

## **The Role of Business Incubation in Supporting Startups: A Case Study at Padang Industrial Training Center**

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### **Abstract**

Business incubators as growth facilitators have an important role in helping new entrepreneurs to develop their businesses. However, in carrying out their duties and functions, there are several obstacles faced by business incubators. This will have an impact on the success of tenants in developing their businesses. This study aims to analyze the incubation program at the BDI Padang business incubator. The aspects studied relate to the incubation program at before, incubation period, and after incubation stages. By using a case study types, this study analyzes qualitatively. Data is obtained from primary data with interview techniques with the required sources and secondary data obtained through literature studies. The sources of this study were the managers of the BDI Padang business incubators consisting of 3 people and tenants who had participated in the incubation process consisting of 3 people. This data analysis indicates that the level of tenant success still varies, where the obstacles faced are not only in business development but also internal factors of their business. There are several criteria that need to be improved, both in acceptance and in the incubation process. In other words, there are shortcomings at BDI Padang in the incubation process.

**Keywords:** Business Incubator; Incobation Process; Entrepreneur

### **Introduction**

MSMEs are one of the businesses that play a role in supporting and increasing economic growth, both locally and nationally. This is because MSMEs have the resilience that can be the mainstay of economic growth and have the highest MSME turnover rate in the world from all developing countries (Raya et al., 2021). Based on data from the Ministry of Cooperatives and SMEs, there were around 65.47 million MSMEs in Indonesia in 2019, absorbing a workforce of around 123.3 thousand workers (Kemenkopukm, 2019). Furthermore, based on these data, it also shows that the contribution of MSMEs to GDP (Gross Domestic Product) is 60.5%. This shows that Indonesian MSMEs have great potential to be developed.

In addition to their significant role in supporting the national economy, MSMEs also face a number of challenges in order to develop. According to the Indonesian Banking Development Institute and Bank Indonesia, there are limitations faced by MSMEs including difficult access to capital institutions, lack of knowledge and skills, a good business management system, limited raw materials, limited distribution, limited production, limited access to technology, and low competitiveness (LPPI & BI, 2015). In addition, the problems faced by MSMEs are in product marketing. The marketing process carried out by MSME actors still tends to be traditional with a simple marketing strategy (Budiarto et al., 2018). Based on research (Gamage et al., 2020) explains that the formation of competitive MSMEs is very much needed in the era

of globalization, so to realize it, the role of an institution is needed through the use of innovation and technology such as the government, universities, and business incubator institutions.

The government as the state administrator has tried to help MSME actors so that they can develop further. The assistance includes access to capital such as providing KUR (People's Business Credit) and venture capital, empowerment and training, access to technology, as well as institutions and assistance (Djpb.kemenkeu, 2023). The government also collaborates with various parties such as the private sector, academics, and organizations. Universities as educational institutions also have a significant role in helping to overcome various challenges faced by MSMEs (Hasbullah et al., 2014). Programs provided by universities such as education, training, facilities, and networks. With the support and active role provided by these universities, they can encourage the growth and progress of MSMEs on Indonesia. In addition to the role of the government and universities, organizations also have a role in helping MSMEs to develop and face various challenges faced, such as business incubators.

The phenomenon of business incubators is currently the center of attention of the Indonesian people, both from business actors to ministries. In Indonesia, there are already many business incubators such as the IPB (Bogor Agricultural Institute) business incubator which focuses on developing MSMEs in the agribusiness and agro-industry sectors with development programs that include training, mentoring for tenants, access to business and financial resources, public services and facilities, and expansion of product marketing (Incubie.ipb, 2024). The business incubation program consists of three stages, namely before, incubation period, and after incubation.

In addition, there is also the Digital Amoeba business incubator which is a division of Digital Service (DDS) of PT. Telkom Indonesia with a position as a company innovation laboratory which includes an incubator program for ideas owned by its employees in creating digital talent and digital businesses. The goal is to contribute to the digital economy in Indonesia. The business incubation program contained in Digital Amoeba include before, incubation period, and after incubation (Ruhayana, 2021). Business incubators are one of the parties that are quite effective in increasing the capacity of MSMEs or start-up entrepreneurs (Marzaman & Hasan, 2020). As stated by Mian (1996) in his research, the role of business incubators is believed to be able to provide the appropriate needs for the sustainability of start-up companies. Bergek and Norman (2008) also said that one of the efforts that can be made to develop MSMEs is through business and technology incubator programs. The existence of business incubators is very important to encourage the growth and development of MSMEs (Ogutu & Kihonge, 2016).

