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BUSINESS INCUBATORS SUPPORT OF YOUNG ENTREPRENEURS

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***Summary.** Business incubators are an instrument of indirect financial support mechanisms in the field of business entrepreneurship of small and medium business, as in the final stage of incubation operators can obtain the status of a successful enterprise and help support new entrepreneurs working effectively and which are at the stage of incubation.*

University incubators meet the need for action to support businesses resulting primarily from activities of universities having the main goal to turn research results into productive technological activities, with efficient economic results.

***Key words:** business incubators, small and medium enterprises, young entrepreneurs.*

Introduction. The idea of business incubators was born out of the necessity for supporting small and medium enterprises. Although most start-up companies and new entrepreneurs know the product or service they want to release, most of them lack skills (such as personnel selection, professional studies, organizational planning) to set up a business which will attract the necessary financial resources to turn ideas into successful businesses.

Analysis of the latest researches. *Anastasia Pridvornaia* claims that business incubators are a direct help to those who desire, but for various reasons can not start a business. Anyone wishing to organize their own business - scientists, inventors, and entrepreneurs with initiative can obtain from the business incubator preferential access to everything they need to implement their ideas [10].

Another definition is given by scholar *Vladimir Ţicovschi*, business incubators are a result of the technological progress speed and the emergence of SMEs as key factors of economic growth. They appear as companies or nonprofit independent organizations based on public-private partnership between different public and private local agents: local executive bodies, professional associations, educational establishments, professional organizations and trade unions, etc. [4].

As mentioned by the *National Association of Business Incubators of the United States of America* (NBIA), "The main purpose of the business incubator is to" produce" successful companies that are resistant to external conditions and financially independent. This term covers a wide range of processes that help lower the failure rate in the companies' initial stages and accelerate the development of those who have potential to become generators of jobs and therefore, become involved in the development of regional economy. Incubators offer three main components to develop a successful business: an entrepreneurial and training environment, access to mentors and investors, market visibility " [5].

According to a definition of the *European Commission*, a business incubator is a place where are concentrated in a limited space newly created businesses and aim at improving their life expectancy, their ultimate goal being to foster both economic and social sustainable development in different locations. [2]

Study of the definitions regarding the concept of a business incubator, made by several experts and organizations in the field allowed us to express our views on the investigated subject. We believe that "*Business incubators are an instrument of indirect financial support mechanisms in the field of business entrepreneurship of small and medium business, as in the final stage of incubation operators can obtain the status of a successful enterprise and help support new entrepreneurs working effectively and which are at the stage of incubation.*"

According to the National Business Incubation Framework in the United Kingdom, there is no single model for the operation and structure of a business incubation environment. Each of these reflects a unique combination of internal and external factors. Such diversity (and complexity) transforms the problem of developing a model

(template) framework for comparative analysis of business incubation environments, both in terms of the indicators used (qualitative and quantitative) and in terms of methodology (which must include the method of data collection).

Based on a model, the National Business Incubation Framework consists of: *Phases of development*: fundamental (base) development and management; *Basic principles*: selection policy, incubation strategy and presentation, a qualified team, closing policy (out); *Basic elements*: processes, infrastructure, operations, management; *Socio-economic elements*: direct impact, indirect impact, long-term added value [6].

The authors of an article, *Jorge Costa- David, Jack Malan and Rustam Lalkaka*, presented in 2002 a model of the incubation process, called "the input-output model", which allows business incubators to operate and which contain the following incubation components: *Entries* - they are made up of contributions made by stakeholders (obtaining financial resources), management and projects analysis (ideas and business plan) submitted by contractors; *Processes* - activity and business incubation process, by providing the space and other necessary services for businesses; *Outputs* - successful completion of companies, offering jobs and having a positive impact on the local and regional economy [8].

Elias G. Carayannis and Max von Zedtwitz identifies five services offered by incubators, which they believe are important to them: Physical space (office space equipped with furniture and IT equipment and within the available area, production facilities); Administrative support; Access to financial resources; Consulting specific to the firm's needs in the start-up phase and during the incubation period; Provide support in developing partnerships [7].

We emphasize that these two pillars: the incubation process model and the services they provide underpin successful business training and activity of business incubators.

The scheme was developed based on research conducted on the incubation model in the opinion of the author will provide young entrepreneurs successful passage of two steps: (from the Incubator Incubator University and finished with a specific sector), important in forming a viable business and the development of rural areas.

