The Role of Business Incubators in Enhancing Human Resource Competence and Encouraging Entrepreneurship among Young People

Sutrisno1*, Fahrina Mustafa2, Dewa Oka Suparwata3
1Universitas PGRI Semarang, Indonesia, sutrisno@upgris.ac.id
2Universitas Hasanuddin, Indonesia
3Universitas Muhammadiyah Gorontalo, Indonesia

Abstract
Quality human resources (HR) are one of the main pillars in the economic development of a country. The unemployment rate among young people remains relatively high in many areas. Lack of access to training and adequate resources often serves as a major barrier for youth to start their own businesses. Intervention is needed to boost entrepreneurship among young people. This research aims to examine the role of business incubators in enhancing HR competence and promoting entrepreneurship among young people in general. This study is a literature review with a qualitative approach. Data were collected from scholarly articles published during the period 2005-2024, primarily from Google Scholar, which is a credible platform for academic literature search. The study results indicate that business incubators play a central role in developing and accelerating the growth and success of startup companies in Indonesia, especially among young people. In this context, business incubators not only enhance human resource competence through training programs and mentoring but also encourage entrepreneurship by creating a conducive environment for the development of innovative ideas. Business incubators also serve as a link between various elements in the entrepreneurship ecosystem and have a positive impact on the local economy and society as a whole.

Keywords: Business Incubator, Human Resources, Entrepreneurship, Young People

Peran Inkubator Bisnis dalam Meningkatkan Kompetensi SDM dan Mendorong Kewirausahaan di Kalangan Masyarakat Muda

Abstrak

Kata kunci: Inkubator Bisnis, SDM, Kewirausahaan, Masyarakat Muda
INTRODUCTION

The presence of high-quality Human Resources (HR) has firmly established itself as a fundamental element in the context of economic development in a country (Diawati et al., 2023). The essence of the abilities and skills of individuals that make up HR becomes the primary determinant in facing the challenges of increasingly intense global competition, as well as serving as a catalyst for sustainable economic growth (Surya et al., 2021).

Instability in the unemployment rate still gripping young people in many regions marks the challenges that still need to be overcome. The main obstacle faced is the lack of access to adequate training and resources, which often serve as significant barriers for those wishing to start their own businesses (Ausat & Suherlan, 2021). The need for comprehensive and targeted intervention to stimulate entrepreneurship among the younger generation is becoming increasingly urgent, as an integral part of the strategy to build an inclusive and sustainable economy (Krysovatyy et al., 2024).

The role of business incubators is crucial in activating the entrepreneurial ecosystem by providing facilities that include in-depth training, specialized mentoring, opportunities to connect with relevant networks, and access to necessary financial resources (Sanyal & Sultanate of Oman, 2018). The essential function of these incubators is evident in their ability to reduce initial barriers, which often pose major challenges for novice entrepreneurs, while simultaneously accelerating the growth rate of their businesses.

Through a series of programs organized by business incubators, young people have access to hone and develop various competencies and skills that are key to success in running a business (Alzaghal & Mukhtar, 2017). In this context, young people are given the opportunity to expand their understanding in managerial, marketing, technological, and innovative fields, which are essential foundations for business growth and sustainability.

The active involvement of the government and the private sector in supporting business incubator programs is crucial in building a strong foundation for the entrepreneurial ecosystem (Bernardus et al., 2024). Collaboration between these two sectors creates the synergy needed to strengthen the infrastructure and resources available to entrepreneurs and ensure that business incubator programs can continue and develop sustainably (Awonuga et al., 2024).

The role of business incubators is not limited to their contribution to local economic growth through the creation of new job opportunities but also includes important social impacts (Scillitoe & Chakrabarti, 2010). As the level of entrepreneurship among young people driven by the presence of business incubators increases, society as a whole can experience significant benefits from the innovation and economic dynamism generated (Sharma et al., 2014).

