

# Evaluating the Key Success Factors of Social Business Hubs in the Middle East

Mahmoud Al-Kilani, Arie Hans Verkuil & Rolf Meyer

## Abstract

Social business hubs play an important role in facilitating social innovation and support social entrepreneurs to deliver social benefits to the wider community. This paper aims to firstly identify and evaluate the key success factors of social business hubs in the Middle East with the focus on Jordan, Lebanon and Iraq, secondly, identify what successful social hubs offer, and thirdly, identify the challenges facing social business hubs in the region. In-depth interviews with eight social business hub managers were conducted using a pre-designed questionnaire. The findings were interesting and meaningful and show the impact severity of the COVID-19 pandemic on the infrastructure of the social business hubs. Networking and collaboration seem to be the predominant success factor for social business hubs. Finally, we observe that social business hubs in the region are facing many challenges; the main two are lack of government support and funding issues.



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## 1. Introduction

With the ongoing changing needs of society, social business hubs play an important role in supporting social startups and seek out ways in which they can adapt to these needs by ensuring their objectives benefit the wider community they serve and as a way to maintain competitiveness in the field. This can be measured through the success of a social business hub by evaluating the processes of the business hub in terms of whether it has achieved the aims or purpose it originally sought to address. This paper seeks to identify and evaluate the key success factors and challenges of social business hubs in the Middle East with a focus on Jordan, Lebanon, and Iraq. Hubs can be used to reference people with an exceptionally large number of social ties (Goldenberg, Han, Hong, and Lehmann, 2009) and have been described as coworking spaces and a way to share knowledge and learning through social collaboration (Capdevila, 2013; Jackson, 2017). Social business hubs encompass both concepts.

Social business hubs are designed as spaces for knowledge sharing and information exchange to support social enterprises and social startups. The focus of a social business hub is to achieve a social objective that benefits the community as a whole. For any social hub, a sense of community is important for the growth of success (Jackson, 2017). The aims of this paper are (i) to identify and evaluate what factors lead to the success of social business hubs in the Middle East; (ii) to establish what successful social business hubs offer to those involved, and (iii) to determine what the challenges are facing social business hubs in the Middle East. After critically evaluating the literature and reviewing the idea of success factors for social business hubs, this paper describes the methodology used to investigate the topic, followed by results, discussions and conclusions drawn from the study. The paper concludes with recommendations for further research.

*Note: Other authors and contributors have addressed the social business hub concept using a variety of terms used interchangeably - for example, community hubs, social hubs, social accelerators and social innovation hubs. This paper will use the term "social business hub" to cover all these forms.*

## 2. Review of the Theoretical Framework

There has been a considerable amount of academic literature based on elements related to business models in terms of "social innovation" and "social business hubs." In essence, social innovation is an important concept that evolves to achieve social objectives which benefit the wider community, and social business hubs seek to support social enterprises and startups through knowledge sharing and information exchange.

### 2.1 Social Innovation Framework

The literature shows that the main focus of social innovation is addressing social issues and providing solutions to social problems. Social innovation has been referred to as a product or service that meets the social needs and fulfils the social objectives of the wider community. Adams and Hess (2010) explained that social innovation can be used as a way to create social value beyond the capability of existing systems and it can create new ways of addressing issues and opportunities for change. As social innovation is a fast-growing, ever evolving phenomenon, more businesses look to it as a way to help understand their business models and enhance social environments (Oeij, van der Torre, Vaas, Dhondt, 2019) as it generates social benefits that exceed the capacity of the traditional system and creates economic opportunity (Adams and Hess, 2010). As organizations and their customers become more aware of the impact of social innovation, organizations have tried to understand and implement it in their businesses in order to meet their customers' demands. As Nicolopoulou, Karataş-Özkan, Vas, and Nouman (2015) highlight, social innovation is based on the strategic collaboration of stakeholders in order to meet business and social challenges.

The term “social innovation” has acquired a number of different conceptual definitions. Dawson and Daniel (2010) broadly define it as supporting groups in achieving the objective of improved well-being through the development of new concepts, strategies and tools (p. 10). In using this term, the authors look to develop a working model for making sense of social innovation that integrates the knowledge domains of business innovation. Phills Jr., Deiglmeier, and Miller (2008) initially defined social innovation as a process of supporting and implementing novel solutions to social needs and problems. However, to gain more accuracy and insight into the term, they subsequently redefined it as a novel solution to a social problem that is more effective, efficient and sustainable than existing solutions and that applies to society as a whole. Westley and Antadze (2010) assert that successful social innovations have strength and broad impact by defining social innovation as a complex process that introduces products, processes or programs that vastly modify routines, resource and authority flows, or beliefs about the social system in which the innovation occurs. Social innovation is a growing phenomenon and while it has to do with social objectives which seek to benefit the wider community, there is no consensus as to its concrete definition because it typically encompasses many features. Consequently Oeij et al. (2019) recommend that a definition useful for business research requires three building blocks: “first, it needs to be about implemented solutions with value for society; second, the implementation needs to be understood as a process; and third, it must be clear that most implementations fail” (p. 244). The literature on social innovation as a whole looks to address social issues that help provide solutions to social problems, thus looking to benefit the community.

