

University Students' Awareness of the 'Business Incubators' Concept and their Role in Advancing Socio-Economic Development

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Abstract

This study aims to identify the university students in the United Arab Emirates who are aware of the concept of 'business incubators', and their role in enhancing socio-economic development. Moreover, the research sample is 150 students from Al Ain University during the first semester of 2020/2021. Additionally, study goals are achieved by using a descriptive analysis that employs personality interview. Hence, the research's results reveal that there is a medium level of awareness about the concept of business incubators as economic development projects. Most students believe that business incubators are one of the best social policies, which are adopted by first world countries. In fact, most of the students' responses in the Human and Social colleges focus in reducing the phenomenon of unemployment, which helps to mitigate poverty, crime. In addition, it helps to minimize unemployment, which is associated with depression that may lead young people to undergo deviation. Eventually, young people who are considered essential elements in society, are able to adopt the concept of business incubators, and their ideas can contribute in the development of qualitative and innovative projects that promote the state and protect it from global crises as well as security and social stability. This study provides recommendations and suggestions for further research.

Keywords: business incubators, social and economic development, development projects, creativity and innovation, social policies

1. Introduction

Recently, business incubators originated in developed industrialized countries, right after the global economic crises and were developed alongside other social policies as a solution to stop awkward crises in developed industrialized countries. Even though the idea has been developed by other countries, business incubators became a model for the rest of the world. Moreover, business incubators are employed to support small business start-ups, provide jobs in small and medium enterprises and promote the market through innovative ideas that are offered by new entrepreneurs.

Business incubators are crucial concept. For instance, the entrepreneur has an idea of exceptional quality but does not have the capital to achieve this idea or may not have the expertise to launch it. Hence, the incubator helps the entrepreneur embrace his idea during the startup foundation. During this period, the entrepreneur relies on business incubator support. Overall, the idea of entrepreneurship is new and innovative which contributes to the creation of a new work culture and promotes social development in various sectors. As such, it is an additional indicator that a country can be part of developed nations. This initial process become essential to the countries' development and prosperity. In other words, business incubators offer, a new work culture, but it does not fulfill full employment where there is not a country that can employ its people as a whole.

The most targeted group of people is the youth, who can prosper the nation's future and are dependent on the task of development, innovation, and creativity (Tishouri, 2006). In addition, there was vast support for creating business incubators in light of global changes. As such, it was imperative to know the degree of cultural awareness of business incubators among the youth to enable science and business synergy in the future.

1.1 Problem Statement

At the moment that governments do not trust the youth's energy and productive performance and exclude them; As a result, the largest group in society somehow forces them to migrate overseas. Therefore, this may contribute to societies' perversion and imbalance. Moreover, the prime minister of the United Arab Emirates said: "Our region has taught us that governments that diminish young people and close the chances door which cause losing hope to the entire people. Overall, it is not forgotten that tensions started in the region due to the lack of providing opportunities for young people and an environment in which it helps them to set their dreams and aspirations (Al Maktoum, 2017: 148).

Many countries can invest in business incubators to reduce socio-economic phenomena and global crises such as poverty and unemployment. It is a sensitive social segment as it integrates society through a work environment to avoid social exclusion. Accordingly, providing the necessary infrastructure, funding, feasibility studies, and market would help to launch their small projects.

1.2 The Study Questions

This study seeks to answer the following research questions:

1. What is the extent of Al Ain university students' awareness of the concept of business incubators?
2. Which successful international and Arab experiences of business incubators are known to these students?
3. How do business incubators contribute to the process of socio-economic development?

1.3 The Importance of the Study

The significance of the study arises from the need to support and develop economic growth. As such, it is considered as one of the most vital contemporary issues in the international, regional, and local area, especially after the economic crisis in 2008–2009. Anyway, what is complicated in this issue is the declaration of the state of general dissonance, which is the extent of young people who are aware of the actions that the industrialized countries have taken to reduce the impact of the global economic crisis. Also, the youth are aware of other social and economic problems to which all countries of the world are exposed in the light of digital globalization, like business incubators. Therefore, the study targets the youth as crucial group in society who are responsible for managing and implementing socio-economic development projects at all levels and sectors.