This research will focus on the role of business incubators among young people in general, not specifically in any particular region. The study aims to identify success factors, challenges faced, and provide policy recommendations that can be implemented to strengthen the role of business incubators in enhancing HR competencies and promoting entrepreneurship.
Business Incubator
A business incubator is a program or organization designed to support the development of startups and novice entrepreneurs by providing various resources they need to succeed (Handoyo et al., 2021). These resources include intensive training and mentoring, access to professional networks, technical and managerial assistance, as well as physical facilities such as office space and working equipment. Business incubators also often provide access to early-stage funding, either through direct investment or through investor networks. The primary goal of a business incubator is to increase the likelihood of startup success by accelerating the business development process, reducing the risk of failure, and preparing the company to operate independently and sustainably (Chen et al., 2023).

Human Resources (HR)
Human Resources (HR) refers to individuals working within an organization or contributing to an economy, possessing skills, talents, and abilities used to achieve the goals of that organization or economy (Rustiawan et al., 2023). HR encompasses various aspects such as education, experience, health, and motivation that influence productivity and job performance (Kamar et al., 2022). In a broader context, HR development involves the process of enhancing individual capabilities and competencies through training, education, and professional development to ensure they can make maximum contributions to the growth and success of the organization or society as a whole (Gadzali et al., 2023; Wahyoedi et al., 2023).

Entrepreneurship
Entrepreneurship is the process by which individuals or groups create, develop, and operate new ventures or businesses with the aim of generating profit and meeting market needs (Zen et al., 2023). Entrepreneurship involves identifying business opportunities, taking risks, and innovating in products, services, or business models to create added value (Harahap et al., 2023). Entrepreneurs, or those engaged in entrepreneurship, often have to overcome various challenges such as funding, competition, and regulations to develop their ventures (Prastyaningtyas et al., 2023). Additionally, entrepreneurship contributes to economic growth, job creation, and technological innovation, thus playing a crucial role in the social and economic development of a country (Ausat et al., 2023).

Young People
Young people refer to a demographic group consisting of individuals typically aged between 15 and 30 years who are in significant developmental stages of their lives, such as education, early career, and social identity formation (Bonnie & Backes, 2019). This group often possesses high energy, creativity, and great potential for innovation, as well as the ability to adapt quickly to technological and social changes. Young people play a crucial role in driving social and economic dynamics as they are future leaders, entrepreneurs, and the workforce that will shape the direction of society as a whole (Mahmudin, 2023). Supporting and empowering young people are essential to ensure they can develop the
skills and competencies needed to contribute effectively to economic and social development.

**METHOD**
This research is a literature review with a qualitative approach aimed at analyzing the role of business incubators in enhancing HR competence and promoting entrepreneurship among young people. Secondary data were collected from scholarly articles published during the period 2005-2024, primarily from Google Scholar, which is a credible platform for academic literature search. Initially, literature search was conducted using relevant keywords such as "business incubator," "HR competence," "entrepreneurship," and "young people," resulting in 50 articles related to the research topic. A rigorous selection process was undertaken to ensure the relevance and quality of articles used in the research, with selection criteria including relevance to the research topic, research methodology quality, and clarity of research findings. After strict selection, 42 articles were chosen for further analysis. Data were analyzed qualitatively descriptively, focusing on the presentation and interpretation of findings from the selected articles. This analysis included identifying main themes, common patterns, as well as relevant insights into the role of business incubators in enhancing HR competence and promoting entrepreneurship. Research findings were detailed and supported by references from the analyzed articles, with the aim of providing a comprehensive overview of the role of business incubators in the context of HR and entrepreneurship development and offering useful recommendations for policy and practice development in this field.

**FINDING AND DISCUSSION**
Business incubators play a crucial role in facilitating and accelerating the growth and success of startup companies by providing a plethora of structured resources and services. Especially in Indonesia, with a focus on youth, business incubators have an undisputed strategic role in enhancing human resources (HR) capabilities and stimulating entrepreneurship spirit.

