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## THE INTERNATIONAL BUSINESS INCUBATOR AS AN ENTRY MODE – A SYSTEMATIC LITERATURE REVIEW

### Abstract

**Background:** Entry mode choice is a topic that has interested academic researchers for decades. Entry modes have been frequently conceptualized along a continuum from the export, through various forms of contractual and equity-based cooperation with partners in foreign markets, to wholly-owned subsidiaries. However, the barriers and challenges related to entering foreign markets remain significant for newcomers. A new phenomenon, namely the “international business incubator” (IBI), which is aimed at facilitating an enterprise’s entry into a foreign market, has recently emerged and been described in the literature as a new entry mode.

**Research purpose:** The purpose of this paper is to investigate the existing knowledge in the literature relating to the IBI as a method of foreign market entry.

**Methods:** A systematic literature review using a keyword search in various academic databases was employed with the aim of answering the research questions proposed.

**Conclusions:** The findings indicate that although the IBI phenomenon has become more widespread, the literature on this topic is very limited at present. The findings also reveal that improved risk/control trade-off, lower market entry costs, enhanced knowledge, network relationship, trust, institutional aspects, and strategic resource commitment are the main characteristics that give IBI advantages over other entry modes. Based on the findings of the existing body of knowledge, the paper provides recommendations for future research, which can contribute to the literature on the IBI.

**Keywords:** business incubator, business incubation, entry mode, systematic literature review.

**JEL classification:** M13, M16, O31

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## 1. Introduction

The question of how enterprises enter and operate in international markets has been a mainstream topic of research for decades<sup>1</sup>. Entry mode (entry strategy) – the operational form used to enter foreign markets<sup>2</sup> – is a key issue in international business research<sup>3</sup>. The extant literature has long focused on the analysis of “traditional” entry modes, i.e., export, various forms of contractual and equity-based cooperation with partners in the host country, as well as wholly-owned subsidiaries<sup>4</sup>. Along with the rapid development of emerging economies, enterprises are directing attention to these markets. Nevertheless, the challenges for foreign enterprises’ business<sup>5</sup> in emerging markets, which are often characterized by instability, uncertainty, and high risk<sup>6</sup>, are always difficult issues. In such business environments, “traditional” entry modes might become less efficient.

In recent years, a new phenomenon of the so-called “international business incubator” (IBI) – an organization located in a foreign market that aims to facilitate enterprises’ entry into the market – has emerged and been described in the literature as a new entry strategy. It should be noted that business incubator

<sup>1</sup> **M. Schellenberg, M.J. Harker, A. Jafari**, *International market entry mode – a systematic literature review*, Journal of Strategic Marketing 2018/26/7, pp. 1–27.

<sup>2</sup> **K.D. Brothters, J.F. Hennart**, *Boundaries of the Firm: Insights from International Entry Mode Research*, Journal of Management 2007/33/3, pp. 395–425.

<sup>3</sup> **J. Bruneel, R.D. Cock**, *Entry Mode Research and SMEs: A Review and Future Research Agenda*, Journal of Small Business Management 2016/54/S1, pp. 135–167.

<sup>4</sup> **S. Albers, C. Heuermann, B. Koch**, *International Market Entry Strategies of EU and Asia-Pacific Low Fare Airlines*, Working Paper 106 of the Dept. of General Management, Business Policy and Logistics, University of Cologne, Cologne 2009.

<sup>5</sup> These challenges are widely known in the international business literature as *liabilities of foreignness*. For more details, see, inter alia: **S. Zaheer**, *Overcoming the Liability of Foreignness*, Academy of Management Journal 1995/38/2, pp. 341–363; **D. Sethi, W. Judge**, *Reappraising liabilities of foreignness within an integrated perspective of the costs and benefits of doing business abroad*, International Business Review 2009/18/4, pp. 404–416; **N. Denk, L. Kaufmann, J.F. Roesch**, *Liabilities of Foreignness Revisited: A Review of Contemporary Studies and Recommendations for Future Research*, Journal of International Management 2012/18/4, pp. 322–334.

<sup>6</sup> **J. Wu, X. Chen**, *Home country institutional environments and foreign expansion of emerging market firms*, International Business Review 2014/23/5, pp. 862–872; **D. Abidi, N. Koichi**, *Management approach for innovation success in unstable and stable environments: Opportunity-based approach vs administrative control approach*, Competitiveness Review 2019/30/1, pp. 20–40.

is not a new term, as it has been the subject of academic research since the 80s of the last century<sup>7</sup>. Nevertheless, in the prior literature, business incubators have mainly been considered as a means for facilitating company growth in domestic market contexts, for instance, in stimulating and commercializing university outputs<sup>8</sup>, commercializing technological inventions<sup>9</sup>, or creating a business network<sup>10</sup>.

The first papers describing the IBI as an entry mode were published in the late 2000s<sup>11</sup>. Since then, the volume of articles relating to this phenomenon has been increasing. However, no systematic literature review has yet been specifically concerned with the IBI. Given the newness and importance of the IBI as a new method of foreign market entry, a comprehensive literature review is required that can provide an overview of what has been already done by researchers in the area over the past decade and potentially offer directions for future research. Thus, in this paper, the author reviewed the existing literature on the IBI to answer the following questions: (1) what is the current state of research on the IBI as an entry mode? and (2) what additional research is required on this phenomenon?