## **2.2 Social Business Hubs Framework**

Social business hubs may be used interchangeably with what scholars refer to as social hubs, social accelerators, social innovation hubs, and community hubs. The term “social hub” continues to lack theoretical underpinnings and there are not enough assessments related to the role and success factors of social hubs. Nevertheless, it is generally agreed that social hubs offer a space to work, collaborate, socialize and share knowledge. Al-kilani et al. (2021) stated that “a social innovation hub is a co-working space, providing a platform and/or empowerment tool for knowledge exchange, innovation, learning, and supporting the development of social innovation to meet social challenges. It empowers entrepreneurs with the set of skills and knowledge required to drive social change and create a positive impact to benefit the wider society” (p. 90). As societal needs continue to change, and in order to adapt to these needs, social business hubs play an important role in providing support that benefits the community they seek to serve. The literature on social business hubs suggest that the goal is to provide knowledge sharing and information exchange that further support social enterprises and social startups. In order to support social enterprises, social business hubs can use coworking spaces to build social relationships for their sites of entrepreneurship and knowledge exchange (Jackson, 2017).

Social incubators have been defined as innovative systems designed to assist entrepreneurs in the development of new firms by providing a variety of services and support to start-up and emerging companies (Smilor, 1987). Nicolopoulou et al. (2015) describe an incubator as one that is particularly driven to achieve a combination of social and economic outcomes. They continue by explaining how “incubators can provide an ideal environment, combining space for creativity, together with dedicated resources, as well as structures for the creation and maintenance of social networks, and social and intellectual capital” (p. 37) which makes them uniquely suitable for fostering innovation. When looking at the social profitability of business incubators, Sentana, González, Gascó, and Llopis (2017) suggest that business

incubators have numerous advantages because they increase the chances of creating firms, which then increases the chances of creating jobs. Networking is an important aspect in the world of social hubs as it seeks to build relationships between people. Nicolopoulou et al. (2015) explain how social innovation provides opportunities for networking through events and training. Cote (2019) defined social networking as a process in which individuals develop relationships based on mutual interests, information, and other beneficial reasons which results in the exchange of information and knowledge. Goldenberg et al. (2009) defined social networks as a set of actors and the relationships, or ties, among them. Goldenberg et al. (2009) investigate the role of hubs (people with large number of social ties) in diffusion and adoption by identifying two types of hubs : (i) the innovative hub, which influences the speed of the adoption in a network, and (ii) the follower hub, which influences the number of people who eventually adopt the innovation. They stated that an early prediction regarding the likely success of a new product was found to be related to the amount of adoption by hubs.

### **2.3 Business Model's Social Business Hubs Conceptual Review**

The literature on business models has developed due to the drive in social innovation and its perceived importance for success compared to a physical product (Johnson, Christensen, and Kagermann, 2008; Amit and Zott, 2012; García-Gutiérrez and Martínez-Borreguero, 2016) as it taps into the unique strengths of businesses and serves as a locus of innovation (Anthony, 2012; Nicolopoulou et al., 2015). Baden-Fuller and Morgan (2010) investigated the effectiveness of business models and found that business models are useful in initiating value creation and are useful as tools in describing and classifying organizations. Business models are important for identifying the capabilities of any organization that allow it to become competitive (Teece, 2010) and they are necessary in understanding the competitive advantage and growth of a firm (García-Gutiérrez and Martínez-Borreguero, 2016; Gasparin, Green, Lilley, Saren, Schinckus, and Quinn, 2020). Business models provide a set of common level descriptions of how a firm organizes itself in order to create and distribute value in a way that is profitable (Baden-Fuller and Morgan, 2010). Garcia-Gutierrez and Martinez-Borreguero (2016) developed the idea of an Innovation Pivot Framework which guides innovators to identify alternative uses for their innovations and proposes competitive advantages that seek to deliver useful insight for business model designs and innovation. Amit and Zott (2012) mention the importance of business model innovation and that without it, a product innovation may not provide enough of a competitive advantage. They also mention that an innovative business model can create a new market or it can enable a company to create and utilize opportunities in its current markets (Amit and Zott, 2012). Wirtz, Pistoia, Ullrich, and Göttel (2016) focus on structural aspects of business models' contents that emphasize individual components while not ignoring the businesses' frame of reference. They suggest that a business model should "lead to keeping the promise of service, the satisfaction of needs, and profitability, which can be subsumed under the assurance of a long-term competitive advantage" (p. 40). Bucherer, Eisert, and Gassman (2012) mention how business models are difficult for competitors to follow because while it requires time and effort to change certain elements, it also has to fit a company's long-term strategy, corporate culture and core competencies. Mitchell and Coles (2003) were the first to introduce "business model innovation" as an explicit concept which they described as "when a company makes business model replacements that provide a product or service offering to customers and end users that were not previously available" (p. 17). Bucherer et al. (2012) describe business model innovation as "a process that deliberately changes the core elements of a firm and its business logic," which can also "occur independently from product and process innovations" (p. 184). Wirtz et al. (2016) support the idea of business model innovations changing business elements over time, and thus how the business model should be critically considered from a dynamic perspective in order to create competitive advantages. Garcia-

Gutierrez and Martinez-Borreguero (2016) propose two types of business model innovation: business model reconfiguration, which corresponds to the modification of an existing company business model, and business model design, which relates to the design of novel business models for newly formed organizations. Due to the early stages of research, there is no explicitness or established concept for business models. The literature is contradictory and authors have different perspectives on what a business model is, leading to a lack of development for an agreed-upon business model concept. Wirtz et al. (2016) claim there is convergence in the conceptual understanding of the literature even though Foss and Saebi (2017) identified a lack of theoretical underpinning for business model innovations.