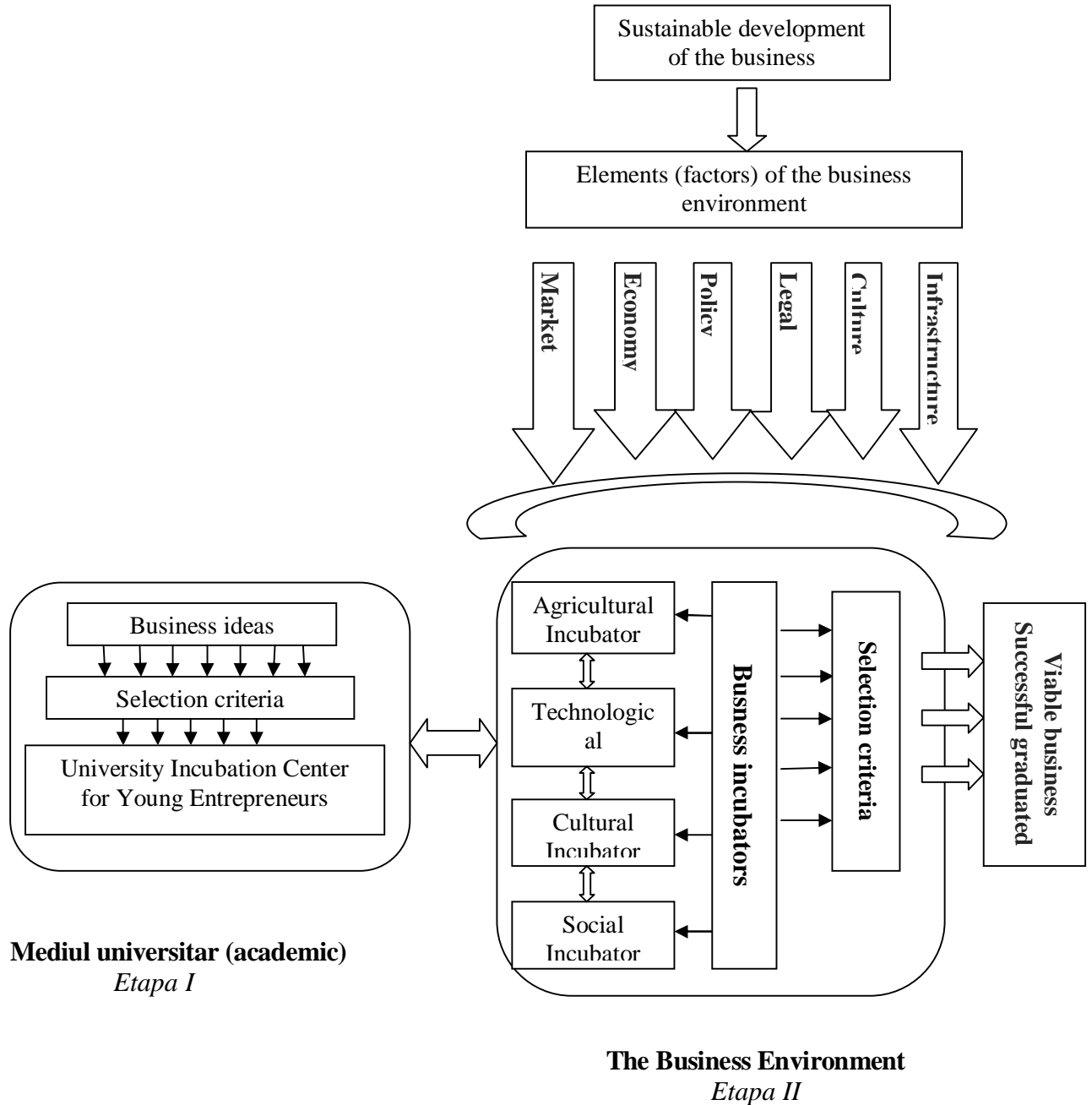


Fig. 1. The model of the incubation process of young entrepreneurs

Source: prepared by author

The model regarding the incubation process of the young entrepreneurs can be presented schematically as follows.

The results of research. Achievmen of a specific purpose was performed for the first stage through elaborate investigations; students were interviewed at the State University of Moldova, The Department of Economics, and which also participated in the research. As there were surveyed students of years I, II and III from specialties:

Accounting (CON), Finance and Banking (FB), Business and Management (BA). In the survey participated 219 respondents. From the total number of respondents included in the survey, 76 are first year students, 75 are in the second year and 68 third year students. Out of these, the largest share is held by the Specialty Finance and Banking – 36.1%, followed by Business and Management, which is - 33.3% and Accountancy - 30.6%.

