

## BUSINESS INCUBATOR DEVELOPMENT IN OPEN AND DISTANCE LEARNING HIGHER EDUCATION

**Setyo Kuncoro<sup>1</sup>, Abdurrahman Rahim Thaha<sup>2</sup>**

*<sup>1,2</sup>Universitas Terbuka (INDONESIA)*

### **Abstract**

The role of a business incubator is very crucial in higher education. Through business incubators, students who have businesses will be trainees to compete in global competition. The training can include technical skills, product marketing, and business development. This study aims to create a business incubator model in Open and Distance Learning (ODL) Higher Education. Data is collected through observation and literature review with the pentahelix element. The results of this research will contribute to the institution, academics, business, and industry as the basis for developing a business incubator model in ODL higher education.

Keywords: development, business incubator, distance learning, higher education.

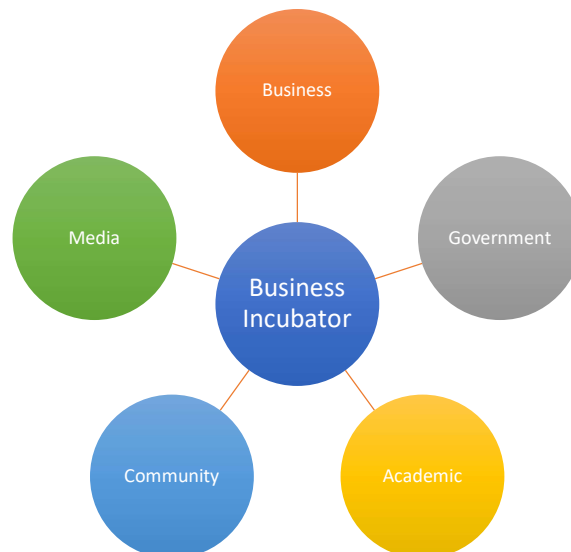
### **1 INTRODUCTION**

The development of technology and information is a challenge for business actors, both MSMEs and industry. The rapid competition, especially in terms of marketing in sales both offline and online, requires increasing production quality, good management, and marketing planning (Rosário & Raimundo, 2021). The business incubator was built to attract novice business people or start-ups to develop further and compete in the industry competition (Man et al., 2022). As agents of change, universities need to create business incubators that can double function, namely developing businesses in the community and universities (Redondo & Camarero, 2019). Business incubators in universities as business practice laboratories have three stages: pre-incubation, incubation, and post-incubation (Hillemane et al., 2019). There is a selection process for prospective incubator participants in the pre-incubation process. This selection process, among others, looks at the business focus factor, business legality, and business plan. An interview will be conducted for the next selection to ensure serious young business people can move forward to the next process. After going through the selection process in pre-incubation, the netted participants will be included in the business incubator. In this process, several activities include business development, forming relationships, business financing, and business focus (Huda & Rejito, 2020). These activities aim to develop entrepreneurs' businesses to compete in global competition. After going through the process in a business incubator, this entrepreneur is expected to be able to build and develop his business.

Besides developing businesses in the community, business incubators in universities can also be used to create higher education businesses (Piterou & Birch, 2016). Through business incubators, universities can grow and have the advantage of supporting the operational costs of universities. The problem that arises in a business incubator is how the mechanism works. These mechanisms include building networks, marketing products more broadly, legal aspects, and allowing businesses to last a long time (Wonglimpiyarat, 2016). Research on business incubators is mostly conducted at face-to-face universities, but research on business incubators at Open and Distance Learning (ODL) universities is still rarely done. This study aims to create a business incubator model at universities and long distances to be the basis for further research or input for stakeholders.

## 2 METHODOLOGY

This study uses observation and literature to develop a business incubator model for ODL. The pentahelix concept in Figure 1 is used in research to see support from various parties: government, media, business, community, and academia. The pentahelix model is a reference in developing synergies between related elements in supporting the goal as optimally as possible. The pentahelix collaboration has an important role in supporting shared innovation goals and pentahelix contributing to an organization (Muhyi et al., 2017).



*Figure 1. Pentahelix for business incubator*

The application of pentahelix in business incubators in universities involves several elements that have an important role in developing ODL university business incubators. The pentahelix concept

will be combined with the stages of forming a business incubator from various kinds of literature so that the results obtained in this study can lead to a business incubator model to support ODL higher education.

### **3 FINDINGS AND DISCUSSION**

#### **3.1 Pentahelix in Higher Education Business Incubator**

The role of academics in business incubators is important from a scientific perspective. Academic experts in the business field can provide bright ideas for business development. Their business knowledge can be applied in a business incubator. They can invite students to practice business in business incubators at universities. The results of academic business research can be used in an incubator (Alpenidze et al., 2019). Academics can collaborate with students and business people in business development in business incubators. The business incubator is a place to develop business start-ups and is also used as a business practice laboratory for students and the community. Academics can become business consultants in business incubators.

