



University Business Incubators as a Mechanism For Hosting Startups

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Received: 06/01/2026. Accepted: 17/03/2026 Published: 16/08/2026

Abstract:

This article sheds light on the role of university business incubators in fostering innovation and supporting start-ups in Algeria by providing a comprehensive environment that includes mentorship, funding, and advanced technology.

It also discusses the legal framework and mechanisms for establishing these incubators, while analyzing the challenges they face and proposing innovative solutions to achieve economic development.

Keywords: Business incubators; start-ups; innovation; entrepreneurship

I- Introduction :

University business incubators are considered vital tools that play a strategic role in supporting innovation and promoting entrepreneurship, particularly within academic environments. They serve as unique platforms that contribute to transforming entrepreneurial ideas into sustainable economic ventures by providing financial and technical support, as well as mentoring and advisory services. Their importance is particularly evident in Algeria, where universities aim to play a pivotal role in achieving economic and social development by linking scientific research outputs to market needs.

In light of the rapid global advancements in technology and innovation, it has become imperative for academic institutions, including universities, to provide an enabling environment that supports students and researchers in developing their ideas and transforming them into economically valuable projects. University business incubators thus act as a bridge between theoretical knowledge and practical application, offering a variety of services such as training, guidance, and access to essential resources to ensure the success of start-up ventures.

In Algeria, university business incubators represent a direct response to the economic challenges facing the country, particularly in light of the high unemployment rates among youth and graduates. They also contribute to the creation of new job opportunities and the promotion



of a culture of innovation and creativity among students and researchers. To achieve these objectives, a legal and regulatory framework has been developed to facilitate the establishment of such incubators and to support their sustainability.

Based on this context, the following research question arises: How do university business incubators contribute to the development of innovative and sustainable enterprises, and what are the main challenges they face in achieving their objectives?

First Requirement: Theoretical Foundations of University Business Incubators

University business incubators are among the primary instruments that promote academic entrepreneurship in Algeria. They have played a significant role in supporting innovative projects and transforming ideas into tangible realities. In this context, a clear legal framework has been developed to facilitate the establishment of these incubators starting from the creation of the appropriate infrastructure to the issuance of ministerial decrees aimed at encouraging innovation.

Section One: The Concept of University Business Incubators

University business incubators are vital mechanisms that support the transformation of entrepreneurial ideas into real-world projects. These incubators play a central role in empowering students, researchers, and entrepreneurs to develop their ideas, with a strong emphasis on fostering a conducive environment for creativity and innovation. The primary objective of university business incubators is to stimulate the local economy by supporting entrepreneurial initiatives and providing the necessary services to ensure their success. They strive to create a comprehensive working environment that enables project owners to overcome obstacles and achieve sustainable growth.

1. Definition of University Business Incubators

University business incubators serve as strategic platforms aimed at enhancing the capacity of early-stage start-ups. These incubators provide comprehensive support to new entrepreneurs—whether faculty members, students, or staff—guiding their ventures toward success and scalability. Despite the multifaceted support they offer, incubators do not assume direct management of the projects on behalf of their founders. Rather, they focus on delivering guidance and providing the necessary resources to achieve sustainability and growth.¹

In the same context, universities view incubators as dedicated spaces that assist individuals and institutions including students in transforming their ideas into viable projects. These spaces may include lecture halls, research laboratories, or other facilities specifically designed to provide an environment conducive to creativity and the development of small and medium-sized enterprises (SMEs)².

Based on the foregoing, it can be concluded that university business incubators are not limited to merely providing physical spaces. Rather, they constitute an integrated system that



encompasses a range of supportive services and programs designed to assist individuals and institutions in leveraging university resources to develop and expand their projects. In doing so, these incubators contribute to fostering an environment conducive to innovation, enabling project holders to benefit from academic assets in order to achieve success and growth in the business world.

2. Objectives of University Business Incubator

University business incubators are regarded as vital entities that provide a broad array of support services to emerging entrepreneurial ventures, with the aim of assisting them in overcoming potential challenges. These services include:

Providing an Integrated Work Environment:

Business incubators provide small and medium-sized enterprises with integrated facilities such as laboratories, workshops, advanced equipment, and modern technologies. These resources include fully equipped office spaces that support start-ups in accelerating their growth.³.

