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Gimme Shelter – A Discrete Choice Experiment to Explain Entrepreneurs’ Choice of an Incubator

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Abstract

The rapidly growing and diversifying incubator population has led to growing efforts to understand why entrepreneurs prefer a particular incubator over another. However, existing studies report from small samples, are sensitive to post-hoc biases, and neglect heterogeneity among entrepreneurs. We conduct a Discrete Choice Experiment to understand how the attributes of an incubator influence incubator choice by different latent classes of entrepreneurs. Data comes from 935 entrepreneurs from North America and Western Europe. We identify three latent classes of entrepreneurs: (1) ‘technology driven funding seekers’, who base their choice primarily on the funding provided by the incubator, (2) ‘individualists’, who have an aversion against networking, training and coaching, and (3) ‘balanced decision makers’, who consider all of the incubator’s

attributes when choosing an incubator. Overall, the most influential attributes are the funding provided by incubator, its track record and its affiliation. The incubator's coaching, training and networks are of little importance. This finding contrasts the existing literature, where these services are seen as most important.

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Abstract

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Key words: start-up, incubator, policy,

1 Introduction

Incubators have become one of the most prominent instruments to facilitate the survival and growth of start-ups (Ahmad and Ingle 2013; Bergek and Norrman 2008). While measuring the effectiveness of incubators remains controversial, scholars seem to agree that the success of an incubator is largely determined by the success of its start-ups (Bergek and Norrman 2008; Hackett and Dilts 2004). The incubator’s ability to attract promising start-ups is therefore a key prerequisite for its success (NESTA 2014; Patton et al. 2009; Vanderstraeten and Matthyssens 2012). Doing so, however, is becoming increasingly difficult, as the number of incubators is growing rapidly around the world (NESTA 2014). Europe, for example, has seen a fivefold increase in the number of incubators between 2007 and 2013 (Salido et al. 2013). Worldwide, there are now over 7,000 incubators (InBIA 2016). Still, ‘no two incubators are alike’ (Allen and McCluskey 1990 p. 64). The concept ‘incubator’ has become an umbrella term that captures a great diversity in terms of support provided to start-ups (Aernoudt 2004; Bøllingtoft and Ulhøi 2005; Pauwels et al. 2015). Accordingly, each incubator has its own unique attributes that include the incubator’s support, affiliation or particular type of start-ups that it supports.

Following the emergence of such a competitive and diverse landscape, there is a growing interest to understand why entrepreneurs prefer a particular incubator and how incubators can position themselves relative to their peers (Barbero et al. 2013; Grimaldi and Grandi 2005;

Vanderstraeten and Matthyssens 2012). There is a broad consensus that the value of incubation lies primarily in the incubator's business knowledge and networks (Bruneel et al. 2012; Hansen et al. 2000). These are seen as key attributes for entrepreneurs to consider when selecting an incubator (Grimaldi and Grandi 2005; Hansen et al. 2000; Isabelle 2013; Vanderstraeten and Matthyssens 2012). Incubators can attract entrepreneurs by providing high quality services (Grimaldi and Grandi 2005; Vanderstraeten and Matthyssens 2012), such as mentors with extensive entrepreneurial experience, or strong relationships with investors and specialized consultants. Further, start-ups have heterogeneous needs, which enables incubators to differentiate themselves from others by tailoring their support to a particular type of start-up. Incubators may therefore focus on supporting start-ups in a particular industry (Schwartz and Hornych 2008) or development stage (Chan and Lau 2005; McAdam and McAdam 2008).

Most of the aforementioned studies outline the attributes of an incubator that entrepreneurs *should* consider when choosing an incubator (see e.g. Grimaldi and Grandi, 2005; Hansen et al., 2000; Isabelle, 2013), rather than exploring those attributes that entrepreneurs actually *are* considering. The few studies that do incorporate the perspective of the entrepreneur (see e.g. Chan and Lau, 2005; Schwartz and Hornych, 2008; Soetanto and Jack, 2013; Vanderstraeten and Matthyssens, 2012) suffer from three limitations. First, by asking entrepreneurs why they have chosen for a particular incubator, these studies retrospectively explore the entrepreneur's decisions. Studies using such post hoc techniques may have low internal validity (Shepherd and Zacharakis 1999). Their data is biased because people display for example recall bias (caused by a limited ability of individuals to correctly recall previous events) and post hoc rationalization bias (caused by the tendency of individuals to overestimate the rationalization of past decisions). Second, as earlier studies report from single qualitative case studies or limited quantitative samples, their generalizability is limited. Third, while these studies point at heterogeneity of start-ups as a driver for the differentiation of incubators, they only capture heterogeneity in terms of observed start-up characteristics, such as industry type (Soetanto and Jack 2013) and development stage (Chan and Lau 2005). Unobserved characteristics, however, such as the willingness of entrepreneurs to engage in networking activities or to take advice from external advisors (Patton 2014; Rice 2002), may also induce heterogeneity in entrepreneurs' preferences. Such unobserved characteristics can help explain differences in preferences and should therefore be taken into account, for example through latent class analysis (Vermunt and Magidson 2002).

To address these limitations, we answer the following research question: *"How do the attributes of an incubator influence incubator choice by different latent classes of entrepreneurs?"*

To answer this question, we conducted a Discrete Choice Experiment (DCE). A DCE allows to explore individuals' decision making process when these decisions are being made and to estimate

the importance of particular attributes (such as the incubator's resources or networks) without any confounding factors. A DCE can therefore yield reliable insights into entrepreneurs' decision making without the bias that can be the result of retrospective techniques. DCEs also allow to cluster respondents who display similar choice behavior into different latent classes. This allows to explore heterogeneity among entrepreneurs' preferences. Data was collected among 935 early stage entrepreneurs in Western Europe, Canada and the United States. These countries were selected because they have a high concentration of both start-ups and incubators (Aerts et al. 2007; WEF 2015).

Our results show that there are three latent classes of entrepreneurs: 'technology driven funding seekers', 'individualists' and 'balanced decision makers', each having their own specific choice profile. However, we also show that all these classes consistently identify the incubator's funding, track record and affiliation as the incubator's most important attributes. Our study enables policy makers and incubator managers to better understand why entrepreneurs prefer particular incubators. This may help them in tailoring their support to the (heterogeneous) needs of groups of start-ups.

The remainder of this paper is organized as follows. We first review the literature on incubators to identify attributes that may influence the entrepreneur's choice of a particular incubator and to outline the characteristics of entrepreneurs that may explain heterogeneity in their preferences. We then discuss our research design, after which we present our results. We end our paper with a discussion and conclusion.