2. Theoretical Framework

Development: A dynamic (connected and conscious) process of cultural change is executed within a particular social framework regardless of the size of this community. In addition, the development process is linked to the increasing number of community participants in directing this change and using its results. (El Gohary, 2015: 142).

Social development: social development aims to provide positive influence to the larger segment of society in participating in public activities by sharing advice, opinion, decision-making and practice. All of that can be done by increasing the capacity of the largest number of members of society and transforming the intellectual and psychological potential of these people into real actions in their life, and spot its effects (El Gohary, 2015: 143)

Economic development: Raising productivity, efficiency, and the standard of living for the largest number of members of society, with a particular focus on those at the lowest level of social status or the most disadvantageous in socio-economic terms (El Gohary, 2015: 144).

It can be notable that social and economic development must necessarily be linked to, and complement, each other; therefore, none can be exercised in isolation.

Business incubators, foundation, and concept:

The concept of incubators began in 1959 in Batavia, New York, USA. Later, business incubators received a support from the Federal Small Business Administration (SBA), which developed incubators during the period 1984–1987 to increase the number of incubators from 20 in 1984 to 70 in 1987 (INBIA, 2003).

In 1985, the International Business Incubator Association (INBIA) was formed by business leaders and grew rapidly from 40 members in the first year to more than 130 members later. Moreover, the Association conducted research on business incubators in North America in 1998 and found that 67% of the approximately 587 business incubators received its assistance. Hence, the study confirmed that the leading role of incubation institutions is to develop economic growth of the communities. In addition, based on the data, it showed that business incubators created

245,000 jobs in North America, and each incubator served about 20 startups.

However, it should be noted that incubators are funded from various sources, such as public institutions and private charitable organizations, academic institutions, mixed incubators, and other incubators (Research and Consultation Institute, 2006).

Business incubators can be defined as "The process of environmental control that embraces the sponsorship, growth and protection of the project which cannot be funded" (Ryker, 2001). Additionally, the European Union Centre for Strategic Affairs and Service Assessment defined it as an organization that contributes to the process of producing successful companies by providing them with a comprehensive and integrated range of support, including incubator space, and business support services (World Bank, 2010).

It is classified by the INBIA as (Al-Hajri, 2016):

- Research Incubator: Often located within universities and research laboratories and interested in supporting research and academic experts.
- Technical incubators: Provision of projects with technical resources that improve the performance of companies.
- Sector incubators: Focusing on a sample sector, such as engineering or education, and providing services to companies in the same field.
- Industrial incubators: Uniting the efforts of factories and companies operating in one field and providing them with services and supporting them.

In addition, there are public sector incubators (state-owned), private sector incubators (private entities), and mixed-sector incubators (both public and private), as well as others supported and sponsored by non-traditional entities, such as clerics, and art institutions, among others.

In a previous study conducted by an international organization stated that one billion new jobs were created between 2000 - 2015 by small companies, hence these jobs are characterized by highly qualified trained employment. Furthermore, the study showed that the majority of these companies represent low- and medium-tech projects (Shabrawi, 2003).

Examples of global and Arab experience of business incubators:

A. United States:

- New Jersey Tech Incubator Network, which contains 11 small enterprise development centers. In addition, there are seven technology incubators and a number of startups that provides 478 permanent jobs. Overall, the number of companies graduating from these incubators is 104, and success rate is 77% (Salam et al., 2012).
- Austin Technology Incubator, which is founded in 1989, is strongly associated with the University of Austin, the University of Texas, and NASA. Moreover, it offers several facilities including training programs and access to a finance network. In fact, 65% are privately owned, and the incubator usually has 30 affiliated companies with a reception of 10–15 new companies annually. However, it is not profitable but is managed on a commercial basis where its budget is covered by the incubator's income from its premises and \$50,000 from foreign aid (Riyadh Chamber of Commerce and Industry, 2003: 127).