The paper is structured as follows. First, in Section 2, a systematic review process is outlined. Then, the findings are summarized in Section 3. Based on these findings, Section 4 discusses the new phenomenon of IBI as an entry mode and provides several propositions for future research. Section 5 presents the limitations and conclusion of this study.

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<sup>7</sup> **D.N. Allen, S. Rahman**, *Small business incubators: a positive environment for entrepreneurship*, *Journal of Small Business Management* 1985/23/, pp. 12–22; **C. Campbell, D.N. Allen**, *The small business incubator industry: micro-level economic development*, *Economic Development Quarterly* 1987/1/2, pp. 178–191.

<sup>8</sup> **S.A. Mian**, *US university-sponsored technology incubators: an overview of management, policies and performance*, *Technovation* 1994/14/8, pp. 515–528.

<sup>9</sup> **C. Vedovello, M.M. Godinho**, *Business incubators as a technological infrastructure for supporting small innovative firms' activities*, *International Journal of Entrepreneurship and Innovation Management* 2003/3/1/2, pp. 4–21.

<sup>10</sup> **M.T. Hansen, H. Chesbrough, D. Sull, N. Nohria**, *Networked incubators: Hothouses of the New Economy*, *Harvard Business Review* 2000/78, pp. 74–84.

<sup>11</sup> **M. Rask, A. Bøllingtoft**, *The Export Incubator: Leveraging Export Assistance through Networking?*, 3rd Aalborg University Conference on Internationalisation of Companies and Intercultural Management, Rebild, Denmark, 2008; **J. Li**, *Overseas technology incubators for international entrepreneurship: A Chinese experiment*, *International Journal of Entrepreneurship and Innovation* 2009/10/3, pp. 181–190.

## 2. Methodology

The method chosen for this systematic literature review followed the guidelines presented by Tranfield et al.<sup>12</sup> The review process had several steps designed to provide a systematic method for comprehensive coverage of the research area. Specifically, the following phases were taken in this study:

- Question formulation;
- Keyword search in databases;
- Screening;
- Analysis of publications and reporting.

### 2.1. Question formulation

The aim of this review was to determine what is known and what is not known about the IBI as an entry mode. Thus, the first phase of this systematic review was to avoid ambiguity by formulating the review questions<sup>13</sup>, as identified in Section 1:

- (1) What is the current state of research on the IBI as an entry mode?
- (2) What additional research is required on this phenomenon?

### 2.2. Keyword search in databases

In the second phase, the five leading academic databases were used: EBSCOhost, Scopus, Science Direct, Emerald Insight, and Wiley Online Library. These databases are considered extensive and have been utilized in similar studies<sup>14</sup>. In each database search, the keywords consisted of the phrase “business incubator” or “business incubation” combined with the following keywords: “entry mode”, “entry strategy”, “market entry”, “mode of entry”, “international business”, or “internationalization”. These keywords were chosen as they tend to be used in

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<sup>12</sup> **D. Tranfield, D. Denyer, P. Smart**, *Towards a methodology for developing evidence-informed management knowledge by means of systematic review*, *British Journal of Management* 2003/14/3, pp. 207–222.

<sup>13</sup> **D.M. Rousseau, J. Manning, D. Denyer**, *Evidence in management and organizational science: assembling the field's full weight of scientific knowledge through syntheses*, *The Academy of Management Annals* 2008/2/1, pp. 475–515.

<sup>14</sup> **K. Laufs, C. Schwens**, *Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda*, *International Business Review* 2014/23/6, pp. 1109–1126; **S. Mian, W. Lamine, A. Fayolle**, *Technology Business Incubation: An overview of the state of knowledge*, *Technovation* 2016/50–51, pp. 1–12.

the papers that discuss the IBI as an entry mode. The selected keywords were then used to construct the following search string with Boolean connectors:

(“business incubator” OR “business incubation”) AND (“entry mode” OR “entry strategy” OR “market entry” OR “mode of entry” OR “international business” OR “internationalization”)

Quotation marks signaled to the databases that the author was looking for exact phrases. The time horizon for locating studies was from 2000 to 2020. The year 2000 was selected as a starting point due to the emergence of the first papers on the topic in the 2000s, as mentioned in Section 1. The total number of documents gathered in the second phase was 1799 (Table 1).

TABLE 1: *The keyword search results*

Database	Search results
EBSCOhost	77*
Scopus	1073
Science Direct	177
Emerald Insight	405
Wiley Online Library	67
<b>Total number of publications</b>	<b>1799</b>

\* The number of papers was reduced from 102 to 77 due to duplicates being removed by EBSCOhost from the results as users page through the result list.

S o u r c e: own elaboration.

### 2.3. Screening

The transparency of the process was maintained through explicit selection criteria to evaluate the relevance of publications for answering the review questions<sup>15</sup>. The 1799 documents gathered from the second phase were screened at this stage. A list of inclusion criteria (Table 2) was utilized for this first screening, which involved reading of the titles and abstracts of each paper. Publications that did not meet the inclusion criteria were not relevant to the topic and were eliminated. Duplicates were also excluded. The remaining 12 papers were identified as potential candidates for inclusion in the further review process.

<sup>15</sup> D. Denyer, D. Tranfield, “Producing a systematic review”, in: A.D. Buchanan, A. Bryman (eds.), *The Sage Handbook of Organizational Research Methods*, Sage Publications, London, 2009, pp. 671–689.