2 Theory

We begin this section with a brief discussion of how incubators have developed over the past decades. We then outline the incubator's attributes that may play a role in entrepreneurs' decision to choose an incubator. The second part of this section discusses characteristics of entrepreneurs that may induce heterogeneity in their preferences for a particular incubator. These characteristics will allow us to characterize the latent classes of entrepreneurs that may emerge in the data analysis.

2.1 Heterogeneity among incubators

The development of incubators can be captured in three different 'generations' with each generation adding another dimension to the incubator's aims and services (Aerts et al. 2007; Bruneel et al. 2012). The first generation incubators became widespread in the 1980s and aimed to create economies of scale by providing shared office space and facilities (Bruneel et al. 2012). Although the provision of such tangible resources is still an important part of the modern incubator's value

proposition, incubators have shifted their focus towards intangible resources and services. This started in the early 1990s, when incubators began supporting technology based start-ups (Ahmad and Ingle 2013; Bruneel et al. 2012). Incubators realized that founders of these start-ups lacked entrepreneurial experience. and started expanding their services towards professional consultancy services, coaching and training for entrepreneurs (Bruneel et al. 2012). These second generation incubators also started to act as investors by providing funding in exchange for equity. The third generation incubators emerged in the late 1990s and focused on providing start-ups with access to networks, with the aim of facilitating access to external resources, networks and legitimacy (Bøllingtoft and Ulhøi 2005; Bruneel et al. 2012; Hansen et al. 2000). The continuing development of incubators means that modern day incubators provide a wide range of resources and services (Bruneel et al. 2012) and form a diverse population (Vanderstraeten and Matthyssens 2012). We now outline this diversity in terms of incubator attributes that are most often mentioned in the literature and that we expect to be important in the decision of entrepreneurs. The levels of the attributes are given in *italics*. Given the exploratory nature of this study with regard to the identification of latent classes, we do not formulate any formal hypotheses.

2.1.1 Funding

Funding refers to the monetary resources that are available for the discovery and exploitation of the venture idea (Barney 1991). Start-ups often require substantial amounts of funding to finance costly research and development, but, at the same time, struggle to obtain such funding. This is due to the complexity and uncertainty associated with their technology, which makes start-ups a high risk investment (Carpenter and Petersen 2002; Westhead and Storey 1997). Incubators can help by providing direct access to funding. The literature reports great diversity in the amount of funding that incubators provide, with incubators providing several thousands or several hundreds of thousands of dollars (Pauwels et al. 2015; Rubin et al. 2015). For our choice experiment, we use four levels for the funding amounts that are often mentioned in the literature: *\$0*, *\$10,000*, *\$25,000* and *\$100,000*. Incubators can also provide financial capital in different forms (Pauwels et al. 2015; Rubin et al. 2015). Many incubators are still supported by local or regional governments; such incubators may provide funding as a *subsidy or grant*. For-profit incubators can provide funding as a *loan against commercial rates*, or *in exchange for 6 or 15 per cent equity*. Providing funding in exchange for equity is often seen as a better fitting finance mechanisms for start-ups, due to the lack of tangible assets as collateral for loans (Carpenter and Petersen 2002; Gompers and Lerner 2001).

2.1.2 Physical resources

The physical resources provided by incubators consist of office space and other tangible facilities, such as a car park or meeting rooms. Incubators can also provide more specialized physical resources, such as equipment necessary for technological development. Start-ups often struggle to find such physical resources on a relatively small scale; most incubators therefore provide either free or paid access to such physical resources. However, some incubators ('virtual' incubators) do not provide physical resources (Barbero et al. 2013). This attribute has therefore three levels: *no access to physical resources, paid access to physical resources and free access to physical resources.*

2.1.3 Training and coaching

Incubators may enable entrepreneurs to develop business knowledge through training and coaching (Patton 2014; Rice 2002). Coaching refers to one-on-one sessions with incubator managers or mentors, who are often experienced entrepreneurs. Coaches can share their knowledge by advising entrepreneurs or facilitate a more interactive process (Rice 2002). The incubator manager or mentor may expose the start-up to an ongoing review, thereby facilitating a trial and error learning process as the start-up and its business plan go through several iterations (Patton and Marlow 2011). Training refers to collective sessions such as seminars or workshops (Patton and Marlow 2011; Rice 2002). Such training sessions enable entrepreneurs to learn particular entrepreneurial skills, such as pitching or accounting. This attribute has four levels: *none, training only, coaching only, training and coaching.*

2.1.4 Networks

Networks enable entrepreneurs to access resources controlled by others, and can therefore compensate for resources that entrepreneurs do not own themselves (Adler and Kwon 2002; Groen et al. 2008). Networks are therefore seen as one of the key resources of entrepreneurs and modern day incubators (Bøllingtoft and Ulhøi 2005; Hansen et al. 2000; Stam et al. 2014). A distinction can be made between the incubator's internal and external network (Bøllingtoft and Ulhøi 2005; Patton and Marlow 2011). The internal network refers to networks among start-ups that are part of the same incubator. Co-location in the incubator can create a strong internal network in which start-ups can quickly share problems, knowledge and networks (Totterman and Sten 2005). The incubator's external network consists of actors outside the incubator, such as venture capitalists, potential clients, service providers or local governments. By creating a strong external network, the incubator can act as a mediator in connecting start-ups to external stakeholders (Bergek and Norrman 2008). The distinction between internal and external networks leads to four levels: *no strong networks, strong internal networks only, strong external networks only, strong internal and external networks.*

2.1.5 Track record

A track record refers to the record of performance or accomplishment of an individual or organization (Drover et al. 2014). Incubated start-ups do not have a track record yet. As a result, they lack legitimacy, which makes it difficult for start-ups to convince other stakeholders to commit resources (Bruton et al. 2010). Start-ups can overcome this deficit by associating themselves with other, more reputable organizations (Rao et al. 2008), such as an incubator with a track record of supporting successful start-ups (NESTA 2014; Patton 2014). Entrepreneurs may also prefer an incubator with a good track record because they take it as a sign that the incubator provides high quality services. This attribute has four levels: *good track record*, *neutral track record*, *bad track record* or *no track record (yet)*,.

