BUSINESS INCUBATION SERVICES OFFERED TO STARTUP BUSINESSES IN KENYA.

A CASE STUDY OF IHUB PROGRAM

BY:

JACKLINE KIBUCHI

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DECLARATION

I declare that this research Project is my original work and has not been previously published or presented in any other university

Signed:…… Date:……

Jackline Kibuchi

D66/70881/2014

Signed…… Date:……..

Professor Bitange Ndemo

School of business

University of Nairobi

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I am grateful to God for seeing me through this journey.

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DEDICATION

To Tyler O and Hawi O

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ACRONYMS AND ABBREVIATIONS

ICT: Information Communication Technology

USA: Unites States of America

MSMEs: Micro, Small and Medium Enterprises

ICDC: Industrial and Commercial Development Corporation

KIE: Kenya Industrial Estate

SME: Small and Medium Enterprise

EPZ: Export Processing Zone

KeKoBI: Kenya Kountry Business Incubator

BDS: Business Development Services

ABSTRACT

Business incubation programs came about in order to boost and the successful development of entrepreneurial business. This was to be done through business support with the use of necessary resources. The iHub majorly deals with bringing together new and inexperienced entrepreneurs, software programmers as well as researchers especially those in the technology field. It is also a place where investors meet with entrepreneurs in their workspace better known as a community. The study's main objective is to determine how the iHub supports startup businesses through its incubation program. The study was hinged on three theories namely; diffusion of innovation theory, resource-based view theory and Joseph Schumpeter's innovation theory of entrepreneurship. A cases study of iHub was adopted; the study utilized primary data from the staff members of iHub by interviewing the respondents. Results were presented by paraphrasing and summarizing in order to derive meaning to the data collected. The research concludes that iHub platform greatly supports startup business by providing a free working space which was unique to an incubator and very particular in linking startup with investors as it helps startups come up with outstanding presentations for angel investors and venture capitalist. It also helps startups businesses come up with presentations that will entice venture capitalists and angel investors**.** From the findings**,** iHub should continue to make a follow ups with the businesses that have left the platform. Also the concentration of the incubatees is in the startup businesses; iHub should consider incubating businesses at the growth stage as well as set up a fund in the promising startup businesses

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Business startups and business incubators have been a subject of interest to a number of researchers. Entrepreneurship has attracted a lot of interest worldwide as a catalyst of economic development especially for the purpose of creating wealth. There are a number of interventions that promote individual decision to become entrepreneurs and not only to venture into business but also to become successful. One of the interventions employed is business incubation to enable a smoother start for those coming into business for the very first time (Brychan, 2006). However, new businesses rarely survive the test of time and will crumble. A study carried out in 1998 by the Bureau of Labor Statistics Quarterly Census of Employment and Wage showed that 44% of all startups started; were in operation for four years, and that only 31% made it through only to the seventh year, (Watson & Everett, 1998).

The spread of the concept of business incubators dates back to the late 70s and early 80s. A Business incubator proved to be a very useful tool when it came to economic development and has since then been gaining popularity (Wiggins and Gibson, 2003). The first generation of business incubators which emerged in the 1980s focused mainly on the infrastructure. This consisted of rented working space and other shared services and resources such as front office. These first incubators known as the 1st generation paid attention to creating employment and real estate. Start ups benefited from the cheaper working spaces that were provided coupled with the benefit of economies of scale that

came with the startups working together as a force (Bruneel et al, 2012).Then in the 1990s the 2nd generation of incubators began to emerge as these were looking to provide more than the 1st generation incubators. It was further concerned with counseling, skills enhancement and networking services (Commision, 2003). The third generation incubators main value proposition is network possibilities within an incubator. The startup businesses here have a greater access to angel investors, suppliers, clients and even technology (Bruneel et al, 2012). They focus on ICT firms and high tech sector (Hackett & Dilt, 2004). These are the so called the New Economy Incubators. They are financed majorly by private sources as opposed to government funding and are driven by profit (Commission, 2002).

This study was anchored on three theories of entrepreneurship, namely; the diffusion of innovations theory, resource based view and the Schumpeter innovations theory. Diffusion of innovation indicates that therefore, innovation to be deemed as successful then it must look to meet the demands of the individuals who most likely than not shy away from risks. The theory focuses on exploring the rate of adoption in technology (Medlin, 2001). The resource based view theory, on the other hand seeks at exploring the advantage that the firm has over its competition and how the firm to its gain (Wernerfelt, 1995). It further indicates that to transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). According to Shumpeters' innovation theory, the key to entrepreneurship is innovation, foresight and creativity (Sledzik, 2013).

There have been nonetheless, a number of countries that have a common concern of rising poverty with unemployment being the common problem. Self employment has become the way to go for proactive citizens. Thus the startup process and early stages of a new business are such an important focus for economies. Of particular concern is the formation of features, aspects and circumstances which encourage the entrepreneurial process (Roberts, 1991). In order to eliminate or reduce poverty, the county administration and ministries see vital to develop entrepreneurial startup business, their growth and maturity, since there are numerous challenges that confront such ventures (Tegneh & Choto, 2015). Most leading companies pay tribute to their small beginnings to an incubator as they play a role in assisting small businesses to start and survive through the hurdles (Azriel & Laric, 2008).

To understand this phenomenon, the following topics were explored further

1.1.1 Business incubation

"A business incubator is a nurturing environment for startups that provides business support programs and networking including physical infrastructure. They enable businesses to develop within a controlled environment", (Kinoti & Struwig, 2011). It is further defined by Pettersen et al, (2015), "as a more or less formalized entity with an infrastructure intended to nature incubated startups with critical resources in pursuit of survival and growth". Business incubators aim at accelerating the survival and maturity of startups. They offer a good path to access investors, economic development coalitions as well as the state governments. These incubators may vary in their strategies with some

located at physical premises to others operating virtually. Retrieved from http://www.entrepreneur.com/article/52802.

Business incubation programs are intended to speed up the successful development of entrepreneurial startups through business support services. An incubators main goal is to support a start up to take off with a smother sail and ensure that it survives to be financially independent (Lawrence et al, 2011). Business incubation is relatively a new phenomenon. As the industry grows, the research on business incubation has evolved too (Lewis et al, 2011). It is evident that governments and investors in the private sector feel that business incubators are an important phenomenon to help weak but promising firms avoid failure (Hacket & Dilt, 2004).

Looking back at where business incubators began; in the USA, the first business incubator was opened in late 1950s when Joseph Mancuso started the Batavia Industrial Center. Since then business incubators have risen and spread all around the world. There are estimated to be over 7000 business incubators in operation (NBIA, 2004). In South Africa, the concept of business incubators dates back to 1995 where a set of hives were put together to constitute workshops (Lalkaka & Albetti, 1999). Ryan & Wright (2009), explain that business incubators have emerged to reduce the rate of startup failures and closures. Kinoti & Struwig (2011), further explain that business incubators are meant to provide a nurturing environment for startups by giving business support programs that enable these businesses to develop within a controlled environment. There are, therefore, a number of models to the incubation concept. Lalkaka (2000) noted that fostering new

and undeveloped businesses seems straight forward but the true sense, it is a difficult process.