Business actors have a role as business partners for business incubators. Business actors can be consultants or partners in business incubators. Entrepreneurs can become business partners for business incubators (Diedericks, 2015). For example, they can serve as a business incubator if they need human resources, raw materials, or marketing development. Investors are included in the scope of business actors. Investors can be invited to work together to develop the business. This collaboration between business incubators and business actors can be mutually beneficial.

The community has an important role as a network in business incubators. The community has a wide network and close ties of relationships. A business incubator can use this to develop its business (Bismala et al., 2020). This business development can be in the form of cooperation in procuring goods and services, human resource development, or product marketing development. Business incubators must have a strong network to develop their businesses freely. Many networks provide many choices for cooperation and opportunities to build their business. The community can reinforce business development.

The government has an important role in developing business incubators related to policies and regulations (Li et al., 2020). The legality of business incubators must be clear based on government policies and regulations. In addition to regulating the game's rules, the government also has a forum for business development, for example, in the Ministry of cooperatives and the Ministry of trade. Business incubators can be included in their programs. The Ministry has a lot

of training courses for entrepreneurs that business incubators can take advantage of. The government also has a network with industry so that it can provide space for the development of business incubators. What needs to be considered from this government element is the change in policy on regulations in terms of business. This policy change must be anticipated immediately to reduce loss retention for growing businesses. Regulations on the legality of marketed products must be properly understood by business people so that marketing does not suffer losses due to customer complaints.

The media has a role in the development of business incubators. The media can provide a place for business people to promote and market their products. In the development of technology, media provides a lot of important information for business development. The media include mass media, TV, radio, and social media, including IG, Facebook, and Youtube. If all media are used as a means of promotion, the dissemination of information can be fast and massive. The impact of the media on marketing is very large because marketing targets can reach all ages and have a wide reach nationally and internationally. Online selling media such as Shopee, Tokopedia, Bukalapak, and others are very good for product marketing. Selling online has many advantages because you don't have to provide a place to sell and time all day long.

The five elements in the pentahelix are the drivers for the growth of the Business incubator. If these five elements function properly, the business incubator will develop well. To implement pentahelix in a business incubator, a strategy stage is needed so that the business incubator can develop and be sustainable.

### **3.2 Business Incubator Development Strategy in Higher Education**

The business incubator development strategy at ODL institutions consists of five stages: (1) Establishment of a business incubator unit at ODL institutions; (2) Pre-incubation mechanism; (3) Incubation mechanism; (4) Post-incubation mechanism; and (5) Evaluation.

The establishment of a business incubator ODL begins with: (a) Forming a team for establishing a business incubator; (b) Creating a vision and mission; (c) Creating a roadmap; (d) Creating a business incubator application that contains the registration process (entrepreneur identity, business legality, and business plan), requirements to become a business incubator participant, create business development guide, and create a network of cooperation.

The pre-incubation mechanism includes a selection process for business start-ups, interviews, and business plans. The incubation mechanism includes coaching for business start-ups, mentoring,

and business development. The incubation mechanism has several activities in the form of (a) access and capital assistance, (b) opening related networks that can help the development of the business, (c) development of marketing strategy, (d) assisting in accounting or financial management, (e) mentoring and business training, (f) company management and corporate culture, (g) to introduce and emphasize business ethics, (h) provide information about the related business industry in general, and (i) assist with regulatory matters. The post-incubation mechanism is expected to have networking and partnerships, adapt to global competition, and have competitive advantages, skills, and strong motivation to develop businesses. The next evaluation is related to the report on the development of the business incubator.

### 3.3 Business Incubator Model Application in ODL Higher Education

The application of the Business Incubator at ODL higher education is not much different from the business incubator applied to other institutions. What makes the difference is the involvement of students as participants in the business incubator. The selection process for incubation participants for ODL college students cannot all be done directly. Students who have business start-ups domiciled far from the city center must be facilitated by online selection. The incubation process will experience the same obstacles. To overcome this, it is necessary to sort out a business plan that does not have to be onsite but can be done through a third-party application.