#### **2.4 Evaluating Success Factors of Social Business Hubs**

Success factors of social business hubs can be evaluated through the business model itself. Baden-Fuller and Morgan (2010) describe how businesses use their own firm as a model for experimentation in order to consider how changing a business model can influence the possibility of its success. They claim that both the organization and integration of the firm can be expected to produce a particular kind of outcome. Wirtz et al. (2016) support the idea that the success of business models can differ based on the diversification or integration of operations. It is important for companies to understand innovation ideas in order to be successful with their business models against globalization trends and the growing competitiveness in the marketplace (Wirtz et al., 2016).

If a social business model is to be sustainable, the key success factors must be identified. Success is the accomplishment of meeting the aim or objective it was set out to achieve (Autio and Klofsten, 1988). Stratan (2017) identified important factors such as the motivation and commitment of management and partners, the business model of the organization, local community involvement, financial sustainability, and the ability to innovate. Smilor (1987) identified success factors that are important for effective management such as on-site business expertise, in-kind financial support, community support, entrepreneurial networks and education, perception of success, and program milestones with clear policies and procedures. While these factors are not all incorporated in successful incubators, Smilor (1987) found that there does seem to be a direct correlation between successful incubator development and the extent to which these factors are implemented. Lumpkin and Ireland (1988) acknowledge that critical success factors are essential to a firm's success. They mention that the "evaluation of new businesses on the factors linked with small business success could contribute to a reduction in the number of start-up failures among firms operating within and outside incubators" (p. 61). In order to evaluate critical success factors, the authors look at how managers evaluate the importance of financial ratios, personal characteristics of the management team, and market factors. Lee and Osteryoung (2004) looked at the factors for successful operation of incubators by splitting them into four categories: goal/operations strategy, physical/human resources, incubator services, and networked programs. The authors found that "there appears to be no significant differences based on the critical success factors other than the goal/operations strategy" (p. 424). In summary, the consensus is that the success of the social business hub can be evaluated by looking at the business model itself and what respondents found to be the most beneficial and impactful.

### **3. Methodology**

This section presents the research approach adopted in answering the research aims of this paper. An in-depth interview paradigm was used based on an inductive approach and critical theory research method. The study was based on the knowledge, experience, and perception of the key actors of the research objectives of social hubs. The author's role is to interpret the

literature and data collected in order to gain an in-depth understanding of the key success factors of social hubs. The research strategy is based on multiple-case studies with a qualitative mono-method approach, applied to interviews with senior managers in different social hubs. Yin (1994) stated that “the essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what results” (p. 17). Robson (2002) explains that a case study is a research strategy adopting empirical processes of a specific contemporary issue within its real-life environment. According to him, case studies use diverse types of evidence. The study focused on developing countries in the Middle East such as Jordan, Lebanon, and Iraq. The data was mainly collected from social business incubators/hubs in this region. The research design was based on a set of propositions developed from the literature in order to guide the data collection and analysis. In addition to the interview techniques, other sources of evidence were used for triangulation purposes. The data analysis is mainly the comparison between the interview “results” and the pre-set propositions.

The literature review was conducted using articles extracted from the EBSCO Business Source Premier database. This database represents the most comprehensive source of business and management studies and includes business journals for both academics and practitioners. Eight hubs were chosen and interviews were carried out with CEOs, founders or senior managers to determine what they saw as their hubs’ success factors. Not only do the findings bring more clarity to the question of what makes a social innovation hub successful, but they provide clear guidance for policy makers to enable them to better support social hubs and enable them to create a lasting positive impact on society. The sample strategy was criteria-based as the aim was to include different kinds of social hubs that are established and are rich in experience. The cases were identified through practitioner networks and an internet search for best practice. Entities were selected as “social hubs” if they offered at least four of the following services:

- a. Facility-based services
- b. Coaching/training related services
- c. Networking
- d. Access to funds
- e. Partnership projects
- f. Incubator / accelerator programs

15 social hubs were identified using this assessment method, five in each of the three target countries Jordan, Lebanon, and Iraq. An email invitation was sent to each one, followed by telephone calls to explain the purpose of the study and request an interview. However, several social hubs were found to be currently under-resourced as a consequence of the current pandemic crisis, and access to the hubs was restricted. Out of the 15 hubs invited to take part in the study, eight (53%) agreed to be interviewed and complete the questionnaire, four (27%) rejected the interview due to resource limitations and lack of time, and the remaining three (20%) did not reply to the emails, despite an email reminder being sent. Many of the firms supported by the hubs were social start-ups, focusing on creating societal value and commercial value. The hub details are shown below in Table 1.

**Table 1:** Hubs interviewed for this study.

	Social Hubs	Locations	Founded
1	SIQ -Startup Incubation Quarter	Amman, Jordan	2017
2	Center of Innovation and Excellence/ Al-Ahliyya Amman University	Amman, Jordan	2018
3	BIAT Business Incubation Association	Tripoli, Lebanon	2006
4	Berytech Business Incubator	Beirut, Lebanon	2002
5	Five One Labs	Sulaimani, Iraq	2016
6	Beirut Digital District	Beirut, Lebanon	2012
7	Beyond Group	Beirut, Lebanon	2012
8	iPark	Amman, Irbil, and Aqaba, Jordan	2003

The eight interviews were conducted using a semi-structured interview guideline. The author visited sites Jordan and Lebanon personally to gain a better understanding of the hubs' activities. However, all interviews were carried out using virtual conference calls to overcome restrictions due to the ongoing pandemic. The questionnaire was analysed and evaluated using the average response.

