
Existence of Business Incubation Services: A Survey In IBA-AMAN CED, Karachi and Sukkur IBA CEL&INC

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Abstract

The key purpose of the research under consideration is to conduct a survey regarding the existence of business incubation services at AMAN Centre for Entrepreneurial Development (CED), IBA Karachi and Center for Entrepreneurial Leadership & Incubation, Sukkur IBA. For this purpose, the key research objective developed is to measure the services offered to incubatees by AMAN-CED and CEL&INC incubation centers. A total number of 29 respondents were selected from both the incubation center and data analysis was done using SPSS. It has been identified through the reviewed academic literature that business incubator supports the start-up ventures to grow by providing them services, resources and trainings which the incubatees require. However, business incubation field lacks studies which focus on Services of Incubation Centers. In this regard, the theoretical framework of Voisey has been used to conduct this research study. Along with this, it has been examined through primary data analysis that both incubation centers provide offered services to the incubatees. However, trainings provided to the incubatees in both AMAN-CED and CEL&INC are very few. Therefore, some recommendations have been proposed in the end of the research to enhance the services and skills provided to incubatees at the incubation centers.

Keywords: Existence, Services, Incubation Center, Incubatees, IBA AMAN CED, CEL&INC.

1. INTRODUCTION

An entrepreneur is one who initiates a new business even with risk and instability with the goal of accomplishing benefit and development by distinguishing opportunities and assembling the vital resources to gain by them (Zimmerer & Scarborough, 2002). Students either have passion for entrepreneurship, they even have their ideas but most of the time they do not implement their ideas because of numerous factors that include – insufficient

funding, lack of expertise and knowledge to start a business and others (Al-Mubarak & Busler, 2013). Business incubators help rising businesses by giving different support services, for example, help with creating business and promoting plans, building management teams, acquiring capital, and access to a scope of more specialized expert services (Junaid Ahmad, 2014). They additionally give adaptable space, shared equipment, and administrative services. (Sherman Chappell, 1998). According to (Jarunee Wonglimpiyarat, 2016), the findings demonstrated that incubation system is one of the significant approach instruments to bolster development and recommended that business incubators ought to act as mediator between university and industry to give intuitive linkages and advance powerful use of university research.

In Pakistan, there are various government and private incubators currently; Plan9, Invest2Innovate, The Foundation, CED IBA Karachi, SMEDA, TiE Islamabad Chapter, COMSATS incubation center and the center for Entrepreneurial Leadership and Incubation IBA Sukkur. The services mostly provided by the incubators to incubates are; flexible space, product development, business development, financial planning, marketing, customer acquisition, internal operations, industry linkages and legal concerns (Al-Mubarak & Busler, 2013; Junaid Ahmad, 2014; Kamdar, 2013; Shahzad, Bajwa, Ali & Zia, 2012). The basic theory is that Business Incubator's occupants experience issues and search for backing to understand them (Kamdar, 2013; Lesáková, 2012). The backing conveyed drives attractively to tackled issues which will subsequently add to extend the firm's information base and expand their abilities (Nickerson Zenger, 2004).

This study will attempt to investigate the existence of incubation services in IBA AMAN-CED and IBA CEL&INC. The participants for this research will be AMAN Centre for Entrepreneurial Development (CED), IBA Karachi and Center for Entrepreneurial Leadership & Incubation, Sukkur IBA.

1.1 Background

It has been examined from the previous research studies that the importance and role of business incubation centers is increasing in order to help rising new businesses or providing them support services (Shahzad, Bajwa, Ali & Zia, 2012). The study of Jin Hong & Jinfeng Lu (2016) confirms that proficient specialized support is significant for incubates development. The study of (Hanadi Mubarak Al-Mubarak, Michael Busler, 2013) exhibited that business incubators give backing to new businesses, graduated organizations tend to have a more noteworthy likelihood of accomplishment, and graduated organizations have a huge positive effect on financial improvement. Still in many countries the importance of business incubation center remains unidentified, as the results of (Shahzad, Bajwa, Ali & Zia, 2012) showed absence of sponsorship, manufacturing space, progressed technological facilities and development to various regions were found to be among the difficulties impeding incubators. Although in recent year's business incubation events have apparently shifted the degrees of success and execution in different fragments of the world (Thobekani Lose, Robertson & Tengeh, 2015).