2.1.6 Incubator's affiliation

Incubators can have various organizations as their main or founding partners. This affiliation enables the incubator to provide additional (specialized) services, for example by using the networks or knowledge of its partner. In addition, by affiliating themselves with a reputable organization, incubators enjoy heightened legitimacy, which also contributes to the legitimacy of the start-ups in the incubator (Bøllingtoft and Uihøi 2005; McAdam and McAdam 2008). Respondents may also attach a certain sentiment to the incubator's affiliation. For example, respondents may prefer incubators that are affiliated with investors when they expect (whether accurately or not) that these incubators are better connected to other investors than incubators affiliated with governments. We identify six affiliations that are often mentioned in the literature (Barbero et al. 2013; Gassmann and Becker 2006; Pauwels et al. 2015). These form the six levels of this attribute: *start-up investor*, *local university*, *multinational company active across global markets*, *internationally renowned university*, *regional government* and *none: independent, privately-owned incubator*.

2.1.7 Industry focus

Incubators differ in their specific industry focus. Most incubators only support start-ups operating in one or a limited number of industries (Aerts et al. 2007), such as software or life sciences. Others support start-ups operating in a broad range of industries. Some studies suggest that focused incubators can provide more valuable services, as they can provide access to industry specific resources or expertise (Schwartz and Hornych 2008; Vanderstraeten and Matthyssens 2012). Chan and Lau (2005) also suggest that specialized incubators have more relevant internal networks, as they create synergies among start-ups. However, empirical evidence to support this claim is lacking (Schwartz and Hornych 2010). This attribute has two levels: *focus on a specific industry* and *focus on a broad range of industries*.

2.2 Heterogeneity among start-ups

The differences among incubators are partly due to the heterogeneity among start-ups, as incubators tailor their resources to the specific needs of start-ups (Grimaldi and Grandi 2005). Accordingly, the characteristics of start-ups and their entrepreneurs can influence the entrepreneur's preferences for a particular incubator. The incubator literature points at two key characteristics that induce heterogeneity in entrepreneurs' preferences: industry type and development stage (Chan and Lau 2005; Cooper et al. 2010; McAdam and McAdam 2008; Soetanto and Jack 2013).

Start-ups in different industries have different needs, which may subsequently influence the entrepreneur's preference for an incubator. For example, start-ups in high-tech industries are more likely to establish partnerships with universities to acquire necessary technological knowledge. Further, they have greater need for specialized equipment for technological development (Laursen and Salter 2004; McAdam and McAdam 2008). Consequently, entrepreneurs with high-tech start-ups may prioritize the incubator's provision of physical resources and affiliation with a university. Start-ups in high-tech industries also require greater investments for research and development (Pisano 2006). Entrepreneurs in high-tech industries may therefore have a stronger preference for incubators providing a large amount of funding.

The needs of start-ups also depend on their development stage (Chan and Lau 2005; McAdam and McAdam 2008; Vohora et al. 2004). For example, entrepreneurs whose start-ups are focused on developing a prototype may have a strong preference for an incubator that provides specialized equipment. In contrast, access to networks and customers may be more important for entrepreneurs who are focused on selling their products. During their development, start-ups develop and acquire resources, which means that they become less dependent on the resources that incubators provide (McAdam and McAdam 2008; Van Weele et al. 2013). This again may influence entrepreneurs' preferences. Entrepreneurs with mature start-ups may for example attach less importance to the incubator's networks, as they have already developed their own networks.

We also expect the entrepreneur's experience and the start-up's funding to be of influence. Entrepreneurs who have had limited education, or who have little entrepreneurial or industry experience, may find an incubator providing coaching, training and a network of specialized service providers to be of particular value (Rice 2002). Higher educated or more experienced entrepreneurs, in contrast, may have little need for such services. Start-ups that have already raised a large amount of capital may have no need for further financial support. Consequently, they may attach little value to the funding provided by the incubator, or to the incubator's ability to connect start-ups to networks of investors.

The literature also hints at heterogeneity in entrepreneurs' preferences that are due to characteristics that are unobservable to the analyst. Entrepreneurs have been found to display differing views on the value of the incubator's support and services (Patton 2014). For example, studies on the incubator's networks show that some entrepreneurs are very eager to network with peers or external actors, whereas others are not, as they see networks as a source of distraction and involuntary knowledge spillovers (Cooper et al. 2010). Similarly, entrepreneurs have different perceptions about the value of training and coaching, because they differ in terms of their 'readiness' (Rice 2002), or 'willingness' (Patton 2014) to take advice from others.

3 Methods

3.1 Research design: Discrete Choice Experiment

To model the influence of the incubator's attributes on the entrepreneur's choice of an incubator, we use a discrete choice experiment (DCE). DCEs are based on the random utility theory framework (McFadden 1974), which postulates that each individual (*i*) attaches an amount of utility (*U*) to an alternative (*j*). U_{ij} consists of an observed component V_{ij} and an unobserved component ε_{ij} :

$$U_{ij} = V_{ij} + \varepsilon_{ij}$$

For this study, the observed component V_{ij} consists of the attributes of incubator alternative *j* and individual characteristics *i* that explain the choice. The error component ε_{ij} captures the unobserved factors that influence the choice, such as latent classes. Because ε_{ij} is stochastic by nature, the choice for alternative *j* is presented as a probability. This model was tested using a DCE (Louviere and Woodworth 1983). While choice experiments (such as DCEs) were originally designed to measure preferences of consumers for marketing purposes, there is now an increasing interest to apply them in the broader social sciences, including the field of entrepreneurship (Shepherd and Zacharakis 1999; Shepherd 2011). Choice experiments have been proven useful for understanding entrepreneurs' preferences for innovation networks (Lefebvre et al. 2014), venture capitalists (Drover et al. 2014), knowledge acquisition strategies (van Rijnsoever et al. 2015) or investments in innovation (Van Rijnsoever et al. 2012). DCEs present every respondent with a series of choice tasks in which respondents have to choose between two alternatives (in our case, two incubators). Respondents base their choice on the levels of the attributes of each alternative. These levels vary over the different choice tasks and questionnaire versions in such a manner that the overall survey represents an orthogonal design (i.e. there is zero correlation among attributes). Because each

choice forces respondents to make a trade-off between alternatives and their respective attributes, a DCE reveals the utility that is attached to each individual attribute.

We opted for a DCE for this particular study for two main reasons. First, because attribute levels do not correlate with each other, a DCE enables us to assess the relative importance of each attribute without any confounding factors. Second, respondents can receive multiple choice tasks during a DCE. This allows the identification of latent classes of respondents who display similar choice behavior. As such, a DCE enables us to explore heterogeneity in entrepreneurs' preferences. This heterogeneity is reflected in the parameters of each attribute, which can differ across the latent classes.

