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FOSTERING SOCIAL INNOVATION THROUGH SOCIAL INCUBATORS AND CORPORATE SOCIAL INCUBATORS: EVIDENCE FROM ITALY

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ABSTRACT

Recently, some incubators are focusing on supporting social startups. This type of incubators can be named Social Incubators. The same specialization is also involving some Corporate Incubators, which can be named Corporate Social Incubators (CSIs). Even if the literature has analyzed several types of incubators, the studies investigating Social Incubators is limited. Moreover, to our best knowledge, no one has analyzed CSIs. This study aims at filling these gaps analyzing the incubators of these typologies in Italy. In 2018, we identified 31 Social Incubators and we sent them a survey, obtaining a representative response rate of 41,9%. In addition, we performed three exploratory case studies on the three CSIs that we have identified. Our results show that Social Incubators are mostly private-held; offer services on CSR and impact investing; and 30,8% of them invest in their tenants. Regarding CSIs, our results suggest that they integrate strategies of Open Innovation and CSR.

Key words – Incubator, accelerator, corporate incubation, social startup.

1. INTRODUCTION

In the last decade, the number of incubators¹ is increasing all around the world (Messeghem et al., 2018). Since their origin, incubators aimed to support the growth of startups by providing a variety of services (Aernoudt, 2004): space, know-how, legal and entrepreneurship, human capital (through network and ecosystem), education, access to capital, and, more recently, social impact measurement. Incubators and their incubation programs have evolved (Bruneel et al., 2012) and continue to evolve (Pauwels et al., 2016), adapting their business model to the needs of the startups and economic trends. In fact, as a consequence of the global effort to promote social entrepreneurship (e.g., European Commission, 2012), some incubators decided to specialize in supporting social startups. Moreover, the literature shows that specialized incubators have a competitive advantage over other incubators (Aerts et al., 2007; Cohen and Hochberg, 2014). Indeed, incubators which are specialized in incubation of a particular type of startups can focus on specific competences and can offer specific assets to their tenants. In addition to this, the number of social startups is increasing (Arena et al., 2018) and, therefore, the demand for incubation by this type of startups is increasing. Corporations are creating their own incubators (Kohler, 2016) or their own incubation programs in order to apply a strategy of open innovation and improve their competitiveness (Becker & Gassmann, 2006). Indeed, several international corporations operating across various sectors, such as insurance (Allianz), telecommunication (Orange), healthcare (Bayer), consumer packaged goods (Coca-Cola), social media (Facebook) and data-driven technologies (Google) are creating their Corporate Incubation program (Kohler, 2016; Colombo et al., 2018). Also, some Corporate Incubators are focusing on supporting social startups. We call this type of Corporate Incubators Corporate Social Incubators (CSIs). Even if there is increasing attention to the support of social startups and several works studied incubators (Mian et al., 2016), only a few studies have analyzed incubators specialized in social startups (Sonne, 2012; Nicolopoulou et al., 2017).

Moreover, there is not a clear definition of Social Incubator and, in addition, it is not clear what are the characteristics (e.g. aims, competences, services) of Social Incubators. Finally, to our best knowledge, no studies have analysed CSIs. This work aims at filling these gaps by analysing Italian Social Incubators and CSIs. To carry out this study, in 2018 we identified and analyzed thirteen Social Incubators and three CSIs in Italy. The data of the thirteen Social Incubators came from a survey, while the data of the CSIs came from the analysis of their web site and social media. More information about the data and methods are reported in detail in Section 3. Thanks to the answers of these thirteen Social Incubators, we have been able to gather a lot of information that allows us to explain the characteristics of Social Incubators. In more detail, we have data regarding their diffusion, maturity in term of years of operation, numbers of employees, number of incubation requests, number of startups and entrepreneurial teams² supported, services, funding received from the startups and entrepreneurial teams supported, incubation time, costs and sales. Moreover, thanks to the analysis of three Italian CSIs, we have obtained information about the reasons for the creation of the CSIs and about the benefits of this type of Corporate Incubators for the corporations promoting them. We find that CSIs integrate strategies of Corporate Social Responsibility (CSR) and Open Innovation. All these findings are reported in detail in Section 4. In conclusion, our research aims to make a theoretical contribution to identifying the characteristics of Social Incubators and introducing a new type of incubator named CSI. Moreover, our findings can make policymakers aware of this instrument for the purpose of supporting and fostering social entrepreneurship. Lastly, our research suggests to corporates interested in CSR policy and Open Innovation strategy how a CSI can be useful for developing these strategies.

