Indonesian Journal of Business and Entrepreneurship, Vol. 8 No. 2, May 2022
Permalink/DOI: http://dx.doi.org/10.17358/IJBE.8.2.251

Available online at
http://journal.ipb.ac.id/index.php/ijbe

STARTUP CHARACTERISTICS AND THE ROLE OF BUSINESS INCUBATORS IN INDONESIA

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(Received Mar 10, 2022; Revised Apr 1, 2022 ; Accepted Apr 7, 2022)

Abstract: One of the positive results of digital transformation in Indonesia is a fairly advanced startup developed and has contributed to Indonesia's GDP. The issue of success of several Indonesian startups such as Gojek, Traveloka, Tokopedia, and Bukalapak triggered the community to flock to establish a startup, but the startup was established without going through a business incubation program, while business incubators in Indonesia have been around since 1994 long before the startup was founded. This is different from overseas, where startups such as Airbnb and Dropbox, alumni of business incubators, have achieved more than $30 billion USD. This study was conducted to investigate the startup models and the business incubator services that include 992 startups and 23 business incubators in Indonesia. The analysis technique used in this study is a descriptive analysis by identifying websites of 992 startup and 23 business incubators. Sampling was done by the non-probability sampling method with saturation sampling method (census). The data used are startup registered in Indonesia Mapping & Database Startup 2018 and business incubator in Indonesia. The results show that startups with independent model dominate business in Indonesia, with private ownership and from indigenous people. As for services from business incubators in Indonesia, they have provided key services to create sustainability from technopreneurship.

Keywords: startup model, startup ownership, startup origin, business incubator, Indonesia

Abstrak: *Salah satu dampak positif dari transformasi digital di Indonesia adalah pertumbuhan startup yang cukup pesat dan telah memberikan kontribusi terhadap PDB Indonesia. Isu kesuksesan beberapa startup Indonesia seperti Gojek, Traveloka, Tokopedia dan Bukalapak memicu masyarakat berbondong-bondong mendirikan startup, namun startup tersebut didirikan tanpa melalui program inkubasi bisnis, sedangkan inkubator bisnis di Indonesia sudah ada sejak tahun 1994 jauh sebelum pendirian startup-startup ini. Hal ini berbeda dengan diluar negeri, dimana startup seperti AirBnB dan Dropbox yang merupakan alumni dari inkubator bisnis telah meraih lebih dari US$30 miliar. Penelitian ini dilakukan untuk mengetahui model startup dan layanan dari inkubator bisnis yang meliputi 992 startup dan 23 inkubator bisnis di Indonesia. Teknik analisis yang digunakan dalam penelitian ini adalah analisis deskriptif dengan cara mengidentifikasi 992 website startup dan 23 inkubtor bisnis. Pengambilan sampel dilakukan dengan metode non-probability sampling dengan metode sampling jenuh (sensus). Hasil dari penelitian ini menunjukkan bahwa startup dengan model independent yang mendominasi bisnis di Indonesia, dengan kepemilikan pribadi dan dari masyarakat lokal. Sedangkan untuk pelayanan dari inkubator bisnis di Indonesia sudah menyediakan layanan utama untuk menciptakan keberlanjutan dari technopreneurship.*

Kata kunci: *model startup, kepemilikan startup, tempat asal startup, inkubator bisnis, Indonesia*

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INTRODUCTION

One of the positive effects of Indonesia's digital transformation is the rapid growth of startups established by the youth. Based on the Indonesian Startup Mapping Database, there were 992 startups in 2018. Startups and digital ecosystems can grow due to the incubator and accelerator programs. Figure 1 shows the growth of startups in Indonesia starting from <2007 – 2018.

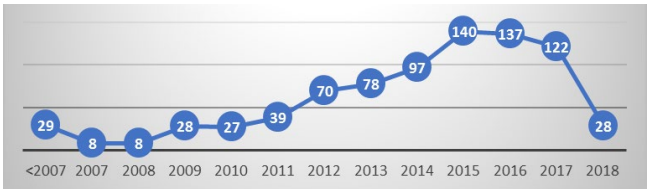


Figure 1. Startups growth in Indonesia (Mapping Database Startup Indonesia, 2018)

According to a report published by the Cabinet Secretariat of the Republic of Indonesia, President Jokowi wishes to encourage small businesses and startups to go online because the digital economy has contributed significantly to Indonesia's Gross Domestic Product (GDP). Many businesses, such as Gojek, Tokopedia, Traveloka, and Bukalapak, have dominated their respective sectors due to technology that allows them to cheaply and quickly connect marketplaces. Startup's successes have permeated Indonesia citizens and have motivated them to establish a digital-based business.