Hatchet & Dilt (2004), describes business incubators as places where an environment is provided for encouraging and developing skills needed in entrepreneurship as the main objective; as well as offering vital services to business for their growth and development Business incubation is not a place but a process (Thomas et al, 2006). Services provided by incubators include office space, business networks to assist in growth as well access to finance through credit or investors (Van der Zee, 2007). Moreover, incubators offer managerial skill training as well as assistance in technical issues making them exceptional in their running (Koshy, 2010). According to Carayannis and Von (2005), the services mentioned above are vital to an establishment of an incubator and if an incubator falls short of atleast four of them then it lacks the capacity and fundamentals to be called an incubator.

Said et al. (2012) asserts that like any other business, incubators too have gone through the life cycle of a business which include starting, growth and maturity. The challenges experienced at of these three stages are different and unique and help the incubator to learn as it progresses to each stage. Therefore, the benefits provided by a business incubator depends on the where the incubator is on its life cycle and it is evident that the further the incubator has progressed in its cycle, the better it's performance. There have been investigations examining whether business incubators provide value added contributions to client's firms.

1.1.2 Startups Businesses in Kenya

The principle of Startups is correlated to the concept of innovation and progression. Small businesses have created more employment than large businesses have. Almost half the United States payroll is provided by the small businesses (Dennis, 1993). The impact of the small businesses is seen in the number of people they employ (Petty et al.1997). This goes to show how startup businesses are important to an economy.

In another definition by Hossein & Sharifi (2015), it states that a startup company is a fledgling business that is starting its operations. Startup businesses are start small and the initial capital is raised by an individual or by the founders of that start up. The startups proposition goods and services that are already being offered in the market place or which they feel can be offered in a more superior manner. In the initial phases the overheads supersede revenue as startups develop, test and market the idea. According to Holt (1992), when a new venture is launched, it's mostly starts small. Therefore, it makes sense to adopt a small structure that is easy to administer. As ventures begin to grow, more resources and people are needed and basic structure of 'one person' organization is no longer possible.

The theory on the early growth of the firm is that all startups need to be persistent in its operations. There is proof that most firms does not thrive after the first years of being in business (Baldwin, 1995). For this reason, a solution needs to be arrived at to ensure that firms get to their growth stage and begin to break even. The processes that are important to overcoming these hurdles are majorly in the early stages though they may extend beyond. All business must utilize their resources properly in order to begin recording

revenues and profits, and for these to happen the firms need to access, mobilize and deploy resources as needed (Garnsey, 1998). The startup genome project analyzed data from 3200 companies and came up with two conclusions; that a startup needs a good product and a market for that product. That is what a start up needs to scale properly and to do this it has to pull in these five elements which include the client, the goods or services, the team, the business model and financing (Marner et al, 2011).

For a firm to be able to generate revenue, a few problems have to be solved first. The problems are mostly on the early stages and some activities are important to deal at this stage (Garnsey, 1998). The business start-up challenges relating to Micro, Small and Medium Enterprises (MSMEs) that are in the developing counties especially in Africa are quite different from those in developed counties like the USA. The 30% survival rate in Africa is owing to the poor due to lack of an environment either political instability or poor infrastructure as to which these small business find themselves in when they begin their operations (Ligthelm et al, 2003), compared to 69% three years in the US. The challenges may include lack of information, awareness and resources to access business opportunities, limited exposure, interaction, information sharing and networking, lack of business support and advisory services, lack of awareness and use of emerging technologies, impact of the challenges resulting from liberalization and globalization of other cultural and regional factors that may affect business start-up specifically in the region (Rajeev, 2012).

1.1.3 Business incubators in Kenya

In Kenya, business incubation was first incorporated by Industrial and Commercial Development Corporation (ICDC) in the 1960s; which was meant to provide sheltered real estate as well as financial business development services which were geared towards local adaption as well as industrialization (Ikiara, 1988). The causes for Kenya's under development are inadequate capital, slow adoption of technology and lack of skilled manpower to allow for sustained economic and growth and development Ochieng'(1992). Aduda & Kaane (1999) and Namusonge (1999) highlighted that the biggest limitations in Kenya were the lack of the competence to identify, seek and use suitable technologies, underdeveloped entrepreneurial skills as well as limited access to managerial skills. Namusonge (2004) further sort to explain that to minimize these constraints, businesses required support services.

Wainaina (2006) felt that there was the need for incubators to support local SMEs was established by the Export Processing Zone (EPZ) in 1994 when they started receiving investment inquiries from local small scale enterprises wishing to setup under the EPZ program. EPZ conducted a field survey thereafter in 1998 on the requirements of small scale entrepreneurship. They identified the problems to be lack market information, lack of suitable business premises, high rental cost, cost f operating license, lack of credit at low interest rates, lack of suitable export facilitation for small enterprises. Kenya management Assistance Program (KMAP) was established as a response to the dire need to develop managerial capacity in the small enterprise sector. This was meant to act as a support service for incubators where they are later given a new name as business

incubators. Research seeks to unearth whether startups have a better chance of survival if they go through incubation than if they do not (KMAP, 1996).

Kinoti & Struwig (2001) pointed out that there are a number of business incubators sprouting up in Kenya and while some start ups have embraced them some have stayed away and decided to do things themselves. The Business Incubators Association of Kenya notes there are 12 business incubators in Kenya. There are University linked business incubators, Private incubators, corporate linked incubators and government owned or supported incubators. The Business incubators are generically mirror image of the incubation processes available in the world where recruitment to tenant firm is done, pre incubation based on some criteria predetermined by the incubator based on stakeholders interests. During the incubation, there are training, seminars, shared facilities, mentorship, coaching, linkages to venture capitalist, and sources of finance as well as networks within and without the incubator (Kinoti & Struwig, 2011)

Sustainability of incubators is a key area of difficulty especially business incubators supported by the government. Many incubators are not financially self-sustaining; this limits the level of tenant service delivery. Some tenants are also unwilling to graduate from the incubators due to low rents and comfort of the incubator networks (Ogutu & Kinonge, 2015). “For years, technological innovations were limited to universities and to a select few ambitious souls. In the span of two to three years, however, the innovation scene in Kenya has greatly expanded thanks to careful planning and a push for a robust telecommunications infrastructure and high-capacity International gateways. At the front line, pushing for this progress has been the Kenya ICT Board”, retrieved from

www.ihub.co.ke. Notable incubators in Kenya include the following. KeKoBI(Kenya Kountry Business Incubator): which is the first ICT business incubator started in 2004. By providing business support services and offices spaces at a cheaper rats as well as internet services, this incubator assist small and medium enterprises to turn into wealth generating enterprises, retrieved from www.KeKoBi.or.ke. "NaiLab: An ICT Business Incubation Laboratory based in Nairobi Kenya, it provides complete incubation service and an outreach service that provides a basic platform for innovators to be found by venture capitalists and angels investors for African profit and non-profit corporations", retrieved from www.siliconafrica.com.

