

OPTIMIZING LOMBOK MSMES THROUGH PLACE-BASED BUSINESS INCUBATION: AN INTEGRATIVE REVIEW AND CONTEXTUAL DATA ANALYSIS

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Abstract

This study develops a contextual business incubation architecture for micro, small, and medium enterprises (MSMEs) in Lombok by synthesizing a structured integrative review of 35 international journal articles indexed in Scopus and contextual secondary data analysis. The review drew together evidence on incubation architecture, fit between entrepreneur and support, ecosystem brokerage, dynamic capabilities, digitalisation, resilience and evaluation of programmes. Official statistics were used to test correspondence between these international mechanisms and the structure of enterprise in Lombok, not to estimate the programme impact. According to the 2023 Micro and Small Industry Profile, there are 149,962 micro and small manufacturing businesses in West Nusa Tenggara with 337,949 workers. However, 61.67% reported difficulties in their businesses, only 2.08% had ever received guidance or training, 3.64% had partnerships, 1.93% undertook innovation and 26.68% used the internet. District differences are more pronounced which Mataram had much higher innovation and partnership intensity, while Lombok Tengah and Lombok Timur had large enterprise or employment bases, but weak training reach, innovation and extra district market access. These patterns suggest that a standardized, island wide training package would continue rather than mitigate ecosystem inequality. The study proposes Place-Lombok with profile-based diagnosis, local value chain integration, adaptive stage gated support, connect hybrid delivery and evidence-based graduation. The framework moves incubation from delivering activities to converting differentiated capabilities and delivering measurable additionality. It is a conceptual model based on secondary data that requires validation by stakeholders and pilot implementation.

Keywords: Business Incubation, Entrepreneurial Ecosystem, Lombok MSMEs, Dynamic Capabilities, Business Resilience

INTRODUCTION

Micro, small and medium enterprises (MSMEs) are often introduced as a numerical policy category: the more registered firms, trainees, certificates or tenants, the stronger the programme is thought to be. This logic of quantity is problematic. Enterprise density is not intrinsically linked with productivity, market integration, innovation or resilience. Business incubation is no exception to this distinction. While a region can have several incubators, firms can still struggle with fragmented mentoring, poor access to markets, limited financial records, low digital capability and little post programme support. The relevant policy question therefore is not whether Lombok needs more incubation activities, but whether its incubation system is converting dispersed support into firm level capabilities and durable market outcomes.

The emphasis on Lombok is empirically based and structural, not rhetorical. In the 2016 Economic Census, the number of non-enterprises in West Nusa Tenggara was 598.7 thousand enterprises, with 99.2% in the form of micro and small enterprises, which absorbed 92.5% of non-agricultural business employment. Lombok Timur was the district with the largest number of enterprises in the province, with 149.3 thousand (BPS Statistics of Nusa Tenggara Barat Province, 2017). The figures are a historical baseline, rather than a current stock estimate, but they illustrate the region's dependence on small scale enterprise for employment and local economic circulation.

The more recent data show a support conversion gap. Based on the 2023 Micro and Small Industry profile, there are 149,962 micro and small manufacturing enterprises and 337,949 workers in West Nusa Tenggara. Among these enterprises, 61.67% reported business difficulties, only 3,112 had ever received guidance, training, or extension services, 5,458 had partnerships, and 2,892 reported innovations and internet penetration was 26.68% (BPS Statistics of Nusa Tenggara Barat Province, 2025). The IMK survey omits trade and most services, hence these figures are not representative of all MSME sectors. But they do show a productive base, where scale goes hand in hand with shallow support reach, weak collaboration, limited innovation and predominantly local markets.

International evidence is similarly warning. Incubators and accelerators can provide infrastructure, mentoring, legitimacy, finance readiness, knowledge and networks. Their impact is heterogeneous. Publicly funded programmes do not always achieve better results than non-supported firms and positive outcomes are dependent on tenant selection, service intensity, maturity phase, location and evaluation design (Dvouletý et al., 2018; Kher et al., 2023; Lukeš et al., 2019). Entrepreneurs could seek out resources that are not related to their binding constraints, incubators could over manage their tenants or provide passive services with little behavioural impact (van Weele et al., 2017). Hence, incubation should be viewed as a contingent process of capability building, not a universal remedy.

The problem is especially acute in Lombok. Most of the incubation research is based on technology start-up, university spin offs and metropolitan ecosystems. Lombok's enterprise structure is more heterogeneous and place embedded, tourism linked food and accommodation suppliers, crafts and weaving, agribusiness, fisheries, halal products, creative industries and informal microenterprises coexist with orientation with technology ventures. The spatial spread beyond Mataram, the seasonality of demand, certification constraints, limited managerial systems, and exposure to tourism and disaster shocks create a support profile that cannot be addressed by a standard start up curriculum.

Tourism adds to this heterogeneity and brings firms into contact with demand volatility. In February 2024, there were 7,748 international visitors who arrived at Zainuddin Abdul Majid International Airport, an increase of 56.27% from January. The occupancy rate of star hotel and non-star hotel rooms was 35.40% and 24.53% respectively (BPS Statistics of Nusa Tenggara Barat Province, 2024). One monthly movement is not a full seasonality model but it does show how demand can move quickly in accommodation, food, craft, transport and supporting services. Therefore, a Lombok incubation model must build market diversification, cash flow resilience and cross sector buyer linkages, rather than equate digital promotion with business transformation.

