



## The Role of Business Incubators in Generating Profits for Youth Groups

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**Abstract:** Youth play a strategic role in national economic development because their creativity, innovation, and energy can drive the growth of micro, small, and medium enterprises (MSMEs) at both local and national levels. However, many youth groups face challenges in developing their businesses due to limited capital, managerial knowledge, marketing skills, and restricted networking opportunities, which hinder optimal profit generation. Business incubators provide a strategic solution to empower youth groups by offering mentorship, training, and facilities to expand networking and access to capital, enabling sustainable profit generation. This community service program was implemented by creating a business incubator for youth groups, including business management training, marketing strategies, financial management, and direct field mentoring. The results indicate improvements in managerial skills, business productivity, and actual profit generation, along with enhanced marketing networks and digital technology utilization to broaden market reach. The conclusion emphasizes that business incubators serve as an effective mechanism to create independent, productive youth entrepreneurs who contribute meaningfully to local and national economic growth.

## 1. INTRODUCTION

Youth are a group with energy, creativity, and innovative potential that are crucial to a country's economic development. Their presence not only plays a role in driving the informal sector or MSMEs, but also in creating innovative products and services that can meet the needs of modern society. Unfortunately, despite this significant potential, many young people struggle to turn their business ideas into profitable ventures due to limited access to capital, low managerial skills, and minimal marketing experience, which directly impacts their ability to achieve optimal profits.

Various studies have shown that business incubators are an effective mechanism to help young people overcome these obstacles, as they provide training, mentoring, networking, and hands-on learning oriented toward business profitability. Lee & Osteryoung (2020) state that youth involvement in business incubator programs has been shown to improve managerial skills and business sustainability. With appropriate mentoring, young people are able to implement more systematic management, marketing, and capital management strategies, resulting in more efficient and profitable businesses.

In addition to improving technical skills, business incubators also strengthen young people's social and professional networks, which are key factors in business expansion and

increased profits. Mair & Marti (2021) found that business incubators that facilitate connections between young people, mentors, and industry players can open new market access, expand collaboration opportunities, and provide hands-on learning experiences unavailable through conventional training. This confirms that business incubators not only equip young people with skills but also build ecosystems that support sustainable business success.

Previous community service experiences have shown that the success of business incubator programs depends heavily on how intensive and systematic the mentoring is. Phan et al. (2019) emphasize the importance of hands-on mentoring, where young people can learn from real-life case studies and apply them to their own businesses. This approach enables young people to identify risks, make informed decisions, and adapt their business strategies to dynamic market conditions.

In addition to managerial and networking factors, the use of digital technology is a crucial aspect in youth business development. Bocken et al. (2019) explain that young people who are able to integrate digital strategies into marketing, sales, and business monitoring tend to achieve higher profits than those who still use conventional methods. Digital technology makes it easier for young people to reach a wider market, promote products effectively, and analyze business performance in real time, resulting in faster and more accurate business decisions.

Furthermore, developing business incubators for youth also increases motivation, creativity, and independence. Fayolle & Gailly (2020) demonstrated that incubator programs that prioritize collaborative learning and hands-on experience can encourage young people to be more proactive in managing their businesses, innovate, and confidently face market challenges. This indirectly increases business profitability and sustainability.

While the benefits of business incubators are clear, their implementation in the field is not without challenges. The UNDP (2021) emphasizes that variations in financial literacy among youth group members, limited initial capital, and lack of understanding of digital technology are key barriers that must be addressed through adaptive mentoring strategies, relevant training materials, and ongoing support. With the right strategies, youth groups can increase their business profits and develop more professional businesses.

Based on various literature and community service experiences, business incubators for youth groups have proven to be an effective means of economic empowerment. These programs not only improve managerial skills and business profitability, but also build business networks, motivate young people to become entrepreneurs, and prepare them to face increasingly complex market challenges. Therefore, this community service program focuses

on optimizing the role of business incubators to generate tangible profits for youth groups through training, mentoring, and ongoing support.