Promoting Employment Opportunities and Reducing Unemployment

Through university business incubators, local competencies are harnessed to create employment opportunities and reduce unemployment rates. These incubators enable entrepreneurial ventures to effectively contribute to economic development..⁴

Technical and Technological Support

Technical support services include the involvement of experts and specialists from various fields to provide academic and research-based consulting, thereby contributing to the development of emerging projects⁵.

Project Evaluation and Performance Improvement

Incubated projects undergo continuous evaluation to identify weaknesses and address them effectively. This process enhances the prospects of success and ensures the sustainability of the ventures⁶.

Providing Strategic Solutions to Challenges

Strategic solutions are provided for technical, financial, administrative, and legal challenges that may hinder the progress of emerging ventures, thereby enhancing their ability to sustain operations and expand within the market ⁷.

Section Two: The Legal Framework of University Business Incubators and the Mechanisms of Their Establishment

In recent years, the higher education sector in Algeria has witnessed significant efforts to support start-up enterprises by enhancing the role of universities in promoting entrepreneurship and encouraging the establishment of university incubators. The following outlines the stages of development of these efforts:



Phase One: Establishing the Infrastructure of University Business Incubators

- The establishment of fabrication laboratories integrated within business incubators to provide technical support for students and researchers.
- Facilitating the transfer of technology from abroad to Algeria in order to achieve synergy between local innovation and global expertise.

Phase Two: Launching University Business Incubators

- The establishment of the first university incubator at the national level at the University of M'sila in 2019, pursuant to Ministerial Decree No. 182⁸.
- The establishment of additional incubators under the supervision of the National Agency for the Valorization of Research Results and Technological Development (ANVREDET), aimed at supporting the transformation of innovative ideas into viable, production-ready projects.⁹

Phase Three: Generalizing Incubators Across Universities

- Efforts to generalize the presence of incubators across all higher education institutions, in order to ensure that all students and faculty members benefit from the economic opportunities they provide.
- The establishment of a National Committee for the Monitoring of Innovation and Business Incubators, pursuant to Decree No. 1244 dated September 25, 2022, aimed at strengthening coordination among the relevant stakeholders.¹⁰

Phase Four: Supporting Startup Projects

- The issuance of Ministerial Decree No. 1275 dated September 27, 2022, which includes the "Start-up Certificate" and "Patent Certificate," with the aim of reinforcing the concept of the "entrepreneurial university."¹¹
- In October 2022, a partnership agreement was signed between the Ministry of Higher Education and the Ministry of Start-ups to support university graduates in launching their own start-up ventures. The agreement aimed to promote innovation and entrepreneurship within Algerian universities. It included provisions to encourage graduates of the June 2023 cohort to establish start-ups and to activate scientific research projects by transforming them into economic applications. The agreement also emphasized the development of university incubators and the alignment of academic training with labor market needs to foster economic and social development.

Key points of the agreement included: The creation of programs to support students and graduates in transforming their scientific research into start-up projects; Strengthening cooperation between universities and economic institutions to facilitate

the practical implementation of innovations; Providing technical support and logistical facilitation for innovative projects within university settings¹².

Phase Five: Developing Support and Funding Mechanisms

Linking universities with public support mechanisms, such as the Algerian Start-up Fund, represents a significant step toward facilitating the financing of innovative projects. Moreover,



strengthening cooperation between universities and both the economic and social sectors serves as an effective mechanism for transforming the outcomes of scientific research into projects that contribute to achieving national development goals¹³.

This trajectory demonstrates the Algerian state's commitment to supporting university entrepreneurship by establishing an environment conducive to innovation, with the aim of developing the national economy and reducing unemployment among university graduates.

Second Requirement: The Role and Challenges of University Business Incubators in Supporting Projects

University business incubators play a pivotal role in transforming innovative ideas into viable economic projects. Their primary aim is to foster economic development by providing a nurturing environment that promotes a spirit of entrepreneurship among students and researchers. The stages of incubation vary depending on the needs of each project, ranging from the initial preparation phase to graduation and operational independence.

Despite their considerable importance, these incubators face numerous challenges, which may include a lack of financial or organizational support, thereby affecting their operational efficiency. On the other hand, enhancing the success of these incubators remains closely tied to the development of their organizational structure, the strengthening of partnerships, and the provision of effective tools to support emerging ventures—factors that significantly improve their prospects for sustainability and growth.