There are thus three connected gaps in the literature. First, incubation studies usually specify service portfolios but under explain the mechanisms through which services become capabilities. Second, research on entrepreneurial ecosystems shows that PLACE, networks, institutions and resource flows matter, but rarely translates this insight into an operational incubation sequence for heterogeneous MSMEs. Third, studies on digitalisation and resilience identify necessary capabilities, but are not often integrated into incubation governance and graduation criteria. A Lombok oriented model has to be made to connect these bodies of knowledge, rather than localise a generic training package.

The objective of this study is to answer three questions. First, when does business incubation create value for MSMEs, second what are the mechanisms for translating incubation services into competitiveness and resilience and third how should those mechanisms be adjusted to Lombok's sectoral and geographic context. It seeks to develop an incubation architecture for Lombok MSMEs that is theoretically well founded and practically measurable. What is new in this study is the Lombok framework, and how it is constructed. The study does not simply transpose a generic international incubation template to a new location, but instead combines mechanism evidence from 35 Scopus indexed articles with BPS diagnostics at the district level. PLACE stands for Profile based diagnosis, Local value chain integration, Adaptive stage gated support, Connection hybrid

delivery, and Evidence based graduation. It defines the recipient of which service, the timing of progressions, the connection between local markets and institutions, and the outcomes that show additionality. The theoretical contribution is a linking of firm level dynamic capabilities, relational incubation mechanisms and PLACE level ecosystem orchestration. The practical contribution is a differentiated architecture for Lombok, rather than a uniform training package.

LITERATURE REVIEW

Business Incubation as A Contingent Intervention

Technology business incubation has evolved from the provision of subsidised space to complex portfolios of mentoring, networking, access to finance, legitimacy and market intermediation (Mian et al., 2016). Reviews indicate a fragmented yet maturing field of incubators, accelerators, science parks and entrepreneurial support organisations (Albort-Morant & Ribeiro-Soriano, 2016; Hausberg & Korreck, 2020). Accelerators differ from traditional incubators in terms of cohort-based entry, intensive bounded in time support, selection on a competitive basis and strong mentor or investor engagement (Pauwels et al., 2016). These differences are important because the label 'incubator' masks a lot of variation in objectives, governance, target firms, service intensity and time horizon.

The incubation value is not just a function of the presence of services. Multilevel research demonstrates that outcomes are influenced by organisational arrangements, institutional relationships and venture level practices (Baraldi & Ingemansson Havenvid, 2016). In emerging markets, incubators may serve as open system intermediaries to mitigate institutional failures, but their role is contingent upon their ability to connect fragmented actors and resources rather than replace indefinitely missing institutions (Dutt et al., 2016). University incubators can be useful for technology transfer and venture creation, but the transfer model needs to be adjusted to the national and regional innovation system (Wonglimpiyarat, 2016).

The evidence on firm performance is mixed. Evidence links incubation to survival, growth, learning and resource access, but repeatedly notes poor controls for selection bias and inconsistent performance measures (Ayatse et al., 2017). Comparative evidence from publicly funded incubators suggests that support is not automatically effective (Dvouletý et al., 2018), while large sample evidence suggests that growth benefits depend on programme and firm conditions (Lukeš et al., 2019). The implication is analytical, that is, incubation should be evaluated as a treatment with heterogeneous effects and not as an institutional label assumed to lead to success.

Entrepreneur Incubator Fit and Temporal Sequencing

The fit between an entrepreneur and an incubator is about what is provided and when it is provided. Entrepreneurs' felt needs might differ from actual bottlenecks. Incubator assertiveness can help or hinder depending on the venture's readiness and its orientation towards learning (van Weele et al., 2017). Moreover, temporal research indicates that incubation value is generated through sequences with diagnosis, experimentation, capability acquisition, network access, market validation, and graduation cannot be compressed into simultaneous training modules (Nair & Blomquist, 2020). A service which is useful at market validation may be too early in opportunity formulation and insufficient in scaling.

This relational interpretation is supported by the emerging concept of entrepreneurial support organisations. Support organizations are not only a channel for resources but also shape relationships through selection, commitment, trust, monitoring and boundary spanning (Bergman & McMullen, 2022). Systematic reviews of incubators and accelerators also show that venture performance is related to the configuration of services and open innovation relationships, and not the quantity of services (Leitão et al., 2022). Process framework research therefore suggests that incubation can be analysed through context, intervention, mechanism and outcome, which allows programme designers to specify why a service should work for a specific tenant in a specific setting (Sohail et al., 2023).