Unlike the conventional business, startups cannot grow and develop on their own. Instead, they require an environment that can accept business ideas and guide them to expand and create products that can produce value. To be able to grow and expand, startups with fresh ideas have to go through an incubation process. Incubation is a business development process in a certain amount of period in which the type of business is still new and the scale of the business is small. Seeking assistance from a business incubator is one way to overcome the problems that arise during the early stages of creating a startup (Bøllingtoft, 2012). With the incubation process, startups should feel more comfortable due to available sources of funds and a mentoring process to develop business and skills from human resources. In this case, ideal incubators will be able to produce the best startups and minimize their failures.

Airbnb is a San Francisco-based startup that has grown to be worth more than US $30 billion after participating in the Y Combinator business incubation program (Natalia, 2018). Dropbox is also an alumnus startup from the successful Y Combinator incubation program with a value of more than US $10 billion (Clark, 2018).

According to Battistella et al. (2016), startups that undergo the incubation process will receive comprehensive guidance with high-quality mentors who will support and offer various applicable entrepreneurship experiences to improve their products and business strategies. However, the characteristics of a technological startup incubator must be taken into account as they will hasten national economic convergence (Hong et al. 2016). It is not the number of startups, but their quality that determines the effect on economic development. Therefore, policies focused on fostering economic growth through entrepreneurship should focus on high-quality startups (Fritsch and Schroeter, 2009). Meanwhile, according to Al-Mubaraki et al. (2015), high economic growth represents a high rate of startup survival, a high number of new jobs created, and graduates of startup enterprises. All of them contribute to an incubator's positive influence as a critical medium for economic development.

However, unicorn companies in Indonesia, such as Gojek, Traveloka, Tokopedia, and Bukalapak, are recognized to be independent startups, which are not guided by incubators although their development is claimed to be relatively new in comparison to the emergence of existing business incubators that have been existed since 1994 (Soba et al. 2018). Table 1 that show business incubators in Indonesia.

According to van Weele (2016), startup founders who participated in the incubation program only want facilities from tangible resources such as co-working space and funding. On the other hand, according to Pauwels et al. (2015), incubators serve only as a "life support" for startups, keeping them in the incubator and filling the incubation space, which is why startup founders choose to develop their businesses on their own. Based on these explanations, this research is important because considering the president's goal to reach 1000 startups, it is necessary to know and understand the characteristics of startups in Indonesia, whether they are independent startups or are alumni of business incubators. There are quite a number

of business incubators in Indonesia, but have these emerging business incubators provided ideal services and created new startups. This research can used by government as a basis for determining a plan in order to develop or grow startups so that the target of 1000 startups is achieved.

In a previous study, David-west et al. (2018) discussed the number of startups that dominate in countries on one continent, but didn't explain the overall reason for each country, but only a few countries with high number of startups and only discussed economic development in continent, so it is unknown the number of startups that dominate other countries in Africa and also the economic development. In addition, Lukes et al. (2008) conducted research on startups in terms of job creation, because they have participated in a business incubation program, but the research didn't identify the distribution of startups, so it is unknown whether job opportunities are evenly distributed or not.

This study expands on existing research by adding the locations of startup operations and business incubators as well as how they impact on job creation which can later contribute to Indonesia's GDP. In addition, this study is also a strategic study for the government to provide easy legality and good internet access services for digital based business processes, as input or consideration for people who want to establish a startup company in Indonesia, motivate universities to create and develop the potential of students in creating digital based businesses, broadening their horizons and contributing information for economic and management scientist so that they can enrich and develop knowledge, especially in the field of digital business strategy and also as a reference for other researcher related to the measurement of startup models that dominate business in Indonesia an how the role of business incubation.

METHODS

This study employs a quantitative method with a deduction approach. We employ this method by the consideration that this study was conducted based on a theory of scientific journals. The study population is Indonesia-registered startups based on Mapping & Database Startup Indonesia 2018 with a total population of 992 startups and 23 business incubators. The sample of this study are members of the population because it employs the sample saturation technique (census). This study collected written data that is available online related to Indonesia-registered startups and reviews from business incubators, which are registered in the Mapping & Database Startup Indonesia 2018, and services provided by them that are available on their web pages. Figure 2 show the research flow.