In carrying out their duties and functions, there are a number of challenges faced by business incubators. The challenges and limitations that hinder business incubators are access to capital, facilities, regulations, organizational structure, and human resources (Sinaryanti, 2020). Some of these challenges will impact and affect the performance of business incubators such as low startup success rates, lack of trust from stakeholders, constraints on tenants fostered by the incubator, and suboptimal mentoring service processes. The Padang Industrial Training Center (BDI) is one of the Business Incubator units initiated by BPSDMI. BDI Padang was established in 2018 with the aim of helping to develop new entrepreneurs in West Sumatra. This incubator provides various services and support including mentoring, access to capital, networking, and training. The business incubation process includes before, incubation period, and after incubation.

Based on the data obtained, it is stated that around 50% of the development of startups that have been incubated have succeeded in developing their businesses and some have failed in developing their businesses. This is certainly caused by several factors, both external and internal factors. Therefore, it is necessary to evaluate the incubation process carried out by the

BDI Padang business incubator. There are several reasons why this study needs to be conducted. First, to determine the effectiveness of the existing incubation program at BDI Padang. This is important to ensure that the incubation program really provides benefits to tenants and helps in achieving their business goals. Second, to identify and evaluate areas that need to be improved in the incubation program. Analysis can help business incubators to identify weaknesses in their programs and make necessary changes to improve their effectiveness. Third, to improve the accountability of business incubators to stakeholders so that it can help business incubators to show stakeholders such as the government and investors that tenants are using their resources effectively to achieve their goals. Fourth, to support the development of more effective policies so that it can help policy makers to understand the needs and challenges of business incubators and develop policies that can help them achieve their goals.

Related to previous problems, the questions in this study can be identified, namely "How is the selection process, mentoring process, and post-incubation services that occur at the BDI Padang business incubator?".

## **Literature Review and Hypotheses Development**

### **Business Incubator**

A business incubator can be defined as an institution or organization that provides support and guidance to tenants, either through tangible assets (space and administrative services) or through intangible assets (knowledge and network access) (Hausberg & Korreck, 2020). Business incubators develop the entrepreneurial spirit of startups with resources that are usually available to new entrepreneurs. Business incubators as growth facilitators have an important role in providing services to tenants, both knowledge-based services, network, training programs, and capital support to develop their competencies (Jamil et al., 2015). This is necessary for the sustainability of the business. Besides that business incubators help motivate new businesses in turning their business ideas into real businesses.

Business incubators have different directions and views in carrying out their roles that focus on the entrepreneurial aspect and can produce many new innovations that help develop new businesses (Hackett & Dilts, 2004). Success in developing entrepreneurship can be seen from the good synergy between knowledge, skills, talents, and technology. Therefore, business incubators try to integrate these aspects to their tenants. Business incubators act as a container or media to integrate aspects that can increase startup opportunities in developing their new businesses.

Business incubators aim to be facilitators to support and develop tenant competencies. Success in business development is seen from the good relationship between competency, technology, capital and knowledge. The business incubator process is called incubation which consists of the pre-incubation stage, the main-incubation stage, and the post-incubation stage (Gerlach & Brem, 2015). The pre-incubation stage is the initial stage where at this stage the tenant selection process is carried out based on certain criteria and based on the target market of each business incubators. The tenant selection process is an important part because it can affect the results of the incubation process. The ideas owned by tenants must meet several criteria of each business incubator, such as innovation, market potential, quality of business planning, suitability with the incubator's field of expertise, type of technology, suitability with regional cluster companies and the risk of failure that may occur. The next stage is main-incubation, which is the core stage of incubation activities. Startups must grow through the support provided. The main-incubation process begins with an idea and a strategy to achieve the idea. Incubators provide business support services to tenants including physical resources, funding, office support, startup

assistance, and access to networks. By providing these services, tenants can develop their ideas. During the incubation process, strict monitoring is needed to improve the quality of tenants.

The last stage is post-incubation, which begins with the graduation of tenants after going through the incubation period. This stage is divided into 2, namely the impact of the incubator or impact and guidance after graduation or after care. During the main-incubation stage, after care is an important support service. After the tenant graduates, the tenant can become an affiliate for the new tenant company and can exchange experiences at seminar events.