TABLE 2: *Inclusion criteria for the systematic review*

Inclusion criteria	Rationale
Peer-reviewed journal articles, conference papers and doctoral theses.	Peer-reviewed journals, conferences and doctoral theses are considered to be of higher quality than other sources.
IBI, which is aimed at facilitating the foreign market entry of firms.	The review investigates the body of knowledge that exists in the literature related to the IBI as an entry mode.
Written in the English language.	English is the dominant language in the field of entry mode literature.
Different types of paper considered (e.g., conceptual, empirical, literature review publications, <i>etc.</i> ).	The focus of this paper is to evaluate the various approaches to the IBI.

Source: own elaboration.

The second screening evaluated the 12 papers by reading the introductions and conclusions to further assess their relevance. From this screening, six articles were excluded due to their irrelevance to the topic. Notably, one article with the title and abstract in English, which had content written in Arabic, was also excluded, even though the abstract appeared to be very relevant to the topic.

The two screenings resulted in a total of five papers that would undergo full content screening. A further five papers were identified through hand-searching and cross-referencing citations. The hand-searching was performed on known journals that also contribute to IBI studies, but that had been missed by the database search. The final output from the three screenings was ten papers.

#### 2.4. Analysis of publications and reporting

At this point, each of the ten papers gathered from the screening process was fully read and analyzed to address the two research questions previously proposed. This step provides the findings from all the selected studies on the IBI and subsequent analysis. The following sections present these findings and the results relating to the research questions.

### 3. Findings

The systematic literature review findings were reported in two parts. First, to understand the developments in the IBI literature, a descriptive analysis of the ten papers is presented below (Table 3), detailing the title, publication year, publication place, and the research methods. The second part focuses on analyzing the selected papers to answer the first review question. These findings form the basis for the further discussion and offer of recommendations for future research in the next section to address the second question.

#### 3.1. Descriptive analysis

Although the time horizon for the selection of studies started in 2000, the first paper found to address the concept of IBI as a method of foreign market entry appeared in 2008. The findings also showed that most papers were actually published over the last decade, reflecting the growing interest of academic researchers in the new phenomenon in recent years (Table 3).

TABLE 3: *Selected studies in the systematic review*

No.	Title	Year	Publication place	Authors	Research method
1	2	3	4	5	6
1	The Export Incubator: Leveraging export assistance through networking?	2008	Paper at 3 <sup>rd</sup> Conference on Internationalisation of Companies and Intercultural Management, Denmark	M. Rask, A. Bøllingtoft	Case study
2	Overseas Technology Incubators for International Entrepreneurship: A Chinese Experiment	2009	International Journal of Entrepreneurship and Innovation	J. Li	Desk research
3	Business incubation in China. Effectiveness and perceived contributions to tenant enterprises	2010	Management Research Review	L. Xu	Research interview
4	Business Incubation as a Method of Foreign Market Entry	2014	Doctoral thesis published in the University of Leeds, UK	G.D. Blackburne	Case study

TABLE 3 (cont.)

1	2	3	4	5	6
5	The Incubator concept as an entry mode option for Danish SME's	2014	Transnational Marketing Journal	A.M.D. Ulrich, S. Hollensen	Case study
6	Innovative forms of international business	2014	The Małopolska School of Economics in Tarnów Research Papers Collection*	N. Pavlikha, I. Skorokhod, I. Kytsyuk, I. Marchuk	Desk research
7	Network gatekeeping in SME Exporters' market entry in China	2016	International Marketing Review	H. Gao, M. Ren, J. Zhang, R. Sun	Case study
8	The international business incubator as a foreign market entry mode	2019	Long Range Planning	G.D. Blackburne, P.J. Buckley	Case study
9	How innovation intermediaries support startup internationalization: a relational proximity perspective	2020	Journal of Business & Industrial Marketing	D. Schepis	Case study
10	Understanding incubation during foreign market entry: lessons learnt from an illustrative Danish case study	2020	Journal of Business & Industrial Marketing	S. Gretzinger, A.M.D. Ulrich, S. Hollensen, B. Leick	Case study

\* The Polish version of this journal is under the name "Zeszyty Naukowe Małopolskiej Wyższej Szkoły Ekonomicznej w Tarnowie".

Source: own elaboration.

As can be seen in Table 3, most of the selected papers are journal articles. There are only one conference paper and one doctoral thesis. Almost all articles were published in the leading journals in the field of international business, e.g., International Marketing Review, Long Range Planning, and the Journal of Business & Industrial Marketing. Notably, the major research method used in these studies was the case study.

### 3.2. The IBI as an entry mode

The business incubator phenomenon has been associated with business start-ups<sup>16</sup>, wherein a business incubator can be seen as an innovative organization that creates a favorable environment for enterprise development<sup>17</sup>. Although the business incubator is an innovative entity with origins in the United States<sup>18</sup>, the *international business incubator* originated in China<sup>19</sup>. It can be understood as an organization located in a foreign market that supports an enterprise's entry into that market. A few examples of the IBI include the China-Britain Business Council's Launchpad scheme in China<sup>20</sup>, the UK India Business Council's Launchpad scheme in India<sup>21</sup>, the German Business Incubator in Vietnam<sup>22</sup>, and also the JETRO Business Support Center in Thailand (JETRO BSCT) established by The Japanese External Trade Organization to facilitate Japanese SMEs to invest in Thailand<sup>23</sup>. Nevertheless, while the IBI has become more prevalent, the benefits of this phenomenon as a method of foreign market entry have remained barely understood in the literature<sup>24</sup>, as shown by the meager number of papers on this topic.