B. Malaysia:

- Technology Incubator, which was Opened in April 1997, 31 companies work in information technology helping with the implementation of several government projects, especially in computer software and multimedia fields. Thus, it has become a successful example of technological innovation in Malaysia.
- Smart Technology Center, which was opened in September 1999, has about ten companies that are operating successfully in biotechnology: the pharmaceutical industry, and chemical engineering applications (ESCWA, 2001).

C. United Arab Emirates:

- Under the auspices of His Highness Sheikh Mohammed bin Rashid Al Maktoum who is the vice President and the prime minister of Dubai, his Foundation for small and medium enterprise development was launched to promote youth projects to reward and honor outstanding entrepreneurs in 2003.
- In addition, there are the following projects:

Dubai Entrepreneurship Academy: Accredited by the Knowledge and Human Development Authority. Its vision and mission are to create an innovative generation of entrepreneurs and successful projects that develop the skills of aspiring entrepreneurs and future leaders. Its goals are set to strengthen the positions of entrepreneurs as influential elements for the future of small businesses (Hiti, 2016: 2).

Business Village: it has been initiated based on Mohammed Bin Rashid Foundation for Small and Medium Enterprise Development, which is one of the best institutions of the department of economic development in Dubai. The business village is located in the center of Dubai, near the Hour Roundabout, a one million square foot commercial building with 400 rental offices, a modern conference center, and a sports club for men and women (Hiti, 2016: 2–3).

The role of the 2008–2009 global economic crisis in the creation of business incubators (Dubai Model):

United Arab Emirates (UAE) has been affected by the repercussions of the global financial crisis, especially in Dubai, which has significantly affected its banking and real estate sectors and had a noteworthy impact on the business sector. The economic and financial currencies, based on the UAE's dollar currency, have increased the negative impact on Dubai's financial market (Al-Abbar, 2009). The United Arab Emirates (UAE) has decided to release Dubai Emirates from any crisis through several solutions. Abu Dhabi Emirates is keen to provide assistance to Dubai Emirates so that it can pay its debts. Consequently, this assistance was provided on the basis of several procedures, where the UAE was able to coherent its global economic position. Thus, it has become a global emerging economic system because of the increased economic growth, which has been achieved in various fields. As a result, this economic development has attracted a great deal of global investment due to the economic openness adopted by the UAE based on the use of flexible laws, while providing the best investment environment in the Arab region. In addition, the UAE economy contains many sectors including tourism sector, as well as many initiatives in the field of business incubators, such as an initiation from Mohammed Bin Rashid Foundation for the development of small and medium enterprises in Dubai (Al midfa, 2009).

D. Kuwait:

- Al-Shuwekh Craft Incubator which was established by the Ggeneral authority for Applied Education and Training in 1982, whose mission was to develop human resources for the construction of Kuwait, and the purpose of providing and developing human resources (Al-Hajri, 2016).
- Peace Incubator- The ministry of social affairs and labor- is one of the projects of the ministry, which provides the space to develop and support the skills of Kuwaiti women, train Kuwaiti families, and then qualify them to establish their own projects. Additionally, it helps to establish a self-employment culture, and create marketing outlets for Kuwaiti women (Shabrawi, 2003).

E. Morocco:

- Technology incubator at the Mohammedia School of engineers: The foundations were aimed to guide research efforts in order to bring the scientific world closer to the economic and social environment for the purpose of exploiting human resources efficiently, developing scientific research, and creating jobs. In addition, it strived to encourage emerging engineers to establish their own companies that would help to promote the country's social and economic development process towards practical application (Al-Hajri, 2016).