Entrepreneurial Ecosystems and PLACE-Based Orchestration

Entrepreneurial ecosystems consist of mutually dependent actors, institutions, resources and cultural conditions that foster productive entrepreneurship. The elements are only valuable when combined and accessible, isolated resources do not constitute a functioning ecosystem (Stam & van de Ven, 2021). Relational accounts stress that the performance of ecosystems is the result of the relationships between material, social and cultural attributes (Ben Spigel, 2017). Critical reviews also warn against the replication of celebrated metropolitan models since ecosystem configurations are geographically uneven, historically embedded and often 'spiky' rather than uniformly distributed (Alvedalen & Boschma, 2017; Brown & Mason, 2017).

The process view is particularly relevant for regional incubators. Ecosystems are the result of feedback, adaptation and interaction of actors, not a static list of institutions (Roundy et al., 2018; B. Spigel & Harrison, 2018). Ongoing debates call for more explicit causal mechanisms, boundary conditions and policy realism (Cavallo et al., 2019). For Lombok this means an incubator should not attempt to own all the resources. Its strategic role is orchestration: diagnose missing links, broker access, cut coordination costs, and channel firms into viable local and extra local value chains.

Social capital is crucial for sustainable ecosystem development. Incubators add value by creating bridging ties across otherwise disconnected groups rather than reinforcing closed networks among similar tenants (Theodoraki et al., 2018). Work on accelerators in Bangalore exemplifies the importance of specialised expertise and brokerage in designing an ecosystem outside of individual ventures (Goswami et al., 2018). But context specific causal evidence shows that accelerators do not offer uniform benefits across ventures, locations and time periods (Kher et al., 2023). Therefore, PLACE based orchestration requires differentiated access and explicit additionality tests.

Dynamic Capabilities, Digitalization, And Resilience

Dynamic capabilities are the processes through which firms sense and shape opportunities and threats, seize opportunities through resource commitments, and reconfigure routines and business models (Teece, 2018). This view explains the mechanism of incubation: mentoring is only valuable if it changes opportunity recognition, decision quality or organizational routines. Network introductions are only valuable if firms are able to absorb knowledge, form contracts and reconfigure operations. The incubator inputs are to be evaluated basis capability conversion and not attendance.

Digital transformation is also an organisational renewal process, not a technology purchase event. Firms improve their digital capabilities via repeated learning, leadership commitment, experimentation and reconfiguration (Warner & Wäger, 2019). SME digitalisation is limited by finance, skills, infrastructure, organisational readiness and attitudes of owners, but benefits include market reach, efficiency, quality of information and customer engagement (Eller et al., 2020). Depending on the initial resources and business models of the SMEs, their paths towards digital transformation are different in times of severe disruption (Priyono et al., 2020). An incubator should segment tenants by digital maturity, not dictate the same platform or social media module.

Resilience stretches the outcome horizon beyond short term sales. The capability perspective considers resilience as anticipation, coping, and adaptation (Duchek, 2020). In Indonesia, the resilience of tourism enterprises has been found to be a function of diversification, flexibility of household and business resources, network support and the ability to reconfigure under changing demand (Dahles & Susilowati, 2015). For Lombok, where many MSMEs are connected to visitor flows and local supply chains, incubation should develop revenue diversification, cash flow discipline, continuity planning and alternative market channels as core capabilities, rather than optional crisis modules.

Analytical propositions

Because this is a literature-based model development study, formal statistical hypotheses are not formulated. Instead, the synthesis is guided by five analytical propositions:

P1: Incubation effectiveness increases when services are matched to a diagnosed binding constraint and the tenant's maturity stage.

P2: Ecosystem brokerage and legitimacy mediate the conversion of incubation services into market and finance access.

P3: Stage gated sequencing produces stronger capability conversion than simultaneous generic training.

P4: A hybrid hub and spoke model improves spatial inclusion when digital delivery is combined with local diagnostic and mentoring capacity.

P5: Outcome based graduation and post incubation tracking improve accountability and program e-learning.

RESEARCH METHODS

The study employed the structured integrative literature review and contextual secondary data analysis. A review design was selected because the research aim was to integrate theory and develop models and not to aggregate effect size. To diagnose whether the mechanisms identified internationally aligned with Lombok's enterprise structure, official BPS statistics were added. The design does not estimate causal programme effects or evaluate an implemented community engagement intervention.

The analytical corpus consisted of 35 articles published in international peer reviewed journals indexed in Scopus. Search terms combined variants of business incubator, incubation, accelerator, entrepreneurial support organisation, SME or MSME, performance, ecosystem, digital transformation, resilience, tourism and regional development. Following discovery, verification was performed at the DOI level using publisher or DOI resolver records. The international peer review and Scopus indexing of the titles of the journals were checked.

Articles were eligible if they: (1) studied business incubation, acceleration, entrepreneurial support organizations or incubation relevant mechanisms; (2) focused on SMEs, new ventures, ecosystems, capabilities, digitalization, resilience or tourism entrepreneurship; (3) offered theoretical, empirical or review evidence to inform programme design; and (4) had traceable bibliographic metadata and a persistent DOI. Proceedings, books, purely descriptive promotional reports, biological uses of the term incubation and records without verifiable publication metadata were excluded.