Indeed, the IBI is notably under-researched in the extant literature, as the use of business incubators to support international entrepreneurship is a recent phenomenon<sup>25</sup>. There are very few publications written on the IBI in the literature (Table 3). These contributions can be categorized into three groups in terms of

<sup>16</sup> **M. Rask, A. Bøllingtoft**, *The Export Incubator...*

<sup>17</sup> **L. Peters, M. Rice, M. Sundararajan**, *The Role of Incubators in the Entrepreneurial Process*, *Journal of Technology Transfer* 2004/29/1, pp. 83–91.

<sup>18</sup> **A. Chandra, C.A. Chao**, *Growth and evolution of high-technology business incubation in China*, *Human Systems Management* 2011/30/1, pp. 55–69.

<sup>19</sup> **R. Lalkaka**, *Business incubators in developing countries: characteristics and performance*, *International Journal of Entrepreneurship and Innovation Management* 2003/3/1–2, pp. 31–55;  
**J. Chen, Y. Jinrong, Z. Miao**, *Business incubators in China*, *International Journal of Entrepreneurship and Innovation Management* 2003/3/1–2, pp. 67–77.

<sup>20</sup> Launchpad. What is the service?, <http://www.cbcb.org/services/launchpad/>; accessed: 3.01.2021.

<sup>21</sup> Launchpad. The simple solution to in-market presence. <https://www.ukibc.com/what-we-offer/market-entry/launchpad/>; accessed: 3.01.2021.

<sup>22</sup> German Business Incubator, <https://vietnam.ahk.de/en/services/german-business-incubator/>; accessed: 3.01.2021.

<sup>23</sup> JETRO Business Support Center in Thailand, [https://www.jetro.go.jp/thailand/e\\_activity/bscteng.html](https://www.jetro.go.jp/thailand/e_activity/bscteng.html); accessed: 3.01.2021.

<sup>24</sup> **G.D. Blackburne, P.J. Buckley**, *The international business incubator as a foreign market entry mode*, *Long Range Planning* 2019/52/1, pp. 32–50.

<sup>25</sup> **J. Li**, *Overseas technology incubators...*

their extent in theory-building: The first group includes papers number 2, 3 and 6 in Table 3; the second group encompasses 1, 5 and 7; and the third group – the remainder. The papers of the first and the second groups, except article no. 3 were gathered from the step of hand-searching and cross-referencing citations; meanwhile, the third group comprises the papers gathered from the search process in databases.

The first group of selected papers includes those offering only a sketchy and explorative explanation of the IBI as a method of foreign market entry. Pavlikha et al.<sup>26</sup> performed a simple analysis of the business incubator as an innovative form of international business, focusing mainly on definitions and the roles of business incubators in the international contexts. In a similar vein, Xu<sup>27</sup> only provided a short definition of the IBI, regarding it as a means to provide a supportive environment for foreign start-ups that wish to enter the Chinese market and for Chinese start-ups that want to advance into a foreign market. In turn, Li<sup>28</sup>, not referring explicitly to the term IBI, only identified two types of incubators in support of international entrepreneurship at the country level: (1) Incubators for inward international business development (IIBD), wherein the goal of stakeholders such as local government is job creation, technology transfer, and foreign direct investment, and (2) incubators for outward international business development (OIBD), wherein the incubators are established abroad to encourage direct investment in a foreign country.

The second group includes papers that engage to a lesser extent in theory-building. For instance, Rask and Bøllingtoft<sup>29</sup>, as well as Ulrich and Hollensen<sup>30</sup>, made the first attempts to analyze the IBI as an entry mode. However, they considered the IBI only as a means of supporting export, describing the “export incubator” as a market entry platform, which promises a faster and more network-based profound foreign market entry with high control, limited risk, and less resource commitment. Accordingly, it provides the opportunity to bridge the “gap” between a low-control entry mode (e.g., export) and a high-control

<sup>26</sup> N. Pavlikha, I. Skorokhod, I. Kytsyuk, I. Marchuk, *Innovative forms of international business*, The Małopolska School of Economics in Tarnów Research Papers Collection 2014/25/2, pp. 153–161.

<sup>27</sup> L. Xu, *Business incubation in China: Effectiveness and perceived contributions to tenant enterprises*, Management Research Review 2010/33/1, pp. 90–99.

<sup>28</sup> J. Li, *Overseas technology incubator...*

<sup>29</sup> M. Rask, A. Bøllingtoft, *The Export Incubator...*

<sup>30</sup> A.M.D. Ulrich, S. Hollensen, *The Incubator concept as an entry mode option for Danish SME's*, Transnational Marketing Journal 2014/2/1, pp. 1–19.

entry mode (e.g., a wholly-owned sales subsidiary), without involving too high risks and still keeping a reasonable level of control. Ulrich and Hollensen<sup>31</sup> also described the role of the following factors: *control*, *flexibility*, *risk*, *international experience*, and *social and cultural distance* when the enterprises chose to use the IBI to enter an emerging market. They argued that an IBI can be perceived as a transition stage from having an importer or distributor (low-control mode) until a wholly-owned subsidiary is established (high-control mode) (Table 4).