Table 1. Business incubator in Indonesia

Name
GnB Accelerator
Ideabox
Indigo Accelerator
Kinara
Foodlab Indonesia
Smartplus
Plug and Play
Alpha Startups Bootcamp (1337 Accelerator)
Binus Startup Accelerator
Jakarta Founder Institute
Start Surabaya
Batavia Incubator

Name
GEPI (Global Entrepreneurship Program Indonesia)
Inkubator Bisnis Primakara
Kolaborasi
Merah Putih Incubator
Skystar Ventures
Innovative Academy
IDX Incubator
UI Incubator
Mandiri Digital
UPT Incubator
Ruangreka

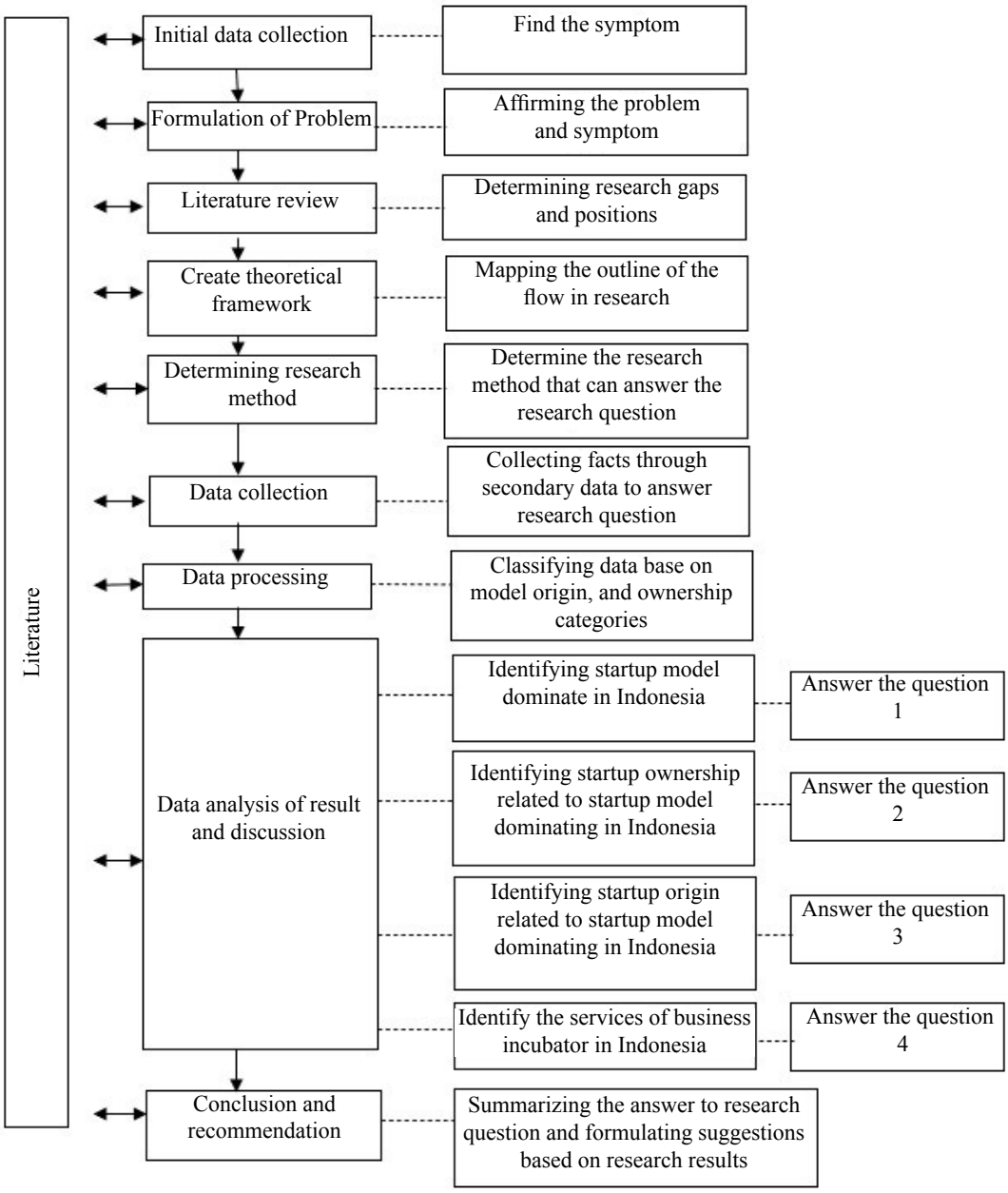


Figure 2. Research flow

Initial data collection is carried out by the symptom. Then the researchers identify the problems by the symptom. Literature review was conducted to understand the related theories and to find out the gaps. Then a framework is made so that the outline of the research flow can be seen. In the next stage, the research methodology is determined so that it can answer every research question. According to Sugiyono (2014) activities in data analysis are grouping data based on variables, tabulating data, presenting data. The stages in the data analysis process are as follows:

a) Preprocessing. The process of finding suitable data to answer research questions. The data used are name of startup, year of establishment, and the website of startup.
b) Identifying the startup model. The process is carried out by identifying which startups are included in the independent, traditional/accelerator, and company builder models. Independent model startups are startups that independently and use personal funds in the early stages, startups with traditional/accelerator model are startups that participate in business incubation programs, while company builders are startups founded by companies that already exist.
c) Identifying startup ownership. The identification process is seen based on data from investors who have invested capital in startup, whether the investor is a private, the government or a collaboration between the private sector and the government. There are types of startup ownership that are private, public or

government, and public-private partnership. Then measure the relationship with the startup model in Indonesia.

