

Business incubation models and place: the case of a French academic incubator

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Résumé : This paper aims at enhancing our understanding of business incubation models using the concept of place. Indeed, the current epidemic situation has now put forward digitalization of businesses and questioned the place dimension of incubation programs. To our knowledge, academic literature paid little consideration to this emplaced dimension which is mostly understood in terms of the working space incubation programs offer. We argue for understandings of place that go beyond mere location to include the material dimension of place and its symbolic dimension. To better understand the role of place in business incubation programs, we have carried out the study of a French academic incubator of a French engineering school. The case study emphasizes the importance of place on the attractiveness of business incubation programs. Managers of business incubations hold a decisive role in making business incubations a distinctive place and therefore attractive. The attractiveness of business incubators may also rely on the embeddedness of business incubators in reputed places. The digitalization of work can help these reconfigurations of BI as a place. Finally, our research suggests that business incubators as a place are a construction relying on managers and the proximity of other distinctive places.

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1. Introduction

Different models of business incubation have emerged since the last century such as business incubators (BI) and more recently accelerators during mid-2000. Their aim is to support the creation and development of new ventures by providing access to resources. Academic research has developed understanding of these incubation models by defining and categorizing them and studying the incubation process, their impact and performance (Hausberg & Korreck, 2020; Mian, Lamine, & Fayolle, 2016). Recent work has focused on elements of these incubation models to explain differences between incubation programs that may impact incubated startups in terms of incubation experience or outcomes (Cohen, Fehder, Hochberg, & Murray, 2019; van Rijnsoever & Eveleens, 2021).

Following this research trend, this paper aims at enhancing our understanding of BI models using the concept of place. Indeed, the current epidemic situation has now put forward the digitalization of businesses (Amankwah-Amoah, Khan, Wood, & Knight, 2021) and questioned the emplaced dimension of incubation programs. To our knowledge, academic literature paid little consideration to this emplaced dimension which is understood uniquely in terms of the working space incubation programs offer. We argue with scholars in management and organization studies (MOS) (see, among others, Berti et al., 2018; Guthey et al., 2014; Lawrence and Dover, 2015; Slawinski et al., 2019) for understandings of place that go beyond mere location to include the material dimension of place and its symbolic dimension, embodied in “meanings, both personal and shared, that are associated with a particular locale” (Cresswell, 2015: 14). To better understand the role of place in BI programs, we have carried out the study of a French academic incubator of a French engineering school.

2. Literature review

2.1. Business incubation models

Research on BI started with the analysis of the first BI that appeared in the 1950s. BI are support structures that enable the creation and the development of startup firms by providing resources and teaching how to use them. Bruneel et al. (2012) identified three generation models of BI. The first-generation incubators model (1960-1980) was to provide infrastructure such as offices, administrative services and financing. The objective was to decrease operating costs, to alleviate incubatees’ efforts to organize their startups and to enable them to concentrate on their core activities. The second-generation model (1980-2000) complemented the first one with the development of business capability of incubatees that were often missing. It included knowledge-based and learning services such as training, coaching and mentoring. The third and last generation model that started in years 2000 consists in networking support to facilitate access to resources, external stakeholders and legitimacy. Accelerators pertain to this last generation model and is considered as a distinct

incubation model from BI² (Pauwels, Clarysse, Wright, & Van Hove, 2016). Accelerators programs are characterized by the following elements: a cohort size; a program duration; a minimum and maximum funding given and maximum equity taken; mentorship, formal education; co-working spaces; a graduation event such as a demo day (Cohen et al., 2019, p. 1789). This third-generation model tends to put the infrastructure support and business development support into the background (Mrkajic, 2017).

2.2. Understanding place as a concept

Following Lawrence and Dover (2015: 373), we regard place as “the intersection of location, material form, and sets of meanings and values”. Accordingly, places are collective human constructions. Places generate feeling of attachment and identification among individuals because they appear to them as “remarkable” (Berti et al., 2018) or “distinctive” (Guthey et al., 2014) portions of space. This distinctiveness derives from the combination of place’s uniqueness (Sergot and Saives, 2016) and place’s delimitation.

