CREATING JOBS OR CREATING KNOWLEDGE? THE ROLE OF SELECTION IN INCUBATION CENTERS (SUMMARY)

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CREATING JOBS OR CREATING KNOWLEDGE? THE ROLE OF SELECTION IN INCUBATION CENTERS

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Principal Topics

Incubation centers are major supporters of entrepreneurship. The incubation process has several dimensions (basic services, logistics, advice, financial services and networking), all geared toward creating value (Mian 1997; Hackett and Dilts 2004a; Bergek and Norrman 2008), and the relative importance of this assistance is determined by the liabilities of newness (Stinchombe 1965) and the need for resources and legitimacy (Zimmerman and Zeitz 2002) of young firms. For governments and other institutional concerns, incubators are considered as tools of wealth creation and economic development (CSES 2002; Lalkaka 2002, 2003).

Following this point of view, most studies link the incubation process to economic indicators. However, too much attention given to the economic side could compromise the major role of the incubator, which is to assist the new venture to develop. Under stress to perform (Hackett and Dilts 2004b), incubator centers could be tempted to choose more developed companies to fulfill their economic obligations (Culp 1996; Chrisman et al. 2005). In this case, the performance of the incubator will not be linked to the assistance they provide but to the way they select projects. The problem of evaluation then becomes a problem of selection.

Method

In this study, we analyzed a group of 177 companies incubated in 64 French incubators using structural equation methodology (Jöreskog and Sörbom 1984; Hair et al. 2010) and factor score analysis. Three hypotheses were drawn, linking the selection strategy to the intensity of the assistance given and the performance outcome (using both economic and non-economic criteria).

Results

Our results show that the selection process influences the intensity of the assistance. Strict selection is associated with more assistance and more knowledge transfer. Another important result indicates that the incubation process does not have an influence on economic performance (job creation); however, the selection strategy does. From an institutional point of view, we stress the importance of enlarging the evaluation of incubators by introducing more qualitative measures based on incubatee learning. Indeed, evaluating incubators only on economic indices could push them to choose more developed firms to incubate rather than the firms that really need assistance.

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