Section One: The Importance and Stages of Incubation

University business incubators are essential tools aimed at linking scientific research with market needs by transforming entrepreneurial ideas into successful economic projects. This, in turn, promotes economic development and fosters a culture of entrepreneurship among students and researchers.

By following an integrated process that begins with preparation and planning and culminates in independence, these incubators provide a comprehensive framework for supporting start-ups. They do so by offering technical guidance, technological support, and access to necessary resources, thereby ensuring the success and sustainability of these ventures within a competitive environment.

First: The Importance of University Business Incubators

Algeria has focused on mainstreaming university incubators as part of its strategy to promote an entrepreneurial spirit, with particular emphasis on start-ups that rely on innovation and creativity¹⁴.

Given that universities are the primary drivers of innovation through scientific research, university business incubators have been launched as platforms for transforming scientific knowledge into marketable products and services¹⁵.



This transformation can be achieved through public-private partnerships or through independent initiatives led by researchers, thereby strengthening the university's role in fostering economic development and innovation¹⁶.

Promoting a culture of entrepreneurship and initiative among students and graduates, with an emphasis on excellence and performance quality, constitutes a central pillar of this strategic orientation. The goal is to empower students to develop innovative ideas and implement outstanding projects, thereby turning these efforts into a strategic instrument for stimulating national development. These initiatives also play a vital role in proposing alternative solutions and launching new ventures, as well as in leveraging the outcomes of scientific research to improve quality of life and elevate living standards¹⁷.

Second: The Stages of Project Incubation

These stages begin with the initial evaluation of the idea and an assessment of its economic feasibility, followed by the provision of technical support and training, and culminating in the accompaniment of the project until its launch in the market and the achievement of sustainability. These stages will be explained in detail as follows:

Stage One: Preparation and Initial Interview

The process of students joining university business incubators requires compliance with a set of conditions that must be met by their ideas and projects in order to be accepted. Among the most prominent of these conditions is that the project must¹⁸:

- Projects must be based on diverse technological initiatives, with a focus on utilizing modern technologies and offering high-quality products or services.
- Additionally, projects are required to demonstrate the development of new managerial skills and enhance competitiveness, while also supporting the technical skill growth of the team behind them. Several researchers, drawing on practical experience, have indicated that there are specific criteria for accepting start-up projects into university business incubators. These include a strong drive for achievement within the team, the submission of advanced research, and the integration of new technologies into the start-up's core concept.
- Furthermore, the idea should be eligible for patent registration and have the potential to secure necessary funding, in addition to being practically feasible and demonstrating clear economic viability.
- Moreover, the idea must exhibit innovation and originality by introducing advanced improvements or novel concepts that serve the intended objectives. It is essential that these criteria align with the services provided by university business incubators in order to ensure harmony between the support offered and the actual needs of emerging projects.

Stage Two: Project Feasibility Study and Business Plan Development

The project journey begins with the preparation of a comprehensive feasibility study that covers economic, technical, and marketing aspects, in order to assess its viability. Based on the



results of this study, a detailed plan is then developed to establish a clear framework for the project and its future objectives.¹⁹.

Stage Three: Incubator Support and Business Launch

Following the completion of the planning phase, the project is admitted into the incubator, where it is allocated a space tailored to its operational needs. The incubator provides the necessary services, offering the project a strong launch within an environment specifically designed to support its growth.²⁰.

Stage Four: Monitoring Growth and Development Within the Incubator

During the project's incubation period, the administration ensures the provision of continuous support to secure its rapid growth. This is achieved through technical consultations, training programs, and tailored workshops aimed at enhancing performance and developing skills, in collaboration with specialized institutions²¹.

Stage Five: Graduation and Autonomy

This stage typically follows a period of two to three years of operation within the incubator. By this time, the project is expected to have met the established graduation criteria, such as achieving the required levels of sustainability and growth. This qualifies it to exit the incubator and begin operating independently, with an expanded scope of activities.²².

Section Two: Challenges and Ways to Enhance Success University business incubators

Represent a vital mechanism for supporting start-up projects and fostering a spirit of innovation among students and researchers. Despite their importance, these incubators face a range of challenges that require innovative solutions and effective support mechanisms to ensure their success and sustainability in serving both the economy and society.

