

Role of Assam Startup-The Nest in promoting Entrepreneurship: A case study in Assam

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ABSTRACT

Entrepreneurship is the engine that drives an economy's growth and development by mobilising a nation's resources, and an incubation process aids in the acquisition of those resources by providing the required assistance and guidance. In the study, the function of Assam Startup in encouraging entrepreneurship in Assam was investigated, and it was discovered that the business incubation centre adopts a variety of approaches in boosting entrepreneurship. An attempt has also been made to investigate the differences between the practises used by business incubators and the services provided to incubatee companies. Later, it was discovered that there is a large gap between the practices of the incubation centre and the actual services received by incubatee businesses. Though Assam Startup provide a wide range of facilities and services, but the recipients of the services were not satisfied with regard to its quality and service delivery. Lack of proper funding, technical constraints, institutional support were some of the major problems faced by the incubation centre which has also led to the downfall of start-ups and entrepreneurs across the state.

Keywords used: Incubation, Entrepreneur, Incubatee, Beneficiaries

INTRODUCTION

Entrepreneurship is the practice of starting new organisations or revitalizing mature organisations in response to identified opportunities (Eroglu & Picak, 2011). An entrepreneur is a person who makes value creation through innovations (Bolton & Thompson, 2004; Koster & Rai, 2008) and these innovations increase the GDP per capita of a nation (Doran, McCarthy & O'Connor, 2018). Innovative entrepreneurs tend to be successful (Estrin, Korosteleva & Mickiewicz, 2020) and it acts as a fundamental factor of economic development across the globe (Toma, 2014). But in order to have a positive impact on country's growth and GDP, entrepreneurs must overcome the institu-

tional barriers, which is only possible if the benefits of forming ventures outweigh the costs arising out of those barriers (Cumming, Johan & Zhang, 2014). So, it is important to link entrepreneurship with incubation for firms to enhance its positive impact (Sharma, Shukla & Joshi, 2015) and acquire the resources, capabilities, knowledge and social capital (Eveleens, van Rijnsoever & Niesten, 2017). Business Incubation is an emerging, dynamic and interactive process of developing the entire entrepreneurship ecosystem (Hausberg & Korreck, 2020) through the provision of value-added services (Fernández Fernández, Blanco Jiménez & Cuadrado Roura, 2015). The physical environment of business incubation which is inclusive of a large variety of skills and services,

helps in supporting and developing start-up firms and small and medium enterprises in their business activities (European Union, 2018; *Info Dev Strategic Directions 2009-11 & the FY09 Work Program Donors Meeting*, 2008). Business Incubation stimulates the growth of new and early stage firms through a critical policy (Suk & Mooweon, 2006) and connects individual passion with organisational goals (Eshun, 2009). In order to graduate the incubatees, it is necessary for the business incubation centres to modify their services consistently in support of the beneficiaries (Al-Mubarak & Busler, 2017; Zapata-Guerrero *et al.*, 2020) and have a continuous positive impact on the business firms (Aladejebi & Oladimeji, 2020). Though the incubatees are connected with the incubation process, if the incubation centres do not exhibit continuous performance, the survival chances of the incubatee entities turn out to be bleak (Schwartz, 2013). For effective incubation process, the incubation centres and private firms must receive perpetual assistance from policy makers and regulatory authorities (Hassan, 2020; Voisey *et al.*, 2006). Peña (2004), focused upon the business incubation centres of Basque country which have increased the growth of the ventures by providing them human capital which includes training, assistance and managerial services. And by receiving these services more entrepreneurs are developed across the globe through improved business performance (Ayatse, Kwahar & Iyortsuun, 2017) and it is evident that there exists a strong relationship of incubation with economic development (Kihonge, 2016). But it is also important for entrepreneurial firms to develop its' own assets and resources. According to (Pettersen *et al.*, 2016) though the incubators' resources are highly significant but start-up firm's own network resources proved very crucial in enhancing its performance. The entrepreneurs associated with the start-ups need to clear themselves with the services of incubation which are highly valued and which will give them assured and best results. As mentioned in the study of (Lala & Sinha, 2019) that Seed funding, R&D support and commercializing technologies were

the major factors influencing incubation process. The results of (Thomas & K.I., 2020) also indicated that the operational facilities and services of business incubation centres has led to the growth of new Kerala start-up units. Apart from all these, the incubators also need to timely assess their strength and position which might create hindrance for their beneficiaries. (Ramar *et al.* (2020), highlighted the severe problems faced by incubators which acted as constraints in the entrepreneurship development. The timely identification and resolution of problems will ease the process of incubation and entrepreneurship development across the globe.