A structured extraction sheet was used to record publication year, context, research design, incubation intervention, mechanism, outcome, boundary condition, and implication for Lombok. The analysis proceeded in four stages. In the first step of open coding, we identified recurring notions such as selection, mentoring, network brokerage, legitimacy, digital capability, absorptive capacity, timing, graduation, and resilience. Secondly, themes were combined into higher order themes. Third, a Context Intervention Mechanism Outcome comparison separated services from the mechanisms they triggered. Fourth, negative cases were analysed in studies reporting weak, mixed or contingent effects so that the synthesis is not normatively pro incubator.

The contextual analysis was based on three official sources that will be available by 2025 with the 2016 Economic Census business listing as a historical structural baseline, the 2023 IMK Profile for enterprise counts, employment, guidance or training, partnerships, innovation, and market reach by district, and the February 2024 tourism release as an illustration of short run demand volatility. Empirical table ratios were derived from published counts. The IMK data set covers only micro and small manufacturing firms, so it is used as a regional diagnosis and not as a census of all trade, tourism, digital or service MSMEs.

The review sought conceptual saturation and a traceable design corpus, not a bibliometric estimate of the whole Scopus population. The analytical literature consists of 35 articles. The BPS publications are not part of the corpus but are used as contextual evidence. This separation ensures that local statistics are not mistaken for proof of incubation efficacy, but still permits the proposed architecture to adapt to observed regional differences.

Table 1. Review Protocol and Analytical Procedure

Component	Operational decision	Quality control
Design	Structured integrative literature review and conceptual model development.	Theory integration rather than unsupported causal generalization.
Corpus	35 articles from Scopus indexed international journals, primarily 2015–2024.	Persistent DOI and publisher metadata required.
Search concepts	Incubator, accelerator, entrepreneurial support organization, SME/MSME, ecosystem, performance, digitalization, resilience, tourism.	Multiple concept families reduce technology start up bias.
Extraction	Context, intervention, mechanism, outcome, boundary condition, implication.	Common extraction categories applied to every article.
Synthesis	Open coding, higher order themes, CIMO comparison, negative case analysis.	Mixed and weak effects retained rather than excluded.
Output	PLACE–Lombok framework, stage gates, governance and KPI architecture.	Every design element linked to a literature derived mechanism.
Contextual evidence	BPS SE2016 baseline, 2023 IMK district data, and February 2024 tourism indicators.	Used for regional diagnosis only; not counted among the 35 articles and not treated as causal or intervention evidence.

Source: Authors' synthesis.

RESULTS AND DISCUSSION

Evidence Structure and The Central Contradiction

The 35 studies lead to a consistent contradiction. Incubators can be potentially valuable because they aggregate scarce resources and reduce coordination costs, but this same aggregation can become generic, supply driven and detached from firm bottlenecks. The literature thus discards two simple positions: that incubation is inherently effective, and that incubators are simply real estate providers. The contribution they make depends on the fit between context, tenant, intervention, mechanism and timing.

Five clusters of evidence were found. The first is associated with incubation architecture and service configuration. The second is about fit, timing and relational governance. The third discusses the role of the incubator in entrepreneurial ecosystems. The fourth is on capability conversion, digital transformation and resilience. The fifth is evaluation and additionality. The strongest positive mechanism across these clusters is not training per se, but coordinated learning tenants gain more when information, mentoring, experimentation, market access, finance and network legitimacy are sequenced around a diagnosed growth constraint.

This result contradicts the widely used activity count model. Implementation can be proven by number of workshops, tenant admissions, certificates, mentors or social media posts but not value creation. Those indicators can go up even when companies can't figure out unit economics, get repeat buyers, meet buyer standards, get working capital or survive after program exit. Thus, evaluation of incubators must distinguish between outputs, intermediate capabilities, and final outcomes.

Table 2. Thematic Synthesis of the 35 Articles Evidence-Base

Evidence cluster	Representative studies	Critical synthesis	Implication for Lombok
Incubation architecture	(Baraldi & Ingemansson Havensvid, 2016; Hausberg & Korreck, 2020; Mian et al., 2016; Pauwels et al., 2016)	Incubators vary in governance, time horizon, selection, and service intensity.	Do not copy a single accelerator or university incubator template.
Conditional performance	(Ayatse et al., 2017; Dvoutely et al., 2018; Kher et al., 2023; Lukeš et al., 2019)	Effects are mixed and affected by selection, context, and measurement.	Use baseline, comparison logic, subgroup analysis, and post exit tracking.
Fit and sequencing	(Nair & Blomquist, 2020; Sohail et al., 2023; van Weele et al., 2017)	Needs, timing, and mechanism determine whether services create value.	Diagnose binding constraints and require evidence-based stage progression.
Ecosystem brokerage	(Bergman & McMullen, 2022; Dutt et al., 2016; Goswami et al., 2018; Theodoraki et al., 2018)	Support organizations create value by bridging institutional and relational gaps.	Position the incubator as orchestrator and referral platform.
Place and ecosystem process	(Brown & Mason, 2017; Roundy et al., 2018; Ben Spigel, 2017; Stam & van de Ven, 2021)	Resources are place dependent, relational, and dynamically combined.	Build sector pathways around Lombok value chains and district access.
Digital capability	(Autio et al., 2018; Eller et al., 2020; Priyono et al., 2020; Sussan & Acs, 2017; Warner & Wäger, 2019)	Digitalization requires organizational renewal, not platform adoption alone.	Segment by digital readiness and measure transactions, data use, and fulfilment.
Resilience and sustainability	(Dahles & Susilowati, 2015; Duchek, 2020; Karahan, 2024)	Adaptation, diversification, and continuity capabilities matter beyond growth.	Embed cash flow discipline, diversification, risk plans, and sustainable practices.

