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## ARE THEY REALLY HELPING? AN ASSESSMENT OF EVOLVING BUSINESS INCUBATORS' VALUE PROPOSITION (SUMMARY)

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## SUMMARY

### ARE THEY REALLY HELPING? AN ASSESSMENT OF EVOLVING BUSINESS INCUBATORS' VALUE PROPOSITION

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#### Principal Topic

Business incubators have been established around the world to spur economic development. Their value proposition to tenants is to provide them with a mix of infrastructure, business development services and access to networks. Most studies about business incubation describe an array of available services but often fail to present the tenants' assessment quality and impact of such services. Further, the evolution of the incubation is seldom discussed. We set out investigate if there are differences in terms of the value proposition of business incubators as the incubation model evolves. In addition, we pose the question of whether this evolution of the incubation model impacts the extent to which tenant companies use the offered services.

#### Method

We chose seven BIs distributed across six Northern European countries as our empirical setting. To ensure heterogeneity in terms of BIs, we selected BIs created in different time periods. We employed a two-step research design that spans a qualitative study of the incubation models and a quantitative study of the tenants. First, we performed in-depth case studies of the seven incubation centers. We did a comparative study to benchmark the different models (Yin, 2003). Second, we interviewed top management team members of tenant firms. Combined, this procedure allowed us to examine the value proposition of BIs by looking at what they have available for tenants as well understand to what extent tenants profit from it.

#### Results and Implications

Results show that every generation of BIs offers the same value propositions. However, tenants' usage of those services is different. This suggests that while every generation of BIs advertises similar value propositions, their tenants are profiting very differently from that. Further, we show that this is mostly related to differences in tenants' profile between generations of BIs. We observe that first and second generations of BIs house older tenants, who were accepted within the BIs beyond their start-up phase, stay longer and are much larger than their third generation counterparts. The differences are statistically significant.

Our results suggest that BIs experience rigidities when trying to change their core value proposition (competences). While trying to adapt and evolve to the most current practice in terms of incubation, BIs are seemingly disregarding the importance of updating their selection strategy. As a result, tenant turnover is relatively low and their enlarged value propositions are irrelevant.

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