F. Egypt:

- In Giza, projects were allocated to young graduates in Al-Dokki and Bulaq al-Dakro neighborhoods including 22 shops on Sudan Street, 15 shops on Bahgat Al-Shorbaji Street, and 17 youth employment projects from Nasser Bank and the province, with a total loan of 99,000 Sterling pounds. Furthermore, forty-six computer training courses were held for young people. In addition, the young graduates employment in the province benefited 632 young men and women (Research and Consultation Institute, 2006).

3. Methodology

In this section, the research team will present the study procedures, which are the study curriculum, the study community, and the selected sample, as well as the study tools.

3.1 Methods

The study used the descriptive survey method through a coherent theoretical framework based on the method of review and analytical discussion, which is based on references, practical research, reports, documents, records and

previous studies.

3.2 Data Collection Tools

Based on the data and the methodology of the study, the research team found that the most appropriate tool to achieve the study goals was personal interviews. Hence, it has been chosen due to the lack of basic information related to the subject as published data and the difficulty in obtaining data via a questionnaire or through personal observation. Further, the research team designed a number of questions for standardized interviews to identify the awareness of the students about the concept of business incubators and their role in socio-economic development.

3.3 Sample Study

The available sample, which is 150 students, achieved the minimum allowable percentage. As the total number of students in Al Ain branch was 2,500, which means that the sample amount is up to 6% of the sample community. The table (1) shows the categories of the sample.

Table 1. The Study Sample

Variables	Categories	Frequency (n)	Percentage
Gender	Male	81	54%
	Female	69	46%
College	Scientific	72	48%
	Humanistic	78	52%
Age	18–22	57	38%
	23–27	42	28%
	28–32	30	20%
	33 plus	21	14%
Social Status	Single	90	60%
	Married	51	34%
	Widowed	-	-
	Divorced	9	6%
Status of Work	Employed	57	38%
	Unemployed	93	62%
Nationality	UAE	42	28%
	Arab Gulf Countries	27	18%
	Arab	51	34%
	Other	30	20%
Total		150	100%

4. Results and Discussion

To provide answers to the first question “*What is the meaning of business incubators?*” frequencies and percentages were calculated resulting in 74% who answered positively. Overall, there were 101 students with a 70/30% of males from different faculties such as pharmacy, engineering, business, education, humanities and social sciences. Thus, most definitions agreed that business incubators cover the idea care and its finance. Innovations and small projects that are unable to support themselves financially. To sum up, this is a satisfactory result that shows the awareness of the general concept of business incubators.

Answering the second question “*In your opinion, what are the most important factors that contribute to the emergence of business incubators as a socio-economic development policy in Arab countries?*” frequencies and percentages were calculated. So, the response of economic factors came from 80% of the students, while others attributed the association of business incubators to the global economic crises by proving it to what happened in the global economic crisis back in 2008–2009 and its implications for Arab countries in particular.

To provide an answer to the third question “*How do business incubators contribute to the socio-economic development process?*” all students' answers presented a sky-high rate, where most students considered business incubators as one of the best social policies adopted by industrialized and developed countries. Moreover, they believe that incubators deserve to be a model. They recognized that the role of business incubators is to advance economic development through a capital investment and the provision of hard currency, to face the challenges of economic crises, and to develop plans that can protect the country from these crises.

Most of the humanities and social science college students' answers showed the role played by business incubators in minimizing unemployment; Thus, reducing poverty, crime, and associated unemployment, which may lead young people to undergo deviation. Embracing this essential group of society would help in developing qualitative innovative projects that will promote the state and protect it from global crises.

All the students emphasized that business incubators play a vital role as a modern and effective social policy in advancing economic and social development.

To answer the fourth question “*Do you think that business incubators will contribute to reducing unemployment and social problems?*” the frequencies and percentages were calculated. The percentage of students' answers was 100% on the role of business incubators in reducing unemployment, which is the core element for societies stability. Due to the above mentioned, it should be noted that 100% of the students' responses were same regardless of the student's practical condition or social status.

