterprises, through transfer of scientific and technology from university to the enterprises (Malcom, Hanoku & Manisha, 2011). However, in any entrepreneurial society, universities would not depend only on educating students alone rather build the mechanisms that will advance innovation, entrepreneurial culture and entrepreneurial leaders.

### **History of Business Incubation**

The concept of business incubation started in 1959 in USA, Batavia, by Joseph Mancuso. The concept spread through Europe and UK in the 70s and later spread through Tertiary institutions in the 80s. Academic incubator concept started at Renssler Polytechnic Institute in the USA (Etzkowitz, 2003; Rakesh & Sarah, 2016).

### **Technology Incubation Programme In Nigeria**

Incubation Programme was introduced to Africa in 1988 by United Nation Development Programme (UNDP) to test run the concept on pilot scheme in four countries and they are as follows: Nigeria, Eguatorial Guinea, Cotedevor and Zimbabwe.

Nigerian government adapted the concept of business incubation in 1993 with the establishment of Technology Incubation center in Agege, Lagos followed by Kano in 1994 and Calabar and Aba in 1996. The proliferation of TBIs continue until the end of 2016 with the establishment of four more TBIs in Kogi, Benue, Nasarawa and Katsina states respectively. Making the total number of Technology Business Incubation centers to Thirty-two (32) spread across the six geopolitical zones in Nigeria. The chairman Technology

Business incubation in Nigeria stated in an interview that the numbers of TBIs centers available will not provide jobs to teaming Nigerian population, Federal government will encourage private partnership to allow individuals to establish more private Technology business incubations in the country to assist in that direction (Punch, 2016).

## Conclusion

In conclusion, the study revealed that university business incubators have strong linkages with society building through job creation, leadership and improving the standard of living of the people. The study highlighted university Business Incubators as tools for promoting entrepreneurial society which lead to job creation and wealth creation, enterprise creation, retain of firms in the community which lead to community improvement and also, alleviate poverty.

The study recommends that the National University Commission should develop a framework for Universities in Nigeria to start Business/Technology Incubation Programme on their campuses in order to build entrepreneurial society. The Government should provide adequate funding for the incubation centers. The policy makers should encourage Technology Base Universities to also start Technology Incubators to build potential high- tech Companies which will grow the economy of the Nation. Any University that owns an incubator, the community in which the University is located, will equally grow and develop due to concentration of industries. Also, it will help to inculcate the spirit of entrepreneurship in the mind of the students and make them to be creators of jobs rather than job seekers.

## References

- Adelowo, C.M., Olaopa, R. O., & Siyanbola, W.O. (2012). Technology business incubation as strategy for SME development: How far, How well in Nigeria.
- Aicha, D., & Benziane, A. (2018). Entrepreneurship within University from Intention to Incubation: The case of Algerian Universities. *International Journal of Business and Administrative Studies*, 4(1), 15-20.
- Ajonbadi, H., & Adekoya, O. (2017). An investigation of the role of entrepreneurship education in promoting management entrepreneurial capabilities: Evidence from selected organizations in Lagos State. *International Journal for Entrepreneurship Innovation & Management*, 2(2&3), 37-52.
- Al-mubarak, H. M., & Busler, M. (2010). Business incubators models of the USA and UK: A SWOT analysis. *World Journal of Entrepreneurship, Management and Sustainable Development*, 6(4), 335-354.
- Al- Mubarak, H., & Busler, M. (2012). A Comparative study of incubation landscapes in Europe and Middle East. *European Journal of Business and Management*, 4(10), 175-185.
- Amit, R., Glosten, L., & Muller, E. (1993). Challenges to theory development in entrepreneurship research. *Journal of Management Studies*, 30(5), 815-834.
- Audretsch, D. B. (2014). From the entrepreneurial university to the university for the entrepreneurial society. *The Journal of Technology Transfer*, 39(3), 313-321.
- Chandra, A., Alejandra, M., & Silva, M. (2012). Business Incubation in Chile: Development, financing and financial services. *Journal of Technology Management & Innovation*, 7(2), 1-13.
- Commission of the European Communities (2008). Implementing the community Lisbon programme: Fostering entrepreneurial Mindsets through education and learning. Communication from the Commission to the Council, the European parliament. The European



