



ENTREPRENEURSHIP AND THE EFFECTS OF START-UP ACCELERATORS

A. Arockia Jeyasheela ¹ & Dr. U. Arumugam ²

RESEARCH ARTICLE



Author Details: ¹ Research Assistant, Department of Corporate Secretaryship, Alagappa University, Karaikudi, India; ² Assistant Professor, Department of Corporate Secretaryship, Alagappa University, Karaikudi, India

Corresponding Author:
Dr. U. Arumugam

DOI:
<https://doi.org/10.70096/tssr.250301015>

Abstract

Business incubators have been mushrooming in the recent past. There have been various studies on the impact of business incubators to the entrepreneurs and their diverse ideas. The major objectives of the study were to determine the factors affecting success of business incubators and identify impact level of those factors. An empirical study was conducted so as to insights and ideas. This study explores the impact of incubators and accelerators on startup success, analyzing their roles in mentorship funding and investment, Networking and collaboration, Structured Learning, Resource and Infrastructure.

Keywords: *Startup, Accelerators, Business Incubators, Entrepreneurship, Innovation*

Introduction

A business incubator is an organization that provides services like office space or management training to help fresh and beginning businesses grow. The services and facilities they offer, as well as their dedication to early-stage and startup businesses, set them apart from technology and research parks. Since new businesses lack resources, networks, and experience, business incubators offer services to help them overcome the initial challenges that they will probably face during the beginning phase. Among these obstacles are those related to computer services, accounting, legal services, money, space, and other necessary business operations.

Some of the services that business incubators provide include intellectual property management, regulatory compliance assistance, technology commercialization assistance, business etiquette assistance, management team identification, board and mentor advice, comprehensive business training programs, and access to venture capital or angel investors. Technology and research parks provide primarily physical infrastructure, while business incubators provide networking opportunities and expertise during the incubation and post-incubation phases. Other services include connecting the company with strategic partners, helping with business fundamentals and market research, and providing access to guarantee programs, loan funds, and bank loans.

Venture builders, startup studios, corporate accelerators, seed accelerators, public incubators, kitchen incubators, and virtual business incubators are the general categories into which business incubators fall. A business incubator that is distinguished by interacting portfolio firms is known as a startup studio. An online business incubator is known as a virtual business incubator. A business incubator that specializes in the food industry is known as a "kitchen incubator." A business incubator that concentrates on public goods is known as a public incubator. A business incubator that focuses on early startup companies is known as a seed accelerator. The term "corporate accelerator" describes a program made up of big businesses that are in charge of functioning similarly to seed accelerators.

Traditionally associated with economic development, incubators aim to assist emerging businesses during their uncertain early stages of operation. They provide office space, business support, networking opportunities, and shared support services like logistical and administrative help. Economic development organizations hope to boost employment growth, job creation, and the creation of new goods and services by encouraging the establishment of start-up businesses. As a result, incubators are now an essential component of the framework for growing sectors, particularly small businesses. Governments and private sector organizations have been actively involved in creating frameworks and regulations to establish, support, and maintain business incubators.

Objectives

- To know the Impact of startup Accelerators
- To study key factors on incubators and Accelerators

Literature Review

The business incubators have thrived since their materialization more than fifty years ago resulting in the inclusion of many incubation practices that convey the values that are critical to the businesses. Marlow & McAdam (2015) described business incubation as a process that aims at supporting the scaling and the development of a growth-oriented enterprise during its early stage. The same views are shared by Ayatse et al. (2017) who regard business incubation as a solid tool for survival and growth of businesses. Moreover, according to Marlow & McAdam (2015), the process offers the entrepreneurs a conducive environment during the startup stage, assists in reducing the costs that are associated with launching a business, increase the entrepreneur's confidence as well as linking the entrepreneurs to the networks and resources that are necessary for scaling a business. Thus, according to these authors, business incubation accelerates the growth of a business, generates economic and social benefits and saves money and time for the business

The report that is 'Effects and Impact of Entrepreneurship Programs in Higher Education' published by the European Commission states that entrepreneurship education in higher education improves students' basic competence in entrepreneurship, reinforces students' entrepreneurial intentions, and increases the employability. Additionally, it is mentioned on the report that entrepreneurship education is disseminated to all disciplines and delivered through compulsory courses in universities, emphasizes that the post-education monitoring activities should be performed repetitively (European Commission, 2013).