### Startup

Startup or pioneering company is a term for a company that has not been running for long. Most companies that are included in the startup business are companies that have just been established and are in the development stage. In the report "Indonesia Venture Capital Outlook 2017" released by Google and a consulting firm AT Kearney in 2017, it was stated that the development of startups in Indonesia was quite rapid (Keayner, 2018). According to Ries (2011), startups have characteristics or traits, namely: 1) Innovation, startups must innovate in order to remain competitive and meet changing market needs; 2) Iteration, startups must adapt to develop their products and services based on experience and input from customers; 3) Uncertainty, startups operate in an uncertain market; 4) Scalability, startups must have scalable business capital in order to grow; 5) Speed, startups must adapt quickly to market changes and take new opportunities quickly.

### Framework of Thinking

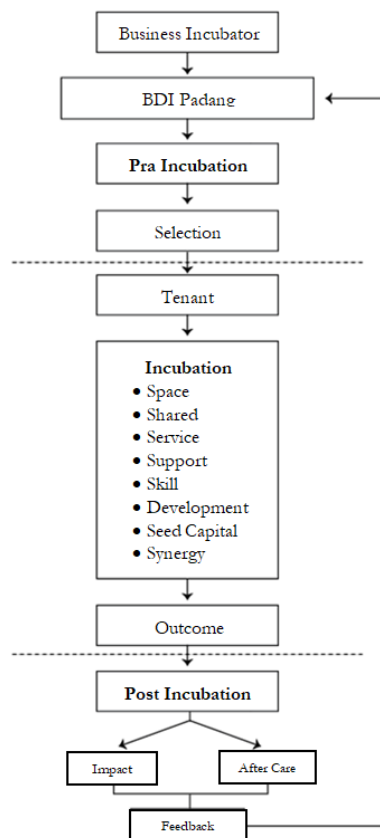


Figure 1. Framework of Thinking

The framework of thought in this study is based on the Business Incubator initiated by the Ministry of Industry, which is called "Industrial Training Center (BDI) Padang". BDI Padang is expected to provide quality assistance to tenants so that it can increase the competitiveness

and sustainability of tenant businesses. An illustration of the research framework can be seen in Figure 1.

This research framework explains that there are three main stages of incubation in a business incubator, namely before, incubation period, and after incubation (Gerlach & Brem, 2015). It is known that the pre-incubation stage begins with the socialization and tenant selection process. The selected tenants must meet several requirements that have been determined by the business incubator. If tenant screening has been carried out, tenants who pass the selection can proceed to the next stage, namely the incubation stage. The incubation stage includes space, shared, service, support, skill, development, seed capital, and synergy (Hatammimi & Ramadhani, 2014). While the post-incubation stage is the last stage, where services will be provided to tenants who have successfully passed the incubation process (aftercare) and the impact generated by the tenant. Tenants who have successfully passed the three stages of incubation are declared to have passed and have the challenge to be able to survive and continue to develop their business.

## **Methods**

This research method uses a qualitative method. Qualitative research can be understood as one of the research methods used to examine the conditions of scientific objects that make the researcher the main instrument, so that result are obtained that emphasize more on meaningfulness (Sugiyono, 2018). Qualitative data used were obtained from interviews with several sources needed. This research began with a literature study to formulate a conceptual framework that functions as a guide in analyzing facts. Case studies are used as a strategy in this study that focuses on investigating a particular phenomenon. This research paradigm uses a deductive theory development approach and Interpretivism. Deductive theory can be understood as the transition of ideas, theories, or mental images to obtain observable empirical evidence (Neuman, 2014). This research is based on a problem which is then made a framework of thought from the data that has been obtained and looks for theories related to the incubation process. data collection is carried out cross-sectionally applied at a certain time that has been determined.

This research begins by identifying the existing problems. Furthermore, the formulation of research problems is carried out by creating several questions, then a literature review is carried out to determine gaps and limit research problems. After that, a framework of thought was formed to map the outline of the logical flow of the research that could answer the questions. Furthermore, the determination of the research methodology design to be carried out. Data obtained through interviews with sources. Data was obtained by providing 15 attributes adopted from Gerlach and Brem (2015). In the pre-incubation stage, there were 3 attributes consisting of criteria, stages, and target number of tenants with 10 questions. In the incubation stage, there were 7 attributes consisting of learning programs, sharing sessions, seminars/workshops, funding, networking, physical facilities, and non-physical facilities with 39 questions. While in the post-incubation stage, there were 5 attributes consisting of evidence of having participated in the incubation, programs, facilities, target number of tenants who survived, and impacts with 26 questions.