1.1.4 The iHub

The iHub is in its fundamental nature, a technological cooperation facility that has a goal of getting together fresh and novice entrepreneurs by providing business support services as a business incubator, retrieved from www.siliconafrica.com. The role of information and communications technology in control for startup businesses has not been easy to set up due to its low investment structure, low sales and volumes as well as general uncontrolled and unregulated form that it is in (Namusonge, 2004). iHub was first launched in Nairobi Kenya in the year 2010. It is an open platform for those interested in technology bases businesses. The iHub, being ran on an innovation policy is basically intended to assist startup businesses to explore their creativity as well as to accelerate early development, retrieved from www.ihub.co.ke. "The key to iHub's effectiveness is one of open innovation where both internal and external ideas are shared, as well as internal and external paths to market and to advance the development of new technologies. The iHub space has high speed Internet connectivity that is often a core part

in accelerating start-ups communications and sharing digital information. The Wananchi brand Zuku (a bandwidth provider) has provided iHub with free, high-speed Internet, which helps accelerate collaboration among members. Safaricom, another internet provider, has also provided backup Internet for added redundancy when traffic spikes or when Internet outages" (Moraa & Gathenge, 2013). It is a vibrant and collaborative environment for innovators and startups to think through their ideas, and develop their solutions which lower the barriers to entry for many would be entrepreneurs. iHub is committed to bring up a vibrant community of innovators and entrepreneurs to build companies tailored to solving the myriad of problems in Africa and across developing counties (www.ihub.co.ke).

1.2 Research Problem

Small businesses are a great source of job creation. Between 1993 and 2008, small businesses provided 64 percent of the total job employments in USA. Headd (2010) explains that though larger firms give employment to the youth and the community at large, it is the small enterprises that give a greater share of new jobs. Small businesses contribute to the national wealth creation. They thrive in unstable and uncertain political environment. There is pressure on the entrepreneurs to dive into politics. Dissuasive administrative, oppression and social parasitism, insufficiencies, incompetence, fiscal pressures, difficulty in importation of modern products and lack of support strictures all endanger SMEs (Bamba, 2006).

There is a high failure rate of startups range between 50% and 95% within the five years of operations especially in emerging countries (Willemse, 2010). In an attempt to curb

this high failure levels, business incubators have been widely promoted. Hackett & Dilts (2004) noted that enterprises have a higher chance of survival if they underwent business incubation. A lot of research has been done around business incubators but there's is not much on how business incubation and start up businesses relate. However there is a question of the efficacy of business incubators. The numerous programs being ran by the government and private institutions and their impact on startups has not been well established especially in Kenya.

Various studies have been conducted to focus on how entrepreneurship concentrates on the entrepreneurs as individuals and not as a community where business incubation facilitates. Struwig & Kinoti (2011) conducted a study on evaluating the entrepreneur's perspective of business incubators services in Kenya. They concluded that it had great importance but fell short of their expectations. Another study conducted by Ogutu (2013) carried out a study on the impact of business incubators on economic growth and entrepreneurship development where they recognized that there was a robust relationship between economic development and the number of incubators found in a country. In Uganda, Mutambi et al (2010) conducted a study on the state of business incubation systems in different countries with a focus on Uganda. This paper seeks to seal the gap of investigating the effect of business incubation on startup businesses. Nevertheless, it has been noted that all the constant mentorship and networking given to startups by business incubators pose both an upside and a downside as they can damage focus at very crucial early stages. A look at these studies, it is clear that an incubator's objective is to ensure startups leave the program freestanding and self dependent. Though this is the case, different incubators adopt different services for their startup startups. There has been a lot

of buzz about the iHub as opposed to other incubators in the Kenya. This study seeks to understand the unique services that the iHub program offers to support its startups.

1.3 Objectives of the Study

This study's objective was to determine the uniqueness of iHub program in supporting startup businesses in Kenya.

1.4 Value of the Study

According to Wamari (2006), small businesses are still the most available option for expansion in terms of jobs especially in struggling economies such as Kenya. Therefore, the potential impact of business incubation should be addressed and awareness of the same provided. This paper aims at assisting startup entrepreneurs understand the relationship of the business incubation process and the kind of effect it would have on startup businesses and specifically the support they expect from the iHub.

This study is also springboard for future for academic researchers on the issues dealing with business incubation in Kenya and its role in addressing issues around startups and business incubation. The paper will act as reference material for researchers as it provides a theoretical background. Current and future scholars who wish to understand and further research about business incubators and startups will find this paper of great use to them.

It will also help startups businesses to make a well informed decision on which way to go during their first stages. Those intending to go under incubation will be are of what to expect by being incubated and thus make a well informed decision.

The research will assist policy makers to embrace the idea of business incubation and how it could boost economic growth. If viable, the government will plan on how to finance such incubators as well as encourage startups to sign up for incubation. This would help the government to lift the load of unemployment far and large.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature review section explores what other accredited scholars and researchers have written in already published journals and journals which are in reference to the topic of study. This

Section will cover the theoretical foundation of the study and empirical review.

2.2 Theoretical Foundation

The theoretical framework of this study forms the structure that supports the theory of the research work. The topic surrounds itself around entrepreneurship which will form the backbone of this theoretical framework.

Business opportunities come about because different individuals or groups have different ideas on how available resources can be turned into products or services. The entrepreneurship theory focuses on the heterogeneity of viewpoint about the worth of resources (Alvarez et al, 2001). The concept of entrepreneurship is described in different ways. The process of entrepreneurship begins with the recognition of an opportunity, then assessment of the same, then a resolution is made to exploit these opportunities, resources are then obtained and a strategy is formulated to delve into the business project at hand (Eckhardt & Shane, 2003). To further discuss this, the study looked at three main theories. The first theory that will be discussed is the diffusion of innovations theory that explains how innovation is communicated and assimilated into the social system (Manivong, 2011). The resource based view theory will discuss how to organize resources in order to gain competitive advantage. The last theory that will be discussed is

the Suhumpeters' innovations theory that encourages innovation and creativity in entrepreneurship.