3.2 Data collection and sample

Entrepreneurs were approached through an online panel of an established European marketing agency and received a small monetary reward for completing the survey. Respondents were surveyed in the United States, Canada, United Kingdom, Ireland, France, Germany, Austria, Switzerland, the Netherlands and Belgium. A major challenge for any study that tries to collect data among founders of start-ups is that the 'incidence rate' is very low when relying on random sampling (Davidsson 2008). For the countries that we were targeting, the 'Total Early Stage Entrepreneurial Activity' (TEA), which measures the percentage of the adult population that is either a nascent entrepreneur or owner-manager of a new business (Global Entrepreneurship Monitor 2015), is only 5 to 13 percent (Appendix A). Of these entrepreneurs, only a fraction is founding a start-up (Davidsson 2008). Therefore, scholars trying to sample founders of start-ups are advised to increase the incidence rate by targeting individuals who are more likely to found a start-up, for example by targeting individuals with a particular education background (Davidsson 2008). Given that founders of start-ups are more likely to be highly educated (Wadhwa et al. 2008), we chose to direct our sample towards higher educated individuals.

Respondents had to meet three criteria. First, to limit the sample to entrepreneurs, respondents had to be actively starting a business which they would (partially) own. Second, respondents had to be starting a technology-based start-up, which was defined as a new firm whose business is based on the exploitation of technological know-how through the creation of new products and services. Third, as we targeted young start-ups, respondents were screened out if their business had been paying salaries for more than two years. To increase reliability, we based the screening questions on validated questions from the Global Entrepreneurship Monitor (Global Entrepreneurship Monitor 2015) and Panel Study on Entrepreneurial Dynamics where possible (Davidsson 2008). Appendix B provides an overview of the screening questions.

We used quota sampling, with quota set on a per country basis. To further increase the representativeness of our sample, we weighted the respondents in our sample according to the TEA in 2015 (Global Entrepreneurship Monitor 2015). Appendix A shows the number of respondents and case weights per country. Despite having the largest number of respondents, the United States was underrepresented in our sample. Ireland was most overrepresented. The case weights correct for these differences.

The age of the respondents ranged between 20 and 69 years (weighted average=37.7). The respondents were primarily male (75%), university educated (69.9%) and first-time entrepreneur (87.7%). These descriptives are in line with previous studies targeting founders of technology based start-ups (Oakey 2003; Wadhwa et al. 2008). Filling in the questionnaire took, on average, approximately 20 minutes. Respondents spent an average of 20 seconds per choice task.

3.3 Questionnaire design

Respondents who met the criteria of the screening questions were first introduced to study's aim and design, after which they received an explanation of the various attributes. In a DCE, these attributes should be selected based on their likelihood to affect the choice of respondents (Hensher et al. 2005). We used the review of the literature as presented in section 2.1 to identify seven attributes. Further, as is common for choice modelling (Kløjgaard et al. 2012), we conducted qualitative interviews with entrepreneurs to validate the list of attributes. Table 1 shows how the attributes were presented to respondents. After the introduction, we asked respondents imagine that they were looking for an incubator to help their business. Then, they received 8 choice tasks (an example choice task is given in appendix C). For each choice task, we presented two incubator alternatives and asked: "which incubator would you most likely choose?" During the choice tasks, respondents could re-access the explanation of the attributes and levels through a pop up window. After the choice tasks, respondents were presented with additional questions to measure the covariates. These covariates were selected in accordance with section 2.2. To identify high-tech start-ups, we asked respondents if they had applied for a patent (or copyright or trademark). We measured the start-up's maturity in terms of their development rather than age. Measuring the age of start-ups can be troublesome, as it is unclear which particular event or milestone marks the 'birth' of a venture (Davidsson 2008). We therefore follow Bergek and Norrman (2010) who relate the start-up's maturity to its stage of development rather than its age. We operationalized development stage by measuring if, and for how long start-ups had been paying salaries (Davidsson 2008). To measure the entrepreneur's educational level, industry experience and entrepreneurial experience, we used questions from Mitchell and Shepherd (2010). We also included a question to determine how much money start-ups had raised. Finally, we asked entrepreneurs if they had any incubator experience.

We first asked whether respondents were familiar with the concept of ‘incubators’ and / or ‘accelerators’¹ prior to participating in this study (yes/no). We then asked those who answered ‘yes’ if they currently are, or have been part of such a program. Based on these two variables we constructed a nominal variable with four levels (see table 2).

The questions measuring educational level and capital raised contained a ‘decline to answer’ option, which was selected by 1.5 and 7.8 per cent of respondents, respectively. We estimated these missing values by applying multiple imputation (Donders et al. 2006) using the Mice package of the R-program.

¹ Some authors make an explicit distinction between accelerators and incubators (see e.g. Cohen and Hochberg, 2014; NESTA, 2011). They do so because they see incubators as providers of office space and basic services, and accelerators providers of intangible services (e.g. mentoring, networking). However, modern incubators are not merely providers of shared office space, but organizations that provide a comprehensive range of support services (Aernoudt 2004; Bergek and Norrman 2008; Bruneel et al. 2012). These services include those that are also provided by accelerators, such as mentoring and networking. Further, there is great diversity among the models and definitions of both incubators (Aernoudt 2004; Bergek and Norrman 2008; Bruneel et al. 2012) and accelerators (see e.g. Brown and Mawson, 2015; Pauwels et al., 2015). ‘Incubators’ and ‘accelerators’ are both seen as ‘umbrella terms’ (Aernoudt, 2004 p. 127; Pauwels et al., 2015 p. 1) that largely overlap (Dempwolf et al. 2014). Consequently, in practice, accelerators and modern incubators can be very similar. We therefore do not make an explicit distinction.

Table 1. Attributes and their respective explanations and levels, as presented to respondents

Attribute	Explanation	Levels	
1. Incubator affiliation	The incubator may have various organizations as its core partner.	1. None: independent, privately-owned incubator 2. Start-up investor 3. Local university 4. Multinational company active across global markets 5. Internationally renowned university 6. Regional government	
2. Physical resources	The incubator may provide your business with the appropriate physical resources, which include office space and shared facilities or equipment.	1. No access 2. Paid access 3. Free access	
3. Funding amount and funding form	The incubator may provide different amounts of funding to your business. The funding may be provided as a grant, as a loan, or the incubator may take a certain amount of equity and shares in the start-up. This leads to different combinations of funding amounts and funding forms.	Funding amount: 1. € 0 (no funding) 2. € 10.000 3. € 25.000 4. € 100.000	Funding form: 1. Grant or subsidy 2. Loan against commercial rates 3. 6 % equity 4. 15 % equity
4. Training and coaching	The incubator may provide coaching by experienced entrepreneurs who act as mentors or advisors. The incubator may also provide training such as master classes and workshops.	1. None 2. Coaching only 3. Training only 4. Training and coaching	
5. Internal and external networks	The internal network refers to interaction with other entrepreneurs in the incubator. The external network includes access to experts, customers and investors. If networks are strong, members are well-connected, accessible and willing to help each other.	1. No strong networks 2. Strong external network only 3. Strong internal network only 4. Strong internal and external networks	
6. Track record	The start-ups that previously participated in the incubator. Incubators with a good track record have a history of incubating successful start-ups.	1. No track record yet 2. Bad 3. Neutral 4. Good	
7. Industry focus	The incubator may only support start-ups in your specific industry, or the incubator may support start-ups from a broad range of industries	1. Focus on your industry 2. Broad range of industries	