It is emphasized on European Commission's Entrepreneurship 2020 Action Plan that entrepreneurial education and training to support growth and business creation. Investment in entrepreneurship education is evaluated as the highest yield return for Europe. Thanks to entrepreneurship education, whether students establish an enterprise or not, they can improve their business knowledge and basic attitudes and skills that include creativity, initiative-taking, decidedness, teamwork, risk taking, and sense of responsibility (European Commission, 2013).

The Entrepreneurship 2020 Action Plan of the European Commission states that the return on investment in entrepreneurship education will be high. It has been demonstrated that middle school students included in the small company program in Europe may start their own businesses at a rate of 15 to 20 percent. Entrepreneurial courses provide to young people to develop entrepreneurship skills and behaviors, including business knowledge, creativity, taking initiative, perseverance, teamwork, risk 24 understanding and responsibility. This is a situation that enables ideas to turn into action and increases the employability of individuals.

Research Methodology

This research is a theoretical paper Secondary of data has been used. This secondary data has been collected from different published sources, book, journals, web sites.,

Understanding Incubators and Accelerators

Incubators provide a nurturing environment for start-ups in the very early stages-often before a minimum viable product (MVP) is developed. These Programs offer long-term support, typically lasting 1-5 years, helping founders refine their ideas into viable businesses. Incubators also offer networking opportunities, sheared workspaces, and mentorship to solo entrepreneurs or teams still forming.

Accelerators, on the other hand, are designed for start-ups with an (MVP) or a validated business model, focusing on rapid growth. This time-bound programs-lasting 3-6 months provide mentorship, funding, and intensive resources, often culminating in a demo day where start-ups pitch to potential investors. Unlike incubators, accelerators require a more mature founding team and may involve relocation to access the program's network and resource.

Key Factors of Startup Accelerators

Startup accelerators are becoming powerful drivers of entrepreneurial innovation, offering early-stage businesses a controlled setting that promotes quick development and expansion. These accelerators provide a special combination of funding, networking opportunities, and mentorship with the goal of advancing startups to a point where they can support themselves on their own or attract additional funding. These accelerators have a wide-ranging effect on the communities in which they operate in addition to the entrepreneurs they support.

Accelerators, in the opinion many start-up founders, are extremely helpful in navigating the rough seas of entrepreneurship. They offer a collection of tools and a plan that could make the difference between success and failure. Accelerators act as a filter for investors, presenting the most promising projects with the best chance of making a profit. Since prosperous business can contribute to innovation, job creation, and economic growth, local economies stand to benefit as well.

➤ **Mentorship and expertise access:**

Incubators and accelerators connect start-ups with seasoned entrepreneurs, industry experts. This mentorship is often cited as the most valuable aspect of these programs, providing start-ups with:

- Strategic guidance
- Industry insights
- Problem-solving support
- Leadership development

➤ **Funding and Investment:** Many accelerators offer initial funding in exchange for equity. This capital can be crucial for start-ups to develop their product and reach the market. Techstars, another leading accelerator, not only provides funding but also connects start-ups.

➤ **Networking and Collaborative Environment:**

The collaborative spaces provided by incubators and accelerators foster. This network can be a valuable resource for partnerships, customer acquisition, and future fundraising.

- Peer-to-peer learning
- Potential partnerships
- A supportive community to navigate challenges
- Access to a broader network of alumni, investors, and industry partners.

➤ **Structured Learning and Skill Development:** These programs offer curated workshops, seminars, and training sessions covering crucial areas such as:

- Business model development
- Financial management
- Marketing and sales strategies
- Legal and regulatory compliance
- Pitch preparation

➤ **Resource and Infrastructure Access:** Start-ups gain access to resources that might otherwise be out of reach, including:

- Office space and meeting rooms
- Legal and accounting services
- Cloud credits and software tools
- Prototyping facilities

➤ **Market Validation and Exposure:** Participation in reputable programs provides.

- Credibility boost in the eyes of customers and partners
- Media exposure and PR opportunities
- Faster product-market fit through accelerated customer discovery

Job Creation and Growth

The transformative power of startup accelerators extends far beyond the confines of the companies they nurture. As these young business flourish, they set in motion a cascade of economic benefits, chief among them being job creation and growth. This phenomenon, often referred to as the economic ripple effect, is akin to a stone thrown into a pond, with the initial splash representing the accelerators impact and the subsequent ripples symbolizing the wider economic benefits.

1. **Supply chain enhancement:** as startups scale, they require a host of services and good, bolstering local suppliers and often leading to their expansion and the need for more employees.
2. **Service economy boost:** the concentration of talent and ideas around startups often leads to further innovation and new ventures, perpetuating the cycle of job creation.
3. **Education partnerships:** startup often partner with local educational institutions, leading to new programs and opportunities that prepare students for job market, thereby enhancing long-term economic prospect.