TABLE 4: *The incubator concept as a transition stage*

	Low-control mode	Incubator concept	High-control mode
Control	Low	Medium	High
Flexibility	High	High	Low
Risk	Low	Low	High
International experience	Low	Medium	High
Social and cultural distance	High	Medium	Low

Source: A.M.D. Ulrich, S. Hollensen, *The Incubator concept...*

One notable exception is the study of Gao et al.<sup>32</sup>, who made a thorough analysis of the new phenomenon. These authors did not use the term IBI, but “network gatekeepers”, which they defined as “the intermediary actors who open up the ‘gated’ networks that otherwise exclude passage to outsiders and only favor insiders in business transactions”<sup>33</sup>. They believe that, compared to the traditional views of export/import agents, which emphasize the information, knowledge, experience, and service aspects of the intermediary, network gatekeepers play a key role in developing networks that facilitate the internationalization process of enterprises. Following the network perspective, they argued that a network gatekeeper holds a structural hole position between *outsider networks* (exporters from the sourcing country) and *insider networks* (intermediaries and customers in the host market). They discovered two key roles of network gatekeepers, namely (1) bridging the gap in trust between outsider networks and insider networks and (2) reducing the costs of market entry setup, transactions, and experiential learning for exporters. By utilizing

<sup>31</sup> *Ibidem*.

<sup>32</sup> H. Gao, M. Ren, J. Zhang, R. Sun, *Network gatekeeping in SME exporters’ market entry in China*, *International Marketing Review* 2016/33/2, pp. 276–297.

<sup>33</sup> *Ibidem*.

such a gatekeeper strategy, exporters can overcome the limitations of inadequate resources and the liability of foreignness in foreign network entry, and unlock a protected network that embraces target customers and controls key resources. Thus, it can be seen that from the authors' perspective, *trust*, *access to the network*, *lower market entry cost*, and *resource commitment* are the key factors of the network gatekeeping (or IBI) concept. However, like other articles in the second group, the study focused only on the export phase.

The third group consists of papers that were gathered from the search process. Compared to the articles of the other groups, these papers engage to a much higher extent in theory-building. There is an abridged version of the doctoral thesis<sup>34</sup> belonging to this group that was published in the form of an article, which is also included in this review (i.e., article no. 8 in Table 3). Therefore, this part focuses only on analyzing the remaining papers.

The first article that has a thorough analysis of the IBI as an entry mode is that of Blackburne and Buckley<sup>35</sup>, who analyzed the IBI from the transaction cost and network theory perspectives. They defined the IBI as “a shared office-space facility located in a foreign country that provides temporary accommodation and assistance to newly arriving firms until such time as they feel able to ‘graduate’ or leave to set up a permanent presence of their own”<sup>36</sup>. Accordingly, the IBI as an entry mode can be interpreted as an organization that provides a means to bring risk and uncertainty within acceptable boundaries (by limiting the cost of potential failure), while at the same time providing a low-risk platform for further investigation, network building, and information gathering. They adapted Root's model<sup>37</sup> to explain and position business incubation as an international entry mode that provides high control and low risk to newcomers (Figure 1). Once the internationalizing enterprise becomes more experienced, it may choose options with greater control (and greater risk), such as joint venture or wholly-owned business, or switch back to a lower risk mode (e.g., export), or even withdraw from the market with minimum cost.

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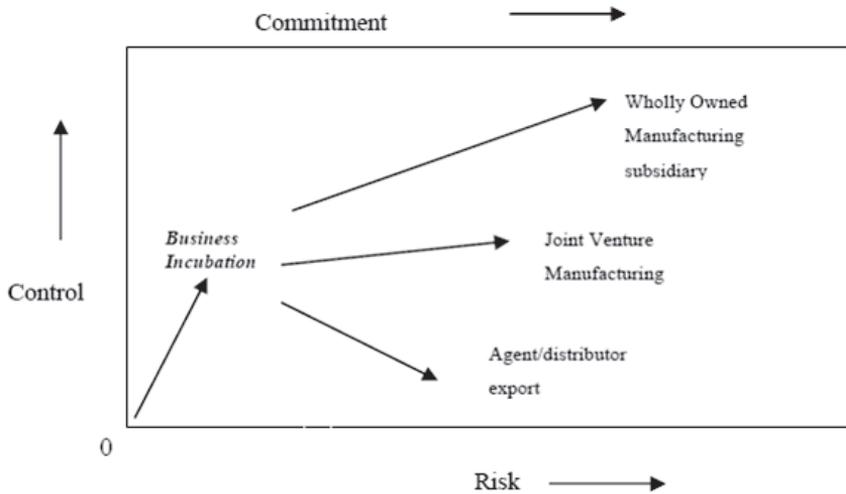
<sup>34</sup> **G.D. Blackburne**, *Business incubation as a method of foreign market entry*, PhD dissertation, Leeds University Business School, The University of Leeds, Leeds (UK), 2014.

<sup>35</sup> **G.D. Blackburne, P.J. Buckley**, *The international business incubator...*

<sup>36</sup> *Ibidem*.