#### 4. Results and Discussion

After the pro-democracy uprisings which took place across the region in 2011 (the so-called "Arab Spring"), young people in the Middle East region have been keen to transform their societies and communities. Jordan, Lebanon, and Iraq face many deep-rooted socio-economic and geopolitical challenges due to the lack of job opportunities for youth in the labour market. Nicolopoulou et al. (2015) found that "several Hub incubators have opened across different geographical locations following, in general, a trend towards aligning with locations that bear promise in terms of growth and economic development, or playing the role, in some cases, of supporting the response to a changing socio-economic environment following effects of the ongoing global economic crisis" (p. 380). Social innovation can be used as a way to "solve social problems faced by individuals, groups or communities" (Oeij et al. 2019, p. 244). Social entrepreneurship is becoming more prominent in this region tackling cultural, ecosystem, health, agriculture, water and sanitation, and very importantly, women empowerment. Most of these social entrepreneurship activities have been supported by social business hubs in the region. The social business hubs in the region are becoming increasingly important in supporting the transformation of coworking spaces into "sites of entrepreneurship, digital innovation and knowledge exchange" (Jackson 2017, p. 1).

Despite the increase in the number of social hub spaces in the region, the effectiveness and efficiency of the entrepreneurship programs is still lacking. There is clearly added-value to start-ups from being part of a social hub, and subsequent value-creation, but at the same time, there is a clear lack of understanding of the essential components that make the social hub successful. More detailed information is required to improve the components of social hubs and provide researchers, entrepreneurs, policy makers, and funding agencies with more strategic information to enable them to make social hubs more effective and efficient in their service offerings. Eight social hubs were investigated showing many different characteristics

despite cultural similarities. The findings were interesting and meaningful. The following section provides details on the diversity of the social hubs under investigation.

#### **4.1 Evaluation of Social Business Hubs**

This study investigates the key success factors for social hubs in Jordan, Lebanon, and Iraq. The range of the services offered by the social business hubs varied widely. All social business hubs had a mixed pool of startups focusing on both social and commercial aspects such as technology, environmental impact, ecosystem, job creation, and fostering innovation. The social business hubs seek to become financially sustainable and therefore offer a wide range of services to their tenants - entrepreneurs, startups, and small and medium-sized businesses (SMEs). Social business hub managers highlighted the synergies between both social and commercial startups and they emphasized the importance of the interaction between the two groups. All social business hubs attempt to drive innovation and create positive societal impact. The source of funding for these hubs was mixed: some receive local funds from universities and/or local sponsors and donors, and some are funded from abroad through international funding agencies such as the World Food Programme, the European Union, USAID, UKAID, UNICEF and others. Some of the social business hubs were university initiatives by academics. A detailed review of the sample hubs are provided in table 2 below.

#### **4.2 Success Factors of Social Hubs**

It was clearly difficult to reach a consensus among the different social business hubs on what the term 'success' really means. The hub managers described the term as fluid, but agreed in principle with Autio and Klofsten (1988) that meeting the objectives it was originally set out to achieve constitutes 'success.' One hub manager stated that, "we measure our success based on the number of start-ups we supported through our various programs, their success rate, and their sustainability." Another manager stated that they measure success based on "growth of the businesses, jobs created and success stories." Another manager stated, "jobs created, jobs sustained, growth in sales, number of SMEs created, self-employment... and different indicators from different projects." Another stated "success factors are measured by the impact of the services provided by the social hub, and we measure our success by the number of beneficiaries who have succeeded in establishing solid startups."

The term 'impact' was mentioned to measure 'success' and therefore some of the social business hubs had an established methodology for measuring impact. Sun et al (2007) emphasized the challenging task of defining and measuring the term 'success.' One social business hub uses a change measurement framework (5p's: people, prosperity, planet, polity, and partnership) to measure impact. Some hub managers paid particular attention to financial sustainability and stated this is a crucial factor in order to survive and remain in the market and be successful. Due to the economic and political instability in the region, hub managers emphasize the importance of job creation among young people and highlighted the impact on society and the wider community as a core focus of their activities which contribute to their success matrix. There was a general consensus that other things such as social innovation, environmental awareness, networking, sharing knowledge, enabling collaboration, empowering women, creating ideas, and economic growth were mentioned to be part of their responsibility and a means to measure 'success.' Figure 1 below shows the frequency of the success factors mentioned by the hub managers.

The success of social business hubs was shown to be dependent on a number of factors and in addition, the frequency of each of these factors turned out to be important in evaluating each factor and understanding how each contributes to the term 'success' (see figure 1).