2.2.1 Diffusion of Innovation Theory

This theory seeks to give details on why, how, and at what rate new thoughts and technology are absorbed. Business incubation being a new and recent ideology will be well discussed in the theory. Diffusion if innovation theory was introduced by Everett Rogers in 1962. In his paper he explains that diffusion is the process where an innovative idea, process or product is communicated to members in a community. This theory brings in different disciplines and varies severally. Getting a new idea to be adopted and accepted can be such a difficult task and that is the grounds for the interest in the diffusion of innovations theory this is because it takes a long time. Most institutions are having the problem of trying to accelerate this rate of adoption where the rate of adoption is the rate at which which an innovation is well taken up by members of a community. The rate of adoption is calculated based on the number of persons who take up the new idea or innovation with a particular time period. This is represented by an arithmetical curve for innovation (Rogers, 1995).

Diffusion of Innovations takes a drastically diverse outlook as compared to other theories of change. It does not focus on trying to get people to change but rather sees change as being largely about the progression or reinvention of products and character so that they fit better to what the individual want or need. In this theory, the notion is that people do not change but the innovations need to conform to the people's needs (Robinson, 2009). He further explains that coming up with new ideologies is key in the theory diffusion of

innovations. If innovation evolves well enough to meet the needs of the risk adverse individuals, then that innovation is deemed to be successful. This can easily be achieved by involving these individuals slowly on to the development process as the innovation reinvents itself (Robinson, 2009).

Rogers (1995) describes diffusion as the method that involves the process in which an innovation is conveyed thorough specific mediums of communication over a specific period among the individuals of a community. From this definition it is clear that innovation, channels of communication, time, and community are the four key components of the diffusion of innovations (Sahin, 2006). An innovation is an idea that is seen as fresh by people or by other elements of acceptance. If individual perceive a project or a practice as new even though it was created a while back, then that is innovative idea and will be classified as innovation. Rogers further claimed there was not enough research on diffusion the technological arena. He further explained that technology cluster had more distinct features of technology that are believed as being thoroughly interconnected. Uncertainty is an important obstacle to the adoption of innovations. Innovation will always cause level of consequences. These reservations or consequences are what differences can be spotted on an individual or a community after resolving to adopt the change or otherwise not adopting the innovation. For this reason, individuals and communities at large should be advised on the pros and cons of adopting or refusing to adopt innovation i.e. the consequences (Rogers, 2003).

A look at the other element of the diffusion of innovation theory, communication is the process where individuals share information back and forth so as to reach a common

understanding. Rogers (2003) clearly states that there is need for interpersonal relationships since diffusion involves a social process. According to Robinson (2009) the one element that has been ignored is the time aspect which is a vital component to measure the strength of innovation in the diffusion process. Rogers (2003) defines the community as a unified unit engaging to solve problems jointly so as to achieve a mutual goal. The social structure of the community determines the rate of absorption of innovation since it takes place in a particular setting.

2.2.2 Resource Based View

This theory highlights the availability of organization resources as an important element to performance of a superior firm as they allow an enterprise to be competitive and maintain that advantage over its competitors (Rathaermel, 2012). In this research on startup business looking for ways to survive and reduce their failure rate, this theory will give just the backbone required to expound on this ideology.

Wernerfelt (1995) explained that the resource-based view perceives resources as the way to achieve excellent performance in business. This approach was fronted in the 80s and 90s to ensure firms had competitive advantage. Here, businesses are seen to achieve great organizational performance by applying their resources thoroughly namely the tangible and intangible resources. The tangible resources are things that you can see and touch for example machinery, land, physical structures. Though these physical assets can be used by a firm to their advantage, other companies within the competition may acquire such assets and there will no longer be such advantage. On the other hand, intangible assets are not things that can be seen physically but are still owned by the business. This includes

intellectual property, trademarks, company reputation, and patents among others. Unlike tangible asset require time to gain like a company's' reputation and cannot be bought by competition unless they earn them too. These intangible assets provide a great source of competitive advantage (Rathaermel, 2012).

The resource based view theory mainly seeks to understand why business enterprises are different and how these firms can use their available resources to achieve their competitive advantage (Kostopoulos et al. 2002). There have been discussions over this theory and its contribution towards achieving the competitive advantage of a firm in gauging whether the resources available are meant to exploit available opportunities or do they help to reduce the threats facing the firm (Barney, 1991). The resource based research dwells on the basic premise that resources of the organization and competences determine a firm's innovative capacity. Innovation is not based on merely looking at the external environment to identify market gaps and opportunities but also by looking at the internal environment and using the firms' strengths to even get better and competitive based on the resources that are available (Conner & Prahalad, 1996).

2.2.3 Schumpeter's Innovations Theory

This theory holds that an entrepreneur is driven by three main behaviors namely: being creative, innovative and being farsightedness. The "Schumpeterian" entrepreneur is above else an innovator. Business incubators have been viewed as being a creative phenomenon and have evolved with time due to innovative ways of doing things. The theory supports this study greatly as there is a lot of focus on innovation and creativity (Kinoti & Struwig, 2015)

According to Schumpeter (1949), customers or consumers are not impulsive as their tastes and preferences are predictable and therefore cannot be the reason behind economical changes. Furthermore, consumers play a very inactive responsibility. This theory described development as chronological procedure of organizational changes, driven significantly by innovation which has further been divided into five (Sledzik, 2013).This includes the introduction or launch of products that are new or a new method of applying already existing products or a new way to produce an existing product or even marketing it, new markets discovery, obtaining of new sources of supply of raw materials, Schumpeter defined entrepreneurship with an emphasis on innovation and novel combinations. The idea of novelty by combination links up the discussion of the role of variety of knowledge and social dimension for creativity. Entrepreneurs can combine existing knowledge and exploring opportunities to produce novelties in the market which is described as creative. Entrepreneurs bring novelties to the market either in the form of new firms that reflects on usefulness, value and novelty (Sternberg & Gerhard, 2014).

2.3 Business Incubation

There are quite a number of business incubators in the world. Lalkaka (2007) estimated business incubators at 3,000 worldwide, where one third of them were estimated to be in North America, the other one third was estimated to be in Europe and the other one third was spread out all over the world. Different incubators have adopted very different models and service levels. Emerging markets face quite a number of problems when it comes to matters innovation in relation to startup business as well as business incubators. Some of these problems include very slow growth rates, lags in production levels, an

increase in the older population who are not productive, scores losing their jobs quite often, businessmen not having entrepreneurial visions, difficulty in accessing financial credit, poor support of business services, lack of creativity and more of the copycat ideas and lack of venture capitalist among others. There was a proposal by Voisey et al (2006) to improve the output by business incubators as they also look into their profits and costs management. There should also be emphasis on improving the dissemination of business information, managerial skills and the level of networking by these startups. As much as these processes are subjective, they can be improved and their output measured all the same.