Source: Authors' synthesis of the reviewed literature.

Why Generic Incubation Underperforms

There are 4 failure mechanisms that cause generic incubation to underperform. First, selection effects are confounded with programme effects. Incubators may pick more motivated, more connected, or more capable entrepreneurs and later growth may be a reflection of the starting quality rather than the support. Second, service menus are replaced by diagnosis. Regardless of the binding constraint production consistency, working capital, licensing, buyer access or managerial time tenants get classes in business plan writing, branding and digital marketing. Third, support is frontloaded. Entry level training is intensive, but less attention is paid to market contracting, finance readiness and post-graduation adaptation. Fourth, success is reported without any baseline or follow up period.

This critique is informed by the literature on contextual effects. Dvoutely et al. (2018) and Lukeš et al. (2019) show that public support and incubation do not need to lead to better performance. Kher et al. (2023) show causal but context dependent accelerator effects. van Weele et al. (2017) demonstrate an interaction between incubator assertiveness and entrepreneurs'

resource demands. These studies suggest that Lombok should not scale a programme without defining who benefits, from what service, at what stage and in what conditions.

The policy implication is a movement from equal treatment to equitable treatment. Equal treatment provides all modules to all tenants. Fair treatment is giving support where there are gaps in capacity and expected additionality. A mature food producer needing hotel procurement standards should not be sequenced the same way as a pre revenue craft venture or a digitally enabled tourism service. Standardisation should be applied to diagnostic quality, evidence requirements and evaluation, not to identical service content.

From Service Provision to Capability Conversion

The review identifies four mechanisms for the conversion of capabilities. The first is absorptive learning which the firm recognises, absorbs and utilises external knowledge. The second is resource orchestration, mentors and managers help to put together fragmented resources into a coherent business model. Third, relational legitimacy with associating reputable incubators, universities, buyers or governments reduces uncertainty for partners. Fourth is disciplined experimentation. Firms validate assumptions with customers and operational data before committing scarce capital.

Dynamic capabilities deliver the process logic. Sensing is about opportunity and threat recognition, seizing is about choices, investments and market commitments and transforming is about routines, partnerships and business model change (Teece, 2018). Incubation should be organized around these transitions. Sensing is supported by market intelligence and customer discovery. Pricing, finance, product validation and buyer negotiation support is being taken.

This mechanism-based approach also explains the frequent failures of digital training. A social media account is an output, not a capacity. A firm has digital capability when it can acquire customers, manage content and transactions, analyse data, coordinate inventory, protect accounts and integrate online demand with fulfilment. The right metric is therefore not platform adoption but the share and quality of digitally enabled sales, the conversion rates, the repeat orders, the use of data and the operational reliability.

Empirical Profile of Lombok Micro and Small Industries

The BPS profile shifts the empirical question from whether Lombok needs business incubation to which enterprises need which incubation mechanism, in which place and at what intensity. In 2023, the five Lombok regencies and cities contained 125,021 IMK enterprises, or 83.37% of the provincial total, and employed 300,426 workers, or 88.90% of provincial IMK employment. Concentration is economically important, but Table 3 reveals sharp differences across the island in enterprise scale, employment intensity, support reach, collaboration, innovation and market reach.

Table 3. District Level Profile of Micro and Small Manufacturing Industries in Lombok, 2023

Indicator	Lombok Barat	Lombok Tengah	Lombok Timur	Lombok Utara	Mataram
IMK enterprises (number)	16,398	56,798	36,450	8,236	7,139
Workers (number)	34,866	94,293	137,352	14,428	19,487
Workers per enterprise	2.13	1.66	3.77	1.75	2.73
Ever received BPP (%)	3.70	0.50	2.43	4.44	4.37
Has partnership (%)	3.04	4.01	2.79	4.41	8.92
Conducted innovation (%)	4.74	0.51	0.26	2.43	18.00
Sales outside own district (%)	3.16	1.17	0.93	26.75	9.43

Source: Authors' calculations from BPS NTB (2025)

The differences are not slight. Lombok Tengah has the most IMK enterprises, but only 0.50% have ever received BPP and 0.51% report innovation. This is a scale without conversion problem: a large enterprise base does not necessarily lead to learning, experimentation, or upgrading. In Lombok Timur the risk is different. It has 137,352 workers and 3.77 workers per enterprise, but only 0.26% innovate and 0.93% sell outside the district. Hence, its importance for employment is combined with market lock in and weak renewal. A generic start up accelerator would not be of benefit to either district with more relevant interventions include production upgrading, costing, quality assurance, buyer compliance, working capital discipline and staged market expansion.