**Table 2:** Detailed summary of the social hubs under review

Social Hub names (Year Founded)	Location	No. of Startups (p.a) / (No. of employees)	Aims / targets	Services offered	Selection of start-ups	Organization	Funding
Berytech Business Incubator (2002)	Beirut / Lebanon	200 / (50)	To provide a dynamic environment for the creation and development of startups fostering, innovation, technology, and entrepreneurship	Business Matchmaking, business training, incubation and support program, services for startups and SMEs	Different depending on each program	NGO	Several programs related to international donors
BIAT Business Incubation Association (2006)	Tripoli / Lebanon	80 / (15)	Creates jobs, provide various support to SMEs, necessity and opportunity entrepreneurship and sustainability	Offices, desks, access to finance, training, one to one coaching, post COVID 19 it will be provided online	Based on project criteria, selection process in place	NGO	a yearly budget of 800,000 Euros from international donors.
Beirut Digital District (2012)	Beirut / Lebanon	150 / (45)	Combines value added services and state-of-the-art infrastructure so that companies can increase their productivity and grow	A sustainable healthy environment to enhance positive sense of well-being, inclusive development offering business, living and leisure facilities	Support all startups and businesses	Private	Privately funded
Beyond Group (2012)	Beirut / Lebanon	20 / (25)	To achieve deep change within governments, organizations, and communities.	Design, implement and transfer integrated solutions, responding to local needs	Project based	Private limited entity	Bid for local and international tenders
Five One Labs (2017)	Sulaimani & Erbil /Iraq	130 / (22)	To support local and displaced entrepreneurs to develop and grow their businesses.	Provide intensive training, mentorship, funding, and advisory support to scalable startups across the country	Innovation, diverse, scalable & impactful ideas	NGO	A yearly budget of 800,000 USD from International donors
SIQ- Startup Incubation Quarter (2017)	Amman / Jordan	9 / (5)	Foster innovation and support creative initiatives	Working space, desks, internet, meeting rooms, photocopy facilities.	All startups focusing on ecosystem	Non-profit making	University of Petra-UOP is funding the incubator
Center of Innovation and Excellence (2018)	Amman / Jordan	13 / (18)	Better governance, enhance experience and knowledge, provide financing, create jobs, drive economic growth, attracting various stakeholders	Capacity-building, mentorship and acceleration programs, seed funding, co-working space, financial and legal aid, logistical resources	Based on project criteria and pitching	Non-profit making	Al-Ahliyya Amman University
iPark (2003)	Amman, Irbil & Aqaba / Jordan	35 / (12)	Provide matchmaking, advisory, legal support, capacity building, and services to institutions & donors seeking to establish impactful entrepreneurship support & enablement programs.	Logistical, space, operational, strategic advisory, monitoring and evaluation, training and capacity building, mentorship, and advisory services	Startups should submit business plans	Non-profit making incubator	The Royal Scientific Society & international funding agencies

Physical factors such as location were perceived to be an important contributor to social business hub success in the past. However, the introduction of remote working practices imposed as a result of the ongoing pandemic restrictions may ultimately result in changes to the importance of social hub location. Soft factors such as networking, collaboration, and motivation were perceived by hub managers to be very important factors, playing a significant role in achieving success and meeting their objectives.

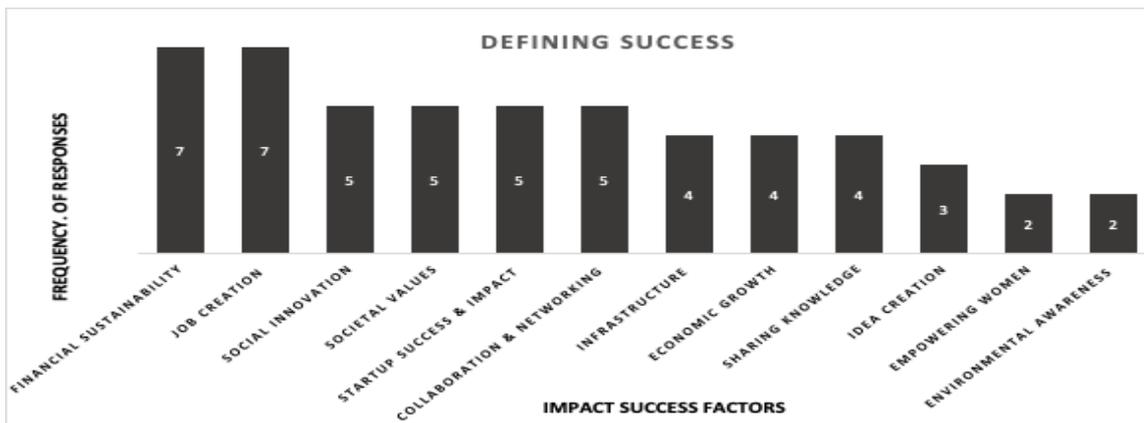


Figure 1: Frequency of the success factors mentioned by hub managers.

### 4.3 Social Business Hubs Offering

Social business hubs offer a wide range of services and support to startups and SMEs ranging from physical co-working space to fundraising, networking, consulting, and training. The following offerings have been evaluated.

#### 4.3.1 Networking and Collaborating

The findings of this paper concur with the findings of Bachmann (2014) who stated that the history of social business hubs has always been about collaboration and not about individuals. Collaboration was described as an important factor by respondents in the current study and it must add value to the different stakeholders’ relationships in order to succeed. The collaboration could be local, national, international, or global. The wider the geographical coverage, the higher the impact it creates. An important element highlighted is the collaboration between established companies and startups to foster business model innovation and drive social innovation. The importance of setting up a global network of collaboration from the start was also mentioned as a driving factor to maximise impact. Figure 2 below shows the average response of both perceived importance and perceived quality of social business hubs managers on networking and collaboration.

