



DEVELOPMENT OF INNOVATIVE ACTIVITIES AND SUPPORT OF START-UPS

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Abstract: *The paper aims to explore the effectiveness and the experience of fostering actions for innovative start-ups in the Italian context. In particular, the study will move from the analysis of the case study about the “Start-Up Start-Hope” project in the administrative region Abruzzo. The results reveal that Start-Hope Fund has selected and actually supported both technological and traditional start-ups. In addition, the promising perspective elaborations, about the investment made, the estimated value of production and the involved human capital, attest the goodness and the effort in promoting this type of innovative ventures. The paper offers some contributions to literature and extends the understanding about the effect of the fostering program in innovative entrepreneurship.*

Keywords: *innovative start-ups; fostering policies; supporting programs; case study; Italy.*

In recent years, there has been a growing interest in the start-up scenery in sub-Saharan Africa. Already before Mark Zuckerberg's first visit to Nairobi, software 'Made in Africa' have been used in many applications, such as M-Pesa. The mobile-based and web development focused start-up, launched by Safaricom in 2007, allows its users to conduct financial transactions and to pay for products and services via their mobile phones without any need for a bank account. Today, M-Pesa is used throughout Kenya and neighbouring countries and stands for technological innovation from Africa.

A few years ago, no one in the professional world would have associated sub-Saharan Africa with technological innovation. But 'Silicon Savannah' is today widely used to describe the thriving IT industry in and around Nairobi. Since the launch of the iHub as an open innovation space for startups in 2010, Kenya's capital, Nairobi, has become the centre of Silicon Savannah. Considerable attention has been paid to Innovation Hubs (Hubs) in general, whereby the iHub can be considered a milestone within the evolution of Hubs in sub-Saharan Africa. Hubs help start-ups to develop and launch new business models (BBC, 2012; Huffingtonpost, 2015). They provide a 'bridge' between the start-ups and its environment and promote innovation and entrepreneurship.

Evolution of the Start-up Ecosystem in Kenya

To comprehend the impact of Hubs on the Kenyan start-up ecosystem, it is first necessary to understand the factors that influence the increase of start-ups in Kenya. East Africa is the fastest growing region in Africa (AfDB, 2015). Over the last five years, Kenya has demonstrated stable growth rates and a general increase in living standards. As shown in Figure 1 the Human Development Index (HDI) increased in Kenya between 1980 and 2014 from 0.453 to 0.548. This is an increase of 21.1% (UNDP, 2015).

The strong economic growth in Kenya over the past two decades has been accompanied by the emergence of a sizeable middle class, increased political stability and urbanization (AfDB, 2016).

Definition and Characteristics of Start-ups



Support for start-ups is becoming increasingly important on an international economic and labor market policy level (GES, 2015; OECD, 2015). However, there is no clear definition of start-ups, entrepreneurs or entrepreneurship (Neck, 2000). In 1934 Schumpeter (2012) describes an entrepreneur as an innovator, who picks up new ideas and starts a business. This business is also referred to as a start-up. According to Baumol (2005) start-ups distinguish themselves from large businesses primarily in terms of their size. They are more flexible and innovative, which can be explained by their flat organisational structure and small founding teams (Grandori, 2013). Startups are able to quickly react to changes in the market and technology under remarkably uncertain conditions (Spinelli and Timmons, 2012; Aldrich and Fiol, 1994). In general, start-ups are fastgrowing companies designed to rapidly scale-up. This argumentation often fails to consider whether the start-up operates in a developed or developing country, and it is questionable whether Kenyan start-ups can meet these expectations.

Research strategy

This research study investigates the impact of Hubs. This objective applies through the collection and analysis of empirical data. The empirical research of this study focuses on an in-depth case study of Hubs and their start-ups in Nairobi, Kenya. According to Bergek (2008) literature has yet not paid adequate attention to the needs of start-ups and has not defined the environmental conditions in terms of the process of new venture creation. This research aims to fill this gap, to identify the challenges of start-ups in Nairobi, and to explore socio-cultural aspects affecting their success. Furthermore, the literature review clearly shows that there is not yet one commonly agreed definition of Hubs. To fill this gap this research tries to find similarities and distinguish differences between Hubs in Nairobi. The case study approach facilitates the researcher's drive to probe deeply into entrepreneurship studies, by devoting time and energy concentrating on specific aspects of start-up development in Kenya. This approach provides the focus that is required, emphasizes the depth of study, and bases on the assumption that reality can only be understood through social constructions and interactions, and that the context in which the phenomena under study is situated is complex (Saunders et al., 2009). During the in-depth exploratory study, the researcher focuses on start-ups' views, including perceived barriers, while further obtaining other views from the Hub staff in recognition that a start-up acts in a complex environment and its views need to be placed in specific context.

The conclusions are based on an extensive review of Hubs in Nairobi, which means that the conclusions only apply to this specific regional context. Instead, this research is appealing to the concept of relatability. What has been researched in this study will be of interest to other researchers and institutions interested in Hubs and that it will add incrementally, to the patchwork of research on Hubs. It should be considered in evaluation of the presented data and the planning of further studies, that the collection of data presents various problems in the surveyed market. Some limitations occurred during the studies. Since there is a lack of a clear definition of Hubs, the selection of Hubs in this paper should be considered in progressing discussions about Hubs. At the same time not every interview is structured in the same way, hence, causes reduced comparability. A semi-



structured interview guide was used to give the researcher the possibility to adapt to the specific situation of participants. The approach was chosen to provide the flexibility necessary to interview the heterogeneous sample in an investigative way and prevent loss of critical information.

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