In this study, the object of research used was BDI (Industrial Training Center) Padang. The selection of this research object was because we wanted to find out how the incubation program carried out by BDI Padang assisted tenant businesses. In addition, to find out how many startups have survived after going through the incubation stage at BDI Padang. The selection of informants in this study was carried out using a sampling technique, namely purposive sampling. Purposive sampling is a technique whose determination is carried out with certain considerations (Sugiyono, 2018). In this study, the purposive sampling technique used was to

select informants who could represent and provide the required data information. In this study, interviews were conducted with 3 BDI Padang incubation managers in the internal part of the institution who were quite experienced in the field of incubation and 3 tenants who had participated in the incubation process.

## **Results and Discussion**

### **Pre-Incubation Process**

#### ***Criteria***

In this section, the informants were interviewed regarding the criteria applied by the business incubator to determine its tenants. According to the results of the interviews conducted, the tenant criteria are determined based on the objectives and outputs that will be produced from the BDI Padang business incubator program, so that they are reduced to the requirements of prospective tenants who will register. This was expressed by informant A, where "Yes, the criteria are determined based on the objectives and outputs that will be produced from the BDI business incubator program, reduced to the requirements of prospective tenants who will register".

Based on this statement, the criteria applied by the business incubator are to ensure that the selected tenants are in accordance with the objectives, needs, and specializations of the BDI Padang business incubator program and are able to achieve the expected output optimally. This is in line with what was expressed by several experts regarding tenant acceptance, where in accepting prospective tenants there are several criteria. Accepting prospective tenants is a core stage in the pre-incubation phase. Business incubator managers must decide which tenants are in accordance with the program's targets and meet the requirements to register with the incubator. Gerlach and Brem (2015) stated that in accepting tenants there are criteria that must be considered, such as fittest and best idea which includes innovation, technology, quality, and in accordance with the incubator's expertise so that the tenant's business idea is in line with the focus of the program. This is in line with what has been expressed by several experts, where tenant acceptance is focused on 2 approaches, namely ideas and entrepreneurs or teams (Hackett & Dilts, 2004)(Dee et al., 2011). Meanwhile, Vanderstraeten & Matthyssens (2012) added another important aspect that must be considered in the tenant acceptance criteria, namely consideration of stakeholders that are adjusted to the incubator.

#### ***Stages***

In this section, the field results obtained regarding the stages that occur in the tenant acceptance process at the BDI Padang business incubator. Based on the field results, it was obtained that there are stages in tenant acceptance, including registration, administrative selection, BMC, interviews, validation of production sites, and announcements. This was explained by informant A, where "There are, pre-incubation stages including registration via the available link, administrative selection, filling in the BMC (Business Model Canvas), interview selection, validation of production sites, and announcement of the selection".

The implementation of these stages aims to select tenants comprehensively, so that only the most suitable participants and those with a high chance of success can join the program. In addition, the tenant acceptance stage is carried out to get tenants who meet the required criteria and the commitment of the tenants to follow the incubation process until completion. This is in line with what was expressed by Wiggins & Gibson (2003), where according to him the tenant acceptance stage includes verbal presentation, business plan application, and review. The incubator also uses internal and external review processes in tenant acceptance. However, this is different from the opinion of Gerlach & Brem (2015), where the stages include training

and implementation of business plans. This is done to help and monitor the development of tenants, both individuals and teams. Based on this explanation, it can be understood that each incubator certainly has several different stages that are carried out in the pre-incubation phase according to the objectives of the incubator.

### ***Target***

The number of applicants for each batch is around 7-8 tenants. The determination of the target number of incubated tenants aims to maintain a balance between the quality of coaching provided and BDI's ability to support tenant development optimally during the program. In addition, the target number of tenants is also set to ensure that the business incubator program can run effectively and measurably, in accordance with the capacity of BDI's resources and to achieve optimal output. Therefore, the incubator must decide which tenants are in line with its goals and objectives and meet the tenant acceptance criteria (Gerlach & Brem, 2015).