## **2. METHOD**

This community service activity uses a participatory and collaborative approach, focusing on the economic empowerment of youth groups through a business incubator program specifically designed to increase business profitability. The initial stage begins with identifying youth groups with business potential, whether in the culinary, crafts, or digital business sectors. This process involves collaboration with village officials, community leaders, and professional business mentors to determine appropriate targets and business types with optimal profit potential. This step also includes the development of training modules, mentoring schedules, and integrated monitoring strategies, so that each youth group has a clear action plan. This approach emphasizes practice-based learning, where youth are directly involved in business activities and field learning, in accordance with the principles of business incubators that emphasize real-world practice and intensive mentoring (Phan et al., 2019).

The second phase consists of outreach and education, where youth groups are provided with a comprehensive understanding of business management, marketing strategies, financial management, and the use of digital technology. Training materials are delivered through intensive workshops, group discussions, and hands-on practice, supported by digital communication platforms such as WhatsApp, Instagram, and e-commerce, enabling youth to leverage technology to expand market reach. This outreach process is designed to build both conceptual understanding and practical skills, enabling youth not only to learn theory but also to apply these strategies in their businesses (Bocken et al., 2019; Lee & Osteryoung, 2020).

The third stage is direct training and mentoring, where young people are provided with intensive guidance on developing business plans, promotional strategies, capital management, and effective financial transaction recording. The mentoring team provides individual and group mentoring to ensure each member understands effective business practices and is able to face real-world challenges. This approach emphasizes collaborative learning, real-life case studies, and business simulations, allowing young people to learn how to manage risk, make strategic decisions, and optimize business profits. This training emphasizes that business success depends not only on turnover but also on managerial skills and appropriate marketing strategies (Iskandar & Sari, 2022; Fayolle & Gailly, 2020).

The fourth stage includes ongoing monitoring and evaluation, where the community service team conducts regular field visits, analyzes transaction records, and reports on business

performance weekly. This evaluation covers aspects of managerial skill improvement, revenue growth, marketing strategy, risk management, and profit achievement. Evaluation results are used as feedback to refine mentoring strategies, provide additional materials, and develop recommendations for business sustainability. This monitoring and evaluation ensures the incubator program is adaptive and responsive to the needs of youth in the field, so that every action has a tangible impact on business profitability and management (Nabi et al., 2017; UNDP, 2021).

The final stage is reflection and strengthening sustainability, where youth groups are given the opportunity to reflect on their learning, identify successes, obstacles, and improvement strategies. This approach encourages youth to develop long-term business plans, optimize the use of business networks, and utilize digital technology sustainably. This reflection process emphasizes the importance of independence and adaptability in business management, ensuring that the business incubator not only generates short-term profits but also builds the youth's capacity to become professional and sustainable entrepreneurs (Mair & Marti, 2021).

### **3. RESULTS**

The implementation of the business incubator program demonstrated significant improvements in the managerial skills of youth groups, including their ability to plan businesses, manage capital, record financial transactions, and develop effective marketing strategies. Observations and business reports indicate that the group's average turnover increased by 25–40% within the first three months of mentoring. Furthermore, the youth's strategic decision-making skills also improved, as evidenced by their ability to adjust prices, capitalize on promotional opportunities, and identify risks that arise during the business process. These skill improvements demonstrate that a practice-based incubator approach can directly impact business profitability (Iskandar & Sari, 2022).

In addition to managerial development, business incubators help expand youth networks and market access. With mentoring, youth are able to utilize digital platforms, establish partnerships with distributors and local stores, and build their business branding. This strengthens youth groups' market position and increases profit opportunities. These findings align with studies that indicate that networking access and mentoring support from incubators significantly contribute to youth economic success (Lee & Osteryoung, 2020; Bocken et al., 2019).