<sup>37</sup> **F.R. Root**, *Entry Strategies for International Markets*, San Francisco, Jossey-Bass, 1998, in: **G.D. Blackburne, P.J. Buckley**, *The international business incubator...*

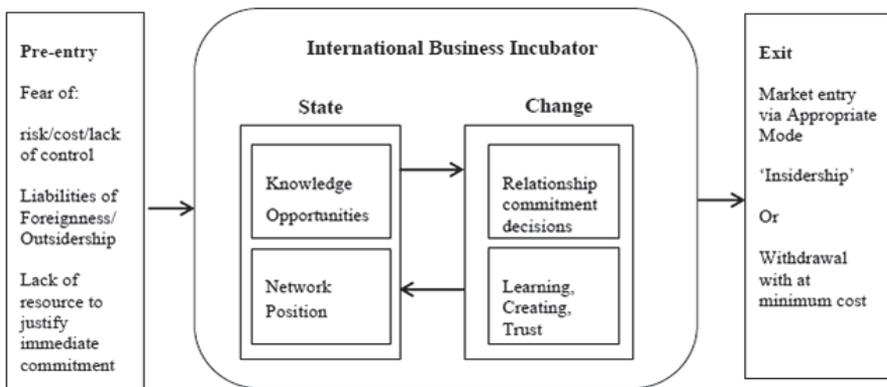
FIGURE 1: *Entry modes via business incubation*



Source: G.D. Blackburne, P.J. Buckley, *The international business incubator...*

Blackburn and Buckley argued that the availability of the business incubators as a method of foreign market entry may be a critical factor to proceed, serving as a catalyst to venturing abroad that may otherwise be seen as being too risky and costly. They also explained the business incubation process experienced by an internationalizing enterprise (Figure 2).

FIGURE 2: *The international business incubation process*



Source: G.D. Blackburne, P.J. Buckley, *The international business...*

They argued that the process begins with the enterprise discovering that the fear of risks, costs, lack of control, and liabilities of foreignness create market entry barriers that result in a discontinuity of the enterprise's internationalization. Its entry is stimulated by the availability of a low-risk and high-control business incubation arrangement. This is because accommodation within the business incubator environment of knowledge accumulation and network building can help the enterprise reduce its exposure to liabilities of foreignness and build its confidence to the point where managers can make a rational decision on the next step – either appropriate commitment to continue its presence in the market or withdraw<sup>38</sup>.

Blackburne and Buckley also briefly referred to the institutional aspects of the IBI, asserting that it represents a mediating approach during international market entry that can compensate for institutional voids surrounding risk, knowledge, and commitment by providing information, learning, and gradual surmounting of the challenges of *foreignness*, *newness*<sup>39</sup>, and *outsidership*<sup>40</sup>. The institutional aspects were then one of the main subjects of an in-depth analysis performed by Gretzinger et al.<sup>41</sup>

While Blackburne and Buckley considered the IBI as only an organization, Gretzinger et al.<sup>42</sup> regarded it as both an organization and an institution organized around the integration of new enterprises into foreign markets. Applying both network perspective and institutional theory, the authors defined IBI as “an actor with an own organizational structure in a specific institutional setting that takes over various activities to support the company's market entry”<sup>43</sup>. They argued that IBI identifies structural gaps offering business opportunities in foreign markets and uses brokerage to exploit these gaps. The authors indicated the need for central network actors who help to bridge communication gaps and compensate for the lack of trust between enterprises and host-country actors. More specifically, an IBI can help enterprises understand the rules, laws, and regulations in foreign markets

<sup>38</sup> **G.D. Blackburne, P.J. Buckley**, *The international business incubator...*

<sup>39</sup> See, inter alia: **L. Rabbiosi, G.D. Santangelo**, *Parent company benefits from reverse knowledge transfer: The role of the liability of newness in MNEs*, *Journal of World Business* 2013/48/1, pp. 160–170.

<sup>40</sup> See, inter alia: **J. Johanson, J.E. Vahlne**, *The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership*, *Journal of International Business Studies* 2009/40, pp. 1411–1431.

<sup>41</sup> **S. Gretzinger, A.M.D. Ulrich, S. Hollensen, B. Leick**, *Understanding incubation during foreign market entry: lessons learnt from an illustrative Danish case study*, *Journal of Business & Industrial Marketing* 2020.

<sup>42</sup> *Ibidem*.

<sup>43</sup> *Ibidem*.

that are necessary to cooperate with local business partners. Accordingly, an IBI's trust and reputation in foreign markets represent an institution that facilitates the processes of bonding between companies from different countries. Thus, an IBI can be used to reduce the risk of entering foreign markets by compensating the enterprises for a lack of establishment, reputation, and trustful relationships with key actors in foreign markets. On this basis, Blackburne and Buckley identified four key factors for an IBI concept, namely *trust*, *access to networks*, *institutional aspects*, and *strategic resource commitment*.

Schepis<sup>44</sup> took a different approach to the IBI. Using the term “innovation intermediary”, He focused on clarifying the roles of the innovation intermediary (the IBI) as the “third actor” in start-up internationalization. Accordingly, the activities of international intermediaries were interpreted as influencing the internationalization of start-ups by increasing *relational proximity* with partners in foreign markets. The study explored how these activities increase relational proximity on five dimensions: *geographic*, *social*, *cognitive*, *organizational*, and *institutional*. More specifically, activities that enhance *geographic proximity* include those that require face-to-face contact with potential partners to support social interaction or demonstrate products in the foreign market. In turn, activities oriented towards increasing *social proximity* are those that provide networking opportunities between start-ups and local partners (e.g., networking events), leveraging the trust created from their affiliations with the intermediary. Multiple activities, such as education workshops or mentorship, align with increasing *cognitive proximity* through focusing on developing a mutual understanding, since start-ups can either learn about local markets and specific customer needs or enhance communication ability with new partners. Schepis also indicated that *organizational proximity* increases through activities that provide indirect pathways for start-ups to engage with other larger partners, otherwise difficult for start-ups to initiate due to their size and inexperience. Lastly, *institutional proximity* increases through activities such as mentorship, which allow start-ups to develop a better understanding of the foreign market context. They facilitate mutual understanding, values, and trust, which in turn can lead to shared risk-taking and resource exchange. Thus, relational proximity offers a multidimensional lens through which to consider how start-ups use business networks of the international intermediaries (IBI) when entering foreign markets.