Business incubators have become an integral part of raising the standards of human resources (HR) competencies among young people through a series of meticulous training and mentoring programs. These programs often involve several main focuses, including but not limited to product development, effective marketing strategies, sustainable financial management, and mastery of technical skills relevant to the dynamics of the startup industry. Young people involved in business incubators are given a rare opportunity to sharpen their practical knowledge and skills essential for managing and developing their businesses sustainably (Rukmana et al., 2024).

The available training and mentoring through business incubators offer more than just theoretical understanding; they provide real opportunities for applying these concepts in practical contexts. Participants not only attend theory sessions but also actively engage in various activities that allow them to apply the knowledge gained directly in real-life situations. For example, business incubators often organize workshops and mentoring
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programs led by experienced practitioners in their respective fields. This provides a platform for participants to learn from experts in the field and allows them to receive valuable and constructive feedback, which is key to their professional growth and development (Crans et al., 2022).

Business incubators contribute to the enhancement of human resource (HR) competencies and play a significant role in fostering entrepreneurship spirit among young people. Providing a supportive and stimulating environment, business incubators create an ecosystem that facilitates the birth of innovative ideas and creative solutions (Soetanto & Jack, 2013). Participants are encouraged to surpass conventional boundaries and explore out-of-the-box thinking, focusing on developing products or services that can meet unmet market needs, leading them toward promising breakthroughs in the entrepreneurial world.

Business incubators play a vital role in providing broad access to various networks, including investor networks, business partners, and diverse startup communities (Pettersen et al., 2015). Involvement in these networks is crucial for young entrepreneurs, as through these networks, they can access various forms of support, including but not limited to capital financing, essential technical assistance, and potentially beneficial collaboration opportunities. Moreover, business incubators often host special events such as pitching days or demo days, providing valuable opportunities for startups to present their ideas directly to potential investors, opening doors to potential investments that may not materialize without the presence of the incubator.

In Indonesia, there are several business incubators that have successfully played their roles in enhancing HR competencies and stimulating entrepreneurship spirit. One notable example is the "Information Technology Business Incubator" based in Bandung. This incubator has been the birthplace for several successful technology startups, not only providing innovative solutions that can respond quickly to societal needs but also creating job opportunities for thousands of individuals involved in its business ecosystem. The success of this incubator is reflected not only in the individual achievements of the startups originating from it but also in its significant contribution to regional and national economic growth (Tricahyono et al., 2018).

Another exemplary incubator worth mentioning is the "Agricultural Business Incubator" located in Yogyakarta. The primary focus of this incubator is on developing startups operating in the agricultural sector, leveraging modern technology as its main foundation. Through a series of targeted training programs and continuous support, this incubator has provided invaluable assistance to young farmers, helping them in developing more productive and sustainable agribusinesses. The success of this incubator is not only reflected in the individual achievements of the startups originating from it but also in its significant contribution to the development of the agricultural sector in the region and collective efforts to create a more sustainable future for the Indonesian agricultural industry.

Business incubators, as integral components of the broad entrepreneurial ecosystem, serve dual irreplaceable roles: as a solid foundation in facilitating the evolution of ideas and companies, and as a catalyst driving interactions among various entities in the
entrepreneurial ecosystem. Besides being breeding grounds for startups, business incubators function as nodes that connect and unite critical elements within the ecosystem, ranging from academic experts with specialized knowledge to industries craving for breakthroughs, governments designing regulations, and communities providing support and input (Handoyo et al., 2021). Through the synergy generated by business incubators, a structure is formed that promotes collaboration and dynamic information exchange among all stakeholders, creating robust and sustainable progress in the entrepreneurial ecosystem as a whole.

