

A study on the Performance of Technology Business Incubators with Reference to Members of Infodev Network

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ABSTRACT

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment of providing value for some product or service. Entrepreneurship is critical for the economic development of a country by creating jobs, developing new products and processes through innovation, identifying new markets and increasing the productivity through new competition. The entrepreneurs involved in establishing the knowledge based ventures come across various constraints and problems in terms of infrastructure, financial support, manpower, mentoring, credibility, networking and other business related challenges.

To minimise the risks faced and to maximise the success of the individuals who are involved in enterprise creation, the concept of Business Incubator has evolved in the last 40 years. The business incubator plays a vital role as a common platform, which brings together the four major dimensions – individual, organisation, environment, and process.

The Technology Business Incubators (TBIs) is a unique model in promoting enterprises in the Knowledge Based Economy. TBI is an economic development tool designed to accelerate the

growth and success of entrepreneurial companies through an array of business support resources and services. TBI is a place where new knowledge based ideas, methods, processes or products are inspired, developed and commercialized.

Technology Business Incubators (TBIs) aim explicitly at incubating enterprises with high or advanced technology content. A typical TBI provides its clients with a comprehensive range of services, not only the rental space at an affordable price but also a full range of business and specialized services aimed at intensifying technology utilization.

The incubators have been established with different technologies as thrust areas. This has led to different operational models to meet the objectives of the incubator. The very little exposure on the functioning of the incubators has led the incubation managers to face the challenges in identifying the basis on which the performance of an incubator is ascertained, the key factors that lead to the good practices of the incubator, the factors that influence the performance of the incubator and the strategies to be adopted for the growth of the incubator.

The objectives of the study are:

- To identify the key parameters for evaluating an incubator.

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- To identify the factors influencing the performance of the incubators
- To identify the key elements of the success factors influencing the performance of incubators
- To evaluate the importance of the elements listed in achieving the performance level of the incubator.
- To analyze the relationship between the factors that lead to the performance of the incubators.

The research process is executed in two phases. Phase one includes the literature survey, finalization of the objectives of the study, identification of the variables and development of the theoretical framework.

In phase two of the study, the researcher carried out the exploratory research to identify the nature of the data required for the research and tried to define the problem more precisely. The researcher also attempted to identify the relationship among the variables under study to develop the theoretical framework to be tested in the study. In this study, the incubators which extends physical incubation facility to the start-ups and which has registered as member in the infoDev incubator network were considered as the population. The sample frame comprised of incubators listed in the infoDev incubators network.

The success of the incubators was measured on four parameters viz., Occupancy level, Sustainability of the incubators, Number of incubatees in 1000 sq.ft of space and Survival

Rate of incubatees. The incubators were classified based on their ability in achieving the above four parameters and the key elements of each factors that influenced these performance parameters were analysed.

From the analysis it was found that most of the incubators are established in the university environment and as a non-profit organization. The majority of the incubators are industry specific or mixed use incubators. It was found that the success of the incubator depends on effective implementation of the services provided by the incubator to the clients. The government plays a critical role in establishing the incubators.

The incubator facilities, selection criteria and incubator support services are the key resources as inputs for the operation of an incubator. The study further revealed that the maximum utilization of the facilities of the host institutional resources improves the efficiency and effectiveness in the operations of the start-ups. Flexibility in the incubation program and in the services provided by the incubator ensures the success of the incubatee and incubator. The study also identified that the early stage funding to the start-ups through the incubator helps the incubatee to acquire the second round of funding from other sources. The higher the networking capability of the incubator, the greater the success rate of incubator and its incubatee.

The study resulted in assisting the incubator management to develop a unique model which suits their operating environment that includes the objectives of the incubator, nature of the incubator and the ownership of the incubator.