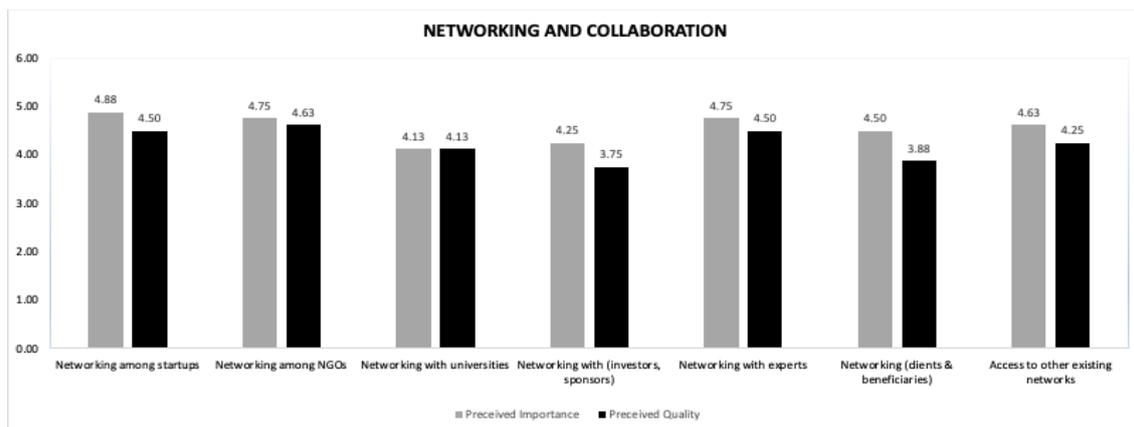


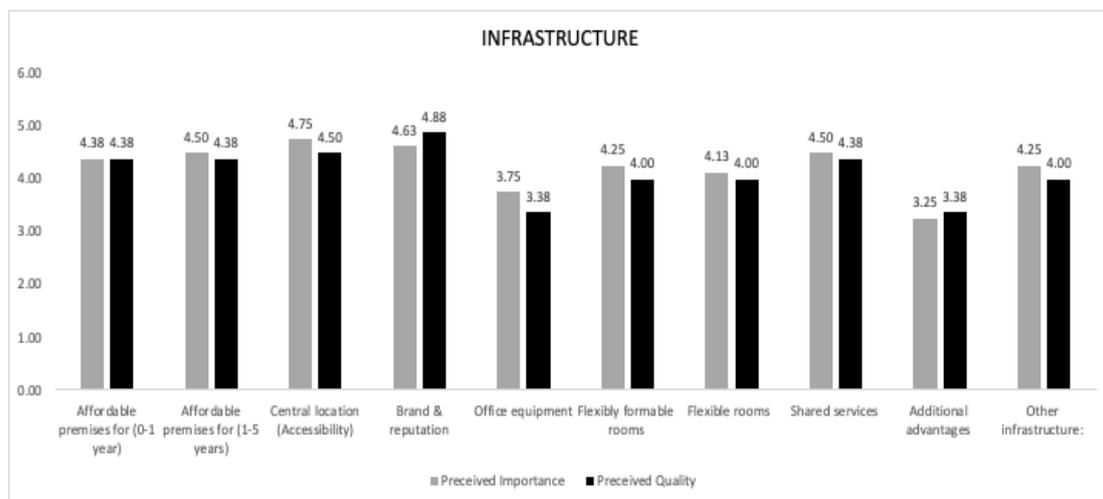
Figure 2: Managers’ average responses for networking and collaboration.

Networking and collaboration have been perceived by a number of social business hub managers as one of the most important factors. Social business hubs act as enablers through networking to connect entrepreneurs, share knowledge, exchange information, and provide space to foster innovation and provide support to startups. Collaboration is perceived to maximize the number of support opportunities available and readily accessible to the incubated projects and entrepreneurs. These results concur with Nicolopoulou et al. (2015) findings that social innovation is based on the strategic collaboration of stakeholders in order

to meet business and social challenges. It is also noted that based on the different criteria tested, the perceived importance is higher than the perceived quality, meaning there is action required here even though the difference is not significant so far. Building trust is a significant factor in fostering better collaboration and networking amongst entrepreneurs; otherwise they may share very little.

### 4.3.2 Infrastructure

The topic of infrastructure has received mixed feedback from hub managers, particularly because of the impact of the ongoing pandemic on the business environment. Some managers expressed the feeling that infrastructure is becoming less important and other services and processes are taking its place such as online services and access to market services. They also stated that co-working spaces with shared facilities are more important than offices if managed well. They also speculated that infrastructure might regain its importance once the pandemic is better under control. Nonetheless the trend towards online presence might be irreversible. One manager stated, “what makes a difference in the entrepreneur journey is the project-related services...rather than the infrastructure of [a] social hub.” Figure 3 below shows the managers average responses to Infrastructure.



**Figure 3:** Manager’s average responses to Infrastructure.

Even though managers gave their responses based on mixed feelings about the importance of the physical space, it is clear that the average responses for perceived importance and perceived quality for both office equipment and additional advantages seem to be low. Timing is important here in order to draw a comprehensive and reliable conclusion. Surely, infrastructure needs are changing, they are not disappearing, and they remain vital. COVID-19 may be a catalyst, but it is not the main driver for change.

### 4.3.3 Consulting and Training

Different questions were asked to evaluate the consulting and training offerings by social business hubs to startups. Clearly, action is required in at least four areas: coaching in terms of initial consulting and general consulting, team coaching, events, and very importantly, support with product development. Figure 4 below shows the average responses of managers for consulting and training criteria.



Figure 4: Managers’ average responses for consulting and training criteria.