Answering the fifth question “*Do you think all countries need to follow the business incubator project regardless of the economic crisis or not?*”, most of the 117 students' answers (78%) presented that all governments should follow the precautionary policy, citing the saying "A dirham of prevention is better than a pound of cure", and they cited the need for such projects for other dimensions (social, security, and cultural). 22% of students felt that these projects needed infrastructure, support, and financing. Therefore, to rely on themselves but not others, especially in societies that do not suffer from high unemployment.

Answering the six question, “*Do you have any idea about the most prominent experiences in the field of business incubators locally and internationally? If so, can you mention them?*” most respondents answered “yes” (60%, n=90) and mentioned at least one local or international example, which is acceptable. In fact, most examples came from the initiatives of the prime minister named Mohammed bin Rashid Al Maktoum in the field of small businesses. Furthermore, business school students introduced some American business incubators, such as the Incubator Association, and INBIA. However, in the Malaysian experiment, the Malaysian Technology Development Corporation (MTDC) was established in 1997 to market and transfer innovative ideas from universities, educational institutions, and institutes of studies and research, to put them in the framework of application in the labor market.

Finally, to answer the seventh question, “*What are the main challenges facing business incubators?*”, the frequencies and percentages were calculated. 52% of students mentioned that it was done with economic support and scarcity of capital, while 18% of them believed that relying on government support without other sources causing lack of self-sustaining incubators. Overall, commercial marketing was ranked the third (14%) in terms of student consensus as the biggest challenge for business incubators. In addition, the cultural context and the strategic environment scored 10% as the biggest challenge for business incubators, while just 6% felt that political factors play a crucial role in the success and failure of business incubators. Finally, these results are somewhat consistent with (Chandra and Fealey, 2009).

Based on the previous analysis, it can be found that:

1. Students at Al Ain have a medium knowledge of the concept of ‘business incubators’, as demonstrated through the interview tool, where 74% of students were able to provide a correct definition of the concept.
2. 80% of students pointed out that the greatest factor in the emergence of business incubators is economic.
3. All students (100%) emphasized the important role that business incubators play as a modern and effective social policy in driving economic and social development.
4. Most students at Al Ain supported the existence of business incubators as a means of protection against the economic crises that have stimulated their existence, or not. They also focused on the existence of the other social dimensions of these projects, such as reducing unemployment, and thus reducing poverty and crime, as well as improving security and stability. A few students believed that the infrastructure of these projects may bear a cost that could burden the state, especially if, from their point of view, they do not need to be established.
5. Students' knowledge of local and international models in business incubators was average at 60%.
6. From the point of view of the most influential students, the most important challenges facing business incubators are finance, lack of diversity of sources of support, commercialization, cultural context and strategic environment, and political factors.

5. Conclusion and Recommendations

The study investigates about the university students in the United Arab Emirates (UAE) who are aware of the concept of 'business incubators. In addition, it examines the students' role in advancing socio-economic development using mixed method which area descriptive survey and a personality interview. Overall, the study results showed that the students at Al Ain University have limited knowledge of the concept of 'business incubators. In addition, the results revealed that the most important challenges facing business incubators are finance, lack of diversity of sources of support, commercialization, cultural context and strategic environment, and political factors. Finally, it demonstrated that students contribute to strengthen the role that business incubators play in driving economic and social development.

The researchers recommended the following:

1. Increase the level of youth awareness of the culture of business incubators and motivate them to participate in competitions with their research and scientific work to give them the opportunity to compete for awards inside and outside the country.
2. More research is needed in the field of business incubators that can be published in scientific journals.
3. This research is a qualitative study, so it is recommended to conduct quantitative studies on the same topic.
4. Develop students' research skills, and arrange a number of meetings, conferences and seminar discussions among partners interested in business incubator projects.
5. Develop new ideas for business incubator projects.
6. Highlight the nature, type and size of business incubators in UAE society and monitor their role in advancing socio-economic development.
7. Create socio-cultural awareness of the importance of business incubators economically and socially in society.

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