Table 2. Indicators and frequencies of start-up characteristics

Characteristic	Question used	Categories and weighted frequencies
Capital raised	How much money did your business raise (in total, including own investments?)	Less than 50,000 (35,5%); 50,000 or more (64,5%)
Development stage	For how long has the new business been paying salaries, wages or payments in kind, including your own?	No payments yet (39,1%); for 0 to 6 months (25,4%); for 6 to 12 months (22,2%); for 1 to 2 years (13,3%)
Entrepreneurial experience	Have you been directly involved in the starting up of other businesses?	No (87,7 %); Yes (12,3 %)
Industry experience	How many years have you been working in the same industry as your business' current primary industry?	Mean = 8,97; SD = 6,90
Educational level	What is the highest level of formal education you completed?	Less than university (30,1%); university (69,9%)
High tech	Applied for a patent / copyright / trademark	No (75,7%); yes (24,3%)
Incubator experience	Were you familiar with the concept of 'incubators' and/or 'accelerators' prior to participating in this study? If yes, are you currently, or have you ever been, part of an incubator or acceleration program?	Not familiar (43,8%); familiar but never incubated (31,9%); currently incubated (15,1%); incubated in the past (9,2)

3.4 Data analysis

We analyzed the data using the Latent Gold program. This software program is specifically designed to analyze choice data, and has demonstrated to outperform other programs in terms of latent class analysis (Haughton et al. 2009). The dependent variables in the latent class model were the respondents' choices of an alternative. This choice was predicted by the levels of the seven attributes. We also included an 'alternative specific constant' (ASC). A significant influence of the ASC implies that, after controlling for the attributes' effects, one alternative still is more likely to be chosen due to the influence of its position in the choice experiment (i.e. whether the alternative is displayed on the left or right) (Hensher 2007).

Latent classes were identified by categorizing respondents based on similarities in choice behavior. We explored models with 1 to 5 latent classes. The Bayesian Information Criterion (BIC: Schwarz, 1978) was used as a heuristic to determine overall model fit and the number of latent

classes, where a lower BIC implies a better fitting model. The BIC penalizes the inclusion of additional parameters and therefore favors a parsimonious solution.

We also explored different scale classes. Scale classes need to be included because respondents display different degrees of consistency in their choice behavior. Not taking this difference in consistency into account may lead to bias in model estimates (Magidson and Vermunt 2007). Scale classes capture these differences by clustering respondents with a similar degree of consistency (ibid). Again, the BIC functioned as a heuristic in identifying the optimal number of scale classes.

After fitting the optimal choice model, we characterized the latent classes. To do so, we estimated a multinomial regression model in which we used class membership as a dependent variable and the covariates as independent variables. This enabled us to capture heterogeneity in latent classes due to observed characteristics in addition to heterogeneity due to differences in choice behavior.

For each model, we report the McFadden pseudo R^2 (McFadden 1974) to indicate model performance and the Wald χ^2 to indicate the attributes' relative importance. The attributes' coefficients were effects coded: the effects are uncorrelated with the intercept and the estimators add up to one.

4 Results

Table 3 presents the outcomes of the latent class analysis. The BIC revealed that a model with three latent classes and two scale classes provides the best fit. The model has a McFadden R^2 of .28, which is seen as a decent fit for a choice model (Hensher et al. 2005), and a large improvement over the R^2 of a one class model with a lower BIC (McFadden $R^2 = .13$). The latent classes are dependent on the choice behavior concerning all attributes except for financial capital. Although financial capital significantly influenced entrepreneurs' choice of an incubator, the influence of financial capital did not seem to differ across classes. Further, models that included funding as a class dependent variable gave a higher BIC. This is presumably because the BIC heavily penalizes this attribute, since it has 15 levels due to the combinations of funding form and funding amount. Therefore, this attribute was made independent of the class division. The Wald χ^2 shows that all attributes differed significantly per class. Table 4 shows the absolute and relative importance of the attributes per class.

Table 3. Latent Class Model. Wald χ^2 indicates attribute importance, Wald $\chi^2 (=)$ indicates attribute difference between classes. * p < 0.05; ** p < 0.01; *** p < 0,001.

Attribute	Level	Wald χ^2	Sig.	Class independent							
				Class 1		Class 2		Class 3			
Attribute	Level	Wald χ^2	Sig.	Wald $\chi^2 (=)$	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Financial capital	€ 0 for free	88,64	***			-0,05	***				
	€ 0 for 6% equity					-0,17	***				
	€ 0 for 15% equity					-0,14	***				
	€ 10.000 as grant/subsidy					0,10	***				
	€ 10.000 as loan					0,07	***				
	€ 10.000 for 6% equity					0,16	***				
	€ 10.000 for 15% equity					-0,05	***				
	€ 25.000 as grant/subsidy					0,08	***				
	€ 25.000 as loan					-0,24	***				
	€ 25.000 for 6% equity					-0,06	***				
	€ 25.000 for 15% equity					0,00					
	€ 100.000 as grant/subsidy					0,18	***				
	€ 100.000 as loan					0,01					
	€ 100.000 for 6% equity					0,07	***				
€ 100.000 for 15% equity			0,05	**							
Physical capital	No access	91,60	***	91,05	***	-0,04	***	-0,09	***	-0,02	***
	Paid access					-0,04	***	0,11	***	-0,17	***
	Free access					0,08	***	-0,02	*	0,19	***
Knowledge	None	92,07	***	89,04	***	-0,02	**	0,17	***	-0,02	***
	Coaching only					-0,05	***	0,17	***	-0,08	***
	Training only					0,02	***	0,00		-0,04	***
	Training & coaching					0,05	***	-0,34	***	0,14	***
Social capital	No strong network	84,41	***	80,99	***	-0,12	***	0,17	***	-0,14	***
	Strong external network only					0,05	***	0,04	***	-0,04	***
	Strong internal network only					0,00		-0,11	***	-0,01	
	Strong internal & external network					0,06	***	-0,11	***	0,19	***
Legitimacy	No track record yet	90,46	***	74,41	***	-0,01		0,09	***	0,07	***
	Bad					-0,17	***	-0,09	***	-0,34	***
	Neutral					0,05	***	0,08	***	0,10	***
	Good					0,13	***	-0,08	***	0,17	***
Incubator affiliation	None: independent, privately owned	91,41	***	90,59	***	0,11	***	-0,15	***	0,05	***
	Start-up investor					0,00		0,09	***	-0,18	***