d) Identifying startup origin. At this stage, identification the origin of startups based on two categories, that are indigenous startup dan transplant startup. Indigenous is a local startup and transplant is a startup that comes from abroad. Then measure the relationship with the startup model in Indonesia.
e) Identifying how a business incubator services. This stage is identification how business incubator services is available based on the service standards that must be provided by business incubators to startups incubated in Indonesia.

From this explanation, Figure 3 is theoretical framework from this study where the startup characteristics consist of model, ownership and origin, and how the role of business incubator services seem by the model startup.

RESULTS

Startups Distribution in Indonesia

As Figure 4 shows, startups in Indonesia were not evenly distributed. Startups are mostly located in the capital city of Jakarta (455) and were followed by the surrounding areas of Bogor, Depok, Tangerang, and Bekasi. Then, Bandung had 42 startups, Yogyakarta had 48 startups, Malang had 51 startups, and Surabaya had 56 startups. From this finding, it can be seen that the distribution of startups in Indonesia was still mainly on Java Island. This data may indicate that Indonesian citizens were not aware of startup development.

Even on the island of Sulawesi, only Makassar had a startup with a total of 34. We also found that there was no startup exist in eastern Indonesia. It is unfortunate considering that Indonesia is a large country with a large population.

Business Incubators Distribution in Indonesia

Figure 5 shows that business incubators could only be found in big cities such as Jakarta, Tangerang, Bandung, Yogyakarta, Surabaya, and Denpasar, which most of them were located on Java Island and only one on Bali. There were 15 business incubators located in Jakarta and 1 in Tangerang. On the other hand, there were only 2 incubators in each city of Bandung, Yogyakarta, and Surabaya, and there was only 1 business incubator in Denpasar. In Figure 6, it can be seen that most of the business incubators were owned by the private sector (16) while educational institutions owned 6 incubators, and the government owned 1 business incubator (Start Surabaya) that was operated directly under the auspices of the Surabaya city government.

Jakarta, the capital city of Indonesia, is located on the island of Java and serves as the center of government, trade, and finance. As a result, many new companies have been founded there and many investors are interested in investing in the city because due to its significant growth. More job opportunities exist to encourage people from outside of Java to consider moving to Jakarta. Therefore, it is not surprising that urban people, especially Jakarta, are more receptive to new changes and new experiences that can add insight to running their business ideas, according to Asgha et al. (2020) which says that successful startup founders tend to be open to experience or new change and also tend to think and act wisely and carefully in making a decision for his business.

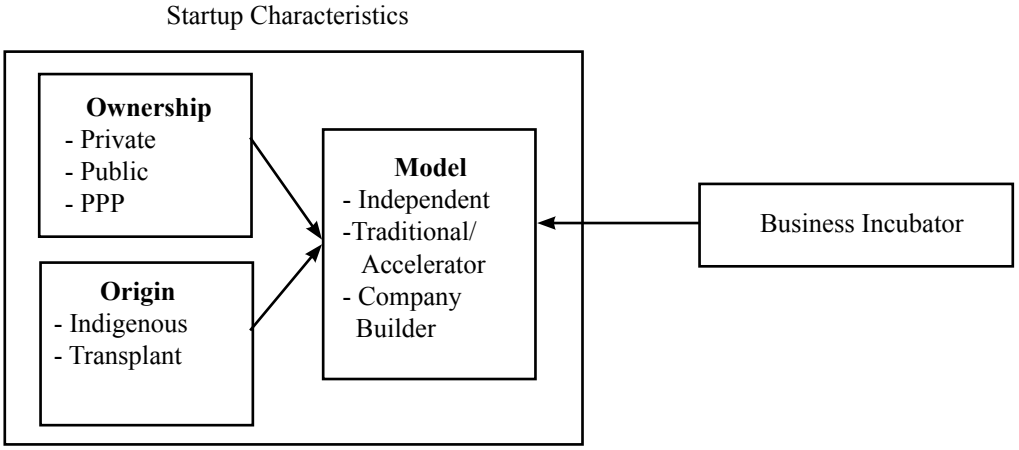
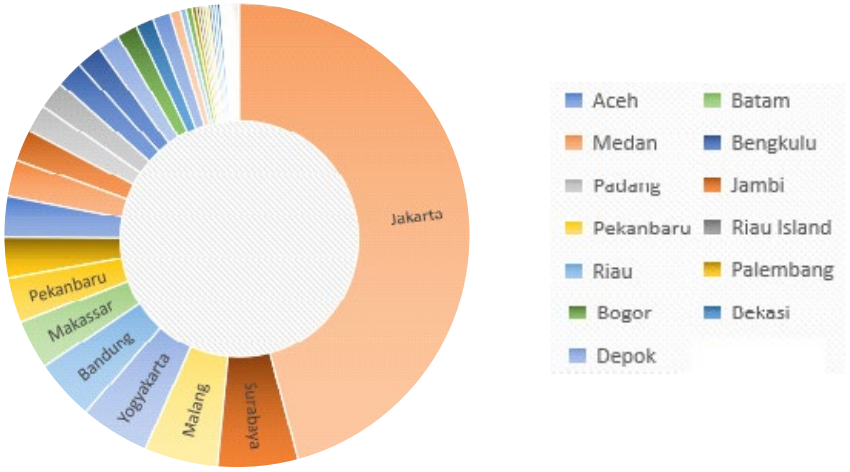