Conclusion

In the realm of entrepreneurship, startup accelerators and incubators stand as formidable allies, nurturing innovation and cultivating the seeds of entrepreneurial success. By providing essential resources, expert mentorship, structured learning, networking opportunities, and market validation, these programs empower startups to flourish amid the challenges of the competitive business landscape. The synergy between startups and accelerators/incubators fosters a culture of innovation, propelling visionary ideas into thriving, sustainable businesses

In an era defined by innovation, the role played by startup accelerators and incubators cannot be overstated. As beacons of guidance and support, they guide the next generation of entrepreneurs towards a future illuminated by groundbreaking ideas, technological advancements, and transformative ventures. With their unwavering commitment to nurturing innovation and

fostering entrepreneurship, startup accelerators and incubators stand as catalysts, steering the entrepreneurial journey towards unparalleled success and enduring impact.

Acknowledgement: Mrs. A. Arockia Jeyasheela is a recipient of the AURF Fellowship. Full Time Research Assistant. His/her article is largely an outcome of his/her Research work sponsored by AURF. However, the responsibility for the facts stated, opinions expressed, and the conclusions drawn is entirely that of the author. The corresponding Authors, Dr. Arumugam, Assistant Professor. Gratefully acknowledge AURF Grant for financial Support Carry out this Work.

Authors Contribution: A. Arockia Jeyasheela: Literature Review, Analysis; Dr. U. Arumugam: Drafting, Referencing

Funding: Alagappa University, India

Declarations/Consent for Publication: All the authors have given consent for the publication.

Competing Interest: No

References:

1. Susasa Marino, M.S President and CEO @ Northern Virginia Hispanic Chamber of commerce Management and Administration.
2. Lange, G. S., & Johnston, W.J. (2020). The value of business accelerators and incubators-an entrepreneur's perspective. *Journal of business & Industrial Marketing*, 35(10), 1563-1572
3. Blair, B., Khan, M. S., & Iftikhar, R. (2020). Role of accelerators in innovation ecosystems: The case of New Zealand. *Journal of general management*, 46(1), 47-59.
4. Bagnoli, C., Massaro, M., Ruzza, D., & Toniolo, K. (2020). Business models for accelerators: a structured literature review. *Journal of business models*, 8(2), 1-21.
5. Pierrakis, Y., & Owen, R. (2023). Startup ventures and equity finance: How do Business Accelerators and Business Angels' assess the human capital of socio-environmental mission led entrepreneurs. *Innovation*, 25(4), 371-395
6. Nijenhuis, D. (2020). The University Business Incubators' value-creating activities on enhancing new product development: a systematic literature review.
7. Bone, J., Gonzalez-Uribe, J., Haley, C., & Lahr, H. (2019). The impact of business accelerators and incubators in the UK.
8. Hausberg, J. P., & Korreck, S. (2021). Business incubators and accelerators: a co-citation analysis-based, systematic literature review (pp. 39-63). Edward Elgar Publishing.
9. Lukosiute, K., Jensen, S., & Tanev, S. (2019). Is joining a business incubator or accelerator always a good thing?. *Technology Innovation Management Review*, 9(7), 5-15.
10. Roundy, P. T. (2021). Leadership in startup communities: how incubator leaders develop a regional entrepreneurial ecosystem. *Journal of Management Development*, 40(3), 190-208.
11. Samuel, N. O. (2021). Characteristics of business incubators influencing collaboration among member startup firms (Doctoral dissertation).
12. Yu, S. (2020). How do accelerators impact the performance of high-technology ventures? *Management Science*, 66(2), 530-552.
13. Tritoasmoro, I. I., Ciptomulyono, U., Dhewanto, W., & Taufik, T. A. (2024). Determinant factors of lean start-up based incubation metrics on post-incubation start-up viability: case-based study. *Journal of Science and Technology Policy Management*, 15(1), 178-199
14. Velt, H. (2020). *Entrepreneurial Ecosystems and Born Global Start-ups*.
15. Schulz, T. (2020). *The Impact of Mentorship on Start Up Success: An Empirical Analysis in the Field of Startup Accelerators*.

Publisher's Note

The Social Science Review A Multidisciplinary Journal remains neutral with regard to jurisdictional claims in published data, map and institutional affiliations.

©The Author(s) 2025. Open Access.

This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. If material is not included in the article's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>