

Investigating the Relationship in Business Incubators between the Entrepreneurship Motive and the Creation of Value

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Abstract

We wanted to find out if, regardless of why entrepreneurs start their business, whether it's out of necessity or vocation, they value the ability of business incubators to help create value, contribute to economic and social sustainability, and create a setting that makes it more likely that businesses will succeed and survive. A representative sample of Spanish business owners was surveyed using a questionnaire. SEM, or structural equation modeling, was used. Regardless of why entrepreneurs start their business, the findings confirm that business incubators add value to society. This study offers an opinion as well as a clear perspective on how various entrepreneurial profiles value the contribution that business incubators make to the sustainability of startups.

Keywords: Business incubators • Entrepreneurship motive • Entrepreneur • Value creation in society

Introduction

Cantillón says that business owners make sure that markets develop correctly. As a result, a thorough investigation of this profile and the establishment of adequate ecosystems to support this function are required. In the same way, business incubators are essential for creating and maintaining an effective ecosystem for entrepreneur. As a result, the goal of this study was to find out why entrepreneurs value the various socioeconomic benefits of business incubators [1].

In accordance with the Funcas 2019–2020 ranking, the administrator of the Business Incubator of the "Cámara de Comercio de Santiago de Compostela," which occupies first place in the business pre-incubation category and third place in the ranking of business incubators in Spain, asserts that business incubators are not centers for processing administrative issues nor are they places of accommodation (space). Instead, they assist entrepreneurs in developing business concepts all the way through the process, from the moment they enter the incubator to the moment they exit; choose the one that is best for you; complete administrative paperwork and procedures; and train, mentor, and look for funding in every way possible. Business incubators' functions were examined in relation to the various socioeconomic benefits they provide in a previous study [2].

Incubators' primary goal is to find the best framework for the creation, growth, and maturity of business experiences in each area, creating a setting that boosts businesses' chances of success and survival. They add value to society and have a positive impact on an entrepreneur's ecosystem as a result; business incubators contribute to the ecosystem by developing best practices for the provisioning process and providing high-quality knowledge-intensive business services [3].

According to the Global Entrepreneurship Monitor report (GEM)

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2020–2021 on entrepreneurship, it is essential to know both the factors that contributed to the success of companies and the factors that have changed since the pandemic, such as the profile of entrepreneurs or new business models, if companies are to continue to grow and survive. Entrepreneurs had a different set of characteristics before the pandemic. People who decided to start a business were young, between the ages of 24 and 35, had a college education, and had few responsibilities [4].

However, as a result of the pandemic's onset and the resulting changes, entrepreneurs' ages have increased: The current median age is 42 years old, which is driven by the need to find alternatives due to a lack of employment opportunities (entrepreneurs out of necessity). In addition, the approval of the draft of the "Create and Grow Act" by the Spanish government as part of the reforms of the "Recovery, Transformation, and Resilience Plan" is another important aspect related to the development of Spanish entrepreneurship in recent years. This law is anticipated to be in effect throughout the course of this year [5].

The main feature of it is that the minimum share capital needed to start a business has been reduced from 3000 euros to 1 euro. In a similar vein, the "Information Centre and Business Creation Network" (CIRCE) will make it possible to set up a business online, easing the process and lowering the costs of notary and registry for new businesses. Additionally, the Spanish government has approved the "Startups Act". It is anticipated that the parliamentary procedure will be finished before the year's end. With the intention of "attracting talent and investment," this project provides digital nomads with facilities and expands tax deductions for entrepreneurs [6].

Formulation of the hypothesis

Having resources does not only imply having financial resources, which are unquestionably relevant. Additionally, it must be as inexpensive as possible. To achieve maximum profitability, the entrepreneur must acquire sufficient capabilities to maximize the benefits and profits of economic resources. One of the essential activities of entrepreneurs is the search for a source of financing, but this is not the only one. In order to rely on adequate and up-to-date machinery, low-cost raw materials, services, and a location to operate, they must also be familiar with the general and specific areas and fields of business creation, contact networks, and technologies. The most challenging and challenging aspect of entrepreneurship is, without a doubt, selecting the best option. There is a 40 percent to 80–90 percent chance of a business succeeding for an entrepreneur who has access to the necessary resources and assistance from business incubators, resulting in socioeconomic benefits for society. Because they reduce the costs associated with starting a business, business incubators make excellent strategic partners for entrepreneurs. Business incubators are also important for reducing uncertainty and the risk of death within the company [7].

Discussion

Through the valuation of entrepreneurs with diverse entrepreneurial motivations, this study examined the socioeconomic benefits of business incubators aimed at maintaining their sustainability in society. The presented model is empirically consistent with the previous literature review, and the findings demonstrate that all hypotheses were validated. This indicates that entrepreneurs do not value the positive effects that business incubators have on society based on the reasons they start their business. The hypotheses were found to be true with a high degree of certainty ($p < 0.05$) [8].

"Having the necessary resources" and "difficulty entering the labor market" were the two reasons for entrepreneurship used in this study. Based on an analysis of the number of businesses created in public incubators in the Madrid community, studies conducted by the Madrid City Council and Funcas demonstrate that incubators have a fundamental mechanism that promotes the creation of businesses. This is in line with our model's findings regarding H11 and H12. This indicates that the motivations of entrepreneurs do not influence their favorable evaluation of the advantages of business incubators for the establishment of businesses in society. However, our research also demonstrates that Madrid's business community can benefit from business incubators [9,10].

Conclusion

This study's findings demonstrate the significance of business incubators that aim to improve the social sustainability of the entrepreneurial ecosystem. Our study's high degree of agreement with previous research and its findings support the connection between benefits related to "business creation" (H11 and H12) and business incubators. The GEM study demonstrates that its incubation program resulted in the creation of 4200 direct and indirect jobs in just two years (from 2020 to 2021) in relation to the relationship between business incubators and "increased employment in society" (H1 and H2). It is confirmed that business incubators promote the creation of new innovative businesses in Madrid, which is consistent with the findings of our research regarding hypotheses 3 and 4. Regarding the relationship with the "increase in innovation" (H3 and H4). The difference between our study and others is that ours only looked at incubators in the Spanish region. The information that went into the results comes directly from the opinions of entrepreneurs.

Acknowledgement

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Conflict of Interest

None.

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