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<sup>44</sup> **D. Schepis**, *How innovation intermediaries support startup internationalization: a relational proximity perspective*, Journal of Business & Industrial Marketing 2020.

#### 4. Discussion and recommendations for future research

From the analysis above, it can be seen that the literature on IBI is very limited at present, as it is a new phenomenon in comparison with other entry modes. Another reason for this might be the lack of, or limited, access to research opportunities, as explained by Blackburne and Buckley<sup>45</sup>: “One of the authors of this paper was an employee of CBBC [an IBI]. This created a level of access to a research opportunity otherwise extremely difficult to find”.

The limited number of publications allowed the author of this paper to analyze in detail their contributions. Some available studies have conceptualized the IBI as a flexible and moderating entry mode, which is frequently combined with or followed by other traditional modes of entry<sup>46</sup>. Researchers indicated that, compared to alternative modes, an IBI is characterized by the intention to support the entry phase of enterprises in new foreign markets and to compensate for a lack of strategic resources through business networking<sup>47</sup>. They apply three of the most frequently used entry mode theories<sup>48</sup> to explain the choice of IBI as an entry mode, namely *transaction cost theory*, *network perspective*, and *institutional theory*. Accordingly, *improved risk/control trade-off*, *lower market entry costs*, *enhanced knowledge*, *network relationship*, *trust*, *institutional aspects*, and *strategic resource commitment* have been identified as the key elements of the IBI concept. Since IBIs are often located in emerging markets (see examples in Sub-section 3.2), where informal institutions and relationships play an important role in shaping business activities, these theories have been found particularly relevant to explain the choice of IBI.

Since the IBI as an entry mode is a research topic in its infancy, it is clear that there are ample opportunities for further research in this area. The results of the extant studies indicated that the IBI positively affects the internationalization of enterprises, which in turn influences their decision to enter and deepen their commitment to international markets<sup>49</sup>. However, there is also a need to further investigate the downsides of the IBI that decision-makers should consider before choosing it as a mode of entry. Thus, empirical studies should continue

<sup>45</sup> G.D. Blackburne, P.J. Buckley, *The international business incubator...*

<sup>46</sup> *Ibidem*; S. Gretzinger, A.M.D. Ulrich, S. Hollensen, B. Leick, *Understanding incubation...*

<sup>47</sup> *Ibidem*.

<sup>48</sup> M. Schellenberg, M.J. Harker, A. Jafari, *International market entry mode...*

<sup>49</sup> R. Engelman, A.C. Zen, E.M. Fracasso, *The Impact of the Incubator on the Internationalization of Firms*, *Journal of Technology Management & Innovation* 2015/10/1, pp. 29–39; G.D. Blackburne, P.J. Buckley, *The international business incubator...*

to clarify the benefits and drawbacks of the IBI for enterprises when entering foreign markets.

Considering the benefits and drawbacks of the IBI as an entry mode also leads us to question why some enterprises use traditional methods for entering foreign markets while others choose to join a business incubator before venturing abroad on their own. Thus, future studies can delve into the determinants of choosing the IBI as an entry mode instead of the traditional alternatives.

In addition, extant studies on the IBI have focused only on the entry phase of enterprises in foreign markets. Nevertheless, Amezcua et al.<sup>50</sup> found that in the domestic contexts, although incubated enterprises demonstrate lower initial exit rates compared to their non-incubated peers, these rates increase in post-incubation, and the difference is declining. It is due to the fact that enterprises leaving a protected environment provided by the business incubator must face the liability of newness again. Based on this, one can argue that in the international market settings, it is also important to continue to support the graduates in the post-incubation period. Thus, further research can be expanded to the role of the IBIs in supporting the tenants after their “graduation”.

Furthermore, international entrepreneurship has been a topic of interest to business people, academic researchers, and governments for decades<sup>51</sup>. Studies have proved the existence of “born global” (global start-up) enterprises that do not follow the Uppsala model (incremental or gradual process)<sup>52</sup>. The significance of this phenomenon is proven by the fact that the number of such firms is constantly growing<sup>53</sup>. However, in start-up scenarios, entrepreneurs are often recognized as possessing specialized knowledge but lacking managerial experience and business skills<sup>54</sup>, which can be supported by the features of the IBI. Thus, future research should delve into the significance of the IBI for born-global enterprises.

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<sup>50</sup> **A.S. Amezcua, S.W. Bradley, J. Wiklund**, *Cutting the apron strings of business incubation firms: is the liability of newness...A liability?*, Academy of Management Annual Meeting Proceedings 2011/1, pp. 1–7.

<sup>51</sup> **P.P. McDougall, B.M. Oviatt**, *International entrepreneurship: the intersection of two research paths*, The Academy of Management Journal 2000/43/5, pp. 902–906.