2. LITERATURE REVIEW

Incubating organizations are part of a wide range of initiatives aimed at stimulating and supporting entrepreneurship (Mian, 1996). Indeed, incubator is a “word umbrella covering a heterogeneous reality” (Aernoudt, 2004). Therefore, there are different types of incubators. In order to carry out our literature review and our subsequent analysis, we developed a simple model to classify the different types of incubators and to introduce Social Incubators and CSIs. The model is represented in Table 1 and includes: Business Incubator, Corporate Incubator, Social Incubator and Corporate Social Incubator (CSI).

[Table 1] Types of incubators

	Independent	Corporate
Business	Business Incubator	Corporate Incubator
Social	Social Incubator	Corporate Social Incubator (CSI)

To generate this table, we use two variables, the first is related to the presence or absence of a relationship with a corporation (Independent vs Corporate incubators) and the second to the presence or absence of a focus on social innovation and social entrepreneurship (Business vs Social incubators).

¹ Some authors consider incubator and accelerator equivalent, while others prefer to difference these two organizations (Cohen and Hochberg, 2014; Pauwels et al., 2016; Pandey et al., 2017). However, since the difference between incubators and accelerators is not clear and they offer the same services and they have the same object, this study uses the term incubator also for the accelerators.

² Entrepreneurial teams have not formally established their company yet.

A. Business Incubator

Business incubators are incubators which are not focused on supporting startups which aim to introduce a positive social impact. These incubators have their own business, independent of any corporate entity, but may be linked to universities or research centers. This is the typical and most diffused form of incubators. Indeed, many studies have analyzed only this type of incubators and the role of these incubators for entrepreneurship (Colombo and Delmastro, 2002; Mian et al., 2016; Pauwels et al., 2016; Messeghem et al., 2018). In fact, although the number of incubators in the world is increasing (Pauwels et al., 2016; Messeghem et al., 2018), as the types of incubators, Business Incubators remain to this day, one of the most widespread categories of incubators.

B. Corporate Incubator

Large corporates have developed and are developing Corporate Incubators. This type of incubator is an example of Open Innovation (Chesbrough et al., 2006), which can be defined as the use of external knowledge to accelerate internal innovation and expand the markets for external use of innovation (Huizingh, 2011). Indeed, Corporate Incubators aim to support incubation teams in order to come up with innovative ideas which fit existing business capabilities and business models of their sponsoring corporate. This type of innovation can be more easily transferred from the incubation teams to the sponsoring corporate. And then this corporate can use its existing structures and large resources to rapidly exploit the new business opportunities at scale. Today this type of incubators is rapidly developing, changing its characteristics and becoming a strategic tool for many large corporates (Kohler, 2016). However, already Smilor (1987) in the late eighties mentioned the existence of Corporate Incubators. It is also interesting to indicate another type of Corporate Incubation: the Corporate Incubation with partnership (Kohler, 2016). This type of Corporate Incubation program is the result of collaboration between a corporate and a public (Allen and McCluskey, 1991) or private organization (e.g. an incubator).

C. Social Incubator

Today the attention to the environment and social problem is increasingly important both for entrepreneurs and customers (Dangelico and Pujari, 2010). Indeed, the number of social startups is increasing (Arena et al., 2018). For these reasons, incubators have the opportunity to specialize their activity on supporting startups or entrepreneurial teams which aim to do business on the social innovation field. Indeed, through this specialization strategy, incubators obtain an important competitive advantage (Aerts et al., 2007; Cohen and Hochberg, 2014). In the literature, there are different definitions of Social Incubators. For instance, Aernoudt (2004), according also with Eitzkowitz et al. (2005), stated that Social Incubator is a tool “to bridge the social gap by increasing employment possibilities for people with low employment capacities such as disabled people, minimum guaranteed income beneficiaries, low-skilled workers, long-term unemployed, immigrants, political refugees, etc.” (Aernoudt, 2004 p. 129). However, we think that this definition considers only a part of the activity of a Social Incubator. Indeed, according to Sonne (2012), Nicolopoulou et al. (2017), and Arena et al. (2018), we consider Social Incubator an organization which supports startups which aim to introduce a positive social impact on Society. The sustainability of the union of economic and social needs is not a utopia. Indeed, Bank and Klofsten (2017) show that Social Incubators, which they call Sustainable Incubators, can have a reasonable inflow of tenants, even if these incubators support only social startups.

D. Corporate Social Incubator (CSI)

Our hypothesis is that there could be Corporate Incubators which are specialized in supporting social startups or entrepreneurial teams that want to develop their business in the social innovation field. To our best knowledge, there is no literature about Corporate Social Incubator (CSI). Indeed, even though vast literature devoted to incubation programs (Mian et al., 2016), few studies have dealt with the theme of Social Incubation and no one with that of the CSIs. Therefore, this study aims at filling this literature gap analysing the Italian incubator ecosystem.