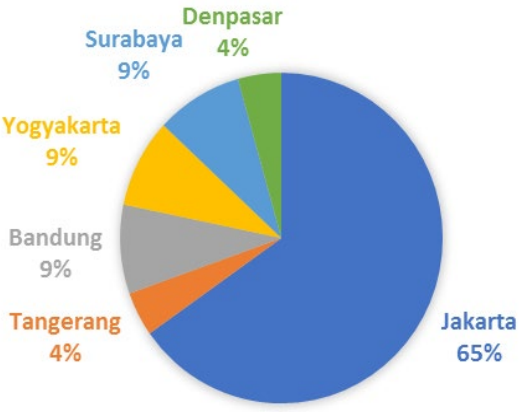
Figure 3. Theoretical framework



Explanation:

City	Number of Startup	City	Number of Startup	City	Number of Startup	City	Number of Startup
Aceh	28	Bogor	14	Tegal	2	Bontang	1
Medan	25	Depok	12	Semarang	1	Hulu Sungai Tengah	1
Padang	19	Jakarta	455	Yogyakarta	48	Samarinda	4
Pekanbaru	31	Tangerang	19	Sleman	7	Makassar	34
Riau	2	Serang	2	Kediri	1	Unknown domicile	17
Batam	4	Bandung	42	Malang	51	Overseas	21
Bengkulu	1	Cimahi	2	Ngawi	1	Ubud	2
Jambi	1	Solo	18	Pamekasan	1	Mataram	2
Riau Island	2	Salatiga	2	Surabaya	56	Balikpapan	15
Palembang	3	Magelang	1	Tuban	1	Banjarmasin	1
Bekasi	12	Purwokerto	1	Denpasar	28		

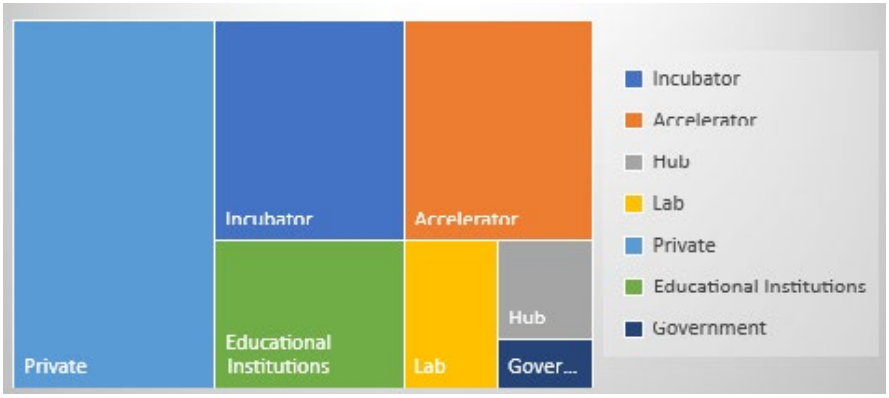
Figure 4. Startup Distribution Map



Explanation:

City	Number of Incubator
Jakarta	15
Tangerang	1
Bandung	2
Yogyakarta	2
Surabaya	2
Denpasar	1

Figure 5. Business incubators distribution in Indonesia



Explanation:

Category	Ownership
Incubator	Private
Accelerator	Educational Institutions
Hub	Government
Lab	

Figure 6. Business incubators by category and ownership

Mauleny (2015) explains that Jakarta should not be the center of all economies and development and it should be expanded to another area. The development could be done in the immediate vicinity. Expanding and modernizing the transportation system will encourage the establishment of business regions outside of Jakarta and Java. This development should be done rather than encouraging people to move to Jakarta.