The present study focuses on the practices followed by Assam Start-up in increasing the number of entrepreneurs over the years.

The researcher has attempted to examine the role of Assam Start-up in promoting entrepreneurship in Assam and to explore the gap between the practices followed by business incubation centres and the actual services received by the incubatee entities.

Hypothesis :

H₀: There is no significant gap between the practices followed by the incubation centre and the actual services received by Incubatee entities

H₁: There is significant gap between the practices followed by the incubation centre and the actual services received by Incubatee entities

MATERIALS AND METHODS

In the present study, the details of the beneficiaries of Assam Start-up incubation process were collected from the website of Assam Startup-The Nest. Structured questionnaires were mailed to all the incubatee entities but however responses were received from only 50 incubatee entities responded to it. The sample of the incubatee entities are confined to 40 which is fit for the study. Questionnaires were developed after reviewing various studies (Acharya, 2019; Kamdar, 2013; Kant, 2017; Mirza, 2017) and several other existing sur-

vey instruments related to business incubation. The responses were collected on a five-point likert scale from the Incubator head & managers of the incubatee entities and Mann-Whitney U test was conducted to compare their responses.

RESULTS AND DISCUSSION

To check the consistency of the adopted questionnaire, a reliability test was conducted where Cronbach’s alpha coefficient value was calculated.

The obtained value of Cronbach’s alpha (0.843) is greater than the standard value of Cronbach’s (0.70) indicating that the questionnaire is reliable.

Since the significant value of p in both Kolmogorov-Smirnov test and Shapiro-Wilk test is less than the standard p value of 0.05, therefore we reject the null hypothesis at 5 % level of significance and conclude that the data is not normally distributed.

Table 1. Reliability Statistics

Cronbach's Alpha	N of Items	Status
0.843	11	Reliable

Table 2. Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Services of the Incubation program	0.277	41	0.000	0.806	41	0.000

a. Lilliefors Significance Correction

Table 3. Role of Assam Startup-The Nest in promoting Entrepreneurship Compared Means

Category	Business Incubation Centre				Incubatee Entities				Total			
	Mean	N	Std. Deviation	Std. Error of Mean	Mean	N	Std. Deviation	Std. Error of Mean	Mean	N	Std. Deviation	Std. Error of Mean
The Incubation centre shares business ideas with the incubatees entities to develop business plans	5.000	1	0.000	0.000	4.775	40	0.324	0.045	4.905	41	0.275	0.035
The Incubation centre assists the incubatees in conducting feasibility study of the proposed project	5.000	1	0.000	0.000	2.218	40	1.328	0.164	2.743	41	1.672	0.174

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The Incubation centre facilitates the incubatees with low-cost work space and equipment	4.844	1	0.336	0.056	1.411	40	0.727	0.116	2.270	41	1.757	0.188
The Incubation centre provides access to Know-how/technology resources to incubatee entities	4.611	1	0.532	0.120	3.682	40	1.328	0.177	4.135	41	1.209	0.131
The Incubation centre assists incubatee entities in securing legal approvals and networking opportunities.	4.518	1	0.384	0.913	1.411	40	0.728	0.095	2.243	41	1.612	0.187
The Incubation centre has a laboratory for prototype testing	4.627	1	0.219	0.213	4.318	40	0.416	0.057	4.824	41	0.353	0.045
The Incubation centre provides access to funding	4.479	1	0.363	0.012	1.418	40	0.887	0.392	2.338	41	1.571	0.174
The Incubation centre provides exposure to industry leader and mentorship	4.211	1	0.432	0.118	4.336	40	1.250	0.147	4.126	41	1.139	0.132
The Incubation centre has helped the incubatee entities to start its business with a minimum investment	4.244	1	0.236	0.136	2.134	40	1.343	0.152	2.727	41	1.625	0.167
The Incubation centre has accelerated the growth of incubatee entities	4.311	1	0.522	0.128	2.761	40	0.793	0.136	3.125	41	1.214	0.120
The Incubation centre takes regular feedback from incubatee entities.	4.389	1	0.313	0.046	2.354	40	1.241	0.139	2.243	41	1.627	0.147

Table 3 describes the role of the business incubation centres in promoting entrepreneurship in Assam. The ratings were provided on a 5-point likert scale by the respondents on each of the statement which determine the services rendered by each incubation centre to their respective incubatee entities. In order to promote entrepreneurship in the region, the incubation centres claimed to be rendering all the services with mean scores of above 4. The services include sharing business ideas, as-

sistance in conducting feasibility study, facilitate with low-cost work space and equipment, access to Know-how/technology resources, assistance in securing legal approvals and networking opportunities, laboratory facility, access to funding, exposure to industry leader & mentorship and other support services such as helping the incubatees to start its business with a minimum investment, accelerate the growth of incubatee entities, take regular feedback from incubatee entities.

