



ABSTRACT WORKING PAPER 4.5

Do Business Incubators and Technoparks affect regional development? A comparative study in the EU27 and the NC16 countries

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Abstract

This working paper deals with the incubation phenomenon (i.e. business incubators and technoparks in the EU27 and NC16). The indisputable importance of incubators has been the focus of much research since the mid 1980s placing emphasis on a number of main topics and research questions. One of the most important questions regarding the role of incubators and the incubation process relates to their effectiveness as a regional and local development strategy that might achieve economic growth and social cohesion among the peripheries of developed countries. This is important as regional development and cohesion is the umbrella concept used by the EU and member states to support the increasing amount of funds directed towards the development of incubators. It is widely acknowledged that incubators are a technology transfer mechanism and a means of promoting entrepreneurship and the commercialization of new knowledge and innovations. The associational positive impacts of business incubators are usually measured by their contribution to job and wealth creation, outcomes resulting from accelerating the value-added process inherent in supporting small and medium sized enterprises (SMEs) which are the vehicle of an economy's growth potential. Recent research findings bring the spatial context into the analysis of the critical determinants for incubators' success, suggesting that it is favourable environments that will benefit most from the presence of business incubators. In line with this view, we argue that incubators might contribute to regional performance, subject to the existing regional endowments base. In other words, the operation of business incubators might enhance regional performance through the generation of multiplier effects but we might anticipate that these multiplier effects will be higher the more endowed a region is. This study analyzes empirically the incubation activity in EU27 and NC16 countries by bringing into the analysis three dimensions, namely the type of incubators, the intensity of their activity and the spatial context within which incubators are embedded. We estimate three intensity indicators for business incubators and technoparks activity and use both a uniform and a weighted rank order of the EU27 and NC16 member countries to illustrate regional differences in the intensity of incubation activity within the EU. Exploratory analysis reveals that a region's endowments base differentiates its ability to benefit from additive effects generated by the presence and operation of business incubators.