### **Incubation Process**

#### ***Learning Programs***

The core stage of the incubation process is the learning program organized by the BDI Padang business incubator. The learning program is part of the incubator's role in skill development. This role includes improving tenants' abilities in managing their businesses. According to Gerlach and Brem (2015), learning includes technical, business, legal, and access to funding. These aspects are integrated with the sharing program, namely in mentoring and coaching activities, as well as workshops.

The BDI Padang business incubator provides various learning programs, such as mentoring and coaching provided during the incubation phase. This was expressed by informant A, where "... the learning program is carried out through mentoring and coaching provided during the incubation phase. This activity includes the development of technical, managerial, and business strategy skills of tenants". The learning program was confirmed by the tenant who was a resource person in this study. Based on this statement, it was obtained that the learning program at the BDI Padang business incubator focuses on the development of technical, managerial, and business strategy skills. Tenants are given assistance according to their needs. The learning program is implemented by involving resource persons from business practitioners, industry players, academics, and external resource persons who have special expertise according to the tenant's development needs, thus enabling tenants to receive assistance according to their business fields.

The learning program is designed to equip tenants with the skills needed to face business challenges and maximize their potential during the incubation process. The basis for the success of an incubator starts from the efficiency and effectiveness of the learning process (Shehada et al., 2020). This is in line with what was expressed by Messeghem et al. (2017), where the effectiveness and efficiency of the incubation process are the keys to the success of the incubation. It is further explained that the learning program is a basic foundation or a very important investment to achieve the goals of the incubator. In developing the learning process, mentoring activities are needed to ensure that tenants get the assistance they need, form strategic planning, and control tenant quality (Vanderstraeten & Matthyssens, 2012).

#### ***Sharing Session***

The sharing session program is one of the activities carried out by the incubator in the incubation process. The sharing session program carried out by the BDI Padang incubator is the mentoring and coaching process. This is in accordance with what was expressed by informant B, that "the sharing session program is available through mentoring and coaching,

where tenants get input from mentors and share experiences regarding the challenges faced with coaches. Mentoring is carried out in class sessions attended by all tenants by discussing general topics. Coaching, on the other hand, is carried out personally, with each tenant accompanied by a coach to discuss more specific problems and strategies related to their business".

The mentoring and coaching program is carried out to provide guidance and practical solutions for tenants in developing their businesses and products, as well as encouraging collaboration between tenants to help them overcome business challenges and improve the technical and managerial skills needed to develop their businesses effectively. In addition, the program is carried out to provide more personal support and focus on the specific needs of each tenant, so that they can receive the right direction in managing and developing their business during the incubation process. According to Hillemane et al. (2019), incubators as institutions that support the growth of new businesses provide various facilities and programs, such as sharing in the form of mentoring and training. Vanderstraeten & Matthyssens (2012) stated that mentoring or mentoring programs are needed to control quality and develop learning, form strategic planning, and according to what is needed. While coaching or training is carried out to determine the extent of knowledge possessed by tenants (Carvalho & Galina, 2015). It is further explained that supporting services such as mentoring and coaching are important elements in learning.

### ***Seminar/Workshop***

The BDI Padang business incubator collaborates with TBF (The Bespoke Fashion Consultant) so that tenants can participate in workshops organized by TBF. The program is classified as a form of skill development in a broader context. The services provided are very important to monitor the progress and development of tenants, because the main task of the incubator is to provide supporting services and resources for tenants (Al-Mubaraki & Busler, 2011). According to Lalkaka (2006), the service in the form of a workshop provided by the incubator aims to support and develop tenant businesses. The program is carried out to enrich tenant insights, introduce the latest trends, and provide additional expertise that can help them develop and optimize their businesses, especially in technical aspects and business strategies that are relevant to the industry they are in. In addition, the program is carried out to open up opportunities to collaborate and learn directly from experts in their fields. In other words, TBF acts as a facilitator in the process of continuous skill development

### ***Funding***

BDI Padang business incubator does not have a funding program provided to tenants. This is because the main focus of the incubation program is to produce industrial entrepreneurs who are able to compete in the market, not to provide direct funding. The incubation process does not provide funds directly to tenants, but rather equips tenants with the various capabilities needed to attract funding from external investment. In other words, the program focuses more on developing tenant capacity so that they can be independent in seeking funding. This is because the main task of the incubator is to provide services and supporting resources needed by tenants (Al-Mubaraki & Busler, 2011). This is different from the opinion of Wiggins & Gibson (2003) who stated that one of the strong influences on success is finance. In agreement with (Dee et al., 2011), that most incubators rely on public funding to run training and mentoring programs.