Mataram has the opposite institutional profile. It has a smaller IMK base, but 18.00% reported innovation and 8.92% had partnerships, well above the other Lombok jurisdictions. This pattern is consistent with an urban ecosystem advantage and being close to government agencies, finance, universities, digital infrastructure, and business service providers reduces coordination costs. Meanwhile, Lombok Utara had the largest market reach outside the district at 26.75%, although its base of enterprises was small. Its pattern requires tourism linked procurement, logistics reliability and resilience mechanisms, rather than the same curriculum used in inland manufacturing clusters. Lombok Barat is in an intermediate position, with relatively higher innovation than the three regencies but still 96.84% of sales are concentrated in the district.

The provincial aggregates support the district diagnosis. Only 2.08% of IMK enterprises were BPP; 3.64% had partnerships, 1.93% declared innovation, and about 3.12% sold outside their own district. Meanwhile, 61.67% said they faced business difficulties, where capital was the main constraint, and only 26.68% used the internet (BPS Statistics of Nusa Tenggara Barat Province, 2025). So, it's not just a matter of not having enough training volume. It is a failure to translate scarce support into routine, market access, collaboration and measurable capability. An incubator can have full classrooms and still be economically marginal to the firms it is meant to transform.

Tourism volatility adds a time dimension. The sharp month to month volatility in international arrivals at Lombok's main airport shows why tourism facing businesses need cash flow scenarios, diverse customer channels, pre-season purchasing planning and links to buyers beyond the visitor economy (BPS NTB, 2024). PLACE-Lombok therefore does not see location and sector as descriptive labels but as design variables. The evidence supports differentiated pathways, but does not prove that the proposed framework has improved enterprise outcomes. That claim needs stakeholder validation and a field pilot with baseline and post incubation measurement.

The Lombok PLACE Based Diagnosis

The empirical profile offers a tangible diagnostic target for each PLACE pillar. Diagnosis by profiles is a response to differences in scale, intensity of use, exposure to support, innovation and market reach. Local value chain integration addresses the extreme concentration of sales within district boundaries and the need to confirm buyer requirements. The adaptive stage gated support takes into account the fact that a low innovation, labour intensive producer should not receive the same sequence as an urban firm already linked to partners. Connected hybrid delivery tackles the geographical clustering of support institutions while evidence-based graduation tackles the problem of the lack of attendance and certificate counts.

The most important distinction is not between sectors but between positions in the ecosystem. Mataram is best placed to act as a coordination hub, but centralising all delivery there would replicate access inequality. Lombok Tengah and Lombok Timur need high volume district nodes that can produce and diagnose markets. Lombok Utara needs tourism sensitive and geographically accessible support. Lombok Barat needs greater connection to buyers outside. This suggests that the hub should collect specialist mentors, finance and certification referrals, shared data standards and buyer relationships, whereas district nodes should maintain case ownership and local knowledge.

This diagnosis also redefines the unit of intervention. The relevant unit is not a training cohort but a tenant case with a binding constraint, a milestone sequence and an evidence trail. While

digital delivery may reduce access costs, it cannot substitute for inspection of products, verification of unit costs, observation of production or validation of the buyer. The appropriate architecture is thus connected rather than simply centralised, differentiated rather than standardised, outcome governed rather than activity governed.

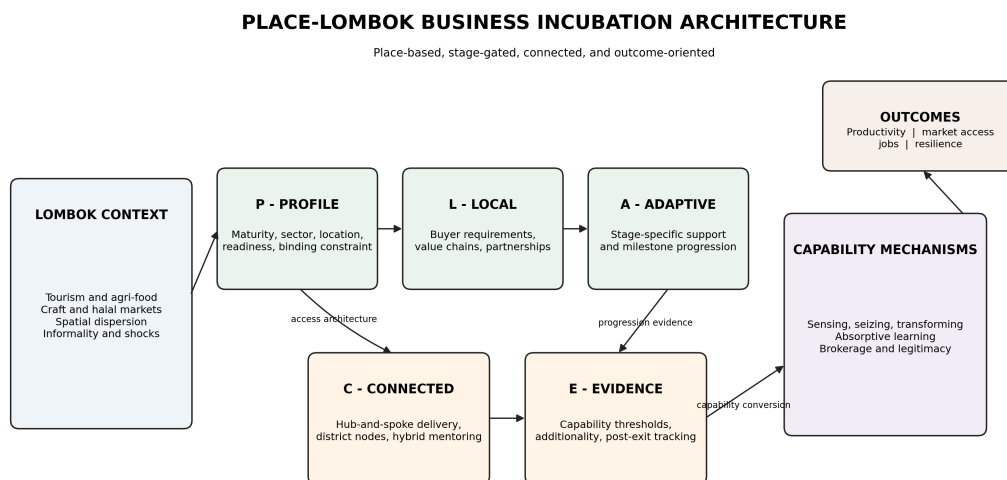
The PLACE–Lombok framework

The results of the synthesis are PLACE-Lombok, a Five pillar incubation architecture. Profile based diagnosis establishes the tenant baseline and identifies the binding constraint. Local value chain integration connects support to tourism, agri-food, craft, halal, creative and digital markets. Evidence based interventions with adaptive stage gated support sequences and evidence required for progression. Connected hybrid delivery combines central expertise, district access and ecosystem brokerage. Graduation based on demonstrated capability and outcomes, not on attendance criteria.