According to the National Development Planning Agency (Bappenas, *Badan Perencanaan Pembangunan Nasional*), Java Island is home to the majority of Indonesia's population, which totals 147.828.300 people. This data reveals the reasons why the distribution of startups and business incubators is more concentrated on Java Island with many other opportunities for people to start businesses in the nation's capital. This is accordance with the findings of Bosma et al. (2008) who said that densely populated areas are attractive locations to start a new business.

Not only due to a large number of Java Island population, according to GDP per island income data, but Java also has the highest contribution to the country's GDP. According to Bappenas' report, Java has contributed 58,49% to the nation's GDP, followed by Sumatra (21,66%). The gap was quite large, especially compared to other islands whose GDP contribution does not even reach 10%. This data shows that Java had the highest GDP contribution because of the island's large population and also because of its economic centers, including startups.

Based on the data, it can be inferred that startups were not evenly distributed with many of them were concentrated on Java, particularly in the Special Capital Region of Jakarta (455 startups), accounting for nearly half of the total number of startups of the country. Furthermore, business incubators were only available in Java Island and many of them were located in Jakarta although business incubators were still quite a few compared to the number of companies. It can be seen that population distribution has affected startup's domicile and because Java has the largest population, more businesses are being established on the island.

Dominating Startup Model in Indonesia

Startups that employed independent models are exceptionally high with a total of 877 (88,40%), indicating the model dominates business in Indonesia (Figure 7). Some of the examples include Gojek, Traveloka, Bukalapak, and Tokopedia. It shows that the model was preferred by entrepreneurs in Indonesia because independent startup was established independently and usually self-funded, which allowed them to be more flexible in running their business. Furthermore, it may also be affected by Indonesia's high unemployment rate, which stands at 6.88 million according to the Central Bureau of Statistics (2020). This situation encouraged people to start their businesses, including independent startups. The finding is in line with Bosma et al. (2008) who found that the unemployment rate in populated areas affects the rate of formation of independent startups. According to Kemp (2013), investors are typically hesitant to work with early-stage startups because most of them are lacking in basic startup knowledge. In addition Vesper (1984) also stated that independently established businesses tend to be more successful than those carried out by established companies.

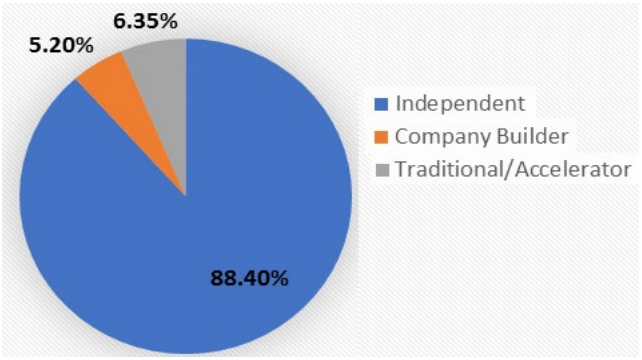


Figure 7. Dominating startup model in Indonesia

Then, there were 52 (5,24%) company builder startups in Indonesia. It indicates that there were still few companies in Indonesia that employed technology to promote their development by establishing a startup. Some examples of company builder startups include Halodoc (Mensa Group), Mister Aladin (MNC Group), and Elevenia (XL Axiata).

On the other hand, there were 63 (6,35%) traditional/ accelerator startups in Indonesia. This finding indicated that most company incubation programs lack the resources, expertise, and reputations to attract venture capital (VC). This is in line with David-west's (2018) findings stating that VC can be attracted to a company incubation program when an incubator already has the resources, competencies, and reputation. Meanwhile, according to van Weele et al. (2016) startups are not aware of the existence of intangible resources in a business incubator which is an important thing that they must get to develop their business, so they prefer the independent model. A business incubator was less productive due to a lack of potential among the staff and unsuitable procedures in overseeing the funding, which encouraged companies to establish their business independently (Dvoulety et al., 2018). These types of startups including Efishery, Payfazz, dan Sirclo. While according to the findings of Watson et al. (2003) which said that someone who sets up a new business is influenced by a high level of education. Education is a benchmark that the higher a person;s level of education, they more skilled in entrepreneurship. In addition, there is also an entrepreneurial experience factor which is the basis for establishing a new business (Cooper et al. 1988).

