

## Chapter 17

# Supportive Government Policy as a Mechanism for Business Incubation Performance in Nigeria

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### ABSTRACT

*Business incubation programme has been adopted by numerous countries globally. Its adoption has been related to its performance and actual contribution to entrepreneurship development. Studies have acknowledged the role of incubation programme to different spheres of national economy. In spite of the positive side of incubator model, there is still a contradiction concerning incubation performance in the developing countries, especially, Nigeria. This study aims to examine the contribution of government policy on the relationship between the critical success factors (CSFs) and incubator performance in Nigeria. Questionnaires were distributed to a sample size of 153 respondents from a population of 253 incubatees. The Partial Least Squares (PLS) software was used to analyze the data. Government policy as a moderator did not show a significant moderation relationship between the CSFs and incubator performance. The study recommends that future studies should integrate this quantitative approach of data collection with the qualitative method. Also, as the value of the coefficient of determination is 46%, future research should look at other factors which may likely increase the variation in performance explained by (or accounted for by) the variation in the CSFs.*

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## **INTRODUCTION**

Business incubation has variously been described as a support programme that assist the early-stage entrepreneurs to develop and stay on their own. Chandra and Fealey (2009), defined incubator as an environment that encourages the creation and development of new businesses, especially those with innovative and intensive intellectual content. Furthermore, business incubation programme has been acknowledged as an economic development tool most countries globally adopted (Al-Mubarak, Muhammad, Busler, Ahmed, & Ahmed, 2015; Salem, 2014). The fundamental idea behind the business incubator is to offer fledgling businesses with series of resources and services associated with establishing the businesses (Al-Mubarak & Busler, 2013). In determining the performance of incubation programme, especially in the developing countries, governments' attitudes towards incubation contribute a very significant function for the reason that incubators in developing countries are typically financed by government. Studies have shown that business incubation programme has grown progressively significant within both developed and emerging nations. Furthermore, in the industrialized nations, incubators are primarily driven in the direction of high technological innovation businesses. Another highlight is the existence of a robust linkage among invention, academes as well as business incubators.

Despite the positive affirmation of business incubation, there is lack of studies related to its performance such that it is argued whether the programme is effective or not. As a result, there is a questionable evidence on incubation performance in the developing countries, especially, Nigeria. Furthermore, ever since the business incubation initiative was established in 1993, the programme seemed to have failed to live up to anticipations. For this reasons, this study looks into the salient role of government policy towards incubation performance in Nigeria. This will be done by employing a quantitative research approach whereby surveying stakeholders (incubatees) who are directly involved in the day-to-day incubation activities will be surveyed. This study provides a conceptualisation of business support, infrastructure, financial resources, networking, incubator governance as well as government policy, and joins those constructs using the resource based view (RBV) and institutional theory as supporting theories as depicted in Figure 1. Despite many studies that have investigated various factors that influence Incubator performance, most of them were conducted mainly in Asia, United States of America (USA), Australia and Europe while paying less attention to the African continent, particularly in Nigeria. Hence, Incubator Performance deserves further investigation in Nigeria because the findings of the previous studies may not be generalisable to the Nigerian context due to cultural and contextual differences.

## **LITERATURE REVIEW**

### **Resource Based View**

With respect to the RBV theory, is the development of competitive advantage that bridges government support programmes to superior financial performance. This assumption is grounded in the RBV of the firm (Amit & Schoemaker, 1993; Barney, 1991). Before the advent of the resource-based theory (Barney, 1991), the main strategic management thinking concentrated on external factors such as (industry position) that determined company profitability (Allen & Wright, 2006). However, with the advent of the resource-based view (Barney, 1991; Wernerfelt, 1984), strategic management research has moved to a more internal focus in accounting for firm performance (Allen & Wright, 2006; Barney, 1991). The

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