The framework is not a programme, very deliberately. It's an operating system that handles different sector tracks. The unit of management is the tenant case which has a baseline, milestone plan, responsible mentor, service referrals, risk log and outcome dashboard. This is designed at the case level and so institutional partnerships cannot be merely ceremonial; each partnership must address a documented constraint of the tenant.

PLACE–Lombok also transforms the incubator's identity. The incubator is an orchestrator, not a permanent provider. It should directly deliver only those services for which it has distinctive competence, other needs being referred to specialised actors under service standards and data sharing rules. This approach helps to avoid organisational overstretch and increases ecosystem use.

Figure 1. PLACE–Lombok Incubation Architecture



Source: Developed by the authors from the literature synthesis.

Table 4. Five Pillars of the PLACE–Lombok Framework

Pillar	Design content	Decision rule
P — Profile based diagnosis	Maturity stage, sector, location, owner capability, finance, digital readiness, market evidence, operational bottleneck.	A baseline and one binding constraint statement for each tenant.
L — Local value chain integration	Tourism procurement, agri-food processing, craft and weaving, halal markets, creative and digital services.	Verified buyer requirements, referrals, pilots, and contracts.
A — Adaptive stage gated support	Different service bundles and intensity by tenant stage; progression based on evidence.	No automatic module completion or premature investor/buyer exposure.
C — Connected hybrid delivery	Central hub, district nodes, mobile clinics, local mentors, specialist referrals, shared case system.	Reduced access cost without sacrificing diagnostic depth.
E — Evidence based graduation	Capability thresholds, commercial outcomes, resilience indicators, 6/12/24 month tracking.	Graduation based on independence and durable routines, not program expiry.

Source: Authors' synthesis.

Stage gated implementation and graduation

MSMEs are at different levels of maturity and over rapid scaling depletes scarce resources, hence the need for a stage gated process. Stage 0 maps the ecosystem and recruits to clear sector and inclusion goals. Stage 1 sets a diagnostic baseline. Stage 2 sets minimum bases for management and compliance. Stage 3. Validate Customers, Pricing, Channels, and Digital Processes Stage 4 introduces firms into value chains and finance. Stage 5: scaling, governance and graduation. Stage 6 follows up on post incubation performance, and only re engages firms when a specific transition or shock requires support.

Progression must be evidence based. A food tenant should not move from foundation to market integration just because it attended modules, it should show cost records, minimum product consistency, legal requirements and a validated customer segment. Procurement introductions should be made only once a tourism supplier has demonstrated reliable standards of fulfilment and buyer readiness. Digital tenants need user evidence and unit economics before going to investors. Gates shield tenants and ecosystem partners from untimely exposure.

Graduation also needs to be a capability threshold, not the end of a funding cycle. Suitable criteria are consistent record keeping, repeat customers, positive contribution margin or a credible route to it, quality control routines, independent access to advisers, and a documented continuity plan. Survival and adaptation after formal support is gone, so there is a need for post incubation tracking at 6, 12 and 24 months

Table 5. Stage Gated Implementation Roadmap

Stage	Core intervention	Required evidence	Key indicators
0. Ecosystem mapping and recruitment	Map actors, sectors, underserved groups, buyer demand, mentor capacity, and referral gaps.	Recruitment portfolio and service map.	Inclusion, strategic fit, mentor availability.

Stage	Core intervention	Required evidence	Key indicators
1. Diagnostic baseline	Assess maturity, unit economics, records, compliance, product, customers, digital readiness, and risks.	Tenant case plan and binding constraint.	Baseline completeness; agreed milestones.
2. Capability foundation	Bookkeeping, costing, legal and halal pathway, minimum quality routines, owner role clarity.	Minimum viable management system.	Record use; cost accuracy; compliance progress.
3. Market and digital validation	Customer discovery, pricing tests, channel experiments, content/transaction integration, fulfilment.	Validated segment and repeatable sales process.	Repeat orders; conversion; margin; fulfilment.
4. Value chain and finance integration	Buyer standards, procurement pilots, working capital plan, finance readiness, partnerships.	Buyer ready operation and appropriate finance.	Contracts/pilots; finance quality; delivery reliability.
5. Scaling and graduation	Capacity, governance, workforce, technology, diversification, continuity plan.	Independent operating capability.	Productivity; jobs; resilience; management routines.
6. Post incubation	Track at 6, 12, and 24 months; targeted re-entry for transitions or shocks.	Outcome evidence and alumni network.	Survival; growth quality; adaptation; additionality.

Source: Authors' synthesis.

Evaluation architecture and additionality

A sharp evaluation design discriminates five levels. Inputs are budget, mentors, facilities, partnerships etc. Activities include diagnostics, mentoring, testing, referrals and buyer meetings. Outputs are completed records, certifications, validated products and signed agreements. Intermediate outcomes are improved capabilities, digital sales, quality consistency, finance readiness and market diversification. Output results include: productivity, quality of revenue, employment, survival, resilience, integration into value chains.