Table 1

Distribution of the surveyed respondents, according to academic year, specialty and region

	Chisinau	North Region	Central Region	South Region	Total
1st Year					
CON	13	3	7	3	26
FB	1	12	10	7	30
BA	9	2	5	4	20
1st Year Total	23	17	22	14	76
2nd Year					
CON	8	9	3	4	24
FB	13	1	1	3	18
BA	15	7	7	4	33
2nd Year Total	36	17	11	11	75
3rd Year					
CON	6	3	8	-	17
FB	10	6	11	4	31
BA	6	8	6	-	20
3rd Year Total	22	17	25	4	68
TOTAL	81	51	58	29	219

Source: elaborated by the author (based on the results of the survey)

According to Table 1, regarding the distribution of respondents by region we can mention that the number in the Central region (including Chisinau) is 139 persons, 51 people are from in the North Region and from the South - 29.

The information on the distribution of respondents that would like to start their own business, participants in the survey, based on the year of study and region, is reflected in Table 2.

Differentiating respondents by the year of study, we find that the largest number of respondents that do not want to start their own business in the 1st year continues with a number of 26 persons, representing 34.2 % . This phenomenon is reduced in the number of 2nd and 3rd year students and is only 12 % and 6%. Of the total respondents 82.2% were students with entrepreneurial spirit and whom want to launch their own business.

Most active in launching business ideas are students in the Central Region, including the municipality with a share of 67.2 % and 12.2 % makes the South Region the most passive. The regional economic development has roughly the same report.

Table 2

The number of respondents that would like to start their own business

	Chisinau		North Region		Central Region		South Region		Total	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 st Year	23	-	6	11	11	11	10	4	50	26
2 nd Year	33	3	14	3	10	1	9	2	66	9
3 rd Year	20	2	17	-	24	1	3	1	64	4
TOTAL	76	5	37	14	45	13	22	7	180	39

Source: elaborated by the author (based on the results of the survey)

Please note that young people want to fit in business, to ensure decent incomes that will meet their needs. Young people involved in business represent a separate layer of the society; they are confident in their own power, are flexible and perceptive to changes, support and implement the new, fit easily into risky business. When taking decisions they are based more on intuition, therefore gaining experience from their errors.

Further, the following table will reflect the results obtained in the business fields selected by the respondents.

Table 3

Sectors in which prospective entrepreneurs want to start a business

	1 st Year		2 nd Year		3 rd Year		Total	
	persons	%	persons	%	persons	%	persons	%
Industry	5	2.3	13	5.8	7	3.2	25	11.3
Trade	20	9.2	22	10.0	30	13.7	72	32.9
Tourism	10	4.6	16	7.3	10	4.5	36	16.4
Services	9	4.1	12	5.4	10	4.5	31	14.0
Agriculture	3	1.4	3	1.4	5	2.3	11	5.1
Other sectors	3	1.4	-	-	2	1.0	5	2.4
No	26	12.0	9	4.1	4	1.8	39	17.9
Total	76	35	75	34	68	31	219	100

Source: elaborated by the author (based on the results of the survey)

An essential part of the total number of respondents who participated in the survey selected an area which is most accessible and requires less spendings and investments, trade and tourism 33 to 16 %, (especially rural tourism) because it is a sector that or barely begins to develop (according to the students). The agricultural sector is of no interest to the younger generation is promoted and supported by the public authorities' and represents only 5 %.

To emphasize that, combining areas such as tourism, agriculture and services can promote entrepreneurial culture; improve the level of entrepreneurship knowledge in rural areas and to develop local and regional economy.

In the questionnaire, to the question – *Do you have any ideas about the concept of a "Business- incubator"?* 126 respondents answered positively, representing 58 % of the total number of interviewed respondents. This fact demonstrates that the young generation is at the same pace with the changes that occur both inside as well as outside the country.

The goal of a University Incubation Center for Young Entrepreneurs is to promote innovative ideas and transform them into successful businesses and therefore to develop and enhance the growth of the regional economy, and also enhance the efficiency of interaction between education, science and business.

University incubators meet the need for action to support businesses resulting primarily from activities of universities (spin-offs and start-ups) having the main goal to turn research results into productive technological activities, with efficient economic results [1].

Research in several countries has shown that novice entrepreneurs and newly established businesses are vulnerable to failure and bankruptcy. This takes place on the ground that entrepreneurs who start a business lack the experience and skills to do business. The probability of failure is higher if they are not supported and do not understand their place in the market. In case of unequal competition they are vulnerable and therefore spend valuable resources in an effort to recover mistakes and wrong decisions.