	Local university						-0,11	***	0,10	***	-0,05	***
	Multinational company active across global markets						0,03	***	-0,08	***	0,25	***
	Internationally renowned university						-0,04	***	0,08	***	-0,01	
	Regional government						0,01	*	-0,04	*	-0,06	***
Industry focus	Focus on your industry	81,13	***	78,10	***		-0,03	***	0,09	***	0,03	***
	Broad range of industries						0,03	***	-0,09	***	-0,03	***
ASC	Left	90,96	***	90,95	***		0,02	***	0,19	***	-0,05	***
	Right						-0,02	***	-0,19	***	0,05	***

McFadden R²: 0,28; Number of parameters: 72; Log Likelihood (LL): -4697; BIC (based on LL): 9887

Table 4. Relative importance of attributes for each class

Attribute	1	2	3	Total
Financial capital	0,29	0,17	0,17	0,63
Physical capital	0,09	0,08	0,15	0,32
Knowledge	0,07	0,21	0,09	0,37
Social capital	0,13	0,12	0,13	0,38
Legitimacy	0,21	0,08	0,21	0,50
Incubator affiliation	0,15	0,11	0,17	0,43
Industry focus	0,04	0,07	0,03	0,14
ASC	0,03	0,16	0,04	0,23
Total	1,00	1,00	1,00	3,00

Table 5. Multinomial logit model. a p < 0.01 ; * p < 0.05; ** p < 0.01; *** p < 0,001

Start-up characteristic	Wald X ²	Sig.	Category	β class 1	Sig.	β class 2	Sig.	β class 3	Sig.
Incubator experience	11,71	a	not familiar	0,05		-0,15		0,09	
			familiar, not incubated	-0,09		-0,14		0,23	**
			currently incubated	-0,04		0,28	*	-0,24	*
			incubated in the past	0,08		0,01		-0,08	
Raised > 50,000 (yes / no)	7,21	*	Yes	-0,32	**	0,16		0,16	
Applied for patent (yes / no)	6,11	*	Yes	0,30	*	-0,23		-0,07	
Paying salaries	6,95		None	-0,11		-0,10		0,20	*
			For 0 to 6 months	0,01		0,05		-0,07	
			For 6 to 12 months	0,04		0,06		-0,10	
Entrepr. experience (yes / no)	0,35		Yes	0,08		-0,01		-0,07	
			Industry experience (years)	5,01	a	0,01		-0,02	*
Continent (North America / Europe)	0,47		Europe	-0,08		0,05		0,03	
Sex (male / female)	1,85		Female	0,14		-0,02		-0,13	
Age (years)	2,00			-0,01		0,01		0,00	
University education (yes / no)	1,75		Yes	-0,12		-0,01		0,13	
Industry dummies	70,20								

McFadden R²: 0.08; Number of parameters: 90; Log-likelihood (LL): -930,22; BIC (based on LL): 2476

Table 5 presents the results of the multinomial regression to predict class membership using the respondents' characteristics. The pseudo R^2 is .09. We now use tables 3,4 and 5 to describe the three latent classes of entrepreneurs. In doing so, we use those co-variates that are significant.

4.1 The role of funding

The estimators for the levels are equal for all classes (table 3) and all three classes attach the same absolute value to financial capital. Since all the other estimators can vary among the classes, the importance of funding relative to the other attributes differs across classes.

Overall, entrepreneurs prefer to receive funding as a grant or subsidy. Further, they prefer to receive funding in exchange for equity, rather than receiving the same amount as a loan. This is in line with theory, arguing that funding in exchange for equity is often seen as a better fitting finance mechanisms for start-ups, due to their high-risk nature (Carpenter and Petersen 2002; Gompers and Lerner 2001).

4.2 Class 1: technology driven funding seekers (n = 347)

Of all classes, entrepreneurs in class 1 attach the highest relative importance to funding (see table 4). The incubator's track record is the second most important attribute. Class 1 entrepreneurs prefer an incubator with a neutral or a good track record and have a strong aversion against incubators with a negative track record. Being associated with an incubator that has a good track record could further help in convincing other stakeholders, such as investors, to commit resources. The incubator's affiliation is the third most important. Closer inspection of table 3 reveals that the importance of this attribute is due to entrepreneurs' preference for an incubator that is either independent or affiliated with a multinational. Class 1 entrepreneurs prefer incubators that provide both training & coaching, that have strong internal and external networks and that focus on supporting start-ups in a broad range of industries. However, class 1 entrepreneurs attach relatively little importance to these attributes.

The co-variates as shown in table 5 help to explain the preferences of these entrepreneurs. The importance of funding may be because class 1 entrepreneurs are poor on cash: they are less likely to have raised more than \$ 50,000 in funding. Further, class 1 entrepreneurs are more likely to have applied for a patent: such high-tech start-ups require relatively high amounts of financial capital. High-tech start-ups, in particular, suffer from a lack of legitimacy (Carpenter and Petersen 2002), which may explain why the incubator's track record is of particular importance to this group of entrepreneurs. The high-tech nature of class 1 entrepreneurs may be surprising given that these entrepreneurs are less likely to choose an incubator that is affiliated with (a local or internationally renowned) university. The finding that these start-ups are more likely to have already applied for a

patent could mean that class 1 start-ups have sufficient technological capabilities to develop their technology in-house without the help of external actors. This explanation is in line with class 1 entrepreneurs' preference for an incubator associated with a multinational, as entrepreneurs may want to use the multinational's distribution channels to bring the product to the market.

4.2 Class 2: individualists (n = 220)

Typical for entrepreneurs in this class is that they display a negative preference towards the incubator's training, coaching and networks. Table 4 indicates that, next to funding, these two attributes play an important role in determining the choice of these entrepreneurs. However, table 3 shows that incubators with strong internal and external networks, and incubators that provide both training and coaching, are *less* likely to be chosen. It seems that this class is skeptic about the added value of training, coaching and networking, and, instead, wants to focus on developing their business with minimum intervention from the incubator. Class 2 entrepreneurs prefer an incubator that is affiliated with an investor or a (local or internationally renowned) university.

