ORGANIZATIONAL SPONSORSHIP: BUSINESS INCUBATION AND PROXIMAL OUTCOMES (INTERACTIVE PAPER)

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ORGANIZATIONAL SPONSORSHIP: BUSINESS INCUBATION AND PROXIMAL OUTCOMES

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Principal Topic

The principle of a business incubator is to help young firms to survive and grow during the startup period when they are the most vulnerable. However, their potential impact on firm performance is widely debated in entrepreneurship literature. Although research on incubators has been increasing, studies on how they support and assist the firms are scarce, and we still know little about the proximal outcomes of business incubation. This paper aim to examine the services firms receive from the incubator, and measure if and how they relate to various proximal outcomes. Proximal outcomes are progressive events during the business development, such as an investment by an angel investor, the completion of a product type or first sale. The aim is therefore to measure progressive events rather than overall performance.

We take an organizational sponsorship perspective, particularly focusing on the buffering and bridging mechanisms of sponsorship. By applying a sponsorship framework, we consider how business incubators organize and manage the incubation process in order to assist the tenant firms, and the proximal outcomes from this process. The following research question is addressed: What are the proximal outcomes of business incubation and to what extent do the various bridging and buffering mechanisms relate to these?

Method

This is a conceptual paper, and includes a review of the literature in the areas of organizational sponsorship, business incubation and firm survival. Based on this, we develop a conceptual model, which demonstrate how buffering and bridging mechanisms relate to various proximal outcomes. The conceptual framework will be the foundation for a survey at a later stage.

Results and Implications

The contribution of this study are threefold: First, this study add to the incubator literature by examining incubator activities and their potential impact on the development of firms. Second, the study contribute to the literature on organizational sponsorship by looking at the proximal outcomes of buffering and bridging mechanisms of sponsorship. Third, by taking a demand side perspective, we respond to the calls for more studies on incubators from the perspective of the firm. Results have implications for incubators, firms and policy makers.

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