Section 1 covered Introduction, Section 2 covers Literature Review, Research Objectives, Research Methodology, Data Analysis and Interpretation , conclusion and future Implications

2.1 Literature Review

As stated by Alsheikh (2009), the evaluation process of incubators is based on their ability to meet the desired objectives. Business incubators are important as they provide the client with services which are difficult to obtain from different sources (Shubhisham & Shah, 2012). How important are these services and the way these services are performed by the business incubator will affect the performance of business incubator and its vendor (Mahmood et al., 2015; Bayhan, 2006). Business incubators allow small, growing business to carry out their activities together which means the cost of rent is divided amongst the businesses which leads to lower rent cost per business. In addition, businesses are also provided with office equipment, shared business services, and easy access to technical, financial, and professional programmes (Theodorakopoulos, Kakabadse & McGowan, 2014; Alsheikh, 2009). Furthermore, it has been reported that the evaluation of business incubation process should not be based only on statistical aspects. It should include aspects of effectiveness and other performance measures (Theodorakopoulos, Kakabadse & McGowan, 2014). As identified by Voisey (2006), Business Incubator Services, Hard Entrepreneurial Benefits and Soft Entrepreneurial Benefits are the services provided by the incubators to the incubatees.

The business incubator services are the following (Stephens & Onofrei, 2012; Theodorakopoulos, Kakabadse & McGowan, 2014; Alsheikh, 2009):

- The premises and resources in the form of communication and rent.
- The technical, legal, marketing and financial services come under the services of advice and mentoring.
- Feasibility studies and business plan for the consulting services.
- Enabling environment services and networking

The hard benefits include the following (Stephens & Onofrei, 2012; Theodorakopoulos, Kakabadse & McGowan, 2014; Alsheikh, 2009):

- Sales turnover
- Profitability
- Growth of Enterprise
- Graduation to independent trading

On the other hand, the soft entrepreneurial benefits include the following (Stephens & Onofrei, 2012; Theodorakopoulos, Kakabadse & McGowan, 2014; Alsheikh, 2009):

- Increased confidence in self and business
- Increased and productive networking with peers
- Increasing business knowledge
- Positive publicity

2.2 Research Objectives

To measure the existence of services offered to the incubatees by Aman CED and CEL&INC incubation centers.

2.3 Research Methodology

This research study consists of only quantitative research method. This is because, the use of

quantitative research method more accurate and desired research outcomes can be obtained. The research has been conducted by using the survey questionnaire which was based upon theoretical framework of (Voisey et al., 2006). The questions were based on Business Incubation services, soft entrepreneurial benefits, and hard entrepreneurial benefits. Likert-scale based questions have been used to ensure that the respondents' convenience has not disturbed. The scale used was 1-5, one being strongly disagree and 5 being strongly agree.

2.4 Data Analysis and Interpretation

2.4.1 Reliability Statistics

In the research understudy, author has applied reliability test with the end goal of explaining the authenticity and reliability of collected data.

Table 1 Reliability Statistics

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Premises and resources	0.587	0.592	2
Advice and Mentoring	0.849	0.847	8
Consulting Services	0.849	0.850	3
Enabling Environment Services	0.516	0.514	4
Hard Benefits	0.850	0.856	8
Soft Benefits	0.905	0.904	6

Table 2.1 illustrated above is obtained through applying reliability test on collected data using SPSS software. The value of Cronbach's Alpha in the table above is 0.89 indicating the collection of desired data and information for the study. The highest value of Cronbach Alpha is 0.9 of soft benefits variables that is excellent. However, the least value calculated of premises and resources and enabling environment services that is 0.587 and 0.516 respectively that are unacceptable.

2.4.2 Normality Tests

Table 2 Tests of Normality

	Name of Incubator Program	Kolmogorov-Smirnov^a			Shapiro-Wilk
		Statistic	df	Sig.	Statistic
Premises and Resources	IBA AMAN CED	.254	18	.003	.887
	IBA CEL&Inc.	.278	9	.044	.853
Advice and Mentoring	IBA AMAN CED	.140	18	.200*	.964
	IBA CEL&Inc.	.163	9	.200*	.945
Consulting Services	IBA AMAN CED	.171	18	.178	.963
	IBA CEL&Inc.	.171	9	.200*	.924

Enabling Environment Services	IBA AMAN CED	.184	18	.110	.936
	IBA CEL&Inc.	.256	9	.091	.859
Hard Benefits	IBA AMAN CED	.162	18	.200*	.951
	IBA CEL&Inc.	.137	9	.200*	.974
Soft Benefits	IBA AMAN CED	.129	18	.200*	.934
	IBA CEL&Inc.	.216	9	.200*	.836

The above table shows the results of two renowned tests of normality that are Kolmogorov-Smirnov Test and Shapiro Wilk test. The results show that the significant value of both the tests is higher than 0.05 in majority of the cases. Except the significant value of premises and resources at IBA AMAN-CED and CEL&Inc. Sukkur is 0.003 and 0.044 respectively. Hence, the data of the research is normal. This has been further presented in the graphical form in the appendix B in the appendices section for each variable.