First: Challenges Facing University Business Incubators

University business incubators face numerous challenges and obstacles that hinder the progress of student-led projects and limit their effectiveness in supporting the outcomes of higher education. Among the most prominent of these challenges are²³:

- One of the major challenges lies in the complexities arising from incubators managing all aspects of the incubated projects themselves, which increases their workload.
- In the early stages of establishment, incubators face a lack of support from official bodies or the state, which weakens their reputation and affects the quality of their services.
- The absence of essential services, such as funding, consulting, and administrative support, represents a significant barrier to the success of incubators and the fulfillment of their objectives.
- The lack of scientific and technological competence directly affects the incubators' ability to effectively develop and structure projects.



• Weak communication channels between supporting and research institutions lead to a lack of coordination and cooperation, which negatively impacts the performance and services of the incubators.

Second: Pathways to the Success of University Business Incubators

To enhance the effectiveness of support provided by university business incubators, ensure sustained backing for start-up projects, and promote innovation and integration among entrepreneurs while fostering a cohesive and supportive community within the incubator, the following factors must be addressed²⁴:

- **Standardizing the Organizational Structure:**
 - Organizing the administrative structure of university incubators in alignment with the supervisory ministry.
 - Ensuring comprehensive support for start-up projects.
- **Organizing Meetings:**
 - Defining the objectives and timing of meetings to monitor their outcomes.
 - Improving consulting services based on the needs of incubated entrepreneurs.
- **Developing Administrative Tools:**
 - Designing administrative tools that facilitate communication among entrepreneurs within the incubator.
 - Providing space for discussions on potential collaboration opportunities between project owners.
- **Strengthening Network Relations:**
 - Establishing follow-up plans to identify key stakeholders and how to engage with them.
 - Encouraging social exchanges among incubatees through group activities.
- **Linking Entrepreneurs and Projects:**
 - Promoting the development of an internal community among incubatees.
 - Involving entrepreneurs in incubator activities to maintain community dynamics.
- **Flexible Incubation Programs:**
 - Ensuring that incubator programs remain responsive to changes across various sectors.
 - Following up on start-up projects even after the incubation period ends.
- **Enhancing Expertise:**
 - Equipping incubators with specialized experts to support projects according to their respective fields.
- **Partnership with Institutions:**
 - Strengthening relationships between universities and economic institutions at both local and national levels.



- Promoting cooperation with large companies to secure funding for promising projects.
- **Encouraging Project Funding:**
 - Strengthening partnerships with national bodies to provide financial support for creative projects.

Conclusion:

University business incubators emerge as a strategic instrument for fostering entrepreneurship and promoting economic development, particularly in light of the challenges facing the Algerian economy. This study has examined the critical role these incubators play in creating a supportive environment for entrepreneurial ventures, by offering a range of services including technical and technological support, and ensuring access to essential resources to enhance the success and sustainability of these projects. Despite the progress achieved, university incubators in Algeria continue to face significant challenges, such as inadequate funding, weak coordination among key stakeholders, and a shortage of specialized expertise. In view of these findings, the study concludes with a set of results and recommendations as follows:

Results:

- University business incubators represent an integrated environment that bridges scientific research with market demands.
- The legal framework in Algeria encompassing ministerial decrees and partnerships between universities and economic institutions constitutes a fundamental pillar for the establishment and development of incubators.
- Despite notable progress, incubators continue to face financial and regulatory challenges that hinder their overall effectiveness.

Recommendations:

- Strengthening partnerships between universities and both public and private sectors to ensure sustainable support: Such partnerships enable the exchange of resources and expertise, thereby contributing to the creation of a comprehensive environment for supporting emerging ventures.
- Developing funding mechanisms through the involvement of national and international bodies: Diversifying sources of funding helps to ensure the continuity of incubators and reduces their dependency on limited or unstable financial channels.
- Updating the legal framework to allow greater flexibility in the management of incubators: A more flexible legal system promotes innovation and facilitates administrative procedures related to entrepreneurship and business creation.
- Providing specialized training programs to equip entrepreneurs in line with market requirements: These programs should focus on enhancing both the



practical and technical skills of entrepreneurs to ensure their readiness to face market challenges.

In this regard, university business incubators can play a pivotal role in achieving economic and social development in Algeria.

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