It has been stated and confirmed by the average response of the hub managers that when it comes to providing support with product development, there is a lack of technical experience of the market and/or customer needs. Such expertise is required from specific industries with much more experience and knowledge in the field. Therefore, as mentioned above (in 4.3.1), collaboration between established companies and startups foster business model innovation and drive social innovation.

#### 4.3.4 Fundraising

Fundraising is one of the most fundamental and challenging tasks for social business hubs. Funding and financial stability is a crucial element for survival. Figure 5 below shows managers’ average responses to fundraising.

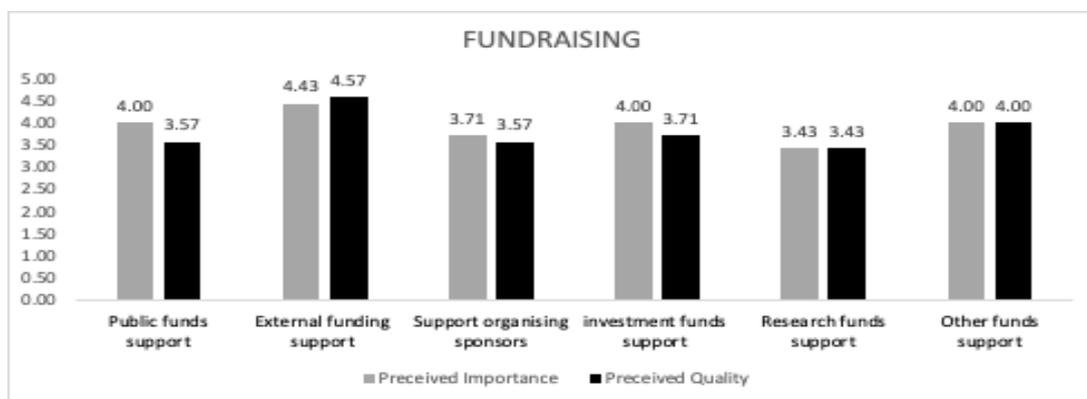


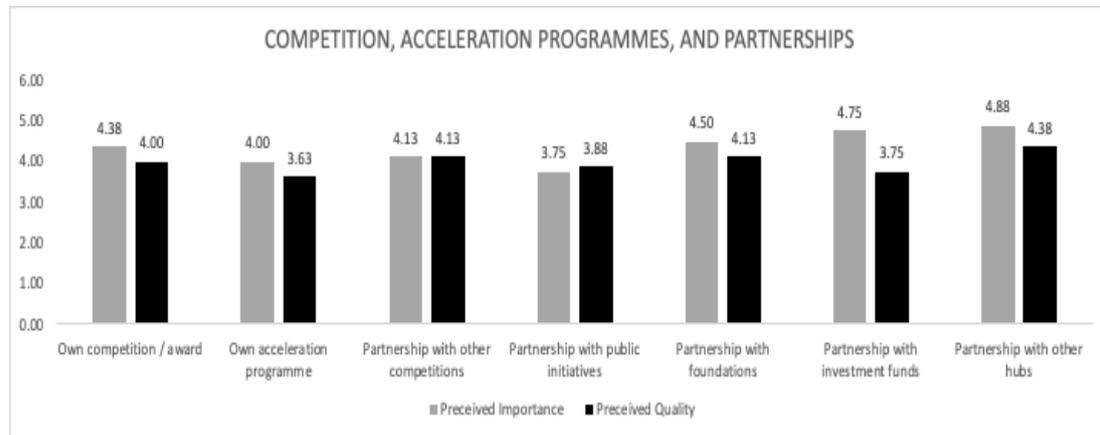
Figure 5: Managers’ average responses to fundraising.

Managers expressed their views and stated that one of the biggest challenges that they face is limited or inconsistent cash flow, as well as a lack investment funds. Other managers expressed their views for the lack of public funds and this is evident in their average response above. Most of the continuous and generous funds seem to come from international donors. This can have wider implications as the funds are normally project-specific rather than free donations or grants, and thus tend to influence the cultural landscape of the recipient countries. According to Clark (1995) a number of non-governmental organisations (NGOs) have been highlighted in the media for promoting their own foreign agendas in recipient countries.

#### 4.3.5 Competitions, Acceleration Programs and Partnerships

Entrepreneurs have the skills and ability to connect, collaborate, and unite different stakeholders as social issues become more complex and diverse. Social entrepreneurs can

better solve challenges, which leads to long-term societal innovation via partnerships. Acceleration programs are perceived to be a very important offering that social business hubs should provide to startups. However, due to lack of funding and financial support, this factor requires more action in order to achieve its potential. Figure 6 shows the average responses of managers for competitions, acceleration programs, and partnerships.



**Figure 6:** Managers' average responses for competitions, acceleration programs and partnerships.

Some managers stated that this factor is an important pillar for entrepreneurship as accelerator programs provide a variety of services from boot camps for aspiring entrepreneurs to funding mentors and angel investors. It is also stated that accelerators provide entrepreneurs, advisors, and experts with practitioner experience in technology and industry specifics. Again, social business hubs in the region seem to lack investment fund partnerships, which require more action for improvements. Even though it is not stated, the relationship between the social business hubs seems to be competitive rather than collaborative. Creating shared value through building long lasting, scalable, and transformative partnerships will be key to success (Albrechtsen, 2017). Making strategic partnerships with different industries and expanding the pool of angel investors will help social business hubs, to maybe, be more effective in their delivery and offerings.