3. DATA AND METHODS

To reduce the impact of different national policies and to understand the relevance of the phenomenon at the national level, this study focused on one specific developed country: Italy. To identify Social Incubators in the Italian incubator ecosystem, in the first part of 2018 we analysed the web sites and the social media of all the Italian incubators, which were 171, and, considering startups or entrepreneurial teams supported and the sectors of specialization (e.g., cleantech, circular economy, clean energy, development of smart industry, support to smart city, security, and many others), we identified a population composed by 31 Social Incubators. It is interesting to note that some incubators analysed already explicitly qualify themselves as Social Incubators. Afterward, we created an online survey on SurveyMonkey, based on the literature (e.g., Colombo and Delmastro, 2002; Aerts et al., 2007; Bruneel et al., 2012). The questionnaire asks several questions such as the perceived importance of their services, if they have invested in their tenants, the number of supported startups, and the business sector in which their tenants operate³. In the spring of 2018, we submitted the survey to the population of Italian Social Incubators. Out of 31 Social Incubators in Italy, we received 13 valid answers, obtaining, therefore, a representative response rate of 41,9%. Additionally,

³ We also collected information regarding the incubators such as their foundation years, number of employees, services offered, incubators funding and investment, their costs and revenues, number of tenants in 2017.

to obtain more information about them, we used the database AIDA by Bureau van Dijk, which contains comprehensive information on corporates in Italy, with up to ten years of history. In addition to this, we also analysed the Italian Corporate Incubation ecosystem. Out a population of 15 Italian Corporate Incubators, we discover 3 CSIs. To identify this type of Corporate Incubators, we analysed web sites, social media, and official description of Corporate Incubation programs. Similar to the analysis of Social Incubators, we considered startups or entrepreneurial teams supported and the sectors of specialization. These CSIs will be described in Section 4.2.

4. RESULTS

4.1. Italian Social Incubators

This study found that out of 171 Italian incubators 18,1% (31 incubators) are Social Incubators. In 2018, 13 of these Social Incubators (41,9%) responded to our survey. Table 2 shows our sample of Social Incubators⁴ in chronological order. This table also shows the location, the year of foundation, and the legal form of the Italian Social Incubators of our sample.

[Table 2] Italian Social Incubators

N.	SOCIAL INCUBATOR	LOCATION	YEAR OF FOUNDATION	LEGAL FORM
1	Social Incubator A	Lazio	2006	Public-private incubator
2.	Social Incubator B	Lombardia	2008	Public-private incubator
3	Social Incubator C	Lombardia	2009	Private incubator
4	Social Incubator D	Emilia-Romagna	2012	Private incubator
5	Social Incubator E	Piemonte	2013	Private incubator
6	Social Incubator F	Lombardia	2013	Private incubator
7	Social Incubator G	Puglia	2013	Private incubator
8	Social Incubator H	Puglia	2013	Private incubator
9	Social Incubator I	Campania	2014	Private incubator
10	Social Incubator L	Trentino-Alto Adige	2014	Private incubator
11	Social Incubator M	Sardegna	2014	Public incubator
12	Social Incubator N	Liguria	2015	Private incubator
13	Social Incubator O	Puglia	2016	Private incubator

Table 2 shows that about 60% of analyzed Italian Social Incubators are in the north of the Country. Moreover, Table 2 shows that 79,9% of the sample is constituted by private incubators (15,4% is constituted by public-private incubators and 7,7% is constituted by public incubators). This is in accordance with abovementioned literature (Dangelico and Pujari, 2010), which showed that there is growing attention to social problems from private institutions. Further confirmation of this growing attention can be found in the fact that, as shown in Table 2, there is a growing trend in the number of Italian Social Incubators in recent years. Indeed, the 13 Social Incubators were recently founded. In more detail, the “2013” was the year with the highest number of Social Incubators established. These results may be an effect of the “Decreto crescita 2.0” of 2012 (Italian Government, 2012), through which the Italian Government has encouraged the creation of startups and related services such as incubation support. Our analyses, furthermore, show that most of the Italian Social Incubators are small organizations. Indeed, the mean of Italian Social Incubators’ employees in 2017 was 4,2 and the median was 2. In addition, the mean of incubation requests received on our sample in 2017 was 66,1, while the median is 12. This considerable difference between mean and median is due to the fact that 8 Social Incubators received less than 25 requests, while only 1 Social Incubators received more than 250 requests. It is also interesting to observe that the mean of tenants supported in 2017 for our sample was 14,4 and the median was 7.