Table 5 shows that class 2 entrepreneurs have less industry experience. This is surprising, as this suggests that class 2 entrepreneurs have less knowledge and networks, and that coaching, training and networks could be particularly valuable. Table 5 also shows that class 2 entrepreneurs are more likely to be currently supported by an incubator. It could be that class 2 entrepreneurs are dissatisfied by the training, coaching and networking they currently receive from their incubator. Or, given the support these entrepreneurs currently receive from their incubator, class 2 entrepreneurs may feel that additional training, coaching and networks is superfluous.

The preference of class 2 entrepreneurs for a university could indicate that these entrepreneurs are more likely to operate in high-tech industries. Table 5 does not support this, as class 2 start-ups are less likely to have applied for a patent.

4.3 Class 3: Balanced decision makers (n = 368)

Class 3 entrepreneurs attach the most importance to the incubator's track record, followed by its affiliation and funding. Although these are the most important attributes, table 4 indicates that class 3 entrepreneurs do not base their decision on primarily one or two attributes. Rather, they make a more balanced decision. All attributes rank quite similarly, especially when compared to the other two classes. Even the incubator's physical capital, which is often depicted in the literature as a commodity resource (Hackett and Dilts 2004), is important in the decision of these entrepreneurs. The one exception is the incubator's industry focus. Class 3 entrepreneurs prefer an incubator focusing on their specific industry, but, similar to the other two classes, industry focus only plays a very small role in their decision.

Class 3 entrepreneurs have a strong preference for an incubator affiliated with a multinational company active across global markets. This is in line with the importance that these entrepreneurs attach to the incubator's track record. As an established, large organization, a multinational company is a particularly legitimate entity. Incubators can gain legitimacy by associating themselves with such a reputable organization, which in turn also benefits the legitimacy of the start-ups that are associated with the incubator. Compared to the other classes, entrepreneurs in class 3 attach the most importance to the incubator's training, coaching and networks. They prefer incubators providing both training and coaching, as well as those with both strong internal and external networks. Still, these two attributes are only the fifth and sixth most important, respectively, which means that they do not play a very large role in the decision making of these entrepreneurs.

Table 5 indicates that class 3 entrepreneurs are more likely not to have paid any salaries, which could indicate that this class is in an early phase of development. Such start-ups are particularly resource poor (Stinchcombe 1965; Vohora et al. 2004), which may explain why class 3 entrepreneurs prefer incubators that provide a broad range of resources. Table 5 also shows that class 3 entrepreneurs are less likely to be currently incubated, although they are familiar with the concept.

5 Discussion and conclusion

This study explored how the attributes of an incubator influence incubator choice by different latent classes of entrepreneurs. We identified three latent classes with distinct choice profiles: (1) 'technology driven funding seekers', who base their choice primarily on the funding provided by the incubator, (2) 'individualists', who have an aversion against networking, training and coaching, and (3) 'balanced decision makers', who consider all of the incubator's attributes when making a decision. We now discuss the two major conclusions from our results and their implications for incubator scholars and practitioners.

First, the most important attributes based on which entrepreneurs prefer an incubator over another are funding, track record and affiliation. In contrast, the incubator's industry focus, training, coaching and networks were seen as unimportant. Entrepreneurs in class 2 even displayed a *negative* preference for incubators providing networking, training and coaching.

This finding stands in sharp contrast with the extant literature. Funding and track record are rarely mentioned as important attributes that attract entrepreneurs. Rather, there is a broad consensus in the literature that the value of incubation lies primarily in the incubator's knowledge and networks (Bruneel et al. 2012; Hansen et al. 2000). Consequently, entrepreneurs are said to be attracted to the incubator's specific services and expertise (Barbero et al. 2012; Vanderstraeten and Matthyssens 2012) or to the strength of its internal and external networks (Hansen et al. 2000; Isabelle 2013). The incubator's industry focus is also seen as an important attribute (Schwartz and

Hornych 2008; Vanderstraeten and Matthyssens 2012), but is not important for the entrepreneurs in our study.

At the same time, our results should not come as a surprise. Other studies have indicated that entrepreneurs' willingness to participate in networking, training and coaching is low (see e.g. Patton and Marlow, 2011; Patton, 2014; Totterman and Sten, 2005; Warren et al., 2009). The literature provides two explanations. First, the quality of these services may be low. Mentors may lack experience (Lalkaka 2001), training programs may be unable to meet the specific needs of start-ups (Ratinho and Henriques 2010), and the incubator's networks may be underdeveloped (Totterman and Sten 2005). As a result, entrepreneurs are not willing to participate in these activities. Second, entrepreneurs may be unaware of the importance of these services. The inexperienced entrepreneurs in incubators have a 'technology push' view of innovation (Oakey 2003) in which they prioritize technological development over business development. Although they lack business knowledge, they are not aware of the importance of further developing this knowledge. They therefore do not recognize the value of the incubator's training, coaching or networking as a means to develop business knowledge (Patton 2014). Further, building networks and knowledge takes time; entrepreneurs may prioritize activities that result in immediate value (Van Weele et al. 2013).

Whichever of these two explanation may apply to the entrepreneurs in our sample, positioning in terms of services, networks and industry focus, as is often advised in extant literature, will likely not be a successful strategy for incubators.

Second, while the aforementioned results display consistency among entrepreneurs' preferences for a particular incubator, our results also confirm that there is indeed heterogeneity in these preferences.

Entrepreneurs are primarily heterogeneous in their preferences for the incubator's affiliation: class 1 entrepreneurs prefer an independent incubator, class 2 prefers incubators affiliated with either a university or investor, and class 3 prefers incubators affiliated with a multinational company. This presents an opportunity for incubators to differentiate themselves from other incubators, in their country or region. If, for example, there are many university- and investor affiliated incubators in a particular region, then incubators may choose to partner with a multinational in an effort to attract entrepreneurs. Entrepreneurs also differ in the relative importance that they attach to the attributes. Funding, for example, is an important attribute for all entrepreneurs. For class 1 entrepreneurs, however, funding is particularly decisive in their choice.

Our results also support previously raised arguments that this heterogeneity in preferences is driven by start-ups' technology intensity (Soetanto and Jack 2013) and development stage (McAdam and McAdam 2008). At the same time, we note that the explanatory power of the multinomial regression was rather low, which means that such observed characteristics only play a small role in

explaining the heterogeneity of entrepreneurs' preferences. Accordingly, unobserved characteristics are indeed important to take into account when exploring the decisions of entrepreneurs.

5.1 Theoretical implications

We make two contributions to the incubation literature.