A concrete example of successful collaboration is when business incubators work together with educational institutions, where the incubator can access research and innovation produced by universities for application in developing new and revolutionary products or services. Conversely, educational institutions can leverage business incubators as a platform to test and enrich innovative ideas originating from students and researchers, giving them the opportunity to experience the real process of turning ideas into impactful realities. Such collaboration strengthens the relationship between the academic world and the business sector, creating a fertile environment for the development and dissemination of knowledge and technology that can advance society as a whole (Ahmed et al., 2022).

In this ongoing digital era, technology plays a crucial role in the entire business incubation process. Successful business incubators have adopted technology as the main foundation to support all aspects of their operations, from program management to communication with participants, and even in providing various tools and platforms needed by startups to thrive. The use of advanced technology such as big data for market trend analysis, artificial intelligence (AI) for enhancing operational efficiency, and the Internet of Things (IoT) for monitoring and optimizing various processes, provides invaluable added value in the business development process (Hansen & Bøgh, 2021). With wise technology integration, business incubators can navigate the challenges and opportunities arising in this digital era, ensuring success and sustainability for the startups they support.

As a concrete illustration, business incubators can leverage big data to conduct in-depth analyses of market trends and consumer needs, enabling startups to design and develop products that are more targeted to market demands. Additionally, artificial intelligence offers the possibility to provide smarter business recommendations based on accurate data, enabling more informed and strategic decision-making for business actors (Prasanth et al., 2023). Meanwhile, the Internet of Things (IoT) promises assistance in optimizing operational processes, especially for startups operating in manufacturing or agribusiness sectors, by providing real-time access to data and better control over various operational aspects. The integration of advanced technology in the scope of business incubators not only enhances operational efficiency but also opens up new opportunities for innovation and sustainable growth for the startups involved.

One positive aspect worth highlighting about the role of business incubators is their significant contribution to the development of the local economy. By providing support to the growth of startups, business incubators participate in creating new job opportunities
and stimulating economic activity in the regions where they operate. This impact extends beyond improving the welfare of local communities, but also has broader implications in reducing economic disparities between regions. When support is provided to growing startups that contribute to the local economy, business incubators transform into vital agents of change, promoting economic inclusivity and sustainable development at both local and regional levels (Sareen et al., 2019).

Concrete illustrations of the positive impact of business incubators can be found in various regions with sector-specific incubators, such as agriculture, tourism, or the creative industry. For example, agriculture-focused incubators play a monumental role in assisting young farmers in developing more efficient and sustainable agribusinesses, thereby enhancing their productivity and significantly increasing their income. Conversely, incubators focused on the creative industry provide opportunities for local artists and creators to generate income from their work while also helping them expand their market reach and develop strong networks within and beyond their regions. By serving as catalysts for growth and innovation in key sectors, business incubators make substantial contributions to strengthening the local economy and enhancing the competitiveness of the involved regions (Carayannis & von Zedtwitz, 2005).

In addition to providing tangible impacts in the economic realm, business incubators also have significant social implications. They contribute to shaping a more self-reliant and innovative society, enriching the younger generation with invaluable skills and knowledge to help them succeed as entrepreneurs (Hölzner & Halberstadt, 2023). Furthermore, business incubators can play a crucial role in empowering marginalized groups within society, including women and minorities, by providing them with equal access to opportunities and resources needed for their development and positive contribution to the business ecosystem. Through inclusive approaches and awareness of diverse needs, business incubators can be effective vehicles for strengthening capacity and expanding opportunities for all layers of society.

Business incubator initiatives based on principles of inclusivity and community can play a vital role in addressing various social challenges, including those related to unemployment and poverty. By empowering individuals and communities to develop their own ventures, business incubators make significant contributions to building a fairer and more sustainable society (Baskaran et al., 2019). By offering access to resources, education, and support needed, business incubators create a supportive environment for potential business actors, driving the local economic engine, and creating new opportunities for previously marginalized individuals. Within the overall framework of sustainable development, business incubators play an increasingly important role in formulating innovative solutions to social challenges faced by modern society.