Additionality is the most important, but often overlooked, criteria. Incubators have to have a way to estimate whether an outcome can be attributed to support, rather than overall market growth or tenant quality. At a minimum, programmes should record a baseline before incubation and compare changes by tenant maturity, sector, location and service intensity. In the future, evaluations should be strengthened through the use of matched comparison groups, difference in differences designs, or phased roll outs where ethically and operationally feasible.

Disincentives must also be considered in evaluation. Counting admitted tenants rewards wide recruitment. Counting graduates may reward easy selection. Counting finance secured may encourage premature debt. Counting gross revenue may ignore margin and volatility. A balanced dashboard should include inclusion, capability conversion, commercial outcomes, resilience and cost per additional outcome. Incubators should reward managers for good referrals and evidence-based exits, not for holding firms forever

Table 6. From Activity Metrics to Outcome and Additionality Metrics

Dimension	Weak activity metric	Capability/outcome metric	Longer term test
Access and inclusion	Applications and attendance only	Completion and access by district, gender, age, sector, and baseline maturity	Outcome gaps after adjusting for baseline differences

Dimension	Weak activity metric	Capability/outcome metric	Longer term test
Managerial capability	Training hours	Regular books, costing accuracy, documented routines	Independent use of data in decisions
Market capability	Marketing content created	Validated customer segment, repeat buyers, reliable fulfilment	Revenue quality, margins, channel diversification
Digital capability	Accounts or platforms opened	Digitally enabled transactions, CRM/data use, inventory integration	Digital sales productivity and customer retention
Finance	Amount of finance obtained	Readiness, appropriate instrument, repayment capacity	Productive use of funds and financial resilience
Value chain integration	Networking events	Pilots, standards met, buyer referrals	Sustained contracts and local value captured
Resilience	Business continuity training	Cash buffer plan, supplier alternatives, revenue diversification	Survival and adaptive response to shocks
Incubator efficiency	Tenant count	Cost by service bundle and milestone	Cost per additional outcome and referral effectiveness

Source: Authors' synthesis.

Theoretical and practical contribution

Theoretically PLACE-Lombok combines the four layers that are separated in the previous studies. Dynamic capabilities explain sensing, seizing and transforming at the level of the firm. Mentoring, brokerage, legitimacy and resource mobilisation are explained on the relational level through incubation mechanisms. PLACE based orchestration explains the ways that actor configuration and accessibility affect outcomes at the ecosystem level. The BPS diagnosis foregrounds a contextual layer, showing that these mechanisms are encountered under materially different conditions of enterprise across Lombok. This does not transform descriptive into causal evidence, but rather disciplines the transfer of international theory by specifying the local problems each mechanism must address.

In practice the model provides a governance discipline to Lombok. The service portfolios of the districts should correspond to common diagnostics which production and employment upgrading in Lombok Timur, broad reach capability support in Lombok Tengah, tourism linked resilience and logistics in Lombok Utara, outward buyer integration in Lombok Barat, and specialist brokerage and data coordination in Mataram. Same outcome definitions matter, but same training modules do not. Hence, the empirical profile a single interoperable incubation system with multiple local pathways.

The main strategic conclusion is that Lombok per se does not need to provide a large volume of generic incubation. It requires a connected portfolio of specialised support, with shared diagnostics, stage gates, value chain pathways and outcome evidence. Prove the mechanism before you scale not the other way around.

CONCLUSION

The study concludes that business incubation can optimise Lombok MSMEs only if it is designed as a contingent capability building and ecosystem orchestration process. The international literature dismisses the assumption that incubator presence, training volume or tenant counts automatically generate additionality. The BPS evidence gives this conclusion more strength. Lombok contains the bulk of the micro and small manufacturing base and employment in West Nusa Tenggara, but the support exposure, partnerships, innovation and extra district market reach are limited and highly uneven.

The proposed PLACE–Lombok framework responds with Profile based diagnosis, Local value chain integration, Adaptive stage gated support, Connection hybrid delivery, and Evidence based graduation. The core contribution here is not just another list of services, but a decision architecture: diagnose the binding constraint, select the relevant local pathway, sequence support by demonstrated readiness, connect specialised resources across locations and graduate tenants only when capability and outcome thresholds are met.

For policy and practice, Mataram should be a specialist coordination hub rather than the single delivery centre with district nodes having local case management. Evaluation should focus on baseline adjusted capability, market, productivity, resilience and post exit indicators, not on attendance, certificates, and gross revenue. The framework also suggests different intervention priorities across Lombok’s jurisdictions rather than a uniform island wide curriculum.

The limitation of the study is the literature based and secondary data design. The BPS IMK dataset does not reach the entire population of trade, tourism, transport, accommodation, and digital service MSMEs, but only manufacturing micro and small industries. The statistics diagnose context but do not demonstrate that the PLACE–Lombok has been implemented or has caused improvement. The next phase of the research should test the framework through interviews and focus groups with MSMEs, incubator managers, district agencies, buyers, universities and finance providers, followed by a pilot using baseline, milestone, post programme and comparison evidence. Until such validation is done, the manuscript should be considered a conceptual study based on secondary data and not an article on completed community service.

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