First, we provide new insights on the key factors that influence entrepreneurs' preferences for a particular incubator. We identified the incubator's financial capital and track record as important attributes that have been largely neglected by the extant literature. We also provide empirical support for anecdotal evidence that many entrepreneurs do not perceive the value of the incubator's training, coaching and networking when choosing or joining an incubator.

Second, we present a more nuanced view of heterogeneity in entrepreneurs' preferences. Entrepreneurs display heterogeneity in their preferences for the incubator's affiliation and the importance they attach to the incubator's attributes. However, providing funding and having a solid track record are key attributes for all incubators, regardless of the type of start-up they aim to attract.

5.2 Practical implications

Based on our results, we have two recommendations for incubator managers.

First, incubators should be aware that funding, track record and affiliation are the most important attributes based on which entrepreneurs choose an incubator. Incubators can attract entrepreneurs by providing money as a grant or subsidy. If this is not possible, then our results suggest incubators to provide funding in exchange for equity rather than as a loan. Incubators with a good track record should encourage entrepreneurs who have graduated from the incubator to act as role models in promoting the success of the incubator. Incubators should also realize that their affiliation with a particular organization attracts a particular type of entrepreneur. Depending on the incubator's competitive landscape, it could be worthwhile to engage in collaborations with universities, investors or multinationals.

Second, incubators should realize that there is a class of entrepreneurs who have an aversion towards training, coaching and networking activities. To ensure a fit between their services and the needs of entrepreneurs, incubators are advised to select those entrepreneurs who are willing and able to engage in the incubation process (Patton and Marlow 2011; Rice 2002). Class 2 entrepreneurs do not fit that profile. Incubators should thus wonder if they want such entrepreneurs in their incubator.

5.3 Limitations

Our study has two important limitations that present an opportunity for future research.

First, a DCE explores an individual's stated preferences, rather than their actual (or 'revealed') preferences. Measuring stated preferences allows to gather data over multiple choices per individual and is therefore particularly valuable when exploring latent classes. It also allows greater freedom in the alternatives, as the researcher is not bound by the characteristics of real world examples. However, exploring stated preference may lead to biased results when hypothetical scenarios do not resemble the real world (Hensher et al. 2005). We tried to avoid this by carefully consulting both the literature and entrepreneurs through interviews to ensure that the alternatives in our experiment were plausible. Still, we encourage efforts that complement our study by exploring entrepreneurs' revealed preferences, for example by exploring the number of applications that incubators receive.

Second, designing a DCE requires making trade-offs between including all important attributes and ensuring that the choice tasks were easy to understand for respondents. We therefore decided to limit ourselves to 7 attributes that emerged both from the literature review and the interviews with entrepreneurs as important in explaining entrepreneurs' choice. Given that our model produced a good pseudo R^2 according to the standards of DCEs (Hensher et al. 2005), we are confident that we included the most important attributes. Still, it is possible that attributes have been omitted from our study. Future research could therefore expand our approach by testing additional attributes that may play a role in entrepreneurs' preferences.

6 References

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Appendix A: case weights

Country	TEA 2015	Country population	Population total early-stage entrepreneurs	Sample total early-stage entrepreneurs	Case Weight
Austria	8.71	8,623,073	751,070	37	0.280
Canada	13.04	35,851,774	4,675,071	109	0.592
Belgium	5.4	11,267,581	608,449	38	0.221
France	5.34	67,107,000	3,583,514	125	0.395
Germany	5.27	81,197,500	4,279,108	125	0.472
Ireland	6.53	4,635,400	302,692	65	0.064
Netherlands	9.46	16,928,000	1,601,389	67	0.330
Switzerland	7.12	8,279,700	589,515	24	0.339
United Kingdom	10.66	64,800,000	6,907,680	104	0.916
United States of America	13.81	322,210,000	44,497,201	241	2.546

Appendix B: selection questions for respondents.

1. Are you, alone or with others, currently trying to start a new business? This includes any self-employment or selling of goods or services to others.
 - No **Not included in sample**
 - Yes

2. Would you consider the new business to be a technology - based start-up?
A technology - based start-up is a new firm whose business is based on the exploitation of technological know-how through the creation of new products and services. Examples include the development of a new drug or software service.
 - No **Not included in sample**
 - Yes

3. In the past 12 months, in which of the following activities have you engaged during the development of your business? *Tick all that apply:*
 - Formally registering the business
 - Preparing a written business plan
 - Organizing a start-up team
 - Devoting yourself full time to the business (more than 35 hours per week)
 - Developing a proof of concept or working prototype
 - Applying for a patent / copyright / trademark
 - Defining market opportunities
 - Hiring employees
 - Asking financial institutions or other people for funds
 - Receiving money from the sales of goods or services
 - Purchasing materials, equipment, facilities, or other tangible goods for the business
 - Discussing the new business' product or service with potential customers
 - None of the above: **Not included in sample**

4. Has the new business paid any salaries, wages, or payments in kind, including your own? *"Payments in kind" refers to goods or services provided as payments for work rather than cash. Payments in kind do not include stock options.*
 - No
 - Yes

5. **If previous question was answered 'Yes':** For how long has the new business been paying salaries, wages or payments in kind, including your own?
 - For 0 to 3 months
 - For 3 to 6 months
 - For 6 to 12 months
 - For 1 to 2 years **Not included in sample**
 - For 3 to 5 years **Not included in sample**
 - For more than 5 years **Not included in sample**

6. Do you, or will you, personally own all, part, or none of this business?
 - All
 - Part
 - None **Not included in sample**

7. Is or will the new business be a subsidiary? *A subsidiary is a venture of which another organization owns more than 50% of voting shares.*
 - No, the new venture is not the subsidiary of another organization
 - Yes, the new venture is a subsidiary of another organization **Not included in sample**

Appendix C: example choice task

Imagine that you were to choose an incubator to help you establish your business. We ask you to choose between two hypothetical incubators. Each incubator has its own characteristics. You can find the table to help you understand these characteristics and their respective levels [here](#). Characteristics that are not mentioned, do not vary across incubators.

Attributes	Incubator #1	Incubator #2
1. Incubator affiliation	Local university	Start-up investor
2. Physical resources	No access	Free access
3. Funding	\$ 25,000 as a grant	\$ 100,000 as a loan against commercial rates
4. Training and coaching	Coaching only	Training and coaching
5. Networks	Strong external network only	Strong internal network only
6. Track record	Good	No track record yet
7. Industry focus	Broad range of industries	Focus on your industry
Which incubator would you most likely choose? <i>Please select one of the two incubators</i>	<input type="checkbox"/>	<input type="checkbox"/>