Ramsden & Bennett (2005) measured the benefits of external support to SMEs using two types of criteria: objective and subjective. They concluded that SMEs valued advice primarily for its soft benefits. Bennett (2007) evaluated the advice given to SMEs using a range of criteria from hard objective impacts to soft personal development impacts. Erick echoes that the success of startups are dependent on business incubators that nature them since they funded mostly by the local or national authorities. There are a number of challenges that are incubators in developing counties encounters like financial strains, human resources that is well qualified for running these incubators, lack of partners to provide services needed at the incubating programs, startups that are not too serious in their ambitions, very cautious entrepreneurs who do not trust the incubation process, poor infrastructure of the economy, lack of proper networks, maintaining graduates who have since left the incubators space. (Eric et al, 2008).

2.4 Challenges of Startup Businesses

The distinguishing character of a startup is the desire and the drive to expand from what it is and not remain stagnant. Growth of startups needs a lot of persistence, consistency, time and clear visions and ambitions. Startups are known to have more scalability than those established businesses. A Startup business is a company driven by innovation that sets out to do things away from the norm and normally with the use of technology. Startup is an innovative company that seeks to do different things with technology (

Dea, 2013). Boeker & Wiltbank (2005) expanded on the fact that there are quite a number of challenges affecting the world of business. Some of these challenges include unfair competition in most industries; the market becoming a global village has posed its own challenges, as well as internal challenges within a firm. Most challenges are not predictable and may catch entrepreneurs unaware. To deal with this then it is important that one runs an analysis of previous and current date to be able to prepare organizations on how to deal with these challenges.

According to Ncebere (2000), a business is an economic activity that does not include employment. Such activities are carried out with a view to making a financial gain or profit. The activity must generate some goods or services which are offered for the benefit of the society. Such activities include farming, trade, manufacturing, distribution, etc. The starting place of business failure is from both external and internal causes. Internal forces originate from the business itself and in most cases, these forces are foreseen. On the other hand, outside forces remain unpredictable since they are not from within the business (European Federation of Accounts, 2000). Empirical studies done in

the past that were done by examining the role and characteristics of entrepreneurs and the features of the firms that failed to determine what triggered businesses to fail. Arasti (2011) in his study on business failure noted the reason why gender influences causes business failure is because of the banks are not supporting these businesses with financial credit as well as a barrier in partnership and team work. He concluded that financial support from banks was on the decrease especially for the female applicants and that for men was high. He further explained that another cause of business failure was caused by not evaluating projects accurately and also by the loss of motivation and frustration in the work place especially for those who were in the manufacturing industry as compared to the service industry.

Bankruptcy has been defined as a firm being unable to pay up losses to creditors during operations which is a cause of failure in SMEs (Watson 2003). Not making a go for it was also noted as one of the reasons for business failure, as goals set were not ultimately reached. Honjo (2000) observes that firms earning low returns were considered as a failure. These low returns were because of the earnings criterion where the return on capital is lower than the obtained investments. The solvency criterion was another determinant a firm would fail to meet its creditor's obligations. The bankruptcy criterion where a firm is deemed to be legally bankrupt; and lastly he notes the loss of cutting criterion where a firm disposes off the firm assets at a loss cutting criterion where a firm disposes off the firm assets at a loss. Ahmed & Seet (2009) pointed out that managerial skills of a new firm are important from the early growth stages. Critical factors of the success of the firm especially where new challenges arise. They note that startups need to augment their managerial capabilities as they grow. Where an entrepreneur fails to have

such brilliant skills or fails to employ a professional manger, the firm is set to fail. This is seconded by Valdiserri et al (2010) agrees that management and leadership mistakes cause failure of SMEs.

Temtime & Pasiri (2004), expanded on the issues associated to marketing such as poor research in marketing, poor customer service, lack of proper staff training, ineffective demand forecasting and analysis leads to the failure of new startup businesses. They also argued that the lack of finance could be a direct cause of business failure and that lack of managerial skills could be an indirect cause of such business failures. However, Robb & Fairlie (2008) disagreed with most researchers that the lack of finance is the major cause of business failure. They explained that the need for personal development by owners of new SMEs especially in business management skills would lead to such failures. He concluded that the Government ought to invest in such trainings. Bowen, Morara & Mureithi (2009) that the main challenges that businesses face include; competition from similar firms, insecurity both from crime related causes and a tense political atmosphere, debt collection, lack of working capital mostly because financial institutions are not very accommodating as well as interruptions of power supply

2.5 Business Development Services

It is unfortunate that the establishment of a successful new business firm requires more than a brilliant idea. Indeed, new firms which see their competitive edge simply in terms of ‘better’ products are most likely doomed to fail. The success of a new enterprise demands the coincidence of three groups of factors; adequate technical and management skills, an appropriate motivated multinational mix and the existence of a genuine

opportunity (Quince et al, 1982). Most economies realize the input from SMEs and acknowledge that these SMEs cannot work in isolation and as a result there has been a rise in the number of strategic partnerships to enhance their success in the market globally. These relationships developed through strategic alliances and have become very vital to the success of businesses. Startups derive quite a number of benefits that are mutual to the economy and down to the industries. This has majorly helped to boost their competitive advantage both locally and globally. This kind of strategic alliances have seen an increase in the investment portfolios, an increase in innovative product development as well as transfer of technology among business enterprises (Allal, 2003).

Gibb et Al (1986) pointed out that although a massive amount of public support worldwide is now finding its way to the creation and development of new businesses; nobody knows what sort of support these businesses actually need because there is no understanding of infant business development. Business Development's objective is, on one side, to prepare and evaluate new opportunities that are in line with the overall corporate strategy. This does not exclude the pursuit of business opportunities that may lead to the discovery of new innovation streams that could impact on the overall future strategy. In a sufficiently large and specialized organization, the latter would be handed over to the Strategy Development function (Lorenzi & Sorensen, 2014). There are a number of support options for businesses; these support mechanisms can help in small business development. However, there has been a benchmark for those support options to ascertain their effectiveness. These services are collectively known as business development services and if applied, they will help businesses to run more effectively.

They can also help startups access financing more easily which is difficult to access without collateral (Davis & Sun, 2006).

2.6 Effect of Business incubation on Startups

Lalkaka (1990) identified sustainability of the incubator to be an important measure of success, possible through prudent investments in the building and facilities, careful monitoring of operating expenses and innovative means of raising income. McKee (1992) furthered in the early years that since one of the tenants of the first incubator was a poultry producer involved in incubating real chickens, it is believed that this is how the name ‘incubator’ was conceived. Lalkaka (2001) affirms among business enterprises that business incubators provide more than just working space but also provide secretarial services, assist to access financing, counseling and other professional business services. Therefore business startups that operate under a business incubator have a codependent relationship with the incubator. An incubator provides startups with the fundamental support and services that a business requires especially if it is starting up. They can also provide technological assistance that most modern firms require. Over and above the work space, an incubator provides more services such as networking which is critical to the success of the business venture. Second generation incubators that are run by a mixed group of sponsors are more likely to have enterprise-oriented managers interested in developing human capital (Chandra & Chao, 2011). The incubator impacts the economic growth through job creation, wealth and revenue generation, development of enterprises, capital for startups sourced from venture capitalists or angel investors, commercialization of technology, Community development among others (Shukla, Sharma & Joshi, 2014).

