

Referee report on “Business Incubators in China: An Inquiry into the Variables Associated with Incubatee Success”

This study investigates the impact of the resources used by incubators on the outcome of business incubation by using a (small) panel of science and technology business incubators in China.

The paper is well-written, the objective of the research framework are neatly exposed and of interest for a wide audience, the empirical strategy implemented in order to pursue these research questions is overall well-conducted, limitations which mainly concern data are properly acknowledged.

The overall impression of the work is positive. My suggestion is to accept the paper conditioning on some requested revisions which may be considered major. The following ones are the 4 main revisions that I suggest.

- The greatest deficiency of the paper is that it is a strongly policy-oriented paper that at the end does not offer a lot in terms of policy implications. Authors should exert much and much more effort in deriving sounded policy implications from their analysis as for legislators as for incubator managers and university deans. Much more can be said of what is actually done in the present version.
- The other big concern is about the choice authors do in modelling all the empirical specification in terms of production function of an incubator. Frankly speaking, I found this choice a little bit “clumsy” and I do not think it adds a lot to the paper. In other words, all the paper could be re-phrased without the use of a production function, since all the theoretical hypotheses and the empirical analyses stand on their own and do not really need the introduction of this complexity.
- Authors do not consider (albeit explicitly) the possibility that incubator managers simply pick winners, so that most of the performance measures they use are misleading to the extent that selection and entry into the incubation program is not a random treatment. Since the estimation of the truly additional effect is the major challenge of each policy evaluation study, I expect some discussion of this point in the theoretical part and, if possible, some remedy in the empirical section.
- Then some problems arise in the formulation of the theoretical hypotheses. In particular, hypothesis 1 is not properly motivated and sounds too much *ad-hoc*. Hypothesis 2 refers to completely different type of resources

(education and financial funds). Allegedly I think it should be split in two separate hypotheses each one separately motivated. Then at page 10, authors should explain more in details and provide better support to the following sentence which by now sounds a bit “out of the blue”: “It is likely that the effectiveness of such incubation activities depends much on the extent that the general human capital of these incubator managers makes up for their lack of specific human capital.” Then finally, Hypotheses 3 seems formulated once authors already knew the results of the empirical analyses. In other words, it is again too much *ad-hoc* and, in my view, it is better here to formulate a more explorative statement than the one which is actually made.

Good luck with future refinements.