### ***Networking***

The networking program in the business incubation programs is one of the activities designed by the incubator to connect tenants with various parties relevant to their business. These parties

include investors, mentors, fellow tenants, government, and so on. The networking program is very important where the program is a business support service for tenants and incubators (Ratinho et al., 2013). Fiates et al (2013) emphasized that incubators support the formation of networks that stimulate innovation and interaction with various relevant parties, thereby opening up global market opportunities (Rizzi et al., 2017). This is in line with the opinion of Carvalho & Galina (2015) who explained that networking has advantages that include innovation, idea development, and inspiration. Therefore, incubators do various ways to obtain networking programs so that they can help develop their tenants. The networking process in the BDI Padang business incubator is carried out by involving tenants in various activities such as workshops and exhibitions.

### ***Facilities***

Facilities are used to support the development of tenant businesses. The BDI Padang business incubator provides various physical facilities that support the incubation process, including physical facilities and non-physical facilities. According to Carvalho & Galina (2015), facilities are used to help tenants develop their businesses. This is in line with the statement that incubators that provide facilities equipped with the required capabilities can increase the success of small businesses (Shehada et al., 2020). Physical services are very important because they directly affect the number of graduates and the success of the incubator (Peters et al., 2004).

The BDI Padang business incubator provides various physical facilities that support the incubation process, including tenant space, production space, and gallery. This was expressed by informant B, "The physical facilities provided by BDI include production machines to help tenants produce products on site, a comfortable discussion room for discussions with mentors or other tenants, and a special gallery used to display tenant products as a means of promotion and product introduction". Meanwhile, non-physical facilities are the key to tenant success in the incubation process. This is because these facilities provide significant added value in the growth of tenant businesses outside of the physical facility aspect. Non-physical facilities provided by the BDI Padang business incubator include mentoring through mentoring and coaching. This was conveyed by informant E, where "Non-physical facilities provided include mentoring and coaching". In previous literature, consulting services have a fairly strong influence on the success of a tenant (Wiggins & Gibson, 2003). This is in line with the opinion of Carvalho & Galina (2015), who said that supporting services such as mentoring and coaching are important elements in learning so that these services can support in achieving goals.

### **Post Incubation Process**

#### ***Proof of Following the Program***

Based on interviews with several managers and tenants, it was obtained that evidence of tenants having participated in the incubation program was by obtaining certificates and plaques given after the tenant successfully completed the incubation program. The tenant graduation benchmark is based on an evaluation conducted by mentors, coaches, and incubator managers on the progress and results achieved by tenants in developing their businesses during the incubation period. This is in accordance with the opinion of (Dee et al., 2011), where in graduating tenants there are policies that are adjusted to the incubator. This is in line with the opinion of Wiggins & Gibson (2003), where tenants can be said to have graduated if the tenant has completed a certain period of time or when the tenant has met the criteria set by the incubator.

## ***Programs***

The programs in the BDI Padang business incubator are not only at the core incubation stage, but the program also exists after the incubation stage. The program is carried out to help tenants so that they do not fail due to lack of experience. The program in the post-incubation stage carried out by the BDI Padang business incubator is mentoring and evaluation. This was conveyed by informant B, where "Yes, after graduating from the incubation stage, tenants will be assessed through continuous monitoring and evaluation so that the team can monitor the progress of the tenant's business and measure the effectiveness of the incubator program in supporting the development of their business in the next stage".

The program is carried out with the aim of providing ongoing support for tenants after participating in the incubation phase. This is done to ensure that tenants can continue to develop their businesses by updating their knowledge and improving their competencies. This is supported by the statement (Dee et al., 2011), where it is important to actively monitor the development of tenant businesses. With good monitoring, incubators can more quickly help tenants who are having problems developing their businesses. This is in line with what was expressed by (Schwartz, 2009), who suggested that incubators carry out more active monitoring of their tenants. According to him, the development of tenant businesses after graduating from incubation will face a fairly high risk of failure. Therefore, support from incubators is needed so that tenants who have graduated can continue to develop their businesses.