Dvoulety et al. (2018) also said that startups that participated in business incubation program still had low value compared to those that did not participate in business incubation program, but this was different from the findings from Lukes et al. (2018) which said that startups participating in business incubation program will experience increased sales compared to those that don't, and also have a good chance of outperforming startups that don't enter incubation program. This is according to Battistella (2016) who said that intense interaction with a collection of high-quality mentors who offer support and various experiences which are then applied by startups can improve their products and business strategies.

Startup Ownership Status Related to Its Model

Independent with private ownership was the most adopted model by startups in Indonesia, accounting for 87,09% or 864 startups, such as Berrybenka, Bukalapak, and Mamikos. On the other hand, there were 52 (5,24%) startups that employed company builders with private ownership models, such as KPR Online, Qareer, and Xohop. Meanwhile, there were 63 (6,35%) traditional/ accelerator with private ownership model startups, such as Cicil, Storiesperut, and Dompetsehat. However, there were only 12 (1,20%) public or government-owned startups that employed independent model, such as Ahli Hukum, Cari Bengkulu, e-mading Desa, Energeek, Enterwind, Lewatmana, Makassar apps, Makassar event, Maudaftar.com, Nusaresearch, Siabang, and TPS3R. Most of these government-owned startups were engaged in information business that enabled people to make better decisions. On the other hand, there was only one PPP with an independent model startup, which is online-pajak.com, a tax services provider.

It shows that the ownership status of startups was still mostly held privately and there were only a few public startups. It seems that entrepreneurs in Indonesia preferred private ownership with an independent model because this model could provide large profits to its owners and the funding management was more organized with faster disbursement. Furthermore, investors are hesitant to invest in startups because most new businesses lack adequate experience and a thorough understanding of the industry (Kemp, 2013; Saputra, 2015).

In such a case, the private sector has contributed to the economy that can encourage the government to create a socio-economic and political environment conducive to increased economic growth (David-west, 2018). However, according to Evans and Gawer (2016), although privately-owned startups are dominating the

field, most of them are relatively new and not fully established in terms of market valuation. Similarly, Fritsch and Schroeter (2009) also argue that a large number of startups do not determine the effect on economic development, but it is the quality that can determine it. Therefore, policies promoting economic growth through entrepreneurship should concentrate on high-quality businesses. According to the Organization for Economic Co-operation and Development (OECD), private sector engagement lowers overhead expenses of the public sector for establishing and managing incubators.

Startup Origin Related to Its Model

From the results, it was found that the independent startup model was widely adopted by the local entrepreneurs with a total of 858 (86,49%) startups. Locals preferred the independent model of starting a startup due to its high risk that also caused investors to hesitate to invest in them. Additionally, Indonesia's high unemployment rate has forced people to try to start a business, one of which is a startup, to produce income. They aspire to be able to create their startup and thrive in the market by utilizing their capital, rather than relying on other parties, whether private or government. Infokost, Sociolla, and Tiket.com are three examples of independent startups that have been adopted by local communities.

It was also found that there were 51 (5,14%) company builder model startups adopted by the locals, such as Agrowing, Amtiss, dan Pasarlaut.com. Meanwhile, there were 62 (6,25%) traditional/accelerator model startups adopted by the locals, such as Angon, Kredivo, dan Ternakkita. On the other hand, there were 19 (1,91%) independent, foreign-owned startups, which are Accesstrade, Amagine Interactive, Befreetour, Deherba, Digital Asia, Excellence.asia, Excite Shop, Hexa Smartcity, Icehouse, Idap Store, Indonesiabase, Orami, Pongodev, Shopback, Shopee, Shushi.asia, Tarra, Whello, and Zenrooms Indonesia. There was only one company builder, a foreign-owned startup, which is Cashtree, an advertising company from Viti Global Limited (Hong Kong). There was also one traditional/accelerator, foreign-owned startup, which is ADSKOM, a Japanese e-promotion business that also participated in the indigo acceleration program in Indonesia.

Business Incubator Service

According to the findings, 23 identified business incubators provided business development and mentoring service while 22 business incubators provided consultancy services. On the other hand, the study found that 19 business incubators offered technical training and 18 offered managerial training. Then, the study also found that 17 business incubators provided events and seed funding services, 16 incubators provided space-service facilities, and 15 business incubators provided product development and R&D. Then, the study also found that 10 business incubators offered corporate admin services, 9 business incubators offered co-creation services, and 3 business incubators offered UX lab services.