Table 4

The number of respondents which have an idea about what a “Business-incubator” represents

	Chişinău		North Region		Central Region		South Region		Total	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1st Year										
CON	2	11	1	2	4	3	1	2	9	20
FB	-	1	4	8	3	7	4	3	11	19
BA	6	3	2	-	3	2	3	1	14	6
1st Year Total	8	15	7	10	10	12	8	6	33	43
2nd Year										
CON	3	5	7	2	1	2	2	2	13	11
FB	11	2	1	-	1	-	3	-	16	2
BA	12	3	6	1	7	-	4	-	29	4
2nd Year Total	26	10	14	3	9	2	9	2	58	17
3rd Year										
CON	3	3	2	1	6	2	-	-	11	6
FB	3	6	-	6	2	9	-	4	6	26
BA	6	-	7	1	6	-	-	-	19	1
3rd Year Total	12	10	9	8	14	11	-	4	35	33
TOTAL	46	35	30	21	33	25	17	12	126	93

Source: elaborated by the author (based on the results of the survey)

The main recipients of business incubators are considered businesses and newly formed companies or in a training stage.

Regarding the promotion and development of business incubators in Moldova, they have started in 2000 under BIZPRO Resources, a Project funded by the U.S. government. According to the report on the assessment of prerequisites for creating a network of business incubators in the Republic of Moldova, in the Republic there are nine business incubators operating successfully and that provide various services to businesses that are at the early stages and were selected by competition.

According to the expected future intentions of ODIMM, in order to develop two business incubators, the current situation analysis was performed on the existence and availability and involvement of Local Public Authorities in this process. [9]

Table 6

Business incubators spread across regions in the Republic of Moldova

Region	Nr. of economic agents	Activity Sector Products/Services	Specialty (Profile)
North Region			
Balti	17	10/7	Manufacturing products and providing services based on advanced technologies in priority areas of the economy.
Singerei	20	10/9	Production, accounting services, business consulting and more.
Soroca	15	6/9	Mixed profile, production areas and offices.
Central Region			
Chisinau	6-8	0/8	Offer small businesses created by ASEM students, which won the annual contest "Best Business Ideas" the opportunity of development through technical assistance, administrative and professional advisory in the business sector.
Ungheni	4	0/4	Renting spaces for various companies.
Rezina	13	3/10	Production, accounting services, business consulting and more.
Dubasari	9	-	Production, accounting services, business consulting and more.
South Region			
Leova	18	3/15	Production, accounting services, business consulting and more.
Stefan Vodă	14	3/11	Production, accounting services, business consulting and more.

Source: elaborated by the author, according to[3].

Conclusions and Perspectives of further researches. The experience of developed countries on incubators emphasize that entrepreneurs can focus through them on business development and the grounding of the concept, create jobs, ensure interaction between entrepreneurs in a dynamic and innovative environment, leading to the creation of viable small and medium enterprises.

University Incubators mobilizing a network of skills to guide with concreteness the holders of selected projects with human, material and financial resources. It is a network of academic activities to encourage and support the following levels: financial, technical and managerial employees and university students in creating their own productive structure, using all forms of support, guidance and advice - the commercial exploitation of ideas or an innovative product, service or technology, developed under the university research or collaborating institutions research.

We can say that combining the mechanisms of finance and business incubation services can achieve success in young entrepreneurs. In turn start-up businesses can develop and enhance the local economy, which can be achieved by using funds allocated from the state, foreign and local investors, support successful entrepreneurs stories, business incubators, support projects of encouragement of the young entrepreneurs and national economy.

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АННОТАЦИЯ

Дога-Мирзак М. Бизнес - инкубаторы как поддержка молодых предпринимателей

Бизнес - инкубаторы являются инструментом косвенных механизмов финансовой поддержки в области делового предпринимательства малого и среднего бизнеса, поскольку в завершающей стадии инкубации они способствуют получению статуса успешного предприятия и призваны поддержать как эффективно функционирующих предпринимателей, так и тех, которые находятся на стадии инкубации. Университетские инкубаторы отвечают необходимости принятия мер для поддержки бизнеса в основном в результате деятельности, преследующей главную цель - направить

результаты исследований в продуктивную технологическую активность с эффективными экономическими результатами.

Ключевые слова: *бизнес-инкубаторы, малые и средние предприятия, молодые предприниматели.*

АНОТАЦІЯ

Дога-Мирзак М. Бізнес - інкубатори як підтримка молодих підприємців

Бізнес - інкубатори є інструментом непрямих механізмів фінансової підтримки в області ділового підприємництва малого і середнього бізнесу, оскільки в завершальній стадії інкубації вони сприяють отриманню статусу успішного підприємства і покликані підтримати як ефективно функціонуючих підприємців, так і тих, які знаходяться на стадії інкубації. Університетські інкубатори відповідають необхідності вжиття заходів для підтримки бізнесу в основному в результаті діяльності, яка має головною метою - направити результати досліджень в продуктивну технологічну активність з ефективними економічними результатами.

Ключові слова: *бізнес-інкубатори, малі та середні підприємства, молоді підприємці.*