



How useful are incubators for new entrepreneurs? ☆



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ABSTRACT

This study examines profiles of incubator tenants who provide the most positive evaluations of the use of advisory services and support from incubators. The study presents an application of qualitative comparative analysis (QCA) to a sample of 54 incubator tenants in Valencia, Spain. The study examines how entrepreneurs' age, gender, education and training, work experience, and family background affect the utility of advice and support from experts at the incubator. The results of the research inform that the incubator tenants who find the services of incubators most useful are young, have good studies, have professional experience, and have family experience.

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1. Introduction

Novel forms of support for new entrepreneurs are emerging. These novel forms of support are more effective than traditional knowledge transfer systems, and they are having a much greater effect on society than in previous years (Coenen & Díaz López, 2010). Encouraging entrepreneurship is possible through the incubation of start-ups (Lesáková, 2012). Incubators enable knowledge transfer and provide services and resources for companies or individuals, thereby creating links between firms and entrepreneurs (Porter & Kramer, 2011) and correcting for the shortage of resources that start-ups often have to deal with. Hence, incubators ensure business stability, economic growth, and long-term company survival (Schwartz & Hornych, 2008). Frequently, business incubators produce successful companies (Mas-Verdú, Ribeiro-Soriano, & Roig-Tierno, 2015).

New entrepreneurs now have access to a growing number of forms of support (e.g., incubators), the implementation of which is highly necessary in the Region of Valencia. Accordingly, the current research examines business incubators in the Region of Valencia. Specifically, the study addresses the following research questions: What are the human capital attributes of incubator tenants in the Region of Valencia? What is the relationship between receiving support from business experts and the advantage of entering an incubator?

The study considers the following contingent variables: entrepreneur's age, gender, education, business-specific training, experience prior to creating a company, and family entrepreneurial history (Ribeiro-Soriano & Castrogiovanni, 2012). The study also considers the advice and support that companies receive from experts at the incubator. The study employs qualitative comparative analysis (QCA) (Ragin, 1987). QCA is especially useful when studying a small number of cases. Between 10 and 50 cases are necessary to use QCA (Fiss, 2011), although the method still yields good results with larger samples. The sample in this study comprises 54 entrepreneurs who use incubators.

The article has the following structure. Section 2 reviews the literature on companies that use incubators. Section 3 describes the sample and method. Section 4 presents the empirical results. Section 5 presents findings. Finally, Section 6 explains the limitations of the study and sets forth future lines of research.

2. Literature review

The number of articles on business incubators appearing in major journals of entrepreneurship, technology management, and innovation is increasing. The lack of research on incubator tenants, however, raises questions about the characteristics of entrepreneurs who develop their businesses with the help of business incubators.

2.1. Advice and support from experts at incubators

To avoid making mistakes when creating and running businesses, entrepreneurs need advice from people or entities with experience (Guzmán-Cuevas, Cáceres-Carrasco, & Soriano, 2009). Milliken (1987) argues that individuals face uncertainty because they know that they lack the necessary information to run their companies.

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New forms of nurturing new companies include institutions that specialize in advising, launching, and monitoring the progress of new businesses. One such entity to provide these services is the business incubator, which offers advisory services for entrepreneurs. Support services for new firms include providing business training, giving advice on how to develop business and marketing plans, building management teams, and offering general business services such as accounting, advertising, and legal and financial assistance. These general services can help new companies to secure funding and access a wide range of niche professional services (Bøllingtoft & Ulhøi, 2005; Chan & Lau, 2005; Lalkalka, 2003; Lee, Ribeiro, Olson, & Roig, 2007; Mian, 1996).

2.2. Gender of the entrepreneur

Cáceres-Carrasco and Guzmán-Cuevas (2010), Hechavarría and Reynolds (2009), Thach and Kidwell (2009), and many other authors agree that the number of women entrepreneurs is currently higher than in previous years. Women entrepreneurs feel motivation to undertake an entrepreneurial venture. Women start ventures for intrinsic reasons such as the desire to earn independence, make money, and achieve satisfaction with their work (Gupta, Goktan, & Gunay, 2014; Stanger, 1990). In contrast, the motivation for male entrepreneurs comes from extrinsic reasons such as the need to find work, seek economic success, and achieve family autonomy (Bönte & Piegeler, 2013). Authors such as Büttner and Moore (1997) note that women-led enterprises differ from those of men in that they are smaller, have lower sales, experience slower growth, and enjoy lower profitability. Nevertheless, Linehan (2001) argues that “female inferiority” does not exist because both genders face the same chances of failure.