The business incubator program also builds the decision-making capacity of youth

groups. Intensive group discussions and mentoring equip them with skills in cost-benefit analysis, product diversification, and risk mitigation strategies. The immediate impact is seen in increased motivation, self-confidence, and engagement among group members in business management. Furthermore, youth are becoming more proactive in seeking new opportunities and innovating, resulting in consistent increases in business profitability (Phan et al., 2019). Beyond the profit aspect, incubator activities have positive social impacts, such as increased independence, discipline, and collaboration among group members. Young people learn to manage internal conflict, work in teams, and communicate effectively with customers and business partners.

This success shows that business incubators not only function as a means of business learning, but also as a means of developing character and social capacity that supports business success (Fayolle & Gailly, 2020).

Overall, this community service program successfully increased the youth group's profits, managerial skills, and business networks. Continuous mentoring through a business incubator has proven effective in building more professional, sustainable businesses that are able to adapt to market changes. These results demonstrate that business incubators can be an effective model for youth economic empowerment, while simultaneously increasing their contribution to local and national economic growth (Mair & Marti, 2021; UNDP, 2021).

#### **4. DISCUSSION**

Community service results demonstrate that business incubators play a crucial role in increasing the profitability of youth-led businesses. Intensive mentoring, managerial training, and marketing strategy training have been shown to significantly improve business management skills. Previous studies have also emphasized the importance of practice-based mentoring and strong business networks for youth business success, enabling them not only to achieve higher revenue but also to build sustainable businesses (Lee & Osteryoung, 2020; Phan et al., 2019).

The business incubator approach, which combines training, mentoring, and hands-on practice, enables young people to master both technical and managerial aspects in a balanced way. They are able to plan production, develop marketing strategies, manage capital, and identify opportunities and risks. This process aligns with the findings of Bocken et al. (2019), who stated that business incubators are effective when participants are actively involved and engage in hands-on practice. Thus, business incubators not only enhance individual skills but also foster the development of overall group capacity.

Beyond profit, business incubators also play a role in building social and professional networks for young people. Young people participating in the program are able to build partnerships with suppliers, distributors, and customers, and utilize digital platforms for promotion and sales. These networks are crucial for expanding market access and increasing business profitability, as evidenced by research by Mair & Marti (2021) and the UNDP (2021), which confirms that ongoing networking and mentoring support strengthen the success of youth businesses.

Challenges that emerged during program implementation included varying financial literacy skills, limited initial capital, and differences in understanding of digital technology among group members. Strategies implemented to overcome these obstacles included practice-based training, intensive mentoring, and ongoing support, enabling youth groups to manage their businesses independently and optimize profits. This adaptive approach demonstrates that business incubators are effective not only for training but also as a means of economic empowerment capable of generating real impact (Iskandar & Sari, 2022).

Based on the results and analysis, business incubators for youth not only generate profits but also increase independence, motivation, and creativity. Strengthening incubators through ongoing mentoring, human resource capacity development, and the use of digital technology is a key strategy to ensure business sustainability. This confirms that business incubators are an effective, productive, and sustainable model for youth economic empowerment, in line with the objectives of the Community Service program.

## **5. CONCLUSION**

This community service program demonstrates the strategic role of business incubators in improving the profitability and managerial skills of youth groups. Continuous mentoring, business management training, and direct mentoring have proven effective in increasing revenue, managing risks, and strengthening marketing strategies. Beyond profit, the program builds strong social and professional networks for youth, opens access to new markets, and expands collaboration opportunities. These networks are key to business success and support the development of individual and group capacity as a whole.

The use of digital technology in marketing, promotion, and business monitoring has been proven to increase operational efficiency and expand markets. This technology utilization encourages youth to be more adaptive and innovative in managing their businesses, thereby sustainably increasing their profitability. Emerging challenges, such as limited initial capital and differences in financial literacy, can be addressed through adaptive mentoring strategies,

practice-based training, and intensive mentoring. This ensures that each youth group is able to manage their business independently, professionally, and productively. Overall, business incubators have proven to be an effective means of economic empowerment for youth groups. Optimizing the incubator's role through mentoring, training, network development, and the use of digital technology ensures the achievement of the program's primary objectives: to increase profits, managerial capacity, and the sustainable independence of youth businesses.

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