CHAPTER THREE: RESERCH DESIGN AND METHODOLOGY

3.1 Introduction

This section describes in detail the research design and procedure to be followed to achieve research objectives. It includes describing the general research methods to be followed, the descriptions and the approaches and the methods to be applied in collecting information. It also describes the data analysis to be used in this research.

3.2 Research Design

In this study, a case study of the iHub was adopted. The case study aims to offer a rich and in-depth information so as to identify how a set of variables come together to give a particular manifestation. It involved collection of data so as to establish the relationship between incubators and startup businesses. As explained by Kothari (1990), a case study approach is very popular as it observes the complete social unit as opposed to an entire community. The study used the qualitative methodology.

3.3 Data Collection

The study utilized primary data from individual business startups by interviewing the respondents. Questionnaires were the main method that was used for primary data collection. They were both structured and unstructured. If a respondent is not physically available, then an interview was conducted through the telephone or via email.

3.4 Data Analysis

Analysis of the outcomes for a case study research tends to be opinion based that statistical. Therefore, the data was analyzed using descriptive analysis. The content collected was coded and classified so as to highlight the important finding and summarize

the mass of the data collected. Data was analyzed with the aim to ascertain the themes of respondents. Results were presented by paraphrasing and summarizing in order to derive meaning to the data collected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter shows a summary drawn from the findings of the study, presentation and interpretation. This chapter is presented with a focus of addressing the objective of the study which was to determine the effect of business incubation has on the support of startup businesses in the iHub program. From those questionnaires retuned, a response rate was calculated.

Table 4.1: Response Rate

	Questionnaires given	Questionnaire Duly filled	Percentage
Respondents	40	35	87.5

The study set out to get responses form 40 respondents of which 35 were returned duly filled. This accounted for 87.5% of the responses this is a satisfactory response rate and conclusions from the study can be drawn adequately. Mugenda & Mugenda (2003) acknowledge that "a response rate of 50% is adequate, 60% is good and above 70% is very good". From this assessment, the response rate for this study was within what is acceptable.

4.2 General Information

This sub section investigates the respondent's background information. Mainly the section assesses on respondents age, position in the organization and Period of interaction with IHub platform

4.2.1 Age Group

This study sought to determine the age group of the respondents. This was sought in the understanding that various age groups hold different opinion on different matters. Outcomes on age categories were analyzed as shown in the table below

Table 4.2: Age group

Age group	Frequency	Percentage
18 – 25 years	4	11.4
26 – 35 years	23	65.7
36 – 45 years	6	17.2
Above 45 years	2	5.7
Total	**35**	**100**

The findings show that 65.7% of the respondents were between the ages of 26 and 35 years. 17. 2% was made up of respondents between ages 36 to 45. Those above 45 presented 5.7% of the respondents while the rest of the 11.4% were those below the ages of 25. This implies that the group was made up by a fairly youthful representation and that there were responses represented form each of these groups

4.2.2 Position in the Organization

The position of the respondents was requested for and the results obtained show that respondents held various position including chief organization, technologists, ICT marketing officers and business innovation and officers. This implies that respondents holding various positions were well involved in this study.

4.2.3 Period of Interaction with IHub

Respondents were requested to indicate the period which they had interacted with IHub information platform

Table 4.1: Period of Interaction with IHub

Period of interaction with IHub	Frequency	Percentage
Less than 1 year	9	25.7
Between 1 & 5 years	26	74.3
Total	**35**	**100**

Results obtained show that, majority of the respondents as shown by 74.3% had worked or interacted with IHub information platform for a period of 1 & 5 years while 25.7% of the respondents indicated to have worked or interacted with IHub information platform for mot more than a less than a year. This implies that majority of the respondents had interacted with iHub for a considerable period time which implies that they were in a position to give credible information relating to this study.

4.3 Effect of Business Incubation on Startups at the IHub

This sub section investigates the effect of business incubation on startups at the iHub in Kenya.

4.3.1 Difference between IHub and other Business Incubators in Kenya

The study revealed that iHub provides a free working space where young tech entrepreneurs can come into and work from the space at no cost whatsoever. Those being incubated will stay in the program for a period of nine months to one year. iHub was evidently not like the other incubators since it was more than just the free space it provided but was a community with an open culture of interaction and networking with fellow startups as well as the investors who frequently visited the space. iHub, over and above, had an attractive platform to entice the venture capitalists and angel investors into their space. It helps startup businesses draw up striking and catchy presentation to pitch

to the investors. iHub also attracted renowned business moguls to its space who acted as mentors to the fledging startups

4.3.2 Extent to Which IHub Assisted Startup Business

The research study wanted to determine the extent at which iHub assisted startup business in the following areas. The findings are analyzed in table

Table 4.2: Extent to which iHub assisted startup business

IHub Assisted Startup Business	Mean	Std deviation
Brainstorm to come up with new ideas for products and services	2.49	1.07
Do a market survey on the need for the product (Feasibility Study)	2.80	1.08
Develop a business plan	2.54	1.07
Develop the actual product or service to serve the market	2.63	1.08
Determine competitive pricing for the new products or service	2.77	1.08
Estimate the seed and working capital required for a business to soar	2.54	1.07
Develop marketing strategies for the new products or service	2.74	1.08
Linking up startups with business networks that will help the startup grow	2.54	1.07
Assist in Human Resource functions like recruitment and Training	2.63	1.08
Give financial and organizational management skills	2.60	1.07
Linking up the startups with mentors	2.83	0.08
Assist startups to acquire credit facilities	2.66	1.08
Linking up these startups with venture capitalists or angel investors.	2.49	1.07

Based on the findings, the largest extent of the respondents agreed that iHub linked them with mentors (M= 2.83, SD= 0.08) I Hub helped entrepreneurs conduct market survey on the need for the product (Feasibility Study) (M = 2.80, SD= 1.08), iHub helped entrepreneurs Determine competitive pricing for the new products or service (M = 2.77, SD= 1.08), iHub helped entrepreneurs Develop marketing strategies for the new products or service (M = 2.74, SD= 1.08).

The study also established that iHub platform greatly assisted entrepreneurs develop the actual product or service to serve the market, assist startups to acquire credit facilities (M = 2.66, SD= 1.08) iHub assisted in human resource functions like recruitment and training (M = 2.63, SD= 1.08), Give financial and organizational management skills (M = 2.60, SD= 1.07) and that iHub helped entrepreneurs Give financial and organizational management skills (M = 2.60, SD= 1.07).