<sup>52</sup> **B.M. Oviatt, P.P. McDougall**, *Toward a theory of international new ventures*, Journal of International Business Studies 1994/25/1, pp. 45–64; **B.M. Oviatt, P. McDougall**, *Global start-ups: entrepreneurs on a worldwide stage*, Academy of Management Perspectives 1995/9/2, pp. 30–43.

<sup>53</sup> **Ø. Moen**, *The Born Globals: A new generation of small European exporters*, International Marketing Review 2002/19/2, pp. 156–175.

<sup>54</sup> **G.D. Blackburne, P.J. Buckley**, *The international business incubator...*

Finally, the systematic review showed that the few available papers are exploratory in nature, and the dominant method used by scholars is a single case study research. As the IBI is a complex and multidimensional research subject, further research could examine the issues proposed in this study through multiple cases or quantitative research methods to achieve generalizability.

## 5. Limitations and conclusion

This study has certain limitations. First, it is purely exploratory research based on the relevant literature that is available in five databases, as it followed a rigorous procedure in selecting papers of the systematic review process. While these five databases may have included the majority of the relevant articles, papers from other databases may also need to be explored.

Second, the papers selected in the search process were limited to peer-reviewed journal articles, conference papers, as well as doctoral theses, and thus the review was not exhaustive. It is due to the fact that although peer-reviewed journals, conferences, and doctoral theses are of higher quality, other sources such as book chapters and trade journals are also important sources of knowledge. The selected articles were also limited to those written in English.

Finally, only four phrases, namely “entry mode”, “entry strategy”, “market entry”, and “mode of entry”, were used in the search. While these keywords may have contained the majority of the relevant articles, some papers used other synonymous terms of entry mode, such as “foreign operation mode”<sup>55</sup> or “foreign market-servicing strategies”<sup>56</sup>, which were not included in the search process. The lack of consensus in terminology is also reflected by some scholars not using the term IBI, but either “network gatekeeper” or “innovative intermediary”, as shown in the review process. The omission of articles related to the topic was minimized by the hand-searching and cross-referencing citations screening. Future research may use a larger set of keywords to launch an exhaustive search.

Summing up, this paper aimed at reviewing the current state of existing literature on IBI as an entry mode. As mentioned earlier, prior studies mainly focused on the business incubator in the domestic context. It has been over

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<sup>55</sup> See, inter alia: **G.R.G. Benito, B. Petersen, L.S. Welch**, *Towards more realistic conceptualisations of foreign operation modes*, *Journal of International Business Studies* 2009/40/9, pp. 1455–1470.

<sup>56</sup> **P.J. Buckley, C.L. Pass, K. Prescott**, *Foreign Market Servicing by Multinationals: An Integrated Treatment*, *International Marketing Review* 1990/7/4, pp. 25–40.

a decade since the IBI concept appeared in the late 2000s. Nevertheless, the literature concerning the phenomenon of IBI as an entry mode remains limited. It is hoped that the review and the proposed recommendations for future research will inspire further studies on IBI, considering its importance in dealing with the volatile and challenging environment of emerging markets.

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## MIĘDZYNARODOWY INKUBATOR BIZNESU JAKO STRATEGIA WEJŚCIA NA RYNEK ZAGRANICZNY – SYSTEMATYCZNY PRZEGLĄD LITERATURY

### Abstrakt

**Przedmiot badań:** Wybór strategii wejścia na rynek zagraniczny to temat, który interesuje badaczy akademickich od dziesięcioleci. Były one często conceptualizowane wzdłuż kontinuum od eksportu, różnego rodzaju form kooperacji kontraktowych lub kapitałowych z partnerami zagranicznymi do samodzielnego prowadzenia biznesu za granicą. Jednak wyzwania związane z wej-

ściem na rynek zagraniczny, szeroko znane w literaturze z zakresu biznesu międzynarodowego jako „liabilities of foreignness”, nadal pozostają istotne dla nowych biznesów. W ostatnich latach nowe zjawisko, tj. międzynarodowy inkubator biznesu (MIB), które ma na celu ułatwienie przedsiębiorstwom wejścia na rynek zagraniczny, pojawiło się i zostało opisane w literaturze jako nowa metoda wejścia na rynek zagraniczny.

**Cel badawczy:** Celem pracy było zbadanie istniejącej w literaturze wiedzy dotyczącej MIB jako metody wejścia na rynek zagraniczny.

**Metoda badawcza:** W pracy zastosowano systematyczny przegląd literatury z wyszukiwaniem słów kluczowych w różnych akademickich bazach danych w celu odpowiedzi na pytania badawcze.

**Wyniki:** Wyniki wskazały, że chociaż zjawisko MIB stało się coraz bardziej powszechne, literatura na ten temat jest obecnie bardzo ograniczona. Wyniki ujawniły również, że lepszy kompromis między ryzykiem a kontrolą, niższe koszty wejścia na nowy rynek, uzyskana wiedza, relacje sieciowe, zaufanie, aspekty instytucjonalne i zaangażowanie strategicznych zasobów to główne cechy, które dają przewagę MIB nad innymi strategiami wejścia. Na podstawie wyników badań w artykule przedstawiono rekomendacje dla przyszłych badań, które mogą stanowić wkład w literaturę dotyczącą MIB.

**Słowa kluczowe:** inkubator biznesu, inkubacja biznesu, strategie wejścia na rynek zagraniczny, systematyczny przegląd literatury.