

# Chapter 11

## University–Industry Linkage Through Business Incubation: A Case Study of the IPN Incubator in Portugal

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### **ABSTRACT**

*This chapter focuses on the role played by business incubators in developing and facilitating knowledge transfer, networks, and business support to tenant firms through a sustainable ecosystem. The authors conduct an in-depth qualitative case-study of one tech-based business incubator in Portugal—IPN, created in 1991 by the University of Coimbra—to provide insight on how the incubator’s direction/management board and a group of incubatees perceive incubation and its impact. Primary data was collected via participant observation/focus group involving the incubators’ CEO and six team members. Semi-structured interviews were carried out among the CEOs and top managers from 11 companies supported by IPN whether as (1) incubates, (2) under acceleration, and (3) graduates. Results show a positive impact of incubation on internationalization and growth for incubatees and companies under acceleration. However, there is a need for new post-incubation follow-up mechanisms and a normative context promoting richer interactions with graduates.*

## **INTRODUCTION**

Business incubators (BIs) became a popular tool to promote entrepreneurship through the creation of new technology-intensive companies (Lewis, 2001). Usually, they offer a set of resources and capabilities to support and accelerate the tenants' development and success (Bruneel, Ratinho, Clarysse, & Groen, 2012; Peña, 2004). BIs have been identified as a new organizational model for the creation of innovative companies (Hannon, 2003), with a critical role in the technology development and innovations (Phan, Siegel, & Wright, 2005; Tsai, Hsieh, Fang, & Lin, 2009), jobs creation (Aernoudt, 2004; Aerts, Matthyssens, & Vandenbempt, 2007) and to prevent the higher risk of failure among new and small companies, characterized by liability of newness (Stinchcombe, 1965) and liability of smallness (Freeman, Carroll, & Hannan, 1983). Typically, the mortality rate of new ventures is higher than among established companies (Aernoudt, 2004).

According to Aerts et al. (2007), BIs guide new companies during their growth process and constitute a strong tool to promote innovation and entrepreneurship. The initial incubator concept was based on business support reduced to the provision of office space (Adkins, 2002), providing low cost facilities (Barrow, 2001). More recently, incubators have increased the offer of business support, namely consultancy, networking and access to venture capital (European Commission, 2002). Nowadays, BIs are aimed at promoting the development of innovative technology-based firms (TBFs) through strategies to develop appropriate mechanisms to help promote their main objectives (Mian, 2014).

In general, BIs support companies on the expectation that they will later be self-sustaining, viable and independent. The combination of services and networking offered by incubators favours survival, contributing positively to reducing the risk of mortality of companies during the start-up period, when they are more vulnerable (Aernoudt, 2004). Nowadays is consensual that BIs "promote and accelerate the development of affiliated companies, helping their survival and growth" (Storopoli, Binder, & Mac-cari, 2013: 42).

We focus on one Portuguese business incubator – Instituto Pedro Nunes (IPN) – created in 1991 by the University of Coimbra (UC), to specifically analyse knowledge transfer, networking business support activities provided by the incubator, according with the tenants (within IPN) and graduates (outside IPN after physical incubation) perspective. Given IPN reputation and resources and organizational capabilities, this incubator has the means to play a critical role in creating a sustainable business ecosystem, with the potential to foster industrial and regional development.

This study aims to understand the business incubator (in this case IPN) as a mechanism or interface for University-Industry interaction, which promotes innovation and technology transfer between academia and companies. To illustrate the case, we look at several companies supported by IPN that are currently in different stages of incubation.

While this study brings academic contribution on the understanding of university-industry linkage through business incubation, it also brings practical contributions for companies, namely: (1) insight into the actual knowledge transfer, networking activities and business support taking place among companies within IPN through favourable ecosystem; (2) insight into the perceived value of these knowledge transfer, networking activities and business support in stimulating the development of the firm and their business growth.

We focus on the organizational level (Aernoudt, 2004; Hackett & Dilts, 2004; Grimaldi & Grandi, 2005), analysing adjustment between services offered by the IPN Incubator through the development of their resources and capabilities (Mian, 1997) and the demand of entrepreneurs and new ventures. In

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