Looking ahead, the role of business incubators in Indonesia is predicted to become increasingly crucial in line with the evolution of technology and the changing dynamics of the global economy. To ensure long-term success, business incubators are required to continuously adapt to changes and innovate in their operational models. Closer collaboration with various stakeholders, including the government, private sector, and
educational institutions, is seen as a key factor in shaping a solid entrepreneurial ecosystem that can effectively compete in an increasingly competitive global market (Mai & Nguyen, 2022). Through strengthened synergy among these entities, business incubators can create a conducive environment for the growth and development of startup companies, accelerate innovation, and make substantial contributions to the economic and social progress at local, regional, and global levels.

Moreover, business incubators are tasked with expanding their reach and footprint to various regions in Indonesia, including areas with limited access to entrepreneurial support. By expanding their geographical coverage, business incubators can bridge the gap in access to resources and opportunities between urban and rural areas, enabling more young people across Indonesia to explore and develop their potential in entrepreneurship (Wahyuni & Noviaristanti, 2022). This step not only provides opportunities for previously marginalized individuals to succeed in the business world but also has the potential to drive economic and social development at both local and national levels. The expansion of business incubators into remote and marginalized areas is an essential strategy to ensure inclusivity and equal access to entrepreneurial opportunities throughout Indonesia.

The role of business incubators has proven to be crucial in supporting the enhancement of Human Resources (HR) competence and fostering entrepreneurial spirit among the younger generation. Through diverse programs and sustained support, business incubators contribute to shaping and training a generation of entrepreneurs who are not only competent and innovative but also ready to compete on the global stage. By continuing efforts to advance business incubators and address various emerging challenges, Indonesia can build a robust and sustainable entrepreneurial ecosystem. This ecosystem, ultimately, will play a vital role in fostering sustainable economic growth and enhancing the welfare of society at large. By making business incubators one of the primary foundations of sustainable economic development, Indonesia can move forward towards a brighter and more inclusive future for all layers of society.

### Table 1. Summary of Business Incubator's Role in Startup Growth

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<th>No</th>
<th>Key Points</th>
<th>Description</th>
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| 1  | Enhancement of Human Resource Competence | • Through training and mentoring programs, business incubators enhance human resource competence focusing on product development, marketing strategies, financial management, and relevant technical skills.  
  • Providing practical and applicable training and mentoring by experienced professionals. |
| 2  | Entrepreneurship Encouragement  | • Business incubators create an environment conducive to the development of innovative ideas and creative solutions.  
  • Providing access to networks of investors, business partners, and startup communities, as well as organizing events like pitching or demo days. |
The Role of Business Incubators in Enhancing Human Resource Competence and Encouraging Entrepreneurship among Young People (Sutrisno et al.)

### CONCLUSION

Business incubators play a central role in developing and accelerating the growth and success of startup companies in Indonesia, particularly among young people. In this context, business incubators not only enhance human resource competence through training and mentoring programs but also foster entrepreneurship by creating a conducive environment for the development of innovative ideas. Business incubators also serve as connectors between various elements within the entrepreneurship ecosystem and have a positive impact on the local economy and society as a whole. To maximize the role of business incubators in supporting the entrepreneurship ecosystem in Indonesia, several steps can be taken. Firstly, there needs to be further enhancement of collaboration between business incubators and various stakeholders, including the government, private sector, and educational institutions. This close collaboration will strengthen the entrepreneurship ecosystem overall. Secondly, business incubators need to expand their reach to areas with limited access to entrepreneurship support, enabling more young people to engage in economic and social development. Additionally, it’s crucial for business incubators to continuously innovate in their operational models, including leveraging technology to support the business incubation process. Consequently, Indonesia can build a strong and sustainable entrepreneurship ecosystem, ultimately making a significant contribution to economic growth and societal well-being.

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