In addition, the program is intended to expand the tenant network through sharing sessions and workshops so that they can develop further in the industrial world and be ready to face bigger business challenges. The benefits of the program include strengthening the capacity and competitiveness of tenants who have graduated from incubation, by continuing to provide learning and opportunities to collaborate. The post-incubation program has no time limit, but the incubation phase according to the PERMENKOP UMKM regulates that mentoring for tenants is carried out for a maximum of 3 years. If tenants are declared successful in the first year, they will be designated as alumni. However, if based on the assessment the tenant still needs mentoring, the mentoring process will be continued in the following year.

## ***Facilities***

The post-incubation program provided by the BDI Padang business incubator after the tenant graduates includes providing facilities that can be accessed by the tenant. The facilities provided are in the form of physical facilities, where tenants who have graduated are given facilities with the note that they must submit an application for use of the facilities first. In contrast to the opinion of Lai & Lin (2015) who stated that there are several facilities and services provided by the incubator after tenant graduation. These facilities include human resources, equipment, capital, business planning and strategy, and networking. The facilities provided by BDI Padang are still limited to physical facilities only. In fact, other facilities and services are also needed to support the development of tenant businesses. This is in line with the opinion of Schwartz (2009) who stated that post-incubation support is very necessary to reduce the risk of tenant failure in developing their business.

## ***Impact***

In this section, the expected results are regarding the impact of the incubation program through assessment. The impact is usually measured by the success or failure of an incubator. These assessments consist of various criteria, both internal and external. The assessment is carried out to ensure that the incubation program has a positive impact on the development of the tenant's business. This is important to evaluate the effectiveness of the program and identify

areas that need improvement. In addition, this assessment also functions as a tool to improve the quality of the incubation program in the future and ensure that tenants are ready to compete in the market after graduating from incubation. This statement is in line with research Ratinho et al. (2013) which discusses the impact of business incubators on tenants, where the influence of incubator support has a positive impact on tenants. It is further explained that incubators help solve problems faced by their tenants. Hackett & Dilts (2004) also added that there is a positive relationship between incubators and tenants.

Based on the analysis, it can be concluded that there is a difference between the findings and the previously formulated framework. The difference lies in the pre-incubation stage, where in the previous framework, the stage directly accepted prospective tenants without any other processes. Furthermore, at the incubation stage, the programs and services found seemed to be more supportive in creating effective tenant development, although there were still aspects that were not yet appropriate. At the post-incubation stage, there are programs and facilities that can be accessed by tenants who have graduated. In addition, the program can be said to be aftercare. The measurement carried out by the incubator is useful for seeing the extent to which the incubator has an effect on tenants, as well as knowing the benchmark for the achievements of tenants who survive.

## **Conclusion**

The pre-incubation process at the BDI Padang business incubator is carried out with selection based on predetermined criteria, namely based on the objectives and outputs to be produced. The stages that are passed include registration, selection, interviews, validation of production sites, and announcements. At the incubation stage, tenants receive learning programs and services provided by the BDI Padang business incubator. The learning programs provided include sharing, both mentoring and coaching, as well as workshops. Meanwhile, the services provided by the BDI Padang business incubator include networking services and facilities, both physical and non-physical facilities. At the post-incubation stage or the final stage where the tenant has graduated from the incubation process. Proof of tenants who have graduated from the program is in the form of certificates and plaques given when the tenant has completed the program. In addition, tenants who have graduated still receive facilities and programs from the BDI Padang business incubator. These facilities can be used after obtaining permission from the manager. The programs obtained are in the form of mentoring and evaluation which aim to monitor the development of the tenant's business after incubation, as well as evaluate the extent to which the incubator program has an impact on the sustainability and growth of their business.

The results of this study have academic and practical contributions. The academic contribution in this study is to provide a comprehensive analysis to fill the literature gap. This study integrates various elements of the before, incubation period, and after incubation processes. Practical contributions are intended for the BDI Padang business incubator through an overview of the importance of implementing the learning process in the incubation program, so that it can be used as a guide in improving the incubator's services. This study focuses on the role of business incubators in supporting the growth and development of startups using a qualitative approach. The limitations in this study are that the interview process has not been carried out optimally because the sources in this study are still relatively few, so the conclusions obtained cannot be said to be objective. This opens up opportunities for further research with mixed methods. Aspects in the incubation process will get more in-depth results if integrated with quantitative data collection.

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