Proposition 1. Being a woman entrepreneur positively affects the need to receive support and advice from incubators and therefore positively affects the utility of using an incubator.

2.3. Age of the entrepreneur

Over time, people acquire knowledge, skills, and experience. Personal wealth is greater when the period of potential wealth accumulation is longer (Wagner & Sternberg, 2004). Many studies address the young entrepreneur (Levesque & Minniti, 2006; Rojas & Siga, 2009; Thomas, 2009) and examine whether the entrepreneur's age affects entrepreneurship and whether young people start more ventures than adults do. Young entrepreneurs tend to be more adventurous, enthusiastic, and energetic (Blanchflower & Meyer, 1994). Therefore, they have a greater capacity to take risks and learn than older people do (Levesque & Minniti, 2006).

Jackson and Rodkey (1994) note that people who are between 25 and 40 years old are most likely to create a company. The reason may be that such individuals have energy, experience, knowledge, and skills, yet they have no reputation to uphold, status to protect, or family duties to fulfill. The likelihood of starting a venture increases with age and work experience (Blanchflower & Meyer, 1994), although no perfect age exists at which to start a business. Many entrepreneurs start businesses after gaining years of experience at large companies, finding themselves in unemployment, or simply seeking an opportunity to become their own boss.

Proposition 2. Age positively affects the entrepreneur's need to receive support and advice from an incubator and, therefore, positively affects the utility of using an incubator.

2.4. Entrepreneurs' education and training

Education and training improve entrepreneurs' ability to manage better a business or develop sector-specific strategies (Bae, Qian, Miao, & Fiet, 2014; Kim, Aldrich, & Keister, 2006; West & Noel, 2009). The knowledge that entrepreneurs acquire during their education and

training helps them to boost their companies' performance. Personal characteristics can positively affect performance (Deakins, Glancey, Menter, & Wyper, 2005; Ribeiro-Soriano & Urbano, 2010). Such characteristics include adaptability, flexibility, imagination, and knowledge accumulation from the environment. Veciana, Aponte, and Urbano (2005) report that higher education plays a key role in business creation. Accordingly, the recent literature expounds different schools of thought on the role of education in entrepreneurial spirit (Laukkanen, 2000).

Business management training can help an entrepreneur to manage the company's resources and capabilities (Ribeiro-Soriano & Roig-Dobón, 2009) and apply them effectively while detecting business opportunities. Entrepreneurs need to develop personal attributes (e.g., creativity, initiative, autonomy, self-confidence, and leadership), technical skills (e.g., oral and written communication and organization), and business management skills (e.g., planning and decision-making) (Elmuti, Khoury, & Omran, 2012). In this study, education and training form two separate categories: 1) general studies or 2) business creation and management knowledge.

Proposition 3a. Lack of education affects the entrepreneur's need to receive support and advice from the incubator and therefore positively affects the benefits of using an incubator.

Proposition 3b. Lack of business creation and management training positively affects the entrepreneur's need to receive support and advice from the incubator and therefore positively affects the benefits of using an incubator.

2.5. Previous experience before creating a company

A person's experience consists of the pool of knowledge and skills that person acquires throughout his or her life (Castrogiovanni, 1996). Knowledge and skills affect organizational performance because entrepreneurs with more experience are able to make better decisions than those of entrepreneurs with less experience. Unlike education, experience cannot come from formal education. Potential entrepreneurs can only gain experience from working in a company. Learning how to manage a company is nearly impossible without prior experience (Mintzberg, 2004) because of the difficulty in understanding all relevant concepts without first-hand experience. Hence, universities and colleges are now encouraging their students to receive theoretical and practical training. Universities and companies note the importance of practical experience before starting a job, and many companies specialize in finding suitable internships for students.

Proposition 4. Lack of experience positively affects the entrepreneur's need to receive support and advice from the incubator and therefore positively affects the benefits of using an incubator.

2.6. Family background

Entrepreneurs whose close relatives are also entrepreneurs have fewer difficulties in starting a business because of family experience and support. Entrepreneurs with family support and unity are at an advantage (Gurel, Altinay, & Daniele, 2010; Singh, Reynolds, & Muhammad, 2001) because they will receive family support in situations of conflict and uncertainty. Hisrich and Brush (1983) argue that 50% of entrepreneurs have parents who enable and encourage their ventures. Entrepreneurs whose family has a history of entrepreneurship enjoy greater success than those whose families do not (Gatewood, Shaver, & Gartner, 1995).

Proposition 5. Lack of family experience positively affects the entrepreneur's need to receive support and advice from the incubator and therefore positively affects the benefits using an incubator.

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