The study also established that iHub platform greatly assisted startup business in develop a business plan, Estimate the seed and working capital required for a business to soar, Linking up startups with business networks that will help the startup grow (M = 2.54, SD= 1.07) iHub platform greatly assisted startup business brainstorm to come up with new ideas for products and services (M = 2.49, SD= 1.07), and that iHub platform linking up these startups with venture capitalists or angel investors. (M = 2.47, SD=1.07). The findings are in line with Garnsey (1998); the processes that are important to overcoming these hurdles are majorly in the early stages though they may extend beyond. All business must utilize their resources properly in order to begin recording revenues and profits, and for these to happen the firms need to access, mobilize and deploy resources as needed

4.3.3 Facilities/ Services/ Skills Does the IHub Provide Startup Businesses

The study revealed that iHub innovation focused on preparing youth and young entrepreneurs with prerequisite skills to start their own businesses. iHub platform offered incubation programs to startups who were mainly students in higher education, alumni's of these institutions as well as researchers. iHub incubators assist startups who are mostly innovative to save up on costs incurred during normal operations. SMEs in Kenya that

form part of the iHub innovation platform saved on overhead costs since there was a lot of sharing the same facilities like the secretarial services specifically the reception as well as internet services and office furniture and equipment. Startups can take advantage of the free space offered by applying for membership and meeting the criteria. The iHub Incubator assisted the startups in their space to fine tune their presentations and link them up with angel investors and venture capitalist who frequent the community. The startup businesses were assisted in acquiring loan by the use of the strong iHub brand on their loan applications.

The study revealed that startups in the community were trained on how to compete successfully with their counterparts in their respective industries. iHub programs provided managerial expertise, organizational management skills as well as training on human resource skill. Startups usually met up with centers of influence as their advisors and mentors exposing them to invaluable links and experienced counsel.

The study also established that, there were some very important and helpful collaboration that were created during the incubation period that lasted even after exiting the iHub space. Start-up businesses within the iHub incubation worked jointly to get the best marketing solutions as well as development of products freely which was unique and could not have happened of these enterprises were not in the iHub incubator.

The study revealed that the hub maintained close monitoring of all the start-ups during the incubation period, the iHub followed the progress of start-ups even after they left the incubation and linked then to potential investors and partners.

4.4 Discussion of the Findings

The study revealed that the startup businesses in iHub benefited from strong and dependable internet connection, in house networking with others in business, the chance of meeting up with a venture capitalist or angel investor was high, availability of mentorship programs and links to an international community reach. The incubation period at the iHub ran between 12 months to 18 months depending on how fast the business was free standing. Further the study revealed that Hub Linked up the startups with mentors (M = 2.83, SD= 0.08) iHub helped entrepreneurs conduct market survey on the need for the product (Feasibility Study) (M= 2.80, SD= 1.08), iHub helped entrepreneurs Determine competitive pricing for the new products or service (M= 2.77, SD= 1.08), iHub helped entrepreneurs develop marketing strategies for the new products or service (M = 2.74, SD= 1.08). The findings are in line with the study reports by Rathaermel, (2012) who maintain that startup business looking for ways to survive and reduce their failure rate. The findings are in support of the study reports by Voisey et al (2006) who proposed to improve the output by business incubators as they also look into their profits and costs management. There should also be emphasis on improving the dissemination of business information, managerial skills and the level of networking by these startups. As much as these processes are subjective, they can be improved and their output measured all the same.

The study also established that iHub platform greatly assisted entrepreneurs develop the actual product or service to serve the market, assist startups to acquire credit facilities (M = 2.66, SD= 1.08) IHub Assisted in human resource functions like recruitment and training (M = 2.63, SD= 1.08), Give financial and organizational management skills (M =

2.60, SD= 1.07) and that IHub helped entrepreneurs Give financial and organizational management skills (M = 2.60, SD= 1.07). The findings concur with Wernerfelt (1995) on the resource bases view theory which explained that the resource-based view perceives resources as the way to achieve excellent performance in business. This approach was fronted in the 80s and 90s to ensure firms had competitive advantage

The study also established that iHub platform greatly assisted startup business in develop a business plan, estimate the seed and working capital required for a business to soar, linking up startups with business networks that will help the startup grow (M= 2.54, SD= 1.07) iHub platform greatly assisted startup business brainstorm to come up with new ideas for products and services (M = 2.49, SD= 1.07), and that IHub platform linking up these startups with venture capitalists or angel investors. (M = 2.47, SD=1.07). The findings are in line with Sahin (2006) that if individual perceive a project or a practice as new even though it was created a while back, then that is innovative idea and will be classified as innovation. Where diffusion is described as the method that involves the process in which an innovation is conveyed thorough specific mediums of communication over a specific period among the individuals of a community.

The study also established that iHub innovation the focused on preparing youth and young entrepreneurs with prerequisite skills to start their own businesses. The findings are in support of Schumpeter's Innovations Theory Schumpeter (1949) that business incubators have been viewed as being a creative phenomenon and have evolved with time due to innovative ways of doing things. The theory supports this study greatly as there is a lot of focus on innovation and creativity.

The study revealed that sta. IHub tapped into a rich network of those already accomplished and successful entrepreneurs to provide mentorship and managerial guidance to the startups. The findings are in support of study findings by Wamari (2006) that Start-ups usually benefited from having respected individuals on their boards of directors and scientific advisory panels, because these individuals bring invaluable connections and experience to the table. The findings are in support of Schumpeter's Innovations Theory that entrepreneurs can combine existing knowledge and exploring opportunities to produce novelties in the market which is described as creative. Entrepreneurs bring novelties to the market either in the form of new firms that reflects on usefulness, value and novelty (Sternberg & Gerhard, 2014).

The study also established that the close working relationships between an incubator's start-ups create synergies. Even after the start-ups leave an iHub incubator, the connections and networks established through these relationships can endure for a long time. Start-up entrepreneurs provide encouragement to one another, start-ups could plan joint marketing campaigns and cooperate on product development initiatives. The findings are in support of study findings by Chandra & Chao (2011), that incubator impacts the economic growth through job creation, wealth and revenue generation, development of enterprises, capital for start-ups sourced from venture capitalists or angel investors, commercialization of technology, Community development among others.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section will give a summary of the study findings, conclusion and recommendations all based on the findings of the study.