In more details, 10 Social Incubators of our sample supported less than 15 startups in 2017, while only 1 Social Incubator supported more than 50 startups. All these results confirm abovementioned consideration about the small size of Italian Social Incubators. Looking at the services offered by these incubators, we can observe that 94,8% of our sample considers networking fundamental. Other proof of the relevance of this service and of the important role of relationships for Italian Social Incubators is the fact that 84,6% of these have made specific efforts to create a strong community. In addition to networking, the results show that management support is another important service for this type of incubators. Indeed, 76,8% of our sample pays much attention to this. Moreover, it is interesting to evidence that 69% of Italian Social incubators consider that access to finance is an important tool for their tenants. In addition to these services, most of these incubators offer services on CSR and impact investing. However, we found that, surprisingly, not all the Social Incubators analysed use metrics for social impact assessment of their tenants. Moreover, we discovered that the majority of tenants incubated in 2017 by our sample of incubators belonged to the manufacturing sector. This result indicates that there is growing attention to social impact from

⁴ For reasons of privacy, the names of the incubators are not shown.

the startups operating in this sector and from incubators specialized in this sector. Finally, we found that the mean incubation time of our sample is 15,5 months and then or during this time part of the social startups can receive financing from Social Incubators. Indeed, 30,8% of these incubators invest in their tenants.

4.2. Italian Corporate Social Incubators (CSIs)

Analysing the Corporate Incubators in Italy in 2018, we discovered that out of 15 Italian Corporate Incubators 3 (20%) were CSIs⁵.

[Table 3] Italian CSIs

N.	CORPORATE	YEAR OF CREATION	SECTOR	LEGAL FORM
1	Corporate Social Incubator A	2016	Energy, cleantech	Private incubator
2.	Corporate Social Incubator B	2018	Food, Agri-tech	Private incubator
3	Corporate Social Incubator C	2018	ICT	Private incubator

Table 3 shows the year of creation, the sector of specialization, and the legal form of the three Italian CSIs. On the base of Table 3, we can state that CSIs are a very recent phenomenon in Italy. In addition, considering turnovers of the corporation which have developed these CSIs, we found that this type of Corporate Incubator involves only large corporates. This result is in accordance with the existent literature about Corporate Incubators (Bollingtoft and Ulhoi, 2005). Moreover, we found that there is not a specific sector in which CSIs are more diffuse. Indeed, we can suggest that Corporate Social Incubation is a transversal phenomenon, which can involve corporate operating in every type of business sector. In addition to this and based on our analysis, this study suggests that CSIs can integrate strategies of Open Innovation and CSR. Indeed, analysing Italian CSIs, we found that this type of Corporate Incubators enables corporates to use external knowledge deriving from supported startup to accelerate their internal innovation, also reducing time and costs of R&D. According to abovementioned literature (Chesbrough et al., 2006), these benefits can be qualified as results of an Open Innovation strategy. In addition, the CSIs allow corporates to carry out CSR activities. In fact, thanks to CSIs, corporates support social startups, having an indirect positive impact on Society themselves. Moreover, through social startups supported by CSIs, corporates can easily develop new products and services with a social impact. For instance, the owner corporate of CSI A uses this

incubator to support social startups or business ideas, including from employees, which develop new solutions to produce clean energy efficiently. In this way, this corporate has through a single management strategy both a positive impact on the Society and a significant contribution to innovate its business. Finally, we found that 2 of the analysed CSIs were developed with a partnership. In more details, the CSI B was developed with the partnership of corporates operating in the food business, and the CSI C was developed with the partnership of a community which creates and sustains projects for social innovation and supports social entrepreneurs.

5. CONCLUSION

Social Incubators and CSIs are incubators which are specialized in startups which aim to introduce a positive impact on Society. This study analyses these recent types of incubators in the Italian ecosystem. Thanks to this research, we found that most of Italian Social Incubators are private small organizations, while CSIs involve only large corporates. Moreover, we found that Italian Social Incubators offer services on CSR and impact investing, but not all of them use metrics for social impact assessment. In addition to these, this study discovered that CSIs can be an important instrument of strategic management. Indeed, thanks to CSIs, corporates can integrate strategies of CSR and Open Innovation. Finally, we show also that is possible to develop a CSI with a strategic partner. However, our research is not exempt from limitations. One of the limits of this work is represented by the focus on Italian incubators ecosystem. Indeed, it would be interesting to analyse the differences between the Italian Social Incubators and CSIs and Social Incubators and CSIs of other Countries.

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