- Economic and Social Committee and the Committee of the Regions.
- Culkin, N. (2013). Beyond being a student: An exploration of student and graduate start-ups (SGSUs) operating from university incubators. *Small Business and Enterprise Development* 20(3), 634–649.
- Eva, S., Tales, A., & Asa, F. (2016). The role of university incubator in stimulating academic entrepreneurship. *RAI Revista de Administração e Inovação* 13, 89–98
- Evelyn, A., & Eno, L. I. (2014). Performance effective of technology incubation in Nigeria. [http://astonjournals.com/manuscripts/Vol\\_5\\_2014/BEJ\\_Vol5\\_4\\_performance-effectiveness-of-technology-incubation-in-nigeria-2151-6219.1000121.pdf](http://astonjournals.com/manuscripts/Vol_5_2014/BEJ_Vol5_4_performance-effectiveness-of-technology-incubation-in-nigeria-2151-6219.1000121.pdf)
- Farhan, J., Kamariah, I., & Nasir, M. (2015). University Incubator: A gateway to an entrepreneurial society. *Journal of Economics and Sustainable Development*, 6(6).
- Gul, A., & Ahmad, A. (2012). Perspectives of Academia-Industrial Linkage in Pakistan: An insight story. *Science Technology and Development*, 31 (2), 175-182.
- Grimaldi, R., & Grandi, A. (2005). Business incubator and new venture creation: an assessment of incubating models. *Technovation*, 25(2), 111-121.
- Hassan, N. H. (2020). University business incubators as a tool for accelerating entrepreneurship: theoretical perspective. *Review of Economics and Political Science*. <https://www.emerald.com/insight/2631-3561.htm>
- Jenyo, B.O., Salau, A. A., & Jenyo, M. B. (2021). Business incubation programme and performance of Start-ups in Kwara State, Nigeria. *Ilorin Journal of Marketing (IJM)*, 7(1), 124- 135
- Jenyo, B.O., Maigari, M., Bamidele, A.G., & Jenyo, M. B. (2018). Effect of Business Incubation on Start-ups Operation. *Al-Hikmah Management Review (AMR)*, 4(1), 121-135 from <https://scholarworks.umass.edu/theses/479>
- Mainoma, M. A., & Aruwa, S. A. S. (2012). Entrepreneurship: the root of enterprises. *Kaduna Entrepreneurship Academy Publishing*.
- Mian, S.A. (1996). The university business incubator: A strategy for developing new research/technology-based firm. *The journal of High Technology Management Research*, 7(2), 191-208.
- NBIA (2014). What is business incubation? 2015, National Business Incubation Association: Athens, Ohio OECD. (2010). Technology incubators Retrieved from [www.oecd.org/innovation/policyplat form/48136826.pdf](http://www.oecd.org/innovation/policyplat form/48136826.pdf).
- Osiobe, E.U., & Winingham, K. (2020). Why Universities Create and Foster Business Incubators? *Journal of Small Business and Entrepreneurship Development*, 8, (1), 1-12.
- Palumbo, F., & Dominici, G. (2013). University incubator as catalyst of resources for academic spin-offs. The case of ARCA Consortium. In: *Recent Advances in Business Management and Marketing - Proceedings of the 1st International Conference on Management, Marketing, Tourism, Retail, Finance and Computer Applications (MATREFC '13)*. Dubrovnik, Croatia: WSEAS Press. 209-218. Available from: <http://www.ssrn.com/abstract=2298442>.
- Rakesh, B., & Sarah, C. (2016), Contrasting model of incubation for Enterprise Creation: Exploring Lessons for efficacy and sustainability from higher education institution in India and United Kingdom. *India Institute of Management, Ahmedabad*, 380 015.
- Salem, M. I. (2014). The role of business incubator s in the economic development of Saudi Arabia. *International Business and Economics Research Journal*, 13(4), 853–860.
- Sammer, M., Farheen, S., & Fareeha, Z. (2017). Role of technology business incubation to nurture entrepreneurship: A study on pakistan universities. *Journal of accounting and marketing*. DOI:10.4172/2168-9601.1000226
- Shahzad, K., Ali, Q., Bajwa, S. U., & Zia, S. A. (2012). Role of incubation in women entrepreneurship development in Pakistan. *Asian Journal of Business Management*, 4(2), 200–208.
- Somsuk, N., Laosirihongthong, T., & McLean, M.W. (2012), Strategic management of university business incubators (UBIs): Resource – Based view (RBV) theory. In: *International Conference on Management of Innovation and Technology (ICMIT)*. Bali Indonesia: IEEE. 611-618.
- Studdard, N., Dawson, M., & Jackson, N. (2014). Fostering Entrepreneurship and Building Entrepreneurial Self-Efficacy in Primary and Secondary Education. *Creative and Knowledge Society*, 3(2), 1-14. Retrieved 24 Jan. 2018, from doi:10.2478/v10212-011-0033-1
- Todorovic, Z. W., & Suntormpithug, N. (2008). The Multi-Dimensional Nature of University Incubators: Capability/Resource Emphasis Phases. *Journal of Enterprising Culture*, 16 (04), 385–410.
- Trisitariani, N., Oktafiyani, M., & Sedayu, A. (2020). Optimization model of University business

incubator role in new entrepreneur and MSMEs development in Indonesia. *International Journal of Small Business and Entrepreneurship Research*, 8 (2), 17-31.

UKSPA. (2015). A brief introduction to business incubation. Chesterford Research Park, 1 (40), 45-55.