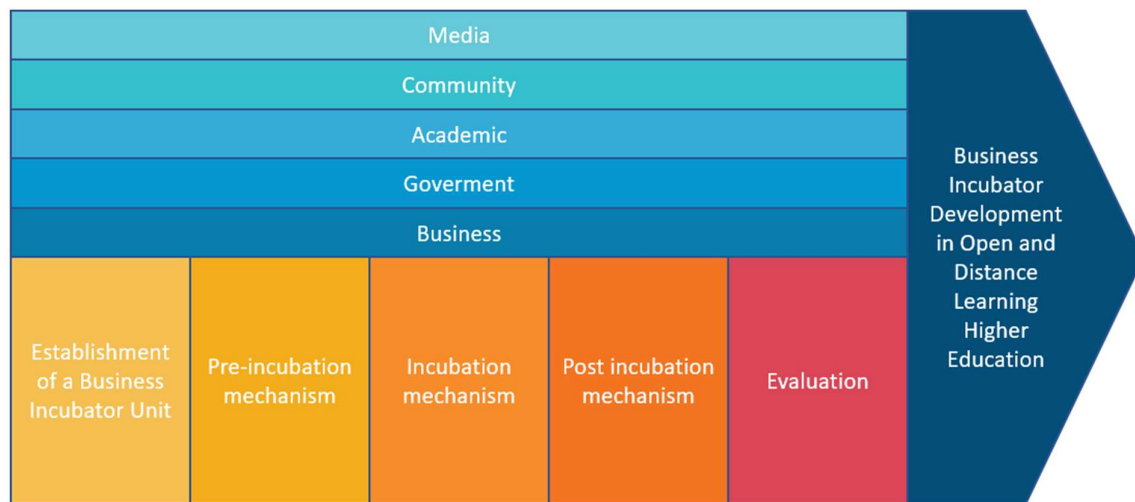


Figure 2. Business incubator model for open and distance learning

This research produces an incubator model that can be applied in open and distance universities, as described in Figure 2. Using the pentahelix model combined with a development strategy is suitable for building a business incubator in ODL higher education.

#### 4 CONCLUSION

The business incubator model at ODL higher education can be implemented with a combination of pentahelix element support and a gradual incubation development strategy. The difference in business incubators at ODL universities is the involvement of students as participants in business incubators, where the selection and incubation process does not have to be carried out on site and synchronously. The business incubator model at ODL tertiary institutions is expected to be an illustration for starting a business incubator for institutions and stakeholders.

#### ACKNOWLEDGEMENTS

This study was supported by LPPM and UPP Universitas Terbuka. Thanks to Universitas Terbuka colleagues for their assistance and completion of this article.

#### REFERENCES

- Alpenidze, O., Pauceanu, A. M., & Sanyal, S. (2019). Key success factors for business incubators in Europe: An empirical study. *Academy of Entrepreneurship Journal*, 25(1), 1–13.
- Bismala, L., Andriany, D., & Siregar, G. (2020). Development strategy analysis of technology business incubator in small medium enterprises accompaniment. *Journal of Critical Reviews*, 7(1), 221–225.
- Diedericks, R. (2015). *Incubator services that small service organisations require from a university business incubator*.
- Hillemane, B. S. M., Satyanarayana, K., & Chandrashekar, D. (2019). Technology business incubation for start-up generation: A literature review toward a conceptual framework. *International Journal of Entrepreneurial Behavior & Research*.
- Huda, N. N., & Rejito, C. (2020). Modeling University Business Incubator For SMEs Digitalisation. *Indonesian Journal of Information Systems*, 3(1), 23–37.
- Li, C., Ahmed, N., Qalati, S. A., Khan, A., & Naz, S. (2020). Role of business incubators as a tool for entrepreneurship development: the mediating and moderating role of business start-up and government regulations. *Sustainability*, 12(5), 1822.
- Man, T. W. Y., Berger, R., & Rachamim, M. (2022). A social constructivist perspective on novice entrepreneurial learning in business incubators. *International Journal of Emerging Markets, ahead-of-print*.
- Muhyi, H. A., Chan, A., Sukoco, I., & Herawaty, T. (2017). The Penta Helix collaboration model in developing centers of flagship industry in Bandung city. *Review of Integrative Business and Economics Research*, 6(1), 412–417.
- Piterou, A., & Birch, C. (2016). The role of higher education institutions in supporting innovation in SMEs: University-based incubators and student internships as knowledge transfer tools. *InImpact: The Journal of Innovation Impact*, 7(1), 72.
- Redondo, M., & Camarero, C. (2019). Social Capital in University Business Incubators:

dimensions, antecedents and outcomes. *International Entrepreneurship and Management Journal*, 15(2), 599–624.

Rosário, A., & Raimundo, R. (2021). Consumer Marketing Strategy and E-Commerce in the Last Decade: A Literature Review. *Journal of Theoretical and Applied Electronic Commerce Research*, 16(7), 3003–3024.

Wonglimpiyarat, J. (2016). The innovation incubator, university business incubator and technology transfer strategy: The case of Thailand. *Technology in Society*, 46, 18–27.