#### 4.4 Challenges Facing Social Business Hubs

One of the most common challenges facing social business hubs was funding. Managers asserted that real estate rates and prices were too high. They stated that most social business hubs are not self-sustainable. Oeij et al. (2019) mention how some of setbacks are the result of initial funding ending and the absence of follow-up funding. The social business hub's business model itself was also mentioned to be a challenge due to the economic and political instability in the region they operate in. The competition between the different hubs was perceived to be a positive catalyst to foster a more innovative business model. Further, the quality of startups and SMEs is fragmented. It was stated by the social business hubs that the majority of the startups are micro and self-employed entrepreneurs. Larger enterprises, particularly in Lebanon, are facing terrible financial circumstances due to economic and political instability, and inflation especially during the ongoing pandemic situation. Some challenges are common to social innovators and entrepreneurs, and social business hubs and commercial businesses alike, such as corruption, bureaucratic inefficiencies, political and economic hurdles, and social instability. Growth is further hampered by ambiguous and/or restrictive policies and legal settings, funding, human resources, and a general lack of awareness of what social innovation is and how it adds value. As a result, few innovators have scaled their operations and impact to date; others have lost momentum and motivation. One

social business hub manager stated, “economic and political situation, brain drain.” The social business hub manager in Iraq stated that co-working places were not being recognised by the government. These spaces help entrepreneurs with the company registration process and cutting costs. However, entrepreneurs cannot register their business if they work out of a shared space, as they need to have their own four walls to be considered an office.

Another challenge is the lack of government support for the entrepreneurs when it comes to awareness and differentiation between big companies and startups. Social business hub managers actively lobby government stakeholders to make sure they are aware of the issues and possible solutions. However, the concepts are relatively new and time is required to create the mindset paradigm shift on the government side. In order to try to overcome the lack of local investment for start-ups, the “Five One Invest,” social hub created a network of investors and entrepreneurs to support startups get funding. Other challenges reported by social business hub managers included how entrepreneurs usually lose interest after the incubation phase if they do not see promising results. University-based social hubs attempted to motivate them and give a monthly allowances to cover basic expenses and reduce the financial burden. In addition, finding the best industry partners and/or angel investors is another challenge. The hub managers attempt to market social hubs and increase awareness of its importance in providing support for such entrepreneurs and startups.

## 5. Conclusion

The ongoing COVID-19 pandemic which began less than two years ago, has already changed the lives of many people across the world and its long-term effects will continue to impact for years to come. Local and global economies have been impacted by large scale “lockdowns” and shifts in workforce patterns. Developing countries with their more fragile economic systems have arguably been impacted more than developed countries. Social business hubs provide a wide range of services and support to startups and SMEs ranging from networking and collaboration to capacity building programs, training, providing workspace, engaging the community, and enlisting support from international and other donors. Social business hubs play a significant role in adding value to the wider community covering everyone irrespective of age, gender or origin. The programs provided by social business hubs are tailored to startups which could be diverse and inclusive. International funding agencies play a crucial role in providing funding social business hubs. At the same time, this funding is often received to address specific topics and is not available to address some of the challenges that the social hubs face. Social business hubs are working hard not only to support their communities, but to bring awareness of entrepreneurship to the regions and introduce the entrepreneurial ideas of its communities to local and international audiences. The infrastructure findings are interesting and meaningful due to the timing of this research and the effects of the COVID-19 pandemic on some of the key success factors of social business hubs. There seems to be a paradigm shift from having the physical place as a key success factor to a more online business setting. This has led to the following:

- Strengthening the social business hub online presence for key support areas, such as training, networking and infrastructure
- Working more as a service provider than a receiver of program-specific grants
- Expanding the services to include local economic development in addition to business support and business incubation

Social business hubs in the region face a number of challenges: either ‘direct’ challenges such as lack of funding, lack of government recognition and regulatory tape; or ‘indirect’ challenges which also affect the startups and entrepreneurs who use them, such as corruption,

bureaucratic inefficiencies, political and economic hurdles and social instability. It is imperative for authorities and policy makers in the region to consider providing social business hubs with support due to their valuable contribution to society that addresses youth employment, job creation, and providing entrepreneurs with the training that make them successful in the marketplace and thereby grow the regional economy. Despite the wide diversity in the region, government support for socially-oriented organizations is poor. Developed countries often provide social business hubs with special legal status that gives them the flexibility to benefit the community interest while pursuing low, but sustainable returns. This is not the case in the regions studied: non-profit organizations are struggling with the restrictive regulatory environments, such as the type of activities they can undertake, law enforcement, restrictions on engagement with receiving funding from international donors, restrictions on fundraising and income generating activities, and other bureaucratic regulations.

## 6. Further Research

One of the factors that limits the social contribution of social business hubs is the lack of investment funds in the region for social innovation. International funding grants typically go to NGOs and non-profit organisations, and investment funds require higher returns on their investment than either can provide. Therefore, attracting investment funds is complex, as most are mainly interested in return on investment rather than social impact and require metrics and impact assessments that startups may not be able to provide. Access to commercial loans is also limited, as NGO and non-profit organization's access to them is a legal grey area. A business model innovation that incentivizes working with startups to enable them to become innovators is needed.

Areas of further research should seek to answer how social business hubs and their startups act as key drivers or enablers of regional development to support social innovation; how tertiary education, social business hubs and corporations can be more effectively integrated into the ecosystem; and how the region can benefit through ecosystems that drive innovation and create societal value.

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