Based on business incubator services identification in Indonesia, IDX Incubator was the only incubator that offers comprehensive services to entrepreneurs. This Jakarta-based incubator, which was owned by the Indonesia Stock Exchange (IDX), focused on training programs for companies in finance-related industries. Qopnet.id and Klikcoaching.com were two alumni of IDX Incubator.

According to OECD, the core services of a business incubator must be available to sustain technopreneurship. These core services included corporate administration, seed investment, business development, consultancy, product development, R&D, and a UX lab. Petrucci (2018) supports this idea arguing that activities such as consultancy can be a medium in preparing startups to interact with their partners to produce needed solutions or potential prospects.

According to Kemp (2013), entrepreneurs enroll in incubation programs to obtain a workspace, hence a business incubator must provide that space. However, Indonesia only had 23 business incubators and most of them were owned by private parties. Moreover, most of these business incubators were located on Java Island. This is maybe one of the reasons why Indonesian entrepreneurs choose to independently start their businesses rather than go through an incubation program.

Compared to government-owned business incubators, privately-owned business incubators can accelerate the development of regional economic convergence (Hong et al. 2017). However, Darmawan (2019) said that

government policies and cooperation between countries in supporting the formation and development of business incubators are the best steps to relize business incubators as an acceleration in creating startups.

According to Tavoletti (2012) analysis is needed to establish a business incubator based on time and region, and utilize technology to create virtual business incubation that can be utilized by anyone and anywhere without regional limitations, especially areas where there is no business incubator. On the other hand, the low number of business incubators indicates a negative impact on economic growth, whereas when a large number of business incubators with a high startup survival rate are present, a large number of jobs are created and startup graduates produce a positive impact from a business incubator as it could provide job opportunities that could also boost the economic growth (Al-Mubaraki, 2015). According to Lutfiana et al. (2020) a business incubator should also be established in a university, in order to be able to encourage student creativity and innovation to create a startup, besides that it is also related to tridharma of higher education, that is community service.

Managerial Implications

The research results obtained are expected to help the government in determining development or growing startups that are truly competent and also create sustainable products, so that the target of 1000 startups are achieved not only in terms of quantity, but also the quality of the startups that have been established. Meanwhile, the community is expected to be a benchmark in establishing a startup so that they are wiser and more careful in making business decisions, and create new jobs. In addition, investors are expected to be able to cooperate with the government in developing a business incubator so that startup founders find a place for their business development.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The results show that independent startups (877) were the most popular in Indonesia, followed by the company builder (52) and traditional/accelerator (63). It was also found that founders wanted to start their businesses independently without the assistance of or collaborating with other parties to avoid commitments during the process. Entrepreneurs usually started a business using personal capital so that they could focus on managing it freely. Also, when the business is generating revenue, it can use it without having to worry about shareholders or partners. Furthermore, the study found that there were only a few business incubators in Indonesia, and most of them were located on Java Island. This situation made entrepreneurs from outside the island increasingly hesitant to join incubation programs and prefer to start their businesses. The study also found that Indonesian entrepreneurs preferred private ownership over public-private partnerships or PPP. This was because private business ownership could bring substantial revenues with more organized capital management with faster disbursement. Private parties could also boost the Indonesian economy by establishing new businesses and providing jobs to reduce unemployment. Overall, it could be concluded that the high unemployment rate in Indonesia (6.88 million) has caused Indonesian citizens to start a company to obtain an income. One of the methods is by creating a startup with their capital because investors are hesitant to engage in startups that are still vulnerable to failure and lack market knowledge. It may also be caused by business incubators that are only available in the big cities.

Recommendations

The government's role in organizing startups is also required to improve their quality by establishing new business incubators outside of Java and continue to maintain the business incubator that has been established, both tangible and intangible resources. The government can also improve or add infrastructure and also the quality of the internet network, in order to create a virtual-based business incubator that can be used by anyone without having to consider time and location. This program may encourage people to create startup businesses through business incubation, especially for those who do not possess the necessary capital and knowledge. It is also necessary to evenly distribute startup domiciles that are currently concentrated in Jakarta so high-quality startups can be produced to boost job creation in other regions in Indonesia.

People who want to establish a startup must look at the characteristics of a successful startup, not only the characteristics of startups in Indonesia. The characteristics of a successful startup are that the products offered are in great demand, the startup team

must also be able to see business opportunities such as setting up new target markets, changing industries, and redesigning products. For business incubators who want to become a successful business incubators, they must fill requirements some policies stimulate small and medium enterprises (SMEs) and provide the necessary infrastructure for businesses, the establishment of a partnership between the government and the private sector in providing assistance and marketing, availability of knowledge based on learning and research, formation of professional networks at local, national, and international levels which are facilitated by partnerships/associations, community engagement to promote entrepreneurship and cultural change.

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