The uniqueness of place results from symbolic and/or material features of the focal place that are regarded as specific to this place by particular groups of individuals. A place’s uniqueness isn’t necessarily monolithic. Heterogeneous visions of what makes a place unique can co-exist in lasting ways (Cresswell, 2015; Massey, 2005).

The distinctiveness of place also derives from the delimitation, i.e., the ability of individuals to distinguish what a particular place is from what it is not. Place’s delimitation does not have to be a neat, clear and frozen delineation separating what is inside place from what is outside. It can be fuzzier and multiple, involving intermediate ‘areas of transition’ (Hernes, 2004: 11), but also varying, to some extent, from one individual to the other.

2.3. The role of place in BI models

Research on BI has analyzed the role of various factors in the functioning and performance of incubation programs. Up to now, research on BI as a place is scarce. It has only understood the presence, in some BI of a place dedicated to hosting incubatees and to the unfolding of the incubation program in terms of real estate and basic services provided by incubators (Mian et al., 2016). Some research suggests that the provision of workspace does not play a decisive role in the performance of incubated startups (Cohen et al., 2019). Other research (Caccamo & Beckman, 2022) shows that the geographic location and the physical and digital infrastructure of accelerators can contribute to fostering knowledge communities within accelerators which may have positive impacts on the performance of incubated startups. These results suggest the mixed role of place in BI models.

The current epidemic situation has now put the spotlight on the place dimension of BI and its potential contribution to BI programs. Indeed, one consequence of the current COVID-19 epidemic is the acceleration of the ongoing digitalization of businesses (Amankwah-Amoah et al., 2021). More organizations now enable remote working from outside the office. BI and accelerators could also follow this trend and offer hybrid or virtual incubation program such as Y Combinator which now delivers only online accelerator programs. Therefore, our

² To simplify the reading of this paper, we will only use the term BI that will also include the term accelerators.

objective in this paper is to analyze how BI can define the contribution of place in their incubation programs in a context of increasing digitalization of businesses.

3. Methodological choices

In the paper, we rely on the in-depth study of one academic incubator (INC) that belongs to an engineering school located in the suburbs of Paris, France and has been operating since 2001. We selected INC because it recently moved with the school to new premises in an entrepreneurial ecosystem which is further from Paris. At the time we collected data from summer 2020 to winter 2021, INC was in the process of renewing its BI program to increase its attractiveness. In fact, it had to take into account the increasing competition among BI (mostly Parisian BI) which reduces the number of applicants for its BI program and changing work habits due to the ongoing digitalization of businesses.

To carry out the case study, we collected data from different sources. We mainly collected data using interviews that we completed and triangulated with on-site observations and internal and external documentary data. We conducted 20 semi-structured interviews of an average duration of one hour. Our main informants are the incubator's managers, founders of incubated startups, students, teachers and managers of the engineering school. We asked our informants about the history of the incubators, their experience with the incubators, their perceptions of the incubators' premises and their vision of the incubators' future.

Following Eisenhardt's (1989) advice, we used a mixed method to analyze data. We coded the written transcripts of our interviews using both predefined codes and an open coding method following Gioia et al.'s (2013) guidelines. As for place, we intended to fully take into account the multifaceted nature of this concept (for more details, see Sergot and Saives, 2016).

4. Main results

In order to increase the attractiveness of its BI program, INC repositioned itself as a BI within the engineer school and towards the actors of the entrepreneurial ecosystem and startups raised inside or outside the engineer school.

For the inside repositioning, the new INC management team implemented several actions towards students of the engineer school to make INC a more distinctive place for students. Indeed, INC is located within the school premises and consist of closed workspaces. No particular signs enable students to differentiate INC premises from the school premises. To make INC place more distinctive, the INC management team now organizes social events for startups and students such as conferences in an open space that has been created recently for this purpose and to enable incubated startups to socialize. The INC management team also works to better connect the school entrepreneurial academic program with its BI program. The team takes part in courses so that students know more about INC. Moreover, a pre-incubation program has been implemented where student entrepreneurs have the right to use INC offices normally dedicated to incubatees.