5.2 Summary of Findings

Based on the analysis and discussion in the previous section, this study noted that the ihub incubator offers free working space to beginner entrepreneurs, it provides them with mentorship programs, links them up with angel investors and venture capitalists as well as provision of unlimited among others internet connection. The iHub incubation program runs for under 24 months per startup business to support budding entrepreneurs during their startup stage incubation period. Further the study revealed that iHub helped entrepreneurs conduct market survey on the need for the product (Feasibility Study), assisted entrepreneurs determine competitive pricing for the new products or service. It also helped entrepreneurs develop marketing strategies for the new products and service. The findings are in line with the study reports by Rathaermel (2012), who maintain that Startup business looking for ways to survive and reduce their failure rate

The study also established that iHub platform greatly assisted entrepreneurs develop the actual products or services to serve the market; it also assisted startups to acquire credit facilities as well as giving managerial and organizational skills. The findings are in support of the study reports by Voisey et al (2006) to improve the output by business incubators as they also look into their profits and costs management. There should also be emphasis on improving the dissemination of business information, managerial skills and

the level of networking by these startups. As much as these processes are subjective, they can be improved and their output measured all the same.

The study also established the iHub platform greatly assisted startup businesses in develop a business plan, estimate the seed and working capital required for a business to soar, linking up startups with business networks that will help the startup grow. Moreover, iHub platform greatly assisted startup business brainstorm to come up with new ideas for products and services, and allowing startups to use iHubs' strong brand in their loan applications. The findings are in line with the study reports by Ramsden & Bennett (2005), that start-ups increased luck securing financing by having a stamp of approval of incubator programs.

The study also established that iHub innovation the focused on preparing youth and young entrepreneurs with prerequisite skills to start their own businesses. Firms that went throughout the incubation process at iHub innovation platform shared the expenses that would have otherwise cost them. The findings are in support of study findings by Bennett (2007) evaluated the advice given to SMEs using a range of criteria from hard objective impacts to soft personal development impacts. It also assisted prepare for presentations in order to attract angel investors and venture capitalists. The study revealed that startups gain competitive advantage over their peers as well as linkages and connections to industry moguls and experienced entrepreneurs to mentor them and give guidance. The findings are in support of study findings by Wamari (2006) that startups that operate under a business incubator have a codependent relationship with the incubator. An incubator provides startups with the fundamental support and services that a business

requires especially if it is starting up. They also provided technological assistance that most modern firms required. Over and above the work space, the incubator provided more services such as networking which is critical to the success of the business venture. The findings are in support of study findings by Chandra & Chao (2011), that incubator impacts the economic growth through job creation, wealth and revenue generation, development of enterprises, capital for start-ups sourced from venture capitalists or angel investors, commercialization of technology, Community development among others

5.3 Conclusions

Based on the study findings, the research concludes that iHub platform greatly supports the development of startups as an incubator especially in their budding stage by providing them with space, advice, mentorship, connections with investors and internet connectivity. Furthermore, the iHub platform stands out by the fact that the space it provides is free to its' incubatees. It also attracts an array of angel investors and venture capitalists to the space who in turn invest in these startups. Also the caliber if successful business people and moguls iHub is able to bring in to the space is key to the success of these startup businesses as they act great and influential mentors. Since it incubates mostly young and novice entrepreneurs, iHub allows for them to use the company's strong name in their loan applications to financial institutions. All this goes to show that iHub is driven by innovation in the support it provides.

5.4 Recommendation

From the research analysis and findings, recommendations drawn the government needs to collaborate with the iHub management in laying strategies like infrastructural demands so as to promote its utilization even further. System designers need to continue adding

features and resources that promotes business growth and development. Since iHub program per incubate is about 24 months, the program should continue to make a follow up with the businesses that have left the platform to ensure that they continue strong into their life cycle. Also the concentration of the incubatees is in the startup businesses, iHub in future should consider incubating businesses at the growth stage as well. Since iHub just provides a platform for investors to meet the startup businesses, a fund from iHub set aside to invest in the promising startup businesses would also be ideal.

5.5 Limitations of the Study

Some of the limitations in this study were that respondents difficult to get to fill out the questioners since there were a number of events running at the iHub during data collection. Respondents also took longer than expected to send back the filled out questionnaires but there was a persistent push to ensure that the time allocated to data collections was met.

5.6 Suggestions for Further Study

This study had an objective to determine the effect of business incubation has on the support of startup businesses in the IHub program. Other studies may focus on effectiveness iHub program to startup businesses that have since left the program. Similar studies may also assess the level of public awareness on the existence of iHub program.

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www.ihub.co.ke

www.siliconafrica.com

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APPENDICES

Apendix I: Introduction Letter

To The Management,

The iHub,

P.O. Box 58275 00200,

Nairobi.

Dear Madam/ Sir,

RE: REQUEST TO CARRY OUT A STUDY OF YOUR ORGANISATION

I am currently a student at the University of Nairobi, carrying out a study as part of the course requirement for the award of a Master's of Science degree in Entrepreneurship and Innovations Management. The topic of the research is "The effect of Business Incubation on Startup Businesses in Kenya" by taking a case Study of The iHub. Any documentations, reports or journals that you may have; that are relevant to this topic of study may be given with much appreciation. The research information will be confidential and will only be used for academic purposes. Your honest participation will be appreciated.

Thanking you in advance.

Yours Faithfully,

Jackline Kibuchi

Appendix II: Research questionnaire

Appendix II: Questionnaire

Kindly answer the questions below as precisely and truthful as possible. This will only be used for academic purposes only. Tick ( ) where appropriate.

Section A: General Information.

1. In what age group are you in?

18 – 25 ( )

26 – 35 ( )

36 – 45 ( )

Above 45 ( )

3. What is your position in the organization?

……..

4. How long have you been in Ihub?

Less than 1 year ( )

Between 1 & 5 years ( )

Over 5 years ( )

Section B: Effect of Business incubation on startups at the iHub

5What makes iHub different from other business incubators in Kenya?

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……

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7. How long is the incubation period for a startup business the iHub program?

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.

8. To what extent has iHub assisted startup business to?

(Key: 1 = Not at all 2 =some extent (Moderate) 3 = large extent)

	1	**2**	**3**
Brainstorm to come up with new ideas for products and services			
Do a market survey on the need for the product (Feasibility Study)			
Develop a business plan			
Develop the actual product or service to serve the market			
Determine competitive pricing for the new products or service			
Estimate the seed and working capital required for a business to soar			
Develop marketing strategies for the new products or service			
Linking up startups with business networks that will help the startup grow			
Assist in Human Resource functions like recruitment and Training			
Give financial and organizational management skills			
Linking up the startups with mentors			
Assist startups to acquire credit facilities			
Linking up these start ups with venture capitalists or angel investors.			

9. What other facilities/ services/ skills does the iHub provide startup businesses that not mentioned in question 8 above?

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……
……

10. How would you compare a business that has gone though business incubation and completed to one that has not been through the incubation process at all?

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……

11. How do you measure iHub's productivity?

a) During the incubation period

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b) After incubation

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12. What other ways do you think iHub could adopt to improve the incubation process?

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……

……

THANK YOU