However varying responses were received from the incubatee entities. From the compared responses, it was found that among the 11 (Eleven) services provided by the incubation centres, only 4 (Four) of them (share business ideas, access to Know-how/technology resources, laboratory facility and exposure to industry leader & mentorship)

services were availed by the incubatee entities with mean scores of above 4.0. And the remaining 7 (Seven) services having means scores in the range of 3 or less, signify that these services are not adequately received by the incubatee entities.

Table 4. Analysis of the gap between the practices followed by Business Incubation Centres and actual services rendered

Services	Mann-Whitney U	Asymp. Sig. (2-tailed)
The Incubation centre shares business ideas with the incubatee entities to develop business plans	432.000	0.107
The Incubation centre assists the incubatees in conducting feasibility study of the proposed project	13.000	0.001
The Incubation centre facilitates the incubatees with low-cost work space and equipment	17.000	0.004
The Incubation centre provides access to Know-how/technology resources to incubatee entities	360.200	0.076
The Incubation centre assists incubatee entities in securing legal approvals and networking opportunities	7.000	0.010
The Incubation centre has a laboratory for prototype testing	416.500	0.073
The Incubation centre provides access to funding	16.000	0.004
The Incubation centre provides exposure to industry leader and mentorship	364.000	0.068
The Incubation centre has helped the incubatee entities to start its business with a minimum investment	86.000	0.002
The Incubation centre has accelerated the growth of incubatee entities	22.000	0.000
The Incubation centre takes regular feedback from incubatee entities	74.000	0.000

To analyse the gap between the practices followed by business incubation centres and actual services received by their incubatees, Mann-Whitney U test was conducted. The test reveals that the Sig. (2-tailed) p values of 4 (four) incubators' services namely sharing business ideas (p value = 0.107), access to Know-how/technology resources (p value = 0.076), laboratory facility (p value = 0.073) and exposure to industry leader and mentorship (p value = 0.068) are greater than the standard p value of 0.05, therefore the null hypothesis couldn't be rejected and it is concluded that there is no significant difference in the four services rendered by the incubation centres and received by the incubates (Table 4). The remaining services of the incubation centres have p values less than the significant value of 0.05, therefore the null hypothesis is rejected at 5 % level of significance and it is concluded that there is a significant difference in those practices of the incubation centres and the actual services received by the incubatee entities.

CONCLUSION

The quality of service provided to beneficiaries determines the success of the incubation process, which is reflected in the establishment of new business units. The successful operation of incubation projects is based on the development of the number of graduate companies, client companies with high survival rates and high added value for innovative products and services, which is also in line with the studies cited above (Al-Mubarak & Busler, 2017; Zapata-Guerrero *et al.*, 2020). From the study it is evident that the business incubation centres are deficient in providing most of the services to the incubatees, that includes - assistance in conducting feasibility study, facilitate with low-cost work space and equipment, assistance in securing legal approvals and networking opportunities, access to funding, and other support services such as helping in starting the business with a minimum investment, accelerate the growth of incubatee entities, taking regular feedback from incu-

batee entities. Out of all the above-mentioned services, high inefficiency was found on the part of the incubation centres in providing assistance to the incubatees in securing legal approvals and networking support. Moreover there is highly significant gap between the practices followed by the incubation centres and the actual services received by the incubatee entities which is similar to the results of (Kamdar, 2013). The incubation centres also provided many other services but that were of less importance to the incubatee entities. There are deviations in the expectations of Incubation centres and Incubatee entities regarding services offered. According to the incubatee entities, the incubator was not consistent enough in its service delivery which led to the closure of many beneficiaries which existed before. Incubation centres must identify their strengths and weaknesses and incorporate the refinements in its process which is similar to the suggestions made by (Gerlach & Brem, 2015). It is recommended that Indian technology business incubation centres should adopt the cost reduction strategies in order to bring efficiency which was also suggested in (Tang *et al.*, 2013). So it is important for incubators to make the best use of its resources to nourish and promote successful entrepreneurs. And it is highly valued that the incubation centres must receive regular financial assistance from government institutions and other prominent organisations to provide the incubatees with much needed help and boost the growth of new start-up units in the region.

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