For the outside repositioning, the new management decided to switch the BI program to an accelerator one. It covers all traditional characteristics of an accelerator but with two different locations, one in the school premises and the other one in Station F, a startup campus in Paris. By extending to Station F in Paris, the INC management team intends to maintain the link with its alumni who often prefer moving to Paris and developing their startup there. The objective is to let startups decide about their localization in or outside Paris. The logic is that startups that need space to prototype or experiment will prefer to be incubated at INC suburb premises while the others that do not require technical materials will prefer to be incubated at Station F. This extension to Station F is also a response to the competition with other incubators of INC entrepreneurial ecosystem in order to attract more startups.

The interviews with students of the school suggest that the inside repositioning requires time. Interviewed students that participated in INC pre-incubation program did not know much about INC during their first years of training at the school. Now, with new INC open space dedicated to social events, the perception of INC has changed. It gives a livelier view of INC incubation activities. However, these students mostly became aware of INC activities via their conversations with the INC managers. They mainly joined the pre-incubation program because it was in line with their training program at the school, they appreciated INC managers' coaching and they could have offices to develop their startup and work with a bigger team. They did not mention that they joined INC per se. It corresponds to the entrepreneurial logic that often characterizes the startup founders. These startup founders tend to have a short-term vision and to act opportunistically. In that logic, they view incubators and accelerators as an affordable and convenient way to access to specific resources (i.e., a fablab; the scientific knowledge possessed by the school researchers and by the surrounding research institutions and universities).

The outside repositioning relies on the attachment of startup founders to the school and Station F. Students and alumni seem emotionally attached to their school, which is one of the reasons they put forward to join INC to maintain the link with their school. In that sense, for students and alumni, INC is strongly associated with the school so that it forms a unique place. This association is all the stronger that INC premises are in the school ones. For startups that set up their business at Station F, they see the possibility to be connected to a wider network of startups and to a bigger entrepreneurial ecosystem. The attachment to Station F seems to be both emotional and utilitarian. More generally, startups have a utilitarian attachment to INC and the school as the school benefits from an excellent reputation among investors.

One of the challenges of the INC management team is to keep the link between the two incubation sites that are remote one to the other. The team uses both in-person and digital events to maintain the connection between incubatees of the two sites. For instance, coaching is held one line on a weekly basis for all incubatees. Every month, all incubatees have lunch together at one of the INC site. During the Covid 19 pandemic, the INC management team has gained experience about how to manage startups remotely. The team still believes that in-person encounters is relevant but it has also taken into account that startups like also to work either on or off site. The digitalization has created opportunities to rethink businesses and work on a remote way.

5. Discussion

The case study highlights the fact that moving a BI from one location to another is not neutral and that it requires several actions and time to make a BI seen as a place of incubation again. In particular, it needs work to make BI a distinctive place again so that it is seen as a unique and delimited place (Sergot and Saives, 2016). In the case of INC, the role of the management team is key. The team opens the door of the new place and makes it livelier by conversing and coaching students and startup founders and by organizing social events. It underlines the fact that the creation of a place is a human construction and that selecting the relevant BI management team is of utmost importance.

One remarkable result from the INC case study is the fact that INC is now embedded in three different places which are INC entrepreneurial ecosystem with its laboratories, the engineer school where INC premises are and Station F. The digitalization of work has opened new ways to reconfigure BI activities. However, the risks of this embeddedness in three places may be the high dependency of INC to these places and the difficulty to exist by itself. It could be interesting to see if and how INC can emerge as a distinct place in the long run.

Our paper aims at contributing to the literature on the design of BI by stressing the role of place in BI models. Given its operational importance for BI managers and the greater possibilities to combine a more physical-digital approach of BI, place in the design of BI should deserve more attention from researchers.

From a managerial point of view, according to the objectives of BI, place may have an important impact on the attractiveness of a BI program. Our paper gives some ideas about how to renew BI program by an emplaced vision of BI.

Our research has limitations. First, our research is based on a unique case. It may be interesting to extend our research to other BI cases within the same entrepreneurial ecosystem so as to compare decisions regarding BI places. Second, our case is an academic BI which has specific objectives which are to participate in innovation through firm formation and the development of student entrepreneurial skills (Cohen et al., 2019). It may be interesting to analyze other types of BI which has different sponsors such as venture capitals and therefore different objectives and see how their decisions in terms of place differ.

6. References

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