2.4.3 Existence of services offered to the incubatees by Aman CED and CEL&INC incubation centers.

Table 3 Mean Value and Standard Deviation

Group Statistics					
	Name of Incubator Program	N	Mean	Std. Deviation	Std. Error Mean
Premises and Resources	IBA AMAN CED	18	3.7778	.64676	.15244
	IBA CEL&Inc.	9	4.5000	.50000	.16667
Advice and Mentoring	IBA AMAN CED	18	3.4306	.65617	.15466
	IBA CEL&Inc.	9	3.4167	1.14564	.38188
Consulting Services	IBA AMAN CED	18	3.4630	.69676	.16423
	IBA CEL&Inc.	9	3.2963	1.38889	.46296
Enabling Environment Services	IBA AMAN CED	18	3.8750	.68196	.16074
	IBA CEL&Inc.	9	3.9722	.65484	.21828

Hard Benefits	IBA AMAN CED	18	3.6498	.66523	.15680
	IBA CEL&Inc.	9	3.9861	.65683	.21894
Soft Benefits	IBA AMAN CED	18	4.1944	.59202	.13954
	IBA CEL&Inc.	9	4.6667	.37268	.12423

The mean values and standard deviation has shown the existence of all services identified by Voisey (2006) i.e. Premises and Resources, Advice and Mentoring, Consulting Services, Enabling Environment Services, Hard Benefits and Soft Benefits. Premises and Resources, Enabling Environment Services, Hard Benefits and Soft Benefits are provided comparatively well in CEL&INC than in IBA-AMAN CED. Advice & Mentoring and Consulting Services are provided comparatively better in IBA-AMAN CED than in CEL&INC.

Table 4 T-test for Equality of Means

T-test for Equality of Means					
	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Premises and Resources	-2.930	25	.007	-.72222	.24646
	-3.198	20.299	.004	-.72222	.22587
Advice and Mentoring	.040	25	.968	.01389	.34467
	.034	10.704	.974	.01389	.41201
Consulting Services	.419	25	.678	.16667	.39737
	.339	10.065	.741	.16667	.49123
Enabling Environment Services	-.354	25	.727	-.09722	.27492
	-.359	16.716	.724	-.09722	.27108
Hard Benefits	-1.243	25	.225	-.33631	.27049
	-1.249	16.293	.229	-.33631	.26930
Soft Benefits	-2.175	25	.039	-.47222	.21709
	-2.528	23.396	.019	-.47222	.18683

In table 2.4 all the services have Sig value above 0.5 other than Premises and Resources in both the incubators which means all the services exist in both the incubation centers.

2.5 Conclusion

It has been examined from the previous research studies that the importance and role of

business incubation centers is increasing to help rising new businesses or providing them support services. In this regard, various research studies confirm that proficient specialized support is significant for incubatees development. Starting a new business is not the only solution to the problem but coming with innovative ideas that provides the added value or solve the problems of the customer, to understand and help these strategies business incubation centers are developed within the university campuses.

The research findings reflect that business incubator is an organization which supports the start-up ventures to grow by providing them services, resources and trainings which the incubatees require. A review of existing literature suggests that business incubation field lacks studies which focus on Business Incubation Centers, especially business incubation Centers services. This study was based on the theoretical framework proposed by Voisey et al (2006).

This study concludes that the services identified by Voisey (2006); Premises and Resources, Advice and Mentoring, Consulting Services, Enabling Environment Services, Hard Benefits and Soft Benefits do exist in both AMAN-CED and CEL and INC, Business Incubation Centers. However, premises and resources, enabling environment services, hard benefits and soft benefits are provided comparatively well in CEL&INC than in IBA-AMAN CED. Moreover, advice and mentoring and consulting services are provided comparatively better in IBA-AMAN CED than in CEL&INC.

One of the key limitations of the research study is the limited target audience and sample size. This is because, the research only attempted to finding the existences of services of only two Business Incubators namely; AMAN Centre for Entrepreneurial Development (CED), IBA Karachi and Center for Entrepreneurial Leadership & Incubation, Sukkur IBA. Along with this, other limitations include the limited time and financial constraints to conduct the research in other areas of Pakistan.

2.6 Future Implications The study can be conducted on bigger number of Incubation Centers across the country.

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